



CHAIRMAN'S SPEECH

at

65th ANNUAL GENERAL MEETING

of

**CONFEDERATION OF INDIAN
TEXTILE INDUSTRY (CITI)**

**Friday, 29th September 2023
Through Video Conference**

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Esteemed Past Chairmen of CITI, my colleagues Deputy Chairman, Shri Rakesh Mehra Ji, and Vice Chairman, Shri Ashwin Chandran Ji, esteemed members of the Committee of CITI, Representatives of the Member Associations, Associate Members, Affiliate Members of CITI, Senior Industrialists from the Indian Textile & Clothing Industry, invitees, distinguished guests, ladies and gentlemen.

It gives me great pleasure to welcome all of you to the 65th Annual General Meeting (AGM) of the Confederation of Indian Textile Industry (CITI). I express my sincere thanks to all of you for attending our AGM today and also for your continuous support throughout the year.

As a result of the proactive policy support from the Government, India achieved its highest ever T&A exports (HSN 50 to 63) of US\$ 43.4 Bn during 2021-22 which was about 41% higher than exports of US\$ 30.9 bn during 2020-21. However, over the last one year, the Textile & Apparel (T&A) Industry across the globe has been facing unprecedented financial stress mainly due to stagnation in production and trade stemming from a multitude of reasons such as high volatility in raw material prices, uncertainties emerging due to geopolitical conflicts like the ongoing Russia-Ukraine war, reorientation of supply chains and high inflationary pressures in countries like USA, EU, etc. which are one of the major markets for Textile & Apparel products. All these factors together have affected the Textile and apparel markets globally including India, as a result of which exports of T&A from India declined by about 18% to reach US\$ 35.7 bn during FY 23 as compared to FY 22. The production data also shows that the growth in production of T&A remained below the overall manufacturing sector production during Sep-22 to July 23. The Index of Industrial Production (IIP) indicates that while the general IIP increased by 6.1% in July 23 as compared to September 22, it increased by 4.1% for the Manufacture of Textiles and declined by about 16.8% for the Manufacture of Wearing Apparels during the same period.

Despite a relatively weaker global growth in the current financial year, global financial markets across the globe have held up reasonably well thus giving hope of a subsequent recovery in the coming months. The same can be seen in the latest trade

figures released by the Ministry of Commerce which shows that after declining continuously for many months, India's cumulative Exports of Textiles and Apparel during August' 23 have registered a growth of 4.33% over August' 22 primarily led by a 14% increase in the Textile exports. Moreover, the Indian economy which emerged as the 5th largest economy in the World, portrays a robust picture with strong domestic impulses outweighing negative global slowdown effects. Our inherent strength gives us confidence that Industry will bounce back strongly towards achieving a US\$ 350 bn market size including US\$ 100 bn exports by 2030.

Role of Indian T&A Industry in the Global arena in coming years

Our recent success in the Chandrayan mission highlights our technological advancement and the recent steering of the elite G20 group by India has amplified our aspirations and responsibilities towards playing a bigger role in the Textile value chain. Several initiatives have been taken towards further increasing the role of India in the global Textile & Apparel value chain. The aggressive pace and scope of the recent FTAs which are either signed up such as India-UAE CEPA, India-Australia ECTA or are under negotiations with countries like EU, UK, and Canada are indicators of this.

It is indeed commendable that initiatives are being taken to position India as a quality-conscious and responsible manufacturing destination. One of the steps in this direction is the introduction of the Quality Control Orders (QCOs) for several textile products, including all the major textile fibres. The only challenge in this regard is the flexibility that is desired in the implementation of QCO to enable amendment in response to the hindrances being faced by the domestic manufacturers and users of the products covered under QCO, especially the MSME's. The QCO being a relatively new phenomenon of mandatory standards as against the established BIS standards which were voluntary in nature so far, have several implications on the entire textile value chain which are being understood fully only after the QCOs have been put into effect. Some of the challenges are product coverage, testing facilities, licensing procedures and timelines, domestic availability, dependence on imports, etc. which has affected the production planning of the entire textile value chain. We are happy to note that a consultative approach is being taken by the Government in this matter and hope for a faster and responsive mechanism to address the issues flagged by the industry in this

regard. Two other suggestions that have been voiced by the industry in this regard are as below:

