LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

24th
SEPTEMBER
2024

News Highlights

NATIONAL

PM Modi Lays Foundation for 1000-Acre PM MITRA Park in Maharashtra, Aims to Boost India's Textile Industry

Prime Minister Narendra Modi laid the foundation stone for the PM Mega Integrated Textile Regions and Apparel (PM MITRA) Park in Amravati, Maharashtra, on Friday. The park, which spans 1000 acres, is being developed by the Maharashtra Industrial Development Corporation (MIDC) as the State Implementation Agency. The central government has approved the creation of seven such parks across the country to boost the textile industry.

During the event, PM Modi also launched several initiatives. He attended the National 'PM Vishwakarma' Programme, which marks one year of progress under the scheme. Additionally, he introduced the "Acharya Chanakya Skill Development Centre" project, which will set up training centers in top colleges across Maharashtra. These centers will provide free skill development training to youth aged 15 to 45, aiming to help 1,50,000 young people each year become self-reliant and access job opportunities.

PM Modi also launched the "Punyashlok Ahilyadevi Holkar Women Startup Scheme," which will offer financial support of up to Rs 25 lakh to women-led startups in Maharashtra.

At the event, Maharashtra Chief Minister Eknath Shinde expressed confidence that India would become one of the world's most powerful countries under PM Modi's leadership. He highlighted the Prime Minister's vision of making the 21st century India's century.

PM Modi also visited an exhibition related to the 'PM Vishwakarma' Programme and interacted with beneficiaries of the scheme. During the event, he distributed loans and certificates to 18 artisans across 18 trades and released a commemorative stamp celebrating the progress made under PM Vishwakarma over the past year.

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PM Modi to address UN Summit of Future, India-EU FTA negotiations, and more

Prime Minister Narendra Modi is on a key diplomatic visit to the United States, attending high-profile summits and discussions on AI and global cooperation. In Delhi, a court resumes hearing the sexual harassment case against former WFI president Brij Bhushan Sharan Singh, while judicial custody for RG Kar hospital's former principal Sandip Ghosh in the Kolkata rape and murder case, is set to end. President Joe Biden is holding crucial talks with the UAE president on conflicts in Gaza and Sudan. Meanwhile, India and the EU are preparing for another round of FTA negotiations in New Delhi, and AAP MLA Amanatullah Khan faces the end of his judicial custody in a money laundering case.

PM Modi's US visit marks key diplomatic meetings and business discussions

Prime Minister Narendra Modi is currently on a visit to the United States. The trip commenced with the Quad Leaders' Summit in Wilmington, Delaware, hosted by US President Joe Biden. Australian Prime Minister Anthony Albanese and Japanese Prime Minister Kishida Fumio also attended.
Today, Modi will address global leaders at the Summit of the Future at the United Nations headquarters in New York, where discussions will focus on forging new international cooperation to safeguard future generations. Modi is also slated to participate in a roundtable with CEOs of American companies specializing in AI, quantum computing, and semiconductors.

Brij Bhushan's sexual harassment case hearing

A Delhi court will resume the hearing of the sexual harassment case against former Wrestling Federation of India (WFI) president Brij Bhushan Sharan Singh today. The case involves complaints from several female wrestlers, including prominent figures in Indian wrestling. Additional Chief Judicial Magistrate Priyanka Rajpoot is set to hear witness testimonies, after a previous adjournment due to the absence of one of the complainants.

The charges include multiple counts under the IPC for sexual harassment, assault, and criminal intimidation. Brij Bhushan has consistently denied the charges and alleged a political conspiracy. Despite efforts to dismiss the case, the court ruled there was enough evidence to move forward.

Judicial custody of Sandip Ghosh set to end

The judicial custody of Sandip Ghosh, former principal of RG Kar Medical College, is set to end today. Ghosh was arrested earlier in connection to the rape and murder of a doctor at the college, as well as financial irregularities under investigation by the CBI. Protests erupted nationwide following the doctor's death, leading to demands for justice from the medical community.

After initial dissatisfaction with the local police investigation, the Calcutta High Court transferred the case to the CBI. Ghosh's potential involvement in the incident and the financial scandal continues to be a focal point for the ongoing probe.

Biden and UAE president to hold talks

US President Joe Biden will meet UAE President Sheikh Mohammed bin Zayed Al Nahyan at the White House for high-level discussions on the Gaza conflict, the crisis in Sudan, and the responsible development of artificial intelligence. This marks the first official visit by a UAE president to Washington. Vice President Kamala Harris is also scheduled to meet the UAE leader.

