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India's KVIC, NIFT sign MoU to take khadi to new heights

The Khadi and Village Industries Commission (KVIC) under India's ministry of micro, small and medium enterprises (MSME) and the National Institute of Fashion Technology (NIFT) recently signed a memorandum of understanding (MoU) to take khadi to new heights and enhance its reach in domestic and international markets.
The MoU was signed by KVIC chief executive officer Vatsalya Saxena and NIFT director general Tanu Kashyap in New Delhi.

NIFT will collaborate through the Khadi Centre of Excellence 2.0 (COEK 2.0) to make the khadi brand more popular and marketable.

In addition, it will assist khadi institutions with training, designing garments, renovating Khadi Bhavans and developing new high-quality khadi products, an official release said.

The partnership will leverage NIFT's expertise in fashion design, technology and market trends to make khadi more attractive to the youth, KVIC chairman Manoj Kumar said.

Under the COEK, NIFT will soon complete the process of establishing a hub in New Delhi and spoke centres in Bengaluru, Gandhinagar, Kolkata, Guwahati, Panchkula, Hyderabad and Bhubaneswar to strengthen the brand khadi.

In addition, initiatives like the Khadi Knowledge Portal, fashion shows, exhibitions, training programmes for lhadi institutions, design catalogues and the establishment of state-of-the-art sales outlets across the country will further empower khadi. A dyeing studio in Assam will also contribute to this effort.

The Khadi Knowledge Portal Version 2.0 will also be unveiled soon.

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Indian commerce dept launches portal to address trade, industry issues

Indian minister of commerce and industry Piyush Goyal recently launched the department of commerce's Jan Sunwai Portal, designed to streamline communication between

stakeholders and authorities, providing a direct and transparent channel for addressing trade- and industry-related issues.
The portal offers on-demand video conferencing services, in addition to fixed video conference links for regular, scheduled interactions, an official release said.

The portal was launched at the third meeting of the reconstituted Board of Trade in Mumbai.

The portal's accessibility extends across various offices and autonomous bodies under the department.

Goyal also inaugurated the Export Credit Guarantee Corporation's (ECGC) new online service portal, alongside a revamped in-house SMILE-ERP system. These innovations mark a significant leap towards paperless processing and faceless service delivery, benefiting both exporters and banks, the release said.

Key outcomes include full automation of processes, business process integration, quicker claim disposals, enhanced operational control, and a meaningful reduction in the carbon footprint to support sustainability goals.

The Central Board of Indirect Taxes & Customs (CBIC) informed that effective immediately, Remission of Duties and Taxes on Export Products (RoDTEP), Rebate of State and Central Taxes and Levies on Export of Apparel/Garments and Made-ups (RoSCTL) and drawback benefits will be extended to all exports made via courier in the realm of e-commerce exports.

Plans to extend these benefits to postal route exports are also in the pipeline, creating a more equitable environment for e-commerce exporters utilising courier and postal mode.

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Many investment options that used to be tax-free have now become taxable. Long-term gains from stocks and equity funds are taxable beyond Rs.1.25 lakh. Dividends get taxed at the slab rate. Income from Ulips is taxable if the premium exceeds Rs.2.5 lakh in a year. Even traditional policies will be taxed if the premium is over Rs.5 lakh in a year. Debt funds and real estate have lost the indexation benefit. Even the Provident Fund interest is taxed if the subscriber's contribution exceeds Rs.2.5 lakh in a year.

While the tax benefits on these investments have shrunk in the past few years, things have been very different for the National Pension System (NPS). Tax benefits for the NPS have progressively increased in the past 10 years, each change making the pension scheme more advantageous for the investor. This year's Budget has enhanced the tax deduction for those opting for the new tax regime. Under Section 80CCD(2), up to 10% of the basic pay put in the NPS is tax-free. This has been increased to 14% of the basic pay under the new tax regime.

This makes the NPS a compelling investment. A person with a basic salary of Rs.1 lakh a month can potentially save Rs.52,000 in tax by opting for the NPS benefit. High income earners with large investible surpluses will find it especially beneficial. Some corporates are going the extra mile to encourage their employees to sign up for the pension scheme. "A leading MNC offered to contribute Rs.1,000 for six months for every employee who chose to open an NPS account. It's like a Swavalamban scheme for corporate employees," says Sriram Iyer, CEO of HDFC Pension.

