LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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News Highlights

NATIONAL

INDIA'S Q3 FY24 GDP GROWTH LIKELY 6.8% ON UNCHANGED BASE: SBI ECOWRAP

The State Bank of India's (SBI) composite leading indicator (CLI) index—a basket of 41 leading indicators, including parameters from almost all the sectors based on monthly data—shows a slight moderation in India's economic activity in the third quarter Q3 of fiscal 2023-24 (FY24).
That slight decline indicates the gross domestic product (GDP) may grow in the range of 6.7-6.9 per cent, according to the latest issue of SBI newsletter ECOWRAP.

Corporate India continued its robust performance in Q3 FY24, buoyed by incrementally accelerating consumption patterns across urban-rural landscape, Corporate results for Q3 FY24, as recorded from around 4,000 listed entities, shows robust growth of more than 30 per cent in both earnings before interest, taxes, depreciation and amortisation (EBIDTA) and profit after tax (PAT), while top line grew by around 7 per cent compared to Q3 FY23.

Further, listed entities reported improvement in margin, as reflected in results of around 3,000 listed entities excluding banking, financial services and insurance, with EBIDTA margin of 14.95 per cent on an aggregate basis during Q3 FY24 compared to around 12 per cent during the same period in the previous fiscal.

Corporate gross value added (GVA), as measured by EBIDTA plus employee expenses reported a strong growth of around 26 per cent in the quarter compared to Q3 FY23, the newsletter noted.

Consumer confidence strengthened further during the quarter, driven especially by optimism about the general economic situation and employment conditions. Various enterprise surveys also point towards strong business optimism, the newsletter added.

Home

India counts gains at a WTO ministerial that has no winners

Read more at : [India counts gains at a WTO ministerial that has no winners (moneycontrol.com)]

Home

Nirmala Sitharaman to inaugurate conference of GST enforcement chiefs today

Finance Minister Nirmala Sitharaman on Monday will inaugurate a one-day conference of enforcement chiefs of all states and central GST officers to prevent tax evasion.

The conference will focus on deliberate on combating GST evasion, fake invoicing, sharing best practices, synergy among tax formations, leveraging technology and data and providing ease of doing business, according to a finance ministry statement.

"The conference will examine current challenges and delving into successful methodologies employed by both state and central enforcement authorities. Discussion on GST evasion via fake invoicing and strategising effective methods to combat it collaboratively will be on agenda," it said.

Sitharaman will inaugurate the one-day conference and also deliver the keynote address. Union Minister of State for Finance, Shri Pankaj Chaudhary will also attend the conference.

The one-day national conference will explore the potential of advanced technological tools and data analytics to enhance the accuracy and efficiency of enforcement efforts while striking the crucial equilibrium between facilitating a smooth business environment and implementing effective, deterrent enforcement measures.

There will also be knowledge exchange through presentations by enforcement heads showcasing the most successful strategies and innovative approaches for tackling tax evasion. The aim is to build deeper collaboration and fostering greater synergy between state and central enforcement authorities, ensuring a unified and comprehensive approach, it said.

"Embracing the spirit of cooperative federalism as exemplified by GST, this conference serves as a valuable platform for both Centre and state GST enforcement authorities to share best practices, foster mutual learning, and collectively strengthen the GST administration," the statement said.

Home

In A World Starved Of Growth, India Is An Outlier, Will Become Third-Largest Economy In 5 Years: Amitabh Kant

India is set to become the third-largest economy and stock market in the world in the next five years, G20 Sherpa and former NITI Aayog chairman Amitabh Kant said at the India Dialog conference, organised by the Stanford University US-Asia Technology Management Center, in partnership with the Institute for Competitiveness.

Lauding the development of the Indian economy in the last decade or so, Kant said the economy has emerged as a resilient powerhouse and demonstrated global growth at unprecedented levels. However, he noted that equitable growth remained a major obstacle for the country.