- A top-down approach of QCOs from Garment onwards is being suggested so that there is more acceptance and demand of such QCO. The present fiber onwards approach is resulting in unintended supply chain disruption.
- Ensuring global acceptability of these standards to ensure reduction in testing and compliance requirements of the industry.

Recognizing the growing requirement for awareness and capacity building on the emerging ESG (Environmental, Social and Governance) regulations in important sourcing destinations, the Ministry of Textiles has recently formed an ESG Task Force, positioning India as a leader in such initiatives.

Major Developments in Cotton Textile Advisory Group (TAG)

As you all are aware that to address the various issues of the cotton supply chain, the Government formed Cotton TAG with the participation of various stakeholders of the cotton value chain. CITI being one of the key stakeholders of TAG played an important role in resolving many of the issues of the cotton value chain, some of which are:

- **Restructuring of the MCX Cotton Contract Specifications to make it more representative.**

During the 2nd meeting of TAG held on 14th July 2022, the industry raised concerns regarding the speculative trading and lesser open interest on the multi-commodity exchange (MCX) which was leading to the distortion in domestic cotton prices. TAG took up the matter and as a result, SEBI suspended cotton futures trading on MCX in August 2022 and on the directions of Hon'ble Minister of Textiles, Shri Piyush Goyal, the Product Advisory Committee (PAC) of MCX was re-constituted and expanded with increased representation of Textile Value Chain from farmer to end users (i.e. spinning mills) to make the system more structured and I was appointed as the Chairman of the reconstituted committee. Several other Textile Industry Associations like SIMA, CAI, FPOs, etc. were also made part of the reconstituted committee. The

reconstituted PAC held several rounds of discussions and was able to modify several of the Cotton Contract specifications and quality standards through extensive stakeholder consultation. I am happy to share with you all that the newly restructured MCX Cotton Future Contract was relaunched at MCX on 31st January 2023 and the trading on the same commenced from 13th February 2023 with the collaborative approach of the Government of India, MCX, Trade & the Industry. While a majority of the concerns of the industry have been addressed in the newly launched contract, there are still some recommendations that could not be changed through common consensus and PAC is trying to work out those changes soon. I profusely thank the Ministry of Textiles, Ministry of Agriculture & Farmers welfare, SEBI, MCX, all participating industry associations in extending their full-fledged support to address this important issue of the industry. However, to ensure stability, it is important that more industry players use MCX as a hedging mechanism as the global uncertainties with regard to availability and pricing will keep on increasing.

- **Augmenting Supply of Domestic Cotton**

To augment the supply of cotton domestically, CITI proposed a master plan to the Government for the development of the cotton economy by taking up cotton development activities in almost all major cotton-producing states through its extension arm CITI-CDRA based on the experience and learning that it gained through its operation in the states of Maharashtra, Rajasthan and Madhya Pradesh. I am pleased to inform you all that based on CITI's proposal Ministry of Agriculture & Farmers Welfare has initiated a Special Project on Cotton of ICAR-CICR titled 'Targeting Technologies to agro-ecological zones – large scale demonstrations of best practices to enhance cotton productivity' under NFSM during 2023-24. Ministry of Textiles is also part of the review and steering group of the project. The objective of the project is to boost cotton productivity in a cluster-based and value chain approach in Public Private Partnership (PPP) model. The Pilot Project comprises three technological interventions - namely the High-density planting system, Closer Spacing planting system, and Production technology for ELS cotton. The objective of the Special project is to enhance the productivity of rainfed cotton on marginal soils: from 350 kg lint/ha to 750 kg lint/ha under HDPS in drought-prone areas,

