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News Highlights

NATIONAL

[Moody's upgrades India's FY24 GDP growth forecast to 8%](#)

[India-EFTA free trade pact likely to be signed on Sunday](#)

[Odisha invites investments in textile and apparel sectors](#)

[India seeks greater market access, flexibilities in rules of origin in FTA review with ASEAN](#)

[Indian Firms Eye Investments In Southwest Vietnam: Reports](#)

[Rupee ends slightly higher, notches fourth straight weekly gain](#)

[Union Minister Piyush Goyal Urges Textile Sector to Go Global](#)

GLOBAL

[Bangladesh Apparel Makers Demand HS Code For Imports, Tax Cuts](#)

[Bangladesh PM's Adviser Stresses On Innovation In Apparel Sector](#)

[Government to take action against those selling machine-made products as handmad ..](#)

NATIONAL

MOODY'S UPGRADES INDIA'S FY24 GDP GROWTH FORECAST TO 8%

Rating agency Moody's on Thursday raised its forecast for India's GDP growth in FY24 to 8% from 6.6% on the back of strong government expenditure and domestic consumption. The upgrade comes a week after the rating agency raised its forecast for India's GDP growth in calendar 2024 to 6.8% from 6.1%.

"We expect India to be the fastest-growing economy among major G20 countries, with its real GDP growth to accelerate to around 8% in the fiscal year ending March 2024 (fiscal 2023-24) from 7.0% in fiscal 2022-23," Moody's said in its Banking System Outlook report. "Government capital expenditure and strong domestic consumption will underpin India's economic growth. Moreover, India is poised to benefit from increased global trade and investment opportunities arising from companies' strategies to diversify away from China," the rating agency said.

The Indian economy soared ahead in the December quarter with a surprise growth of 8.4%, belying fears of tempering as manufacturing, electricity and construction put up a robust show.

The growth in the third quarter reported by the statistics ministry was also higher than the 7.6% reported for the preceding second quarter, which was revised to 8.1%, while the Q1 GDP growth figures were updated to 8.2%.

The high growth number has also meant a revision in the estimate for GDP growth in FY24 by the National Statistical Office, from 7.3% in its first advance forecast to 7.6% in its recent second revised estimate.

Reserve Bank of India's economic growth estimate for FY24 is 7%, while the International Monetary Fund's forecast is 6.7%.

The Indian economy, which expanded at a four-month high in January, continued to strengthen in February, seeing accelerations in both manufacturing and services sectors during the month.

While services sector growth climbed to a seven-month high in February, manufacturing sector growth reached a five-month high, firming India's position as one of the fastest-growing major economies.

The HSBC Flash India Composite Purchasing Managers' Index (PMI), compiled by S&P Global, climbed to 61.5 in February from a revised reading of 61.2 for January—well above the 50-point threshold that differentiates expansion from contraction.



"We expect India's inflation rate will decline to 5.5% in fiscal 2023-24 from a peak of 6.7% in fiscal 2022-23, and further disinflation will support monetary easing going forward," Moody's said in its latest report.

India's headline inflation eased in January to 5.1% from 5.7% in the month prior. Core inflation also moderated to 3.5%, down from 3.8%, over the same period.

"The RBI held the repo rate steady at 6.5% in February—the same level since March 2023. Given the solid growth dynamics and inflation above the 4.0% target, we do not expect policy easing any time soon," Moody's said.

[Home](#)

India-EFTA free trade pact likely to be signed on Sunday

The Union Cabinet on Thursday discussed the proposed free trade agreement between India and four European nation bloc EFTA and the pact is likely to be inked on Sunday, said sources.

The negotiations for the pact with the European Free Trade Association (EFTA) members — Iceland, Liechtenstein, Norway, and Switzerland — have concluded. The pact is expected to be signed on Sunday here, sources added.

India and EFTA have been negotiating the pact, officially dubbed as Trade and Economic Partnership Agreement (TEPA), since January 2008 to boost economic ties. The agreement has several chapters including trade in goods, rules of origin, intellectual property rights (IPRs), trade in services, investment promotion and cooperation, trade and sustainable development, and trade facilitation.