Recently, India released its GDP growth results for the third quarter in the current fiscal year at over 8 per cent, bypassing all expectations. Sharing his inputs on the country's growth, Kant stated: "In the midst of a global slowdown, India has demonstrated its great ability to grow. We are an oasis of growth at a time when there is ...Japan, the UK, Germany, all of them are in a recessionary phase. India has emerged as a very resilient powerhouse, demonstrating global growth. According to IMF, India will contribute about 20 per cent of world economic expansion in the next decade. In a world truly starved of growth, India is an outlier and in the next 5 years, India will surpass both Japan and

Germany to be the third-largest economy and third-largest stock market in the world. In India, it's a once in a generation shift in its economic position that is taking place."
Kant noted that India has evolved from existing in the Fragile 5 economies to taking its place in the Top 5 in the world. He added that India was suffering through a major issue of a 'twin balance sheet', which plagued both the corporates and the financial sector when the current Prime Minister Narendra Modi-led government came to power a decade ago. Kant added that during that time, all the banking institutions were suffering financial woes and there was also a challenge of both fiscal and current account deficits. To combat these issues, the country went through massive structural reforms in recent years, he said.

One of the major reforms implemented by India was the Goods and Services Tax (GST), Kant said, adding that implementing this tax remained equivalent to "Putting one tax across entire Europe, because India is bigger than the 24 countries of Europe plus another 30,000 km". Kant stated that this was a cashless, paperless tax and has helped in enhancing the tax base in the country from 6.3 million taxpayers to nearly 14.5 million taxpayers.
Another major reform undertaken by the country, he said, was a 'modern insolvency and bankruptcy code'. Kant said this measure helped transform the credit culture in India and allowed firms that were not performing well to undergo a "proper process of dissolution".
Crediting the Real Estate Regulation Act (RERA), Kant added that it helped bring in more discipline and transparency in the real estate sector and also enhanced the growth of the industry.
Further, by reducing the corporate tax, Kant said, the government succeeded in bringing "India's corporate taxes to par with the world's best". This move, he noted, helped heal the balance sheets of the private sector. A focus on the ease of doing business in the country also helped not only attract the private sector but also enhanced and encouraged competition between the states, he stated.

Calling these the 'big-ticket reforms' undertaken by the country, Kant pointed out that the technological transformation of India helped push ahead development in the country. "In India we took a very different approach, to create a public interest layer, and on top of this layer, we allowed the private sector to compete in the market space and this was open AI, and this was globally interoperable. And therefore, you have 1.4 billion people in India having a digital identity. Between 2015-17, India opened 550 million bank accounts which has not happened anywhere in the world. Just 18 per cent of Indian women had bank accounts, today almost 91 per cent women have a bank account," he noted.
Kant stated that this digital evolution also helped India in handling finances during the COVID-19 pandemic and distributing money to the beneficiaries without any leakage. "What happened during COVID-19 is India could straight away put in the money in the

bank accounts of the beneficiaries. Within two weeks, we put money into the bank accounts of 341 million Indians, and then we put money into over about 110 million Indian women. There was no leakage in India. Today there is no leakage in India because India has become a productively, very efficient economy because today we are putting money from the government straight into the beneficiary's account," he noted.
This technological growth led to the growth of the start-up sector in the country, Kant stated, adding that young firms like Zerodha, MobiKwik, Acko, and many others are taking the services of the financial sector straightaway to the customers in a seamless manner.

Kant noted that while the country exhibited tremendous growth in the recent years, it still faced certain challenges, which can rather be treated as huge opportunities. Talking about equitable growth, he stated, "It can't be that India is growing on the back of the southern part of India or the western part. India needs to grow in an equitable manner, therefore the eastern part of India needs to grow. They are the mineral-rich states of India and my belief is that Bihar, Chhattisgarh, Jharkhand, Rajasthan, Madhya Pradesh, all these states must grow to enable India to grow at 10 per cent."
Elaborating on India's goal to become a $35 trillion economy by 2047, Kant called on the states to up their efforts to become the 'leaders of growth' and follow in the Centre's footsteps.
With the slowdown in global trade, the official noted that all economies have grown on the back of global trade. He pointed out that India's share in the trade remained very low and the country needed to boost exports. To achieve this, he pushed for a focus on the manufacturing sector.
"India needs to manufacture again in size and scale to penetrate the global markets in a big way. It can't be that India is growing only on the back of services. India needs to fire on all cylinders, it needs to become a manufacturing nation. More than anything else, India needs to enhance its agricultural productivity. India's main problem is that there is a very high population dependent on agriculture, you can't have 20 per cent of your economy coming from agriculture. You need to take it from agriculture to manufacturing to urbanisation."

