LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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News Highlights

NATIONAL

India-UK FTA talks likely in Oct; 9th round India-EU FTA talks in Sept

The next round of talks for a proposed India-UK free trade agreement (FTA) are expected to be held in October this year to resolve pending issues and close the negotiations, according to Indian commerce secretary Sunil Barthwal.
The ninth round of negotiations between India and the European Union (EU) for a proposed FTA is planned during September 23-27 in New Delhi, he announced recently. Both sides will discuss core trade issues covering goods, services, investment and government procurement and necessary rules in this round.

The negotiations with the United Kingdom will start based on the briefings by UK officials to their new ministers about the proposed FTA, Barthwal told reporters in New Delhi.

There are pending issues in both the goods and services sectors, Indian media outlets reported.

Talks had started in January 2022, but the 14th round of talks could not be organised as the two countries entered their general election cycles.

The Indian industry wants more access for its skilled professionals from sectors like information technology and healthcare in the UK market, besides market access for several goods at nil customs duty.

The United Kingdom, meanwhile, is seeking a significant cut in import duties on several goods and more opportunities for UK services in Indian markets in segments like telecommunications, legal and financial services.

The two countries are also negotiating a bilateral investment treaty (BIT).

Barthwal said India and Australia are exploring ways to conclude negotiations on a proposed bilateral trade agreement before December. An interim pact, the Economic Cooperation and Trade Agreement (ECTA), was signed in December 2022 and both sides now want to expand its scope.

Negotiations take time and India is moving forward quite well on all FTAs, except with Canada, he said.

Due to some problems now in Bangladesh, the proposed comprehensive economic partnership agreement with that country will be looked at as the government is waiting and watching developments there, the secretary added.

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Impact of Bangladesh events on specific Indian sectors small: CRISIL

Recent developments in Bangladesh have not significantly affected India's trade and the future impact will vary based on sector-specific nuances and exposure, according to Indian rating agency CRISIL, which does not foresee any near-term impact on the credit quality of the Indian corporate sector either.
However, a prolonged disruption can affect the revenue profiles and working capital cycles of some export-oriented industries for which Bangladesh is either a demand centre or a production hub, the S&P Global company said.

Sectors like cotton yarn, power, footwear, soft luggage, fast moving consumer goods (FMCG) may see a small but manageable negative impact, while ship breaking, jute and readymade garments (RMG) should benefit as they are seeing an increase in sales inquiries from key export destinations. For most others, the impact will be insignificant, it noted.

India's trade with Bangladesh is relatively low, accounting for 2.5 per cent of its total exports and 0.3 per cent of total imports in the last fiscal. Merchandise exports mainly comprise cotton and cotton yarn, petroleum products, electric energy, etc., while imports largely comprise vegetable fat oils, marine products and apparel.

For cotton yarn players, Bangladesh accounts for 8-10 per cent of sales, so the revenue profile of major exporters could be affected. Their operating profit margins, however, may not be significantly affected as cotton-yarn spreads are already modest at present, CRISIL said in a release.

Companies into footwear, FMCG and soft luggage could also see some impact because of manufacturing facilities located in Bangladesh. These facilities faced operational challenges during the initial phase of the crisis. However, most have since commenced operations, though a full ramp-up and the ability to maintain their supply chain will be critical.

Engineering, procurement and construction companies engaged in power and other projects in Bangladesh could see execution delays this fiscal as a sizeable portion of their workforce has been recalled to India for almost a month now. With only a gradual ramp-up in workforce expected, revenue booking could be lower this fiscal compared with earlier expectations, CRISIL said.

Indian companies supplying electricity could see delayed payment of dues.

Pertinently, debtor risk for most sectors may increase with major transactions being carried out through letters of credit, which could be invoked in the event of non-payment, leading to dependence on Bangladesh banks for settlement. Besides, forex issues are also rising due to the depreciation of taka versus the rupee and other currencies, CRISL added

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What US Fed's 50 bps rate cut means for Indian economy

The US Federal Reserve cut its benchmark interest rate by an unexpected 50 basis points (bps) on Wednesday, a move that caught many by surprise.

The Fed's decision signalled a shift towards easing monetary policy, with experts divided on its implications for the global economy, including India.

