LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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News Highlights

NATIONAL

India's cotton sowing area shrinks by 9% this season

India's cotton sowing area reduced to 111.386 lakh hectares by August 22 this year. Last year, the area was recorded at 122.742 lakh hectares during the same week. It is important to note that all the major cotton-producing states have reported lower acreage this season.
The largest cotton-producing states, such as Maharashtra and Gujarat, also reported a decline in acreage. North India's Rajasthan and Punjab are the most affected states regarding the reduction in cotton sowing areas. These areas faced a severe impact from the Pink Bollworm during the last season, which discouraged farmers from planting cotton.

India's cotton sowing begins in June and continues until August or mid-September. Therefore, cotton sowing is almost completed, and the deficiency in sowing area is unlikely to recover. More than 90 per cent of cotton sowing has been completed. Around a 9 per cent decrease was noted in the state-wise detailed weekly report of cotton sowing released by the Ministry of Agriculture.

The country's average cotton sowing area was 122.951 lakh hectares in the corresponding week last year. The acreage in Punjab decreased to just 1 lakh hectares from 2.140 lakh hectares last year. In Rajasthan, the area was reduced from 7.908 lakh hectares to 5.132 lakh hectares as of the latest week.

According to the report, the cotton area in Maharashtra was noted at 40.785 lakh hectares (last year, 41.866 lakh hectares), Madhya Pradesh at 6.149 lakh hectares (last year, 6.500 lakh hectares), Karnataka at 6.690 lakh hectares (last year, 6.557 lakh hectares), Haryana at 6.650 lakh hectares (last year, 6.584 lakh hectares), Gujarat at 23.580 lakh hectares (last year, 26.790 lakh hectares), Telangana at 17.090 lakh hectares (last year, 18.018 lakh hectares), and Andhra Pradesh at 3.500 lakh hectares (last year, 3.690 lakh hectares).

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PMJDY integrates poor into economic mainstream: FM Sitharaman

The Pradhan Mantri Jan Dhan Yojana (PMJDY), the world's largest government initiative for **financial inclusion**, integrates the poor into the economic mainstream and plays a crucial role in the development of marginalised communities, finance minister **Nirmala**

Sitharaman said on Wednesday.

"The success of the initiative is reflected in 53 crore people having been brought into the formal banking system through the opening of **Jan Dhan accounts**," she said.

PMJDY has completed a decade of implementation. "Universal and affordable access to formal **banking services** is essential for achieving financial inclusion and empowerment," Sitharaman said in her message on the 10th anniversary of PMJDY.

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Indian economy remains resilient amid global uncertainties: NCAER

Amid global geo-political uncertainties, the Indian economy has remained resilient but the outlook seems softer due to moderation in a couple of high-frequency indicators, according to the Monthly Economic Review for August. The review was released by the National Council of Applied Economic Research (NCAER).

The report said bank credit growth of scheduled commercial banks (both food and non-food) moderated in June 2024.

Personal loan credit growth and bank credit for the services sector has decelerated, it added.

The **economic think tank** said: "The **Purchasing Managers' Index** (PMI) for manufacturing and services declined marginally in July 2024 but maintained its expansionary momentum".

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FDI retreating from emerging markets such as China, India: Moody's

Foreign direct investment (FDI) inflows into emerging market economies like India and China fell in 2023, Moody's Analytics said in a report on Wednesday.

The fall happened due to the shrinking of global investment flows and supply-chain chaos, surging inflation, and tighter funding conditions after the covid-19 pandemic.

"The world's second-largest recipient of FDI, China, saw a downturn in 2023. Inflows turned negative in the third quarter as withdrawals and downsizing outpaced new investments. More recent data showed a fresh decline in the second quarter of 2024," the report said.

"FDI into India has also seen better days, falling in recent years despite the country's push into manufacturing and notable investments from tech giants such as Apple Inc.," the report added.

The report titled 'Why FDI Is Shrinking' said investment flows are being reshaped by economic fragmentation, trade and geopolitical tensions, industrial policies, supply-chain diversification and tighter regulations to thwart the usage of tax havens.

