

# LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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## News Highlights



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## NATIONAL

### **Declining bank credit to hurt exporters; issue to figure in Sep 11 meeting with Goyal**

<https://m.economictimes.com/news/economy/foreign-trade/declining-bank-credit-to-hurt-exporters-issue-to-figure-in-sep-11-meeting-with-goyal/articleshow/113167624.cms>

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### **India's technical textile exports to cross \$10 billion by 2030: Giriraj Singh**

The Central government is confident that India's technical textile exports will cross the \$10 billion target set for 2030, said Union Minister of Textiles Giriraj Singh on Saturday.

He was inaugurating an international conference-cum-exhibition titled 'Viksit Bharat-Technical Textiles for Sustainable Growth & Development' in New Delhi.

The Union Minister emphasised the increasing consumption and importance of man-made fibres and technical textiles in all spaces of life, both at global and domestic levels.

He also launched the Compendium of the National Technical Textiles Mission and awarded confirmation certificates to 11 approved Start-Ups under NTTM.

The minister stated that the government is fully dedicated to the development of the technical textiles industry of India and has taken various steps such as the launch of the National Technical Textiles Mission, PLI Scheme for MMF Fabric, Apparel and Technical Textiles.



Highlighting the key initiatives taken under the NTTM mission, Mr Singh stated that 156 research projects have been sanctioned including the development of carbon fibres and support to start-ups in different areas of technical textiles. He underlined the potential of Meditech, especially hygiene products as a major contributor in achieving this target.

He expressed confidence in the ability of the local industry, government and stakeholders in the development of High-Performance Fibres that have huge applications in different fields, including aerospace, automobile and construction.

The minister reiterated the government's full support to the industry to become a global leader and the largest manufacturer and market of technical textiles.

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### **Major fire at a textile factory in outer Delhi; none hurt**

A major fire broke out at a textile factory in outer Delhi's Bakkarwala area, the fire officials said on Sunday.

Fortunately, no injuries were reported in the incident, it added.

Plumes of thick smoke and intense flames were seen emanating from the two-story building housing the factory, said locals.

According to the Delhi Fire Services (DFS), a fire call was received from a garment factory on Sunday morning at around 6:55 am. Following the call, 26 fire tenders were rushed to the spot to douse the flames, added DFS.

After bringing the flames under control, the cooling down process was started. However, there no injury was reported in the incident, stated DFS.

According to a news agency, a cylinder also exploded in the fire. However, the cause of the fire could only be ascertained after the completion of the investigation, stated A DFS official.

The building houses a godown and a commercial shopping complex.



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## **India needs more trade, and being inside RCEP is better than staying out**

Indian policymakers have traditionally scorned advice from overseas, especially from multilateral agencies such as the World Bank. Suggestions from the latter's most recent India Development Update are therefore likely to be ignored.

That would be a mistake. The report's primary recommendation, that India reconsider its pessimism about plurilateral trade deals, deserves a sympathetic hearing.

The Bank's concerns are easy to understand. While India's growth over the past decades has appeared impressive, the contribution of trade to that acceleration has been small and is decreasing.

The degree of India's participation in global value chains has been similarly disappointing. Meanwhile, other developing countries with less restrictive attitudes toward trade — particularly in Southeast Asia — have seen jobs and prosperity expand thanks to their membership in large trade blocs.

What will raise hackles in New Delhi in particular is the Bank's suggestion that India could do better by joining the Regional Comprehensive Economic Partnership, the giant trade agreement that spans the 10 member states of the Association of Southeast Asian Nations alongside their partners in East Asia and Oceania.

India took part in RCEP negotiations for years before dramatically pulling out at the last minute. The Japanese, in particular, continue to be disappointed: They were hoping India's presence in RCEP would help balance out China.

At the time, policymakers thought that signing up to a trade deal that centered the People's Republic was a mistake. It wasn't just that India was — and is — paranoid about its manufacturing being relatively uncompetitive compared to the mainland's.

Back in late 2019, there was simultaneously a certain hubris about India's ability to replace China in global value chains. And leaders didn't want to give Washington the impression they preferred to cooperate more closely with Beijing.



Today, those assumptions no longer hold. A US-led move toward greater economic integration seems entirely unlikely. The limited ambition of President Joe Biden's Indo-Pacific Economic Framework has driven that point home.

India has also become far more rational about evolving supply chains. Given the sheer heft of Chinese manufacturing, it would be absurd to maintain policies that essentially ignore the gravitational pull of the mainland.

If you intend to offer an alternative to China in global value chains, you first need to participate in them. Every time a new trading power has supplanted another, it has done so with the compliance of the corporations, investors, and traders of the older manufacturing hub. British investment industrialised the US in the 19th century. Japanese companies were pivotal in China's rise.

Nor can Indian manufacturers continue to be paralysed by fear of Chinese competition. For one thing, India already has a free-trade agreement with ASEAN — countries that are, in turn, closely integrated with China.

It's hard to pinpoint, in today's value chains, where value is being added. It's doubly hard for slow-moving bureaucracies such as India's. In other words, local producers are already pretty exposed to Chinese competition through trade with Southeast Asia, but without any of the benefits of participation in RCEP, from increased investment to export markets.

Politically, India is far more distrustful of China than it was five years ago. But it has also begun to reconsider its approach to investment from the mainland and Hong Kong. Some restrictions have already been lifted. Senior policymakers have admitted that setting up manufacturing ecosystems without investment and knowhow from the Chinese private sector might be impossible.