Magic of compounding

If given enough time to grow, investment in the NPS can transform the life of investors. "We see a lot of people with very large Provident Fund corpuses of Rs.2-3 crore. If 8.5% return could build such a huge corpus over 25-30 years, imagine what the 10-10.5% return from the NPS could do," says Iyer.

Apart from the tax benefits enjoyed by the NPS, the Pension Fund Regulatory and Development Authority (PFRDA) has done its bit by making the scheme more flexible. Last year, it allowed investors to spread their investments across different fund managers. Investors are also allowed to stagger the withdrawal of 60% portion of the corpus till the age of 75.

Our cover story this week identifies the best performing NPS funds to help investors decide which pension fund manager they should opt for. Don't look at the annualised returns in isolation. They are point-to-point returns and may not give the correct picture. The SIP returns, which are calculated using the internal rate of return formula, will be a better indicator, especially if you intend to invest through monthly SIPs.

EQUITY FUNDS

Equity bull run continues to enrich aggressive investors however, growth in corporate earnings is moderating so lower your expectations

Equity funds of the NPS have rewarded investors handsomely. In the past year, the average equity fund delivered 32% return, compared to the 27% rise in the Nifty. This is because the PFRDA relaxed investment norms in 2021, allowing NPS equity funds to go beyond the index and invest in stocks with a market cap of at least Rs.5,000 crore.

So, while most funds are decidedly large-cap oriented, some also have sizeable investments in mid-cap stocks. For instance, Coromandel International is among the top five holdings of newcomer DSP Pension Fund. “We follow a strategy of a concentrated portfolio. We generally prefer companies with zero debt because such stocks tend to do well in the long term,” explains Rahul Bhagat, CEO of DSP Pension Fund. Mid-cap stocks are more volatile, but also more rewarding. DSP Pension Fund’s equity scheme has shot up 21% in the past six months, while the average equity fund rose 15.33% and the Nifty only 13.7%.

There are some surprises in the equity fund ranking this year, with UTI Retirement Solutions emerging as the best performing pension fund. The SIP returns of the pension fund are also the highest, an indication of the fund’s consistency. Investors should watch the performance of another newcomer. The equity fund of Tata Pension Management has given 35.78% return in the past year.

Equity funds have given high returns, but don’t expect this to continue at the same pace. “Corporate earnings are growing faster than India’s overall growth. However, growth is moderating, so investors need to lower their expectations,” says Amit Ganatra, Head of Equities at Invesco Mutual Fund.

	ANNUALISED RETURNS (%)			SIP RETURNS (%)		
PENSION FUND MANAGER	3-YEAR	5-YEAR	10-YEAR	3-YEAR	5-YEAR	10-YEAR
Aditya Birla Sun Life Pension Scheme	16.27	19.77	--	17.62	16.66	--
HDFC Pension Fund	15.92	20.37	13.80	17.47	16.91	12.99
ICICI Prudential Pension Fund	17.10	20.87	13.52	18.45	17.68	13.04
Kotak Pension Fund	17.18	20.79	13.62	18.30	17.37	13.00
LIC Pension Fund	16.14	19.95	12.56	17.00	16.92	12.30
SBI Pension Fund	15.45	18.97	12.78	16.51	16.09	12.16
UTI Retirement Solutions	17.66	21.04	13.86	19.37	18.07	13.20
AVERAGE	**16.53**	**20.25**	**13.36**	**17.82**	**17.10**	**12.78**

Best performing scheme

Data as on 9 Sep 2024. **Source:** Value Research

BCCL

"NPS funds do not face the possibility of redemption pressure. So pension funds can invest in long-term bets with conviction."
RAHUL BHAGAT,CEO, DSP PENSION FUND

GILT FUNDS

Bond funds poised for bounceback if interest rates are cut: Rate cuts will prove beneficial for the funds holding long-term bonds

After several years of insipid growth, gilt funds have bounced back. In the past year, the average return has been in double digits. The long-term performance is also quite decent. Aditya Birla Sun Life Pension Fund has been the best performing scheme in the past 3-5 years, but as mentioned earlier, investors should not see the annualised returns in isolation. The SIP returns are a better indicator of how much investors actually made. The long-term SIP returns of the NPS gilt funds are not very impressive.

The situation could become better when the interest rate cycle turns. Consumer inflation is comfortably below the RBI's medium-term target of 4%, raising hopes for an interest rate cut. The 10-year government bond yield has averaged 7% in the past nine months. The average yield to maturity of NPS gilt funds roughly mirrors the prevailing yield. NPS schemes usually have very long-term bonds in their portfolios, which are more sensitive to interest rate changes. If the RBI decides to cut rates, NPS gilt funds are likely to do very well.

