LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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News Highlights

NATIONAL

India`s Technical Textile Industry Exports To Cross $10 Billion By 2030: Minister

New Delhi: The Indian technical textile industry exports are projected to cross $10 billion by 2030, Union Textiles Minister Giriraj Singh said on Friday, adding that the niche carbon fibre will likely be produced by India in 2025-26. The global trade of technical textiles is around $300 billion while India’s domestic market size stands at $25 billion with an export of $2.6 billion.

The minister expressed confidence that the carbon fibre -- used in aerospace, civil engineering and defence as an alternative to metal -- will be produced by India in 2025-26. Currently, India does not produce any carbon fibre and relies on imports. The minister emphasised the increasing consumption and importance of man-made fibres and technical textiles in all spaces of life, at both a global and domestic level.

“The government is fully dedicated to the development of the technical textiles industry of India and has taken various steps such as launch of National Technical Textiles Mission, PLI Scheme for MMF Fabric, Apparel and Technical Textiles,” Singh mentioned during an event here organised by the Ministry of Textiles, FICCI and the Indian Technical Textile Association (ITTA).

The minister also launched the Compendium of the National Technical Textiles Mission (NTTM) and also awarded confirmation certificates to 11 approved startups under NTTM. He informed that 156 research projects have been sanctioned including, development of carbon fibres and support to startups under different areas of technical textiles, under the mission.

Singh displayed confidence in the ability of the local industry, government and stakeholders in the development of high-performance fibres that have huge applications in different field including aerospace, automobile and construction. The minister reiterated the complete support of the government to become a global leader and the largest manufacturer and market of technical textiles.

Minister of State for Textiles, Pabitra Margherita, said the nation is advancing towards becoming ‘Atmanirbhar’ in all sectors, including technical textiles. Margherita also mentioned that multiple state governments have taken initiatives for promoting investments, including FDI, in the technical textiles industry and urged other states to do the same.

The government urged the industry and stakeholders to carry out large scale investments in this sector, including the development of complex machinery to not only cater the local demand but also tap the large global market.

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Carbon fibre will be produced by India in 2025-26: Textile minister Giriraj

Union Textiles Minister Giriraj Singh on Friday expressed confidence that the niche carbon fibre -- which is used in aerospace, civil engineering and defence as an alternative to metal -- will be produced by India in 2025-26.
Currently, India does not produce any carbon fibre and relies completely on imports from countries such as the US, France, Japan and Germany.
The European Union's proposed Carbon Border Adjustment Mechanism, a tax on embedded carbon imports, is expected to kick in from 2026.
"The coming days belong to Technical textiles in every sector... I am fully confident that in 2025-26 the niche carbon fibre product will also be with India," Singh told reporters here.

The minister asserted that after the Narendra Modi-led government came to power, it has "balanced imports" in the hygiene sector.
"Earlier we used to import diapers. Thanks to PM Modi for bringing production-linked incentive (PLI) scheme which has created excitement in the industry," Singh said.

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‘Indian textile industry at the cusp to grab more and more market’

Textile industry leaders believe that the Indian textile industry is at the cusp of a historical opportunity to grab more and more market share from global textile demand with sustainability playing a crucial role in this. Along with the major trends of industry like digitisation and China+1, it is sustainability that will lead to the demand and survival of businesses.

At the ASSOCHAM Global Textile Sustainability Summit, industry stalwarts underline India’s strength and how it can grow more by focusing more on MMF, changes in policies and more thrust on collaboration and innovation.

Pabitra Margherita, Minister of State, Ministry of Textiles, advocated for collaboration and innovation to achieve a sustainable textile industry, stressing that growth should align with social responsibility and economic inclusivity. He underlined that the Ministry of Textiles (MoT) has launched several initiatives aimed at embedding sustainability across the entire textile value chain such as the establishment of an environmental, social, and governance (ESG) Task Force, the promotion of eco-friendly practices, promoting garment recycling and development of biodegradable textile materials.

Rohit Kansal, Additional Secretary, MoT stated that the textile sector is estimated to be worth US $ 175 billion, including exports of US $ 38–40 billion. By 2030, he stated, “We want to attain a US $ 300 billion industry, with US $ 100 billion coming from exports.”