The talks aim to reinforce the historic ties between the two nations, exploring collaboration opportunities in sectors like technology, renewable energy, and climate action. The leaders are expected to focus on building a prosperous future, particularly in areas of economic cooperation and AI innovation.

India-EU FTA negotiations 9th round in New Delhi

The ninth round of India-European Union Free Trade Agreement (FTA) negotiations is set to begin in New Delhi from September 23-27. This round will focus on critical trade issues, including services, investment, and procurement, alongside key concerns like sanitary measures and technical trade barriers.

Earlier discussions reviewed progress on the FTA, which aims to boost trade between India and the EU, one of India's largest trading partners. Both sides are hopeful that this round will resolve key sticking points and move closer to finalisation of the agreement.

Judicial custody of AAP MLA expires today

AAP MLA Amanatullah Khan's judicial custody in connection with a money laundering case involving the Delhi Waqf Board is set to expire today. Khan was arrested on September 2 after an Enforcement Directorate (ED) raid at his residence. The ED is investigating allegations of financial irregularities during Khan's tenure as the Waqf Board chairperson.

The case includes multiple complaints of illegal recruitment and financial gain from Waqf properties. Khan's legal team maintains that all relevant facts were disclosed, while the ED has challenged the admissibility of the petition, citing discrepancies in prior bail hearings.

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India rules out joining world's largest trade deal, accuses China of 'very opaque' trade practices

India's commerce minister rejected the idea of joining the Regional Comprehensive Economic Partnership, the world's largest trade deal, maintaining that it is not in the country's interest to be part of a free trade agreement with China.

"India is not going to join the RCEP because neither did it reflect the guiding principles on which ASEAN was started, nor is it in the nation's interest to do a free trade agreement with China," India's Minister of Commerce and Industry Piyush Goyal told CNBC's Tanvir Gill in an interview.

The RCEP deal was signed in 2020 by 15 Asia-Pacific countries — which makes up out 30% of global GDP — and came into force in January 2022. The countries are the 10 members of the Association of Southeast Asian Nations, and five of their largest trading partners, China, South Korea, Japan, Australia and New Zealand.

Negotiations for the RCEP started in 2013 and initially included India, which some members viewed as a counterbalance to China. However, in 2019, India chose not to join RCEP, citing unresolved "core interest" issues. Back then, India did not expand on what some of those core unresolved interests were.

Goyal noted that at that time, India already had a free trade agreement with ASEAN, Japan and Korea, as well as a bilateral trade with New Zealand worth $300 million.

"It was not in our farmers' interest, RCEP did not reflect the aspirations of our small and micro medium industries and sector, and in some form, was nothing but a free trade agreement with China," he said.

"When you see from the lens sitting outside the country, you don't realize how difficult it is to compete against a non-transparent economy," the minister continued, in reference to China.

"Certainly nobody back home would like to have an FTA with [a] non-transparent economy, very opaque in its economic practices, where both trading systems, political systems, the economy — the way it is managed — is completely different from what the democratic world wants."

Goyal also accused China of using the World Trade Organization's policies to its advantage, flooding various economies with goods at low prices which often do not meet quality standards.

From solar panels to cars to steel, China has recently been churning out more goods in an economy that has been slow to absorb, resulting in a surge of cheap exports to foreign markets.

Semiconductor ambitions

The minister also made a strong case for India to become a Taiwan "plus one" semiconductor country.

"China Plus One" is a phrase used to describe a supply chain strategy that sees companies diversifying manufacturing and sourcing, by continuing operations in the mainland while also expanding into other countries. This approach aims to reduce risks linked to complete reliance on a single country's market or supply chain.

Spinning off that idea, Goyal thinks India can become an alternative place in the region for companies that want to diversify outside of Taiwan for semiconductors.

"We are encouraging [the] semiconductor industry in a big way. We started building up the ecosystem, which is essential before we can see more and more foundries coming into the country for the actual chip making," Goyal said.

"We expect the demand for semiconductor products to be about $100 billion by 2030, and will grow exponentially thereafter," he said, adding that interest in India's semiconductor industry is expanding "by leaps and bounds."

India aims to establish itself as a major chips hub similar to the U.S., Taiwan, and South Korea, actively seeking foreign companies to set up their operations in the country.