"While retreating inflation and easing monetary policy settings might offer some relief, economic fragmentation will hinder the smooth flow of FDI," it said, adding that climate change will increasingly shape FDI flows in the long term.

The report was authored by Moody's Analytics economists Jeemin Bang, Royston How, Dave Chia and Stefan Angrick.

In 2023, emerging economies saw a decline in FDI due to shrinking investments in China and India, although developed economies attracted more FDI inflows than the previous year due to new investments in European conduit economies.

According to the ministry of finance, net FDI inflows to India declined from $42 billion during FY23 to $26.5 billion in FY24. However, gross FDI inflows moderated by 0.6% from $71.4 billion in FY23 to just under $71 billion in FY24.

The FDI inflows have been weak mainly due to geopolitical conflicts, high borrowing costs, and global economic fracturing, according to the latest Economic Survey released last month.

According to data from the United Nations' trade and development agency UNCTAD, global FDI fell 2% annually in 2023 to $1.3 trillion.

Relative to the size of the global economy, FDI fell to 1.27% of global GDP in 2023 from 1.34% in 2022, well below the average of 2.2% from 2000 to 2019.

The Moody's report said the lukewarm FDI numbers are part of a larger trend of slowing global FDI flows.

"Annual FDI relative to world GDP has been slipping since the mid-2010s, primarily due to Europe. The continent was a major FDI destination and source, often accounting for more than 50% of global FDI—a figure that far surpassed its economic heft," it said.

"While annual flows to and from Europe have shrunk in recent years, FDI in North America and the Asia-Pacific region has held up," it added.

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Garment goals need more than short-term support

India has set itself a bold target of $100 billion of exports in textiles and apparel by 2030. This is the right move. With one of the most labour-intensive products – apparel – accounting for 50-60 per cent of this total, this target will help immensely in overcoming our greatest challenge – better jobs for 20 crore farm labour, women who want to be in the labour force, and unemployed youth. Unfortunately, our track record suggests that this will prove to be a challenging task.

India's apparel exports remain range bound at $16- 19 billion from 2015 to 2022 even as Vietnam increased its exports by 70 per cent ($20 billion to $35 billion) and Bangladesh nearly doubled its exports ($26 billion to $47 billion) during this period. The Union Government recognises the need for change. It has decided to back its "vision" with some fiscal "action" as it launched the much-awaited Employment Linked Incentive scheme in the Budget for 2024-25. The scheme provides incentives to employees for taking up formal sector jobs even as it incentivises employers to create capacities in labour intensive sectors (including but not limited to garment manufacturing).

This is a step in the right direction and will help bridge the gap with Bangladesh and Vietnam. However, to really understand this gap, we must look at the pure cost disability of an Indian garment manufacturer vis-a-vis the two countries. Let's take the example of a 1,000 machine garment unit – large by Indian standards but quite small by international standards. It employs 2,000 people and manufactures 60 lakh polyester T-shirts per annum at a unit cost of Rs 238 per t-Shirt. This is more than what it would cost to make in Bangladesh or Vietnam by roughly Rs 24, or 10 per cent.

The net profit margin for such a product is typically Rs 10-11. Hence, at the factory gate itself, an Indian garment manufacturer faces a cost disadvantage rendering it uncompetitive without even accounting for preferential market access that Bangladesh and Vietnam enjoy in some markets such as the European Union (EU). This cost disability is largely driven by two factors. Firstly, India levies high import duty on fabrics, especially synthetic fabrics (20 per cent in India compared to 12 per cent in Vietnam). Local fabric also sells at the landed price of imported fabric leading to higher raw material cost for the Indian garment manufacturer.

Additionally, cumbersome trade and Customs' procedures coupled with Quality Control Orders (QCOs) on import of Man Made Fibre (MMF) inputs have ensured that the cost of domestically produced MMF fabric is at least 20 per cent higher than international prices. Given that finished fabric accounts for 50 per cent of garment cost, the sub-optimal duty structure creates an unnecessary yet significant cost disability for the Indian exporter. While the Indian Government tries to offset this disadvantage through Duty Drawback and Refund of State and Central Taxes and Levies (RoSCTL) Scheme, it would be much simpler to just rationalize the duty on fabrics. If the intent is to strengthen the synthetic textile ecosystem in India (the infant industry protection argument), there is ample evidence across economic literature to show that such protection simply perpetuates the local industry to remain subscale and inefficient.

