LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

13th

March

2024

News Highlights

NATIONAL

INDIA EXTENDS SAMARTH TEXTILE TRAINING SCHEME UNTIL MARCH 31, 2025

The Indian government has extended the 'Samarth' scheme for training and skilling in the textiles sector by another year. However, it has decided to maintain the outlay at the current level. The scheme, executed by the Ministry of Textiles, will be operational until March 31, 2025. Financial support for the scheme will remain at ₹390 crore ($47.13 million).
Originally, the scheme was to be available until March 31, 2024. The Ministry of Textiles recently issued a circular to announce the extension.

The Department of Expenditure under the Ministry of Finance has approved the extension of the scheme. It is a demand-driven and placement-oriented umbrella skilling scheme designed to make textile workers employable in the industry. The scheme was formulated under the skilling policy of the Ministry of Skill Development and Entrepreneurship. The purpose of the scheme is to incentivise and supplement the efforts of the industry in creating jobs in the organised textile and related sectors, covering the entire value chain of textiles, excluding spinning and weaving.

According to industry sources, the training programme and course curriculum were rationalised, keeping in view the technological developments and market demands of domestic and other countries. The scheme is not only promoting entry-level skilling programmes but is also supporting upskilling and reskilling programmes for existing workers to improve their productivity.

Samarth scheme is available for organised textile sector as well as for traditional sectors such as handloom, handicraft, silk, and jute. The scheme is being implemented through partners such as textile and other industry associations, state government agencies, and sectoral organisations of the Ministry of Textiles. This scheme is under implementation in most states and Union Territories.

Home

Jan IIP growth slows, Feb inflation eases marginally

India's retail inflation based on the Consumer Price Index (CPI) stood at 5.09% in February, roughly the same level as in January. The easing of price pressures in manufactured goods, however, has been steeper, with "core" inflation falling to 3.3% — the lowest in the current CPI series with base year 2012.

The easing of headline inflation to a four-month low was helped by the statistical effect of a high base, as price pressures rose sequentially due to costlier food, data released by the National Statistical Office (NSO) showed Tuesday. In February 2023, CPI inflation was at 6.44%.

Separate data released by the NSO showed factory output growth, measured by the Index of Industrial Production (IIP), easing to 3.8% in January from 4.2% in December, thanks to a high base effect. In January 2023, IIP had grown 5.8% y-o-y.

The latest inflation print is largely in line with the consensus estimate. An FE poll of 17 economists last week projected the headline figure to come in at 5%.

Despite easing price pressures, economists do not expect policy repo rate cuts in the near-term, with many expecting the rate cut cycle to begin with the August policy review.

The repo rate currently stands at 6.5% and has remained unchanged since February 2023.

The average CPI inflation in January-February was 5.1%, and in order to be in line with the 5% rate for Q4FY24, projected by the Reserve Bank of India, the headline figure will have to ease further to 4.9% during March. But economists expect the March figure to come in at 5.1-5.2%.

Food inflation increased to 8.66% in February from 8.30% in January. It remains the main driver of the headline figure, and is expected to do so in future.

Meanwhile, within IIP, manufacturing output growth eased to 3.2% in January from 4.5% in December, while mining's production growth rose to 5.9% from 5.2%. Electricity's output growth came in at 5.6% in January as against 1.2% in December.

On a month-on-month basis, manufacturing output declined 0.9% in January. FE

Home

India's exports will close fiscal at same level as last year despite uncertainties: Piyush Goyal

Commerce and Industry Minister Piyush Goyal has exuded confidence that during this fiscal, the country's goods and services export numbers will be at the same level; as it was last year despite slowdown and uncertainties in the global trade.

He also said that the government measures such production-linked incentives schemes and focus on high-quality goods and services would help in containing the country's trade deficit. So our trade deficit will be significantly lower than last year.

"I am happy to share with you that we close the current year in March at the same level as last year. We have a little bit of an adjustment between goods and services, but collectively we will be at the same level as last year, which will be a very, very significant achievement given that most developing countries and less developed countries are seeing a fall in their international trade," Mr. Goyal told *PTI* in an interview.

Cumulatively, the country's merchandise exports in April-January 2023-24 contracted by 4.89% to $353.92 billion. The estimated value of services exports during the ten-month period stood at $84.45 billion. In 2022-23, India's goods and services exports stood at $776 billion.

The war between Russia and Ukraine; Israel-Hamas is impacting global supply chains and the Red Sea crisis has led to significant increase in transportation costs and delay as Indian exporters have to send their consignments through the Cape of Good Hope, encircling Africa.

The Minister said that India saw a scorching pace of growth in its international trade in the years between 2021 and 2023.

