IBTEX No. 95 of 2025 July 25, 2025

Currency Watch			
USD	EUR	GBP	JPY
86.52	101.73	116.79	0.59

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INTERNATIONAL NEWS

IMF advises US to rein in deficit, calls for fiscal reforms

The IMF has advocated fiscal consolidation and a reduction in trade tensions in the United States, stating that the country's external position in 2024 was moderately weaker than warranted by fundamentals. A wider current account (CA) deficit—3.9 per cent of GDP, up from 3.3 per cent in 2023—was driven by a larger goods deficit and a shift in the primary income balance. The CA deficit is projected to gradually narrow to around 2.5 per cent of GDP as private savings increase, the IMF said in its External Sector Report.

IMF recommends that US policymakers aim for a general government primary surplus of around 1 per cent of GDP to place public debt on a declining path and restore external balance. It cautioned that industrial policies should remain narrowly targeted, avoiding implicit import bias, and urged efforts to constructively address trade frictions, promote predictability, and pursue non-discriminatory trade liberalisation.

The net international investment position (NIIP) deteriorated sharply to –89.9 per cent of GDP in 2024, from –71.6 per cent in 2023, mainly due to valuation losses linked to stronger US equity performance and a 2.4 per cent appreciation in the US dollar. Around 70 per cent of US external assets are foreign-currency denominated, while liabilities are largely in US dollars—making the NIIP highly sensitive to currency shifts.

The IMF assessed the real effective exchange rate (REER) as overvalued by 11.9 per cent, consistent with the CA gap. The CA norm was estimated at –2.2 per cent of GDP, versus a cyclically adjusted CA of –3.6 per cent, implying a model-based CA gap of –1.4 per cent of GDP. While the US financial account deteriorated modestly in 2024 to –4.3 per cent of GDP due to stronger investment flows, the Fund noted that risks to financial stability are mitigated by the dollar's reserve currency status, deep capital markets, and institutional strength. Nevertheless, it stated that an unexpected fall in foreign demand for US debt—particularly due to fiscal sustainability concerns—could pose risks.

Source: fibre2fashion.com – July 25, 2025

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EU, Japan to bolster trade, industrial policy, econ security tie-ups

The European Union (EU) and Japan recently agreed to continue to strengthen collaboration on trade, industrial policy and economic security in the expanded High-Level Economic Dialogue.

Their collaboration includes addressing threats to the resilience of supply chains, strategic dependencies, economic coercion, non-market policies and practices, as well as overcapacity resulting from them, promotion and protection of critical and emerging technology, research security, physical and cyber security of critical infrastructure, and export control, particularly concerning critical minerals, that pose economic security risks to both sides.

The 30th EU-Japan Summit in Tokyo was held yesterday.

Both sides will accelerate cooperation on development and implementation of standards and criteria for products that take into account the G7 Principles on Resilient and Reliable Supply Chains of transparency, diversification, security, sustainability, trustworthiness and reliability on a sector-by-sector basis, a joint statement issued at the conclusion of the Summit said.

Both sides will work towards promoting investment opportunities to reinforce strategic complementarities in mutually decided sectors.

The strengthened EU-Japan Centre for Industrial Cooperation will support the implementation of the initiatives under the Competitiveness Alliance.

They will explore the enhancement of decarbonised industrial cooperation and sustainable supply chains, and will explore new joint programmes to support projects by leveraging policy measures like the EU's Net-Zero Industry Act and Japan's Green Transformation (GX) initiatives.

Source: fibre2fashion.com– July 24, 2025

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UK's external position weakens amid strong pound: IMF

The UK's current account (CA) deficit widened to 2.7 per cent of GDP in 2024, underscoring structural imbalances in its external sector, according to the IMF's External Sector report.

The cyclically adjusted CA remained at the same level, implying a negative gap of 2.4 percentage points relative to the External Balance Assessment (EBA) norm of –0.3 per cent. After accounting for domestic policy distortions, IMF estimate a residual gap of –1.7 per cent.

The real effective exchange rate (REER) appreciated by 4.2 per cent in 2024 compared to 2023 and is now 10 per cent stronger than its pre pandemic average, eroding price competitiveness. The strengthening was driven by a higher nominal effective exchange rate (NEER), as UK interest rates remained above those of other advanced economies. Elevated domestic inflation also played a smaller contributory role. As of March 2025, the CPI-based REER stood 2.6 per cent above the 2024 average.

