IBTEX No. 110 of 2025 September 03, 2025

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USD	EUR	GBP	JPY
88.10	102.50	117.79	0.59

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INTERNATIONAL NEWS

Eurozone PMI tops 50 in August, signals fragile recovery

The eurozone manufacturing sector has returned to expansion in August 2025, ending more than two years of decline. The HCOB Eurozone Manufacturing PMI, compiled by S&P Global, rose to 50.7 from 49.8 in July, surpassing the 50 threshold for the first time since June 2022. The improvement was fuelled by the sharpest increase in factory output since March 2022 and the first monthly rise in new orders in almost three-and-a-half years.

Growth was largely driven by stronger domestic demand, while new export sales fell for the second consecutive month. Production recorded a sixth successive monthly increase, with output growth accelerating to its fastest pace in over three years.

Despite this, operating capacities remained underutilised as backlogs of work declined for the 39th straight month. Employment cuts continued across the sector but were marginal and among the softest in the current 27-month sequence, S&P Global said in a media release.

Country-level trends showed widespread expansion across the bloc. Greece topped the growth rankings, followed closely by Spain, both registering strong upturns. France and Italy saw slight expansions after recent weakness, while the Netherlands and Ireland recorded modest improvements.

Germany, the region's largest economy, signalled broadly stable operating conditions, posting a 38-month high. Austria's downturn also eased to only marginal levels.

Inventory levels across the eurozone fell at the fastest rate since March, with both pre- and post-production stocks reduced. Purchasing activity also dropped more rapidly, although the decline remained softer compared with the average over the past three years. At the same time, supply chain pressures intensified, with input lead times lengthening to their worst since November 2022.

Price trends showed a marginal rise in input costs, marking the first increase since March, while output charges were slightly reduced as firms sought to remain competitive.

Looking ahead, manufacturers maintained cautious optimism. Growth expectations held just above the long-term average, with sentiment broadly unchanged from July, reflecting improved domestic demand but ongoing pressures from weak exports and strained supply chains.

"Incoming orders also offer hope for a sustainable recovery. After over three years of continuous declines, companies are now seeing a slight increase. Domestic orders have risen and are offsetting the weakening demand from abroad. In fact, the best remedy against US tariffs may be to strengthen domestic demand, including within the EU internal market.

The potential is significant, as the International Monetary Fund estimates that the tariff equivalent of the many non-tariff trade barriers in the EU stands at 44 per cent. Companies may be hoping for progress here, as a certain optimism has taken hold. Many expect to produce more in 12 months than they do today," said Dr. Cyrus de la Rubia, chief economist at Hamburg Commercial Bank, commenting on the PMI data.

"The recovery is real but remains fragile. Inventory levels continue to decline, and the slightly accelerated drop in order backlogs shows that companies are still suffering from uncertainty. Given US tariff policies and geopolitical tensions, this is hardly surprising. We see the fact that production is being ramped up and more orders are being registered in this environment as a sign of resilience" Rubia concluded.

Source: fibre2fashion.com– Sep 03, 2025

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UK mid-sized businesses surpass 2025 growth targets: BDO

UK mid-sized businesses are outperforming expectations in 2025, driven by improved access to finance, AI adoption, and resilient customer demand. Nearly three-quarters (74 per cent) have already exceeded their growth targets for the year, with 19 per cent significantly surpassing them and just 2 per cent falling behind, according to BDO's latest Economic Engine research.

Access to external finance (42 per cent) and rising customer demand (40 per cent) were key drivers of outperformance, supported by productivity gains from technology and AI (39 per cent), successful product or service launches (39 per cent) and better-than-expected recruitment and retention (39 per cent).

This positive trading picture is translating into continued capital commitment. Two-thirds (66 per cent) are holding investment steady and 29 per cent are stepping it up, with only 5 per cent delaying and fewer than 1 per cent pausing or withdrawing investment, suggesting firms backing their own pipelines and balance sheets, even as wider economic sentiment remains subdued.

Despite their strong performance, businesses' confidence in the UK as a place to grow remains limited. Just 35 per cent of mid-sized companies surveyed describe the UK as a 'strong environment' for long-term business growth, while 65 per cent say conditions have become more challenging. One in five (20 per cent) are already shifting operations or investment overseas.

That caution reflects persistent structural pressures. On workforce issues, over a third (36 per cent) cite plugging skills gaps as their biggest challenge. Rising wage expectations are another major pressure (24 per cent), likely reflecting the ongoing effects of inflation and higher National Insurance contributions.

Operationally, managing supply chain disruption is the most pressing barrier to growth (32 per cent). At the same time, while AI is seen as a driver of productivity, one in four firms (23 per cent) cite adopting new technologies as a challenge, highlighting the uneven pace of digital transformation across the mid-market.

To fuel their growth, mid-sized businesses are forming new strategic partnerships (45 per cent), looking to secure new investment or finance (42 per cent) and investing in automation, technology or AI (42 per cent).

A further 37 per cent are expanding their physical footprint or operations and the same proportion are entering new markets. These data points showed a mid-market willing to commit capital to capacity and innovation, but pragmatic about directing growth wherever conditions are most favourable, in the UK or overseas.

“These findings highlight the strength of the UK’s mid-market: businesses are delivering growth and continuing to invest despite challenging conditions. But they also carry a warning: confidence in the UK as a place to scale is not assured,” said Richard Austin, partner at BDO.

“With mid-sized businesses forecast to contribute £745 billion to UK GVA and create an extra 1.9 million jobs by 2028, the government will want to use the Autumn Budget to reassure this section of the market and address persistent barriers around skills, costs and competitiveness. Only with the mid-market firmly and confidently anchored in the UK, will we see the growth the economy needs.”

The survey was conducted among more than 500 leaders of mid-sized businesses in UK.

Source: fibre2fashion.com– Sep 03, 2025

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Tariff Ticker: Treasury Sec. 'Confident' Supreme Court Will Uphold Trump Tariffs, BRICS Members Convene in China

Treasury Secretary Scott Bessent said he isn't worried about recent legal challenges to the Trump administration's tariff regime.

Following a Friday decision from a United States Court of Appeals for the Federal Circuit deeming President Donald Trump's "reciprocal" tariffs illegal, the cabinet official told Reuters Monday that he was preparing a legal brief for the U.S. solicitor general who will handle the administration's Supreme Court appeal.

Bessent said he was "confident" the high court would ultimately decide to uphold the president's authority to leverage the International Emergency Economic Powers Act (IEEPA)—a 1977 law that gives the Commander in Chief the authority to regulate international commerce in the face of a national emergency.

The Treasury secretary noted that there are "other authorities" that can be used to impose tariffs, though they are "not as efficient, not as powerful."