Home

Expeditious roll-out of PM MITRA to help attract large investments, FDI in textiles: Experts

Read more at : [Expeditious roll-out of PM MITRA to help attract large investments, FDI in textiles: Experts - The Economic Times (indiatimes.com)]

Home

Avoid panic buying due to increasing cotton prices – SIMA Chief

The predominantly cotton based Indian textiles & clothing industry has been taking advantage of the home-grown cotton that were highly competitive when compared to the international prices despite high capital cost, tariff barriers, high power cost, etc. Consequent to the removal of cotton from the Essential Commodities Act from February 2007 and also inclusion of cotton on the MCX cotton trading platform, the multinational cotton traders started dominating the Indian cotton economy by taking advantage of cheaper funds and hedging facilities in the international market.

The predominantly MSME spinning segment in India which account over 85% of the total spinning capacity, often struggle to procure cotton for longer period during the peak cotton season (November to March) due to limited working capital at a higher interest rate and 25% margin money. To fulfill the cotton requirement during off-season (April to October), the spinning segment is forced to buy cotton from the trade and imports. The 11% import duty prevailing on all other cotton except ELS cotton has made the industry to rely on traders for cotton during off-season. The situation gets aggravated whenever there is a steep increase in Minimum Support Price (MSP) announced by the Government and market price ruling below the MSP that necessitates Cotton Corporation of India (CCI) to exercise MSP operations. Since the cost of procurement and production for CCI is higher by around 5% when compared to the private traders, the advantage of MSP procured cotton is being derived by the multinational traders. As a sequel to this, speculation of cotton price has become a routine feature despite various policy initiatives by the Government.

On the global front, the cotton production in Australia is expected to be 4.7 million bales and arrival is expected from May 2024 onwards. Brazil is expecting their largest cotton production in history of about 14 million bales during the current cotton season when compared to last year production of around 11 million bales and going to be the largest exporter of cotton in the world. Their crop arrival is expected to come from June 2024 onwards. Hence, the world is expected to have sufficient quantity of cotton post July 2024 onwards.

Since fabric, garment and made-ups segments normally enter into three to four months export contract during the months of February and March, the manufacturers of the value-added final products often find it very difficult to meet the export commitments and make complaints about the increase in yarn prices, which is inevitable due to speculative cotton price. To sort out this recurring cotton pricing issue, there is an urgent need to have a comprehensive “National Fibre Policy”, which would ensure raw material security. The Policy would also pave way to develop harmony among the textile manufacturing segment, resulting in creating a level playing field among all the industry-players.

In a press release, Dr. S.K. Sundararaman, Chairman, The Southern India Mills' Association (SIMA), has stated that the cotton price has increased by 10 to 12% within 15 days and created a panic situation across the textile value chain. He has stated that cotton price for Shankar-6 variety was ruling at Rs. 55,300/- per candy and fluctuating by few hundreds of Rupees, has now increased to Rs. 62,000/- per candy.

Dr. Sundararaman has said that the Committee on Cotton Production and Consumption (CoCPC) has estimated 316.57 lakh bales as the crop size, 12 lakh bales as the imports and 310 lakh bales as the consumption, 25 lakh bales as exports and 57.65 lakh bales as closing stock for the cotton season 2023-24. He has added that the capacity utilization of the mill sector has increased to 80% to 90% from the level 70% to 75% and as per the market information around 20 lakh bales have already contracted for exports. He has pointed out that the demand for export of cotton will come down as the cotton price is fast approaching the international price and therefore, the estimated closing stock, which is one of the highest would ensure adequate availability of cotton.

SIMA Chief has stated that around 215 lakh bales of cotton have arrived in the market till February 2024 and arrival per day continues to be more than a lakh bales, except for few days. He has stated that as the significant portion of the good quality cotton of this season has arrived the market, the steep increase in price will only benefit the trade and not the farmers, which would have serious impact on the industry till the end of the season.

