LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

14th
september
2024

News Highlights

NATIONAL

Incentives extended to exports through courier medium

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RBI governor signals no policy change despite inflation dip

India's central bank governor signaled he's in no hurry to cut interest rates despite recent softening in inflation in the world's fastest-growing major economy.
"Inflation has been brought within the target band of 2-6%, but our target is 4%," governor Shaktikanta Das said on Friday at a forum organized by The Bretton Woods Committee in Singapore. "And over the last several monetary policy meetings, we have been reiterating the importance to stay the course and not get carried away by some dips in inflation."
Official figures Thursday showed inflation remained below 4% for a second month in August, although that was largely due to statistical reasons.
The Reserve Bank of India has kept interest rates unchanged for more than 18 months already, with Das previously warning against any premature cut given worries over food costs.
Most economists don't expect the RBI to ease borrowing costs until the final quarter of this year, predicting it will likely move only after the Federal Reserve pivots. However, some say there are signs that urban consumer demand is faltering and rates should be lowered to support economic growth.

Das said Friday that India's potential growth rate was above 7.5%, "but taking a more conservative position, I would like to say that it's around 7%." India should be able to maintain that pace of growth in the next few years, he added.
Last quarter's dip in growth to 6.7% was largely due to weaker government spending during the elections, he said. "All the other drivers of growth, whether it is consumption, investment, or on the supply side, like agriculture, industry or services, all of them have recorded 7%-plus growth in the first quarter" of the fiscal year, he added.
The governor also urged global monetary authorities to remain prudent and agile as inflation continues to pose a risk even as it has stabilized in many places.

Emerging markets including India can capitalize on softening inflation, Das said, as their currencies recover against the US dollar amid the impending monetary easing by the Fed. The governor added that the RBI doesn't draw a line in the sand for the rupee and that authorities only intervene in the foreign-exchange markets to curb volatility.

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Cotton exports up 80% at 28 lakh bales in 2023-24 season

Cotton exports for the 2023-24 crop year or season ending September are estimated at about 80 per cent at 28 lakh bales (170 kg each) on higher demand from consuming countries such as Bangladesh and Vietnam. In the previous crop year, cotton exports were 15.50 lakh bales.

As per the Cotton Association of India (CAI)'s latest estimates, exports till August end were 27 lakh bales. Imports of the fibre into the country were 16.40 lakh bales, up from 12.50 lakh bales in the previous year.

CAI president, Atul Ganatra, in a statement, said closing stocks as of September 30, 2024, are estimated at 23.32 lakh bales, down from 28.90 lakh bales a year ago.

The consumption of cotton during the crop year is estimated at 317 lakh bales. Till August end, the consumption was estimated at 291 lakh bales.

Higher pressing

Ganatra said the estimated pressing figures for 2023-24 season is 323.03 lakh bales, up from the earlier estimate of 317.70 lakh bales on higher than projected supplies from Maharasthra and Gujarat among others. Supplies till August-end were estimated at 362.18 lakh bales.

As per the Agriculture Ministry data, cotton has been planted on about 112.13 lakh hectares (lh) till September 6 against 123.39 lh a year ago. The decline is mainly in Gujarat, Maharashtra, Telangana, Rajasthan, Punjab and Haryana. However, Karnataka and Odisha have witnessed a marginal increase in acreage.

In Maharashtra the area has reduced to 40.75 lh from 42.22 lh a year ago. Similarly in Gujarat, the area has declined to 23.62 lh (26.79 lh in the previous year), while in Telangana, it is down to 17.39 lh (18.01 lh).

In Madhya Pradesh, the cotton area is down to 6.14 lh (6.50 lh), while in Haryana it was down at 4.76 lh (6.65 lh), while Rajasthan it was down at 5.19 lh (7.90 lh). Andhra has seen a marginal dip in area at 3.71 lh (3.80 lh). The area in Karnataka has increased to 6.74 lh (6.60 lh), while in Odisha it was up marginally at 2.36 lh (2.34 lh).

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CBIC extends export benefits to courier shipments to boost e-commerce

In a significant move aimed at enhancing India’s e-commerce export landscape, the Central Board of Indirect Taxes and Customs (CBIC) has extended export-related benefits under the duty drawback, Remission of Duties and Taxes on Exported Products (RoDTEP), and Rebate of State and Central Levies and Taxes (RoSCTL) schemes for shipments made through courier mode, effective from September 12, 2024. This decision is expected to boost the competitiveness of Micro, Small & Medium Enterprises (MSME) exporters and strengthen India's position in the global e-commerce sector.

“This initiative will provide a level-playing field and a conducive environment for the harmonious growth of exports through courier mode, particularly benefiting MSME exporters,” the Finance Ministry said in a statement on September 13.

