# Apparel INDIA

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## AEPC EXTENDS HEARTFELT CONGRATULATIONS TO HON'BLE PRIME MINISTER ON HIS HISTORIC THIRD TERM

AEPC team meets Hon'ble Commerce & Industry and Textiles Minister

# Apparel INDIA

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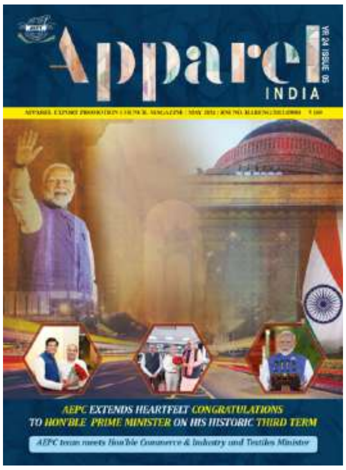


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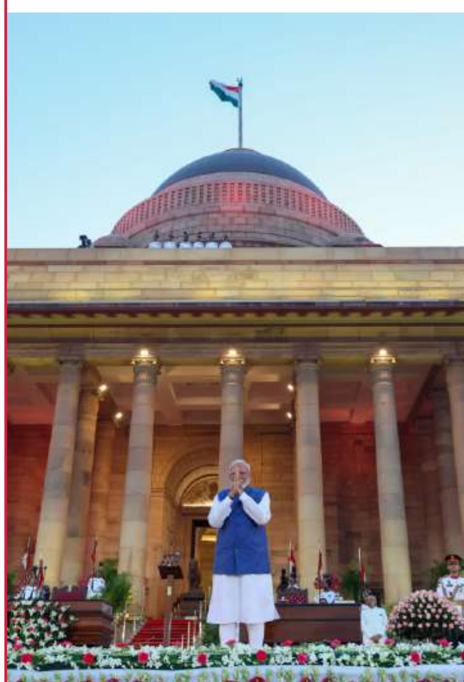


# *Dear Friends,*

*AEPC joins in congratulating Hon'ble Prime Minister Shri Narendra Modi for his third consecutive term. Prime Minister's forward- looking, growth-oriented and progressive vision has built a strong foundation for India to take leap into the future. The convergence of a positive domestic outlook with a favourable political regime will provide a conducive ecosystem for business in India in the coming years. The Modi Government's third term clearly sets the stage for bold reforms that Industry has been waiting for a long.*

*At the juncture, when India is all poised for robust growth and investment the political continuity is must. I am sure this term of the government will provide stability, predictability and continuity in the policy regime. India's aspirational goals will be fulfilled under Prime Minister's dynamic leadership and we will be a witness to the emergence of a stronger nation. It is even more important to have a decisive and strong government when the world is torn between two ongoing wars disrupting the global supply chain.*

*AEPC thanks the government for the continued support to the apparel industry and looking forward to the glorious innings of the new government. This industry will keep reaching many more milestones under the PM's leadership and continue creating new avenues by providing employment to large number of people, especially women.*

*AEPC team met the Hon'ble Minister of Textiles Shri Giriraj Singh and Hon'ble Minister of Commerce & Industry, Shri Piyush Goyal. Both the ministers were apprised of the RMG industry and export scenario. I am happy to inform you that both the Ministers have assured all help to the industry.*

*India's subdued performance in the labor-intensive sectors including RMG remains a concern for all of us. We are making sincere efforts to reverse the trend. Of late, there are signs of revival of demand and fresh order bookings which will soon arrest the fall of exports.*

*We have written to the government that the Interest Equalization Scheme on Pre and*

*Post Shipment Rupee Export Credit may be extended for further two years. We have highlighted that the cost of capital in India continues to be one of the highest, which has been an impediment to the competitiveness of Indian exports and that apparel industry being labour intensive and largely dominated by micro and small units requires all possible support from the government to compete with countries like Bangladesh, which are highly cost-competitive. We have mentioned that the industry continues to face global recessionary trends and cut throat competition in the international market from competing countries having lower input costs and preferential market access.*

*We have also requested the government to exclude exporters from the purview of Section 43 B(h) of the Income Tax Act. The Finance Bill 2023 which has inserted a new clause with effect from 1st April 2024. The effect of this amendment is that, if any assessee has made any payment due to micro and small enterprises then the deduction of such expense can be claimed only if the payment is made within the time limit specified in Section 15 of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. The maximum time limit fixed is 45 days and therefore, any payment made after 45 days will not be admissible for deduction, resulting in increased tax liability for the purchaser of the goods from micro and small units. This has disrupted cash flows of exporters. There is thus a need to either restore status quo ante to provide relief or exempt exporters from preview of this amended IT provision.*

*AEPC participated in Chintan Shivir organized by the Department of Commerce and submitted its recommendations to boost RMG exports from the country.*

*AEPC will be participating in overseas fairs in France and Japan in the month of July. I appeal to all the member exporters to take full advantage of the opportunity in these two important markets. Team IGFA along with the support of AEPC will also be hosting 71st Edition of India International Garment Fair (IIGF) in New Delhi, which will be another important opportunity to participate and grow the global footprints in overseas markets.*

*Once again AEPC extends heartiest congratulations to the new government. We are all inspired to propel India towards a prosperous future.*

***Please keep sharing your valuable suggestions at** chairman@aepcindia.com*

***Best wishes,***

***Sudhir Sekhri***
***(Chairman AEPC)***

# PROPOSED CALENDAR OF EVENTS

## *Overseas Events 2024-25*

## Overseas Events

| S. No. | Name of Event | Date of Event |
|---|---|---|
| 1 | Tex World -Apparel Sourcing Paris, France | 1-3 July'24 |
| 2 | India Tex Trend Fair (ITTF), Tokyo, Japan | 23-25 July'24 |
| 3 | Sourcing at Magic, Las Vegas, USA | 19-21 Aug.'24 |
| 4 | Saudi Fashion and Tex Expo, Saudi Arabia- Riyadh | 27-29 August'24 |
| 5 | Alfashion Sourcing Fair- Cape Town, South Africa | 10-12 Sep.'24 |
| 6 | Global Sourcing Expo Australia (GSEA) | 19-21 Nov.'24 |
| 7 | Intl. Apparel & Textile Fair (IATF), Dubai, UAE | 27-29 Nov.'24 |
| 8 | Sao Paulo Pret-a-Porter, Sao Paulo, Brazil | January 25 |
| 9 | India Fashion & Lifestyle show - Tokyo, Japan | January 25 |