M S Dadu, Chairman ASSOCHAM Textiles and Technical Textiles Council and Chairman, Colorjet Group; Milind Hardikar, Co – Chairman ASSOCHAM and Director Group Strategic Initiatives, Welspun World; Ajay Sardana, Co – Chairman ASSOCHAM Textiles and Technical Textiles Council and President & Head– Petchem- Industry Affairs, Reliance Industries Ltd and Anjani Prasad, MD & Regional VP, South Asia, Archroma and many other stalwarts across the textile value chain addressed the conference.

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India poised to lead global technical textile market: Giriraj Singh

NEW DELHI: According to Giriraj Singh, Union Minister of Textiles, India is set to become a world leader in the technical textile market in the coming years. Speaking at the FICCI and Ministry of Textiles’ event: “Viksit Bharat- Technical Textiles for Sustainable Growth & Development,” the Minister expressed confidence in India’s ability to dominate this rapidly growing sector, which encompasses engineered textile products for various applications, including automotive, aerospace, and medical industries. “I am fully confident that in the coming days, India will not only lead in market size but will also be number one in the technical textile sector,” Singh stated, highlighting the government’s commitment to fostering growth in this innovative field. Also Read - Invited steel industry to discuss unfair competition, says Goyal Several key initiatives and developments in India’s technical textile landscape underpin the Minister’s optimistic outlook. A dedicated National Technical Textile Mission with a budget of Rs 1,400 crore has been launched to drive research and development, marketing, export promotion, and education in technical textiles. Minister Singh revealed that 156 R&D projects have already been initiated, signalling a strong push towards innovation in the sector. The government's vision for the technical textile sector extends beyond economic growth. Singh emphasised the industry's dual benefits: "It will provide both safety solutions and employment opportunities to our people," he said, highlighting the sector's potential to contribute to India's socio-economic development. Also Read - India overtakes China in Morgan Stanley emerging markets IMI Speaking on the occasion, Union Minister of State for Textiles, Pabitra Margherita, emphasised the government's commitment to the technical textile industry. "The Ministry of Textiles has set ambitious targets for India's technical textile sector, aiming for a domestic market size of $40 billion by 2030 while also targeting total exports of $10 billion by 2030," Margherita stated. The Minister highlighted the National Technical Textile Mission (NTTM) as a cornerstone of the government's strategy. "NTTM is an important step towards developing this industry," he said. "Key focus areas include 156 R&D projects, the development of new applications for technical textiles, rationalisation of HSN codes, and release of quality control orders." Also Read - DigiYatra facility launched at nine more AAI airports Margherita also stressed the sector's potential to attract foreign direct investment (FDI). "Technical textiles have maximum potential to attract FDI. Favourable state policies are essential to harness this opportunity," he noted. The Minister urged states that still need to introduce special provisions for technical textiles to consider implementing similar measures. In a move to boost investment, Margherita extended an invitation to both national and international investors. "I want to invite both the national and international investors present at this conference to invest in the Indian technical textile sector and tap the large untapped market opportunity," he said.

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India's Textile Industry Eyes Greener Future Amid Sustainability Push

India's textile sector, a cornerstone of the economy, is accelerating its shift towards sustainability as concerns mount over the global textile industry's 10 percent share of carbon emissions. Leaders in the field are calling for a balance between economic growth and environmental responsibility, with a focus on making India a global hub for sustainable textiles.

At a recent summit hosted by Assocham in New Delhi, key figures emphasised the importance of sustainable practices. Pabitra Margherita, Minister of State for Textiles, outlined the government's vision to integrate growth with social responsibility, positioning India as a global leader in sustainable textile production.

Government initiatives like the ESG task force, the PLI scheme, and the National Technical Textile Mission were highlighted as vital to transforming the industry. Margherita stressed the need for biodegradable materials and garment recycling as crucial steps in this direction.

Rohit Kansal, Additional Secretary, Ministry of Textiles, revealed that the sector is projected to reach a $300 billion valuation by 2030, with $100 billion in exports. He identified key growth drivers, including automation, digitisation, and the circular economy, which aims to reduce textile waste, currently the third-largest contributor to municipal waste.

