LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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NATIONAL

Ministry Of Textiles Approves 19 Research Projects Under National Technical Textiles Mission

The Mission Steering Group under the chairmanship of Union Minister of Textiles has approved 19 research projects of value appox. INR 21 Cr. across different fields of Technical Textiles under the National Technical Textiles Mission.

The research projects were approved across key strategic areas of composites, geo textiles, smart textiles and machineries etc. in the 9th Mission Steering Group meeting. The approved projects were proposed by eminent research bodies and institutions including Indian Institute of Technology, National Institute of Technology, and Council of Scientific & Industrial Research etc.

The Union Minister also reviewed the progress on R&D, promotion and market development, export promotion and education, training and skill development under the Mission. The Union Minister reviewed 27 applications from 16 public and 11 private institutes which were earlier approved for introducing papers on technical textiles, procuring lab infrastructure and training of trainers across different application areas. He also reviewed Internship initiatives and skilling initiatives taken by the Ministry under the Mission.

Member NITI Aayog, Principal Scientific Adviser, Chairman ISRO, and senior officials from Department of Science & Technology, Department of Agriculture & Farmers' Welfare, Ministry of Road Transport and Highways, Ministry of Micro Small and Medium Enterprises, Department for Promotion of Industry and Internal Trade, Ministry of Heavy Industries, Ministry of Skill Development and Entrepreneurship, Ministry of Health and Family Welfare, Railway Board, Ministry of Water Resources, Ministry of Defence, and eminent members from industry and associations attended the meeting.

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Low inflation and currency can amplify GDP to $55 trillion by 2047: Krishnamurthy Subramanian

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Budget aims to push mfg, boost India's share in global growth: FM Nirmala Sitharaman

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Expanded cotton area in South may help offset decline in North

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Vietnam crucial partner for India's Act East policy: PM Pham Minh Chinh

"Vietnam is a crucial partner for India's Act East policy. Investment between India and Vietnam is growing, with bilateral relationships expanding steadily over the years," Chinh said, addressing businesses at the Vietnam–India Business Forum organised by FICCI on Wednesday.

Chinh will participate in a bilateral meeting with Prime Minister Narendra Modi on Thursday and call on President Droupadi Murmu and Vice-President Jagdeep Dhankhar.

"The visit of the Prime Minister of Vietnam to India and the engagements with Indian businesses will pave the way for greater mutual understanding and exploration of each

other's markets," said Minister of State for Commerce & Industry Jitin Prasada in his address at the business forum.

Chinm also met External Affairs Minister S Jaishankar on Wednsesday. "Honoured to call on PM Pham Minh Chinh of Vietnam during his State visit to India. Appreciate his guidance on our bilateral relationship and on regional and global issues of mutual interest," Jaishankar posted on the social media platform `X' after the meeting.

Bilateral trade

Economic ties between India and Vietnam have steadily grown over the past two decades, with bilateral trade increasing to $14.36 billion in 2023 from $200 million in 2000, according to Vietnamese figures.

In 2023-24, Vietnam was India's 21st largest trading partner, with bilateral trade at $14.36 billion, per data from the Indian government. For Vietnam, India was the seventh largest trading partner, 7th biggest importer of Vietnam's products and 11th biggest import source of Vietnam.

Both countries are part of the India-ASEAN Free Trade Agreement and are currently reviewing the pact for greater market access.

India's exports to Vietnam were $5.47 billion during the fiscal year, while imports were $9.34 billion.

India's key exports to Vietnam include frozen bovine meat, cereal, iron and steel, cotton, animal fodder & materials, fishery products, electrical equipment, machinery and equipment, aluminium, auto components, chemical and chemical products, ordinary metals, pharmaceuticals and API as well as gems and jewellery.

Its primary imports from Vietnam include electronic equipment, telecom equipment, machinery and mechanical appliances, iron and steel, ordinary metals, chemicals and chemical products, articles of plastic, products of steel, footwear and garment, garment and textile materials, auto components, wood and wooden products, rubber, coffee etc.