Targeted incentives to help scale up the local MMF textile ecosystem will yield much better results than distorting prices in the value chain. Secondly, India's minimum wage at $0.7/hr (compared to $0.5/hr in Bangladesh and $0.8/hr in Vietnam) is amplified by overtime rates at 2x the regular wage rate (Bangladesh and Vietnam overtime rates are 1.5x), stringent ceiling on overtime hours/week and lower worker productivity due to efficiency and quality disadvantages driven by lack of manufacturing scale (India's largest garment factories employ 2,000-3,000 workers compared to 10,000-20,000 workers in Bangladeshi and Vietnamese factories).

After accounting for the regulatory burden and scale-based inefficiencies, and incorporating statutory contributions, India's effective wage rate jumps to $1.4/hr and compares unfavourably with Bangladesh ($0.6/hr) and Vietnam ($1.1/hr). For an industry where labour accounts for 25-30 per cent of total cost, this ensures that Indian garment exports remain uncompetitive. This brings us back to the Employment Linked Incentive. While the incentive to the employer (up to Rs 3000/man-month for two years under and part reimbursement of employer Employees' Provident Fund Organisation (EPFO) contributions for four years for first time employees), will address India's labour cost disability to an extent.

But it must be noted that these are temporary fixes, come at a substantial cost, and most importantly, do not address the structural and completely self-imposed reasons for the disability in the first place viz. high barriers on raw material import coupled with high regulatory burden on hiring labour in India. Until we address these, India's sub-optimal performance in garment exports, an area where India has a right to win on account of its factor endowments, will continue unabated and the Vision of $100 billion exports by 2030 will remain a distant dream.

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Textile Unit in Haryana Goes Solar, Expects ₹4 Million Savings in Energy Costs

Read more: https://www.mercomindia.com/textile-unit-in-haryana-goes-solar

Home

AP Government wants CCI to buy all cotton via e-crop system

The Andhra Pradesh government would urge the Cotton Corporation of India to purchase the entire cotton produced in the state and registered under the e-crop system.

Agriculture minister Kinjarapu Atchannaidu and textiles minister S. Savitha said on Wednesday that the state would develop new cotton varieties with a view to increasing its cultivation and production ensuring financial security to cotton farmers.

The ministers made it clear to the cotton spinning and ginning traders that the cess would be removed only if they bought cotton from the farmers in the state.

Atchannaidu and Savitha held a meeting with ginning, spinning millers, Acharya NG Ranga Agriculture University scientists and agricultural officials at the secretariat in

Velagapudi in Amaravati to discuss ways to eliminate waste in cotton and ensure better prices to farmers.

Principal secretary to state handloom and textiles department, K. Sunitha, explained through a power point presentation that the decrease in price was due to the presence of waste in cotton.

Minister Savitha said the production of cotton in the state was 20.50 lakh bales in 2017-18 and this decreased to 11.58 lakh bales in 2023-24. Packing of cotton in plastic and gunny bags caused the problem of waste during ginning.

“The quality of cotton is getting worse and the price is decreasing as a result. Farmers suffer financial loss,” she said.

She said there was no possibility of presence of plastic and other wastes if cotton bags are used for cotton collection. The agriculture department officials should create awareness among the farmers in these respects, she said.

Agriculture minister Atchannaidu said cotton farmers must register their names in the e-crop system. CCI should buy all the crops registered in the e-crop. farmers should be made aware that by registering themselves in e-crop system, they would derive the benefits on offer from the government.

Atchannaidu directed the officials to study the conditions in Maharashtra and Telangana on increasing cotton yields and prevention of waste. Take immediate corrective steps, he told them.

He advised the scientists of Acharya NG Ranga Agriculture University to develop better techniques for higher yield in cotton cultivation.

Home

Centre’s bonanza for Punjab, okays Rs 1,367-crore Rajpura industrial project

Reeling under heavy debt and low investment, Punjab on Wednesday received a booster dose from the Centre with a Cabinet meeting, chaired by PM Modi, approving Rajpura as one of the 12 sites for smart industrial city projects. The projects are to come up as a "grand necklace" on the golden quadrilateral that connects the country's major industrial, agricultural and cultural hubs.