However, some analysts say inflation has softened due to the base effect and will climb to 4.5-5% in the coming months. This could delay the anticipated cut in rates. "The RBI will not begin its rate easing cycle before the third quarter of 2024-25, despite an increased likelihood of a Fed rate cut in September," says Arsh Mogre, Economist, Institutional Equities at Prabhudas Lilladher.

Gilt funds suit investors looking for low, but stable, returns. Although they are not for long-term investors, individuals who will retire in 2-3 years can slowly shift from equity schemes to gilt funds to reduce the portfolio risk.

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Economic growth of India is better than that of China, says economist

Disputing a popular notion that the economic growth of China was faster than India's, economist A.P. Tiwari said that the ground realities had proven otherwise to underline the robust growth of Indian economy.

"There are many myths about the growth of China's economy. The fact, however, is that the Indian economy is performing much better. Although the investment of the production activity in China is 42.4% of the GDP, the Incremental Cost Utility Ratio (ICUR) is very high at 8.1% resulting in a growth rate of only 5.2%. Though the investment in production activity in India is at the rate of 31.2% of the GDP in the production activity, the ICUR in India is only 4.5% and the growth rate was high at 7%," Prof Tiwari said.

He was delivering his keynote address at a national seminar on 'An Ecosystem of Indian Entrepreneurship: A Probe', organised jointly by the Sharnbasva University and the Sharanabasaveshwar College of Commerce at the Doddappa Appa Auditorium in Kalaburagi on Saturday.

"India could do it because of its start-up culture. India is top in the world in establishing start-ups. The basic strength of the start-ups in India is the adoption of the notion small is beautiful which provides high labour absorption. The innovative business ideas generated by Indian entrepreneurs are better than others in the world. We need to take it forward. The budding entrepreneurs in the country should blend the time-tested traditional knowledge with creativity to achieve the desired results in their ventures and help the economy to grow without compromising with India's business ethos," Prof Tiwari said.

Quoting extensively from the Vedas and Kautalya's *Arthashastra*, Prof. Tiwari said that the ancient religious scripts showed the way for the robust economic growth through strict tax compliance by the citizens and, at the same time, noted that the tax compliance in India continued to be low due to lack of moral conduct of the tax payers.

"According to Kautalya's *Arthashastra*, the strength of a nation depends on its military power and, for a stronger military power, the tax collection in the country would be high. The same principle applies even today for a stronger economy and strong country," he said.

Secretary of Sharanabasaveshwar Vidya Vardak Sangha Basavaraj Deshmukh inaugurated the seminar and vice-chancellor of Sharnbasva University Anilkumar Bidve made introductory remarks.

Development consultant of Giri Foundation in Dharwad Pradeep S. Melgade also spoke on the occasion. Registrar of the university S.G. Dollegoudar welcomed and Sunanda Vanjerkhede proposed the vote of thanks.

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GLOBAL

Container leasing rates plateau amid global shipping market variations

The global container shipping industry is currently grappling with ongoing challenges, as data reveals a plateau in container leasing rates with significant regional variations, according to Container xChange. This stabilisation comes at a critical time for the industry, as the consumer demand momentum for the peak season will play a key role in shaping container price development in the near future.
The global Container Price Sentiment Index (xCPSI), which gauges industry optimism regarding future container prices, reached a peak of 83 in May, signaling strong expectations for rising prices. However, by mid-August, the index had significantly moderated to around 39.

On key routes from China to the US, leasing rates for 40-foot-high cube containers showed steady increases from July to August 2024. For instance, rates on the Ningbo to Seattle route rose from $695 in July to $858 in August. Similarly, leasing rates from Qingdao to Seattle climbed from $1,334 to $1,545 during the same period. Routes such as Shanghai to Savannah and Shenzhen to Seattle also experienced notable price increases. However, while some routes saw rising leasing rates, other stretches from China to the US have shown signs of decline, indicating that the previous upward trend is starting to plateau, as per Container xChange.

This stabilisation mirrors broader trends in average container prices for trading, which have also begun to level off after months of steady increases. Container leasing rates on routes from China to Europe, for example, increased steadily until June 2024, but have since plateaued, with some routes even experiencing slight declines.