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Goyal shows hope, says right steps would make India $55 trn economy by 2047

Commerce and Industry Minister Piyush Goyal on Wednesday expressed hope that steps such as focus on self-sufficiency, technology, stronger currency and fundamentals would help India become a $55-trillion economy by 2047.

He said that the government is also focusing on areas such as moving from oil to electric vehicles and bringing quality in the manufacturing.

He was replying to a question about feasibility to reach $55 trillion economy by 2047, which is the theme of K V Subramanian's book Bharat@100: Envisioning Tomorrow's Economic Powerhouse.

"All this will collectively help us and a stronger currency...stronger fundamentals of economy from where we are today and hopefully will help us to (reach) $55 trillion economy," he said.

Goyal added that EV focus, and reduction in imports of goods, oil seeds, rubber and pulses would help further strengthen the domestic currency.

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India needs to aspire 8-10% GDP growth, says Assocham Chief Sanjay Nayar

India has to be ambitious and look to achieve 8-10 percent GDP growth on sustained basis, Sanjay Nayar, President, Assocham, said on Wednesday.

“Only if you aspire for 8-10 percent GDP growth, you will do the things that are required to get there. If private sector jumps in with capex push, it can be done. The markets are telling you 8-10 percent growth is possible while we are still floating around with 6.5-7 percent aim”, Nayar told *businessline* in an interview.

Nayar, a well-known name in the global financial markets and Founder and Chairman, Sorin Investment Fund, said that a 6.5 percent GDP growth is in the bag and a 7 percent growth will be a great outcome.

Nayar also said that one must understand the reasons why private sector has not jumped the whole hog in capex investments although green shoots are visible.

"It's not a full-blown expansion from Private sector the way markets are discounting. The markets are discounting 18-20 percent growth. There are early signs of credit pickup, project announcements. It's not commensurate with what markets are telling us," he said.

Nayar felt that reasons for private capex not picking up could be perception around absence of long-term demand. Another issue could be generational shift and the way the next generation is keen to create wealth by deploying working capital in financial markets rather than build factories, he added.

"It can't be cost of capital that is coming in the way of the private sector. Indeed today cost of capital is quite low. Corporates must leverage on good valuations in equity markets, raise equity and build assets", he added.

Meanwhile, Assocham has embarked on a study of MSMEs that are part of its membership to better understand the constraints faced by them as regards cost of doing business. " This study should be ready in couple of weeks and we will share it with the Government", he added.

Nayar also endorsed the approach in the recent budget to prioritise fiscal consolidation over ramping up welfare expenditure, noting that it is a prudent strategy by the Government.

The recent Budget move to peg the public infrastructure capex at ₹ 11.11 lakh crore for 2024-25 is good. There is also need to reinvigorate national monetisation plan in whatever form, he added.

Job creation

On the four schemes announced in Budget for job creation, Nayar said that full impact on private sector and its contribution can be known only after about six months and still there are more work and guidelines required on that front.

Given the global uncertainty and increased protectionist tendencies across the world, India would do well to focus on opportunities in the domestic market to push up overall economic growth, Nayar said.

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Government plans 12 new industrial parks and multiple mega textile parks: Piyush Goyal

Read more at : https://m.economictimes.com/industry/cons-products/garments-/-textiles/government-plans-12-new-industrial-parks-and-multiple-mega-textile-parks-piyush-goyal/amp_articleshow/112154098.cms

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Global brands may increase India sourcing after duty relief

Global brands such as Marks & Spencer, Next, Decathlon, Primark, GAP, Walmart, Pepco, and Tesco are planning to increase their sourcing from India.

Export orders from Tiruppur had decreased over the past three years as two major buyers, the US and Europe, had reduced their purchases due to a recession triggered by the pandemic and the Russia-Ukraine war.