Here's a detailed look at how the bigger-than-expected rate cut could impact the Indian economy and the broader market.

Impact on stock market and broader economy

The 50 bps rate cut was unexpected for most market participants who had anticipated a smaller 25 bps reduction.

According to Apurva Sheth, Head of Market Perspectives at SAMCO Securities, the decision sparked mixed reactions in the market, with initial volatility calming down to modest gains by the end of the trading session.

Sheth added that the Fed’s primary goal was to support the labour market, which has shown signs of stress. He suggested that investors focus on defensive sectors such as FMCG and pharmaceuticals, while also considering the potential of precious metals like gold and silver until there’s more clarity on market direction.

Meanwhile, Dr. V K Vijayakumar, Chief Investment Strategist at Geojit Financial Services, described the Fed's move as one that could push equity markets into a consolidation phase.

He pointed out that Fed Chair Jerome Powell's optimistic remarks on inflation reaching the 2% target were well-received, especially considering the solid US economic growth and robust labour market.

Ankita Pathak, Chief Macro & Global Strategist, Angel One Wealth Ltd, "The dot-plot indicated two more 25bps cuts this year, taking the range to 4.25-4.5%. Another 100bps is expected in 2025."

"We expect that recession can still be avoided and continue to actively track economic data. Globally, emerging markets will now have more space to cut rates for their own economic stimulation," Pathak added.

For India, this could mean more accommodative policies in the near future.

Vijayakumar expects that the US Federal Reserve's aggressive cuts will pave the way for the Reserve Bank of India to lower interest rates.With India's consumer price inflation (CPI) already easing below the RBI's 4% target, two potential rate cuts of 25 bps each by March 2025 seem likely. He noted that the banking sector, particularly rate-sensitive industries, could see favorable conditions as interest rates decline, benefiting sectors such as infrastructure.

Vijay Bharadia, Founder of Wallfort Financial Services Ltd, also agreed that the rate cut marks a bold move that may encourage other global central banks, including the Reserve Bank of India (RBI), to adopt a softer monetary stance.

He pointed out that rate cuts would benefit leveraged sectors such as metals and infrastructure. However, the rate cut might put pressure on India's banking sector, especially with a declining CASA (current account savings account) base.

As interest rates fall, bank deposits may become less attractive to customers, affecting banking profitability in the medium term.

Deepak Ramaraju, Senior Fund Manager at Shriram AMC, echoed similar concerns. He believes that while the Fed's 50 bps rate cut may bring relief to equity markets, the domestic banking sector could face challenges due to outbound flows of foreign institutional investments (FII) in the short term.

Nevertheless, a weakening US dollar could draw capital back into India, stabilising markets by the end of the year.

Impact on bonds and rupee

Suman Chowdhury, Chief Economist at Acuité Ratings & Research, highlighted the potential impact on India's bond market. A cut in the US interest rate could increase foreign capital inflows into the Indian debt market, leading to lower domestic bond yields, Chowdhury said.

India's 10-year g-sec yield, which has already dropped below 6.8%, could fall further, benefiting both government borrowing and the corporate bond market, he noted, adding that lower borrowing costs could encourage Indian banks and infrastructure companies to issue long-term bonds, increasing fund mobilisation options.

Chowdhury also pointed to the possible impact on the rupee. The inflow of foreign capital could strengthen the Indian currency in the near term, though RBI interventions might prevent the rupee from appreciating too rapidly. Despite this, he anticipates a gradual depreciation of the rupee to 84.5 by the end of the fiscal year.

Will RBI follow suit?

With India's inflation rate easing, the Fed's larger-than-expected rate cut has heightened expectations of an RBI policy response.

Chowdhury noted that while RBI is likely to make its own independent decisions, the chances of a 25 bps rate cut in December or the last quarter of FY25 have increased significantly, especially if food inflation remains under control.

Unmesh Kulkarni, Managing Director at Julius Baer India, added that the Fed's decision reflects a pivot in global monetary policy, with more rate cuts expected over the next year.

He highlighted that historically, US equity markets perform well during rate-cutting cycles, especially if a recession is avoided.

Is India well-positioned to benefit from rate cut?

