



CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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Speech By
SHRI RAKESH MEHRA
Chairman

Past Chairmen of CITI, my colleagues Deputy Chairman, Shri Ashwin Chandran, and Vice Chairman, Shri Dinesh Nolkha, esteemed members of the Committee of CITI, Representatives of the Member Associations, Associate Members, Affiliate Members of CITI, Senior Industrialists from the Indian Textile & Clothing Industry, invitees, distinguished guests, ladies and gentlemen.

It is with great pleasure and a deep sense of gratitude that I welcome each one of you to the 66th Annual General Meeting of the Confederation of Indian Textile Industry (CITI). Your presence here today is a testament to your commitment and support for our industry, and for that, I extend my heartfelt thanks to all of you.

India reached a historic milestone in 2021-22, achieving its highest-ever Textile & Apparel (T&A) exports (HSN 50 to 63) of US\$ 43.4 billion—an impressive 41% increase in 2020-21. Unfortunately, this momentum could not be maintained. Over the past two years, global markets have faced significant uncertainties. Geopolitical conflicts, bottlenecks at key trade routes like the Red Sea, the reorientation of supply chains, and high inflationary pressures in major markets such as the USA and the EU have created headwinds for the textile and apparel industry worldwide. These challenges, coupled with supply-side challenges saw a decline in T&A exports, which fell to US\$ 34.8 billion in 2023-24—down 19.8% from the peak in 2021-22 and 2.5% lower than the previous year's exports. During 2023-24, while textile product exports increased by 4.2%, apparel exports dropped by 10.2% compared to last year. During 2023, the USA was

India's largest T&A export market, accounting for 27.2% of the total, followed by the EU-27 (19.5%) and Bangladesh (7.7%). Despite a 0.9% CAGR decline in overall T&A exports of India from 2019 to 2023, India's exports to the USA and Bangladesh grew at 2.4% and 6.4%, respectively. Meanwhile, during 2023-24, India's T&A imports fell by 16.3% compared to last year, with China remaining the top supplier (43.2%), followed by Bangladesh (12.3%) and Vietnam (5.3%).

Major markets across the globe are providing encouraging signs of a potential recovery in the coming months. This optimism is reflected in the latest trade figures released by the Ministry of Commerce, which indicate that India's Textile & Apparel (T&A) exports are gaining momentum. From April to July 2024, T&A exports increased by approximately 4.24% compared to the same period last year. This growth is largely driven by the expanding presence of Indian apparel in key markets like the USA, alongside rising exports to the EU-27 and the UK. The industry remains optimistic about future export orders, buoyed by the recent Free Trade Agreements (FTAs) such as the India-Australia Economic Cooperation and Trade Agreement (ECTA) and the India-UAE Comprehensive Economic Partnership Agreement (CEPA). These agreements are anticipated to further accelerate our export growth. Additionally, India's economy has been growing at a robust rate of over 7% for the past three consecutive years. The outlook remains bright, supported by strengthening macroeconomic fundamentals, and a resilient financial and corporate sector. The strong GDP

growth highlights the strength of domestic demand, which continues to outpace the negative effects of the global slowdown. With these positive trends in both domestic and export markets, India's T&A sector is well-positioned to achieve a market size of US\$ 350 billion by 2030, including US\$ 100 billion in exports.



Major Developments for the Textile & Apparel Industry

During the last year, the Ministry of Textiles took considerable policy measures to support the industry. Going by its commitment to ensure raw material availability at competitive prices, the Government removed the 11% import duty from cotton varieties of staple length exceeding 32 mm. CITI along with several other associations had been continuously requesting the Government to remove the import duty from all varieties of cotton and this step was a welcome move from the Government. However, any positive announcement for the remaining varieties of cotton including cotton waste is still awaited. CITI will continue its efforts toward the removal of import duty from all varieties of cotton and till the time it is completely removed, based on the industry's request, CITI is also recommending for removal of import duty during the off-season (April-September).