The president's unorthodox and unprecedented invocation of IEEPA to impose sweeping duties has been the point of contention at the center of multiple lawsuits brought in recent months. More than a dozen state attorneys general in Arizona, Colorado, Connecticut, Delaware, Illinois, Maine, Minnesota, Nevada, New Mexico, New York, Oregon, Vermont and California have filed complaints against the administration over the impacts that tariffs are having on domestic businesses and consumers, who they say have endured hardships due to higher prices at retail.

Trump has vehemently denied that his tariff agenda is a contributor to those challenges.

"Prices are 'WAY DOWN' in the USA, with virtually no inflation," he Truthed over the weekend as news of the Appeals Court's decision dominated the Labor Day news cycle.

"More than 15 Trillion Dollars will be invested in the USA, a RECORD. Much of this investment is because of Tariffs. If a Radical Left Court is allowed to terminate these Tariffs, almost all of this investment, and much more, will be immediately cancelled!" he wrote in another missive. Trump was referring to trade deals recently forged with several partners including the European Union and Japan which included massive commitments to invest in U.S. industry.

While the administration has been quick to label the results of those negotiations victories, the advancement of Trump's agenda has prompted major shakeups to the global trade landscape. Over the past two weeks, in the wake of new tariff rates and a global moratorium on the de minimis exception, more than 30 countries have halted shipments to the U.S. market.

What's more, heated debates with the country's largest trade partners, India and China, most recently over their perceived support of Russia through the purchase of the country's oil, are increasingly pushing the global superpowers and to band together. Last month, China's Ambassador to India, Xu Feihong, spoke in New Delhi about the unfairness of the tariff assault on India, calling the U.S. a "bully" on trade.

Tuesday morning saw Trump persist in his criticism of India via social media. "What few people understand is that we do very little business with India, but they do a tremendous amount of business with us. In other words, they sell us massive amounts of goods, their biggest 'client,' but we sell them very little – Until now a totally one sided relationship, and it has been for many decades," he wrote on Truth Social.

The president asserted that India has levied untenable import taxes on U.S.-made goods to the detriment of American businesses, and continues to purchase oil and military equipment from Russia. "They have now offered to cut their Tariffs to nothing, but it's getting late. They should have done so years ago," he added.

Amid the continued Truth tirades and in the face of sky-high U.S. tariffs on Indian goods, Indian Prime Minister Narendra Modi is doubling down on courting fellow BRICS Alliance members Russia and China as economic allies.

This week, he traveled to China to meet with President Xi Jinping about border security and trade issues at the Shanghai Cooperation Organisation (SCO), which focuses on regional political, economic and international security.

"It is the right choice for both sides to be friends who have good neighborly and amicable ties, partners who enable each other's success, and to have the dragon and the elephant dance together," Xi told Modi on Sunday, referring to the symbols that represent the two nations.

Russian President Vladimir Putin also attended the SCO. "Always a delight to meet President Putin!" Modi captioned photos of the two leaders sharing a handshake and a warm embrace. Another video captured Xi, Modi and Putin engaging in a lighthearted tete-a-tete on the Summit's sidelines. Putin reportedly blamed the Western world for inflaming tensions between Russia and Ukraine, while praising New Delhi and Beijing for their efforts to "facilitate the resolution of the Ukrainian crisis."

Source: sourcingjournal.com– Sep 02, 2025

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Sri Lanka's garment exports rise 9% to $2.85 bn in Jan-Jul 2025

Garment exports from Sri Lanka reached $2,848.5 million during January–July 2025, reflecting a 9 per cent increase compared to $2,612.6 million recorded in the same period of 2024, according to statistics released by the Central Bank of Sri Lanka.

During the first seven months of 2025, textile exports eased by 4.8 per cent to $167.7 million. Over the same period, exports of other manufactured textile articles increased by 11 per cent, totalling $71 million, as reported in the Central Bank's publication External Sector Performance – July 2025.

Combined exports of textiles, garments, and other manufactured textile articles accounted for 51.20 per cent of all industrial exports from Sri Lanka during the seven-month period. Total textile product exports amounted to $3,087.3 million between January and July 2025, while the country's overall industrial exports were valued at $6,029.1 million for the same period.

In July 2025, textile and garment exports grew by 8.3 per cent year-on-year, reaching $481.4 million. By category, garment exports increased by 9.6 per cent to $445.2 million, while textile exports dipped by 13.7 per cent to $25.5 million. During the same month, exports of other manufactured textile articles rose by 21.6 per cent to $10.7 million, according to the Central Bank.

On the import side, textiles and textile articles eased by 1.4 per cent to $1,585.1 million, while imports of clothing and accessories increased sharply by 35.2 per cent, amounting to $158.6 million between January and July 2025.

In July 2025, imports of textiles and textile articles decreased by 11 per cent to $248.7 million, while imports of clothing and accessories surged by 45.4 per cent year-on-year, reaching $26.7 million. The spike in apparel imports signals a revival in domestic retail consumption after a subdued 2023.

In 2024, the island nation’s garment exports totalled $4,660.1 million, marking a 4.9 per cent increase. Sri Lanka also exported textiles worth $294.5 million and other manufactured textile articles worth $106.4 million during the year. The country imported textiles and textile articles valued at $2,847.1 million and clothing and accessories worth $225.8 million in 2024.

In 2023, Sri Lanka's garment exports were valued at $4,440.6 million, a 19 per cent decrease from the $5,483.1 million exported in 2022. Meanwhile, imports of textiles and textile articles fell by 22.6 per cent to $2,371.2 million, and imports of clothing and accessories declined by 21.1 per cent to $170 million.

Source: fibre2fashion.com– Sep 03, 2025

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OECD GDP growth rebounds to 0.4% in Q2 2025

Gross domestic product (GDP) in the Organisation for Economic Co-operation and Development (OECD) rose by 0.4 per cent in the second quarter (Q2) of 2025, up from 0.2 per cent in Q1, according to provisional estimates. This reflects a return to the stable growth levels of 0.4–0.5 per cent seen in earlier quarters. A similar rebound was recorded in the G7 economies, where GDP accelerated from 0.1 per cent to 0.4 per cent, though contributions varied widely across member nations.

The United States made the largest contribution to OECD growth, with GDP rebounding by 0.7 per cent in Q2 after a 0.1 per cent contraction in Q1. This recovery was mainly driven by a sharp 10.3 per cent drop in goods imports, following an 11 per cent surge in Q1 linked to anticipated tariff changes, OECD said in a release.

However, liquidation of inventories built up earlier weighed on growth. France and Japan also posted modest improvements, each rising from 0.1 per cent to 0.3 per cent.