This "risk-on" environment could potentially boost equities, including Indian stocks, though volatility might remain elevated due to ongoing concerns about global recession risks and political uncertainties in the US.

Simply put, the Fed's 50 bps rate cut is likely to have broad-reaching implications beyond the US economy, potentially triggering rate cuts by other central banks, including the RBI.

While certain sectors in India, like infrastructure and metals, stand to benefit from these policy shifts, the banking sector may face short-term challenges due to lower deposit interest rates.

However, with inflation easing and bond yields softening, India could be well-positioned to navigate this new global monetary landscape, provided that domestic inflation stays in check and foreign capital inflows remain steady.

Swapnil Aggarwal, Director, VSRK Capital, said, "The full impact on India's economy will depend on how the US economy evolves and how global investors adjust their portfolios. The Reserve Bank of India may consider a pre-emptive 25 to 50 basis points rate cut before 2025."Post

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The Fed aims to repeat Greenspan's 1990s masterpiece

https://www.livemint.com/economy/latest-economy-news-today-live-updates-september-19-2024-11726687893544.html#google_vignette

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Low cotton sowing in kharif season may impact India's textile export target amid a decline in cotton production

Reduced cotton sowing in the ongoing kharif season is raising doubts about whether the government will be able to meet its ambitious textile export target, dashing hopes of Indian readymade garment (RMG) shipments scooping up extra orders in the wake of the Bangladesh crisis, two persons said.

Cotton sowing had dropped to 11.24 million hectares as of 13 September, as compared with 12.36 million hectares during the same period last year, according to agriculture ministry data.

The decline comes amid an already challenging period for Indian cotton production.

“Certainly, there has been a contraction in production in recent years, and this year, low sowing levels are expected to result in a reduced production of cotton bales," the first person said.

“We are hoping that the area under sowing will improve slightly to 11.6 million hectares from presently 11.2 million hectares. This is expected as summer sowing in Tamil Nadu will add 200,000 hectares, and another 100,000 hectares will come from sowing in the western parts of Telangana and Karnataka during the summer season," this person said.

Export may be hit

Summer sowing of cotton seeds is done during February-March.

“Low production will impact the export of textiles, and it is expected to be lower compared ti the last fiscal year,” the second person said.

Textiles exports is witnessing a declining trend. It dropped from $33.83 billion in FY20 to $29.46 billion in FY21. Although exports rose to $41.12 billion in FY22, they then fell to $35.55 billion in FY23 and further to $34.40 billion in FY24.

“Given the low sowing area expected to result in reduced production, achieving the projected export target of over $40 billion by FY25 will be challenging. The current trend in lower sowing and production raises concerns about meeting these ambitious goals in future too,” said Abhash Kumar, assistant professor of Economics, Delhi University.

The country's cotton production, which peaked in FY20 at 36 million bales (each bale weighing 170 kg), has also seen a downward trend over the years.

In FY21, production slipped to 35 million bales, followed by a further drop to 31 million bales in FY22. Though production recovered slightly to 33 million bales in FY23, it fell again to 32 million bales in FY24.

Switching crops

Challenges in cotton farming have stiffened in recent years: outdated seed technology has significantly impacted yields, prompting many farmers to switch to alternative crops like soybean, paddy, etc.

“The shortage of labour and the increased time required for cultivation, along with outdated technology, are also contributing to decreased productivity in cotton farming. Compared to soybean farming, cotton cultivation demands more intervention and resources, making it less efficient,” said Ganesh Nanote, a cotton farmer in Maharashtra's Vidarbha region.

The biggest cotton-growing states are Gujarat, Maharashtra, Telangana, Andhra Pradesh, Madhya Pradesh, Karnataka, Haryana and Rajasthan.

Exports to scale up

According to the Commerce Ministry's India Brand Equity Foundation (IBEF), the market for Indian textiles and apparel is projected to grow at a 10% CAGR, reaching $350 billion by 2030. India also set a target to scale up its textile exports to $100 billion by 2030, aiming to capture a significant share of the global market.

"About 55-60% of India’s textile and apparel exports are natural fibre based, predominantly cotton. So low cotton sowing and resultant price rise of cotton fibre are a significant risk to Indian textile and garment exports,” said Mihir Parekh, Associate Partner, Garments, Foundation for Economic Development (FED).

