# LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

**11th January 2024**

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# NATIONAL

## INDIA POISED TO BE 3RD LARGEST ECONOMY BY FY28: FM NIRMALA SITHARAMAN

Finance Minister Nirmala Sitharaman on Wednesday expressed confidence that India will be the third largest economy in the world with a gross domestic product (GDP) of over $5 trillion by 2027-28.

At the end of 2022-23, the Indian GDP stood at $3.7 trillion, and its economy is now the fifth largest in the world. The International Monetary Fund (IMF) has projected India to become a $5 trillion economy with the third-largest GDP in 2027-28, by overtaking Japan and Germany.

“It is possible that we will be the third largest economy by 2027-28, and our GDP will cross $5 trillion by that time. By 2047, it is a conservative estimate that we will reach at least $30 trillion in terms of economy,” Sitharaman said while addressing a seminar of Vibrant Gujarat Global Summit 2024 at Gandhinagar.

During the Amritkal, which will mark 100 years of India’s Independence in 2047, emphasis is being given to sunrise industries, the minister said. The liberal foreign direct investment (FDI) policy of the Centre has helped attract foreign investment, with $595 billion coming in the last 9 years.

Stressing that the people of India have met with the challenges post-Covid and recovery is on a strong footing, she said Gujarat will be one of the engines of growth in India’s march to become a developed economy by 2047.

Despite having 5% of India’s population, Gujarat contributes 8.5% to the country’s GDP. It is rapidly moving forward at 12% compounded annual growth rate between 2011 and 2021 against a national average of 10.4%, the minister said.

Between April 2000 and March 2023, in 23 years, India has attracted $ 919 billion in foreign direct investment (FDI), 65% of this has come in the last 8-9 years, Sitharaman said.

“FDI is coming in… where policies bring in greater certainty, convenience, ease of doing business, FDI flows in. Of course, disruptions of higher US Fed rate and other things can divert it elsewhere. But despite that, we have been receiving (high) inflow of FDI. It is not as if it’s coming only for manufacturing, it is coming in the service sector (as well),” she said.

Sitharaman said India is on track to become an in-house producer of semiconductors, and EV adoption is happening in a big way. All of these are the result of the FDI policy being pursued by the government.

Speaking about financial inclusion, Sitharaman said 80% of people have bank accounts. The number of bank account holders increased to 50 crore from 15 crore in 2014.

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# India a growth engine: PM to world, biz leaders

He highlighted India’s economic ascent, noting it has risen from the 11th position a decade ago to become the world’s fifth largest economy

The world perceives India as an important pillar of stability, a global growth engine, the voice of the Global South and a friend who can be trusted, Prime Minister Narendra Modi said on Wednesday as he addressed world and business leaders while inaugurating the Vibrant Gujarat Global Summit in Gandhinagar.

Prime Minister Narendra Modi during the inaugural session of the Vibrant Gujarat Global Summit 2024, in Gandhinagar on Wednesday. (AFP)

The 10th edition of the summit, aimed at fostering investments, business collaborations and strategic partnerships, was attended by the United Arab Emirates President Mohamed bin Zayed Al Nahyan, Mozambique President Filipe Jacinto Nyusi, Timor-Leste President Jose Ramos Horta, Czech Republic Prime Minister Petr Fiala, and heads of top Indian and foreign companies. The theme for this year’s event is “Gateway to the Future”.

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As Modi highlighted the country's economic prospects, several big companies unveiled investment plans worth over ₹5 lakh crore. Leading these were Reliance Industries, which announced it will create a green energy facility and a carbon fibre unit in Gujarat, and the Adani group, which too is working on a renewable energy facility and other projects. Global firms Suzuki and DP World also pledged projects worth ₹60,000 crore in the state.

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# India's GDP to surpass USD 4 trillion in 2024-25: PHDCCI Report

Read more at: https://www.ndtvprofit.com/economy-finance/indias-gdp-to-surpass-4-trillion-in-2024-25-phdcci-report

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# Economy to grow at 7.4% this fiscal: PHDCCI

Read more at : Economy to grow at 7.4 per cent this fiscal phdcci - The Hindu BusinessLine

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# Bharat Tex Expo next month to attract over 3,500 exhibitors: Textiles secy

Read more at:
Bharat Tex Expo next month to attract over 3,500 exhibitors: Textiles secy, ET Retail (indiatimes.com)

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# Ministry Of Textiles To Host Hackathon On "Fostering Innovations In Technical Textiles"

The Ministry of Textiles under National Technical Textiles Mission (NTTM) is organizing a hackathon titled "Fostering Innovations in Technical Textiles –Hackathon for unleashing creativity in technical textiles" under "BHARAT TEX 2024" scheduled to be held on 26-29 Feb, 2024.