Earlier this year, Prime Minister Narendra Modi inaugurated three semiconductor plants, bringing the total count of plants under development in India to four. One of those plants is a joint venture between Tata Electronics and Taiwan's Powerchip Semiconductor Manufacturing Corp. The plant, which is set up in Dholera, Gujarat state, is expected to deliver its first batch of semiconductors by late 2025 or early 2026.

Asked if India can be Taiwan's "plus one" in the semiconductor space, Goyal said that his country's size, democracy and rule of law means it is a "safe habor."

"It provides an alternative where you will always have a youthful population in life, huge demand, and you will have the rule of law to back it. I think that's a very compulsive case," he said.

The world recognizes that excessive concentration in any one region is fraught with serious risks, Goyal added.

India's chip strategy has two main components: attracting foreign companies to establish operations and invest in the country, as well as forming partnerships with other major semiconductor nations, such as the U.S. In 2021, the government approved a $10 billion incentive program for the sector, which is also available to foreign companies.

As of 2024, Taiwan, the world's chipmaking powerhouse, is expected to hold around 44% of global market share, followed by China with 28% and South Korea with 12%, according to a report. The U.S. and Japan account for 6% and 2%, respectively.

The authors of the report, Taiwan consultancy Trendforce, said Taiwan's global capacity share in advanced manufacturing processes is expected to decrease to 40% by 2027, while South Korea's could see a 2% decline. In the same time period, China's is expected to increase by 3% to 31%.

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India signs pacts on clean, fair economy, IPEF overarching arrangement

During Prime Minister Narendra Modi's three-day visit to the United States for the Quad Summit last week, India signed and exchanged the first-of-its-kind agreements focused on clean and fair economy, and the IPEF overarching arrangement under Indo -Pacific Economic Framework (IPEF) for prosperity.
The Agreement on Clean Economy will promote technical cooperation, workforce development, capacity building and research collaborations; and collaborate to facilitate development, access and deployment of clean energy and climate-friendly technologies with the aim to collectively accelerate efforts of IPEF partners towards energy security and transition, climate resilience and adaptation and mitigation of greenhouse gases (GHG) emissions.

It will facilitate investments, project financing including concessional financing, joint collaborative projects, workforce development and technical assistance and capacity building for industries, in particular for micro, small and medium enterprises (MSMEs), and facilitate further integration of Indian companies into global value chains, particularly in the Indo-Pacific region.

The Agreement on Fair Economy aims at creating a more transparent and predictable trade and investment environment across the Indo-Pacific. IPEF partners will collaborate to enhance their efforts in preventing and combating corruption and supporting initiatives to improve tax transparency, the exchange of information, domestic resource mobilisation and tax administration.

It focuses on enhancing information sharing among partners, facilitating asset recovery, and strengthening cross-border investigations and prosecutions. This will also support India's efforts in fighting corruption, money laundering and terror financing, a release from the Indian ministry of commerce and industry said.

The Overarching IPEF Agreement seeks to establish a high-level political oversight framework at the ministerial level over the various individual IPEF agreements, while setting general guidance and goals, and guiding Leaders' vision and mandate for IPEF. It primarily includes administrative and institutional provisions.

It is expected to facilitate the effective implementation of subject agreements that have the potential to enhance India's productive capacity, and integration into supply chains, and promote innovation.

Other IPEF members had signed the agreements on June 6 this year at the IPEF ministerial meeting in Singapore. India did not formally sign then as the domestic approval process was under way.

IPEF was launched on May 23, 2022, at Tokyo comprising 14 countries—Australia, Brunei, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, Vietnam and the United States.

The IPEF seeks to strengthen economic engagement and cooperation among partner countries with the goal of advancing growth, economic stability and prosperity in the region.

The framework is structured around four pillars relating to trade (pillar I); supply chain resilience (pillar II); clean economy (pillar III); and fair economy (pillar IV).

India had ratified the Agreement on Supply Chain Resilience in February this year and has maintained an observer status in pillar I.

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RBI projects GDP growth at 7% in Q2 FY25

The Reserve Bank of India's (RBI) economic activity index (EAI) projects gross domestic product (GDP) growth at 7 per cent in the second quarter (Q2) of this fiscal (FY25) on the back of a ticking up of momentum relative to the preceding quarter.

High-frequency indicators show that demand remained firm in August 2024, with e-way bills reaching a record high, according to the latest RBI Bulletin.

Headline inflation edged up to 3.7 per cent in August this year from 3.6 per cent in July. The marginal increase in inflation came entirely from an unfavourable base effect of around 5 basis points (bps), while the index remained unchanged at the previous month's level.