On the Quality Control Orders (QCOs) front, the industry

reported various challenges related to the availability of fibre/yarns that are not manufactured by domestic manufacturers in the required quality or quantity. Moreover, many exporters of value-added textile goods (yarn, fabrics, garments, and made-ups) have to import these fibre/yarn under nominated businesses to meet the demands of the international buyers and sustain the export business already established, as also to grab the emerging export opportunities especially the new technology fibres that are not produced domestically. CITI along with various other user industry associations took this issue up and I am happy to share that the Directorate General of Foreign Trade has enabled provisions for imports of inputs that are subjected to mandatory QCOs (issued by the Ministry of Textiles) by Advance Authorization holders, EOU and SEZ units. The exemption was later extended to QCOs issued by the Department of Chemicals and Petrochemicals (DCPC). Moreover, the Government is also considering the request of industry to exempt specialized fiber/yarn categories from the scope of QCOs favorably and in this regard, the notification exempting low-melt polyester yarn from Polyester Continuous Filament Fully Drawn Yarn QCO has already been issued by the Government. I have also requested to Government that to meet its objective of having quality finished goods, QCOs should be announced starting from the final products such as garments, and not from intermediate products. It will ensure that quality standards are maintained throughout the production process i.e. from raw materials to finished goods.

This year, the industry also reported stances of increased imports of knitted fabric at domestically unviable costs. Acting on the industry's request the Government immediately consulted with the industry and imposed a Minimum Import Price of US\$ 3.5\$ per kg on five specific HSN codes and was effective till 15th September 2024. Looking at the effectiveness of this policy intervention, based on the industry's request CITI is requesting the Government to impose such measures on other HSN codes of knitted fabric also to safeguard the interest of the domestic manufacturers.

Our Indian Textile and Apparel (T&A) industry holds immense growth potential and the ability to create substantial employment opportunities. However, to fully unlock this potential, two critical issues must be addressed:

1. Availability of raw materials at international competitive prices

The relatively higher fiber prices in India negatively affect the cost competitiveness of downstream industries, impacting the entire value chain. Currently, the prices for key fibers in India are 20% to 38% higher than those paid by our global competitors. For example, in the first week of September, Viscose Staple Fiber (VSF) was approximately 13% more expensive in India, while Polyester Staple Fiber (PSF) was 32% higher. This cost differential cascades down the value chain, eroding the competitiveness of Indian garments and made-ups in the global market.

2. Schemes to incentivize capacity building across the downstream segment

The Technology Upgradation Fund Scheme (TUFS) has historically played a crucial role in encouraging investment within the sector. However, since its phase-out on March 31, 2022, there have been no investment schemes for the majority of MSME units. Although the Government has introduced schemes like the Production Linked Incentive (PLI), which aims to create global champions, the majority of the industry—particularly MSMEs—requires TUFS-like schemes with upfront capital subsidies and simplified application procedures. This support is essential to ensure capacity building across the value chain, especially in the downstream segments.

I have personally discussed the above two issues with the newly appointed Hon'ble Minister of Textiles, Shri Giriraj Singh, and have also brought them to the forefront at various forums, including NCTC and TAG meetings. CITI has also submitted a draft incentivizing scheme in this regard. Besides the above, CITI is also working on the resolution of below-given issues:

1. Extension of Interest Equalization Scheme for Textiles
2. Request for a new scheme for alternative to TUFS as also for encouraging the manufacturing of Indigenous textile machinery and promotion of renewable energy.

3. Deferment of the imposition of New Section 43B(h) of the Income Tax Act, 1961
4. Regulatory Measures to curb cheap imports of textile products that are being manufactured in the country.
5. Extension of the facility of Duty-free Import of specified items/goods to exporters of Made-ups.
6. Creation of a Textile Fund to support investment in the textile sector.
7. Addressing various tax-related issues in the textile industry as also the need for an upward revision in the RoDTEP rates for textiles to cover all embedded taxes.
8. Request for provisions for the import of inputs that are subjected to mandatory QCOs by AA for *Intermediate Supply*.
9. Amendments in the standard input and output norms (SION) for cotton blended with MMF and VSF
10. Non-availability of authentic data related to raw materials such as production, prices, etc

I do hope that the Government will extend its support in addressing the above issues and will catalyze the industry's growth towards a US\$ 350 bn industry by 2030.