Leaders from across the textile industry showcased technological advancements aimed at reducing environmental impact. M S Dadu, Chairman of Assocham Textiles, pointed to innovations like waterless dyeing and energy-efficient garment production as pivotal steps towards global leadership in sustainable textiles.

Milind Hardikar, Co-chairman of Assocham Textiles, noted that adherence to ESG principles is becoming a key focus for the sector. Meanwhile, Ajay Sardana of Reliance Industries highlighted the industry’s significant progress, including the recycling of 93 percent of PET bottles into premium polyester garments, demonstrating India's commitment to circular economic practices.

As the textile industry continues to grow, its leaders remain determined to steer it towards a future where economic expansion goes hand-in-hand with environmental stewardship.

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Indian exporters eye gains as global garment brands shun Bangladesh

The political unrest in Bangladesh is turning into a financial bonanza for Indian textiles and garment industry. Billions of dollars in fresh orders from marquee buyers in the west are shifting to Indian textile companies.

Bangladesh is a garment sector powerhouse, having seen exports surge by 92 per cent to $47 billion in 2023. The country was the third largest exporter of clothes last year after China and the European Union (EU), and the sector accounts for over 80 per cent of the its total export earnings. India's garment exports, in comparison are less than half the size at the sixth position.

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Indian Economy Set for a Comeback: World Bank Predicts 7% Growth Amid Global Challenges

Is the **Indian economy** back on track and will it soon be soaring despite earlier hiccups? When the first quarter of the present financial year witnessed a GDP growth rate of 6.7%, a lower-than-expected rate of 7.1%, all naysayers actively rejected the saga of **Indian growth**. However, the future is not so bleak with an anticipated spurt in the economic and financial activities unfolding and spiraling soon.

World Bank Forecasts Growth Rate of 7%

The International Bank for Reconstruction Development, better known as the World Bank, has forecasted a GDP growth rate of 7% for the Indian economy despite growing unemployment, falling exports, and widening the rich-poor chasm.

World Bank: **India Development Update**

In its latest 'India Development Update: India's Trade Opportunities in a Changing Global Context', the World Bank has said that the Indian economy is growing quickly despite challenging global conditions. Boosted by the investment in public infrastructure and real estate projects, the Indian economy recorded a growth rate of 8.2% in 2023-24. It also said in its update that the manufacturing sector witnessed a growth of 9.9%, service sector remained resilient, though the farm sector performed poorly.

The Word Bank Group has said in an article published on its official website that the debt-to-GDP ratio is projected to decline from 83.9% to 82% by 2026-27. It has also said that the current account deficit is expected to remain at around 1-1.6% of GDP up to 2026-27.

India Becomes More Competitive

Expressing concerns over the growing protectionism across the world in recent years, the World Bank Group has said in its report that the global value chain has been reconfigured after the pandemic and it has created opportunities for India. India increased its global competitiveness, through the National Logistics Policy and digital initiatives that are reducing trade costs. On the other hand, India has also increased tariff and non-tariff barriers, which could limit trade-linked investment in the country in the coming years.

Growth To Reduce Extreme Poverty

According to the World Bank's Country Director in India, Auguste Tano Kouame, India's robust growth prospects along with declining inflation will help to reduce extreme poverty. He also said that India can boost its growth further by harnessing its global trade potential. The World Bank has also said that besides IT, India can excel in the pharma sector and increase its exports in textiles, apparel, footwear, electronics, and green technology products.

IMF Estimates Growth Rate Of 6.5%

On the other hand, the International Monetary Fund expects a growth rate of 6.5% over the next few years. World Bank has forecast a GDP growth rate of 6.7% for India for 2025-27. The Reserve Bank of India (RBI) has estimated a growth rate of 7.2%, marginally higher compared to 7% of the World Bank.