The primary goal of the hackathon is to create a platform that brings together students, researchers, entrepreneurs, and industry professionals. This platform aims to raise awareness, stimulate innovation, encourage collaboration, and address real-world challenges in the field of technical textiles. National Technical Textiles Mission (NTTM), Ministry of Textiles, Government of India shall be the sponsor and partner for the hackathon.

The textiles industry is undergoing a revolutionary shift, integrating advanced materials and innovations into traditional textiles, giving rise to the dynamic field of Technical Textiles. Recognizing the transformative potential of this sector, NTTM is a flagship scheme of Government of India. NTTM primarily focusses on research, development, and innovation (RD &I) along with education, skill, and market promotion for the technical textiles. NTTM has funded several projects in the form of ideation, prototype grants along with applied projects of national importance. Ministry of Textiles wants to show case the progress and achievements of prominent projects in the "BHARAT TEX 2024".

By participating in the hackathon, aspirants will have the opportunity to enhance their knowledge, build valuable connections, gain recognition for their contributions, and work on practical applications within the realm of technical textiles. The event seeks to foster an environment where participants can not only learn but also actively contribute to finding solutions for the challenges faced by the technical textiles industry.

The hackathon will consist of 3 phases namely Ideation Phase; Development Phase & Presentation and Judging Phase with 10 thematic areas: Smart Textiles; Sustainable Textile; Medical Textile; Protective Textiles; Composites; Functional Fabrics; Development of Specialty Fibres and high-performance fibers; Development of Indigenous Machinery/Equipment/Instruments; Integration of Technical Textiles with applied sciences and Engineering and any other areas in the domain of technical textiles.

The top 3 winners may be considered for funding under the Grant for Research and Entrepreneurship across Aspiring Innovators in Technical Textiles (GREAT) for a grant amounting up to INR 50 lakhs for a period of maximum 18 Months subject to fulfilment of other eligibility criteria of the GREAT scheme.

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# World Bank keeps India's FY25 GDP growth estimate unchanged at 6.4%

The World Bank on Tuesday kept its FY25 economic growth projection for India unchanged at 6.4 per cent, mainly on account of strong domestic demand, rising public infrastructure spending and strong private-sector credit growth. However, it projected that the private consumption growth might taper off due to high food inflation and diminishing pent-up demand.

In its biannual ‘Global Economic Prospects’ report, the World Bank said India was likely to maintain the fastest growth rate among the world’s largest economies, but its post-pandemic recovery was expected to slow, with estimated growth of 6.3 per cent in FY24, before recovering gradually to 6.5 per cent in FY26.

The multilateral lender wasn't so optimistic about the global scenario. Hobbled by high interest rates, persistent inflation, slumping trade and a diminished China, the global economy will slow for a third consecutive year in 2024, it said.

The Washington-based organisation forecast that the world economy will expand 2.4 per cent this year. That would be down from 2.6 per cent growth in 2023, 3 per cent in 2022 and 6.2 per cent in 2021, which reflected the robust recovery from the pandemic recession of 2020.

On India, the multilateral development bank’s forecast did not take into account the National Statistical Office’s (NSO’s) first advance estimates, released on Friday, which had projected 7.3 per cent growth for India in FY24 — higher than the Reserve Bank of India’s estimate of 7 per cent — assuming an investment-led recovery.

"Investment is envisaged to decelerate marginally but remain robust, supported by higher public investment and improved corporate balance sheets, including in the banking sector. Private consumption growth is likely to taper off, as the post-pandemic pent-up demand diminishes and persistent high food price inflation constrains spending, particularly among low-income households. Meanwhile, government consumption is expected to grow slowly, in line with the central government's efforts to lower the share of current spending," the World Bank report said.

The report also said that growth in most regions in calendar year 2025 might strengthen, coinciding with an expected step-up in global growth, with the South Asian region projected to remain the fastest-growing region, led by strong growth in India underpinned by resilient domestic demand.

"Commodity importers, excluding China, grew at a more robust pace of 4.2 per cent in 2023. This was largely due to India's continued resilience amid increasing public investment and solid services sector growth. Excluding India and China, output in these economies expanded by 3.1 per cent. In some commodity importers, severe food and energy price shocks have eroded real wage growth since end of 2021, dampening consumption growth," the report added.

Besides, the report mentioned that India's strong performance in FY24 was led by robust public investment growth and vibrant services activity, thanks to resilient domestic demand for consumer services and exports of business services, even as merchandise exports slowed, reflecting weak external demand.

"Headline retail inflation remained within monetary authorities' target band of 2-6 per cent throughout most of 2023, with policy rates being kept unchanged since February 2023," the report added.