The IMF's EBA models estimated the pound's overvaluation in 2024 at between 1.5 and 8.7 per cent, with staff assessments converging around a 6.5 per cent overvaluation using an elasticity of 0.26. This appreciation partially reverses the pre-2019 REER depreciation that followed Brexit-related uncertainty.

Despite the widening CA deficit, capital inflows—particularly in the form of portfolio investment in debt—helped finance the gap. However, these inflows were partially offset by increased direct investment outflows. The UK's status as a global financial centre brings inherent volatility to its capital flows, largely driven by intragroup bank transactions. While this volatility poses potential risks, the Bank of England's Financial Policy Committee (FPC) continues to monitor systemic risks through a robust macroprudential framework.
Foreign exchange (FX) reserves remain low relative to standard adequacy metrics, but the UK maintains a free-floating exchange rate regime. Sterling's share in global reserves has increased modestly from an average of 4.5 per cent during 2016–2019 to around 5.0 per cent in 2024. FX reserves experienced minimal drawdown through the year.

Source: fibre2fashion.com– July 25, 2025

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US apparel imports from Africa hit $1.29 bn in Jan–Apr 2025

The United States' apparel imports from Africa were valued at $1,290.109 million during January–April 2025. The country imported 24.080 million dozen garments from the continent during the same period. Additionally, it imported 0.896 million dozen pairs and 36,610 units of various types of apparel from the region.

The average price of the 24.080 million dozen garments was $52.90 per dozen. The prices of the other two apparel types were $13.29 per dozen pairs and $116.09 per unit, respectively, according to sourcing intelligence tool TexPro.

In value terms, US garment imports from Africa stood at $3,030.785 million in 2024, $2,956.143 million in 2023, and $3,699.883 million in 2022.

In 2024, the country imported 52.336 million dozen garments at an average price of $57.17 per dozen. It also imported 2.493 million dozen pairs (at $11.83 per dozen pair) and 131,444 garment units (at $71.36 per unit).

In 2023, imports totalled 47.190 million dozen ($61.94 per dozen), 1.919 million dozen pairs ($11.83 per dozen pair), and 260,760 units ($40.25 per unit). In 2022, the figures were 62.661 million dozen ($58.52 per dozen), 1.598 million dozen pairs ($14.45 per dozen pair), and 263,864 units ($37.88 per unit), as per TexPro.

Interestingly, garments imported in smaller unit quantities have seen a consistent rise in average price. From just $37.88 per unit in 2022, prices increased to $40.25 in 2023, $71.36 in 2024, and $116.09 per unit so far in the current year.

Source: fibre2fashion.com– July 25, 2025

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European Central Bank holds key interest rates steady

The European Central Bank (ECB) has opted to maintain its key interest rates, leaving the deposit facility at 2.00 per cent, the main refinancing operations rate at 2.15 per cent, and the marginal lending facility at 2.40 per cent. The decision reflects the Governing Council's view that inflation remains aligned with its medium-term target of 2 per cent.

Recent economic data has broadly confirmed its earlier projections. Domestic inflationary pressures are gradually easing, supported by a slowdown in wage growth. The eurozone economy has also shown resilience, bolstered by the effect of previous rate cuts, the Governing Council said in a statement.

However, policymakers cautioned that the global environment remains "exceptionally uncertain", particularly due to ongoing trade disputes. The Governing Council reiterated its commitment to a data-driven, meeting-by-meeting approach and emphasised that no predetermined path for future interest rates is being set.

The ECB reaffirmed its determination to ensure inflation stabilises at the 2 per cent target over the medium term, with monetary policy decisions continuing to rely on economic and financial data, underlying inflation trends, and policy transmission dynamics.

Source: fibre2fashion.com– July 24, 2025

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Can Bangladesh Still Score a 'Hail Mary' Tariff Deal?

It's crunch time for Bangladesh.

The South Asian nation, which is facing an additional 35 percent tariff on all imports to the United States come Aug. 1., has requested that the office of the U.S. Trade Representative schedule a third and final round of negotiations to potentially strike a better deal.