Moreover, changes in customs duty in the Union budget are expected to significantly benefit Tiruppur, a textile production hub in Tamil Nadu. Tiruppur is already experiencing a surge in orders, with some global brands shifting their purchases from Bangladesh because of disruptions caused by social unrest there.

KM Subramanian, president of the Tiruppur Exporters Association (TEA), noted that brands with origins in other countries but a presence in Australia, such as Kmart and Target, are also purchasing large quantities of garments from Tiruppur to capitalize on the India-Australia Free Trade Agreement (FTA). Additionally, Australian brands like BIG W and Woolworths are placing orders following the FTA.

Subramanian mentioned that all global brands had conducted social audits of the factories before placing their orders. They had evaluated the living conditions of the workers and the environmental practices of the factories. Based on these assessments, they decided to place orders with Tiruppur, with brands such as Next, Decathlon, and Polish brand Pepco now sourcing from the region.

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Ind-Ra ups FY25 GDP growth forecast to 7.5%

India Ratings & Research (Ind-Ra) on Wednesday upped India's GDP growth forecast for the current fiscal to 7.5 per cent from 7.1 per cent projected earlier on expectation of improved consumption demand.

It said The ongoing growth momentum led by government capex, deleveraged balance sheets of corporates/banks, and incipient private corporate capex cycle has now found support from the union government budget.

The budget promises to bolster agricultural/rural spending, improve credit delivery to MSMEs and incentivise employment creation in the economy.

"Ind-Ra believes these measures would help in broad basing the consumption demand," the rating agency said while revising up its GDP growth estimate for FY25 to 7.5 per cent.

Ind-Ra's growth projection is higher than that of RBI which projected FY25 growth at 7.2 per cent and Finance Ministry's Economic Survey which estimated GDP expansion between 6.5-7 per cent.

Ind-Ra expects Private Final Consumption Expenditure (PFCE) to grow to a 3-year high of 7.4 per cent in FY25, from 4 per cent in FY24.

The consumption demand is highly skewed, as it is driven by the goods and services largely consumed by households belonging to the upper-income bracket.

"However, an above-normal monsoon coupled with the measures announced in the union budget FY25 is expected to correct it, by boosting the demand of goods and services consumed by the rural and households belonging to the lower income bracket," Ind-Ra said.

Although food inflation continues to be a risk, the expectation of retail inflation in FY25 averaging lower than in FY24 will support the real wage growth, it added.

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India to keep popular bond tenors free of foreign investment curbs: Report

India has no plans to reimpose foreign investor limits on new issuances of 5-year, 7-year and 10-year bonds, a government source aware of the development said on Wednesday, after curbs were imposed on bonds with longer tenors.

On Monday, the Reserve Bank of India said that in consultation with the government it had decided that foreign portfolio investors (FPIs) would no longer have access to new Indian government bonds with 14-year and 30-year tenors under the fully accessible route (FAR).

Foreign investors see India's decision to return to curbs on purchases of some government securities as a flip-flop in policy that may force them to revise investment strategies, global fund managers said on Tuesday.

"One objective of excluding 14-year and 30-year securities is to focus FPI demand in securities up to 10 years and thereby improve liquidity in this segment," the source said on condition of anonymity as the discussions are not public.

"In future, securities of 5-year, 7-year, and 10-year are planned to be kept under the FAR," the source added.

India could choose to reimpose foreign investment limits on some government securities, if the inclusion of local bonds in JPMorgan's emerging market debt index leads to a deluge of inflows, India's Economic Affairs Secretary Ajay Seth told Reuters in an interview last week.

The decision on exclusions from the FAR category is not based on any consideration of volatility, as 5-year and 10-year securities have attracted the most attention of foreign investors, the source said.

"The market has adequate liquidity to absorb any volatility arising from inflows," the person added.

Foreign funds can continue to invest in all securities, including the 14-year and 30-year bonds, through the secondary market, as against a limit of 6.0% of outstanding stock accessible to foreigners the actual usage is quite low, the source said.