As part of the initiative, CBIC has approved amendments to the Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010, enabling exporters to claim benefits like Duty Drawback, RoDTEP, and RoSCTL. “This move will give a major boost to courier exports and further strengthen India’s position in the era of the emerging global e-commerce sector,” the ministry added.

Highlighting the expected growth in India's e-commerce exports, the Finance Ministry noted, "As per estimates, India's e-commerce exports are likely to rise to $400 billion by 2030."

In FY 2022-23, the total value of courier exports stood at Rs 7,995 crore, with e-commerce exports accounting for Rs 3,510 crore. These figures are expected to rise significantly with the latest government initiatives aimed at facilitating cross-border e-commerce.

The new regulations will be processed through the Indian Customs EDI System (ICES) at the International Courier Terminals (ICTs), leveraging its capabilities for customs clearance, including scroll generation and integration with the Public Financial Management System (PFMS). Live trials of this system will be conducted to ensure smooth operations.

The CBIC has also been working to streamline the customs process for courier exports, launching the Express Cargo Clearance System (ECCS) in nine major ICTs to facilitate quicker customs processing. Other initiatives, such as the Auto LEO facility for export through courier mode and advanced assessment of Courier Shipping Bills, have further simplified the process.

Additionally, CBIC's collaboration with the Department of Posts has been instrumental in promoting e-commerce exports, particularly for MSMEs in remote areas. "Under the innovative ‘Hub and Spoke’ model, 1,015 Dak Niryaat Kendras have been designated across the country to facilitate seamless export processes," the statement added.

These initiatives are set to position India as a key player in global e-commerce exports, giving a competitive edge to its exporters, particularly in the MSME sector.

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Piyush Goyal unveils two portals to resolve exporters' issues, bring transparency

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GLOBAL

Brazil Hosts First International Cotton Brazil Outlook Seminar in India to Strengthen Cotton Trade Ties

Brazil launched its first international event of the 2024-25 commercial year in India with the Cotton Brazil Outlook seminar, held today at The Lalit, New Delhi. The seminar, organized by Cotton Brazil and supported by the Brazilian Embassy in India, marked a significant step in strengthening Brazil-India ties in the cotton trade. The event drew participation from business leaders, investors, and government officials from India’s textile industry.

Cotton Brazil, an initiative by the Brazilian Cotton Growers Association (Abrapa) in partnership with the Brazilian Trade and Investment Promotion Agency (ApexBrasil) and the National Cotton Exporters Association (Anea), aims to increase Brazilian cotton exports to priority markets like India. As the second-largest cotton consumer globally, India remains a crucial target for Brazilian cotton growers looking to expand their footprint in the region.

In his keynote address, Alexandre Schenkel, President of Abrapa, highlighted Brazil's commitment to providing high-quality, socio-environmentally responsible cotton. "Over 80% of our cotton crop is certified for social and environmental responsibility. It's contamination-free and fully traceable, making it an excellent fit for the global textile industry," said Schenkel.

The seminar showcased how Brazilian cotton, known for its Better Cotton certification and sustainability standards, can boost the competitiveness of the Indian textile sector. With cotton exports to India currently at 8.09 thousand tons for the 2023-24 commercial year—less than half of the previous cycle—Brazil hopes to regain momentum in the Indian market.

Despite being the world's largest cotton exporter, overtaking the United States in the 2023-24 commercial year, Brazilian cotton still accounts for only 5% of India's cotton imports. The Cotton Brazil Outlook seminar aimed to address this gap by discussing export projections, key indicators, and market trends for the upcoming 2024-25 crop.

Anea's president, Miguel Faus, also addressed the attendees, emphasizing the importance of maintaining strong trade relations between the two countries. The seminar included a Q&A session, giving participants a chance to engage directly with Brazilian cotton executives and industry experts.

The Cotton Brazil Outlook seminar symbolises the growing importance of Brazil as a key player in the global cotton market. With this strategic push, Brazil hopes to increase its presence in India's robust textile industry.

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WASDE cuts global cotton output, consumption & stocks for 2024-25

The United States Department of Agriculture (USDA) has projected a significant reduction in global cotton production. The forecast for the 2024-25 season has been lowered by 1.2 million bales, bringing the total to 116.4 million bales. Global ending stocks have also been revised down to 76.5 million bales, a decrease from the 77.6 million bales reported in August.

According to the World Agricultural Supply and Demand Estimates (WASDE) report of September 2024, the USDA has also reduced its estimate for global cotton consumption by approximately 460,000 bales for the current season. Key markets will see notable reductions: Vietnam's consumption is down by 200,000 bales, and both Bangladesh and Turkiye will see decreases of 100,000 bales each.