EFTA has 29 free trade agreements (FTAs) with 40 partner countries, including Canada, Chile, China, Mexico, and Korea. Under free trade pacts, two trading partners significantly reduce or eliminate customs duties on the maximum number of goods traded between them, besides easing norms to promote trade in services and investments.

EFTA countries are not part of the European Union (EU). It is an inter-governmental organisation for the promotion and intensification of free trade. It was founded as an alternative for states that did not wish to join the European community. India's exports to EFTA countries during 2022-23 stood at USD 1.92 billion against USD 1.74 billion in 2021-

22. Imports aggregated at USD 16.74 billion during the last fiscal compared to USD 25.5 billion in 2021-22.

The trade gap is in favour of the EFTA group, according to the commerce ministry data.

[Home](#)

Odisha invites investments in textile and apparel sectors

Odisha is creating an eco system to attract investments in textiles, apparel, and technical textiles sectors, said Bhupendra Singh Poonia, Managing Director of Industrial Promotion and Investment Corporation of Odisha.

Mr. Poonia told *The Hindu* that the Odisha government has developed or plans technical textiles park at Bhadrak, textiles park at Kalibeti in Khordha, and an apparel park at Aranga in Khordha.

It is looking at a total investment of ₹10, 974 crore from 26 companies in textiles, apparel, and technical textiles, generating employment for more than one lakh people, not only in these parks but across the State.

A new industrial policy announced by the Odisha government in 2022 has textiles and apparel as a thrust sector, as it has high scope for generating employment for women. "For 10 - 15 years, we are investing heavily in skilling. We are creating an eco system to attract investments in the existing clusters. In the case of ease of doing business facilitation, ours is one of the best," he said.

There are plans for hostels to house the women workers so that they have a safe working place and a common effluent treatment plant with zero liquid discharge system. The government also supports in availability of land, water and electricity, Mr. Poonia said. Development of the textile sector will also support agriculture in the State as farmers can diversify to cotton.

"We are looking at investments from other States and countries and are also supporting local entrepreneurs," he added.

India seeks greater market access, flexibilities in rules of origin in FTA review with ASEAN

Read more at : [India seeks greater market access, flexibilities in rules of origin in FTA review with ASEAN - The Hindu BusinessLine](#)

[Home](#)

Indian Firms Eye Investments In Southwest Vietnam: Reports

The consulate general of India in Ho Chi Minh City reportedly claimed that Indian enterprises are keen on engaging and investing in economic hubs in the Southwest region of Vietnam, including the Vinh Long province.

This is as per media reports, which added Madan Mohan Sethi, the Indian consul general, along with representatives from the Indian Business Association and various enterprises, recently convened in Vinh Long to partake in a conference aimed at fostering investment cooperation.

Vinh Long's vice chairman, Dang Van Chinh, disclosed that in 2023, the province's exports to India amounted to approximately \$1.33 million, dominated by footwear and apparel.

Imports, mainly pharmaceutical and animal feed raw materials, totalled around \$2 million.

Vinh Long showcased its advantages to Indian investors, emphasising abundant human resources, a thriving agricultural sector, and a burgeoning fruit industry yielding over 1.2 million tons annually.

Traditional craft villages and renowned products such as bricks, ceramics, and handicrafts were also highlighted.

Sethi lauded Vinh Long's potential for development and cooperation.

It may be mentioned here India's interest extends beyond Ho Chi Minh City to encompass economic centres in the Southwest, considering the region's growth prospects.



Vinh Long in particular, presents attractive investment opportunities, with 12 projects awaiting external capital injection.

[Home](#)

Rupee ends slightly higher, notches fourth straight weekly gain

The Indian rupee ended marginally stronger on Thursday after hitting its highest level in six months earlier in the session, as likely intervention from the central bank limited the currency's rise.