By contrast, momentum faltered elsewhere in the G7. Canada's GDP stalled after 0.5 per cent growth in Q1, while the United Kingdom slowed to 0.3 per cent from 0.7 per cent, dragged down by a 1.1 per cent contraction in investment. Germany and Italy slipped into negative territory, with GDP shrinking by 0.3 per cent and 0.1 per cent, respectively. Germany's contraction was largely driven by a decline in goods exports, which fell 0.6 per cent after surging 3 per cent in Q1.

Across the broader OECD, results were mixed. Of the 23 countries with available data, 13 posted higher growth compared with Q1. Ireland recorded the steepest slowdown, contracting by 1 per cent after a remarkable 7.4 per cent surge in Q1 on strong exports to the US. Denmark, meanwhile, saw a sharp turnaround, shifting from a 1.3 per cent contraction to 1.3 per cent growth. On a year-on-year basis, OECD GDP growth remained steady at 1.7 per cent. Among the G7, the US recorded the strongest annual expansion at 2 per cent, while Germany posted the weakest at just 0.2 per cent.

Source: fibre2fashion.com– Sep 03, 2025

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Portugal T&A industry negotiates deal with Trump administration to lower tariffs

Portugal's textile and clothing (T&A) industry is trying to negotiate a new deal with the Trump administration to lower tariffs. The new 15 per cent tariffs on European Union (EU) goods went into effect on September 1, and the industry is concerned that products that previously had a lower tariff will now have to pay 15 per cent, while those with a higher tariff will not see a reduction.

According to Ana Dinis, Director-General, Textile Association of Portugal (ATP), the process has been difficult with ongoing negotiations where information seems to change daily. Still, the ATP remains hopeful for a positive outcome soon.

César Araújo, President, National Association of Clothing and Apparel Industries (Anivec), noted, there are various interpretations of the new tariffs, and it's still uncertain which products will be affected and by how much.

According to ATP data, Portugal exported €435 million in textile and clothing products to the US in 2024. The US market accounts for 8 per cent of the sector's total exports, with revenues of around €500 million.

The ATP estimates, the new tariffs could lead to 10,000 layoffs in the textile industry across more than 6,000 companies in Portugal. The Bank of Portugal reported, two years ago, the sector had a turnover of over € 8 billion.

A global leader in commercial credit risk management, Coface believes the new 15 per cent tariff is a compromise that avoids the 30 per cent double tariff initially proposed by the U.S. president. However, it still represents a significant increase from the 1.2 per cent rate applied in 2024.

As part of the new agreement, the EU has committed to investing $600 billion in the US and purchasing $750 billion in US energy products over three years. The feasibility of these commitments has been widely questioned by analysts and European leaders.

Source: fashionatingworld.com– Sep 02, 2025

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Global apparel trade and retail show mixed but resilient outlook in August 2025

The global apparel trade is showing a patchwork of resilience and volatility as the latest data from the Wazir Advisor's 'Global Apparel Trade & Retail Update Report for August 2025'. It highlights that while consumer demand remains robust in key markets, supply-side dynamics continue to shift, shaping the fortunes of exporters across Asia.
Imports show the West still hungry for fashion

June 2025 import figures show that major consuming markets particularly the US, the EU, the UK, and Japan are steadily raising their demand for apparel.

The US, still the world's single largest consumer of fashion, imported $6.5 billion worth of apparel, marking a 5 per cent increase year-on-year. While modest compared to other markets, the growth signals steady demand despite economic uncertainty. The EU stood out with a sharp 21 per cent jump in apparel imports, totalling $7.4 billion. Analysts attribute this growth to stronger summer season buying and retailers replenishing stock amid robust consumer demand in Germany, France, and Italy. Japan posted a 7 per cent rise, importing $1.6 billion, reflecting its consumers' steady return to discretionary spending. The UK saw perhaps the most striking trend, with imports climbing 29 per cent to $ 1.8 billion, a rebound linked to strong e-commerce growth and higher holiday-season purchases.

In exports, Bangladesh steals the spotlight

On the supply side, the July 2025 export data underscores how global sourcing patterns are continuing to evolve. China, the industry's traditional powerhouse, shipped $14.7 billion worth of apparel, essentially flat compared to last year. While still dominant, China's growth plateau highlights rising competition and diversification of sourcing. Bangladesh, in contrast, registered a 25 per cent jump in exports, reaching $4.0 billion. With its low-cost advantage and increasing compliance with sustainability standards, the country continues to cement its position as a reliable sourcing hub. India, however, reported $1.3 billion in exports, unchanged from a year earlier. This stagnation comes despite strong domestic retail demand, raising concerns about India's competitiveness in the global supply chain. Vietnam clocked in $3.6 billion in exports, up 9 per cent, underscoring its reputation as a preferred destination for high-quality and diversified sourcing, particularly for US and Japanese buyers.

Retail Trends: Strong sales, e-commerce divergence

Retail performance presents a mixed picture. In the US, July 2025 apparel sales grew by 7 per cent, with home furnishings following close behind at 6 per cent. Yet the online marketplace told a different story, e-commerce sales of clothing and accessories dipped 3 per cent in Q2 2025, compared with the same period last year. Analysts suggest saturation in digital channels and a renewed tilt toward physical retail as consumers return to stores.

The UK, by contrast, reported a 2 per cent rise in online clothing sales in Q2 2025, mainly due to strong uptake of fast-fashion platforms and omnichannel shopping models. Closer to home, India's apparel retail sales rose 10 per cent in June 2025 year-on-year, reflecting both festive pre-purchases and growing discretionary spending among middle-class households. This growth, industry insiders say, is being led by smaller cities and Tier-II markets, where consumers are increasingly shopping both online and offline.

The macroeconomic backdrop, US' uneasy balance The US economy remains a critical barometer for global trade flows. In July 2025, the Consumer Confidence Index ticked up to 97.2 from 95.2 in June, showcasing optimism. But the labor market showed fragility as 73,000 jobs were added, while the unemployment rate edged up to 4.2 per cent from 4.1 per cent. Retailers remain cautiously optimistic, watching whether consumer demand will sustain momentum through the holiday season.

Click here for more details

Source: fashionatingworld.com– Sep 02, 2025

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Indonesia marks presence in two international events

Indonesia is actively engaging in the global fashion scene by sending designers and industry representatives to two major international events: the BRICS+ Fashion Summit in Moscow and Front Row Paris.

Held annually in Moscow, Russia, the BRICS+ Fashion Summit brings together industry leaders and creatives from over 60 countries to discuss the future of the global fashion industry. The key themes revolve around decentralization and democratization, with a focus on showcasing emerging fashion markets and fostering cross-cultural collaboration.

The summit provides Indonesian designers with a platform to discuss industry challenges, promote their work, and forge new partnerships. Ali Charisma, President, Indonesian Fashion Chamber (IFC), has previously been a delegate at this event.