On the FTA front, I am happy to share that the Government has kept its momentum going for negotiating trade agreements with the new markets. Following the successful conclusion of the India-UAE CEPA and India-Australia CEPA last year, the Trade and Economic

Partnership Agreement (TEPA) between India and the European Free Trade Association (EFTA) was signed this year which was India's first trade agreement with 4 developed nations and is a unique agreement in terms of binding commitment of \$100 bn investment and 1 million direct jobs in the next 15 years. Negotiations with other major markets like the EU, UK, etc. are in place and are likely to be concluded soon.

Last year, we also witnessed the first edition of Bharat Tex 2024 which was India's largest global show and was the result of the industry-long pending demand for such shows to demonstrate the capabilities of India's T&A sector to the world. It is heartening to see the 2nd edition coming in Feb 2025 which will focus on transforming the textile industry into a futuristic domain of growth and development, with pavilions dedicated to sustainability, circularity, and digitization. CITI will extend its full support and I request my industry friends to participate in the event and make it a grand success.

The recent union budget presented by the Government announced several important policy measures like the credit assurance scheme for MSME, e-commerce hubs, “plug and play” industrial parks, focus on skills, Employment Linked Incentive Scheme, etc. However, any major announcement for the textile sector was missing especially on the capital subsidy for capacity building. Based on the industry's consultation, CITI has prepared a post-budget memorandum to be submitted to the Government for necessary action.



CITI's Initiatives towards Sustainability

Sustainability has emerged as a non-negotiable aspect of the global textile trade, with consumers and brands in major markets like the EU-27 prioritizing eco-conscious products. India's textile sector is aligning itself with this shift by adopting environmentally responsible practices such as Green Manufacturing, Circular Economy, Waste reduction Initiative, etc.

As global demand for sustainable products is increasing, the Government as also the Industry are taking considerable steps to enable the Indian textile industry to capitalize on this trend and move towards achieving the visionary target of US\$ 350 bn by 2030. During the last 1 year, the Ministry of Textiles has recently constituted an ESG task force to enable the Textile & Apparel (T&A) Sector to transition to a Circular and Sustainable Sector. Central Pollution Control Board (CPCB) has signed an MoU with UBA (German Environment agency) & GIZ to develop a Best Available Techniques (BAT) Reference Document/ COINDS Document for the Textile sector in India.

CITI through active participation is not only supporting the Government but through various initiatives, it is also supporting the industry towards increased awareness and capacity building for such initiatives. Some of the recent initiatives of CITI in this regard are:

- **CITI-ILO collaboration to promote Fundamental Principle and Rights at Work (FPRW) among the cotton-growing community**

India is the 2nd largest producer and consumer of cotton in the world and the same is being grown in 11 major states across India by about 6.5 million cotton farmers. In India, the average land holding size is about 1.26 ha. Besides the regular farmers, of which about 40% are women, a large number of migrant labourers are also engaged as farmers with leased land in cotton cultivation in India. Hence this sector is exposed to a number of vulnerabilities that are being misrepresented by many of the international NGOs/agencies. To address such vulnerabilities and ensure better institutional support mechanisms for the vulnerable segment of the cotton growing community, CITI has entered into an agreement with ILO to create more awareness about Fundamental Principles and Rights at Work (FPRW) among the cotton growing community, with a focus on small and marginal farmers and workers. The first year of the project will be implemented by CITI-CDRA in the major cotton-producing districts of the state of Madhya Pradesh and will cover approx. 1500 direct farmers and 7500 indirect farmers.

- **Capacity building for HRDD legislation**

Given the growing requirements on the various social and environmental compliance requirements and

proper disclosure formats to report on the same such as Human Rights and Environmental Due Diligence (HREDD), the Corporate Sustainability Due Diligence Directive (CSDD), etc, CITI has entered into an agreement with the Fair Wear Foundation, a Netherland based multistakeholder organization with expertise in the EU legislations for raising awareness on HRDD and greater engagement of the industry in this area to facilitate improved industry action through more information and validation to enable impactful due diligence action and reporting. Under the agreement, CITI will organize small cluster-level workshops along with our regional associations in the textile clusters. Besides this, CITI will anchor a Facilitation Hub at the CITI office to service industry queries, capacity-building needs, and initial handholding of the industry members who want to get trained on the HRDD framework. 3 workshops in this regard had already been conducted at Delhi, Surat, and Coimbatore.