It comes as Muhammad Yunus's interim government delivered a position to the USTR outlining a robust package of concessions to narrow the $6.2 billion deficit and ease trade tensions. Besides promises to reduce duties on several U.S. goods, such as gas turbines and semiconductors, officials in Dhaka have agreed to buy an annual 700,000 metric tons of American wheat over the next five years and 14 Boeing aircraft.

It's Bangladesh's hope that these measures will result in more favorable terms for critical products such as apparel, which makes up 85 percent of the country's exports and accounts for the majority of shipments to the United States, its largest trading partner after the European Union. Of the 1,300 cut-and-sew facilities affiliated with the Bangladesh Garment Manufacturers and Exporters Association, the trade group better known as the BGMEA, 100 are entirely dependent on U.S. orders. But more than half face differing, if often significant, degrees of exposure through brands such as Calvin Klein, Gap Inc., JCPenney, Kohl's and Walmart.

With Vietnam facing a low 20 percent tariff rate, the sector fears ceding its competitiveness to an opponent with which it has long battled for the title of the world's second-largest clothing exporter after China. But Bangladesh's reliance on garment exports could also result in knock-on effects for the country's broader economy. Moody's predicts that the tariff shock could exacerbate problems facing an already brittle banking system, such as poor asset quality and low capital buffers. Bangladesh's sovereign credit rating could also be downgraded as a consequence.

"We have requested them to schedule the next meeting within the coming week, any day from Sunday onward," Commerce Secretary Mahbubur Rahman told New Age. "If the USTR confirms a date, a delegation led by Commerce Adviser Sheikh Bashir Uddin will leave for Washington."

The BGMEA has also ramped up efforts to hire U.S. lobbyists to plead Bangladesh's case in Washington, following criticism that the interim government isn't doing enough to secure a better rate. Even so, progress has been slow because the most influential firms are already representing other countries, said BGMEA president Mahmud Hasan Khan.

"Those directly involved in negotiations were, informally, very confident, but [then] we began hearing whispers that the USTR is not the ultimate decision-maker. It is, in fact, the Trump administration that holds the authority. Why did it take us so long to realize this?" he told the Financial Express. "Now, we are facing resistance even within our board. Many members are discouraging us from getting involved at this late stage, fearing the negotiations will fail. Why should we bear the burden of failure?"

Bangladesh could still leverage a number of strategies, according to a report that the Centre for Policy Dialogue published Wednesday. It could, for instance, consider signing a bilateral free trade agreement with the United States, though this is something that will need to be approached with "due caution and care," the Dhaka-based think tank said. It could also strengthen its intellectual property rights to assuage American concerns, allow dedicated warehouses for storage of U.S. cotton or assist in financing U.S. cotton imports with deferred payment facilities. No less than everything is currently at stake.

"The telltale signs of the adverse impacts of US-RTs are already visible," the report said, referring to the United States' so-called "retaliatory" tariffs. "Work orders have started to be stalled and some major apparel brands and buyers are taking a wait-and-see stance in view of the emergent uncertainties and in anticipation of what transpires over the coming weeks."

Many enterprises will find it difficult to bear the additional burden at a time when energy, gas and other input costs have "been on the rise" in Bangladesh, hiking up the general cost of doing business in the country, the Centre for Policy Dialogue said. "Particularly, small-size exporters to the U.S. could find the situation unsustainable. Many exporters will likely try to shift to the EU and other traditional markets, resulting in more intense competition in those markets and a downward pressure on export prices."

And while a shift to new, non-traditional markets is possible, this will take time, it added. In all likelihood, the report said, exporters linked with the U.S. market "are in for a very rough ride in the near to mid-term future."

A.K. Azad, managing director of Ha-Meem Group, which owns more than two dozen garment factories, echoed the desperation. He said that a major client told him that the Bangladeshi government's stance is "weak" and "unlikely to yield favorable results." Another buyer said that if the 35 percent tariff figure goes through, suppliers like him would be expected to absorb it—a tall order for companies that run, at most, at profit margins of between 1.2 and 1.5 percent.

"In my 40 years in business, I've never seen such a crisis in the export sector," he told the Financial Express. "We, the business community, have brought this sector to an honorable position, but now we are disappointed and frustrated."