from 600 kg lint/ha to 1000 kg lint/ha under closer spacing, and to 750 kg lint/ha for extra-long staple cotton, through an improved package of practices. CITI CDRA has been allocated 3160 hectares of land across Rajasthan, Maharashtra, and Madhya Pradesh from the total project area of 15358 hectares for extension activities. Under the project, Government is providing assistance to farmers in the form of DBT for seed packets, pest management, growth nutrients, etc. For better monitoring and implementation of the project activities, CITI has also been mandated to develop a web-based portal/mobile application. While the extension work of CITI-CDRA is going on in full swing in all the 3 states, the web-portal/mobile application is also expected to be launched soon.

- **Branding of Kasturi Cotton**

I am pleased to inform you all that CITI is actively participating towards the Traceability, Certification, and Branding of “Kasturi Cotton India” which is being implemented by TEXPROCIL in association with CCI.

Update on TUFS and PLI Scheme

ATUFS got expired on 31st March 2022 and since then, CITI has been continuously requesting the Government for a replacement of the flagship TUFS scheme and has been part of the consultative processes for the same. We are hopeful that the industry’s aspirations in terms of an alternative flagship TUFS scheme come through quickly and will have the required scope and mandate to address the need for scaling up and innovation.

The PLI scheme announced last year by the Government has so far been approved for 64 applications. Provided the scale of investments and the quantum of assistance being provided under this scheme, it is expected to be a game-changer scheme for the Textile Industry. However, PLI has been focused on limited HS lines of MMF fabric and apparel and certain Technical Textile Products. Moreover, the threshold of initial investments of Rs 100 crore and Rs 300 crore can only be achieved by big corporates only thus limiting the scheme’s benefits exclusively to such corporates. With such a large investment there are also larger risks as there are many products under the scheme which require more understanding and awareness of the markets. To extend

the benefit of this scheme to smaller companies, the Industry is continuously requesting the Government for PLI 2.0 with lower investment thresholds and wider product coverage and the industry is hopeful for an announcement soon in this regard.

Request to support the Indian Spinning Sector

As a result of the decline in demand both in the domestic market as well as exports, most of the spinning mills in the country are not able to meet their operational expenses and these mills especially the SMEs have currently been classified as SMA-1, SMA-2, and NPAs, as they are not in a position to service the debt. In one of the recent national-level meetings of all associations representing the spinning mills across the country, it was decided to request the Government to intervene in this matter and extend the following financial support for the Indian spinning sector:

- Extend a one-year moratorium for repayment of the principal amount;
- Convert three-year loans under ECLGS into six-year term loans;
- Extend necessary financial assistance to mitigate the stress on working capital, on a case-to-case basis.

I am extremely hopeful that the Government will listen to the Industry request favourably and a positive outcome in this regard is expected soon.

CITI Sustainability Awards

CITI has been encouraging excellence in the textile value chain since 1993-94 through the CITI BIRLA Economic & Textile Research Foundation Awards. However, this year, CITI expanded its areas of focus to include sustainability, circularity, and traceability in the textile value chain. Not only this, CITI also launched the first Textile Sustainability Awards and a Fashion Show during the 3rd Global Textile Conclave held in Jaipur on March 16, 2023. The move is aimed at promoting sustainable practices in the textile industry and recognizing those who have made efforts towards the same to encourage the Textile and Apparel industry to chart a more aggressive path with both the planet and people at the center of all activities. The awards were given across three categories: Progress Towards Sustainability, Expanding Circularity, and CITI Reverse Resources Sustainability Awards for Recyclers 2023.