The entire plan under the National Industrial Corridor Development Programme will be worth Rs 28,602 crore, with Rajpura industrial city alone approved at a cost of Rs 1,367 crore. The 12 cities have an investment potential of Rs 1,52,757 crore and are expected to generate 9.39 lakh jobs. The investment potential for Rajpura is Rs 7,500 crore and it can generate 64,204 jobs.

Speaking to The Tribune about the Rajpura project, Commerce Minister Piyush Goyal said 1,099 acres of land had been acquired and fenced. "We are ready to start the project. I met Punjab CM Bhagwant Mann and he has assured of full support. With the state's cooperation, we can complete the project in three years," Goyal said, adding the land was free and the project ready to roll.

Rajat Kumar Saini, the chairman of National Industrial Corridor Development Corporation, which will power the project across all 12 sites, said he had visited Punjab to assess the situation and found everything in place. "We will start work in three months," said Saini. The development comes at a time when certain national highway projects in Punjab have been stalled due to multiple challenges, including land acquisition.

About investment potential, Saini said the Rajpura industrial city could become a hub of electronics system design and manufacturing. Located at a 35-minute drive from the Chandigarh airport and connected with road and railway network, the city would also be in a position to woo investors in food and beverages, pharmaceutical, machinery, textile and rubber and plastic sectors, he said.

The Cabinet has assessed these sectors as potential investor sources for the project in Punjab, which is among the top indebted states of the country. Punjab was among 12 states red-flagged by the RBI for fiscal mismanagement. It was on top of the ladder with a debt of more than 35 per cent of the gross state domestic product at the end of the last financial year.

Punjab has also been struggling to woo investors. In the pre-Fiscal Responsibility and Budget Management Act (2005) period, Punjab ran huge deficits due to the significant deviation in the state expenditure and revenue. "The Punjab Government indulged in competitive tax concessions and incentives to attract private investments, which negatively impacted its revenue generation. At the same time, it was unable to increase tax ratio and improve productivity of non-tax revenue due to political constraints. On the expenditure side, populist policies like free power for irrigation, hike in salary and interest payments increased the state's spending. Several competitive tax concessions, including change in land use (CLU) charges, licence fee, stamp duty exemption and incentives to attract private investments, negatively affected the state's revenue generation," NITI Aayog had mentioned in its assessment of Punjab's fiscal health.

The Cabinet approved one smart industrial city for Haryana too, but withheld the announcement due to the election code. The other 10 sites are: Khurpia in Uttrakhand, Dighi in Maharashtra, Palakkad in Kerala, Agra and Prayagraj in UP, Gaya in Bihar, Zaheerabad in Telangana, Orvakal and Kopparthy in AP and Jodhpur-Pali in Rajasthan. These industrial cities are envisioned as growth centers for transformation of the whole region.

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GLOBAL

ICE cotton drops further amid demand uncertainty, declining oil prices

ICE cotton faced further losses yesterday for the second day in a row. The market declined due to uncertainty in demand, and worsening crop conditions failed to improve sentiment. External factors, such as declining crude oil prices, also pushed down US cotton prices. However, a lower dollar index was a positive factor, as it made cotton purchases more attractive for foreign buyers.
Yesterday, the ICE cotton December contract settled at 69.98 cents per pound (0.453 kg), down 0.28 cents. The market remained range-bound on Tuesday.

Crude oil weakened by around 1.5 per cent from higher levels, making polyester cheaper, which was a negative factor for the natural fibre. However, the declining dollar index helped limit losses for cotton. Geopolitical risks and upcoming US inflation data may impact the Federal Reserve's decision on a rate cut.

Overall trading volume was slightly down, with nearly 22,000 lots traded. Open interest was at 228,653, down by 257 lots. According to ICE data, as of August 26, the deliverable No. 2 cotton futures contract inventory decreased slightly to 9,147 bales from 9,413 bales the previous day.

The market was concerned about severe flooding in India, Bangladesh, and northern China, caused by heavy rains, which could impact cotton supply and demand.