The rupee closed at 82.7850 against the U.S. dollar, higher by 0.05% compared with its close at 82.8225 in the previous session. The local unit rose 0.1% in the week, logging its fourth consecutive weekly gain.

While the rupee climbed to a peak of 82.7350 early in the session, the highest level since September, the Reserve Bank of India bought dollars via state-run banks which trimmed the unit's gains, traders said.

In addition to the RBI's intervention, dollar demand from importers also weighed on the rupee, a foreign exchange trader at a foreign bank said.

"Attempts to breach 82.70 could create room for the (dollar-rupee) pair to fall a little more ... would prefer shorts keeping a stop loss near 82.95 at current levels," the trader added.

The dollar index was down slightly at 103.18, hovering close to its weakest level in a month hit on Wednesday. Most Asian currencies strengthened, with the Malaysian ringgit up nearly 0.6% and leading gains.

The best-case scenario for the rupee seems to be a rise to 82.50 but sharp appreciation appears unlikely in the near term, Sajal Gupta, head of forex and commodities at Nuvama Professional Client Group's institutional desk said.

Even as a bearish bias prevails across most Asian currencies, bullish bets on the Indian rupee have firmed most in two-and-a-half years, according to a Reuters poll.



Investors will now keep an eye on U.S. jobless claims data due later on Thursday and the non-farm payrolls report on Friday.

Indian financial markets will remain shut on Friday for a local holiday.

[Home](#)

Union Minister Piyush Goyal Urges Textile Sector to Go Global

The Union Minister for Textiles, Consumer Affairs & Food & Public Distribution and Commerce & Industry, Shri Piyush Goyal during his interaction with beneficiaries of Textile Sector here today urged them in attendance to be vocal for local. “Be vocal for local and take local to global. That’s the clarion call from Prime Minister Shri Narendra Modi to showcase our products at the world stage”, he said.

Shri Goyal further noted that ramping up textile production in the country will spur income, open up employment opportunities and play a vital role in making the country ‘Atmanirbhar’ as well. The Minister urged the artisans to register their businesses on the Government e-Marketplace (GeM). He said that he has instructed GeM to register all artisans and weavers connected with handicraft and handloom without any registration fee.

Global Opportunities for Artisans

Registering on the e-marketplace will boost the visibility of artisans and help promote businesses enhancing their income, said Shri Goyal. He further said that the government would try to facilitate the GeM-registered businesses to be onboarded on major e-commerce websites in the country and push for registering their businesses on foreign websites prioritising handicraft and handloom. He noted that the support of the officials to the handicraft and handloom businesses, especially small enterprises, would help them create an identity through their craft on the GeM website.

With a special emphasis on promoting the ‘Made in India’ initiative, Shri Goyal urged the officials to devise ways for the handicraft beneficiaries to gain from the ‘Handmade in India’ label and register greater income on their products. The Minister noted that businesses selling machine-made products under the ‘Handmade in India’ label should be penalised and said that the government would take firm action to protect the handicraft and handloom sectors.



Shri Goyal said that the government is willing to procure the harvest of jute and cotton farmers if the market price is lower than the Minimum Selling Price (MSP). The Minister further said that the government is working towards increasing the production of jute and cotton and is willing to provide quality seeds, fertiliser for quality produce to fulfill the vision of farms to foreign exports.

He urged the textile sector to collectively work towards technological innovation that would ease the lives of the artisans and weavers and provide an impetus to their income. He thanked the beneficiaries for safeguarding the cultural heritage of the nation and hailed women's contribution in the textile sector.

Stressing on the need to redefine and present the handicraft and handloom at the world stage, the Minister said that the industry should work towards improving the quality and packaging of the textile products to increase the brand value and income of the artisans and weavers. He also said that with the convergence of schemes like PM-Suryoday Yojana (free solar-powered rooftop scheme), Samarth schemes and benefits from textile schemes would help the artisans benefit their businesses and transform their income.