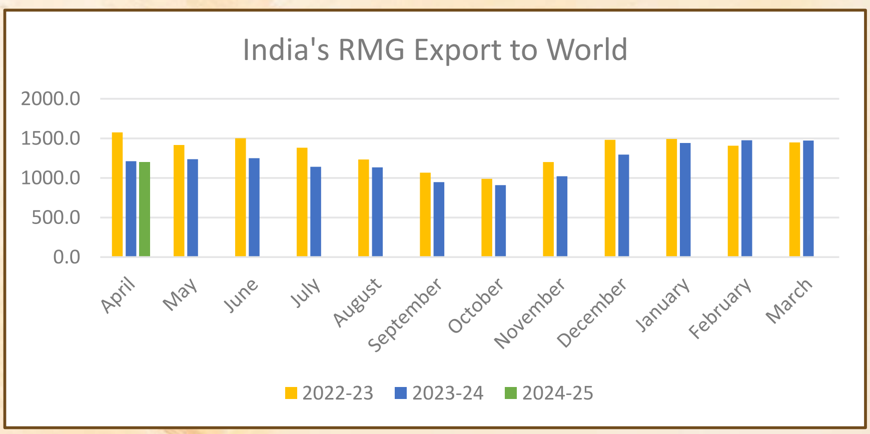

# INDIA'S READY-MADE GARMENT (RMG)

## India's RMG Export to World

| Month | (In US$ Mn.) | | | | | | YoY Growth (%) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2020-21 Over 2019-20 | 2021-22 Over 2020-21 | 2022-23 Over 2021-22 | 2023-24 Over 2022-23 | 2024-25 Over 2021-22 | 2024-25 Over 2022-23 | 2024-25 Over 2023-24 |
| April | 1408.8 | 126.84 | 1297.5 | 1575.5 | 1210.9 | 1198.4 | -91.0 | 922.9 | 21.4 | -23.1 | -7.6 | -23.9 | -1.0 |
| May | 1530.1 | 517.02 | 1107.1 | 1415.9 | 1236.5 | | -66.2 | 114.1 | 27.9 | -12.7 | | | |
| June | 1233.5 | 804.29 | 1003.1 | 1501.7 | 1249.7 | | -34.8 | 24.7 | 49.7 | -16.8 | | | |
| July | 1365.8 | 1065.7 | 1389.3 | 1381.1 | 1141.2 | | -22.0 | 30.4 | -0.6 | -17.4 | | | |
| August | 1261.9 | 1085.61 | 1237.8 | 1233.9 | 1133.4 | | -14.0 | 14.0 | -0.3 | -8.1 | | | |
| September | 1080.6 | 1192.91 | 1301.1 | 1066.0 | 946.3 | | 10.4 | 9.1 | -18.1 | -11.2 | | | |
| October | 1108.9 | 1180.13 | 1255.7 | 988.7 | 908.8 | | 6.4 | 6.4 | -21.3 | -8.1 | | | |
| November | 1058.5 | 1047.09 | 1072.9 | 1200.3 | 1021.2 | | -1.1 | 2.5 | 11.9 | -14.9 | | | |
| December | 1409.5 | 1196.89 | 1466.6 | 1481.4 | 1295.3 | | -15.1 | 22.5 | 1.0 | -12.6 | | | |
| January | 1453.5 | 1296.43 | 1547.0 | 1493.0 | 1441.3 | | -10.8 | 19.3 | -3.5 | -3.5 | | | |
| February | 1477.9 | 1349.45 | 1600.5 | 1407.7 | 1476.3 | | -8.7 | 18.6 | -12.0 | 4.9 | | | |
| March | 1120.5 | 1427.33 | 1740.6 | 1448.3 | 1472.8 | | 27.4 | 21.9 | -16.8 | 1.7 | | | |
| **Total** | **15509.5** | **12289.7** | **16019.2** | **16193.4** | **14533.6** | **1198.4** | **-20.8** | **30.3** | **1.1** | **-10.2** | **-7.6** | **-23.9** | **-1.0** |

**Note-** 1) Source: DGCI&S 2024; Data for the month of April 2024 is provisional data released on PIB by Ministry of Commerce on 15.05.2024
2) Sum of the value for (Apr-Mar) 2021-2022 is USD 16019.2 mn and (Apr-Mar) 2022-23 is USD 16193.4 mn. and (Apr-Mar) 2023-24 is USD 14536.2 mn.
Compiled by R&PA Department, AEPC

RMG exports for the month of April 2024 has declined by 1.0 % as compared to April 2023, declined by 23.9 % as compared to April 2022 and has declined by 7.6 % as compared to April 2021.





# INDIA'S TEXTILE & READY-MADE GARMENT (RMG)

## *Textiles & Wearing Apparel update for India's Index of Industrial Production (IIP) for the month of March in FY 2023-24*

| Month | Manufacture of Textiles | | Growth Rate (In %) | Manufacture of Wearing Apparel | | Growth Rate (In %) |
|---|---|---|---|---|---|---|
| | 2022-23 | 2023-24 | 2023-24 over 2022-23 | 2022-23 | 2023-24 | 2023-24 over 2022-23 |
| April | 114.1 | 105.6 | -7.4 | 129.4 | 92.1 | -28.8 |
| May | 111.5 | 107.4 | -3.7 | 142.4 | 112.2 | -21.2 |
| June | 107.8 | 107.8 | 0.0 | 156.9 | 120.1 | -23.5 |
| July | 107.2 | 108.5 | 1.2 | 134.4 | 103.9 | -22.7 |
| August | 105.2 | 106.9 | 1.6 | 117.8 | 97.6 | -17.1 |
| September | 103.9 | 107.8 | 3.8 | 125.2 | 102.4 | -18.2 |
| October | 102.3 | 109.0 | 6.5 | 103.7 | 98.5 | -5.0 |
| November | 107.7 | 103.7 | -3.7 | 117.0 | 93.0 | -20.5 |
| December | 110.7 | 112.4 | 1.5 | 125.6 | 112.8 | -10.2 |
| January | 107.9 | 111.2 | 3.1 | 120.1 | 118.2 | -1.6 |
| February | 102.0 | 105.7 | 3.6 | 129.1 | 125.4 | -2.9 |
| March | 110.2 | 109.3 | -0.8 | 133.1 | 143.1 | 7.5 |
| Cumulative Index (Apr-Mar) | 107.5 | 108.0 | 0.5 | 127.9 | 109.8 | -14.2 |

**Source: CSO,2024**

* Figures for March 2024 are Quick Estimates

# The growth rates over corresponding period of previous year are to be interpreted considering the unusual circumstances on account of COVID 19 Pandemic since March 2020

Compiled by the R&PA Department, AEPC

- **Manufacturing of Textiles Index** for the month of Mar, 2024 is 109.3 which has shown a decline of 0.8 % as compared to Mar, 2023.
- Manufacturing of Textiles Index for the financial year 2023-24 is 108.0 which has increased by 0.5 % as compared to the financial year 2022-23.
- **Manufacturing of Wearing Apparel Index** for the month of Mar, 2024 is 143.1 which has increased by 7.5 % as compared to Mar, 2023.
- Manufacturing of Wearing Apparel Index for the financial year 2023-24 is 109.8 which has shown a decline of 14.2 % as compared to the financial year 2022-23.