Foreign Trade Policy 2023

Recently Government has announced FTP 2023 which is a policy document based on the continuity of time-tested schemes facilitating exports as well as a document that is nimble and responsive to the requirements of trade. The 4 pillars of the FTP 2023 Incentive to Remission; Export promotion through collaboration; Ease of doing business, reduction in transaction cost and e-initiatives and Emerging Areas – E-Commerce Developing Districts as Export Hubs and streamlining SCOMET policy will bring transformative changes in India's trade by bringing greater trade facilitation through technology, automation, and continuous process re-engineering and will pave the way for India to take care of the various emerging global and economic challenges. On behalf of the Industry, I thank the Government for considering various of the Industry requests such as Special one-time Amnesty Scheme for default in Export Obligations, focus on Infrastructure and logistics development, Paperless filing of export obligation discharge applications, more focus on Online approvals without physical interface and several others. I do hope that all these interventions will play a key role in revamping the India's Textile Sector and will also facilitate exports of Indian Textile products to even the farthest corner of the world.

ICAC Event

International Cotton Advisory Committee (ICAC) is holding its 81st Plenary Meeting during 2nd – 5th December 2023 in Jio World Convention Centre, BKC, Mumbai. It will be a very prestigious global event dedicated to cotton value chain and ICAC is holding the first in-person Plenary Meeting since 2019 due to Covid. Ministry of Textiles, Government of India is the official host of the mega event while CITI along with CCI and CAI are co-hosts of the event titled "Cotton Value Chain: Local Innovations for Global Prosperity". Since this event is poised to be the next significant milestone for the Textile Sector following the G20, to ensure the same level of stewardship, I earnestly request all the committee members to actively participate in this grand event and also generously come forward to pledge their financial support to CITI for meeting the target contribution to Ministry of Textiles. The success of this event will showcase the real potential of the Indian cotton value chain and its invaluable contribution in the global textile space.

Performance of the Cotton Sector of India

- As per the estimates by the Committee on Cotton Production and Consumption (COCPC) in its meeting held on 01.06.2023, the area under cotton cultivation is projected to increase to 130.61 lakh hectares in 2022-23 as compared to 123.71 lakh hectares in 2021-22. Similarly, the yield is also projected to increase to 447 kg lint per hectare in 2022-23 from 428 kg lint per hectare in 2021-22.
- Production of cotton has been estimated to remain around 343.47 lakh bales during the year 2022-23 as against 311.2 lakh bales in 2021-22.
- For the upcoming season 2023-24, the MSP of Medium Staple Cotton and Long Staple Cotton have now been fixed at Rs.6620/- (earlier Rs. 6,080/-) per quintal and Rs. 7020/- (earlier Rs. 6,380/-) per quintal, respectively.

Key Activities of CITI

I am pleased to share with you all that CITI is constantly working towards meeting the industry's need for awareness and networking which is needed to make the industry ready to meet the emerging demands and compliances by organizing regular conferences as also by conducting series of webinars.

Some of the key conferences conducted by CITI during the last 1 year includes:

- 2nd Edition of Global Cotton Conference 2022
- Textile Sourcing Roadshow
- 3rd Edition of Global Textile Conclave
- 11th Edition of Asian Textile Conference (ATEXCON)

All the above events were attended by the Top Government leaderships and also by various Senior Government officials and also received great response from the industry in terms of participation and financial support.

Apart from it, in order to expand its global footprints, CITI also participated in various international events such as:

- CITI'S Textile and Apparel Delegation's visit to Denmark
- Collaborative Study Tour: CITI, ILO, and KOICA Promote Sustainable Enterprises in India through Korean Insights
- CITI'S Textile and Apparel CEOs' Delegation Visit to ITMA, Milan

I would like to bring to your notice that during the last 1 year, CITI also organized about 15 webinars on various issues related to Textile & Apparel Industry some of which are given below:

- Webinar on New Labour Codes and its Impact on the Textile Industry
- Webinar on GST updates - Understanding Recent Amendments and its Impact on Textile Industry
- Webinar on new Foreign Trade Policy 2023
- Webinar Series on ESG in the Textile Sector
- Webinar Series on "Utilizing Free Trade Agreements to Grow Export Opportunities
- Awareness Program on MSME Competitive (LEAN) Scheme

I assure you all that CITI will continue organizing more such conferences, webinars, awareness workshops for the benefit of the industry in the coming years.