Taking into consideration of the global cotton scenario, SIMA Chief said that the global cotton availability is expected to be higher post July 2024 due to increased production in Australia, Brazil and other countries. He opined that the ICE cotton future is also expected to experience a huge inverse post July 2024 which in turn would soften the Indian domestic cotton prices. With that view, Dr. Sundararaman has strongly advised the spinning mills to avoid panic buying, as the cotton supply position looks comfortable. He pointed out that the global cotton supply position and the stock-to-use ratios are also comfortable in most of the cotton consuming countries. Therefore, he advised the mills to ignore the rumours and exercise extreme caution while procuring the cotton.

SIMA Chairman has appealed to the Hon'ble Union Minister of Textiles to advise CCI which has procured around 22 lakh bales of cotton and sold less than a lakh bales so far, to adopt the policy followed by CCI from June 2016 (off-season of 2015-16) to maintain price stability and sustain global competitiveness. He said that though CCI had a limited volume of three lakh bales during 2016, the policy of releasing CCI cotton whenever domestic price exceeds international price (ICE futures) and suspending the sales whenever domestic price went below the international price (ICE futures) greatly benefited the industry to meet export commitments. He also appealed to the government to exempt all cotton varieties from 11% import duty during April to October as was done during April 2022 – October 2022 to avoid the traders adopting import parity pricing and affecting the export competitiveness. He stated that levying 11% import duty during the peak season and exempting the same during the off-season would create a win-win situation both for the farmers and the industry. This would also facilitate the value-added segments to do cost correction on a regular interval and aid in boosting the exports, taking advantage of various other proactive initiatives of the Government.

Home

Bharat Textile Expo to be an annual affair, says AEPC chairman

The mega textile exhibition — Bharat Tex 2024 — will now be held every year in the country as the first event which concluded last week witnessed participation of over 3,500 exhibitors and 3,000 buyers from 111 countries, AEPC said on Sunday.

The Apparel Export Promotion Council (AEPC) said that as many as 63 agreements were announced during the expo with international institutions focusing on collaborations in research, innovation, entrepreneurship, new product development, skilling and sustainability.

"The Bharat Tex expo will be an annual affair," AEPC Chairman Sudhir Sekhri said in a statement.

He said the industry is working on sustainable production practices as it would help enhance the competitiveness of the sector in the international market.

He added that the mantra given by Prime Minister Narendra Modi to boost textiles exports through 5F – Farm to Fiber, Fiber to Factory, Factory to Fashion, Fashion to Foreign — will energise the textiles export sector.

Home

Demand threads a delicate weave for most apparel retail companies

Read more at : Demand threads a delicate weave for most apparel retail companies | News - Business Standard (business-standard.com)

Home

Defunct Melur co-op spinning mill can be a better job provider, say villagers

When the need for growth of industrial sectors in Madurai district is being widely discussed, the Madurai district co-operative spinning mills limited in Melur once served as key job-providing unit till 1996 for the people of Madurai and neighbouring districts.

The mill which was started in Melur in 1960 by the then Congress Melur MLA P. Kakkan benefited about 1,600 families directly and 50,000 families indirectly.

The high-tech machines installed in the mill could process 12,000 strands of cotton at a time, said a former worker R. Kalyanasundaram (74) of Melur.

Mr. Kalyanasundaram, starting from 1977, had worked at the mill in the blanket, towel manufacturing section, till the mill was shut down around 1998.

“I started with a salary of ₹ 1.50 and ended my career there with ₹125. The mill, which came at the time when many of the people were uneducated and unaware of the outside world, was a huge relief in providing livelihood to us. Many people from Sri Lankan camps also worked at the mill,” he added.

It was in 1990s, the problem of mismanagement started in the mill when some political leaders for their personal benefits installed machines which were of poor quality at the mill, he said.

Further, pointing to this as one of the reasons, Mr. Kalyanasundaram said that it was the beginning of the end of the mill.

Many of the families which were dependent on the mill got deserted when their family members were thrown out one after the other. “Though we were all settled with the pending amounts, we had no clue of what to do next to run our families,” he added.

R. Selvam, 65, who was a contract worker at the mill, said they did not get even the benefits that the permanent workers got.

Due to this, many workers turned to illegal activities and became criminals, he added. “Their families felt desolate with no one to take care of and even many unreported suicides happened after this,” he said.