The purchasing managers' index (PMI) for August indicated that the rate of expansion of input costs and selling prices moderated for manufacturing. Manufacturing PMI input costs declined to a five-month low.

India's merchandise exports at $34.7 billion contracted by 9.3 per cent year on year (YoY) in August, mainly due to an unfavourable base effect that more than offset the positive momentum. Exports of 11 out of 30 major commodities (accounting for 37.8 per cent of the export basket) contracted on an YoY basis in the month.

Recent research on the energy outlook indicates that energy transition has accelerated in recent years, with the pace of clean technology deployment and capital investment surging to record levels, the newsletter noted.

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MGNREGS unlikely to see higher allocations in FY25 with improvement in rural economy

The national rural job guarantee scheme that gives millions of the poorest Indians employment is unlikely to see a higher allocation in FY25, two people aware of the matter said, citing government hopes of an improvement in the rural economy this year on the back of better rains.

Allocations for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) – considered a lifeline for the rural poor – are unlikely to be increased during FY25, the first person mentioned above said.

"The allocations will remain the same unless there are major problems with the rural economy, in terms of famine or other challenges. But … the rainfall this year has been better than the last year, and as a result, the rural economy is in a much stronger position," the person mentioned above said, requesting anonymity.
"The growth trend in the rural economy is expected to better its urban counterparts with favourable monsoon conditions and improved sowing data sustaining the upward trend in rural demand," the person added.

Overall private consumption growth during Q1, FY25 surged to a two-year high of 7.4% as against 4% in Q4, FY24 and 5.5% in the year-ago period. Separate figures for rural consumption are not available.

The Centre allocated ₹86,000 crore towards MGNREGS for FY25 in the annual budget presented in July.

Initial estimates for MGNREGS stood at ₹60,000 crore and ₹86,000 crore for FY24 and FY25, respectively. However, spending overshot estimates in FY24, indicating high demand for rural jobs.
While the revised FY24 estimate for MGNREGS stood at ₹86,000 crore, the actual spending touched ₹1.06 trillion, according to data from the rural development ministry.
During FY24, the government's first supplementary demand for grants for MGNREGS sought an additional sum of ₹14,524 crore. These grants are typically sought when the original appropriations prove insufficient to meet ongoing expenses.

Additional funding

However, during FY25, the government is unlikely to seek additional funding under the supplementary demand for grants for MGNREGS, the second person mentioned above said.

Interestingly, the annual budget 2023-24 (FY24) had allocated ₹60,000 crore for MGNREGS, sharply lower than the outlay of ₹89,400 crore for FY23.

During FY25, between 1 April and 23 September 2024, the average days of employment provided per household under MGNREGS stood at 33.93, compared to 52.08 days innall of FY24, according to data from the ministry of rural development.

The total number of households employed under MGNREGS in the same period of FY25 stood at 44.3 million, compared with 60 million in all of FY24

As things stand, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) provides a minimum of 100 days of guaranteed wage employment in a financial year to the poorest households in rural India.
Days under the scheme usually increase when the overall rural economy is weak and people are out of work.

Experts said allocations towards MGNREGS are directly linked to the state of the rural economy, with demand for jobs under the scheme going up when the rural economy is not doing well.

"The demand for MGNREGS typically goes up when people in the rural areas are out of work or when they face crop failures. The MGNREGS also supports farmers between the two crop-sowing seasons," said Madan Sabnavis, chief economist at the Bank of Baroda.

"However, if you take FY24, there was a demand for jobs under the MGNREGS as the rural economy was weak. This year, so far, the demand for jobs under the MGNREGS has been lower since the rural economy is doing better as compared to last year," Sabnavis added.

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Private sector now steering economic growth: Defence Minister Rajnath Singh

Defence Minister Rajnath Singh on Monday spoke about the crucial role of the private sector in driving the growth of the Indian economy, likening it to sitting in the driver's seat.

“Today, the private sector is in the driver's seat of the country's economy," he said, while addressing the inauguration programme of a Sainik School in Jaipur.

I consider PPP to be Private-Public (not public-private) Partnership: Singh

Singh underlined the ongoing establishment of Sainik schools under the Public-Private Partnership (PPP) model, highlighting the evolving role of private sector involvement. "When we talk about PPP, the word 'public' usually comes first, as we often focus on the government's role. But that dynamic is shifting," he remarked, pointing to the growing significance of private contributions in such initiatives.