Through these activities and initiatives, CITI has significantly improved its presence and visibility on social media. I am happy to share that there is around 30% increase in CITI's followers on the major social media handles.

EXIM Performance of the Indian Textile & Clothing Industry

- During 2022-23, India's Textile & Apparel exports stood at about US\$ 35.7 bn which was about 18% lower than the exports figure of 2021-22.
- During 2022 share of USA and EU-27 in India's total T&A exports to the world increased to 28.3% and 19.9% as compared to 26.1% and 17% respectively in 2021.
- While India's total exports of T&A to the world have increased at a CAGR of 0.8% during 2018-2022, India's T&A exports to USA and Bangladesh have increased at a

CAGR of 7.5% and 8.7% respectively while to EU, exports increased at a CAGR of 0.9% during the same period.

- During 2022-23, India's import of T&A increased to US\$ 10.6 bn as compared to the imports of US\$ 8.3 bn in 2021-22. The maximum increase in imports was shown by fibre which increased by 55% in 2022-23 as compared to 2021-22.
- With a share of about 40% in India's total T&A imports, China & HK continue to remain the biggest supplier to India followed by Bangladesh and the USA with a share of 10.9% and 6.9% respectively during 2022.

Major Policy Issues and Recommendations

CITI has been aggressively pursuing the various underlying issues of the Textile & Apparel industry with the concerned Ministries and has always tried to get these issues resolved in a time-bound manner. While under the leadership of Hon'ble Union Minister of Textiles, Shri Piyush Goyal many of the issues of the industry have been resolved, there are yet several issues which needs urgent intervention of the Government. Some of the issues that have been raised by CITI in the last 1 year and are yet to be resolved by the Government are:

- Removal of Import duty from cotton imports
- Revision of the Standard Input-Output Norms (SION) applicable for Viscose Staple Fibre Spun Yarn & its Blended Spun Yarn and MMF Blended Spun Yarns with Cotton
- Provide RoDTEP benefit on export of Cotton Yarn under Advance Authorization Scheme
- Exempting Bamboo and other Cellulosic Fibre not produced indigenously from the purview of VSF – QCO 2022
- Amending para 4.10 (i) of HBOP 2023 according to the provisions of GST Law
- Making submission of production data mandatory by the mills

- Rationalization of Goods & Service Tax (GST) on Man-Made Fibre and its Raw Materials to avoid Inverted Duty Structure

While I thank the Government for resolving many of the underlying issues, I do hope that the Government will soon resolve the other pending issues as well.

CITI's Participation in Samarth Scheme

- Samarth (Scheme for Capacity Building in Textile Sector) is a flagship skill development scheme approved in continuation to the Integrated Skill Development Scheme
- CITI is implementing skill development training under the Samarth Scheme in partnership with the Ministry of Textiles, Govt. of India.
- Until July 2023, CITI has trained about 3471 out of the total target of 5565 given to CITI with 98 approved Training Centres of CITI across India.

Key Activities of CITI-CDRA

- Year 2022-23 period marked the 16th year of the Cotton Collaborative project in lower Rajasthan, the 8th year in Maharashtra, and the 6th year in Madhya Pradesh for CITI CDRA.
- CITI-CDRA activities were spread across 2 districts of Rajasthan, 5 districts of Maharashtra and 4 districts of Madhya Pradesh.
- In Maharashtra, the Project is implemented in 239 villages, from 5 project districts covering about 32,171 hectares under cotton cultivation.
- In Rajasthan, the project areas comprised 135 villages covering about 5000 hectares under cotton cultivation from Bhilwara and Chittorgarh districts.
- In Madhya Pradesh, the project is implemented in 4 districts covering 71,153 hectares of land in about 203 villages.

Friends, the Annual Report and Audited Accounts of CITI and CITI CDRA along with the Auditor's Report for the year ending 31st March 2023 are already with you, and with your permission, I take them as read.