# AEPC CONGRATULATED HON'BLE PRIME MINISTER FOR HISTORIC THIRD TERM

***Apparel Export Industry congratulates Prime Minister for historic third consecutive term & for his vision of enhancing support to export industry***

***- Garment Industry looks forward to the bold reform measures and inclusive sustainable growth***

Shri Sudhir Sekhri, Chairman AEPC congratulates Hon'ble Prime Minister Shri Narendra Modi for his historic third consecutive term. Shri Sekhri said, Prime Minister's forward- looking, growth- oriented and progressive vision has built a strong fundamental for India to take leap into the future.

Further Chairman underlined, the convergence of positive domestic outlook with favourable political regime will provide a conducive ecosystem for business in India in the years to come. The Modi Government's third term clearly sets the stage for bold reforms that Industry has been waiting for.

Shri Mithileshwar Thakur, Secretary General AEPC while congratulating the Hon'ble Prime Minister stated that at this juncture when India is all poised for robust growth and investment, the political continuity will provide stability, predictability and continuity in the policy regime. India's aspirational goals will be fulfilled under his dynamic leadership and we will be a witness to the emergence of a stronger nation, he added.

Shri Sekhri thanked the government for the continued support to the apparel industry and looked forward to the glorious inning of the new government. "This industry will keep reaching many more milestones under the PM's leadership and continue creating new avenues by providing employment to large number of people, especially women," Chairman AEPC added.

### *AEPC team meets new Textiles Minister*

Shri Sudhir Sekhri, Chairman AEPC and Shri Mithileshwar Thakur, Secretary General AEPC met Hon'ble Minister of Textiles Shri Giriraj Singh after his assumption of charge. Chairman AEPC briefly apprised the Minister about the RMG Industry and Exports. Chairman AEPC congratulated the Hon'ble Textiles Minister and Minister assured all support to the RMG Industry.

Welcoming the new Textiles Minister, Shri Sekhri said, AEPC team congratulates Hon'ble Minister Shri Giriraj Singh for taking over reins in the Textiles Ministry. His rich experience and visionary approach will drive the textiles sector to greater heights. I am sure that India's aspirational RMG exports goals will be fulfilled under his dynamic leadership, he added.

Chairman AEPC further said that, "We have set an ambitious target of reaching 40 billion USD of exports by 2030. AEPC has requested the Government to consider a new version of the production-linked incentive (PLI) scheme for MMF fabrics, MMF garments and Trims and embellishments with lower investment threshold to enable smaller units to participate. Further, Interest Equalization Scheme on Pre and Post Shipment rupee export credit may be extended for further two years. ATUF scheme which lapsed on 31st March, 2022 should be replaced by a suitable scheme, Chairman AEPC added.

### *Chairman AEPC meeting with the Minister of Commerce & Industry*

Shri Sudhir Sekhri, Chairman AEPC also met Hon'ble Minister of Commerce & Industry, Shri Piyush Goyal after resuming the charge. Chairman AEPC apprised the Minister about the RMG Industry and Exports scenario. Chairman AEPC congratulated the Hon'ble Minister and thanked him for supporting the RMG Industry.

Shri Sudhir Sekhri, Chairman AEPC congratulates Hon'ble Minister of Commerce & Industry, Shri Piyush Goyal and Shri Giriraj Singh, Hon'ble Minister of Textiles on their assumption of charge in the respective ministries.

Welcoming the Commerce & Industry Minister, Chairman AEPC said, we are extremely fortunate to be led by a person of his vision and dynamism. We wish him the very best for another glorious stint". We are confident that his successive term at the Commerce Ministry will provide much needed stability and continuity in the policy regime and approach which is so very crucial in the everchanging complexities of global trade.

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# Department of Commerce holds Chintan Shivir on FTA Strategy and SOP for Trade Negotiations

Department of Commerce, Ministry of Commerce and Industry in collaboration with Centre for Trade and Investment Law (CTIL), Indian Institute of Foreign Trade, New Delhi organised a Chintan Shivir on Free Trade Agreement Strategy and SOP for Trade Negotiations from 16th to 17th May 2024 at Neemrana, Rajasthan.

The Two-Day Chintan Shivir facilitated discussions on various issues related to negotiations of Free Trade Agreements (FTAs) by India, its position and strategy that should be adopted for such negotiations. The attendees also deliberated on standard operating procedures (SoP) for FTA negotiations, capacity building and resource management for trade negotiations as well as certain contemporary issues under modern FTAs such as labour, environment, gender etc.

Commerce Secretary, Shri Sunil Barthwal spearheaded the Chintan Shivir, seeking to chart a strategic course for India's future engagement in FTA negotiations. The program drew active participation of senior government officials involved in India's FTA negotiations from various Ministries, Departments, and Agencies of Government of India. Eminent speakers at the event included former senior officials of the Government of India, esteemed national and international experts in FTA negotiations, venerable academicians, and seasoned legal professionals. Their presentations were embellished with invaluable insights, enriching the discourse with profound expertise and depth of knowledge.


**The Chintan Shivir unfolded across six dynamic sessions and one roundtable, each delving into critical themes: (1)** Economic Assessment and Modelling of FTAs; **(2)** Addressing New Disciplines into FTAs such as Labour, Environment, Gender, Indigenous Peoples, etc.; **(3)** Services and Digital Trade in FTAs; **(4)** Standard Operating Procedures for FTA Negotiations including Stakeholder Consultations; **(5)** Capacity Building and FTA resource management; and **(6)** Leveraging India's FTAs to address emerging areas such as CBAM, Supply Chain disruptions, Critical Minerals, Artificial Intelligence, etc.

The 'Roundtable with Former Secretaries and Ambassadors on FTA Strategy', comprising of Shri Rajeev Kher (Chair), Former Commerce Secretary, Govt. of India; Amb. Ujal Singh Bhatia, Former Appellate Body Member and Chair, WTO; Dr. Anup Wadhawan, Former Commerce Secretary, Govt. of India; Amb. (Dr.) Jayant Das Gupta, Former Ambassador/PR to the WTO; and Shri Sudhanshu Pandey, Former Secretary, Department of Food & Public Distribution, Govt. of India and Election Commissioner for UTs, discussed how Indian FTAs must be driven by balancing geopolitics and geoeconomics, and focused on how regionalism (regional trade agreements) should complement multilateralism (global trade agreements), with regional aspirations stemming from multilateral efforts. The roundtable also identified that FTAs should foster value chain development, and the importance of integrating non-trade issues (e.g., Trade and Sustainable Development - TSD) crucial for market access, as seen in chapters negotiated with, for example EFTA. Lastly, the roundtable highlighted that effective stakeholder consultations ensure realistic and attainable goals and a balanced approach to trade and industrial policies can optimise trade negotiations and outcomes.