The mill, which sprawls on an area of about 350 acres after a part of the mill’s area was given to Tamil Nadu Minerals Limited (TAMIN), is left unused and has been serving best for anti-social activities. It could either be revamped or turned into an IT park, said the villagers.

While many people from Melur are constantly moving out of the district in search of employment opportunities, such facilities which were already available could be utilized for the benefit of the people, said a resident K.P. Suresh Kumar who had appealed to both the district administration and the State government for the same.

Melur MLA P. Periyapullan, when asked about the steps taken to bring back the mill alive, said that he had represented regarding revamping the mill several times to the State government, but to no avail.

Madurai MP Su. Venkatesan said the State government should try to restart not only this mill but all the defunct spinning mills in the State to add to the employment opportunities for the youngsters.

Warped deal: the victimisation of women in the garment industry

Devi Gopika's work day starts at Budhur, a village in Chengalpattu district, at 4.30 a.m. — to fix breakfast and make and pack lunch for her daughters and herself, before she boards the factory bus to PGL Exports, a garments manufacturer. From 9 a.m. to 6 p.m., she is on her feet, working on the assembly line producing high-end clothes that will be sold at a premium brand store in Europe or North America, at a price that is bound to be several times more than her hourly wage.

Ms. Devi is among the 5 lakh-odd women in Tamil Nadu employed in one of the upmarket "fast fashion" industries that churns out a wide range of garments. From socks and shorts to jackets and jumpsuits, an array of apparel is supplied to the who's who of the readymade fashion industry in the U.S., Canada, Western Europe and Japan: Gap, Nordstrom, Polo, H&M, Uniqlo, J Crew, Victoria's Secret, Indian Terrain, to name a few.

Protest for wage hike

Last month, nearly 40 women members of the Garment and Fashion Workers' Union (GAFWU) protested in front of the Labour Commissioner's office in Chennai. They demanded an increase in the minimum wage, mandated to be raised every five years, but pending for nine years. Experts say the process that turns raw materials into finished garment is underpinned by a well-oiled system of exploitation. Lawyer D. Geetha, who represents GAFWU, explains, “There exist arbitrary wage gaps that even goes up to ₹4,000 between the different ‘grades’ of workers, to create an artificial hierarchy between the hosiery workers, who are seen as belonging to a lower grade, and their tailor or cutter counterparts, perceived as more skilled.”

There are many other ways in which women workers in the sector are exploited. For example, workers who have put in, say, five years or more or those needing a short break are casually fired so they can be re-hired for a lower salary with fewer benefits. “Everything is about making us feel dispensable and less-skilled, whereas we know through the rigorous quality checking mechanisms in place that none of what we do is ‘low skilled’. In fact, garment factory work requires a lot more concentration and being detail-oriented,” says D. Shanthi, who works as a checking inspector, and despite being at the top of the pay ladder, takes home less than the promised ₹10,000 because of the transport and refreshment allowances deducted from her salary. GAFWU has been regularly flagging this “egregious issue” of wages remaining stagnant since 2014.

“Furthermore, suppliers sometimes cook the books to make a profit. We used to list a crèche for childcare that never existed but helped to fudge accounts,” Ms. Shanthi says.

Bearing the double burden

The State’s most vulnerable group — women from caste-oppressed communities who have historically been denied access to education and opportunities for mobility — have been left high and dry. Feminist and South Asian history scholar Tithi Bhattacharya talks about the “social reproduction of labour”, which is the process of putting workers in the workforce. Ms. Bhattacharya says it is women who typically bear the “double burden” of being a significant or even sole breadwinner at times, and also running the household. This household work that feminist economists have come to call “unpaid care work that is invisibilised”, on the pretext of being low-skilled, in turn impacts women as labourers in the workforce, where they find themselves stuck in low-wage, low-skilled jobs.

The matter went to court

The last time the State revised the minimum wage for garment workers was in 2014. By then, it was already five years late. But this increase was never implemented because more than 500 manufacturers took the matter to the Madras High Court, claiming that it would be impossible to pay the new wages, and they would lose business to more competitive rivals in neighbouring States or even neighbouring countries like Bangladesh, Sri Lanka, and increasingly, Pakistan.