"We grew by 55% over a period of two years, both in goods and in services'. It went up to $776 billion in only two years. And with growth on both goods and services, we could clearly see that this year is going to be one where we will have to consolidate the gains," he said.

When asked if the government is thinking of extending some kind of support measures to exports to deal with the crisis, he said the approach of being dependent on the government to resolve all the problems is something that now Indian industry also does not really desire.

“We have been able to change the thinking to bring the confidence in the Indian exporters that we should stand on our own feet. We should not be dependent on the crutches of the government. And I’m glad to share with you that they do not want the crutches of support anymore.”

"What we are doing is of course working through the military and the Navy to see that we can give protection to the ships traversing the Red Sea. We are also continuously in dialogue working with the countries in that region and with our own exporters, and very, very mindful and watchful of the situation," he said.

When asked about the World Trade Organisation (WTO), the Minister said it is "very" relevant and will continue to increase in its relevance as the world needs a rules-based trading system, which is transparent.

"The understanding that is gradually creeping in that we will not allow ourselves to make the same mistakes that countries made in the rural ground, for example, in agriculture," he said.

Certain quarters of experts are of the view that the WTO is losing its relevance as the member countries are not able to reach consensus on key issues.

On March 1, the talks at the WTO's Ministerial conference ended with no decision on key issues such as finding a permanent solution to public food stockpile and on curbing fisheries subsidies, but the members agreed to further extend the moratorium on imposing import duties on e-commerce trade for two more years.

Home

Red sea crisis to hit trade harder in 2024: Study

With the crisis in the Red Sea escalating with each passing day, 2024 will see a substantial impact on trade volumes as supply chains will remain disrupted and rising costs of shipping will make exports of low margin products unviable, according to a report.

The crisis which began on October 19 last year when Houthi rebels of Yemen started attacking civilian shipping is now in its fifth month. With ships now avoiding the Suez Canal route and detouring around the Cape of Good Hope, transit times have increased by 30% and container shipping capacity has dropped by 9%.

“The necessary rerouting is causing congestion in key ports like Cape Town, Ngqura, Richards Bay, and Durban in South Africa, leading to delays in loading and unloading cargo, which could exacerbate supply chain challenges and potentially lead to shortages." report prepared by Global Trade Research Initiative founder Ajay Srivastava.

Countries in Asia, Africa, and Europe will face the most disruption across industries.

For India the conflict is leading to an increase in shipping costs by 40-60%, insurance costs by 15-20% and delays due to rerouting of up to 20 days.

The disruption is significantly impacting Indian trade, especially with the Middle East, Africa, and Europe. I

Approximately 65% of India's crude oil imports in FY2023, valued at $105 billion, from countries like Iraq, Saudi Arabia, and others, likely passed through the Suez Canal. For overall merchandise trade with Europe and North Africa, about 50% of imports and 60% of exports, totaling $113 billion, might have used this route.

Oil imports from Russia through the Suez Canal are troubled by longer routes, raising costs and delaying supplies. As a big exporter of petroleum products to Europe, India faces delays and higher shipping costs, making some exports too expensive to continue.

"Confectionery companies are hit by high cocoa prices and shortages due late deliveries from Africa, reducing profits. Textile and leather industries which operate on thin margins are re-negotiating with buyers. Car makers are using different routes to avoid delays and shopping costs for all container goods, including cars and electronics, are up," the GTRI report said.

The Indian companies are negotiating costs with logistics providers, insurance companies, and considering alternative ports to ensure the timely delivery of goods.

Firms are adopting strategies like multiple sourcing for less complex components to maintain supply continuity and cost efficiency. For more complex and critical products, companies are exploring strategic sourcing options including onshoring, nearshoring, and friendshoring to reduce geopolitical risks and ensure supply chain resilience

Srivastava said to help Indian companies the government can think of financial support and insurance schemes to mitigate the impact of the disruptions.

“While India is implementing measures to ensure the safety of its ships in the Red Sea, the effectiveness may be limited as most Indian cargo is carried by global shipping firms,” he added.

Relying on ports outside conflict zones, like Oman and Djibouti, for transshipment and regional trade could be another option before the government, the report added.

‘”The crisis also underscores the importance of exploring alternative maritime and land-based trade routes. This includes potential investment in the Northern Sea Route and expanded land transport infrastructure.

India-Middle East-Europe Economic Corridor (IMEC) becomes important in this context,” Srivastava said.

The IMEC project aims to create an expansive economic corridor connecting Europe, the Middle East, and Asia through improved transportation, communication networks, and energy infrastructure.