“This risk is increased by the fact that import of cotton fibre attracts 10% duty. This can substantially affect India’s export competitiveness by increasing the raw material price throughout the value chain," Parekh said.

Moreover, India is the world's third largest exporter of textiles and apparel and ranks among the top five global exporters in several textile categories.

The textiles and apparel industry contributes 2.3% to the country's GDP, 13% to industrial production and 12% to exports. The textile industry in India is predicted to double its contribution to the GDP, rising from 2.3% to approximately 5% by the end of this decade, the IBEF report said.

The budget allocation for the textiles sector has been increased by ₹974 crore to ₹4,417.09 crore in the Union Budget 2024-25.
In the budget, the allocation for research and capacity building in the sector was raised to ₹686 crore from ₹380 crore and the allocation for the National Technical Textiles Mission jumped 120.59% to ₹375 crore from ₹175 crore in 2023-24.

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Brazil sets sights on expanding cotton exports to the Indian market

India, with an annual production of 5.33 million tonnes, stands as the second-largest cotton producer globally, behind China. Meanwhile, Brazil, the third-largest producer, generates 3.64 million tonnes. However, unlike India, Brazil has minimal domestic consumption, making it the world's largest cotton exporter, shipping 2.72 million tonnes annually. In contrast, India imports 0.44 million tonnes of cotton to meet its domestic demand, presenting Brazil with a significant opportunity to expand its market share in India. As part of his efforts to tap into the Indian cotton market, **Marcelo Duarte Monteiro**, Director of International Relations at the Brazilian Cotton Growers Association **(ABRAPA)**, shared insights with **Mohd Mustaquim** on Brazil's cotton landscape and its exports' potential.

Excerpts:

The Brazilian cotton market faces stiff competition in exports from the US and Australia, with synthetic fibres being another significant challenge. How do you position your cotton exports globally in light of these obstacles?

While the US and Australia are major players in the global cotton market, Brazil has experienced significant growth as well. However, we view synthetic fibres as our primary competitors. The competition among Brazil, the US, and Australia is healthy—we learn from each other. For instance, we adopt best practices from Australia and the US, and this mutual learning benefits all of us.

Our main concern is the rise of synthetic fibres, which are derived from fossil fuels and contribute to plastic pollution, particularly microplastics in the oceans. Research shows that the average person ingests the equivalent of a credit card's worth of plastic each week, due to microplastics in our waters and food. This issue highlights the importance of natural fibres like cotton. Whether it's US, Brazilian, Australian, or Indian cotton, the use of natural fibres aligns with sustainability goals, making us confident that cotton is the right choice for the future.

In India, synthetic fibres dominate the lower-income market. How do you plan to compete with synthetic fibres and raise awareness about cotton's benefits?

Competing with synthetic fibres on price is challenging, even though we strive to improve productivity, efficiency, and cost-effectiveness. Synthetic fibres will always have a price advantage, but cotton offers incomparable quality. The environmental impact of synthetic fibres, particularly plastic waste, is a significant issue, especially in countries with large populations like India and Brazil, where waste management is a challenge.

As the cotton industry, we need to highlight cotton's sustainability. Cotton is biodegradable and provides livelihoods to millions of farmers worldwide. Additionally, the comfort and quality of cotton offers are unmatched. By emphasising these aspects, we can educate consumers about the benefits of choosing natural fibres over synthetic ones.

Since the introduction of Bt-cotton, India's cotton production has surged over the past two decades. As India continues to improve productivity through new policies and technologies, how do you see the future of market share in India?

India has tremendous potential to increase its cotton production. Currently, India cultivates about 12.5 million hectares of cotton, but its productivity is only a fraction of what Brazil or Australia achieves. With focused efforts, India can significantly improve its productivity, which would also free up land for other crops.

This is an opportunity, not a threat, for Brazil. Our competition is with synthetic fibres, not other cotton producers. If India succeeds in boosting its productivity, we view it as a positive development for the global cotton industry.

Transporting cotton from Brazil to India, a distance of 18,000 kilometres, raises costs. Considering farmers' interests, India is unlikely to see duty-free imports anytime soon. How do you plan to maintain competitive pricing in this scenario?