- **CITI's Management Development program on ESG**

CITI has recently started a customized Management Development Program for textile and apparel industry managers to enable the industry to know and to understand the emerging ESG requirements and reporting frameworks. The inaugural batch of CITI's MDP-ESG was held from August 29 to August 31, 2024,

at the Bombay Textile Research Association (BTRA), Mumbai. Subject Matter Experts from institutes like IIM Mumbai, Monash University Australia, ILO, Regulatory Representatives and Managers Association (RRMA), Toxic Links, Partner in Change as also industry experts from TEXPROCIL, Indo-Count, Sulochna, etc touched upon the various crucial aspects of ESG. The event was a great success with active participation from the representatives of the well-known textile companies and looking at the success of the event, CITI is looking to hold the 2nd batch of the MDP program soon in Bangalore, the other important textile cluster of India.

Since 1993-94, CITI has been promoting manufacturing excellence through CITI BIRLA awards. These awards are also now focused on Sustainability, Circularity, and Traceability. Moreover, CITI has also come up with CITI Sustainability Awards which was conceptualized in 2023 to chart out a more aggressive path with both the planet and people at the center of all activities. This year the 2nd edition of the awards was held on the sidelines of the Bharat Tex 2024 during which the then Hon'ble Union Minister of Textiles felicitated the winners of the awards. I am pleased to inform you all this year, CITI received 54 applications across 5 categories, a significant jump from 11 applications across 3 categories during the first year. It is a testimony that CITI sustainability awards are gaining recognition across the industry and is working effectively towards not just recognizing and incentivizing the efforts currently being made by the industry towards

sustainability but also creating awareness on the same at a broader level for national-level adoption.

Friends, as you all are aware that CITI's AGM has traditionally been providing a forum for evaluating the overall scenario of the World and the Indian economy and how the Textile Industry, especially the Indian Textile Industry has performed in the last one year.

CITI from time to time has represented the various issues and challenges of the Industry to various departments of the Ministries and we are extremely hopeful that the Government will continue providing various policy reforms and support for the quick revival of the T&A Industry.

Apart from the industrial scenario, let me also present to you in brief the major activities that CITI has undertaken during this period.

Friends, the Annual Report and Audited Accounts of CITI and CITI CDRA along with the Auditor's Report for the year ended 31st March 2024 are already with you, and with your permission, I take them as read.



Production of Raw Materials – Cotton & MMF

- As per the estimates by the Committee on Cotton Production and Consumption (COCP) in its meeting held on 24.06.2024, the area under cotton cultivation is projected to decrease to 126.80 lakh hectares in 2023-24 as compared to 129.27 lakh hectares in 2022-23. Similarly, the yield is also projected to decrease to 436.02 kg per hectare in 2023-24 from 442.65 kg per hectare in 2022-23.
- Production of cotton is estimated to remain around 325.22 lakh bales during the year 2023-24 as against 336.60 lakh bales in 2022-23.
- For the upcoming season 2024-25, the Cabinet has approved an increase of Rs 501 per quintal in MSP of medium staple cotton to reach Rs 7,121 per quintal from Rs 6,620 per quintal last year. Similarly, MSP for long staple cotton for 2023-24 has been increased to Rs 7,521 per quintal from Rs 7,020 during 2023-24.
- The production of MMF fibre was down by about 5.88% in Apr-June 2023-24 compared to Apr-June 2022-23. Similarly, the production of Man-Made Filament Yarn also reduced by about 7.1% during the above period.



Brief About Key Activities of CITI

I am pleased to share with you all that CITI is constantly working towards meeting the industry's need for awareness and networking which is needed to make the industry ready to meet the emerging demands and compliances by organizing regular conferences and also by conducting a series of webinars.