Scheduled to be held on September 6, 2025 in Les Salons Hoche, Paris, Front Row Paris is a flagship initiative by IFC to promote Indonesian traditional fabrics and textiles, known as wastra, to the European market. It aims to position Indonesia as a significant player in the global fashion industry.

Themed 'Wastra Beyond Borders,' the 2025 event features seven Indonesian designers and fashion brands. The event also coincides with the 75th anniversary of diplomatic relations between Indonesia and France, serving as a platform to strengthen cultural diplomacy through the creative economy. The Indonesian Embassy in Paris supports the event, underscoring its importance in showcasing the country's unique creative and cultural heritage.

Source: fashionatingworld.com– Sep 01, 2025

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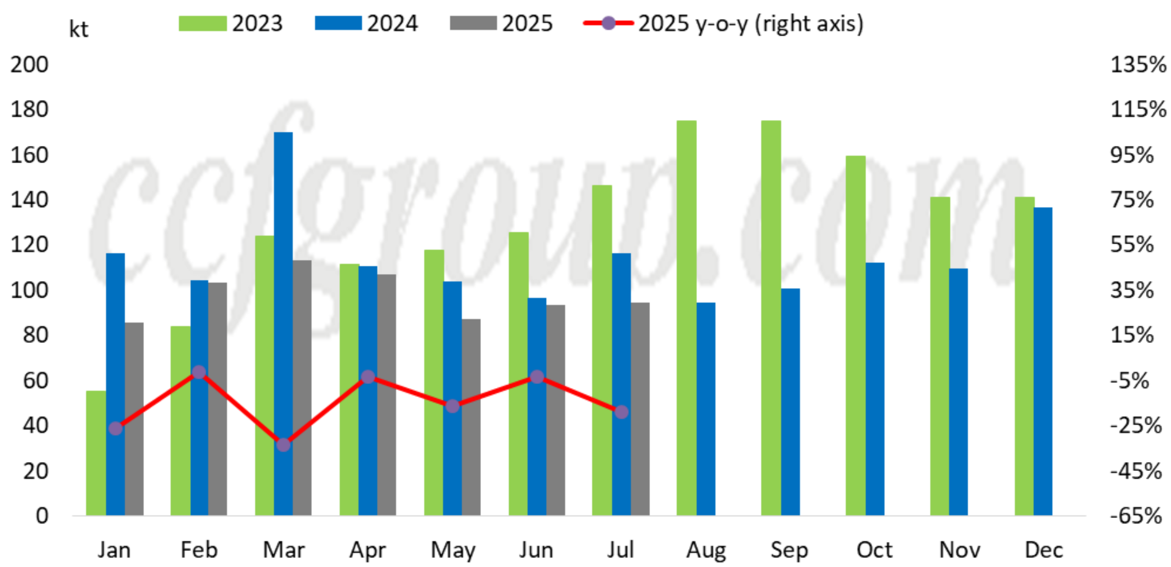
Bangladesh surges to top three in China's July cotton yarn imports

I. China's cotton yarn imports totaled 94.4kt in Jul

In Jul 2025, China's cotton yarn imports was around 94.4kt, an increase of 1.1kt compared to Jun but a slight decrease of 2.2kt year-on-year compared to July 2024. From Jan-Jul 2025, China's total import of cotton yarn reached 684kt. The repeated fluctuations in Sino-US tariff policies have continued to impact the placement of textile and apparel export orders and demand for traceable yarn, making it difficult to fully offset these effects. It is expected that total cotton yarn imports for the full year will show a significant decline compared to 2024.

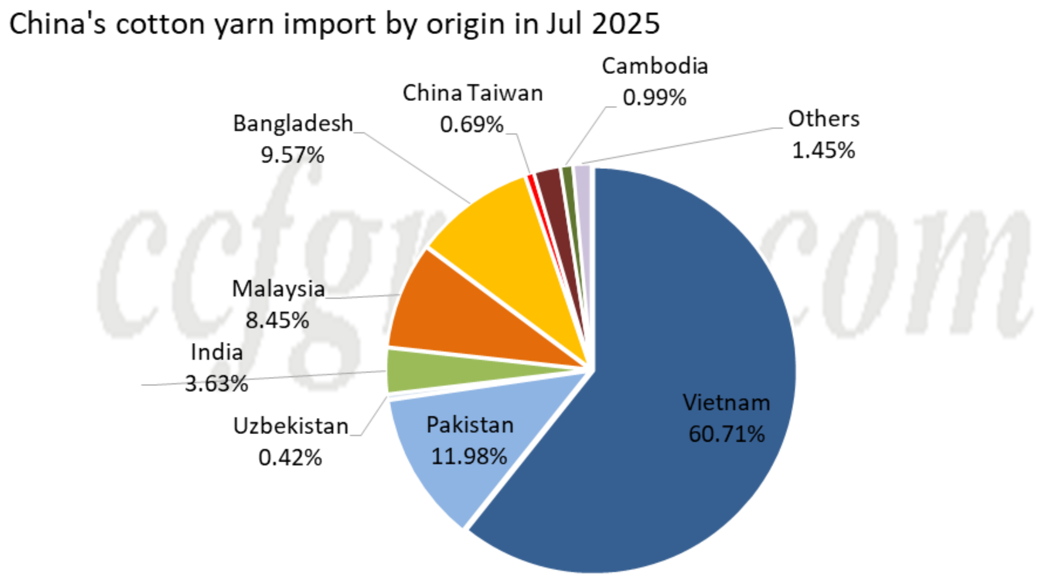
Arrival of China's cotton yarn imports



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

The structure of cotton yarn imports in July closely mirrored that of June, primarily reflecting the gradual delivery of contracts signed during the earlier period of price reductions for foreign yarn.