Further, on the fiscal front, the report said government revenues were expected to gain from solid corporate profits, and current expenditures were likely to decrease with the conclusion of pandemic-related measures.

Meanwhile, the report also cautioned that the Lok Sabha elections scheduled in 2024 could dampen activity in the private sector, including foreign investment. "If combined with political or social unrest and elevated violence, this could further disrupt and weaken economic growth."

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# India won't resume FTA talks with Canada anytime soon as solution eludes Khalistan issue: Source

India may consider restarting talks on the trade deal only after federal elections scheduled in Canada in October 2025, the person said. If there is a change of guard in Canada, it could help resume negotiations, the person said.

News of the stalled India-Canada free-trade talks came in around the G20 Summit in New Delhi last September. Prime Minister Narendra Modi reportedly had also pulled aside his Canadian counterpart during the summit to raise the issue of Khalistani activists, who are seeking an independent state carved out of India.

As per foreign media, the decision to pause the talks originated in Ottawa as relations between the two nations were strained following the rise of the Khalistani movement in Canada.

Canadian trade minister Mary Ng suggested in November that her country won't restart the trade talks until India cooperates with the investigation into the murder of Sikh activist Hardeep Singh Nijjar in Vancouver.

This was after Canadian Prime Minister Justin Trudeau claimed in parliament on September 18, 2023, that there was evidence linking Indian government agents to the murder of Nijjar.

Responding strongly, India termed the allegations unsubstantiated and absurd and a means to derail focus on Khalistani extremism. India has asserted that Trudeau's government has been lenient towards pro-Khalistan violence, an issue that New Delhi has raised consistently over the past few years.
There are expectations that ties between India and Canada may see a course correction if a new regime is voted to form the government in Ottawa. Recent surveys show that Trudeau's Liberal Party is trailing its Conservative rivals by a significant margin.

Negotiations for a free trade deal between India and Canada were re-launched in March 2022 after a hiatus of about a decade with as many as nine rounds of talks conducted between the two countries till July 2023. Before diplomatic ties nosedived, both sides expected to sign an interim free trade deal by 2023, a precursor to a Comprehensive Economic Partnership Agreement.

Trade between India and Canada is largely balanced, totalling about $8 billion annually, with Ottawa accounting for less than 1 percent of India’s total trade.

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# India Targets Greater Market Access For Textiles In Free Trade Pacts

India is actively seeking expanded market access for its textiles sector as part of ongoing free trade negotiations with countries such as the United Kingdom and Oman, revealed Textiles Secretary Rachna Shah on Tuesday.

“Textiles would be one of our major interests in getting more concessional access,” Shah told reporters.

The Textiles Secretary further acknowledged the impact of reduced demands in the US and European markets during the current fiscal year.

Despite continuing efforts to strengthen ties with these regions, India is exploring additional markets for textiles, including Australia, the United Arab Emirates (UAE), and Japan, where free trade pacts have already been signed.

To enhance textiles production, Shah added, the Indian government is implementing strategic initiatives such as the Production-Linked Incentive (PLI) scheme and PM Mega Integrated Textile Regions and Apparel (PM-MITRA) parks.

Under PM-MITRA, plans include establishing seven mega textiles clusters in states like Karnataka, Tamil Nadu, Telangana, Gujarat, Madhya Pradesh, Uttar Pradesh, and Maharashtra.

Rohit Kansal, Additional Secretary, Ministry of Textiles, stated that land acquisition for almost all proposed textiles parks has been completed, with Karnataka's park slated for Kalaburagi district, reported DH.

The state has allocated 1000 acres near Ferozabad at Kalaburagi-Jewargi Road for this purpose.

Kansal expressed optimism about significant progress this year, mentioning ongoing work to form Special Purpose Vehicles (SPV) for infrastructure development at the mega parks.

Each park's leadership will be entrusted to an SPV, established as a joint venture between the central government and respective state governments.

The states will hold a majority 51 per cent stake in the SPV, while the central government will retain the remaining 49 per cent.

Notably, MoUs totalling over Rs 13,000 crore have been signed with various companies for the development of these mega parks, Kansal added.
"Through PM-MITRA parks, we are hoping to integrate the entire value chain. That will help reduce logistics costs and we will be able to set up integrated units," said Textiles Secretary Shah.
The central government is set to provide Rs 500 crore in financial support for infrastructure development at each park, with an additional Rs 300 crore as incentives for early-stage unit startups, Shah added.
The envisioned mega parks, she added, aim to boost the competitiveness of the Indian textiles industry by achieving economies of scale and attracting global players to invest in manufacturing within the country.