"Therefore, moving away from the standard definition of PPP, I consider it to be Private-Public Partnership," he said. Explaining why he used the word private first, Singh said it highlighted the sector’s role which is increasing significantly in every industry.

He noted that while agriculture employs over half of the workforce in India, the private sector’s role has increased in the manufacturing and service sectors.

PPP in education sector

On the introduction of the PPP model in the education sector, he noted that it will combine the strengths of both private and public sectors, which will be significant in “providing the best education.”

The Centre has set a target to establish 100 Sainik Schools across the country. The Defence Ministry has approved 45 of these schools, which will be built in collaboration with state governments, NGOs and private schools.

According to an official press release, 40 of these schools have started operations, including the one inaugurated by Singh today (September 23). Sainik Schools are a network of military schools in India, that have been operational since 1961. These schools prepare cadets for admission into the Indian Defence Services.

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India Will Become The Third Largest Economy In My Third Term: PM Narendra Modi

Prime Minister Narendra Modi held a roundtable meeting with prominent CEOs of tech companies in New York, USA. During the meeting, PM made a strong investment pitch to the business leaders, expressing confidence that India will become the world's third largest economy during his current term as the prime minister.

India is currently the fifth largest economy of the world after the US, China, Germany and Japan with a GDP of around USD 3.9 trillion. India has been the fastest growing large economies of the world with GDP growth rate of over 7 per cent for the last three consecutive years.

Companies should take advantage of India's growth story for collaboration and innovation by co-developing, co-designing, and co-producing in India for the world, harnessing the opportunities from the country's economic and technological growth, he said.

Assuring the business leaders of India's deep commitment to the protection of intellectual property and to fostering tech innovation, Modi highlighted the economic transformation happening in the country, particularly in electronics and information technology manufacturing and semiconductors.

PM Narendra Modi said, "In the last decade, India is moving forward with the mantra of reform, perform and transform...We will give importance to reform according to the need of the hour.

Today, India watches ambitious dreams and works very hard to fulfil those. India is the fifth largest economy. I am confident that in my third tenure as PM, we will achieve the target of becoming the world's third-largest economy.

Technology is an important pillar of Viksit Bharat. We have provided enormous opportunities for technological collaboration and investment. Today, India has one of the most viable digital ecosystems. India has the third largest startup ecosystem."

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Two-day GST Summit in Goa: GoM to review tax rates for 100+ products

The six-member Group of Ministers (GoM), chaired by Bihar Deputy Chief Minister Samrat Choudhary, will convene in Goa on Tuesday and Wednesday to discuss tax rates for over 100 products, including fertilisers, handloom goods, and textiles, according to sources. The proposals from the panel will serve as the foundation for a report to be presented at the 55th Goods and Services Tax (GST) Council meeting in November. Discussions concerning real estate will also include a compensation scheme that could substantially impact the sector. “The meeting is expected to review the implications of rate rationalisation for 90-100 items, including real estate and rate assessments, which are key topics for discussion,” said a source directly familiar with the matter.

The panel includes Uttar Pradesh Finance Minister Suresh Kumar Khanna, Rajasthan Health Services Minister Gajendra Singh Khimsar, and Kerala Finance Minister K N Balagopal.

Currently, the GST operates under a four-tier structure with slabs at 5 per cent, 12 per cent, 18 per cent, and 28 per cent. Essential items are either exempt or taxed at the lowest slab, while luxury and demerit goods are subject to the highest slab. Luxury and sin goods incur an additional cess on top of the highest 28 per cent rate.

“Rationalising GST rates may not be an easy task for the GoM committee, as socio-economic factors will play a crucial role. While adjustments to specific product rates may be possible, major reforms —such as merging the 12 per cent and 18 per cent or the 12 per cent and 5 per cent rates — may take time,” said Harpreet Singh, partner at Deloitte India. “Altering the list of exempt essential items of daily consumption could also prove challenging, as it may result in blocked input tax credits,” Singh added.

Although there have been discussions about merging the 12 per cent and 18 per cent tax slabs, no proposals have been made thus far.

Currently, the average GST rate is around 12.2 per cent, which has fallen below the revenue-neutral rate of 15.3 per cent, prompting the need to initiate discussions on GST rate rationalisation.

Insider sources indicate that the panel will prioritise simplifying tax rates for the real estate sector, which has long sought greater clarity on GST rates for construction materials and services.