Source: sourcingjournal.com– July 24, 2025

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NATIONAL NEWS

Texprocil Welcomes Signing of India–UK Free Trade Agreement

Hailing the India–UK Comprehensive Economic and Trade Agreement (CETA) as a historic landmark in the strategic partnership between India and the United Kingdom, Shri Vijay Agarwal, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL), said, "Guided by the visionary leadership of Hon'ble Prime Minister Shri Narendra Modi ji, this Agreement is set to significantly strengthen bilateral trade, create employment opportunities, and open up immense growth potential for India's Textile and Clothing sector."

Shri Agarwal also stated that "The India–UK FTA marks a momentous milestone following three years of rigorous negotiations. It is poised to provide a major impetus to labour-intensive sectors such as textiles—particularly home textiles—currently facing a 12% tariff in the UK.

With duty-free access, India has the potential to double its share in the UK home textiles market within the next three years. Moreover, with 99% of goods now qualifying for duty-free entry, Indian exporters will gain a substantial competitive advantage in the UK market."

The agreement also opens up new avenues for service professionals and business visitors, which will support the internationalisation of Indian talent and skillsets, including in areas like fashion design, textiles R&D, and technical services.

On the investment side, the FTA is expected to encourage greater bilateral cooperation between Indian and UK companies, facilitating joint ventures, innovation partnerships and market development initiatives.

Texprocil lauds the efforts of the Ministry of Commerce and Industry, under the leadership of Hon'ble Commerce & Industry Minister Shri Piyush Goyal ji, for steadfastly pushing forward India's trade interests.

The Council will continue to work closely with member exporters to ensure optimal utilisation of the FTA benefits.

TEXPROCIL
THE COTTON TEXTILES EXPORT PROMOTION COUNCIL
(SPONSORED BY GOVERNMENT OF INDIA)

KASTURI COTTON BHARAT
TRULY GLOBAL. PROUDLY INDIAN.

— Vijay Agarwal,
Chairman, TEXPROCIL

TEXPROCIL Welcomes Signing of India–UK Free Trade Agreement

TEXPROCIL Chairman Shri Vijay Agarwal hails the India–UK Comprehensive Economic and Trade Agreement (CETA) as a historic milestone in the strategic partnership between the two nations. He expressed heartfelt gratitude to Hon'ble Prime Minister Shri Narendra Modi ji for his visionary global leadership, which made this landmark agreement possible.

TEXPROCIL commends the relentless efforts of the Ministry of Commerce and Industry, under the dynamic leadership of Hon'ble Minister Shri Piyush Goyal ji, for safeguarding and advancing India's trade interests.

The Council remains committed to working closely with member exporters to ensure optimal utilisation of the FTA's benefits. This Agreement is poised to significantly enhance bilateral trade, generate employment, and unlock tremendous growth opportunities for India's Textile and Clothing sector.

Highlights of the CETA

- It is a historic deal.
- T& C sector has received zero duty access. This brings India on par with its competitors like Bangladesh, Pakistan, Vietnam, Turkey etc.
- The sector can expect to grow by 10-12% against the current growth of 6.6% in the next 3 years from the date of entry into force of the agreement
- Textiles trade including Garments & Home Textiles is expected to increase from the present level of US$.1.4 billion to US $ 3 billion in the next 3 years.
- India's share in the UK T&C market (Garments/ Made-ups/ Home Textiles) is expected to increase from 6% at present to at least 12% in the next 3-5 years.

The India–UK FTA, once ratified by both governments, is expected to double bilateral trade to USD 120 billion by 2030 and generate tangible economic gains for exporters and consumers on both sides.

Source: Texprocil Textile Intelligence– July 24, 2025

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Press Release from Prime Minister's Office

Prime Minister and Prime Minister of the United Kingdom meet with Indian and UK business leaders

Prime Minister meets Prime Minister of the United Kingdom

INDIA-UK VISION 2035

Text of PM's remarks during meeting with UK PM Keir Starmer

English Translation of Press Statement by Prime Minister during Joint Press Statement with Prime Minister of the United Kingdom

PM shares an article on evolution of India's ports into global commerce hubs

Source: pib.gov.in– July 24, 2025

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India and UK Sign Comprehensive Economic and Trade Agreement (CETA)

India and the United Kingdom have taken a major step in building a stronger economic partnership with the signing of the Comprehensive Economic and Trade Agreement (CETA) today under the visionary leadership of Prime Minister Shri Narendra Modi. The agreement was signed by Commerce and Industry Minister, Mr. Piyush Goyal and Secretary of State for Business and Trade, Mr. Jonathan Reynolds in the presence of the two Prime Ministers.