Traders are monitoring the geopolitical situation, demand scenario, and weather conditions around the world on a long-term basis. The US cotton export sales report, which will be released tomorrow, may provide more insight into current demand levels.

Currently, ICE cotton for December 2024 was traded at 69.40 cents per pound, down 0.58 cents. Cash cotton was traded at 65.52 cents (down 0.56 cents), the October contract at 70.02 cents (down 0.56 cents), the March 2025 contract at 71.07 cents per pound (down 0.51 cents), the May 2025 contract at 72.25 cents (down 0.52 cents), and the July 2025 contract at 72.91 cents (down 0.48 cents). A few contracts remained at the level of the last closing, with no trading noted today.

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Intertextile Shanghai Home Textiles concludes 30th milestone edition

After celebrating 30 years of actively contributing to the advancement of China's home and contract textile sector, Intertextile Shanghai Home Textiles has once again drawn curtains at the National Exhibition and Convention Center (Shanghai). From 14 to 16 August, Asia's leading industry platform hosted 946 exhibitors from 15 countries and regions, who engaged with more than 35,000 visitors from 108 countries and regions across the four-hall, 100,000 sqm exhibition space. Visitor numbers increased by 10% overall compared to the previous edition, with 13% of the total made up of overseas buyers, further highlighting the show's internationality. Global industry players across the event, from suppliers and buyers to fringe speakers, noted their satisfaction relating to positive business exchange, the prevalence of sustainable products and design inspiration, and more.

At the show's close, *Ms Wilmet Shea, general manager of Messe Frankfurt (HK) Ltd*, remarked on the positive spirit of trade at this edition: "For our 30th anniversary, the fairground was overflowing with dynamic interactions from enthusiastic industry players. I was happy to welcome many returning exhibitors and visitors to the show, especially those who have witnessed the growth of our fair – from 123 exhibitors at the first cross-sector Intertextile fair to around 1,000 exhibitors in just the home textile segment this year. The fair now offers 14 product zones with a comprehensive selection of products, catering to international and domestic visitors across the industry. Over the next decades, we look forward to new chapters, as we continue to keep pace with the everchanging industry and buyer demands."

Globally connected marketplace for fostering connections

With the support of Messe Frankfurt's strong network across the global industry, Intertextile Shanghai Home Textiles has become an inclusive business platform that connects major industry players from the East and West. Comprising the Türkiye Pavilion, Uzbekistan Pavilion, Belgium Zone and various individual overseas exhibitors, the stage was set for suppliers seeking business connections in the world's leading textile production hub.

International and domestic exhibitors covering sub-sectors such as bedding, editors, curtains, and carpets, presented their latest designs and innovations in Halls 5.1, 5.2, 6.1, and 6.2. Highlighted exhibitors included 3M China Limited, HAINING QIANBAIHUI WEAVING CO LTD, Weavers Tekstil San Ve Tic A S, Zhejiang Maya Fabric Co Ltd, Zhejiang Xiaoxuanchuang Household Co Ltd and more.

A regular in the Editors Zone, which showcases high-end upholstery fabrics, wallcoverings, and bedding, *Ms Ying Gao, general manager of Beijing Ya Da Home Decoration Articles Co Ltd*, said: "We have participated at this international event almost every year. For the 30th anniversary, we were pleased the organiser invited many overseas buyer delegations, introducing more high-quality clients to us. This show is not just an excellent stage for us to showcase our latest products, technologies, and services, but also an important opportunity to explore new cooperation with existing customers. We also hope to gain insights of industry dynamics and technological trends, and then adjust our strategies to ensure our brand is always at the forefront of the industry."

An important segment of the fair's numerous visitors, 17 buyer delegations from 16 countries and regions pre-registered and visited the sourcing platform, including manufacturers, designers, buying houses, distributors, chain stores and retailers from Algeria, India, Indonesia, Japan, Malaysia, Moldova, Morocco, Myanmar, Philippines, Russia, Thailand, Vietnam and more. Not to mention, VIP buyers from all over the world utilised the platform to meet annual sourcing targets.