In the August meeting, the ministerial panel largely agreed to maintain the existing four-slab tax structure; however, they requested that the Council-nominated fitment panel analyse the revenue implications of certain items and gather the necessary data.

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India, EU seek to close gaps in 9th round of negotiations for free trade pact

India is hoping for some assurance from the EU on mitigating the industry's concerns on complying with the bloc's environmental rules, such as the Carbon Border Adjustment Mechanism (CBAM) and the Deforestration-free products Regulation (EU-DR), at the five-day negotiations for the India-EU Broad-based Trade and Investment Agreement (BTIA) starting in Delhi this week.

While focus of the ninth round of the negotiations, scheduled on September 23-27, will also be on bridging disagreements in various areas such as tariff cuts, other market access issues, services, investments, intellectual property and sustainability, Indian negotiators are likely to continue to play up concerns related to environmental rules, sources said.

"Indian firms are concerned about the potential negative impacts of regulations like the CBAM, EU-DR and supply chain regulation. These regulations would adversely impact India's exports to EU. After implementation of the FTA, the EU products will continue to enter India at zero duties, but Indian products may pay 20-35 per cent tariff equivalent as CBAM charges," according to Ajay Srivastava from Delhi-based research body Global Trade and Research Initiative.

While the CBAM will result in levies on items identified as carbon-intensive, such as steel and cement, imported from non-EU countries beginning January 2026, the EU-DR, under which the exporters of certain identified items will have to prove that their products do not contribute to deforestation, can hurt Indian exports of over $1 billion, per industry estimates.

"A suitable text may be inserted in the FTA chapters dealing with this possibility," a report compiled by GTRI suggested.

The FTA talks between India and the EU, which first began in 2007 but reached a stalemate in 2013 over issues such as market access for specific goods, specifically automobiles and wines & spirits, were re-started in 2022. While a lot of ground has been covered in the tricky areas, there are some differences yet to be ironed out, sources said.

The main areas of negotiations include tariff reductions, improving market access for goods and services, protecting intellectual property, enhancing trade in services, protecting investments, government procurement, sustainability issues including environmental and labor standards, data protection and data flow, harmonising regulations and standards and establishing mechanisms to resolve trade disputes.

The EU is India's largest trading partner, accounting for €124 billion worth of trade in goods in 2023 or 12.2 per cent of total Indian trade, topping the USA (10.8%) and China (10.5%), according to the EU.

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Govt OKs 32cr aid to spinning mill linked to minister Mahajan

In a meeting lasting just a few hours, the state cabinet on Monday took 24 crucial decisions, including clearing financial assistance worth Rs 32 crore to the Shyamprasad Mukherjee cooperative spinning mill set to be located in Jalgaon's Jamner taluka, the constituency of rural development minister Girish Mahajan.
In an exception to the rules, it also allowed another cooperative spinning mill in Yavatmal linked to NCP (Ajit Pawar group) MLA Indranil Naik to return state loans and assistance worth almost Rs 69 crore in instalments, past the due date.

Naik is the son of former minister Manohar Naik and grandson of former state chief minister Vasantrao Naik. The mill in question is the Balasaheb Naik Cotton Producers Cooperative Spinning Mill located at Pimpalgaon in Vidarbha's Yavatmal district.
Sources say that cooperative spinning mills are supposed to repay state share capital within 15 years of starting operations. Also, state loans are supposed to be returned within 8 years. However, the mill has been allowed to repay the dues past these dates by instalments.
Speaking to the media, Mahajan said, "Cooperative spinning mills are facing problems and need to be helped. Cotton growers are dependent on the mills for employment." The state's integrated textile policy for 2023-28 aims to promote the sector, which is said to be the second highest employment enabler in the state after agriculture. The state accounts for 10.4% of the country's textile and apparel production. The poll-bound state government has cleared four cooperative spinning mills for financial assistance in the last few weeks, which are linked to leaders from the Mahayuti alliance.

It had earlier extended financial assistance worth Rs 61 crore to two cooperative spinning mills against the advice of the state's finance and planning departments (TOI, Sept 20). The departments had pointed out that 142 cooperative spinning mills owed the state Rs 3,396.5 crore in terms of share capital. The state had managed to retrieve only Rs 37 crore share capital dues from cooperative spinning mills till March 31, 2023, it pointed out. Cooperative textile mills owe state Rs 4,782 crores, finance department had stated.