He also highlighted the significance of textile sector in India as one of the largest employment generation sector and the benefits provided to them through various schemes of Ministry of Textiles. Shri Goyal emphasized on PM's vision for "Ek Bharat, Shrestha Bharat" by amalgamating traditional heritage culture, technological advancement, innovation through research centres and empowerment of women. Pertinently, it's the first beneficiary meet of Ministry of Textiles which was organised on such a large scale.

Present during the interaction was Minister of State for Textiles and Railways Smt. Darshana Vikram Jardosh and officials of Ministry of Textiles. Nearly 10,000 beneficiaries under different sectors including Handloom, Handicraft, Jute, Silk and Samarth across the country from 398 centres participated in the interaction. A total of 24 beneficiaries from 12 different locations individually interacted with the Ministers sharing their experiences on the benefits being received to strengthen their livelihood through various schemes of the Ministry of Textiles.

[Home](#)

GLOBAL

Bangladesh Apparel Makers Demand HS Code For Imports, Tax Cuts

During a recent pre-budget discussion for the forthcoming fiscal 2025 at the National Board of Revenue's headquarters in Agargaon, in Bangladesh's capital Dhaka, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), which is the apex garment makers' body in the country, proposed reducing the tax deduction at source on export of readymade garments from 1 per cent to 0.50 per cent for the next five years.

They also advocated waiving the 7.5 per cent value-added tax (VAT) on raw materials for recycled fibres production and the 15 per cent VAT on the purchase of these fibres by the spinning mills.

Additionally, the garment makers urged the adoption of the Harmonised System (HS) for imports, a standardised numerical method used globally by the customs authorities to classify traded products.

Furthermore, BGMEA suggested reducing income tax on cash incentives from 10 per cent to 5 per cent to enhance the apparel industry's capacity.

They also recommended disallowing certain incomes and expenditures, such as gains on asset disposal, for corporate taxation instead of company tax.

Similarly, the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) proposed refunding the remaining amount from advance income tax deducted at source after filing tax returns.

They also urged a reduction in income tax on cash incentives against exports from 10 per cent to 3 per cent.

Meanwhile, in a written statement, the Bangladesh Textile Mills Association (BTMA) suggested VAT exemptions at the local level and on supplies to spinning mills and production at the local level.

They highlighted the potential benefits of using recycled fibres, estimating potential savings of up to \$1 billion in import costs.

NBR chairman Abu Hena Md Rahmatul Muneem welcomed the recycling initiative, emphasising the importance of supporting recycling industries for environmental cleanliness.



However, he expressed concerns about the potential misuse of benefits, stressing the need for robust mechanisms to prevent abuse and ensure responsible utilisation of privileges granted to the industries.

[Home](#)

Bangladesh PM's Adviser Stresses On Innovation In Apparel Sector

Salman Fazlur Rahman, Prime Minister Sheikh Hasina's private industry and investment adviser, highlighted the pivotal role of the apparel industry in Bangladesh's economic growth even as he emphasised the necessity of continuous innovation and sustainable practices to uphold the industry's momentum.

Addressing an event in capital Dhaka recently, Rahman underscored the significance of sustainability and ethical practices, stating that these factors were crucial for the long-term success of the apparel industry.

He said that while the industry has contributed significantly to Bangladesh's development, it must prioritise sustainability to ensure continued growth and prosperity.

Echoing Rahman's sentiments, Avijit Chowdhury, executive member of the Bangladesh Investment Development Authority (BIDA), highlighted the importance of collaborative efforts in achieving sustainable growth.

He stressed the need for cooperation between the government, industry stakeholders, and international partners to address challenges facing the apparel industry and drive meaningful changes.

Meanwhile, Miran Ali, vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), also highlighted the importance of sustainability for remaining competitive in the global market.

He reiterated the need for the industry to adopt sustainable practices to meet evolving consumer demands and maintain its position as a global leader in garment manufacturing.

[Home](#)

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Read more at : [Government to take action against those selling machine-made products as handmade, says Textiles Minister Piyush Goyal, ET Retail \(indiatimes.com\)](#)



[Home](#)