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CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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China, Bangladesh To Start FTA Negotiations Soon: Envoy Yao Wen

China and Bangladesh recently exchanged feasibility study reports on the proposed bilateral free trade agreement (FTA) and will soon officially launch the negotiations, Chinese ambassador to Bangladesh Yao Wen said.

The envoy was speaking at the inaugural ceremony of the 2024 Chinese government training programmes at the Chinese Embassy in Dhaka.

These programmes have trained more than 5,500 government officials and experts from Bangladesh so far. The number of trainees this year exceeds 500.

More direct flights from Dhaka to Beijing will start very soon, Yao was cited as saying by Bangladesh media reports.

A Centre for China Studies was launched recently at the Dhaka University to promote joint studies and exploration of bilateral, regional and global affairs, strengthening people-to-people exchange, he added.

Bangladesh To Support Cotton Growers With Incentive

In a pioneering move, the government of Bangladesh is initiating incentives to foster cotton cultivation, aiming to bolster domestic production and reduce reliance on imported fibre crucial for the textiles and export-oriented readymade garment (RMG) industry.

Approximately 12,375 farmers across 26 districts will receive free-of-cost incentives comprising hybrid cotton seeds, urea, Diammonium phosphate (DAP), Muriate of Potash (MoP), and pesticides.



Md Fakhre Alam Ibne Tabib, executive director of the Cotton Development Board (CDB), emphasised the substantial demand for cotton within domestic industries.

The objective is to meet one-fifth of this demand through increased domestic production.

Despite a significant demand for cotton, Bangladesh primarily relies on imports, with domestically grown cotton meeting only two per cent of the requirement in the 2022-23 marketing year, according to the US Department of Agriculture.

The CDB aims to expand cotton cultivation areas by 2 per cent annually, from 45,900 hectares in 2023-24 to 47,000 hectares in the upcoming season.

Additionally, they target a 7.5 per cent increase in production, reaching 2.15 lakh bales.

Tabib outlined the distribution of hybrid seeds from various companies and emphasised the strategic expansion of cotton cultivation in areas with low cropping intensity due to limited available land.

This initiative signifies a significant step towards enhancing domestic cotton production, fostering agricultural self-sufficiency, and reducing dependence on imports, thus fortifying Bangladesh's textile and garment industry.

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UK's Government Raises National Living Wage To Uplift Economic Growth

The UK government has announced a substantial rise in the national living wage, increasing it from £10.42 (approximately \$13.19) to £11.44 (approximately \$14.48) per hour for workers over the age of 21. This adjustment ensures that no full-time worker will earn less than two-thirds of the average hourly wage, translating into an additional £1,800 annually for individuals. This move fulfils a key manifesto commitment to eradicate low pay in the UK.

Simultaneously, the VAT threshold has been elevated from £85,000 to £90,000, a change that exempts 28,000 small businesses from the tax, offering them more financial freedom to scale and expand. This adjustment places the UK's VAT threshold higher than that of any EU country, further enabling British small businesses to thrive and grow, the UK government said in a press release.

In an effort to bolster youth employment and skills development, the government has also committed to fully funding apprenticeships for young individuals up to the age of 21 within



small businesses. Supported by £60 million in funding, this initiative aims to create up to 20,000 new apprenticeships, ensuring the future workforce is skilled and robust.

Moreover, retail and leisure businesses will enjoy a continued 75 per cent discount on their business rates for another year, benefiting around 230,000 high street properties. This relief measure is set to save the average pub nearly £13,000 in the upcoming tax year. Furthermore, the small business multiplier for business rates will remain unchanged for the fourth consecutive year, shielding over one million ratepayers from a potential 6.6 per cent increase in their bills.

Households across the UK are also set to experience financial relief with a significant reduction in energy bills, as announced by Ofgem. Energy bills are poised to drop by approximately 12.3 per cent from the previous quarter, reaching their lowest levels since the onset of geopolitical tensions in February 2022. This decrease is expected to save the average household around £250 annually.

Prime minister, Rishi Sunak, said: “These measures could save households around £3,850 year on average which—taken with the upcoming cuts to NICs—will put more money in their pockets to help ignite the economy. Although recent years have tested our resolve, we have not bowed. We have stuck to the plan, more than halved inflation, and set us on a path to growth.

“Because of this determination, we find ourselves in a new economic moment and—thanks to our bumper package of economic reforms coming into force today—2024 is set to be the year Britain bounces back.”

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Sri Lanka's Economy To Grow 2.2% In 2024: World Bank

Sri Lanka's economy is poised for a modest recovery, with the World Bank forecasting a 2.2 per cent growth in 2024, according to its latest Sri Lanka Development Update titled Bridge to Recovery. The report, which serves as a bi-annual economic analysis, outlines the nation's journey towards economic stabilisation following a tumultuous period marked by significant downturns.

Despite the promising signs of recovery, including declining inflation, enhanced fiscal policies leading to higher revenues, and a current account surplus—the first in nearly five decades—Sri Lanka continues to grapple with deep-rooted socio-economic issues. The



increase in remittances and a surge in tourism have contributed to this fiscal improvement, yet the shadow of elevated poverty levels, income inequality, and labour market instability looms large.

Poverty rates in Sri Lanka have alarmingly risen for the fourth consecutive year, with an estimated 25.9 per cent of the population living below the poverty line in 2023. The labour force participation has dwindled, notably among women and in urban locales, further aggravated by the shutdown of micro, small, and medium-sized enterprises (MSMEs), as per the report.

The World Bank's outlook for 2025 forecasts a slight improvement in economic growth to 2.5 per cent, accompanied by an uptick in inflation and a minor current account surplus. Nonetheless, the country's financial health remains under threat from significant debt service obligations, anticipated to strain fiscal balances further. The poverty rate is expected to hover above 22 per cent until 2026, underscoring the enduring impacts of the current economic crisis.

Key risks that could derail the nation's economic recovery include inadequate debt restructuring, rollback of reforms, financial sector vulnerabilities, and the aftermath of the crisis. The World Bank emphasises the critical need for steadfast reform implementation to ensure macro-fiscal-financial stability, invigorate private sector investment, and mitigate risks posed by state-owned enterprises.

The report complements the South Asia Development Update, highlighting that while South Asia is predicted to be the fastest-growing region globally, with a 6 per cent growth rate in 2024 led by India, Pakistan, and Sri Lanka, the reality beneath the surface is complex. Growth rates remain below pre-pandemic figures, heavily reliant on public expenditure, amid a slowdown in private investment across the region. Furthermore, the pace of job creation lags behind the rapidly expanding working-age demographic.

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Sri Lankan Exporters Concerned Over Appreciation Of Rupee: Reports

Several prominent export associations have jointly issued a pressing appeal regarding the appreciation of the Sri Lankan Rupee and ensuing challenges recently.

This is as per media reports, which added represented by entities such as the Exporters Association of Sri Lanka, Joint Apparel Association Forum of Sri Lanka, National Chamber of Exporters, Tea Exporters Association, and Sri Lanka Association of Manufacturers and



Exporters of Rubber Products, the exporters and industry bodies highlighted numerous difficulties stemming from an overvalued rupee.

In their collective statement, the associations reportedly emphasised their pivotal role in upholding employment and facilitating foreign exchange inflow, contributing significantly to Sri Lanka's GDP even as they called upon authorities to address pressing issues resulting from the rupee's appreciation against the US Dollar, coupled with constraints on foreign currency movement between commercial banks and mandatory export earnings conversion into Sri Lankan rupees.

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