Garment workers earn between ₹9,875 ($119) every month for the lowest category and ₹10,514 ($127) for the highest category. With the implementation of the new minimum wage, the monthly pay will range between ₹15,211 ($183) for the lowest category and ₹16,379 ($197) for the highest. “This is still not a liveable wage. But it is a start,” explains GAFWU president and veteran labour organiser Sujata Mody.

In 2016, the High Court ruled in favour of workers and upheld the wage notification. The court ordered the manufacturers to pay the revised wages immediately, along with inflation-linked allowances and back wages from December 2014. However, the new wages were yet again not implemented because manufacturers moved the Supreme Court, protesting that they could not afford the demand.

In November 2023, the petition was heard by the Supreme Court, where the State government’s inaction was reprimanded, and a mandate issued to revise the wages of the garment industry workers. Once more, the court directed the State to take corrective measures, but the industry turned a deaf ear. The wages have been stagnating. “Inflation has gone through the roof, yet our wages remain unchanged. The government listens to the employers, but rarely to us. It is we, the women workers, who continue to get exploited,” says V. Dhanalakshmi, a worker and union member.

“There is also this tricky nexus between the government and the industry, and job classification in the sector arbitrarily as ‘hosiery’ and ‘tailoring’ when all work is quite skilled. This translates to a significant yet inexplicable wage gap,” says Ms. Geetha, the advocate.

Last month, when the case was brought back to the Supreme Court, through a special application by GAFWU, the court was appalled to note that the revised wage notification had not yet been issued by the State, union members claim.

Women workers constitute about 60% of the nearly 18 lakh tailoring workers in Tamil Nadu. The textile and clothing industry was traditionally unionised, largely male-dominated, and wages settled through collective bargaining. However, the restructured factory set-up brought in sweatshop conditions, say experts.

In Tamil Nadu, the decline in agricultural work freed women for factories, though the government, employers, multinationals, and union leaders — mostly men — failed to regard women as independent earners, supporting their families.

'Patriarchal and exploitative'

"The garment industry, in particular the export garment sector, epitomises gender and caste discrimination. Wages are suppressed when any industry is feminised, and we see that yet again with the garment sector. Schemes like 'Sumangali Thittam', instituted by employers and supported by the State, are not just patriarchal but also deeply exploitative, and were an attempt to legitimise bonded labour," explains Ms. Mody.

In recent years, the free transport that factories offered to women has been cut in retaliation for the workers demanding their rightful and much overdue wage hike. Women now see a deduction in their salaries. Restroom breaks are regimented especially when targets are fixed unreasonably high. "After the COVID-19 pandemic, many factories saw a huge spike in demand, and the burden once again fell on these women workers who take it up cheerfully, with fewer breaks and longer work hours, and with overtime pay not guaranteed," says GAFWU general secretary Palani Bharathi.

Sanchita Banerjee Saxena, a human rights advocate who has been researching garment workers' rights and issues in Bangladesh and transnationally in South Asia, spoke of the predicament of suppliers. "When wages are not increased incrementally over time to keep up with the cost of living, workers are bound to eventually protest to get their rightful dues. Suppliers don't make a huge profit to begin with, as they are constantly cutting cost to be competitive. As a result, meeting a sudden jump in wages for hundreds or thousands of workers is also a financial ordeal for them," she says.

"We also need to move from the idea of a minimum wage to a living wage. Minimum wage does not take into account the rising cost and inflation. Multinational global brands hold the ultimate power in this sector — they make suppliers cut cost, and that cut is borne ultimately by this highly feminised workforce. These companies need to do better, and that can only happen through introducing legislation that governments can use to hold them accountable," Ms. Saxena says. "Further, European countries have introduced more comprehensive due diligence legislation and hopefully this trend will continue in the U.S. and other countries."

'Prioritise living wages'

V. R. Jaganathan, general secretary of the Indian National Textile Workers Federation (INTWF), said in a release: "Minimum wages in India are low and poorly implemented; this has a negative influence on [women] workers and their ability to lead a decent life. We must prioritise living wages and ensure their effective implementation in all States."

Tirupur Exporters' Association president K.M. Subramanian said the companies are ready to cooperate with the workforce. "There is a huge labour shortage and we are struggling to meet our targets with the current workforce. We are ready to cooperate with workers for the sake of retention and growth. As soon as the updated wage notification is issued, we are ready to pay the higher salaries."