Logistics and distance are indeed challenges, but as trade between Brazil and India increases, we could explore more direct shipping routes, which would reduce costs. For example, Brazil exported a million tonnes of cotton to China last year. If we export even a fraction of that to India, it could open up opportunities for other products as well.

In terms of duties, Brazil should focus on supplying specific grades of contamination-free cotton, staples higher than 29 or 30 millimetres. This niche could fill gaps in India's textile industry without directly competing with local farmers. We see this as a complementary relationship, not a competitive one.

Climate change is a major threat to cotton cultivation worldwide. How is Brazil addressing sustainability in cotton production?

Climate change is a global challenge, and its effects are unpredictable. While cotton is a resilient crop, it suffers when weather conditions are unfavourable. To combat this, we are investing in research to develop new cotton varieties with better resistance to climate stress.

Irrigation is another key solution. Currently, 92 per cent of Brazil's cotton is rainfed, but we have enormous potential for groundwater irrigation. Expanding irrigation would help mitigate the effects of climate change on cotton production.

How does Brazil ensure the quality of its cotton exports?

In Brazil, we perform High Volume Instrument (HVI) testing on every single bale of cotton. We take two samples from each side of the bale, combine them for uniformity, and conduct both visual and HVI tests. The results are stored in a database, which allows us to track the performance of different varieties and regions.

This system enables us to deliver the right product to our clients while also providing valuable feedback for research. By analysing the data, we can continuously improve our cotton varieties, increasing both yield and quality over time. This commitment to quality has been key to our success in the global market.

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Better late than never: Traders heave sigh of relief as wholesale district returns to life

Business buzz is back in Burrabazar, the biggest wholesale market in the city, with retailers from suburbs and districts trooping in to replenish their stocks before Durga Puja. While New Market, Hatibagan and Gariahat are traditional hubs for retail shopping, shop owners from suburbs and districts buy goods from wholesale markets of Burrabazar, Posta and Canning Street.

But central business district trades took a beating following the rape and murder of the RG Kar doctor and the consequent protests and rallies that took over central Kolkata stretches of College Street, B B Ganguly Street, Esplanade and Mahatma Gandhi Road.

"The situation has definitely turned around in the past one week with sales picking up in CBD markets. Traders and retailers from the suburbs and districts shop at Burrabazar and the adjoining markets. But business plummeted after the R G Kar tragedy and the scene remained dismal the past six weeks," said Sushil Poddar, president of Confederation of West Bengal Trade Associations.

Traders in Burrabazar said they had almost given up hopes of good pre-puja business, given the sombre mood of people and the protests. Besides garments, cosmetics, utensils and upholstery, perishables, like sugar, foodgrain and other edibles, also go to retail points from the Posta wholesale hub.

The wholesale textile and garments hub, headquartered in Burrabazar, which wore an-almost deserted look till a week ago, is again back in business. "There has been a sharp recovery in business in the past one week with several buyers coming from far-off places and buying in bulk. Many of them said they were not sure about their purchase, given the uncertainty about people's puja shopping plans. Many others were waiting for the protests to ebb," said Ravi Jalan, a wholesaler of un-stitched suit materials on Sir Hari Ram Goenka Street in Burrabazar.

Vikas Bhajanka of Shrinagar Saris on Brabourne Road who also has a shop in Howrah's Mangla Haat said he had incurred losses of several lakhs in five weeks. "I might not be able to recover the losses as Durga Puja is only three weeks away, but I am happy pre-puja shopping has finally started. It is a huge relief," he said.

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Readymade garment exports rise 12% in Aug despite global challenges

The country's readymade garment exports (RMG) in August rose by about 12 per cent to $1.26 billion despite global headwinds and challenges such as high logistic cost, according to the commerce ministry data.

Cumulatively, RMG exports during the April-August period of 2024-25 grew by 7.12 per cent to $6.39 billion.

Apparel Export Promotion Council (AEPC) Chairman Sudhir Sekhri said that exports are keeping the growth momentum despite global headwinds, persisting Red Sea crisis and other challenges such as high logistic costs.