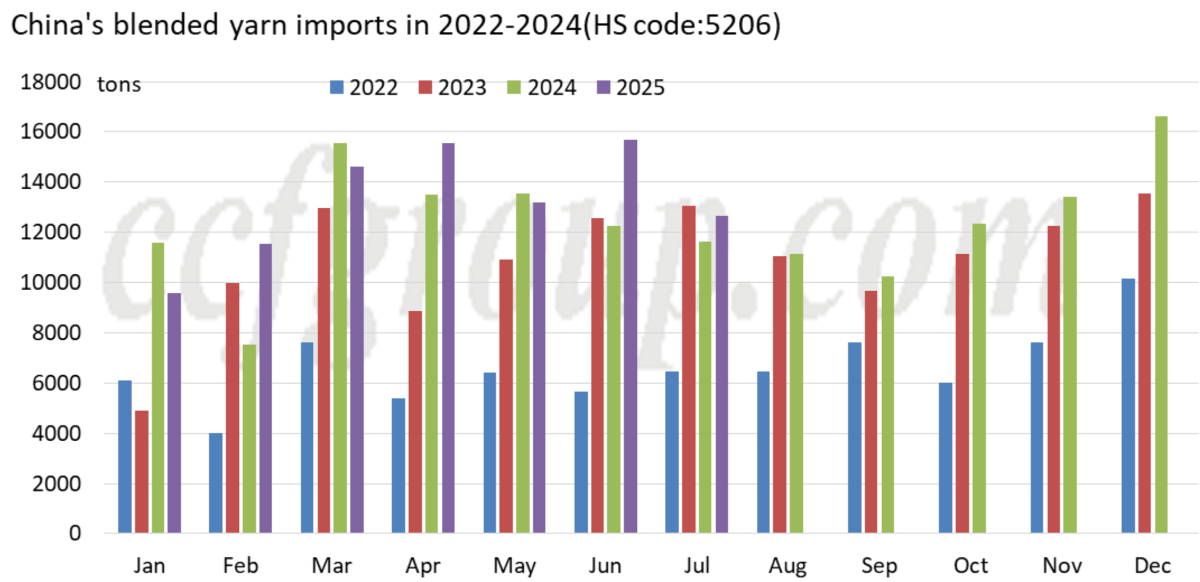
As a result, Vietnamese cotton yarn continued to dominate, accounting for over 60% of total imports with approximately 57.3kt. Pakistani cotton yarn ranked second, with yarn imports reaching around 11.3kt, while Bangladeshi cotton yarn imports surged to third place, totaling 9kt.



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

In July, China's cotton yarn imports continued to concentrate on coarse-count yarns. Among them, carded single yarn 8-25s accounted for 54.7% of the total, reaching 51.6kt. Imports of carded single yarn below 8s totaled 22.2kt, while carded single yarn 30-47s saw a slight increase to approximately 4.9kt compared to June.

In contrast, imports of combed yarns declined. Combed single yarn 25-30s amounted to only 4.6kt, and combed single yarn 30-47s totaled 4.1kt, reflecting a further weakening in domestic demand for traceable combed yarn.



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

China's imports of blended cotton yarn reached 12.6kt in Jul 2025, a decrease of approximately 3.1kt compared to June. From January to July 2025, cumulative imports of blended cotton yarns reached 92.9kt, showing some growth compared to the same period last year. Imports from Vietnam decreased to less than 10kt, while imports from Bangladesh increased to 1.2kt.

Overseas offers for blended cotton yarn remained stable with limited fluctuations, but overall demand expansion was not significant. Currently, shipment schedules for cotton yarn from Vietnamese mills are gradually extending to late September, while delivery times for blended yarns are relatively faster. However, prices for blended yarns (e.g., CVC and TC yarns made from imported cotton) remain slightly higher than those offered by domestic mills.

Source: ccfgroup.com– Sep 03, 2025

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NATIONAL NEWS

Nirmala Sitharaman assures support to the textile industry

Union Finance Minister Nirmala Sitharaman assured the textiles industry that the government would take appropriate action to help them tide over the US tariffs crisis. The industry from its side sought immediate policy support for exporters to overcome the impact of the tariff hike.

Union Finance Minister Nirmala Sitharaman with Ravi Sam (left), Vice- Chairman, TEXPROCIL and A Sakthivel Vice-Chairman, Apparel Export Promotion Council, at a meeting in Chennai on Tuesday | Photo Credit: BIJOY GHOSH

Speaking to representatives from the textile industry in Chennai on Tuesday, the Finance Minister is said to have assured them that she was aware of the issues faced by the industry and would, in consultation with the Commerce Ministry, help them.

With the GST Council meetings to be held on Wednesday and Thursday, the textile industry anticipates some announcement to support them.

Financial viability

A joint memorandum submitted by the textile industry associations and export promotion councils said that the high tariffs imposed by the US would severely impact not only the growth of exports but also the financial viability of thousands of textile units catering to the US market.

This includes those in the power loom, independent weaving, readymade garment, made-up and kitchen linen segments. The major clusters in Tamil Nadu, including Coimbatore, Tiruppur, Erode, Karur, Madurai, Theni and Virudhunagar are the worst affected, the joint memorandum said. Among the various requests in the memorandum, the industry wants the government to address GST inverted duty structure in the man-made fibre (MMF) value chain and slotting the entire MMF value chain under 5 per cent GST slab on par with cotton value chain. It also requested the refund of accumulated capital goods GST credit to ease liquidity.

"We highly appreciate the bold stand taken by the Prime Minister against the US tariff and we commit that we would fully support the decisions taken by the Government in this regard," the memorandum said.

It thanked the Minister for considering industry plea and giving exemption from the 11 per cent import duty on cotton up to December 31, 2025. "This timely relief is a boon to the predominantly cotton-based Indian textile value chain," the memorandum read.

Relief package

Given the threat posed by the US tariff hike, there is an urgent need for a special relief package and support measures to prevent the units becoming non-performing assets (NPAs), retain the existing US customers to the maximum extent possible, sustain the financial viability till we find alternate markets, the memorandum said.

The US market accounts for approximately 28 per cent ($10 billion-$11 billion) of India's total textile and clothing exports. Of this, readymade garments constitute around 60 per cent, while yarn, fabric, and made-ups contribute about 32 per cent. The stagnation in export growth for more than 10 years has already rendered 25-30 per cent of production capacity idle, leading to significant financial stress across the textile sector.

Among other requests, the industry has sought extension of the two-year moratorium for the repayment of principal amount and a 30 per cent collateral free loan under Emergency Credit Line Guarantee Scheme with 5 per cent interest subvention (similar to the one extended during Covid both for MSMEs and larger companies).

The industry also requested the reintroduction the Focus Market Incentive Scheme and extend 20 per cent of the freight on board value for all the exports made to US with effect from 27 August 2025 in the form of transferrable duty credit scrip.

Source: thehindubusinessline.com– Sep 02, 2025

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Union Minister Shri Giriraj Singh Reviews Preparedness for Cotton MSP Operations for Kharif Season 2025–26

Union Minister of Textiles, Shri Giriraj Singh, chaired a high-level review meeting on 2ndSeptember 2025 in New Delhi in the presence of Smt. Neelam Shami Rao, Secretary Textiles, Smt. Padmini Singla, Joint Secretary (Fibre), Shri Lalit Kumar Gupta, CMD, Cotton Corporation of India (CCI) and other senior officials from Ministry of Textiles & the Cotton Corporation of India to assess the preparedness for Minimum Support Price (MSP) operations for cotton during the upcoming Kharif Marketing Season 2025–26 commencing from 1st October 2025.