This FTA marks a significant milestone in India's engagement with major developed economies and reflects a shared commitment to strengthening economic integration. As the world's fourth and sixth largest economies respectively, India and the UK's bilateral engagement holds global economic significance. The signing of the India-UK CETA follows the successful conclusion of negotiations announced on 6th May 2025. The bilateral trade between the two countries stand at nearly USD 56 billion, with a joint goal to double this figure by 2030.

CETA secures unprecedented duty-free access for 99% of India's exports to the UK, covering nearly the entire trade basket. This is expected to open new opportunities for labour-intensive industries such as textiles, marine products, leather, footwear, sports goods, toys, and gems and jewellery, alongside fast-growing sectors like engineering goods, auto components, and organic chemicals.

The services sector, a strong driver of India's economy, will also see wide-ranging benefits. The agreement provides greater market access in IT and IT-enabled services, financial and legal services, professional and educational services, and digital trade. Indian professionals, including those deployed by companies to work in UK across all services sectors, professionals deployed on contracts such as architects, engineers, chefs, yoga instructors, and musicians, will benefit from simplified visa procedures and liberalised entry categories, making it easier for talent to work in the UK.

Union Minister for Commerce and Industry, Mr. Piyush Goyal, conveyed profound gratitude to the Prime Minister Shri Narendra Modi for his visionary leadership and resolute commitment, which have been instrumental in achieving this historic agreement. He stated:

"This CETA marks a milestone in the trade relations between two major economies, setting an ambitious and balanced framework. It unlocks tariff-free access on 99% of Indian exports to the UK, covering nearly 100% of trade value- including labour-intensive sectors advancing the 'Make in India' initiative and setting the stage for bilateral trade to double by 2030. It includes ambitious commitments in goods and services, covering various sectors, while enhancing mobility for Indian professionals by simplifying access for contractual service providers, business visitors, and independent professionals. The innovative Double Contribution Convention will exempt Indian workers and their employers from UK social security contributions for three years, boosting competitiveness and earnings. This FTA will serve as a catalyst for inclusive growth, benefiting farmers, artisans, workers, MSMEs, startups, and innovators while safeguarding India's core interests and accelerating our journey towards becoming a global economic powerhouse."

India has also secured an agreement on the Double Contribution Convention. This will exempt Indian professionals and their employers from social security payments in the UK for up to three years, improving the cost competitiveness of Indian talent.

The agreement has been designed to make trade more inclusive. Women and youth entrepreneurs, farmers, fishermen, startups, and MSMEs will gain new access to global value chains, supported by provisions that encourage innovation, promote sustainable practices, and reduce non-tariff barriers.

CETA is expected to boost trade volumes significantly in the coming years, creating jobs, expanding exports, and supporting a deeper, more resilient economic relationship between India and the United Kingdom.

Source: pib.gov.in– July 24, 2025

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India-UK FTA to open new opportunities for textiles, boost footwear exports

The signing of the India-UK Free Trade Agreement (FTA) is expected to boost the labour-intensive Indian export sectors like textiles and footwear, among others.

According to industry estimates, the deal may bring in additional business of around ₹7,000 crore to the textile and apparel (T&A) industry in India, taking it forward to the 2030 target of $100 billion exports. Similarly, footwear (leather and non-leather) and other leather products' trade is expected to touch $1 billion in two years, from $440 million now. The deal may turn advantageous for footwear brands like Clarks, Superdry, Marks & Spencer (M&S), and John Lobb that source from India.

"It has the potential to significantly transform the fortunes of the entire Indian textile sector, and provide the kind of impetus that is necessary to help India realise its ambitious goal of achieving textile and apparel exports of $100 billion by 2030," said Rakesh Mehra, chairman of the Confederation of Indian Textile Industry (CITI). Tiruppur Exporters' Association also expects that through the FTA, the share of UK exports from the textile hub to double from ₹5,000 crore or 9 per cent to around 20 per cent of the hub's total revenue.