Before concluding I am happy to handover the rich heritage and achievements that CITI has been able to gain in the last few years to our incoming Chairman Shri Rakesh Mehra. With his rich experience of handling institutions like SRTEPC and ISA in the past, I am sure that he will be able to provide new direction and vision for further growth of CITI's role and activities.

Acknowledgments

- At the outset, I would like to express our sincere gratitude to the Hon'ble Prime Minister of India, Shri Narendra Modi Ji for listening to the Textile Industry's pleas and taking many pathbreaking policy decisions for the betterment of Indian Textile & Apparel Industry.
- I would like to extend our sincere gratitude to the Hon'ble Union Minister of Textiles, Commerce & Industry, Consumer Affairs, Food and Public Distribution, Shri Piyush Goyal Ji, for extending all possible support and kind encouragement for the growth of the Textile Industry.
- I would like to extend our sincere thanks to the Hon'ble Union Minister of Finance, Smt. Nirmala Sitharaman, State Minister of Finance and all the concerned officials of Finance Ministry, Customs Officials, Tax Administrators and GST Council members for addressing various tax related issues of the Industry.
- I would also like to convey our sincere gratitude to Smt. Darshana Vikram Jardosh Ji, Hon'ble Minister of State for Textiles, for supporting the Indian T&A Industry in every possible way.

- Let me also express my deep gratitude to all the state governments and their senior officials especially Tamil Nadu Government for all their kind support for the textile industry.
- I convey our sincere gratitude to Smt. Rachna Shah, Secretary Textiles, who has been steering the Textile Industry in the right direction and addressing various underlying issues of the Textile & Apparel Industry.
- I also extend my sincere gratitude to all the senior officials and staff of the Ministry of Textiles, Ministry of Commerce & Industry, Ministry of Agriculture, Department of Promotion of Industry and Internal Trade (DPIIT) and The Directorate General of Foreign Trade (DGFT) and BIS for their kind support to the Industry.
- I would like to thank our Textile Commissioner Ms. Roop Rashi for listening to Industry pleas and extending full support to the Textile Industry in resolving many issues especially related to TUFs.
- I also thank, all political leaders, and individuals who directly and indirectly extended valuable cooperation and support in addressing various issues affecting the Textile Industry.
- I wholeheartedly express my sincere gratitude to all the Chairmen / Presidents and SGs of all Member Associations, Associate Members and Corporate Members of CITI, National and Regional Textile Industry Associations, Export Promotion Councils, member associations of National Committee on Textiles and Clothing (NCTC) viz; AEPC, ASFI, CMAI, ITME, ITTA, PDEXCIL, SRTEPC and TEXPROCIL and who have come together with CITI in taking up many Industry issues in a single voice.
- During the entire year, the guidance of our esteemed committee members has helped CITI in meeting some of the challenges in the best way possible. I would like to use this opportunity to express my deep gratitude to all of them.
- I would like to convey my sincere gratitude to the Past Chairmen of CITI and Office Bearers, Shri Rakesh Mehra Ji, Deputy Chairman, CITI and, Shri Ashwin Chandran

JI, Vice Chairman, CITI for sharing my responsibilities and extending their support and participation in discharging my duties as Chairman, CITI.

- My sincere thanks also extends to Chairmen and Team Leaders of Textile Committees of Trade Bodies viz; ASSOCHAM, CII, FICCI, FIEO, etc also for their support and cooperation in addressing textile issues.
- On behalf of CITI and the Industry at large, I thank both print and visual media for the support extended by them to us during my Chairmanship of CITI. The proper projection of our issues by them helped us immensely in seeking remedies to some of them.
- Finally, I would like to thank CITI Secretary General Ms. Chandrima Chatterjee and her team for all their hard work and dedication which they have shown throughout the year and also appreciate the Secretariat for handling every issue very effectively. I wish them success in their future endeavours also.