"Growing at an average of 7.12 per cent in the last five months (April to August 2024-25), the RMG exports have bucked the trend of falling merchandise exports which touched a 13-month low in August," he said.

He added that with focus on product quality as well as environmental and social compliance, the industry is poised to take a leap into high growth trajectory and be a major global player of garment exports.

"I am hopeful that the growth momentum will continue. While the global garment sourcing is realigning itself, we are ready to play a significant role. The loterm policy support for garment exports related schemes will provide stability in the policy regime and will help further thrust garment exports from the country," Sekhri said.

The council has made a submission to the government for providing flexibility in fabric import, PLI 2.0 for capacity augmentation, and extension of interest equalization scheme for at least five years with an increased rate of 5 per cent for all exporters.

Mithileshwar Thakur, Secretary General, AEPC stated that in recent months, RMG exports have demonstrated a positive trend.

"FTA (free trade agreement) partner countries like Japan and Korea have also started yielding positive results. Our exports to Japan, Korea, Australia, Mauritius and Norway have also grown in the first quarter of this fiscal year," Thakur added.

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Apparel exports grew 12% in August to more than $1.2 bn

Apparel exports registered 11.9% growth in August to $1,268.2 million compared with $1,133.5 million last August. Ready-made garment exports have been growing since May. Between April and August, exports were 7.1% higher this year as against April-August, 2023.

In rupee terms, exports were 13.4% higher last month compared with last August and 8.7% more in April-August FY25 compared with the corresponding period in FY24.

K.M. Subramanian, president, Tiruppur Exporters Association said most of the knitwear factories were operating to full capacity and there were enquiries from overseas buyers who were looking for multiple sourcing destinations. If orders moved from Bangladesh to India, the garment units would start investing for additional capacities, he said.

Mithileshwar Thakur, Secretary General, Apparel Export Promotion Council (AEPC), said in a press statement that exports to Japan, Korea, Australia, Mauritius and Norway grew 7.7%, 16.8%, 12.5%, 6.6% and 17.3% respectively in the first quarter of this fiscal year.

According Sudhir Sekhri, chairman AEPC, long-term policy support for garment exports, will provide stability and propel garment exports from India.

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Moreover, India is the world's third largest exporter of textiles and apparel and ranks among the top five global exporters in several textile categories.

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Easing exports: India to buy more second-hand vessels to raise container capacity, cut port charges

India will reduce certain charges at ports and purchase five additional second-hand container vessels in a move to boost exports and resolve shipping related issues of trade such as high freight.

These measures were announced after commerce and industry minister **Piyush Goyal** Thursday met senior officials of ministries including shipping, ports, finance, civil aviation and railways, exporters body **FIEO** Federation of Indian Export Organisations, freight forwarders, transport operators and shipping companies.

India's goods exports have declined for two consecutive months, with August witnessing 13-month low contraction of 9.3% which traders said was due to rising shipping costs, a slowdown in China and recessionary trends in western markets.

"I am confident that it (decisions taken at the meeting) will result in significantly bringing down **shipping cost**, improve availability of empty containers, help faster evacuation of export consignments and significantly reduce the congestion at ports," Goyal said.

The minister on Wednesday said that exports of goods and services in FY25 could cross $825 billion.

Issues related to container shortage, surge in ocean **freight rate** and shipping cost, shipping delays at the Indian ports, and turnaround time at the ports and the impact of geopolitical challenges such as the Red Sea crisis were taken up at the meeting.

It was decided that the **Shipping Corporation of India** (SCI) will purchase five additional second hand container vessels to further boost cargo handling capacity, reduce the time for exports and raise the container capacity by 10-12%.

Officials said that freight rates have started coming down and likely to come down further.

The corporation also announced that it is chartering container ships to significantly increase the container capacities and on an immediate basis capacity will be enhanced by 9,000 TEUs (twenty-foot equivalent unit).

Further the shipping ministry said that the port capacities have already been enhanced by 2.3 million TEUs.

The Railway Board and **Container Corporation** of India announced that empty containers can now be stored at the yard at zero cost for 90 days and the charges of Rs 3,000 that is being levied beyond 90 days is now halved to Rs 1,500.