Long-term VIP buyer Ms June da Silva, director of Hertex from South Africa, gave her perspective on the show's status: "This is my 19th or 20th time representing Hertex at Intertextile Shanghai Home Textiles. The prices remain good; the biggest improvements have been communication and product quality, and the exhibitors are always forward-looking with colour. Around 70% of our inventory either comes directly from China or via Europe from China. This show is essential, and has become more and more important to us as one of our first choices for sourcing worldwide."

Sustainability a central theme of fair's success

Every year, the evolving platform aims to reflect market trends, and has identified green progress as one of its major focuses going forward. As such, this edition's comprehensive fringe programme highlighted a series of sustainablity events: Bridging Borders: A Designer x Producer Talk on Sustainability; About Healing; Sustainable Fibre Forum in Home Textiles; product presentations from fibre producers such as 3M , Advansa, and Indorama; as well as a special session to explain the Econogy concept that represents sustainability activities in the company's Texpertise Network. The show welcomed designers and guest speakers from Europe and the Middle East to add overseas perspectives to the discussions.

Ms Anja Bisgaard Gaede, CEO of SPOTT trends & business, highlighted the green aspects under the 'Healing Home' trend concept: "As a trend designer, I looked at what is important for the industry and for me personally. Among the eight key trend directions, I think Bio-engineered Innovations and Circular Systems are most essential as they can have a massive impact on how we make textiles. And both of them, along with Regenerative Possibilities, are closely related to sustainability, which is the way the industry needs to move forward. China is a large producer for textiles, and there is definitely potential for more collaborations between designers and producers."

Another of the fair's highlights was the Ikasas Japanese Home Design Gallery, which expanded to five furniture brands integrating sustainability into their unique but practical pieces. Other eco-friendly suppliers across various product categories, such as Global Textile Alliance Belgium NV, Hangzhou Longshi Textile Co Ltd, Mobus Fabrics Ltd, and Zhangjiagang Coolist Life Technology Co Ltd, showcased their latest innovations at a show that is moving with the times.

A returning Japanese exhibitor, Mr Runhao Ma, general manager of Overseas Sales & Production Dept of Toyo Orimono Co Ltd noted the increasing demand for sustainable products: "Previously, only about 10% of our Japanese customers were looking for these products, but now 50% to 60% of our customers have such demands. Our company uses yarns made from recycled PET bottles and water-saving dyeing methods, and half of the yarns we use are made from eco-friendly materials. This is one of the best international fairs in China to expand our reach to domestic and overseas buyers, which is why we continue to exhibit here. As the fair enters its 30th year, I feel there are more visitors this year. On the first day, we had already connected with more than 60 groups of very interested buyers."

Exhibitors' experiences

"At Intertextile Shanghai Home Textiles we can see our Chinese customers and customers from Europe, the US, the Middle East, and from the Far East such as Taiwan and Vietnam. This is a meeting point, to talk about future orders and new items, and there are more international customers here than last time. China's market is big and our advantage, being from Türkiye, means our products are imported, which the market equates to good quality."

Mr Mehmet Oztoprak, manager, Küçükçalik Tekstil Sanayi ve Ticarat A.S, Türkiye

"This year's show is even better than last year. We came here to connect with new clients, and we have met with a lot of our targeted Chinese customers. Before coming to the fair, our designers looked at its trend guide to see if we could link our products to those trends, because sometimes visitors look for that. I am happy that this international platform brings together the East and West. China's visa-free policy means visitors from more countries can now easily attend and boost the visitor flow. I will definitely join the next edition."

Mr Ricardo Marques, international sales, Tela's Design, Portugal

Visitor's feedback

"My company is focused on the hotel and hospitality sectors, which require textile products such as bedding, curtains, and more. This time, I am particularly looking for outdoor fabrics relevant to our latest outdoor furniture projects. This fair has good quality products with very reasonable prices. The exhibitors I have interacted with provided detailed technical information, which was very helpful for sourcing. I am planning to come back again next year with more specific product requirements for our hotel projects, so I can engage exhibitors more directly on those needs."