Reiterating the Government's commitment to the welfare of cotton farmers, Union Minister Shri Giriraj Singh assured that all kapas arriving under MSP guidelines will be procured without disruption, with a focus on timely, transparent, and farmer-centric service delivery.

He reaffirmed Government's vision to protect the interest of cotton farmers by ensuring remunerative price for their produce and accelerate the shift towards a digitally empowered cotton ecosystem.

In line with the Government's Digital India vision, all processes—right from procurement of cotton by the Cotton Corporation of India (CCI) under MSP operations to sale of stocks—are now completely faceless and paperless, strengthening farmers' and other stakeholders confidence and trust in MSP operations, said Union Minister.

For the first time, uniform norms have been laid down for the establishment of procurement centres, factoring in key parameters such as cotton cultivation area, availability of functional APMC yards and at least availability of one stock processing factory at cotton procurement centr+e.

As a result, a record 550 procurement centres have been set up across major cotton-producing states. Procurement of cotton under MSP will commence from 1stOctober in the North States, 15th October in the Central States and from 21st October 2025 in the South States.

Starting this season, nationwide Aadhaar-based self-registration of cotton farmers and 7-day rolling slot booking will be facilitated via the newly launched 'Kapas-Kisaan' mobile app. This digital platform aims to streamline procurement operations, ensure transparency and enable direct Aadhaar-linked payments to farmers' bank accounts through the National Automated Clearing House (NACH). The SMS-based payment intimation service introduced last year will also continue.

To enhance on-ground support, Local Monitoring Committees (LMC) will be constituted at each APMC mandi for immediate grievance redressal by the States. Additionally, dedicated state-level helplines and a Central CCI helpline will remain active throughout the procurement period. Adequate manpower deployment, logistics support and other infrastructural arrangements would be in place before commencement of cotton season.

Source: pib.gov.in– Sep 03, 2025

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New digital initiative advances Digital India, ensures fair, transparent and efficient cotton procurements under MSP: Shri Giriraj Singh

Union Minister of Textiles Shri Giriraj Singh today launched Kapas Kisan app, a new mobile application developed by the Cotton Corporation of India (CCI), under the Ministry of Textiles, to facilitate seamless procurement of cotton from Farmers under the Minimum Support Price scheme. The New mobile App empowers farmers with self-registration, slot booking and payment tracking. This app provides facility of payment tracking by farmers - bringing greater transparency, convenience and speed to the cotton procurement process.

Speaking on the occasion, the Union Minister Shri Giriraj singh said that this farmer-first mobile app marks a major step in enhancing ease in selling of cotton by our cotton growers. By digitizing key steps - right from registration to payment tracking -we are ensuring timely, transparent and fair MSP operations. It reinforces our commitment to safeguard farmers from any distress sales and to accelerate the vision of Digital India."

Key features of the App includes that the farmers can securely register themselves for selling cotton under MSP, digital scheduling at designated procurement centres to reduce waiting time and crowding, real-time status updates on quality assessment, accepted quantities, payment processing and user-friendly interface with support for multiple Indian languages.

Union minister also mentioned that the app will helps in protecting cotton farmers against any distress sales through assured MSP procurement, reduces manual paperwork and saves time at procurement centres, enhances transparency and improves planning by allowing farmers to choose convenient time slots.

Source: pib.gov.in– Sep 02, 2025

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Manufacturing PMI which is at 17.5 year high need to be sustained by greater investments in Make in India programme- Shri Piyush Goyal

India has a history of converting a difficult situation into an opportunity, said Union Minister of Commerce and Industry, Shri Piyush Goyal, while addressing the 21st Annual Global Investor Conference 2025 today. He highlighted India's remarkable economic performance, strengthened fundamentals, and the nation's vision towards Viksit Bharat 2047. Recalling how India emerged stronger from the crises of 1991, 2008, and the pandemic, Shri Goyal said the country is once again poised to turn challenges into opportunities. He emphasized the collective responsibility of government and industry in realizing the vision of Viksit Bharat 2047.

The Minister highlighted India's manufacturing PMI at a 17.5-year high and called for greater investment in Make in India. He emphasised the role of infrastructure as a force multiplier, driving consumption and boosting the economy.

The Minister highlighted 7.8% GDP growth in the first quarter of financial year 2025—the fastest growth in the last five years for a quarter. He underscored that private capex is up by 66%, foreign direct investment has increased by 14%, and millions of new demat accounts are being opened every month. Strong macroeconomic fundamentals, lowest CPI inflation in a very long time, and significant domestic capital inflows reflect renewed confidence in India's growth story, he added.

Shri Goyal said India's banking sector has achieved its highest performance in many years, providing safety and confidence to depositors and borrowers alike. He noted that India's sovereign rating has been upgraded from BBB- to BBB with a stable outlook, backed by robust growth and strong external financial stability.

On trade, the Minister recalled the FTAs already concluded with Mauritius, UAE, and Australia, and noted ongoing engagements with the EFTA bloc, European Union, and the United Kingdom. He informed that discussions with the EU are advancing, with senior delegations visiting both sides. Shri Goyal expressed hope of concluding a bilateral trade agreement with the USA by November, as discussed by the two leaders earlier this year.

He emphasised that the Government of India, under the leadership of Prime Minister Shri Narendra Modi, continues to work towards ease of doing business and ease of living by deregulating, reducing procedures, simplifying policies, and decriminalising laws. He invited suggestions from industry leaders to further improve the investment climate, avoid duplication, enhance use of technology, and strengthen ethics and fairness in markets.

The Minister stated that upcoming GST 2.0 reforms, expected in the forthcoming GST Council meetings, will boost consumer sentiment, spur demand, and simplify compliance. He also highlighted the government's significant reduction in corporate and personal tax rates, coupled with RBI's reduction in policy rates and CRR, while maintaining inflation at 1.5%.

Shri Goyal reiterated India's commitment to Aatmanirbhar Bharat—not by closing doors to international engagement, but by building resilient supply chains to avoid dependency on any one geography. He cited the government's push for manufacturing in key sectors including drones, semiconductors, and CRGO steel, noting growing commitments by Indian industry and buyers to source domestically.

Speaking on sustainability, he urged industry participants to support energy efficiency and renewable energy, citing examples such as LED bulbs and 5-star appliances. He recalled the Prime Minister's call for Zero Defect, Zero Effect, stressing on quality manufacturing that neither harms the environment nor compromises standards.

Recounting India's history of emerging stronger from crises in 1991, 2008, and during the pandemic, Shri Goyal said India is once again poised to convert challenges into opportunities. He underlined the collective responsibility of government and industry in making the journey towards Viksit Bharat 2047 a reality.