"There is adequate space in this category."

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ICE Cotton Rallies Amid Mill Buying & Adverse Crop Conditions

ICE cotton experienced gains yesterday for the second consecutive day. Prices were supported by mills buying at lower levels and slight pressure on crop conditions. Although weaker crude oil prices and a strong dollar index were negative external factors, US cotton still settled positively on Tuesday. Traders are closely monitoring weather conditions in cotton-growing regions, Chinese demand, and the economic outlook for any potential interest rate cuts.
Yesterday, the ICE cotton December contract settled at 69.55 cents per pound (0.453 kg), up 0.34 cents. Cotton futures continued to rise, with the December contract surpassing 70 cents for the first time in a week before settling slightly lower. It has gained 156 cents over the last two trading sessions.

According to trade analysts, the dollar index remained above 104. A stronger dollar made cotton purchases less attractive for foreign buyers. Crude oil prices were under pressure, easing down nearly 1.5 per cent, which made polyester, an alternative to cotton, cheaper.

The trading volume was moderate, with 28,985 contracts traded, compared to 24,607 contracts cleared the previous day. Total open interest reached 228,439 contracts, an increase of 318 contracts from the previous day. Certified stocks on the ICE cotton exchange remained unchanged at 28,745 bales.

Dry weather is forecast for West Texas over the next 10 days, which could further drive prices higher if it continues. Traders expect some resistance at 70 cents, but stronger resistance around 71.50 cents in the short term.

On Wednesday, ICE cotton for December 2024 traded at 69.44 cents per pound, down 0.11 cents. Cash cotton traded at 63.15 cents (up 0.64 cents), the October contract at 68.12 cents (down 0.03 cents), the March 2025 contract at 71.09 cents per pound (down 0.09 cents), the May 2025 contract at 72.40 cents (no change), and the July 2025 contract at 73.30 cents (down 0.03 cents). A few contracts remained at the level of the last closing, with no trading noted today.

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16 Italian Companies To Showcase Textile Machinery At CAITME 2024

At the upcoming edition of CAITME, to be held in Tashkent, Uzbekistan from September 11 to September 14, 2024, 16 Italian textile machinery manufacturers will exhibit in the common area set up by the Italian Trade Agency and ACIMIT.

All these companies are ACIMIT's associated members: Bonino, Brazzoli, Carù, Erhardt+Leimer, Guarneri Technology, Ima, Laip. Lgl, Martex, Mei, Mesdan, Pinter Caipo Italia, Pugi Group, Sicam, Stalam, Ugolini.

Uzbekistan is one of the largest producers and exporters of cotton and its textile industry is a relevant driver for the national economy. Thanks to the raw material's availability and low production costs the business conditions are favourable for the development of the local industry. The upgrading of installed equipment is considered a step to achieve this goal.

Italian textile technology is well known by the Uzbek textile companies. In 2023, Italian sales in Uzbekistan amounted to 21 million euro (~$22.68 million). Among the Italian machines most in demand by Uzbek textile companies are weaving machines (32% of total 2023 Italian exports), followed by finishing machines (30%), spinning machines (17%), knitting machines (14%) and accessories (7%). At CAITME Italian exhibitors will show the most advanced technology applied to the textile sector, offering proper solutions in terms of efficiency, costs saving and sustainability.

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S&P Global Downgrades Bangladesh's Credit Ratings To 'B+' From 'BB-'

S&P Global Ratings has downgraded Bangladesh's long-term foreign and local currency sovereign credit ratings to 'B+' from 'BB-'. The outlook for these ratings is stable. Simultaneously, the 'B' short-term ratings have been affirmed, and the transfer and convertibility assessment has been revised to 'B+' from 'BB-'.

The stable outlook reflects the view that Bangladesh's per capita real growth rate will remain robust compared to peers, despite facing near-term challenges from tighter financial conditions. The balance between downside and upside risks to its external balance sheet is now seen as broadly even, as per S&P Global.