**Session 1** on 'India's FTA Strategy and Economic Assessment and Modelling', highlighted those detailed economic studies, including models like Computable General Equilibrium (CGE), are necessary to guide FTA negotiations; and how economic models help build negotiation narratives but must be used with an understanding of their assumptions and limitations thereof. The participants also discussed how negotiating investment and trade together can create synergies, and the need for careful consideration of trade policy and the industrial policy together.

**Session 2** on 'Inclusion of New Disciplines into FTAs' provided an opportunity for participants to explore and understand the implications of new areas such as TSD (including Environment, Labour, Gender, Indigenous Peoples) in trade agreements, the issues involved in enforcing domestic laws and ratifying international treaties; different approaches followed by developed countries for these areas (US and EU models); and the challenges involved in defining policy space, law enforcement, civil society involvement. Among others, some of the solutions suggested by participants included constructive engagement with stakeholders, supporting identification of measures and possible way out, and exploring pilot projects for implementation of those commitments.

**Session 3** on 'Services and Digital Trade in FTAs' highlighted the significance of services trade, especially cross-border supply (Mode 1), the challenges of data sovereignty, consumer protection and cybersecurity, and the choice between positive and negative listing approaches in services commitments having impact on transparency and negotiation outcomes. The session also explored India's data adequacy issues under EU GDPR and significant challenges posed by the evolving landscape of e-commerce and digital trade. The speakers also emphasised on how leveraging critical and emerging technologies through initiatives like India-EU TTC and US-India iCET can boost trade prospects for India.

**In Session 4** on 'Standard Operating Procedures for FTA Negotiations including Stakeholder Consultations', speakers and participants discussed evolution and drafting of SOP and its benefits in enhancing the objectives of trade agreements and creating documentational or institutional memory for future negotiations. Participants discussed the challenge of on-the-spot drafting requiring mechanisms to draft agreements in real-time during negotiations to ensure clarity and immediate consensus, and how the negotiators can ensure that commitments undertaken are pre-approved. The discussions highlighted that relevant stakeholder consultations are essential for inclusive and supportive outcomes, how the stakeholders provide critical insights and hence continuous outreach to stakeholders is necessary to keep them informed and engaged. The participants also explored robust resource management strategies and its implementation, to prevent overstraining, and ensuring proactive problem-solving thereby providing useful and constructive attributions.

**Session 5** on 'Capacity Building and FTA resource management' identified that FTAs play a critical role in enhancing national security by establishing strong economic ties and creating frameworks for regulatory cooperation. It also acknowledged that modern FTAs address complex issues beyond traditional trade, including digital trade, data protection, and environmental standards. Speakers highlighted the importance of interdisciplinary support noting that successful negotiations require expertise in law, economics, data analytics, and industry specific knowledge and how gathering expert opinions and insights from various sectors enhances the negotiation process. Participants explored ways to utilise the resources of India's embassies/missions abroad, towards leveraging on-ground insights from embassies which would help understand the regulatory regimes of partner countries.

**Discussions in Session 6** on 'Leveraging India's FTAs to address emerging areas' focused on supply chain disruptions, critical minerals, capacity building, de-globalisation and geopolitical influence. Session discussions identified that FTAs can be used as tools to enhance supply chain resilience, ensuring stability and sustainability in trade relationships. It also emerged during discussions that India should negotiate a dedicated chapter on Critical Minerals or Critical Minerals-based agreements specially with such mineral-rich countries to protect India from abrupt disruption in supply chain. The session also noted that the global trend towards partial de-globalisation and the use of industrial policy as a cover for protectionism, and geopolitics now play equally an influential role that of geoeconomics in shaping trade policies. The session suggested that India should use FTAs to build resilient supply chains, focus on capacity building and interdisciplinary expertise, and adapt to the current trend of partial de-globalisation and geopolitical influences.

The Chintan Shivir ended with wrap-up session and report of the event and special remarks by Shri Sunil Barthwal and Additional Secretary, Department of Commerce, Shri Rajesh Agrawal. The event brainstormed various suggestions on formulating India's FTA strategies and for adopting the standard operating procedures for enhancing India's FTA preparedness.

# *India and Australia to work closely for collaborative projects, timely resolve market access issues*

An Indian delegation led by Commerce Secretary Shri Sunil Barthwal had a very productive discussions on various trade and prospective investment related issues with the Australian delegation led by Deputey Secretary Shri George Mina from the Department of Foreign Affairs and Trade (DFAT) in Canberra as well as the businesses in Sydney and Melbourne for deepening the existing economic relations between the two democracies, taking advantage of the trade complementarities and expertise and unexplored potential that both economies have.

Australia is an important trading partner of India in Oceania region with merchandise trade between India and Australia reaching around 24 billion USD in 2023-24, signaling significant potential for further growth. The Joint Committee Meeting serves as a vital platform for both nations to further strengthening trade ties and exploring new opportunities for bilateral economic cooperation in areas such as trade facilitation, investment promotion, as well as co-operation in other

areas including support for technology.

In the first Joint Committee Meeting (JCM) under India-Australia Economic Co-operation and Trade Agreement (Ind-Aus ECTA), both the sides while acknowledging the sooth implementation of the ECTA, briefly elaborated on ECTA implementation issues including MRAs on organic products, market access issues related to products like okra, pomegranate, grapes, cottage cheese, macadamia nuts, lentils and avocado, TRQ administration, pharmaceutical pricing control in Australia particularly on Generics, progress made by the working group on Whisky and Wine aiming to address regulatory challenges and promote trade of these products, outcomes of the ECTA sub-committee meetings and need for their regular meetings for timely resolution, areas of mutual interest including coastal tourism, critical mineral and collaboration for establishing Disease-Free Zones for shrimps and prawns in India. JCM also adopted the Rules of Procedure for the Joint Committee and established an institutional mechanism, **first of its kind for FTAs**, for regular exchange of preferential import data on monthly basis. It also briefly deliberated on integrated approach for the forthcoming CEO forum event for promoting investments, in particular on Start-ups.

The JCM meeting also addressed certain critical services issues, including the consideration of India's request for facilitation of cross border e-payments and mutual recognition agreements in professions like nursing and dentistry. Furthermore, the commitment to remove the ENT/LMT requirement in line with the UK-Australia Free Trade Agreement was reiterated, alongside discussions focusing on facilitating the mobility of healthcare workers between the two nations, promoting tele-medicines.

Overall, the JCM reaffirmed the commitment of both India and Australia to foster a robust and mutually beneficial economic relationship, paving the way for enhanced cooperation and prosperity for both nations.