It comprises rail, road, and sea routes across two main corridors: The East Corridor links India to the Arabian Gulf. The Northern Corridor connects the Gulf to Europe.

Home

Centre relaxes quality control regime on steel and textiles

Read more at : Centre relaxes quality control regime on steel and textiles - The Economic Times

Home

Indian Textile Sector Eyes Strong Presence In EFTA After Trade Pact

The Indian textile industry is optimistic about expanding its presence within the European Free Trade Association (EFTA), comprising Norway, Switzerland, Iceland and

Liechtenstein, following the signing of a Trade and Economic Partnership Agreement with EFTA. Such an agreement not only facilitates enhanced access to these advanced economies for the Indian textile sector but also opens doors to the latest technological advancements, pivotal for the modernisation of the industry.
EFTA comprises countries such as Iceland, Liechtenstein, Norway, and Switzerland. All these countries are key trade partners for the Indian textile sector. Rakesh Mehra, Chairman, Confederation of Indian Textile Industry (CITI) said in a press statement, "The significant impact from the agreement is expected to have on the growth trajectory of the Indian textile industry. He emphasised its role in providing critical inputs, fostering technological innovation, and creating opportunities for product development.

The EFTA countries are key trade partners for the Indian textile sector. *Rakesh Mehra, chairman of the Confederation of Indian Textile Industry (CITI)*, said in a press statement, "The upcoming India-EFTA agreement, will further catalyse the growth of the Indian Textile Industry, especially in terms of critical inputs, technology, and product development opportunities."

He further said that while the EFTA is an important trade bloc for the Indian textile industry, CITI had been requesting the Government to expedite the signing of FTA with Switzerland as both India and Switzerland complement the needs of each other in the textile and apparel space as India imports technology and machines from Switzerland while Switzerland offers itself as a buyer for raw materials and intermediate products, to be converted into high-quality and sustainable end products.

A trader told Fibre2Fashion, "The signing of the trade agreement will drive modernisation in the textile industry. Although the member countries of EFTA are relatively small, they are developed economies with high purchasing power, and the industry is looking for a better presence in these markets.

Home

PM Modi, Rishi Sunak discuss early conclusion of India-UK FTA talks

Prime Minister Narendra Modi spoke to his UK counterpart, Prime Minister Rishi Sunak on Tuesday and discussed the Free Trade Agreement that is expected to benefit both the countries. The leaders welcomed the thriving bilateral partnership and progress made in the ongoing negotiations towards the historic India-UK FTA.

Prime ministers Modi and Sunak, in a telephonic conversation, reaffirmed their commitment towards strengthening the bilateral strategic partnership.

Sunak and Modi agreed on the importance of securing a “historic and comprehensive deal” that benefits both India and UK, according to a readout by Downing Street. Both the leaders reiterated the importance of an ambitious outcome for the bilateral trade, which is currently worth around GBP 36 billion a year.

"Had a good conversation with PM @RishiSunak. We reaffirmed our commitment to further strengthen the bilateral Comprehensive Strategic Partnership and work for early conclusion of a mutually beneficial Free Trade Agreement,” said PM Modi in a post on social media.

Sunak's office has confirmed that leaders are maintaining close contact in anticipation of further progress in the FTA negotiations, currently in the 14th round. Downing Street noted the thriving partnership between the UK and India, with recent advances in FTA negotiations being a topic of discussion.

Both countries recognised the significance of securing a comprehensive deal that is beneficial to both parties. The Prime Minister emphasised the need for an ambitious outcome on goods and services. The spokesperson reiterated their commitment to stay closely connected and expressed optimism about future progress in trade talks.

A statement from New Delhi also highlighted the satisfaction of the leaders regarding progress made under the 'Roadmap 2030' across various sectors such as trade, investment, defence, security, and emerging technologies. The leaders assessed the progress towards an early conclusion of a mutually beneficial Free Trade Agreement positively. In addition to discussing regional and global developments of mutual interest, the leaders agreed to stay in touch and exchanged Holi greetings in advance.

Home

GLOBAL

Resolutions for BGMEA's new board to address key industry challenges

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) – founded in 1977 -- stands as a cornerstone of the nation's economy, driving significant export revenue and providing employment opportunities for millions. However, amidst its successes, the industry faces many challenges that necessitate strategic resolutions from the upcoming new board.

Efficient customs procedures are vital for the seamless flow of goods, reducing lead times, and enhancing competitiveness. Harassment by customs officials is a big issue for garments exporters. The new BGMEA board must have any policy for the modernization of customs facilities, leveraging technology to streamline processes and reduce bureaucratic hurdles. This entails implementing electronic data interchange (EDI) systems for paperless transactions, establishing dedicated clearance lanes for apparel shipments, and deploying risk-based inspections to expedite clearance for compliant businesses. Collaboration with relevant stakeholders, including customs authorities and trade bodies, is imperative to enact these reforms swiftly and effectively.