Mr Jirawat Tangkijngamwong, deputy managing director, Deesawat Industries Co Ltd (President of the Thai Furniture Association), Thailand

Fringe programme participant's insight

"The speech focused on Gensler's large number of sustainability strategies and activities, and three key projects that showcase creative use of textiles. Events like this are really good on their own no matter the topic; the encounters and opportunities potentially arising from them are always great for manufacture. On the fairground, it's really great to see some manufacturers taking the sustainability theme very creatively and some of their stands are very attractive."

Mr Saverio Quaia, senior interior designer, Gensler

(Speaker: Weaving Paths to Sustainability and the Importance of Textiles in Interior Design)

Intertextile Shanghai Home Textiles – Autumn Edition is organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Home Textile Association (CHTA).

Home

Singapore's DyStar publishes sustainability report for FY23-24

DyStar, a leading specialty chemical company with a heritage of more than a century in product development and innovation, has published its Integrated Sustainability Report for FY2023/24. For the past 14 years, DyStar has formally reported on its sustainability performance in accordance with the Global Reporting Initiative (GRI) Standards. This report also adopts the Integrated Reporting <IR> framework, which outlines the company's environmental, social, and governance (ESG) practices through the lens of six major capitals.

Despite a year of change, DyStar has remained resilient in its commitment to Sustainability.

Mr. Xu Yalin, managing director and president of DyStar Group said, "In FY2023, DyStar capitalized on growth momentum and embraced strategic changes. We are pleased to report, DyStar is on track to meet our 2025 targets. Today, DyStar remains committed to enhancing our environmental performance and seeking innovative solutions to address future challenges, thereby creating long-term value for all our stakeholders and the global supply chain."

DyStar has successfully demonstrated the effectiveness of its strategy in the latest report. For instance, our efforts in implementing energy-efficient initiatives across its operations have started to yield credible results. DyStar's Scope 1 and Scope 2 emissions totaled 42,084 tCO_2e, representing a 67% decrease from 2011's baseline year and a 26% decrease compared to FY2022. Scope 3 accounted for 8.2% of DyStar's total emissions profile, with over 80% primarily stemming from the transportation of goods and services.

In terms of energy management, the Group has increased its use of renewable energy by 20%. Additionally, several energy conservation initiatives have been implemented as part of a concerted effort to reduce energy consumption globally.

Operationally, there have been several improvements to procedures aimed at boosting water efficiency and achieving cost savings at all manufacturing sites.

Wastewater discharge was reduced by 37%, improving the intensity level to 8.04 m^3 per ton of production compared to 8.71 m^3 per ton the previous year. This improvement is also partially due to some of our sites operating under a “Zero Liquid Discharge Scheme” mandated by local authorities.

Key highlights of FY2023 include:

- Participated at ITMA Milan, where we introduced a new range of bio-based DyStar products, dyes and auxiliaries containing renewable feedstock, as well as the Eco-Advanced Indigo Dyeing process.

- Recognition by the Institute of Public & Environmental Affairs (IPE), achieving second place on IPE’s Green Supply Chain Corporate Information Transparency Index (CITI).

- Celebrating diversity and inclusivity through global campaigns.

As we move towards a low-carbon future, our decarbonization strategy roadmap will be crucial in supporting DyStar’s efforts to improve productivity and optimize cost in the name of Sustainability.

The report outlines DyStar’s progress on its sustainability agenda and key material topics.

Home

Bangladesh garment industry faces crisis amid political unrest and floods

Bangladesh's garment industry, a vital economic pillar, is facing a severe crisis due to a volatile mix of political unrest, including violent protests, and catastrophic flooding, threatening to unravel years of rapid growth and global prominence. The textile and garment industry, which accounts for over 80 per cent of Bangladesh's total export earnings and contributes approximately 11 per cent to the nation's GDP, has been hit hard.

This industry contributes significantly to export earnings and employs millions.

Following the unprecedented anti-government protests, which reached a crescendo on August 5, Sheikh Hasina resigned as prime minister and fled the country. She landed in India on August 5 and is currently staying there.

The two-month-long anti-quota protests have led to widespread demonstrations, curfews, and violence. This unrest has not only disrupted factory operations but has also caused significant economic losses.