Discussions were also held at the chief negotiators level between Additional Secretary Shri Rajesh Aggarwal from DoC and Assistant Secretary Shri Ravi Kewalram from DFAT under India-Australia CECA negotiations to review the progress made after nine rounds and the way forward for its completion with a view to reaching at a balanced outcome, building on the achievements of Ind-Aus ECTA, keeping in mind the sensitivities on both the sides. It also explored areas of effective co-operation in various sectors, going beyond the traditional approach to FTAs for a deeper integration of the economies.

Meeting also touched upon the WTO issues wherein appreciated the Commerce Secertary made it amply clear the importance of support of Australia for early resolution of the long pending issue of permanent solution to public stock holding (PSH). Australia sought support of India for the plurilateral arrangement for domestic support for services. Both the sides agreed to discuss these matters intersessionally, if required.

Meetings with the businesses and business associations including Australia India Business Council and Chambers of Commerce in Sydney and Melbourne as well as CII explored areas of mutual interest. It was evident that given the existing potential, businesses are eager to work together including capacity building and vocational training, hiring of skilled professional and caretakers such as healthcare workers, nurses etc, through skill gap mapping exercise, need for mutual recognition of standards, collaboration on critical minerals, digital connectivity including cross border payment system, finance, education, Agri, dairy & food processing, transport and storage, sports, pharmaceuticals, silicon wafers, space, medical equipments and so on and so forth.


Overall, these meetings revealed the extreme eagerness of the businesses and governments of both the sides to work hard and bring new synergy to take the strategic partnership to a new level, bringing in significant benefit to businesses and citizens.

# India's Technical Textiles market has huge potential backed by a significant growth rate of 10%: Textiles Secretary

The Ministry of Textiles in partnership with Confederation of Indian Industry (CII) and Ahmedabad Textiles Industries' Research Associations (ATIRA) organized a National Symposium on Advancements in Composites, Speciality Fibres and Chemicals in New Delhi.

India's Technical Textiles market has a huge potential backed by a significant growth rate of 10% and placement as the 5th largest technical textiles market in the world, said Mrs Rachna Shah, Secretary, Ministry of Textiles while addressing the symposium.

She further said that composites have distinct structural and physical features, which make them suitable for specific applications across various sectors. For example, in infrastructure development, aerospace, automotive sector, Military and Defence sector, medical devices, composite materials, among others. She highlighted the significance and importance of institutional buyers, user Ministries and industries in the adoption of technical textiles and products made out of speciality fibres and composites.


A collaborative approach among stakeholders including industry representatives, policymakers, researchers, and investors is imperative to address the cost implications in the field of composites and speciality fibres and work together in increasing awareness and education for wider adoption by the larger community for the growth of the sector, she added.

Dr. Vijay Kumar Saraswat, Member, NITI Aayog, highlighted that the speciality fibres are the building blocks of the advanced composites and its choice is a strategic decision on a blend of performance requirements and cost consideration.

He mentioned that speciality fibres like aramids, carbon fibre, zylon, ultra-high molecular weight polyethylene (UHMWPE), glass fibre, ceramic fibre can be tailored for diverse applications and strategic needs, such as Fire-Retardant fabrics, Bullet Resistant Jackets, ropes and cables, windmills (renewable energy) and in gas and chemical filtration respectively. He highlighted the top trends in composite materials including but not limited to high performance resins and adhesives, carbon fibre-based materials light weighting advanced polymer composites, biomaterials, nanocomposites, intelligence design and manufacturing.

He elucidated that the advancements in material science are not just about creating stronger or lighter materials, but also about ensuring their sustainable use through material circularity. He also stressed that the demand for bio-composites is increasing due to growth in its adoption by construction, furniture industry and increased compatibility in medical applications.

Dr. Saraswat also said that advanced composites and speciality fibres are continuously evolving with research, pushing the boundaries of fibre performance. Future developments will include fibres with even greater strength and stiffness, enhanced thermal properties and even self-healing capabilities. He also emphasised that although composite materials have been around for many years, the industry is still amid innovation and evolution. There is a need to adopt sustainable practices which will be a key feature of the composites industry going forward.

Shri Ajay Kumar Rana, Director General, RDSO during his address talked about the use of geotextiles and geo-composites in the railways sector. He highlighted the use of geotextiles, geogrids, pre-fabricated vertical drains (PVDs) for load bearing applications, slope erosion protection control application, drainage, separation, filtration etc. He also stated RDSO is actively working in developing new guidelines and standards for use of geo-composites in railways sector, in association with BIS.

Shri Rajeev Saxena, Joint Secretary, Ministry of Textiles suggested technical textiles is one of the fastest growing segments with a strong global demand. The technical textiles industry holds immense potential to drive productivity, efficiency, cost-effectiveness, and innovative solutions across engineering and general applications. He highlighted that NTTM is a flagship mission with a view to position India as the Global Leader in Technical Textiles. During his speech, Shri Saxena elucidated various guidelines under the NTTM mission related to Research & Innovation, Start-up, machinery development, internship, education and skilling.

While deliberating on the importance of composites, he stated that textile composite materials are replacing the conventional materials in several fields.

Shri Nilesh M Desai, Director, Space Applications Centre (SAC/ISRO) said that SAC is the second largest research centre of ISRO with a long association with ATIRA. He said that space and aerospace is going to be a major area for composites applications, due to its light weight and durable properties. CFRP and Asto glass fibres are majorly used nowadays in space and aerospace sector.

Around 150 participants attended the conference including Officials and Representatives from Central Ministries, user Departments of Central and State Governments, industry leaders, scientific experts, researchers, and professionals related to technical textiles.

# *India plans new shipping firm to capture revenue from growing trade*

***The South Asian nation is spending billions of dollars to refurbish infrastructure in its race to become a world-class manufacturer with Prime Minister Narendra Modi, who won a third term , aiming for it to be a developed nation by 2047.***

India plans to set up a new shipping company to expand its fleet by at least 1,000 ships in the next decade, as Asia's third-largest economy seeks a bigger chunk of revenue from surging trade, government officials said.

The South Asian nation is spending billions of dollars to refurbish infrastructure in its race to become a world-class manufacturer with Prime Minister Narendra Modi, who won a third term , aiming for it to be a developed nation by 2047.

The yet-to-be-named firm will be jointly owned by state-run companies in the oil, gas and fertiliser industries, which would provide it with business, along with the state-run Shipping Corp of India and foreign companies.

India's oil and shipping ministries did not respond to requests for comment.

The aim is to reduce freight outgoings to foreign firms by at least a third by 2047, said the sources.

"Current estimates show freight costs will rise to $400 billion as we boost our exports and imports by 2047," said one of the sources, who has direct knowledge of the matter.