"India's strong presence across the value chain — with readily available raw materials and intermediate goods, and minimal import dependency — is a USP (unique selling proposition). Coupled with the duty-free advantage under the FTA, India is well-positioned to scale up exports.

The industry aims to increase its UK market share from 6 per cent to 10 per cent over the next two years, unlocking an estimated ₹6,000-7,000 crore in additional business, with steady and gradual growth expected," said Prabhu Dhamodharan, convenor, Indian Texpreneurs Federation (ITF).

India is the fourth-largest supplier of textile and apparel products to the UK, with a nearly 6.6 per cent share in the country's total T&A imports. During 2024, the UK imported T&A products worth about $27 billion, with apparel and made-ups constituting 83 per cent of the total.

With about a 25 per cent share in the total T&A imports, China was the leading supplier to the UK, followed by Bangladesh and Turkey, whose market shares were 15 per cent and 8.5 per cent, respectively. “The UK is mainly a consuming market; hence, it is a positive development for India. This will add another $1 billion worth of trade in the textile sector in the next one year,” said Sanjay Kumar Jain, managing director (MD) of textile producer TT Ltd.

Footwear industry upbeat

The footwear industry is also upbeat about the development. According to N Mohan, director of Kothari Industrial Corporation and a member of the National Footwear and Leather Development Council, this deal may bring in more brands to Indian soil. “This will be advantageous for Clarks, as it buys 8-10 million pairs per annum from India.

Other major beneficiaries could be Superdry, M&S, and John Lobb. The Indian industry should also broaden its product offering by looking more into women’s fashion footwear and the kids segment, in addition to our strong base in men’s footwear,” Mohan said. He expects the leather and non-leather trade to touch $1 billion through the deal.

“This is going to be beneficial for not just leather, but also for a lot of non-leather companies that are coming up in Tamil Nadu. This will be a fresh boost for the Indian footwear industry,” said V K C Razak, MD of footwear major VKC group.

Source: business-standard.com– July 24, 2025

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India, UK sign 'historic' free trade deal which will double trade by 2030

India and the UK have signed a 'landmark' free trade pact–the India-UK Comprehensive Economic and Trade Agreement (CETA), which is expected to double bilateral trade by 2030 to $112 billion, boost services exports, liberalise government procurement and facilitate mobility.

"It is a historic day for India-UK relations...The trade deal will especially benefit the youth, farmers, fishers and the MSME sector," Prime Minister Narendra Modi said in his joint press briefing with UK PM Keir Starmer in London after the CETA was signed on Thursday.

New opportunities

What India gains	What UK gains
• Agri sector to benefit from tariff cuts for meat, dairy, tea, coffee, spices, fruits, vegetables	• Duty cuts on UK exports for whiskies, gin from 150% to 75% at entry into force
• Improved access to $5.4 b UK marine sector with tariffs eliminated	• UK car manufacturers to benefit from a quota reducing the tariff from up to 110% to 10%
• Labour-intensive sectors like textiles, footwear, chemicals, metals, processed food to get major boost	• Locked in access for financial and professional business services, to offer certainty
• Engineering exports could double in five years to $7.95 b with tariff elimination	• Will get enhanced access to India's government procurement market
• 75,000 Indian workers exempted from UK social security for 3 years	• Secures commitments on digital trade to promote digital system compatibility and paperless trade

Once implemented, the CETA will immediately open up opportunities for Indian industry across sectors such as agriculture, food processing, seafood, textiles, engineering goods, electronics, footwear and gems & jewellery, with the UK agreeing to eliminate tariffs on about 99 per cent of tariff lines for Indian goods.

British companies, too, hope to gain market access in multiple sectors such as cars, Scotch whisky, soft drinks, aerospace, cosmetics and medical devices, as average tariffs on UK products in India would be slashed to 3 per cent from 15 per cent, per the UK government.

The UK will gain tariff-free access to India for 85 per cent of its tariff lines spread over ten years, with 64 per cent of the lines becoming tariff-free on the day of deal implementation.

“It is a deal that will bring huge benefits to both of our countries, boosting wages, raising living standards and putting more money in the pockets of working people. It is good for jobs, it is good for business, putting tariffs and making trade cheaper, quicker and easier,” Starmer said.