A potential downgrade could occur if Bangladesh's external position deteriorates further, such as if narrow net external debt surpasses 100 per cent of current account receipts on a sustained basis. Factors contributing to this could include lower-than-expected generation of current account receipts, a higher current account deficit than forecasted, or a failure to significantly increase foreign exchange reserves.

Conversely, an upgrade is possible if Bangladesh significantly improves its external metrics. This would likely be indicated by a substantial rise in current account receipts or foreign exchange reserves, ensuring that gross external financing needs remain below 100 per cent of current account receipts plus usable reserves on a sustained basis.

The downgrade is attributed to ongoing pressure on Bangladesh's external metrics, particularly the continuous decline in foreign exchange reserves. This decline persists despite import compression measures by Bangladesh Bank and a smaller current account deficit. S&P notes that gross external financing needs now surpass the combined total of current account receipts and usable reserves.

The 'B+' ratings reflect several challenges, including Bangladesh's modest per capita income and limited fiscal flexibility due to low revenue generation capacity and a high interest burden. Additionally, evolving administrative and institutional settings pose further constraints.

However, these factors are balanced by consistently strong economic growth, a moderate public debt burden, and an external position bolstered by substantial engagement with bilateral and multilateral development partners, significant remittances from overseas Bangladeshi workers, and a globally competitive garment manufacturing sector.

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EVFTA Reflects Confidence Of European Investors In Vietnam: EuroCham

The European Union (EU)-Vietnam Free Trade Agreement (EVFTA) has made the latter more attractive for European investors and significantly boosted Vietnam’s exports to Europe, a survey by the European Chamber of Commerce in Vietnam (EuroCham) revealed.
The EVFTA fourth anniversary is on August 1.

The EU has invested €28 billion (~$30.3 billion) in 2,450 projects in Vietnam, the EuroCham Business Confidence Index (BCI) survey conducted by Decision Lab found.

EU investors added €800 million in foreign direct investment (FDI) between January and September last year.

The country’s exports to Europe rose from €35 billion in 2019 to over €48 billion in 2023, with pronounced growth in several, including textiles and footwear, the survey said.

However, the rise in EU exports to Vietnam has been far more modest—from €11 billion to only €11.4 billion over the same period, adding to a substantial trade imbalance.

Hindrances for European businesses include complex regulatory requirements and a lack of recognition for international standards by Vietnamese authorities, a Vietnamese news agency reported.

Moreover, stakeholders lack understanding of the agreement, and there are customs valuation issues, opaque clearance procedures and technical barriers, particularly in the areas of certification and product testing, the survey report said.

EuroCham Vietnam is actively championing the full ratification of the EU-Vietnam Investment Protection Agreement (EVIPA) as a critical step in unlocking the FDI potential of the EVFTA.

While EU institutions have approved the EVIPA, it requires individual ratification from all 27 member states.

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Slow Net, Shipment Delays, Port Congestion In Bangladesh Worry Buyers

Slow internet speed, delay in shipment of garments and container congestion at Chattogram port are the three main concerns conveyed by international brands, buyers and retailers to suppliers in Bangladesh at a recent meeting convened by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in Dhaka.
BGMEA president S M Mannan Kochi said the retailers and brands assured that they will not seek any discount, air shipment or cancellation of purchase orders because of production halt resulting from the recent latest spell of violence in the country.

The violence saw suspension of internet services and mobile data and a five-day near-shutdown at Chattogram port.

Due to slow internet speed, necessary documents for order confirmations cannot be attached in electronic communication modes and necessary paperwork for shipment and payments cannot be submitted.

The buyers urged garment exporters to ensure timely shipment of goods and to engage with government officials to restore high-speed, uninterrupted broadband services to facilitate smooth communication with their headquarters, Kochi was cited as saying by domestic media reports.

However, buyers did not question the country's image as far as conducting business was concerned, he added.

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