Indian companies paid freight costs of $85 billion in the financial year 2019/20, of which $75 billion was paid for use of foreign vessels, the source added.

The turn to foreign carriers comes as India's shipping fleet has not kept pace with its surge in trade, including imports of energy and exports of refined oil products.

India has a fleet of about 1,500 large vessels including tankers, gas carriers, container ships and dry bulk carriers, the sources said.

In January India's oil and shipping ministries agreed that all state-run oil companies and the planned company work together, a government document seen by Reuters showed.

They would draw on the expertise of the Shipping Corp of India in "tanker acquisition and ownership, operations and other areas of shipping", it added.

On May 16, the two ministries formed a joint working group of government and industry officials to devise a roadmap, the document showed.

The new firm will be based at GIFT IFSC, a financial centre in Modi's western home state of Gujarat that aims to compete with hubs such as Singapore by offering fiscal incentives and a more streamlined regulatory environment.

It would draw seed capital from a maritime development fund of roughly 300 billion rupees ($3.6 billion) the government plans to set up in a tie-up with major port authorities, the first source said.

To secure low-cost, long-term loans for financing ship-building, the two ministries want state-run companies to sign 15-year charter deals with the new firm.

That represents a shift from the current practice of booking specific voyages or one- or two-year charters.

"In return the state-run companies can also become stakeholders in the new ship owning and leasing entity," the source added.

"The plan is to consolidate the government-side cargo demand from other ministries, mainly the energy and fertiliser cargoes."

# *Bangladesh RMG exports competitiveness may be ephemeral*

The days are not far when Bangladesh will no longer enjoy the doles which it currently is enjoys, be it GSP benefit in EU, or direct cash incentives to the exporters and rationing on the raw material imports from the other countries. USA has already contemplated increasing tariff for RMG imports from Bangladesh and wages and power tariff hike.

The US economist and other associations have raised concern over the labor unrest in Bangladesh and questioned the social compliances issues which is grappling the country.

The Bangladesh government's cash incentive programme for export receipts has surged over the years, yet many sectors have struggled to make a significant impact in the global market. Reports underlined this adding, this has limited the success of the government's diversification initiative while highlighting that currently, 43 sectors receive taxpayer-funded cash support, with rates ranging from 0.5 per cent to 15 per cent.

Among the sectors, only the garment sector has consistently excelled, establishing Bangladesh as the world's second-largest apparel supplier. The sector accounts for approximately 85 percent of the country's exports even as over the years, the government has spent thousands of crores of taka to help exporters become competitive in international trade.

However, this support must end after 2026, as World Trade Organization (WTO) rules prohibit developing and developed countries from providing direct cash incentives to the exporters and with Bangladesh set to become a developing country in November 2026, the government has already begun reducing subsidies for almost all sectors even as it aims to gradually phase out the rates and protect exporters from the shock of a sudden withdrawal of cash aid.

Countries like India and China offer similar incentives under different names, such as technology upgradation or skills development funds while emphasising that numerous small and medium enterprises in Bangladesh need financial support to face post-LDC challenges, especially with rising business costs due to power tariff hikes.

Wages and power tariff hike is another problem area for Bangladesh which will soon impact the pricing of exported RMG in the international market. Bangladesh raised the minimum monthly pay for the country's four million garment workers by 56.25 percent, a decision which was immediately rejected by unions seeking a near-tripling of the figure. Workers have gone on strike to demand a near-tripling of their wages, with violent scenes in recent days. The new minimum monthly wage for garment factory workers has been fixed at 12,500 taka ($113), earlier women monthly pay used to start at 8,300 taka ($75). The competing country like India pays much higher wages and it's also above the ILO standards.

Bangladesh has raised domestic natural gas tariffs for power plants and electricity tariffs for all types of consumers this week, in a move that is likely to incentivize gas sales and LNG imports in the coming month. The price increases, aimed at reducing government subsidies in these sectors, will take effect retrospectively from Feb. 1. Bangladesh subsidizes both natural gas and electricity sales as prices for downstream sectors are regulated, saddling the state exchequer with millions of dollars in debt every year.

On Feb., 27, the country raised the domestic gas tariff by Taka 0.75/cubic meter, or 2.5%, to Taka 30.75 ($0.28)/cubic meter for independent power plants and by Taka 0.75/cubic meter, or 5.36% for captive power plants run by industries for their internal consumption. Bangladesh last raised gas tariffs in 2023 across categories, but this time it only raised prices for the power sector.

The electricity tariffs were raised in an announcement made late Feb., 29 for both retail and bulk consumers, within a spot span of the gas tariffs. Retail electricity tariffs went up by around 8.50%, or by Taka 0.70/ unit (1 kilowatt-hour) on average, while the bulk tariff increased by 5.0%, or by Taka 0.34/ unit, on average.

The results are not very favorable for Bangladesh in the long run. Bangladesh RMG exports to the world for the month of April 2023-2024 is down by -15.5% compared to the same period last year. Another sign of losing market is, Bangladesh has seen a 22.31-percent year-on-year decline in garment exports to India during the first nine months of the current fiscal year, data shows, despite an increase in shipments to other non-traditional markets. Bangladesh's readymade garment (RMG) exports to India fetched $645.18 million between July and March of the 2023-24 fiscal year, compared to the $830.51 million earned during the same period in the previous year.

# Why It's So Hard to Track the Fashion Industry's Emissions

**A growing number of fashion companies are talking about substantially cutting their greenhouse gas emissions. But evaluating those efforts is tricky.**

**To understand fashion's climate challenge, think of a shirt.**

Every shirt starts with raw materials. Cotton, for example, is grown on farms and then spun into yarn in factories largely found across the Global South. The fibers are sent to textile makers, who turn them into fabric used to make clothes. The clothes are shipped to apparel retailers, who sell them to consumers in stores and online. The exact number of steps in the process depends on the company and the product, but the overall gist is the same: Behind any piece of clothing you buy is a complex supply chain, almost every link of which involves emitting greenhouse gasses into the atmosphere.

**Behind that supply chain, though, is a carbon-accounting mess.**

Take PVH Corp., the US-based company that owns Tommy Hilfiger and Calvin Klein. In detailed reporting last year, PVH disclosed its emissions for 2017/18 (its "base year") as well as 2021/22 and 2022/23. The numbers seem to indicate an impressive 47% drop in emissions between the base year and 2022/23. But a closer look reveals what actually happened: PVH changed how it calculated its latest emissions. As a result, the company noted, "prior year footprints are not comparable." PVH says it's still recalculating its baseline footprint.

US-based Kohl's Inc. started reporting emissions from direct operations in 2014, but didn't begin tracking most of its indirect emissions until 2021. (Kohl's didn't respond to requests for comment.) US-based L.L. Bean Inc. has also reported its direct emissions for years, but only recently calculated its full indirect emissions — and hasn't reported them publicly.