Indian Economy: What's To Be Done

However, everything is not hunky-dori. As exports of manufacturing and services have become skill intensive, the World Bank report has expressed concern that both direct and indirect employment related to exports have fallen. Though Finance Minister Nirmala Sitharaman has slashed tariffs on certain imports, much more needs to be done. At a time when India and the UK have reached the stage of inking the FTA, the Word Bank has said that India should sign free trade agreements and seek deeper integration with global value chains.

Soon after the release of the World Bank Update, in which the world body suggested India to enter into FTAs and integrate into the supply chain, India and Singapore signed four agreements on semiconductors, digital cooperation, healthcare and medical research, and education and skill development. AS India has come out with increased subsidies for companies working in the semiconductor sector, the MoU will create a platform to better connect and strengthen the complementary semiconductor ecosystems of the two sides.

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India's forex reserves rise by $2 billion to hit fresh record-high of $884 billion, volume up over $60 billion YTD

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Cotton Prices Gained As Cotton Acreage Trails By 9% At 110 Lh

Cotton candy prices settled up by 0.27% at ₹59,160, as the cotton acreage in the current kharif cropping season dropped by around 9%, totalling 110.49 lakh hectares compared to 121.24 lakh hectares last year. The Cotton Association of India (CAI) expects the total acreage to be around 113 lakh hectares this year, down from 127 lakh hectares in the previous year. This decline is attributed to cotton farmers shifting to other crops due to lower yields and high production costs. Additionally, the cotton balance sheet is expected to tighten due to increased exports to Bangladesh, with exports rising unexpectedly from 15 lakh bales to 28 lakh bales.

India's cotton production and consumption for 2023-24 are expected to be balanced at around 325 lakh bales, with 28 lakh bales exported and 13 lakh bales imported. Stocks for the next year are projected to be tighter, especially if the new crop is delayed. Current stock levels include 25 lakh bales with spinning mills, 15 lakh bales with ginners, and 20 lakh bales with the Cotton Corporation of India, with another 10 lakh bales expected to arrive by September. Globally, cotton production, consumption, and ending stocks for 2024-25 are all reduced, with production down by 2.6 million bales, primarily from the U.S. and India, and consumption down by 1 million bales, mainly in China.

Technically, the market witnessed short covering with open interest dropping by 1.27% to 156. Cotton candy has support at ₹59,120, with a potential test of ₹59,080. Resistance is seen at ₹59,200, and a break above could push prices to ₹59,240.

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Indian Financial Services Sector must grow 20X with banking playing critical role for Viksit Bharat Mission: FICCI-IBA-BCG Report

MUMBAI, 6th September 2024: FICCI and IBA in association with **BCG** yesterday released a report titled **'Banking for a Viksit Bharat'** at **FIBAC 2024.** As per the report, India's ambition to achieve a $30 trillion GDP by 2047 will require a 20 times growth in the financial services sector, with banks playing a pivotal role. India, being a predominantly bank-led economy, will require the banking sector to play an anchor role while the other financial asset classes continue to grow much faster. This will require $4 Tn of capital base in banks, 1/3rd of which will have to be fresh capital deployment. India's banking system is in a strong position today – characterized by high profitability, robust capital adequacy, and low levels of non-performing assets (NPAs). This provides an ideal launchpad for the Viksit Bharat mission.

Ms Jyoti Vij, Director General at FICCI, **and Co-author of the report** said, “India’s Digital Public Infrastructure has laid the foundation for a strong and resilient financial infrastructure and accelerated the pace of digitization. It is now about taking capabilities to the next level and building for the next two decades - Resilience, climate and cyber security needs to be strengthened, with centralized, real-time network and specialized talent. The banking sector’s success is instrumental in making India a developed nation.”

Mr MV Rao, Chairman at Indian Banks’ Association, **and Co-author of the report** said, “One of the primary objectives of the banking industry is to ensure financial inclusion, creating opportunities for every individual to grow and contribute to the nation’s progress. To fuel inclusion and credit growth, we must continue to innovate and reimagine our deposit strategies, aligning them more closely with the evolving needs and preferences of our customers. This growth will be aided by the full potential of our workforce which must be harnessed using digitization and emerging technologies like GenAI.”