Moreover, the storage and handling rates would be reduced for 40 feet containers to Rs 2,000 from Rs 9,000 and for 20 feet containers, to Rs 1,000 from Rs 6,000.

The Central Board of Indirect Taxes and Customs announced that custom clearances at the ports will be expedited by simultaneous screening of two twenty feet containers while the Jawaharlal Nehru Port Trust assured to eliminate any congestion and bottleneck at the NhavaSheva port.

It was also decided that private container yards will have to mandatorily register themselves with GST authorities and not accept any charges in cash in order to ensure illegal profiteering arising out of shortage and delay.

“The shipping lines assured that all charges like container transportation and Lift-on-Lift-off at yards would be embedded in the delivery order given to shippers,” said an industry representative, adding that infrastructure at Mumbai airport would be augmented for truck docking and holding area.

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India to become third-largest economy by 2030-31, says S&P Global

India is set to become the world's third-largest economy by 2030–31, as per S&P Global India. The country is forecast to grow at an annual rate of 6.7 per cent.
India emerged as the fastest-growing large economy, with gross domestic product (GDP) growth at the rate of 8.2 per cent in the financial year (FY) 2024, surpassing the government's earlier estimate of 7.3 per cent.
Abhishek Tomar, head, S&P Global India Leadership Council, and chief data officer for S&P Global Market Intelligence, said, "India's medium-term prospects are healthy and filled with opportunities in multiple sectors, including trade, agriculture, and AI, likely structural reforms, and growing energy demands. India is poised for growth, and with a young and dynamic workforce, it is well-positioned to shape the global economic landscape."
The research further stated that India must develop infrastructure and geopolitical strategies, particularly regarding its extensive coastline, to maximise trade benefits. Nearly 90 per cent of India's trade is seaborne, necessitating robust port infrastructure to manage increasing exports and bulk commodity imports.
According to the World Bank and S&P Global's Container Port Performance Index 2023, only three Indian ports found a place among the top 50. Moreover, the performance gap between public and private sector ports was notable, as the country's largest government-owned port, the Jawaharlal Nehru Port Trust (JNPT), was ranked 96th globally, while the privately operated Mundra Port Terminal in Gujarat ranked 27th.
Until a decade ago, India's government-owned ports commanded about 75 per cent of the country's container volumes, with JNPT and Chennai Port leading the pack. But cargo volumes have increasingly shifted to private ports, given their market-oriented dynamics in a competitive environment, and bureaucratic hurdles associated with pricing and infrastructure investment have limited the attractiveness of government-owned ports, the research said.
Privately run ports in India captured 47 per cent of total cargo in FY24, according to S&P Global's Journal of Commerce. As per the journal, this demonstrates the rise of Adani Ports. Adani-run Mundra Port handled 15.6 per cent more volume than JNPT and grew twice as fast in FY24.
Rahul Kapoor, vice president, global head of shipping analytics and research, stated, "India needs more ports. With big investments pouring into the sector, a balance needs to

be struck while we discuss public and private ports." Additionally, Kapoor stated that the market intelligence firm is expecting freight rates to come down.
The report also added that India's total petroleum product demand is projected to rise by almost 2 million barrels per day (b/d) to reach 7.1 million b/d by 2035 from 2023 levels, largely led by demand for transportation.

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Sri Lanka's manufacturing PMI 55.5 in Aug; signals activity expansion

Sri Lanka's purchasing managers' index (PMI) for manufacturing was 55.5 in August this year, indicating an expansion in manufacturing activities, but at a slower rate compared to the previous month.
All the sub-indices, except for employment, remained above the neutral threshold in the month, a Central Bank of Sri Lanka press release said.

The expansion in new orders and production was mainly driven by the manufacture of food and beverages sector. Further, stock of purchases expanded during the month in line with the new orders and production.

The employment sub-index decreased month on month in August and suppliers' delivery time continued to lengthen.

Expectations for manufacturing activities over the next three months remained positive, primarily due to the optimistic outlook on year-end seasonal demand, in spite of election-related uncertainties.

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CAI partners with International Cotton Association to promote fair business practices

https://www.thehindubusinessline.com/economy/agri-business/cai-signs-partners-with-international-cotton-association-to-promote-fair-business-practices/article68659502.ece

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