At the spontaneous protest held last month, Labour Commissioner Atul Anand assured workers that the revised wages would be determined in accordance with the draft notification of 2023, before the next hearing at the Supreme Court.

"We see in the Global South an increased 'feminisation of responsibility' that puts the burden of running the household as well as providing the family with the substantial and, sometimes, main financial stability on the women," says Kalpana Karunakaran, professor at the Indian Institute of Technology-Madras.

It is a couple of hours after her shift has ended. Devi Gopika is back home and preparing a hot dinner for her family of five. As fresh fish sizzles on the 'tava' in her modest kitchen and a 'thideer' (instant) sambar bubbles on the side, her oldest daughter is poring over her college work and an informal meeting of a few women union members is under way in her living room. "Thanks to GAFWU, women like me have a resource to learn about our rights and do something about it. Otherwise, I would feel quite hopeless. And it makes me more determined to ensure my children are educated," she says. A picture of Dr. Ambedkar hangs on the wall next to her tailoring machine in a corner of the living room. In addition to all the tailoring work at the factory, she takes on orders for sari blouses to make ends meet.

Textile demand to determine price trajectory in cotton

Even as the demand for cotton from the textile mills remains subdued, traders say the surge in domestic cotton prices in the last two weeks will depend on the demand for textiles and apparels.

According to Nishanth Asher, secretary of the Indian Cotton Federation, more than 60% of the cotton produced this season has come to the market. With prices going up, arrivals have reduced from 1.8 lakh bales a day to nearly one lakh bales. “Spinners are risk averse now as the global demand for textiles is low,” he said.

“It is hard to say now what will happen to the prices. World cotton prices went up 15% in the last two weeks and corrected 3% or so on Friday. Prices will cool down if demand for the main textile products remains subdued,” he added.

The International Cotton Advisory Committee on March 1 said the recent surge in global cotton prices “can be attributed primarily to a wave of speculative buying on the futures market.” The real situation will unfold in the next few months when plantings intensify. If the planted area remains less than the previous season and consumer sentiment improves, prices will increase, it said.

Atul Ganatra, chairman of the Cotton Association of India, said the Intercontinental Exchange (ICE) futures market went from 80 cents to 103 cents for a pound in recent days and reduced slightly on March 1. At current prices, Indian cotton is cheaper than international prices and hence, cotton exports are likely to cross 20 lakh bales this season, he said.

India-UAE non-oil trade could hit $100 billion by 2030: CII President asserts

The target of $100 billion non-oil trade between India and the UAE by 2030 is ambitious but achievable as huge business opportunities are there in both the nations for sectors such as textiles, jewellery and pharma, CII President R Dinesh said on Sunday.
He said that the free trade agreement between India and the UAE, which was implemented in May 2022, has resulted in a surge in bilateral trade and investments.
Dinesh was here to participate in global investors' event 'Investopia' and various bilateral meetings, including with many participants at the WTO (World Trade Organisation) Ministerial Conference.

"The target to achieve $100 billion in non-oil trade between India and UAE is ambitious but I do believe that it is achievable and recent developments are encouraging in this regard," the CII president told.
(Edited by : Vivek Dubey)

GLOBAL

US Economic Growth Slows In Q4 2023

The US economy witnessed a deceleration in its growth rate during the fourth quarter (Q4) of 2023, with the real gross domestic product (GDP) increasing at an annual rate of 3.2 per cent, according to the Bureau of Economic Analysis (BEA). This represents a slowdown from the 4.9 per cent growth rate observed in the third quarter. The 'second' estimate for Q4 2023 saw a slight adjustment from the initial 3.3 per cent growth estimate, primarily due to a downward revision in private inventory investment, partially offset by increased state and local government spending and consumer expenditure.
Despite the quarter-on-quarter slowdown, 2023 saw the US economy expand by 2.5 per cent, marking a solid improvement over the 1.9 per cent growth in 2022. The annual growth was fuelled by significant contributions from consumer spending, non-residential

fixed investment, and government spending, although it was somewhat offset by decreases in residential fixed investment and private inventory investment.