The UK is also enthused by provisions in the services sector including insurance. “For financial and professional business services, locked in access will offer certainty to expand in India’s growing market and measures such as binding India’s foreign investment cap for the insurance sector, ensuring UK financial services companies are treated on an equal footing with domestic suppliers,” according to UK government.

India will gain from the provision that no`Economic Needs Test’ or numerical restriction would be placed on professionals going to work in the UK, the Commerce Ministry noted. “Both countries have agreed to engage and identify professional services for negotiating mutual recognition or similar agreement within 12 months of date of entry into force of the FTA,” the Ministry said.

Big win

A major win for India is the Double Contribution Convention under which Indian companies operating in the UK would not have to make social security contributions for up to three years for employees they move from India to support their operations.

In the area of government procurement, India has granted unprecedented market access to UK suppliers, in a major shift from its traditionally protectionist approach, pointed out Ajay Srivastava from the GTRI.

“The access given to the UK could also set a precedent for future FTAs with larger economies like the EU or US, potentially eroding India’s ability to use public procurement as a lever for policy goals such as import substitution, domestic capacity-building, and employment generation,” he said.

The India-UK CETA will be implemented once it is approved by the British Parliament, which may take a year or more, sources said.

Source: thehindubusinessline.com– July 25, 2025

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India-UK FTA to boost exports of traditional textile, other products

Bhagalpur silk, Pashmina shawls, Kolhapuri chappal, and Thanjavur dolls will now prominently appear on shelves in malls and shops across Britain, as the India-UK free trade agreement will provide duty concessions to a host of traditional products manufactured here.

Other such goods, which will benefit from the pact, include Baluchari sarees (West Bengal), Bandhini (Gujarati tie-dye textile art), Kanchipuram sarees, and Tiruppur knitwear.

"Bhagalpur silk (Bihar) is known for its lustrous texture and exquisite craftsmanship. This niche product will find a thriving market in the UK through the India-UK FTA, enhancing export opportunities and immensely benefiting the local artisans of Bihar," an official said.

In the agri sector, items like makhana, shahi litchi, araku coffee, and Kashmiri saffron will gain greater access to the UK market.

"With duty elimination, Araku Coffee will have a larger market in the UK, boosting exports of this organic, high-altitude coffee and supporting local farmers and communities in the region," the official said.

Similarly, Indian toys, such as Natugram dolls (West Bengal), Sikki grass craft (Bihar), Thanjavur dolls (Tamil Nadu), and Channapatna toys and dolls (Karnataka), will get a major export boost.

Footwear like Vellore chappals (Tamil Nadu), Shantiniketan leather (West Bengal), and Kolhapuri footwear (Maharashtra) will gain easier access to the UK market, enhancing demand for these traditional footwear.

"Kolhapuri footwear, with its GI (Geographical Indication) tag, will see greater demand in the UK, boosting the export of traditional handcrafted shoes and supporting local artisans while promoting Maharashtra's rich craft heritage," the official added.

Further, greater marker access will be enjoyed by Morbi ceramics (Gujarat), Bulandshahr's Khurja pottery, and Kashmir's premium willow bats (J&K) in Britain.

The pact, officially called a Comprehensive Economic and Trade Agreement, was signed in the presence of Prime Minister Narendra Modi and British Prime Minister Keir Starmer in London.

Commerce and Industry Minister Piyush Goyal and his British counterpart Jonathan Reynolds inked the agreement.

It will now require approval from the British Parliament before it can take effect. The process may take about a year.

Source: thehindubusinessline.com– July 24, 2025

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India's GDP to double to $10.6 trn by 2035: Morgan Stanley

India may turn the world's third-largest economy by 2028 and double its gross domestic product (GDP) to $10.6 trillion by 2035, according to a recent Morgan Stanley report.

States will lead the country's rapid expansion, with Maharashtra, Tamil Nadu, Gujarat, Uttar Pradesh and Karnataka among those expected to each achieve a $1 trillion economy, the financial services firm said.

Gujarat, Maharashtra and Telangana are now the top-performing states by GDP, while others like Chhattisgarh, Uttar Pradesh and Madhya Pradesh have significantly climbed economic rankings over the last five years, it noted.

The country's decentralised growth, driven by state-level reforms and industrial expansion, will be a critical engine in achieving national economic targets, the report observed.