Nobody in government has yet talked about revisiting RCEP. Given grudging acceptance of the role that corporate China will have to play in India's development, however, that is the logical next step.

Things might be different if India had the kind of surging private-sector investment or job growth that could sustain high domestic demand. Or if it had shown greater enthusiasm for integration with partners in the West, particularly the European Union.

But neither is the case. For India to keep growing, it will need trade. And it will need to become part of value chains that, for the foreseeable future, will have a large Chinese component. If there's no escaping this fact, then surely being inside RCEP is better for India than staying out?

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## **After 16 years of negotiation, Switzerland pushes FTA with India for parliamentary approval**

<https://indiashippingnews.com/after-16-years-of-negotiation-switzerland-pushes-fta-with-india-for-parliamentary-approval/>

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## **India-UK FTA talks likely to resume next month, new Labour govt may revisit migration, mobility chapters**

<https://www.livemint.com/economy/indiauk-fta-starmer-labour-migration-mobility-11725784005973.html>

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## **Indian economy thrives amid global challenges**

India's economic landscape remains one of remarkable resilience and potential, despite the challenges it faces. Although the recent GDP data for the last quarter of the current year indicates a decline from the anticipated 8% growth to 6.7%, the country continues to lead among the fastest-growing global economies. This achievement is an indicator of India's gradual economic aggrandizement, positioning it as a global player in economic growth and development.

While major economies around the world experience slowdowns, India's economic growth has remained robust.

However, one of the key challenges facing the Indian government is the growing need to create more employment opportunities. The number of unemployed and underemployed citizens has increased over the years, and the problem has been exacerbated by rapid globalization. This has introduced a new era marked by the principle of "perform or perish," impacting public sector enterprises and businesses worldwide. India's public sector has



not been immune to this trend, but the abundance of cheap labor and a proactive push towards Foreign Direct Investment (FDI) have given the country a promising future.

Despite India's initially cautious approach to economic reforms, the government has gradually implemented a range of confidence-building measures. These initiatives not only promote economic growth but also aim to ensure the equitable development of various societal sectors. The framework of socio-economic justice that India has developed has helped build trust within the country and abroad, as has its progress with export-oriented special economic zones (SEZs). The share of India's global trade was just 0.7% in the early stages, but efforts to strengthen the country's medium-term export strategy between 2002 and 2007 have yielded positive results.

Additionally, the economic reforms of 1991 gave India a significant boost, marking the beginning of its economic liberalization. Although some East Asian economies and China receive higher levels of foreign direct investment, India's superior corporate governance and the high quality of its commercially driven companies have allowed it to achieve better returns on investment.

India's success has also been driven by its business experts and investors, who have made their mark overseas, particularly in fields like information technology, biotechnology, pharmaceuticals, and healthcare. These sectors have become areas in which even advanced economies must catch up. Additionally, India's indigenous entrepreneurship and industries have provided the country with a significant advantage over other economies that rely heavily on foreign direct investment. A prime example of this is China, where the export-led manufacturing boom is largely fueled by FDI, which is not a substitute for home-grown entrepreneurship. India, on the other hand, has focused on building strong internal markets.

The complexities of financial dealings are another challenge that India has handled well. For instance, Japan has faced severe economic issues due to a malfunctioning financial system in recent years, highlighting the importance of constant monitoring by competent authorities. India's mature financial markets and the robust regulations governing them have provided investors with confidence and stability. Additionally, while China may lead in savings rates, infrastructure, and manufacturing, India's services-driven growth and institutional stability, rooted in democracy and pluralism, set it apart.

A particularly promising development in India's economic landscape is the recent rise of startups. In the last five years, the country has seen more than 10,000 startups emerge,





creating over 100,000 jobs, both directly and indirectly. This success has been attributed to a robust strategy that has expanded operational and support networks from rural to urban areas. The National Association of Software and Service Companies (NASSCOM) reported that these startups have significantly contributed to employment generation, further solidifying India's economic prospects.

Foreign investors have also recognized India's potential. Over the past two decades, more than \$60 billion has been invested in Indian stock markets. Additionally, over 600 investors have been granted permission to trade on Indian stock exchanges. This influx of investment has resulted in a 125% growth in the Sensex and a 148% rise in the Bombay Stock Exchange.

India's remarkable progress in the IT industry has opened new doors for Indian companies, which are now aggressively expanding into overseas markets. The country's compliance and regulatory authorities have ensured that foreign investments are secure and that economic transactions are monitored thoroughly. Despite the challenges posed by a tough global economic climate, India's G20 Presidency has provided an opportunity to position itself as a key player in global manufacturing and as a reliable partner in various sectors. The cooperation among G20 nations has also fostered the development of new strategies to meet the needs of vulnerable countries, fostering a more inclusive global society. This cooperation could lead to a positive shift in international relations, promoting greater harmony and collaboration.

India's impressive progress is largely attributed to its immense talent and strategic foresight. However, the country must continue to navigate social and political pressures to maintain its growth momentum. By addressing these challenges, India can further solidify its position as a global economic powerhouse, capable of driving growth not only within its borders but also across the world.

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<https://www.livemint.com/economy/latest-economy-news-today-live-updates-september-8-2024-11725771962187.html>

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