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GLOBAL

Ministry of Textiles Prioritizes Artisan Empowerment and Global Competitiveness in First 100 Days

As part of the Government's transformative vision for the textiles sector, the Ministry of Textiles has focused on strengthening the sector's contribution to India's socio-economic progress, empowering artisans, and enhancing India's position in the global textile industry during the first 100 days of this Government. Below are some of the key highlights:

1. 10th National Handloom Day Celebration

On August 7, 2024, the Ministry of Textiles celebrated National Handloom Day, raising awareness about the handloom industry's pivotal role in India's economy. The Vice-President, Shri Jagdeep Dhankhar conferred 5 Sant Kabir Handloom Awards and 17 National Handloom Awards.

Various activities were organized across the country to promote handlooms, with participation from State Governments, Weaver Service Centres, and various educational and handloom institutions. These included a social media campaign through the My Gov portal, a Special Sourcing Show (B2B) in Varanasi by the Handloom Export Promotion Council, and the "Know Your Weaves" event at the Crafts Museum, which raised awareness among 9,000 Delhi school students.

Additionally, the Virasat exhibition of handloom products was held at Handloom Haat and Delhi Haat, with expos and awareness activities in colleges. Institutions like NIFT and Indian Institutes of Handloom Technology (IIHTs) also organized thematic displays, weaving demonstrations, panel discussions, quizzes, and fashion presentations.

2. Skilling Programme in 100 Handloom & Handicrafts Clusters

On July 27, 2024, the Ministry launched the 'Bunkar and Karigar Utthan Upskilling Programme' to enhance technical and soft skills among artisans and handloom weavers. So far, 3,600 artisans and weavers have benefited, with certificates and toolkits distributed to improve their craft and market competitiveness. The initiative is aimed at fulfilling the current demand & design needs of the market.

3. 'Shilp Didi Mahotsav 2024'

Launched on August 22, 2024, the 'Shilp Didi Mahotsav 2024' empowered 100 women artisans known as Shilp Didis from 72 districts across 23 states. Through this fortnight long initiative, women artisans were provided marketing opportunities at Dilli Haat, INA, fostering economic independence and entrepreneurship among women artisans.

4. Textile Gallery Inauguration at Crafts Museum

On August 8, 2024, the Union Minister of Textiles, Shri Giriraj Singh inaugurated a new Textile Gallery at the Crafts Museum, showcasing India's rich handloom and handcrafted textile heritage. The gallery features around 28,000 handmade artifacts, with 150 displayed items reflecting the country's vibrant cultural legacy.

5. Eri Sericulture Promotional Project in Gujarat

In a major boost to sustainable agriculture, the Ministry launched the Eri Sericulture Promotional Project on August 9, 2024, aimed at encouraging 500 castor-growing farmers to adopt Eri culture. This initiative has so far educated 100 farmers and aims to provide an additional income stream for farmers in Gujarat, leveraging the state's abundant castor plants.

6. Startups in Technical Textiles

On September 6, 2024, the Ministry approved 12 startup proposals under the component for Grant for Research and Entrepreneurship across Aspiring Innovators in Technical Textiles (GREAT) initiative under National Technical Textiles Mission. Support up to ₹50 lakhs per startup is provided under the Scheme. These startups focus on innovative fields such as composites, medical textiles, smart textiles, and sustainable textiles, driving job creation and reducing dependency on imports.

7. New Pricing Methodology for Jute Sacking Bags

In a landmark decision on August 28, 2024, the Government approved a new pricing methodology for jute sacking bags based on Tariff Commission study report, which will provide better pricing to jute mills. This move benefits around 4 lakh jute mill workers and 40 lakh farmer families engaged in jute cultivation, primarily in West Bengal.

This would facilitate jute mills for investment in the jute industry for modernization and diversification. The decision is aligned with the vision of Aatmanirbhar Bharat by promoting domestic jute production and protecting the environment through the use of biodegradable and renewable jute.

8. VisioNxt Fashion Trend Insight and Forecasting System

On September 5, 2024, the Ministry launched VisioNxt, a pioneering fashion trend insight and forecasting system using Artificial Intelligence (AI) and Emotional Intelligence (EI). This initiative aims to support weavers, manufacturers, startups, and retailers by providing accurate trend forecasts, thus strengthening India's position in the global fashion

industry.

VisioNxt has developed a comprehensive Web Portal, a bilingual Fashion Trend Book available in both Hindi and English, and a detailed Taxonomy E-book. These tools are designed to be easily accessible and provide valuable insights and trends that can help industry professionals stay ahead in the dynamic world of fashion.