Mr Ruchin Goyal, Managing Director and Senior Partner at BCG, and Co-author of the report said, "The journey towards a $30 trillion economy by 2047 is an ambitious yet achievable goal for India, demanding a transformation in the financial services sector, with banks at the forefront. India's banking system is in a strong position today acting as an ideal launchpad for the Viksit Bharat mission. It will have to build for the next 2 decades through structural shifts – growing deposits, enhancing asset quality, and improving productivity, while advancing digital capabilities and future competencies.”

The report highlights five key structural themes that banks need to work on for continued success of Indian banking sector.

A) Future of Household savings:

Households are increasingly shifting from physical to financial assets, and from informal to formal borrowing channels. Bank deposits are shifting to pension savings and capital market investments, while retail lending expands. Despite this, financial assets and borrowings remain under-penetrated, offering significant growth potential. Banks must innovate deposit products, enhance customer awareness, and adopt new operating models to sustain growth. Structural support is needed to create new deposit pools for targeted lending, as banks continue to play a key role in funding large-scale projects and sectors.

B) Addressing challenges with asset quality & pockets of leverage:

Retail lending has driven financial inclusion and profitability for the banking industry. The shape of this growth is very different though. Unsecured lending has grown much faster. The unsecured to secured loan mix is 30:70 in India (vs. 10:90 for many large economies). India has a large adult population outside the formal workforce (~90%), and hence largely outside the ambit of formal financing channels. India has quickly gone from being a data-poor to a data-rich country. Lenders will have to re-imagine the operating model and underwriting capabilities to serve this segment. India will need to chart its own course on driving retail and MSME lending penetration.

C) Banks need to take a bold vision on productivity:

India Stack has revolutionized the financial infrastructure, driving digitization in payments and product sales. However, rising costs, driven by increased technology spending, outpace income growth. Despite high tech spending, banks globally are not seen as innovative, and Indian banks are still under indexed in IT investments. Banks will need to boldly reimagine their operating model and break the 'sticky' legacy cost structure.

D) Banks to continue investing to drive digital funnel growth:

Leading Indian banks rank among the top globally in digital maturity, with BCG's proprietary benchmarking tool showing that both private and public sector banks score higher than global peers across various parameters related to customer experience. Many banks need to continue investing to bridge the gap. While India Stack has enabled excellence in payments, banks still need to monetize the digital opportunity across other dimensions like product fulfillment journeys and money insights.

E) Banks to focus on building future capabilities:

The Indian banking system has made significant strides in building future-ready competencies but must embrace the next wave of opportunities. Resilience must extend beyond technology to encompass entire business processes. Banks face a "GenAI paradox," struggling to scale initiatives beyond pilots. This will require mission-mode COEs to address key capability challenges. Climate risk presents both threats and a $2.5 trillion financing opportunity, demanding a shift in operating models. Additionally, India’s banks must tackle increasing cyber risks, necessitating a centralized, real-time network and specialized talent to mitigate threats.

While India's banking sector has made significant strides, achieving the Viksit Bharat mission will require sustained momentum. The banking sector’s success is instrumental in making India a developed nation.

A concerted effort of industry participants, government and regulator will be critical to facilitate this – key actions include:

- Banks to innovate products and drive customer awareness
- Regulators to lead the way in use of advanced analytics to enhance efficacy & efficiency of supervision
- Government to promote consolidation of smaller segments of the industry to unlock value

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‘Geopolitics will not affect fundamental momentum of Indian economy’

Ran Li and Nora Dihel, Senior Economists with the World Bank, discuss India’s economic growth, trade barriers, and policy recommendations in the India Development Update 2024

Reducing tariff and non-tariff barriers to trade need not go against India’s ‘Make in India’ policy and can, instead, complement the country’s objective of boosting local manufacturing, say Ran Li and Nora Dihel, Senior Economists with the World Bank and co-authors of the India Development Update (IDU) 2024. In an interview with *businessline*, the two explain nuances of the report. Excerpts:

Last fiscal India’s economy grew at 8.2 per cent, which was much higher than the global average, and growth, per the World Bank, is expected to remain strong for the country over the next two years. Is the forecast based on things continuing as they are or have the policy changes prescribed in the IDU been factored in?