A robust port infrastructure is indispensable for timely exports, yet Bangladesh grapples with congestion and inefficiencies at its major ports. A few months ago BGMEA urged port authority to enhance the port efficiency to handle export-import cargoes within the shortest possible time to reduce lead times. The BGMEA board should highlight more on investing in port expansion projects, upgrading cargo handling equipment, and implementing advanced logistics management systems. Moreover, the establishment of dedicated garment terminals can cater specifically to the needs of the apparel industry, offering priority berthing and expedited handling of garment shipments. By collaborating with port authorities and private stakeholders, the BGMEA can spearhead efforts to transform Bangladesh's ports into world-class trade gateways.

The fluctuating availability of dollars for LC (Letter of Credit) settlements poses a significant challenge for garment exporters, affecting their ability to procure raw materials and meet international payment obligations. To mitigate this risk, the new BGMEA board should advocate for policy interventions to stabilize the availability of foreign exchange. This may involve negotiating with the central bank to ensure timely allocation of foreign currency for LC settlements, exploring hedging mechanisms to manage exchange rate risks, and fostering dialogue with financial institutions to facilitate easier access to dollar-denominated financing for garment exporters.

Encouraging new investments is essential for sustaining the growth momentum of the garment industry and fostering innovation and competitiveness. The BGMEA can play a catalytic role providing advisory services to potential investors, facilitating access to finance through partnerships with financial institutions, etc.

Furthermore, fostering collaboration with research institutions and technology providers can stimulate innovation in product design, manufacturing processes, and sustainability practices, positioning Bangladesh as a leader in the global apparel industry.

Home

Cotton import forecasts: required steps for Bangladesh's textile sector

Bangladesh's textile industry is mostly dependent on cotton, which is the main raw material used in the country's booming garment manufacturing sector. As the country keeps solidifying its status as a major global textile hub, it becomes increasingly important to monitor cotton import projections and take proactive steps.

The world market for cotton is naturally dynamic, impacted by everything from trade policy and geopolitical changes to crop yields and weather patterns. Textile manufacturers need to be aware of current trends and projections in order to minimize risks and make well-informed decisions. Industry analysts have projected that cotton production in major exporting nations like China, India, and the United States will stay consistent, however there may be some swings due to supply chain disruptions and weather-related uncertainty.

Additionally, demand from major importing regions, including Bangladesh, is anticipated to grow steadily, driven by the resurgence of consumer spending and the rebound of the global economy post-pandemic.

However, several factors warrant cautious optimism regarding cotton import forecasts for Bangladesh's textile sector. Volatility in international commodity markets, currency fluctuations, and geopolitical tensions can exert upward pressure on cotton prices, impacting the cost structure of textile manufacturers. Moreover, supply chain disruptions, logistics challenges, and trade barriers pose additional hurdles that necessitate proactive risk management and strategic planning by industry stakeholders.

To navigate the cotton import landscape effectively and sustain the growth trajectory of the textile sector, Bangladesh must undertake strategic steps.

At the moment, Bangladesh is largely dependent on cotton imports from established markets like the US, India, and Uzbekistan. The textile industry should investigate expanding its sourcing channels through partnerships with developing cotton-producing nations in Africa, Southeast Asia, and South America in order to reduce supply chain risks and improve resilience. This lessens reliance on a small number of suppliers and provides access to reasonably cost cotton cultivars that are suited to particular production needs.

The worldwide textile industry has made sustainability a primary area of concentration due to consumer demand for items that are made ethically and environmentally. The implementation of sustainable cotton agricultural practices, such as organic growing methods, water-efficient irrigation techniques, and fair labor standards, must be given top priority by Bangladesh's textile industry. By promoting sustainability across the supply chain, Bangladesh can enhance its reputation as a responsible sourcing destination and attract environmentally conscious consumers and investors.

In the textile industry, innovation is crucial to fostering difference and competitiveness. Bangladesh ought to commit funds to R&D projects that would improve cotton quality, advance textile processing methods, and create goods with additional value. Working together with academic institutions, research centers, and business partners can help transfer technology and information, enabling Bangladesh's textile producers to stay ahead of the curve and innovate.

Human capital is the cornerstone of a thriving textile industry. Bangladesh must invest in capacity building and skill development initiatives to equip its workforce with the technical expertise and knowledge required to adapt to evolving market dynamics. Training programs, vocational courses, and industry-academia collaborations can nurture a talent pool capable of driving innovation, quality enhancement, and productivity improvements across the textile value chain.