In addition to these patterns, the global container market saw significant regional volatility in August 2024. Central Asia reported the highest increase in container spot rates, with prices rising by an average of 40 percent. The Middle East and the Indian Subcontinent followed with a 10 percent increase, while Japan and Korea experienced an 8 percent hike. These regional disparities underscore the complexities of the global container market and the varying demand dynamics in different regions.

"As we move through 2024, the stabilization of container leasing rates, particularly from China to key global destinations, reflects a market that is adjusting to ongoing disruptions and evolving demand. While we are seeing plateauing rates, it's crucial to monitor these trends closely, especially with the upcoming Golden Week in China and potential shifts in global economic conditions," said *Christian Roeloffs, CEO of Container xChange*.

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ITMF, IAF summit in Samarkand ushers in new era for fashion & textiles

Samarkand, the ancient city in east-central Uzbekistan, has long been recognised as one of the oldest cities in Central Asia, steeped in history as a key trading hub along the Silk Road for over 2,500 years. In recent times, the city once again found itself at the centre of global attention, thanks to the 2024 ITMF Annual Conference and the IAF World Fashion Convention, held between September 8-10.
This event was particularly significant as it was the first time that the International Textile Manufacturers Federation (ITMF) and the International Apparel Federation (IAF) chose to host their conference jointly.

What's more, this was for the first time in ITMF's 120-year history, Central Asia was chosen as the venue.

The conference further underscored Uzbekistan's return to the global textile arena following the end of the Cotton Campaign boycott in 2022.

The ITMF is a global trade association that represents textile manufacturers, fostering communication and cooperation among them to promote industry growth and sustainability. On the other hand, the IAF serves as a leading global association for the apparel industry, offering support for sector development through international dialogue and collaboration.

"We are here in Samarkand not only to see the wonderful Silk Road City of Samarkand. We are also here to learn a lot about Uzbekistan's enormous progress in the last eight years since the start of the reform policy initiated by President Shavkat Mirziyoyev. It will be most interesting to learn how the country's cotton, textile and apparel industry has changed during this period and what can be expected from it in the future," maintained ITMF President Dr. K.V. Srinivasan in his welcome speech while the President of Uzbekistan Shavkat Mirziyoyev in his address to conference participants said, "We highly value and support all mutually beneficial initiatives from our foreign partners. In particular, we are ready to provide full assistance in implementing the necessary standards for international brands to enter Uzbekistan. We are also prepared to create favourable conditions for prestigious international organisations to regularly hold conferences, exhibitions, and fashion shows in our country, particularly in cities like Bukhara, Khiva, Shakhrisabz, Margilan, Kokand, Namangan, and Andijan, which offer high tourism and industrial potential."

This historic event marked the convergence of the global textile and fashion industries in a city that has stood at the crossroads of world cultures for ages.

Aptly titled "Innovation, Cooperation & Regulation – Drivers of the Textile & Apparel Industry," the event attracted leading figures from across the global textile and apparel landscape, estimated at over 500, to engage in critical discussions, spanning a total of 25 business events, including closed meetings, on the key issues shaping the future of the industry.

The ITMF board meeting which took place on September 7, set the stage for the next three days of intense discussions on topics such as artificial intelligence, regulation, digitalization, ESG (Environmental, Social, and Governance), and supply chains, among other important issues.

The significance of holding such a landmark event in Uzbekistan, particularly in Samarkand, cannot be overstated. For centuries, Samarkand has been a key player in global trade, especially during the height of the Silk Road when it was a vital link between the East and the West. Now, as Uzbekistan's textile sector continues to grow, it evolves as a crucial player in the global textile supply chain.

Last year, the country's textile exports reached around $3.5 billion, serving over 75 countries, and by 2026, Uzbekistan aims to increase this figure to $6.5 billion.

The ITMF and IAF's decision to hold their joint conference in Uzbekistan only reflected the country's growing importance in the global arena when it comes to textiles.

"Uzbekistan competed with Egypt, Türkiye, Indonesia, and the United States to host this large-scale forum. The selection of our country highlights Uzbekistan's growing role in the global textile supply chain. In just two years, we have made tremendous progress, significantly expanding our circle of international partners. In 2023, the country's textile industry exported around $3.5 billion worth of products to more than 75 countries, and by 2026, we plan to increase exports to $6.5 billion. Strengthening ties with strong international partners plays a key role in achieving this goal," noted Acting Chairman of the Uztextileprom Association Mirmukhsin Sultanov.