World cotton production is lowered by about 1.2 million bales due to smaller crops in the United States, India, and Pakistan, which more than offset an increase in China's production. Global trade is expected to decrease by approximately 550,000 bales as reduced imports from China, Vietnam, Turkiye, and Bangladesh offset a rise in imports by India.

The world cotton price, represented by the “A” Index, remains unchanged at 81.5 cents per pound. The global balance sheet for the 2023-24 season has been updated to reflect higher beginning stocks, increased mill use, and lower ending stocks.

In its September report, the USDA reduced its estimate for US cotton production by 600,000 bales, bringing the total to 14.5 million bales. US cotton ending stocks were also lowered by 500,000 bales, leaving them at 4 million bales.

The September National Agricultural Statistics Service (NASS) forecast for US production is 14.5 million bales, down about 600,000 bales from August, largely due to lower yields for upland cotton in the Southwest. The cotton yield forecast of 807 pounds per acre is 33 pounds lower than last month. With the reduced production for 2024-25, exports are projected to decrease by 200,000 bales to 11.8 million, and ending stocks are down by 500,000 bales to 4 million, or 29 per cent of projected use.

The season-average upland farm price for 2024-25 remains unchanged at 66 cents per pound. Revisions to the 2023-24 US cotton balance sheet include a 400,000-bale increase in beginning stocks and a similar reduction in unaccounted bales, based on revised data and methodologies.

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ICE cotton prices climb amid lower USDA production estimates

ICE cotton continued its upward trend on Thursday. USDA’s WASDE report suggested a possible drop in cotton production. Adverse weather conditions, along with recovery in crude oil and equity markets, also supported cotton prices. However, gains were capped due to still slow demand.
Yesterday, the ICE cotton December contract settled at 70.38 cents per pound (0.453 kg), up 0.77 cents. The contract hit a high of 70.59 cents, the highest since 3 September. It has witnessed gains for three consecutive sessions.

The dollar index traded under pressure and settled with a loss of 0.3 per cent. This supported cotton prices, as cotton purchases became more lucrative for overseas buyers.

Crude oil gained nearly 2 per cent in the last session, which further supported cotton by increasing the cost of the polyester value chain.

The market is reacting to lower production estimates projected by USDA's WASDE report for September. However, reductions in consumption estimates have dampened the rally to some extent.

Traders remain concerned about the potential impact of hurricanes on cotton crops near the Mississippi River, which has provided additional support to the market.

Data from ICE revealed that as of September 11, ICE's deliverable No. 2 cotton futures contract inventory remained unchanged at 265 bales.

Currently, ICE cotton for December 2024 is trading at 70.33 cents per pound, down 0.05 cents. Cash cotton traded at 65.55 cents (up 0.74 cents), the October contract at 70.05 cents (up 0.74 cents), the March 2025 contract at 71.77 cents per pound (down 0.04 cents), the May 2025 contract at 72.86 cents (down 0.08 cents), and the July 2025 contract at 73.39 cents (down 0.13 cents). A few contracts remained at the previous closing levels, with no trading noted today.

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Guangdong foreign trade sweeps upward

Guangdong's foreign trade has made significant progress in emerging markets while maintaining good growth momentum in traditional markets during the first eight months of this year.

According to a statement released by Guangdong Customs on Friday, the province's import and export volume with the 17 countries in the Middle East, Latin America and Central Asia have grown rapidly in the eight months ending in August, increasing respectively by 14.6 percent, 18.8 percent and 34.3 percent year-on-year.

Guangdong's trade grew steadily with Hong Kong (17.6 percent), Taiwan (16.8 percent), the Association of Southeast Asian Nations (12 percent), the United States (8.5 percent) and the European Union (7.1 percent) from January to August, the statement said.

The five regions and countries are typically the top trade partners of Guangdong.

The proportion of electromechanical product exports exceeded 60 percent in the first eight months, but exports of vessels, electric vehicles and containers performed even better.

According to the statement, exports of vessels, electric vehicles and containers achieved faster growth between January and August, increasing by 47.6 percent — 68.2 percent and 133.1 percent year-on-year, respectively — becoming new growth points in Guangdong's foreign trade.

Guangdong's exports of mechanical and electrical products increased by 10.4 percent year-on-year in the first eight months, accounting for 64.8 percent of Guangdong's total export value.

Mobile phones, automatic data processing equipment and components and household appliances, which are Guangdong's traditional export advantage products, increased by 12.5 percent, 15.5 percent and 16.3 percent respectively, the statement said.

The province's foreign trade volume represented 20.8 percent of the country's total in the first eight months, the statement said.

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