Ran Li: A lot of the policies discussed in the report are not new and are a strengthening or a continuation of what the government is doing. Most of these are aiming for a longer time growth to increase the potential. Most of the impact may only materialise beyond the medium-term horizon. And our medium-term forecast is a combination of several factors. For example, last year growth was particularly strong. So, it will affect our this year’s forecast as well. And the forecast also included the momentum we saw earlier this year. And also, some of the policies, including over the past few years, which will have an effect now. Also, the ongoing reforms, many of which are consistent with what we discussed in the report, like public infrastructure. It is one important factor that drives growth momentum. The government has already been doing it.
Nora Dihel, Senior Economist with World Bank

The report also says that the geopolitical risks notwithstanding, India's medium-term prospects are positive because of significant public investments, and also recovery of agriculture and inflation reduction. So will it be correct to say that India could keep growing despite the Middle East crisis and the Russia-Ukraine conflict continuing?

Li: The geopolitical tensions unfortunately will have an impact on the global economy and every single country in it including India. But India, despite being not immune to global developments, will suffer a relatively smaller impact. One reason is that India's exposure to the risk is relatively low as of now because some of the channels affected by the global shocks, including trade, economy and capital, India is still developing.

The second reason, which is actually more important, is that over the past few decades India has developed sufficient and increasing buffer to these external shocks. Its market has been increasing and foreign reserves have been increasing. Its external balances, like the current account deficit, has been improving. These will help India have resilience against future shocks. We saw that during the pandemic as well.

While the geopolitical tensions will have an impact on India, it will be relatively smaller. And it will not affect the fundamental momentum of the Indian economy.

Female urban unemployment has gone down to 8.5 per cent in early FY24-25 while urban youth unemployment remained high at 17 per cent. What does it signify?

Youth unemployment is not just an Indian policy priority or concern. It is a global policy concern, especially for developing countries, like India, where the youth population is continuing to grow really fast. Urban youth unemployment rate of 17 per cent, is at a lower level compared to either the peak of the pandemic or even the pre pandemic average. So, there has been a significant improvement. But yes, the number for youth unemployment is relatively high. And another challenge is that around 30 per cent of the youth population are not in education, training or employment. And this is broadly consistent with the broader labour evolution as well.

There are challenges across groups. For example, the female labour force participation is still low despite the improvement.

Another aspect to look at is how good these jobs are. Whether they are secure, providing sufficient salaries etc. We definitely have more room to improve here. For example, around 70 per cent of the jobs are in self-employment among which a lot is unpaid. But the government has been doing a lot of reforms including announcing measures in the most recent budget, both from labour demand and labour supply side.

For example, the newly-announced skilling programmes and education schemes. And also on the labour demand side, to support the private sector through trade, public investment etc. So, these, we hope, will have an impact in the near future.

The IDU report highlights that India's trade in goods and services have declined as a percentage of GDP over the past decades and exports are concentrated in non labour intensive areas. Is it mostly the increase in import duties on key intermediaries, which has been pointed out in the report, mostly responsible for this decline?

Nora Dihel: The IDU does highlight the negative impact of increase in import duties on key intermediate inputs, but they impact both the competitiveness of capital intensive and labour intensive sectors such as textiles and apparels.

But the report acknowledges other factors that could be contributing to declining exports and the under performance of these labour intensive sectors. I will just mention a few. There are some infrastructure and logistical limitations. There are some gaps in technology and skills. And there is policy uncertainty that firms are often mentioning. These are additional potential constraints in the report. The interplay of these factors create a complex scenario. The high import duties on crucial inputs exacerbates challenges faced by the labour intensive industry. And that hinders export growth and overall competitiveness.

One of the recommendations of the IDU for India to achieve $1-trillion export target is to lower tariff and non-tariff barriers. Is the recommendation restricted to key intermediary inputs or for other products as well? Will it then not go against India's policy of boosting local manufacturing?