"We are not here for incremental change; we are here for quantum leaps. Let us dream big, aspire big, and achieve big. This is the India of my dreams, the India of 140 crore Indians, a nation that matters in the world and shows light to the rest of the world," Shri Goyal concluded.

Source: pib.gov.in– Sep 02, 2025

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Exporters seek GST rate parity in air and sea freight

Perishable goods exporters have sought a parity in goods and services tax (GST) rate on sea and air freight to boost farm exports and increase competitiveness.

The demands have been put forth in representations to government ahead of the GST council meeting which begins on Wednesday.

While sea freight attracts 5 per cent levy, air freight is charged 18 per cent tax making exports costlier, the exporters have said. They have called for a uniform five per cent GST on all freight.

"GST Council has already rationalised rates for many food items reducing them to 12 per cent, 5 per cent or even zero in some cases. Aligning GST on air freight with that of sea freight (currently at 5 per cent) will provide much needed relief to exporters and further support the Make in India initiative," said Ekdam Husain, Vice-President, VAFA Fresh Vegetables and Fruits Exporters Association.

"One of the most critical challenges we face is the higher GST rate of 18 per cent on air freight. Air freight constitutes 60–70 per cent of the cost of consignments, whereas the product cost accounts for only 30–40 per cent," said Kaushal Khakhar, CEO of Kay Bee Exports.

He added the 18 per cent levy negatively impacts working capital of exporters. "Reducing GST on air freight from 18 per cent to 5 per cent will not affect net tax revenue, as exporters currently claim refunds anyway. Lowering the rate will ease working capital requirements and reduce administrative overhead for both the government and exporters," Khakhar added.

The demands for lower tax comes at a time when India seeks new markets for exports. Last year, India's farm and fish exports stood at $52 billion. These included $6 billion exports to the US and those are under risk due to 50 per cent tariff levied by its government.

Source: thehindubusinessline.com – Sep 02, 2025

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GST rate hike to cripple India's garment industry: Clothing Manufacturers Association of India

New Delhi: The government's proposal to increase tax on garments priced over Rs 2,500 by putting them in a higher slab of 18% under the proposed goods and services tax (GST) reforms, will impact the middle class consumers and organised manufacturers, Clothing Manufacturers Association of India (CMAI) said Tuesday.

Almost the entire range of woolen garments, which are essential clothing for the middle-class, are currently priced between Rs 3,500-7,000, it said. It also cautioned that wedding apparel and traditional handmade clothing would become unaffordable.

Noting that despite repeated assurances from various quarters, there are reports that garments above Rs 2,500 are likely to be taxed at 18% from their current level of 12%, it said: "This will spell a death knell to the industry already reeling under the crisis of the American tariff wars".

CMAI is an association of the Indian apparel industry, having over 5,000 members including manufacturers, exporters, brands and ancillary industry.

"Putting such garments in the 18% slab will mean the middle class Indians will have to pay more during the bitterly cold winters, it said as it flagged several challenges the higher GST would lead to- steeper costs for middle-class consumers to erosion of traditional handloom and artisan-based clothing, as well as a potential pushback of the sector into the informal fold.

It also stressed the implications for livelihoods as India's garment industry directly employs over 12 million people, largely women and semi-skilled or unskilled workers.

Source: economictimes.com– Sep 02, 2025

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Rate cuts, discount spurs Indian demand for Cotton Corporation of India stocks

Cotton Corporation of India's move to cut prices, offering a discount for bulk buyers, coupled with apprehension over a likely delay in the harvest of the new crop due to extended rains has spurred the sales of the fibre crop in the past two days.

CCI has sold over 3.5 lakh bales in the first two days of September after it started the discount scheme on Monday, while sales during entire month of August were a little over 1.24 lakh bales, trade sources said.

"Most of the bales are purchased by traders for stocking, while purchases by mills are less due to the ongoing tariff war, as the offtake of yarn is slow and prices have declined," said Atul Ganatra, President, Cotton Association of India.

CCI has already reduced ₹2,000 in floor price since August 19 and has started offering a discount of ₹600 per candy from Monday. "The overall reduction works out to ₹2,600 per candy, about 5 per cent of the total price. We argued that CCI prices are much higher than the international market and that is the reason for increase in imports," Ganatra said.
Scheme till Sept 15

Ganatra said as of date, global cotton rates range between ₹50,000 and ₹53,500 per candy for delivery at any Indian port. With the removal of duty, the imported cotton is an option for mills to buy cheap-rate cotton for December to March consumption, he said.

"As of September 2, CCI has around 25 lakh bales unsold. Out of they can sell around 5-7 lakh bales. Then, they have to again cut the rate to sell more quantity," Ganatra said. CCI's discount scheme is on till September 15.

Ramanuj Das Boob, Director Bankatlal Boob Cotton Pvt Ltd, which is a cotton sourcing agent for reputed domestic spinners, multinationals and exporters, said the number of enquiries from mills scouting for cheaper origins has gone up with the removal of import duty. Also, the response that CCI is getting for the sales could be attributed to the apprehension in some quarters that the arrivals of the new crop could be delayed due to the prevailing adverse climatic conditions.

Excess and continuous rains across the country during August are seen hurting the prospects of various kharif crops including cotton.

“For the current price range, mills are buying for immediate consumption,” Das Boob said, adding that if they buy in bulk deal, they get 60 days credit for lifting, an added advantage. “If they lift within one month, they will get a discount of ₹250 per candy.” he said.

Source: thehindubusinessline.com– Sep 02, 2025

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US tariffs: A wakeup call to improve India's trade competitiveness

Last week, any forlorn hopes that the punitive 25 per cent tariffs on Indian goods entering the United States (US) would be rolled back by the President Donald Trump administration evaporated. No one knows how long these tariffs will last, whether services from India to the US, intellectual property, investments and remittances from the US to India and visas for students, and educated professionals from India, etc, will also be targeted.

It is unbelievable that India's refusal to acknowledge the role of the US in ending 'Operation Sindoor' should lead to such harsh measures.

Given that not much can be done about what the US does or can do at this stage, the government has now shifted its focus to immediate relief for exporters and workers affected by the loss of export orders from the US and a package of fiscal incentives to help exporters tide over the immediate crisis.

Last week, the finance minister assured a delegation from the Federation of Indian Export Organisations that the government would extend comprehensive support to the exporters to sustain the growth momentum and asked the exporters to reassure their employees of job continuity even amidst global headwinds.

Besides assurances of such short-term measures, the government is also trying to boost domestic demand through rationalisation and reduction of the goods and services tax on various items, and trying to improve the trade relations with China and Russia.

The core issue of enhancing the global competitiveness of our manufacturing sector, however, remains a work in progress. Our share of global exports remains stagnant at about 1.8 per cent, and our compounded aggregate merchandise export growth is only around 3 per cent since 2014.