Some of the key events conducted by CITI during the last 1 year include:

- Celebration of World Cotton Day 2023
- Co-hosted the 81st Plenary Meeting of the International Cotton Advisory Committee (ICAC) in collaboration with the Ministry of Textiles
- 2nd Edition CITI Sustainability Awards 2024 during Bharat Tex 2024
- Roundtable on Future Factories: Fueled by Smart Manufacturing and Innovation during Bharat Tex 2024
- Roundtable on Skilling & Entrepreneurship Development in Textile & Apparel during Bharat Tex 2024
- Capacity Building Workshops on Sustainable Practices

All the above events were attended by Senior Government leaders and also received great responses from the industry in terms of participation and financial support.

Apart from that, to expand its global footprints, CITI also participated in various international events such as:

- CITI'S Textile and Apparel Delegation's visit to Techtextil 2024
- STITCH Workshop for developing due diligence framework of HRDD in Bangkok
- ITMF Annual Conference 2023 in China and 2024 in Samarkand, Uzbekistan
- Preview in Seoul 2024 Textile Trade Fair

I would like to bring to your notice that during the last 1 year, CITI also organized a number of webinars on issues related to the Textile & Apparel Industry some of which are given below:

- Webinar on Unveiling Opportunities in Indo-Swiss Textile & Apparel
- Webinar on Decoding GST: Navigating the Textile Terrain in India
- Webinar on Utilising Free Trade Agreements to Grow Export Opportunities
- Webinar on an Introduction to the FS Trend Platform
- Webinar on Pricing Excellence in Indian Textiles & Apparel Sector
- Webinar on Unveiling Opportunities in Indo-Swiss Textile & Apparel Trade

I assure you all that CITI will continue organizing more

such conferences, webinars, and awareness workshops for the benefit of the industry in the coming years.

Through these activities and initiatives, CITI has significantly improved its presence and visibility on social media. I am happy to share that there is around a 25% increase in CITI's followers on the major social media handles.



CITI participation in Skilling Schemes

- CITI is implementing the Skill Development training program in the Samarth Scheme under the Ministry of Textiles and Pradhan Mantri Kaushal Vikas Yojana (PMKVY 4.0) with National Skill Development Corporation (NSDC) under the Ministry of Skill Development and Entrepreneurship (MSDE).
- CITI has got the mandate to train 6,565 youths by March 2025 under the Samarth Scheme and 16,895 (Short Term training – 7125 and Upskilling (through RPL) – 9,770) youths by March 2025 under PMKVY 4.0.
- Till September, CITI has completed training and certification of 4,891 candidates under SAMARTH at 102 centers and 806 candidates under PMKVY 4.0 across 52 centers pan India.



Key Activities of CITI-CDRA

- **Update on the Collaborative project being undertaken by CITI-CDRA**
- Year 2023-24 period marked the 17th year of the Cotton Collaborative project in lower Rajasthan, the 9th year in Maharashtra, and the 7th year in Madhya Pradesh for CITI CDRA.
 - During 2023-24, CITI-CDRA activities were spread across:
 - 4,000 hectares, 52 villages, and 4,161 farmers in Rajasthan.
 - 24,161 hectares, 139 villages, and 13,596 farmers in Maharashtra.
 - 13,489 hectares, 102 villages, and 9,345 farmers in Madhya Pradesh.
 - As a result of the CITI-CDRA activities, a significant increase in yield to the tune of 12 % in Rajasthan, 8% in CITI CDRA areas of Maharashtra, and 5 % in Madhya Pradesh was achieved in project areas as compared to non-project areas.

- **Update on the Pilot Project on Cotton being undertaken by CITI-CDRA**

- During 2023-24, CITI-CDRA was also one of the implementation partners for the Pilot Project on Cotton.
- CITI-CDRA has been allotted 3,160 ha of land across Rajasthan, Maharashtra, and Madhya Pradesh from the total project area of 15358 hectares for extension activities in 3 project states.
- By achieving 100% of the target allotted, CITI-CDRA worked with about 4,850 farmers across 10 districts and 537 villages.
- As a result of the project activities, CITI-CDRA achieved a noteworthy increase in yield in its area; 22.5% under High-Density Plantation in Maharashtra, 24% in Closer Spacing in Rajasthan, and 8% in improvement ELS varieties in Madhya Pradesh.
- Besides being an important implementation partner for the project, CITI also developed a web portal and mobile application for the effective monitoring and implementation of the project activities. The portal has a dedicated Tutorial section to capture the agronomics practices and other related materials to educate the non-beneficiary farmers also about the outcomes of the various agronomics practices.