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# CBIC issued Advisory for E-scrip to avail Export Incentive Schemes (RoSCTL, RoDTEP)

The Directorate General of Systems and Data Management, CBIC issued ***Advisory No: 06/2021 dated January 05, 2024*** for E-scrip to avail Export Incentive Schemes (RoSCTL, RoDTEP).
E-scrip module is developed by ICEGATE, CBIC to provide a digital service to exporters to avail benefits defined under various incentive schemes like RoDTEP (Remission of Duties and Taxes on Exported Products) and RoSCTL (Rebate of State and Central Taxes and Levies). The scheme provides for rebate of Central, State and Local duties/taxes/ levies which are not refunded under any other duty remission schemes. The broad provisions are as under:
I. To avail the scheme exporter shall make a claim for RoSCTL/RoDTEP in the shipping bill by making a declaration.
II. Once EGM is filed, claim will be processed by Customs.
III. Once processed, a scroll with all individual Shipping Bills for admissible amount would be generated and made available in the users account at ICEGATE
IV. User can create an e-scrip account under E-scrip tab. This can be done by the IECs who have registered on ICEGATE with a DSC.
V. Exporter can log in into his account and generate scrip after selecting the relevant shipping bills.

It has been decided that for the Chapters 61, 62 and 63, RoSCTL would continue to be given beyond December 31, 2020 and till December 31, 2024 instead of RoDTEP. Implementation of RoSCTL scheme in Custom Automated System has been developed with details in Annexure B (Page 18).

As of now the users can log into their ICEGATE account and create the e-scrip Account, as scrip generation provision will be made functional on the issuance corresponding notification by the department and availability of the budget. Implementation of RoDTEP scheme in Custom Automated System has been developed. Details attached as Annexure A (Page 16).

This advisory is a complete step-by-step guide for the user to create an e-scrip account, generate scrips and transfer the scrips to any other IEC to avail the benefit of the scheme.

- E-scrip Account Access:
- Scrip Management Module:
- Scrip Generation
- Viewing Scrip details:
- Transaction Details:
- Scrip Transfer:
- Approve Scrip Transfer Request
- Annexure A:
- Annexure B

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# Textile units in Tiruppur plan investments

**Read more at :**Textile units in Tiruppur plan investments - The Hindu

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# GLOBAL

## Bangladesh Lifts VAT On Port Services For Export-Oriented Industries

Bangladesh's National Board of Revenue (NBR) recently lifted value-added tax (VAT) on port services for raw material imports and finished goods exports by export-oriented industries in the country.
Around 45 per cent of containerised goods, primarily raw materials, imported through Chittagong port attracted VAT, raising the cost of exports, mainly garments.

The government decision was welcomed by exporter bodies, especially those of readymade garments.

The VAT, being levied on service charges, causes an additional cost of over Tk 1,000 per twenty-foot equivalent unit container, according to domestic media reports.

The reinstatement of the VAT exemption is expected to provide significant relief to export-oriented industries and boost their competitiveness in international markets.

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## Bangladesh gets much lower price from UK than India, China and Türkiye

In the UK market, Bangladesh's manufactured garments have the second largest position in terms of volume, but the price is much lower than that of all other exporters. Even India, which ranks fourth, has 27 percent more clothing prices than Bangladesh. Apart from India, China and Türkiye are leading in terms of prices.

According to a statement sent by BGMEA on Tuesday (January 9), the average price of Bangladeshi clothing in the UK market is 26.75 percent lower than India, 21.39 percent lower than China and 32 percent lower than Turkey.

BGMEA feels that Bangladesh does not get fair price due to low exports of mid-high value garments to the UK market. At the same time, Bangladeshi exporters fear of losing orders and demand lower prices of clothes from buyers.

BGMEA President Faruque Hassan said, “When we calculate the average price of UK apparel imports, Bangladesh offers the lowest price compared to other competitors.”

“This situation not only proves that we are not in a competitive position in the global market. At the same time our absence in the mid-high price segment of the market is also glaringly evident. At the moment, to take the industry further, we need to strategize to capture the mid-high price segment,” he added.

Noting that holiday sales from December 2023 are also not promising, Faruque Hassan said, "Looking at clothing retail sales in the UK from December, a bleak picture is seen. On the other hand, this gap in terms of price and volume in imports has created upward pressure on price levels, which is a concern for us.”

According to BGMEA, pre-Covid UK apparel imports from around the world were $16.83 billion in 2018, falling to $16.45 billion in 2019. Apparel imports recovered to $17.34 billion in 2022.

While the positive growth momentum is expected to continue in 2023, the reality is that the UK's global apparel imports between January and October this year fell by 16.44 percent in terms of value and 12.20 percent in terms of volume compared to the same period last year.

According to BGMEA, Bangladesh's market share by value is 23 percent and 28 percent in terms of total garment exports to the UK market.

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