India is likely to contribute around a fifth to global economic growth in the coming years, a trend that is expected to boost the earnings of multinational corporations with exposure to the country, it said.

The success of India's 'competitive federalism', it added, will determine whether the country can become a global manufacturing hub, double per capita income within seven years, and sustain the momentum in capital markets.

Source: fibre2fashion.com– July 25, 2025

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Cotton yarn demand weak in north India, yet prices firm up in Delhi

After Ludhiana, the Delhi market witnessed a ₹2 per kg increase in cotton yarn prices. Spinning mills have raised their selling rates, although demand from the consumer industry remains weak. Traders said polyester fabric imported from China is eating into the cotton yarn market share. While Ludhiana saw stability in cotton yarn prices, the Panipat market experienced bearish demand for recycled yarn. However, traders expect demand to improve next week, driven by festive-season demand for home furnishing products.

Cotton yarn prices remained stable in the Ludhiana market after gains earlier this week. Spinning mills are cautious in placing fresh orders, with the market facing stiff competition from Chinese polyester fabric arriving in large volumes. A trader from Ludhiana told Fibre2Fashion, "Different variants of Chinese polyester fabric are eating into the cotton yarn market.

Not only is it cheaper, but it also offers better finishing and touch-feel. Chinese fabric has captured around 60 per cent of the Ludhiana market. Imported fabric is also a key reason behind the ongoing payment crisis in the cotton yarn trade."

In Ludhiana, 30 count cotton combed yarn was sold at ₹257-267 (~$2.97-3.09) per kg (inclusive of GST); 20 and 25 count combed yarn were traded at ₹247-257 (~$2.86-2.98) per kg and ₹252-262 (~$2.92-3.03) per kg, respectively; and carded yarn of 30 count was noted at ₹237-242 (~$2.74-2.80) per kg today, according to trade sources.

Cotton yarn prices rose by ₹2 per kg in the Delhi market as spinning mills hiked their selling rates, following the earlier price rise in Ludhiana. According to market sources, downstream demand remains subdued, but mills prefer to protect margins over pushing for sales. The recent rise in cotton prices has compelled mills to raise yarn prices.

In Delhi, 30 count combed knitting yarn was traded at ₹259-260 (~$3.00-3.01) per kg (GST extra), 40 count combed at ₹284-285 (~$3.29-3.30) per kg, 30 count carded at ₹233-235 (~$2.70-2.72) per kg, and 40 count carded at ₹258-260 (~$2.99-3.01) per kg today.

Recycled yarn demand also remained weak in the Panipat market. Traffic restrictions on routes to western Uttar Pradesh and other areas continue to impact yarn movement. However, the situation may ease in a day as the annual Hindu Kanwar Yatra concludes. Traders said the market is under downward pressure, with mills struggling to attract buyers. Nonetheless, demand may improve next week as festive orders for home textiles begin to pick up.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹75-78 (~$0.87-0.90) per kg (GST paid). Other varieties and counts were noted at 10s recycled PC yarn (Black) at ₹60-65 (~$0.69-0.75) per kg, 20s recycled PC yarn (Grey) at ₹101-103 (~$1.17-1.19) per kg and 30s recycled PC yarn (Grey) at ₹130-135 (~$1.50-1.56) per kg. Cotton comber prices were noted at ₹105-107 (~$1.21-1.24) per kg and recycled polyester fibre (PET bottle fibre) at ₹73-77 (~$0.84-0.89) per kg today.

In north India, cotton prices remained largely stable over the past few days due to limited availability and thin trade volumes. Traders said ginners and stockists hold very limited inventories. Large and mid-sized spinning mills are sourcing cotton from the Cotton Corporation of India (CCI), primarily from southern states, as CCI had limited procurement in the north.

Cotton arrivals in north India have dwindled to negligible levels. Stocked cotton is currently being traded. In Punjab, cotton prices ranged from ₹5,970-5,980 (~$69.08–69.19) per maund of 37.2 kg; in Haryana, ₹5,690–5,800 (~$65.84–67.11); and in upper Rajasthan, ₹5,980–6,000 (~$69.19–69.42). In lower Rajasthan, prices were ₹55,200–57,200 (~$638.69–661.83) per candy of 356 kg.

Source: fibre2fashion.com– July 24, 2025

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