Home

Cotton Dropped On Profit Booking After Prices Gained As US Has Lower Ending Stocks

Cotton candy prices experienced a slight decline of -0.1% yesterday, settling at 62640, primarily due to profit bookings following recent gains triggered by the release of this month’s 2023/24 U.S. cotton forecasts. The forecasts indicated lower production and ending stocks compared to the previous month's data. Despite this slight setback, the projected marketing year average price for upland producers remains unchanged at 77.0 cents per pound, indicating stability in the market. Globally, cotton supply and demand estimates for 2023/24 show higher production, consumption, and trade, but lower ending stocks.

While world production has increased marginally, driven by a significant boost in Indian production, consumption and trade have also risen. However, ending stocks have seen a slight decrease, indicating a balanced market outlook. In the domestic market, the Southern India Mills' Association (SIMA) has advised textile mills in southern states against panic buying of cotton. The recent price hikes, particularly for the widely used Shankar-6 variety, have prompted concerns. The Committee on Cotton Production and Consumption has estimated production, imports, and domestic consumption figures for the current cotton season, highlighting a relatively stable demand-supply scenario.

Technically, the market is witnessing long liquidation, with a drop in open interest by -2.2% alongside a price decrease of -60 rupees. Cotton candy is currently finding support at 62280, with potential downside tests at 61930, while resistance levels are pegged at 62840, with a breakout potentially leading to prices testing 63050. This technical overview suggests a corrective phase in the market, with traders adjusting their positions in response to recent price movements.

Home

UNECE, UNECLAC Call For Sustainability On Used Clothing Trade Flows

The global market for second-hand clothing has grown seven-fold in the last four decades and the fast fashion industry has intensified the practice of developed countries exporting such clothing to developing ones, affecting the environment and social and human rights in importing countries, the 2024 OECD Forum on Due Diligence in the Garment and Footwear Sector was told recently.

To address this issue, The United Nations Economic Commission for Europe (UNECE) and the UN Economic Commission for Latin America and the Caribbean (UNECLAC), in collaboration with the Ellen MacArthur Foundation, held a virtual side session on 'Fixing a leaky system: creating resource management systems for used textiles' at the forum hosted by the Organisation for Economic Cooperation and Development (OECD).

The meeting discussed ways to find new coordinated strategies, including a multilevel approach involving exporting and importing countries, and an extended producer responsibility (EPR) system holding producers responsible, an UNECE release said.

Over 400 participants discussed the findings of a UNECE-UNECLAC joint study and current trends on reuse, recycling and disposal pathways, as well as possible solutions, on how this EPR for textiles can produce a scaled infrastructure for collection, sorting, reuse and recycling, ultimately contributing to the development of circular economy solutions across borders.

UNECE's team of specialists also organised a meeting to discuss challenges in scaling up transparency and traceability with respect to environmental, social and corporate governance (ESG).

Another session acknowledged challenges in data collection and interoperability.

Outcomes of this and other initiatives undertaken by UNECE under the Sustainability Pledge are feeding international standards and norms like the European Commission's proposal for a Directive on Corporate Sustainability Due Diligence.

Home

Global Merchandise Trade Poised For Modest Recovery In Early 2024

After a year marked by underperformance, early indicators suggest global merchandise trade might see modest growth in the opening months of 2024, according to the latest World Trade Organization (WTO) Goods Trade Barometer. This optimistic forecast is tempered by ongoing geopolitical tensions that could impact the trade landscape. Currently, the barometer index stands at 100.6, marginally above the quarterly trade volume index and the baseline value of 100, suggesting a gradual recovery of merchandise trade in the early part of 2024. However, the situation remains fragile due to potential disruptions from regional conflicts and geopolitical uncertainties, as per WTO.

Merchandise trade volumes experienced a 0.4 per cent decrease in Q3 of 2023 from the preceding quarter and a 2.5 per cent drop from the same period in 2022, largely due to strong growth in the initial three quarters of 2022. From January to October 2023, goods trade showed little change, with a mere 3.2 per cent increase over two years, underperforming against the WTO's October 5, 2023, forecast, which anticipated a 0.8 per cent growth in merchandise trade for the year.

The barometer's component indices present a mixed picture, with export orders (101.7) and air freight (102.3) slightly exceeding the trend, in contrast to container shipping (98.6) and raw materials trade (99.1), which fell below trend. While trade is expected to recover from its 2023 lows into 2024, the high level of uncertainty due to potential risks poses a challenge to the global trade environment.

Home