These companies are far from alone. To assess the trajectory of big fashion's carbon footprint, Bloomberg Green set out to identify the emissions of 38 apparel companies with at least $1 billion in annual revenue. We looked for companies that disclosed at least three years' worth of data, including a base year; reported totals across Scope 1, 2 and 3 emissions; and broke those emissions down into detailed sub-categories. The companies shared their figures through public reports, with Bloomberg Green directly or with the nonprofit CDP, which operates a database of corporate climate disclosures.

Just 20 of the reviewed companies, or roughly half, met all three criteria. Of those, 11 reported emissions reductions over the period for which they disclosed data. Nine reported an emissions increase.

Fashion's emissions-tracking disarray is unlikely to be resolved anytime soon: As better data becomes available and with potential regulations looming, companies across a variety of industries are overhauling or at least finessing how they calculate their carbon footprint. In the short term, though, the inconsistency is making it near impossible to evaluate companies' progress — or lack thereof.

"We shouldn't allow a change in how you measure things to lead to meeting your goal," says Jonatan Janmark, a partner at McKinsey & Co. and co-author of its "Sustainable Style" report. When it comes to really cutting emissions, he says, "clearly brands are struggling."

The fashion industry generated just over 1 gigaton of carbon dioxide equivalent in 2019, or roughly 2% of global greenhouse gas emissions, according to a World Resources Institute and Apparel Impact Institute analysis. That footprint, and the rise of fast fashion, have made apparel companies a target: In recent years, the industry has come under fire for fueling overconsumption, favoring high-speed mass production despite its environmental impacts, and generating mountains of plastic waste.

**Source: Bloomberg News**

# *India Q4 GDP Data Highlights: Fy24 growth hits 8.2%; "Just a trailer of things to come," says PM Modi*

India's gross domestic product (GDP) for the January-March quarter of fiscal 2023-24 (Q4FY24) came in at 7.8 per cent, driven by strong growth in the manufacturing sector. The Indian economy beat D-Street estimates and grew by 8.2 per cent for the full year (FY24). Economists expect the momentum to remain strong this year.

According to data released by the National Statistical Office (NSO) on Friday, May 31, the sector-wise analysis revealed that the real gross value added (GVA) grew at a rate of 7.2 per cent in 2023-24, compared to the 6.7 per cent growth observed in 2022-23. The growth propelled the Indian economy to $3.5 trillion and set the stage for achieving the $5-trillion target in the next few years.

The macroeconomic data comes only days ahead of the high-stakes Lok Sabha election results 2024, due on Tuesday, June 4. The Reserve Bank of India (RBI) Governor Shaktikanta Das had expected the economy to grow by eight per cent in FY24. In the previous October-December quarter (Q3FY24), the economy grew at 8.4 per cent -- at its fastest pace in six quarters.

"As predicted, GDP growth rate for 2023-24 crossed the eight per cent mark and landed at a comfortable 8.2 per cent. Great news for India!!," Arvind Panagariya, Chairman of the 16th Finance Commission, said in a post on 'X'. In contrast, some economists said that the economy needs to grow faster for the benefits to percolate to the unemployed and poorer sections of society.

# WIPO Treaty, a big win for India and Global South

The World Intellectual Property Organization (WIPO) treaty on intellectual property, Genetic resources and associated traditional knowledge, is a significant win for countries of the global South and for India, which is a mega biodiversity hotspot with abundance of traditional knowledge, and wisdom.

For the first time the system of knowledge and wisdom which have supported economies, societies and cultures for centuries are now inscribed into the global IP system. For the first time the connection between local communities and their GRs and ATK is recognised in the global IP community. These are historic achievements long championed by India as a provider of traditional knowledge and wisdom and repository of biodiversity.

The treaty will not only safeguard and protect biodiversity but will increase transparency in the patent system and strengthen innovation. Through this, the IP system can continue to incentivize innovation while evolving in a more inclusive way, responding to the needs of all countries and their communities.

The treaty also marks a big win for India and the global south which has for long been a proponent of this instrument. After two decades of negotiations and with collective support this treaty has been adopted at the multilateral fora,with a consensus among more than 150 countries.

With the majority of the developed countries on board, who generate IP and use these resources and knowledge for research and innovation, this treaty paves the way for bridging conflicting paradigms within the IP system and the protection of biodiversity which have existed for decades.

The treaty on ratification and entry into force will require contracting parties to put in place, mandatory disclosure obligations for patent applicants to disclose the country of origin or source of the genetic resources when the claimed invention is based on genetic resources or associated traditional knowledge. This will offer added protection to Indian GRs and TK, which while currently protected in India are prone to misappropriation in countries, which do not have disclosure of obligations. Therefore, by creating global standards on disclosure of origin obligations, this treaty creates an unprecedented framework within the IP system for provider countries of Genetic resources and associated traditional knowledge.

At present, only 35 countries have some form of disclosure obligations, most of which are not mandatory and do not have appropriate sanctions or remedies in place for effective implementation. This treaty will require contracting parties, including the developed world, to bring changes in their existing legal framework for enforcing disclosure of origin obligations on patent applicants.

The treaty marks the start of the journey to achieve collective growth and deliver the promise of a sustainable future, a cause which India has championed for centuries.

# *European Council gives final approval to ecodesign regulation*

Today, the Council of the European Union adopted the ecodesign regulation ( ESPR ), the most ground-breaking new legislation for apparel. Once published in the EU Official Journal, the clock will start ticking and have different impacts, from how companies report on unsold goods (in 1 year) to mandatory requirements for garment performance and digital information (3 years).

The European Council has officially adopted the ecodesign regulation, setting stringent requirements for sustainable products in the European Union (EU). The regulation directly bans the destruction of unsold textiles and footwear with temporary exclusions for small and medium-sized enterprises (SMEs) and authorises the Commission to introduce similar bans for other products in the future.

EURATEX welcomes the adoption of ESPR, as it is set to improve sustainability, quality of products sold in the EU, and information exchange across the entire value chain. Moreover, setting requirements at the EU level will avoid fragmentation with national laws and give companies certainty on how to operate in the EU market.

This new regulation replaces the existing ecodesign directive and broadens its scope to encompass all goods placed on the EU market, beyond just energy products. This approval marks the final step in the decision-making process.

To encourage the public purchase of green products, ecodesign criteria will be applied in public procurement. It will also align with the Digital Services Act for products sold online.

The regulation applies to a wide array of products, with exceptions such as cars and defence-related items. It introduces several new requirements, including product durability, reusability, upgradability, reparability, and energy and resource efficiency.

Additionally, it sets rules regarding substances that inhibit circularity, recycled content, remanufacturing, recycling, and environmental footprints. The regulation also mandates the inclusion of a Digital Product Passport, the European Council said.