Dihel: To hit the target of $1 trillion of exports, we propose a new strategy that builds on progress that was made in trade facilitation, prioritises reduction of trade barriers, both tariff and non-tariff barriers and also advocates for a deeper regional and global integration. Yes, we recommend reducing tariff and non-tariff barriers for key intermediate inputs. But actually, for a broader set of products, it is to be able to create a level playing field, eliminate the disparities, and to lower the cost for all intermediate inputs because that will benefit various sectors including capital intensive sectors and labour intensive sectors. We know that India has this policy of boosting local manufacturing. But actually, reducing the trade barriers can complement this objective. Because it will create better access, more efficient and cheaper intermediate inputs and that can actually increase the efficiency of the domestic market because it will improve the productivity of local manufacturers and ultimately will enhance their competitiveness in both domestic and international markets.

You also mention leveraging Global Value Chains (GVCs) to generate more jobs and increase productivity in the report. Is it through Free Trade Agreements (FTAs)?

Dihel: There are several avenues that India can follow to deepen its integration into GVCs and those include strengthening trade facilitation efforts, simplifying customs procedures, reducing tariffs and non-tariff barriers and of course deepening the regional and global integration. So, when it comes to FTAs, of course, expanding them broadening participation in international trade could be beneficial, but there are a number of additional steps that can be taken.

Improving infrastructure, streamlining bureaucratic processes, enhancing transparency in trade regulation are also crucial steps in improving GVC participation. So what I want to underline here is that it's a combination of policies that we need for deeper participation in GVCs.

It has not been easy for India to negotiate FTAs with developed nations as its goods tariffs are relatively high and rich nations are not keen on liberalising work visa rules. Moreover, it is apprehensive of FTAs with countries or blocs where China's influence is high, for instance RCEP. Should it go in for deeper trade integration despite its apprehensions and concerns?

Dihel: We acknowledge in the report the challenges in negotiating FTAs with developed nations. We also try to highlight there are potential benefits of greater plurilateral and multilateral cooperation. And what we find in general is that comprehensive integration scenarios, which include trade facilitation, services, FDI, trade in goods, are likely to bring in the highest games. Those concepts also apply for India's strategy to engage in these FTAs.

By participating in these broader trade agreements and trade blocks, India can access a wider market and attract more FDI to enhance its overall competitiveness. All these concerns about tariff disparities and labour mobility are challenging. But the potential economic benefits of this deeper trade integration could outweigh the challenges, especially in in the long run.

We are, of course, talking at a conceptual level. Which FTA or broader economic bloc India decides to join is up to India.

Over the past few decades India has developed sufficient and increasing buffer to the external shocks. Its market has been increasing and foreign reserves have been increasing. Its external balances, like the current account deficit, has been improving. These will help India to have resilience against future shocks. *Ran Li, Senior Economist with World Bank*

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Shortage of containers, steep rise in shipping costs hit Tirupur textile players badly

Coimbatore: Shortage of containers and steep rise in shipping costs have hit the export business of textile industry in Tirupur very badly over the past three months.

Shipping plays a crucial role in garment exports, particularly from Tirupur to European nations, the UK, the USA and Arab countries. Garments are shipped abroad via the ports of Tuticorin, Chennai and Kochi. At least 80% of Tirupur's exports pass through Tuticorin port.

M P Muthurathinam, president, Tirupur Exporters and Manufacturers Association, said timely delivery of goods was vital in exports. "Garments from Tirupur are transported by container trucks to Tuticorin, then shipped to Colombo port, from where they are transferred to larger cargo ships. Shortage of containers has become a serious issue. And because of this, the garment export business has been struggling for the past three months. Three months ago, the cost of a 40ft container was $1,700. Now, the cost has surged to $7,000 because of the shortage."

For containers, India is dependent on China, where all containers are manufactured. Containers from China are now delayed by several weeks. "In the past, containers carrying imported goods from China would return with goods for export. But now they are often sent back empty. This shift is largely driven by the higher profits earned from shipping containers to Europe and the USA," Muthurathinam said.

Pointing out that air freight costs were four times higher than shipping, another exporter said hence they were heavily relying on sea transport. "India must prioritise container production domestically. The Union govt should establish public sector shipping firms to address the issue. But so far, the Centre has not taken any step towards this. Export challenges are treated like seasonal disruptions, which is entirely wrong. When exports and imports are disrupted, it affects employment, trade and foreign exchange earnings," he said.