As the event unfolded, participants were treated to a packed agenda that included seminars, panel discussions, and Q&A sessions. Among the notable speakers were Stephen Lamar, President of the American Apparel & Footwear Association (AAFA), Dirk Vantyghem, General Director of the European Apparel and Textile Confederation (EURATEX), representatives from Cotton Analytics (USA), Indorama Corporation (Singapore) and many more.

These discussions not only delved into topics like artificial intelligence and digitalization but also addressed key regulatory challenges facing the industry today. The focus on sustainability was particularly pertinent, as the global textile and apparel industry faces increasing pressure to adopt environmentally responsible practices.

The ITMF Awards Session was another highlight of the event, with winners of the ITMF Innovation & Sustainability Award 2024 and the ITMF International Cooperation Award 2024 being announced. These awards recognised the contributions of companies and individuals who have made significant strides in driving innovation and sustainability in the textile industry.

The first day of the conference on September 8 set the tone for the entire event, with a series of discussions that explored the future of textiles and fashion. The Fiber Session on Cotton, was one of the most anticipated ones of the day, featuring global leaders such as Uday Gill of Indorama Corporation, Singapore.

The session concluded with a panel discussion that allowed for a deeper exchange of ideas and perspectives between the speakers and the participants.

The afternoon sessions highlighted manmade fibres, with Ajay Sardana (President & Head, PETCHEM- Industry Affairs. Reliance Industries), India, delivering a presentation on polyester titled "Polyester: the Magical Fibre." Sardana emphasised the versatility and growing demand for polyester, noting that it is expected to be the fastest-growing fibre globally due to its adaptability across various applications and its ability to blend with other fibres.

He also highlighted India's rapid growth in polyester production, driven by the government policies that promote use of manmade fibres. Sardana pointed out that even though polyester's share in India's total fibre basket is currently lower than the global average, it is quickly catching up.

He also underlined India's unique position in the polyester value chain while also highlighting Reliance's integration from upstream to downstream, encompassing yarn, fabric, and garment production.

He linked this integration to Prime Minister Narendra Modi's "5F Vision," which spans Farm to Fibre, Factory to Fashion, and ultimately to Foreign exports.

Another key session focused on the issue of audit fatigue, a growing concern for manufacturers across the globe.

The session titled "Textile & Apparel Industry in Uzbekistan," provided an in-depth overview of the country's textile history and its current ambitions.

As Uzbekistan's textile industry continues to grow, modernising with advanced technologies and sustainable practices, the country's cluster development system, introduced in 2017, significantly reduced transaction costs for farmers and producers, making Uzbek products more competitive on the global stage.

Today, Uzbekistan is a member of international organisations like Better Cotton and Better Work, with the quality of Uzbek cotton and its compliance with global production standards confirmed by numerous certifications.

During this session, speakers such as Muzaffar Razakov from Global Textile, Uzbekistan, shared insights into the country's efforts to innovate within the textile industry while Kihak Sung, CEO and Chairman of YOUNGONE Corporation, spoke about his company's experience in Uzbekistan.

YOUNGONE operates two factories in Uzbekistan and is planning further expansion.

The general session focussing on "Sustainability & Regulation," tackled the critical regulatory frameworks shaping the future of the industry. Dirk Vantyghem from Euratex, discussed the EU's sustainable textile strategy, while Kenichi Tomiyoshi from JTF, Japan, highlighted Japan's efforts to promote a circular economy within its textile sector.

Yan Yan from CNTAC, China, provided an update on China's regulatory environment, particularly its focus on green manufacturing, while Stephen Lamar from AAFA, spoke on US's regulatory trends.

The final day of the conference, held on September 10, was marked by the 5th General Session on Collaboration, which emphasized the importance of partnerships in tackling the industry's biggest challenges.

Speakers like Felix Poza Peña from Inditex and Akila Fernando from Epic Group explored the future of supply chain collaboration and sustainability.

The event culminated with the ITMF Awards Session, moderated by Juan Pares from Textil Santanderina, Spain, where the winners of the ITMF Innovation & Sustainability Award 2024 were honoured.

To sum it up, the 2024 ITMF Annual Conference and IAF World Fashion Convention in Samarkand was a resounding success, bringing together global industry leaders to deliberate on the key issues, including the challenges and opportunities facing the textile and apparel sector even as the event underscored the importance of innovation, sustainability, and collaboration in driving the future trajectory while also highlighting Uzbekistan's growing importance on the global stage.

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