Factories were forced to close, and with the peak season for Christmas shipments and the booking of next season's orders upon us, the timing of the unrest has exacerbated the crisis.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) recently has reported substantial financial losses, estimating a shortfall of Tk 6,400 crore (approx Rs 4,500 crore) due to the shutdowns and communication breakdowns.

Khandoker Rafiqul Islam, the newly elected president of the BGMEA, mentioned that the goal of reaching nearly USD 45 billion in exports this year may not be achieved.

He attributed this to disruptions in both export activities and production.

"I think this is a temporary crisis and we will tide over it. The exact magnitude of the losses will be known later, but yes, there has been an impact," he told PTI.

Echoing similar sentiments, former cabinet minister and president of BGMEA, Gholam Sarwar Milon, said the garment industry has been badly hit by both the political unrest and the floods, as both production and the supply chain of raw materials have been severely affected.

"The crisis in the garment industry is unprecedented. Production is nearly 15-20 per cent less than the corresponding period last year. Several orders have dried up as investors and order suppliers are wary about investing. Several small factories have either closed down or are working on sub-contracts for big factories," he told PTI.

According to BGMEA sources, out of 3,000 major and small garment factories in Bangladesh, nearly 800-900 have closed since last year.

"The big factories have survived, but the small and medium factories have borne the brunt. If the situation persists, it will worsen further," he said.

Milon suggested that the garment industry needs to diversify into making jute bags and other high-end clothing and also look for new markets.

The Bangladesh Textile Mills Association has projected losses of around USD 58 million. The impact on the industry is compounded by the recent flooding, which has further disrupted logistics and exacerbated the economic fallout.

Bangladesh's main port, Chattogram, through which more than 90 per cent of the country's international trade transits, has become a focal point of the chaos. The port's operations were paralysed during the political unrest, leading to significant delays in shipments.

Factories have struggled to maintain production schedules, and backlogs at ports and airports have stretched to a month in some cases.

To mitigate the damage, factories have turned to air freight and extended working hours, but these measures have not fully alleviated the delays.

The president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Mohammad Hatem, said orders are down by 15-20 per cent.

"The industry has incurred huge losses in the last few months. In 2014, during political unrest, we suffered a similar situation. It then took us three years to return to the previous state. We hope to tide over the situation soon as Chief Advisor Muhammad Yunus is taking several steps to restore normalcy," he told PTI.

Hatem feels that if the situation is not overcome soon, there is a growing perception that foreign investors might look at new markets in other South Asian nations.

"However, other South Asian markets don't have the infrastructure like Bangladesh, which has such huge production capacity," he said.

The garment industry's workforce, which employs over 4 million people directly and nearly 15 million indirectly, with a significant proportion of women, faces mounting uncertainty.

The sector's remarkable growth over the past two decades-from USD 5 billion in exports in 2001 to nearly USD 40 billion in 2023-now stands at risk.

The floods have compounded the challenges, causing damage to infrastructure and further complicating logistics.

Monsoon rainfall-triggered floods in deltaic Bangladesh and upstream Indian regions have killed several people and marooned or affected nearly 3 million others in Bangladesh, posing a huge administrative challenge to the newly installed interim government amid a political transition.

"Due to the floods, the supply chain has been badly affected. We reached a high in 2023-24 where our garment exports touched around USD 46 billion. This time it is likely to be much less," said former army major and owner of a woollen garment factory, Mahfuzur Rehman.

The sector's growth from a small-scale operation in the early 1980s to becoming the world's second-largest apparel exporter, after China, underscores its strength.

In the financial year 2009, Bangladesh's apparel exports were valued at USD 12 billion. By the financial year 2023-24, this figure had surged to over USD 46 billion, reflecting the industry's capacity for recovery and growth even amid adversity.

In response to the crisis, the interim government, now led by Nobel Peace Prize-winning economist Muhammad Yunus, has prioritised restoring order and stability.

According to garment industry insiders, the path to recovery is fraught with challenges as the political instability has undermined investor confidence, and the recent flooding has further strained the already fragile infrastructure.

"The sector's resilience will be tested as it attempts to regain its footing and restore its reputation as a reliable global supplier," a garment industry owner, who did not wish to be named, said.

He added that despite the current crisis, Bangladesh's textile and garment industry has shown great strength and the ability to recover in the past.

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