In Q4 2023, consumer spending and exports played pivotal roles in driving economic expansion, alongside state and local government spending and non-residential fixed investment. However, the growth was tempered by a downturn in private inventory investment. Moreover, imports, which negatively impact GDP calculations, increased during the quarter, as per the bureau.

The year also recorded a 4.9 per cent increase in current-dollar GDP, reaching $27.94 trillion, with the price index for gross domestic purchases rising by 1.9 per cent. The personal consumption expenditures (PCE) price index, a key indicator of inflation, saw a 1.8 per cent increase, indicating a slight uptick in inflationary pressures.

On the income front, current-dollar personal income rose by $219.5 billion in Q4 2023, although disposable personal income and personal saving experienced downward revisions from previous estimates. The personal saving rate also saw a slight decline.

Home

US Govt Urged To Save US Textile Sector From Illegal Customs Practices

US Congresswoman Rosa DeLauro along with 40 lawmakers recently wrote to homeland security secretary Alexander Mayorkas urging him to provide an enforcement plan to address illegal customs practices that undercut US competitiveness and violate international trade and labour laws.
The letter requested a crackdown on the de minimis trade loopholes allowing cheap fast-fashion products to flow into the country.

Moreover, drug cartels and criminals are exploiting these loopholes, which have facilitated the import of deadly drugs like fentanyl into the United States, the letter said.

“In fact, this enforcement plan is needed to further the goals of the President’s US Supply Chain Resilience project… Without a demonstrative, expeditious, and effective customs enforcement plan, the devastation currently felt throughout the critically important textile production chain that employs nearly 550,000 US workers and produces almost $66 billion in output annually will only worsen...,” the letter said.

“The scale and the scope of illegal customs practices that are undercutting the competitiveness of our manufacturers is [sic] daunting,” the lawmakers continued.

“This letter comes at a critical time in our industry as it has lost 10 plants in recent months. We agree with the Congresswoman that the Administration plan should close the de minimis loophole harming our sector and facilitating illegal and illicit products,” said *Kim Glas, president and chief executive officer of the National Council of Textile Organisations (NCTO)*.

“We also strongly agree it must be implemented swiftly and include stepped up enforcement of false origin claims under our free trade agreements with maximum penalties and stepped-up enforcement of the UFLPA [Uyghur Forced Labor Prevention Act] with associated penalties,” he added.

US Senators Sherrod Brown (Democratic, Ohio) and Rick Scott (Republican, Florida) had urged the government late last month to take executive action to stop the abuse of a rule, known as ‘de minimis’, which foreign competitors like China exploit to avoid paying duties and fees to unfairly compete with American businesses.

Home

Bangladesh Cotton Farmers Disgruntled Over Price Discrepancies

Cotton cultivation in Bangladesh is witnessing an upward trend as growers strive to meet local demand and diminish reliance on imports. However, their satisfaction is marred by the disappointing prices of cotton in the domestic market.
Reports claimed this adding despite increased costs of cultivation inputs such as seeds, fertilisers, diesel, pesticides, and labour, farmers find themselves receiving prices below their expectations.

It may be mentioned here that despite the increasing demand for cotton, local production is able to meet less than 2 per cent of the annual requirement, necessitating significant imports costing over $3 billion annually. This year, cotton cultivation has expanded by nearly 2 per cent, covering 46,000 hectares, with the government targeting production of 2.28 lakh bales, up from 2.10 lakh bales the previous season.

The Cotton Development Board (CDB) officials noted the growing interest in cotton cultivation, with a shift towards hybrid varieties. Rezaul Karim, a CDB officer, highlighted efforts to disseminate improved farming methods among farmers and promote companion cropping with various vegetables.

Fakhre Alam Ibne Tabib, the executive director of CDB, acknowledged the farmers' concerns regarding market prices and assured discussions to address their demands even as the CDB has undertaken initiatives to bolster cotton cultivation, including land identification and financial incentives.

An allocation of Taka 10 crore has been designated to support 12,375 trained farmers this year.

Looking ahead, the CDB envisions substantial growth in cotton production, aiming for 15.80 lakh bales from two lakh hectares of land by 2040, recognising cotton's pivotal role in sustaining the textile industry, a vital sector for Bangladesh's economy.

Home