9. Curtain Raiser of Bharat Tex 2025

On September 4, 2024, the Ministry unveiled the website and brochure for Bharat Tex 2025, a mega global textile event promoting India as a sourcing and investment destination. Over 5,000 exhibitors, 6,000 international buyers from 110 countries, and more than 120,000 visitors are expected to participate, making it one of the largest global textiles shows.

The event aims to build on the tremendous success of its last edition in 2024. Centered around the themes of resilient global value chains and textile sustainability, this year's show promises to be even more dynamic and engaging. It is expected to attract top policymakers, global CEOs, international exhibitors, and buyers from around the world, making it an even more vibrant and influential platform than the first edition.

10. International Conference on Technical Textiles

From September 6-7, 2024, the Ministry organized an international conference that brought together industry leaders, researchers, state governments, line Ministries and international stakeholders to discuss the future of technical textiles. This conference aimed at promoting indigenous products and developing new markets for technical textiles in both domestic and export segments.

The direct engagement and exhibition of products provided valuable insights into the requirements for technical textiles and the availability of indigenous products. Additionally, participating State Governments informed participants about their investment policies and incentive structures. This initiative is expected to stimulate market growth in new application areas and open up new avenues for exports, further enhancing the industry's development.

These achievements highlight the Ministry of Textiles' commitment to revitalizing India's textile sector, fostering innovation, and improving the livelihoods of artisans and weavers across the country.

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3 big questions about the global economic outlook

Economic research firm Capital Economics released a note on Monday, in which it has identified three major questions shaping the global economic outlook: the post-COVID economy, Europe's economic underperformance, and the key risks ahead.

1) 'How Should We Think About the Post-COVID Economy?:' According to the note, fiscal support played a significant role in sustaining consumer demand during the pandemic, with

excess savings boosting spending in the years that followed. However, the policy mix in many advanced economies is currently unbalanced.

"Budget deficits are too large and interest rates are too high," the note highlights. A rebalancing towards tighter fiscal policy and looser monetary policy is considered necessary to restore stability.

On the supply side, the pandemic caused significant dislocations, shifting the aggregate supply curve inward.

At the same time, monetary and fiscal expansion shifted the demand curve outward, leading to the inflation seen in 2021-22.

As these dislocations have faded, economies like the US have benefited from increased immigration, which boosted labor supply. That shift has allowed for higher output with lower inflation, raising the possibility of a soft landing, where inflation can be controlled without tipping economies into recession.

2) ‘Why Has Europe Lagged the US?:’

In the report, Capital Economics points out a clear underperformance of Europe compared to the US.

Since the pre-COVID period, the US economy has grown by nearly 10%, while the eurozone has expanded by only 3.9%.

One common explanation is the prevalence of fixed-rate mortgages in the US, which have shielded households from rising interest rates more effectively than in Europe. However, Capital Economics argues that the data doesn't fully support this, pointing instead to smaller fiscal support and the energy shock following Russia's invasion of Ukraine as the key reasons for Europe's struggles.

In addition, the structural weaknesses in key industries, particularly in Germany, are expected to persist.

“Accordingly, we expect that the euro-zone economy will continue to experience extremely low rates of growth and our GDP forecasts remain below that of the consensus,” the note writes.

The European Central Bank is anticipated to gradually ease rates, but this may not be enough to significantly stimulate growth in the region.

3) ‘What Are the Key Risks to the Outlook?:’

Capital Economics identifies several risks that could disrupt the global economic outlook. The biggest concern is a potential hard landing or recession in the US, though the firm still believes a soft landing is the most likely scenario.

Political risks also loom large, with the US election posing uncertainty. Measures floated by Donald Trump during his campaign could "reduce US GDP and raise inflation," although the note suggests that these proposals may be diluted in practice.

China's economic struggles also present a potential risk, but Capital Economics emphasizes that these problems are structural, and a sudden collapse in China's economy is not anticipated. Moreover, the threat of geopolitical shocks, such as a conflict between China and Taiwan or disruptions in the Middle East, cannot be ignored.

Finally, rising public debt in advanced economies is viewed as a significant long-term risk.

"Budget deficits have ballooned, and public debt burdens are high and rising," the note warns, particularly in light of upcoming elections in the US and Germany. Any perception of fiscal drift could cause turmoil in global bond markets.

“Sometimes the biggest risks are hiding in plain sight,” the report concludes.

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