Our domestic industries keep demanding and getting more protection by ways of higher import duties, more anti-dumping, safeguard and anti-subsidy countervailing measures and non-tariff barriers like quality control orders, registration requirements, import licensing, quotas, minimum import prices and so on. Mostly, such measures have protected the large industries at the expense of smaller downstream user industries.

In his economic survey presented in January, the chief economic advisor, in a chapter titled 'Medium Term Outlook: Deregulation Drives Growth', said that 'enhancing economic freedom for individuals and small businesses is arguably the most important policy priority to define and bolster India's medium-term growth prospects'.

Most of our laws build checks and balances to prevent misuse by the trade, but it is now time to think of checks and balances to prevent misuse of the laws by the government machinery. Also, the use of information technology to ease the processes has helped in a limited way, because not enough progress has been made in simplifying the laws and procedures. The government has formed a committee to look at the deregulation and reduction of compliance burden.

In recent years, the government has entered into free trade agreements (FTAs) with some richer countries and is also negotiating a free trade deal with the European Union.

However, their tariffs are already quite low, and so the tariff concessions alone may only partly mitigate the lack of competitiveness of manufactured goods. It is easy to talk about diversification of the export market, but that is difficult because of the higher transportation costs from our shores. Overall, the setback in our trade relations with the US is a wakeup call to improve our competitiveness.

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

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Indian companies diversify operations to Africa post US tariffs

Following the recent 50 per cent tariffs imposed by the US on Indian goods, several Indian companies are strategically shifting their operations to Africa to maintain access to the American market. This move is a direct response to the punitive tariffs, which were a consequence of India's continued purchases of Russian oil.

Companies like apparel manufacturer Gokaldas Exports and premium garments maker Raymond Lifestyle are among those looking to expand production in African countries, where US tariffs can be as low as 10 per cent. The tariffs have hit labor-intensive sectors such as jewelry and apparel the hardest, with a recent Bloomberg Economics note suggesting that exports of some goods could drop by as much as 90 per cent.

The tariffs are expected to more than halve India's overall exports to its largest market, the US/ In 2023, India exported over $20 billion in textile products, jewelry, and diamonds to the U.S.

Sivaramakrishnan Ganapathi, Managing Director, Gokaldas Exports, confirms, his company plans to continue expanding its presence in Africa to offset the high tariffs. Gokaldas already operates four factories in Kenya and one in Ethiopia, both of which face a 10 per cent US tariff. Similarly, Amit Agarwal, CFO, Raymond Lifestyle, notes, the company is in talks with its American clients to increase shipments from its Ethiopian plant.

African nations have emerged as a viable alternative for Indian companies due to favorable business environments. Countries like Ethiopia, Nigeria, Botswana, and Morocco are offering various incentives, including tax holidays, customs duty exemptions, and value-added tax (VAT) exemptions, to attract foreign investment.

Source: fashionatingworld.com– Sep 02, 2025

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US tariffs cast shadow on Tamil Nadu's textile industry

As the implications of US President Donald Trump's decision to impose 50 per cent tariffs on imports from India start to bite, Indian states with considerable industrial and MSME presence are closely assessing the fallouts.

Among them, Tamil Nadu—a critical contributor to India's export economy—is feeling the impact. This southern state of the country is home to a diverse range of industries, including textiles, readymade garments, leather, footwear, automobiles, auto components, machinery, chemicals, electronics, seafood, and jewellery.

Of particular concern are the MSMEs/textile sector concentrated in Tiruppur and Coimbatore, which are more vulnerable to the repercussions of the steep US tariffs. Tiruppur alone reportedly accounts for nearly 60 per cent of India's knitwear exports. As per some estimates, in fiscal 2023-24 (FY24), the region exported goods worth approximately ₹45,000 crore. However, with the new tariff regime in place, an estimated ₹12,000 crore worth of business is now at immediate risk, according to the industry insiders.

The textile industry in Tiruppur and Coimbatore collectively employs over one million workers and plays a central role in the state's export economy. According to some estimates, Tamil Nadu contributed $7.99 billion—26.68 per cent of India's total textile exports worth $36.61 billion—in FY25. Much of this success stems from the integrated textile manufacturing ecosystem in Tiruppur, which supports more than 2,500 export units engaged in all aspects of the textile value chain.

Given the severity of the situation, the Tiruppur Exporters' Association (TEA) recently organised an interactive session to deliberate on the challenges posed by the US tariffs. During the session, N Thirukkumaran, general secretary of TEA, stated that a formal representation outlining the impact of the tariffs had been submitted to the Ministry of Commerce and Industry and the Ministry of Textiles by Dr. A Sakthivel, chairman of TEA. He further informed that both he and the joint secretary of the association had met Chief Minister of Tamil Nadu MK Stalin to highlight the industry's concerns.

The Chief Minister, on his part, acknowledged that the tariff hike had dealt a massive blow to Tamil Nadu's exports even as he wrote to Prime Minister Narendra Modi for relief from the tariffs that are affecting the textile industry. In his letter, the Tamil Nadu Chief Minister highlighted that the state accounted for 28 per cent of India's textile exports in 2024–2025, the highest among all states. He also cautioned that around 30 lakh jobs are under immediate threat while calling upon the Centre to address deep-rooted structural issues that continue to undermine the industry's global competitiveness and pose a risk to its stability.

Echoing the concerns, Dr. SK Sundararaman, chairman of the Southern India Mills' Association (SIMA), stated that the 50 per cent tariff would impact up to 70 per cent of India's textile exports to the US. At a recent press conference, he emphasised the need for the industry to diversify its export markets and strengthen its position in the domestic market.

Meanwhile, the textile industry representatives from Tiruppur and Coimbatore welcomed the central government's decision to withdraw the 11 per cent import duty on cotton. They believe this move will help reduce yarn prices, offering some relief to the sector amidst the tariff crisis.

While industry stakeholders acknowledge the potential of exploring alternate markets, the consensus remains that the US market—due to its vast scale and purchasing power—cannot be easily replaced.

"The recently signed Free Trade Agreement (FTA) with the UK and the prospect of a similar agreement with the European Union could provide some relief," noted an industry insider, adding, "The UK market is considerably smaller than the US, and any deal with the EU would require ratification by all the member states, which could take time."

Reports in the meantime indicate that the Reserve Bank of India (RBI) is expected to consult industry stakeholders to assess the sectoral impact of the 50 per cent tariffs ahead of its next Monetary Policy Committee review.

Stakeholders argue the 25 per cent tariff has already put Indian exporters at a considerable disadvantage, and with an additional 25 per cent levy now, it would make doing business with the US virtually unsustainable.

Source: fibre2fashion.com– Sep 02, 2025

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