K M Subramanian, president, Tirupur Exporters Association, said they were forced to increase the prices of their products to compensate for the increased shipping costs. "However, this makes it difficult for us to compete with countries such as Bangladesh and Vietnam. In Tirupur, 90% of textile players are micro, small and medium enterprises, and large enterprises account only for the remaining 10%."

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Govt expects to get Rs 400 cr from APMCs this fiscal: Karnataka Minister

Bengaluru: Minister for Textiles, Sugarcane Development and Agricultural Produce Market Committee (APMC) Shivanand Patil on Friday said that the government is expecting the APMCs in the state to generate an income of Rs 380 crore to Rs 400 crore this fiscal after their powers were restored.

Addressing a press conference here, Patil claimed that in just four months, the APMCs had earned Rs 133 crore in comparison to Rs 77 crore in the same period last year.
“The income of APMCs has gone up due to the restoration of APMC laws in the state after the Congress came to power in 2023,” he added.

According to the minister, the abolishing of APMC laws in 2019 by the previous BJP government brought the activities in the APMC to grinding halt and resulted in the revenue coming down from Rs 618 crore to Rs 294 crore in the same year.
“Following year 2021-22, the income further slid to Rs 199 crore and in 2022-23 the revenues came down to Rs 194 crore. After we came to power and restored the old APMC laws, revenue of these APMCs went up again to Rs 217 crore,” he said.
The minister said that the state government was taking steps to prevent the farmers from selling their produces in Andhra Pradesh and Maharashtra by establishing enforcement cells in all four revenue divisions.

Enforcement cells

“Earlier, we had only enforcement cells but now we have established in all four revenue divisions which has resulted in preventing middlemen playing with farmers and forcing them to carry out distress sale. These enforcement cells combined have booked 467 cases and collected Rs 65 lakh fine from such traders,” he said.

He said that government has taken up construction of cold storage units in 15 APMCs at an estimated cost of Rs 150 crore.

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India set to review trade pact with Malaysia as deficit grows

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GLOBAL

ICE cotton slips amid weak oil & favourable weather conditions

ICE cotton continued to observe a declining trend due to weak crude oil prices and favourable weather conditions. However, the easing of the dollar index remained a positive factor, though it did not support cotton futures. Traders are still awaiting the US cotton export sales report, due today. It was not released as scheduled last Thursday.

Yesterday, the ICE cotton December contract settled at 69.44 cents per pound (0.453 kg), down 0.37 cents. The contract traded between 69.05 and 70.30 cents yesterday.

The dollar index remained weak due to signs of slowing US economic growth, which raised the possibility of more immediate interest rate cuts by the Federal Reserve. The weaker dollar helped cotton futures by limiting losses, as a declining dollar made cotton purchases more affordable.

However, declining crude oil prices put additional pressure on cotton futures. NYMEX crude oil futures hit a new low for the year due to growing concerns about demand and increased supply from Libya, which overshadowed the impact of a sharp cut in US inventories and the delayed production increase by OPEC+ countries.

The trading volume reached 26,113 contracts, with 32,402 contracts cleared the previous day. December open interest started the day at 140,154 contracts, down by 417 contracts from the previous day. ICE data from September 4 showed that deliverable No. 2 cotton futures contract inventory slightly decreased to 265 bales, down from 266 bales the previous trading day.

Traders are focusing on the US Department of Agriculture's weekly export sales report, which has been delayed to Friday due to the Labor Day holiday. The export sales report is expected to show relatively quiet activity, with no significant sales or shipment events for the past week.

Currently, ICE cotton for December 2024 is trading at 68.94 cents per pound, down 0.49 cents. Cash cotton was traded at 64.99 cents (down 0.40 cents), the October contract at 69.49 cents (down 0.40 cents), the March 2025 contract at 70.79 cents per pound (down 0.46 cents), the May 2025 contract at 72.05 cents (down 0.46 cents), and the July 2025 contract at 72.77 cents (down 0.39 cents). A few contracts remained at the level of the last closing, with no trading noted today

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