Acknowledgments

- At the outset, I would like to express our sincere gratitude to the Hon'ble Prime Minister of India, Shri Narendra Modi Ji for listening to the Textile Industry's pleas and taking many pathbreaking policy decisions for the betterment of the Indian Textile & Apparel Industry.
- I would like to thank the Hon'ble Union Minister of Textiles, Shri Giriraj Singh for listening to the industry's pleas and ensuring full support and cooperation towards their resolution.
- I would like to extend our sincere thanks to the Hon'ble Union Minister of Finance, Smt. Nirmala Sitharaman, and all the concerned officials of the Finance Ministry, Customs Officials, Tax Administrators, and GST Council members for addressing various tax-related issues of the Industry.
- I would like to extend our sincere gratitude to the Union Minister of Commerce & Industry and former Hon'ble Union Minister of Textiles, Shri Piyush Goyal Ji, for extending all possible support and kind encouragement for the growth of the Textile Industry.
- I would also like to convey our sincere gratitude to the Hon'ble Minister of State for Textiles, Shri Pabitra Margherita, and also former Hon'ble Minister of State for Textiles, Smt. Darshana Vikram Jardosh Ji, for supporting the Indian T&A Industry in every possible way.

- Let me also express my deep gratitude to all the state governments of all textile clusters and their senior officials for all their kind support for the textile industry.
- I convey our sincere gratitude to Smt. Rachna Shah, Secretary of Textiles, who has been steering the Textile Industry in the right direction and addressing various underlying issues of the Textile & Apparel Industry.
- I also extend my sincere gratitude to all the senior officials and staff of the Ministry of Textiles, Ministry of Commerce & Industry, Ministry of Agriculture, Department of Promotion of Industry and Internal Trade (DPIIT), and The Directorate General of Foreign Trade (DGFT) and BIS for their kind support to the Industry.
- I would like to thank our Textile Commissioner Ms. Roop Rashi for listening to Industry pleas and extending full support to the Textile Industry in resolving many issues especially related to TUFS.
- I also thank all political leaders, and individuals who directly and indirectly extended valuable cooperation and support in addressing various issues affecting the Textile Industry.
- I wholeheartedly express my sincere gratitude to all the Chairmen / Presidents and SGs of all Member Associations, Associate Members and Corporate Members of CITI, National and Regional Textile Industry Associations, Export Promotion Councils, member associations of National Committee on

Textiles and Clothing (NCTC) viz; AEPC, ASFI, AMFII, CMAI, ITME, ITTA, PDEXCIL, SRTEPC and TEXPROCIL who have come together with CITI in taking up many Industry issues in a single voice.

- During the entire year, the guidance of our esteemed committee members has helped CITI meet some of the challenges in the best way possible. I would like to use this opportunity to express my deep gratitude to all of them. Your commitment and dedication to advancing the interests of our industry have been the driving force behind our collective achievements.
- I would like to convey my sincere gratitude to the Past Chairmen of CITI and Office Bearers, Deputy Chairman-CITI, Shri Ashwin Chandran, and Vice Chairman-CITI, Shri Dinesh Nolkha for sharing my responsibilities and extending their support and participation in discharging my duties as Chairman, CITI.
- My sincere thanks to Chairmen and Team Leaders of Textile Committees of Trade Bodies viz; ASSOCHAM, CII, FICCI, FIEO, etc also for their support and cooperation in addressing textile issues.
- On behalf of CITI and the Industry at large, I thank both print and visual media for the support extended by them to us during my Chairmanship of CITI. The proper projection of our issues by them helped us immensely in seeking remedies to some of them.
- Finally, I would like to thank CITI Secretary General Ms. Chandrima Chatterjee and her team for all their

hard work and dedication which they have shown throughout the year and also appreciate the Secretariat for handling every issue very effectively. I wish them success in their future endeavors also.

- As we look forward to another year of growth, collaboration, and progress, I am confident that with your continued support, CITI will reach new heights. Together, we will weave a future that is vibrant, sustainable, and prosperous for all.



Thank you.



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