Following Council's approval, the legislative act has been adopted. After being signed by the President of the European Parliament and the President of the Council, the regulation will be published in the Official Journal of the European Union and will enter into force on the 20th day following that of its publication. It will apply from 24 months after the entry into force.

The Ecodesign Directive 2009/125/EC previously established energy efficiency requirements for 31 product groups, saving €120 billion (~$130.58 billion) in energy expenditure and reducing annual energy consumption by 10 per cent for the covered products. The new regulation was proposed by the Commission on March 30, 2022, with the Council adopting its general approach on May 23, 2023 and reaching a provisional agreement with the Parliament on December 4, 2023.

"With the ecodesign regulation we create the right incentives for the industry to think circular from the very design conception of the products they plan to produce and sell in the EU," commented Pierre-Yves Dermagne, Belgian Deputy Prime Minister and Minister of the Economy and Employment.

# Hemp Clothing market is poised to surpass USD 23.02 billion by 2031, showcasing a CAGR of 27.1%

Hemp Clothing Market The study presents an impending revenue forecast of the industry for the next few years coupled with imminent market trends and opportunities. Moreover, the study also doles out different logical tables and graphs to identify the complexities of the market. The global Hemp Clothing Market Size was valued at $2.29 billion in 2021, and is projected to reach $23.02 billion by 2031, growing at a CAGR of 27.1% from 2022 to 2031.

**Hemp Clothing Key Players**

WAMA UNDERWEAR, United By Blue, Eileen Fisher, Patagonia, Inc., ToadandCo, VALANI, Jungmaven, ONNO T-Shirt Company, Levi Strauss and Co., Outerknown.

The Plant-based Baby Care Products report is analyzed across Type, Application, End-Use:

**Type**

Shirts, Pants, T-shirts, Activewear, Coats and Jackets, Dress, Undergarments and Others

**End User**

Men, Women, and Kids

**Distribution Channel**

Hypermarket, Independent Retail Stores, E-commerce and others

The hemp clothing market holds a significant scope for growth during the forecast period. Currently, the market is moving toward maturity stage and is expected to garner steady growth in major markets, which include the U.S., China, and India.

The hemp clothing market has witnessed steady growth even under several unrests such as global uncertainty, weakened global economy, and others. According to the insights of the CXOs, the activewear segment is anticipated to witness significant growth, owing to increase in the affinity of consumer toward sportswear.

In addition, increase in sponsored sports events by government and private organizations to augment the participation of young population from developing regions fosters the growth of the sports apparel segment. Moreover, rise in the frequency of direct-to-consumer advertisements is anticipated to propel the market growth. E-commerce segment has enabled consumers to procure exclusive hemp clothing at better cost, thereby increasing overall sales of hemp clothing.

# Denim Fabrics Market may see potential upside in years to come

According to a report by Allied Market Research, the global denim fabric market generated $18.1 billion in 2020 and is projected to reach $27.9 billion by 2030, experiencing a CAGR of 4.4% from 2021 to 2030. The report provides an in-depth analysis of changing market dynamics, top segments, value chain, key investment pockets, regional scenarios, and competitive landscapes.

**Market Growth Drivers and Constraintes:**

The growth of the global denim fabric market is primarily driven by the availability of denim fabric at affordable prices and new socio-economic trends. However, the market faces challenges such as the volatility in cotton prices and environmental concerns related to synthetic dyes. Conversely, the development of biodegradable denim fabric presents significant opportunities for market expansion in the coming years.

**Market Segmentation:**

The report segments the global denim fabric market based on raw material, fabric type, end use, and region.

**By Raw Material:**

The cotton segment dominated the market in 2020, holding 92% of the total market share, and is expected to maintain its leading position through 2030. This segment is also projected to register the highest CAGR of 4.5% from 2021 to 2030.

**By Fabric Type:**

The raw denim segment held the largest market share in 2020, accounting for nearly one-third of the total market share, and is anticipated to retain its leadership status during the forecast period. However, the stretch denim segment is projected to experience the highest CAGR of 5.2% from 2021 to 2030.

**Regional Analysis:**

In 2020, the Asia-Pacific (APAC) region contributed the highest revenue share, comprising nearly four-fifths of the total market. This region is expected to continue its dominance and is projected to exhibit the fastest CAGR of 4.6% during the forecast period. Other regions analyzed in the report include America, Europe, and the Middle East & Africa (MEA).

**Key Market Players:**

The report includes an analysis of leading players in the global denim fabric market such as Advance Denim Co., Ltd., Arvind Limited, Bextex, CONE Denim LLC, HA-MEEM Group, House of Gold, LLC, Isko, Modern Denim Ltd., Noman Group, and Raymond UCO Denim Pvt. Ltd.

# Protective Textiles and India: Growth is inevitable

**_Applied in 13 industries, technical textiles in protective clothing stands out as a new and promising category that has some very useful applications in military, para-military, civil defense, oil, gas, mining and heavy industries_**

At a CAGR of 12 per cent -14 per cent, technical textiles are here to stay, thrive and grow. The sector is set to be a US $ 20-23 billion market within India and US $ 3 billion in exports. Applied in 13 industries, technical textiles in protective clothing stands out as a new and promising category that has some very useful applications in military, para-military, civil defense, oil, gas, mining and heavy industries.

While all types of clothing inherently provide some level of protection, the protective functional textiles address potential life-threatening hazards or risks, posing a danger to individuals that include heat, fire, blasts, impacts, cuts, chemical splashes and dirt.

### Protective textiles for defense and civil defense services

Smart textiles play a pivotal role in the creation of protective clothing and wearables for military personnel. This contains an array of essential items such as bulletproof vests, helmets, gloves and boots. Leveraging high-performance fibres and sophisticated textile structures, bulletproof vests, helmets etc., are engineered to deliver ballistic protection, impact resistance, fire resistance, chemical resistance and optimal comfort. The focus is on creating textiles that can help humans to endure extreme conditions.

Beyond personal protective equipment, protective textiles find application in the construction of military tents, shelters and camouflage systems. These textiles are characterised by their lightweight yet durable nature, designed to withstand the rigours of harsh environmental conditions. By offering reliable protection and support, these textiles prove invaluable in diverse operational scenarios, ensuring the safety and well-being of military personnel.

The top 10 militaries in the world have around 30 million military personnel and at least 4-6 metres of fabrics are required per person per year. India alone has 2.2 million soldiers in the army, while almost same number (2 million) works in police across the nation.

As per an estimate, the companies making garments for them see around 25 per cent – 50 per cent repeat orders for replacing the damaged or worn-out pieces every year. Camouflage and protection, secure locations and logistics (rucksacks bags) are three major areas where military textiles are used.

### Bullet-proofing through jackets and helmets

Bulletproof requirements broadly consist of three levels. One of these levels is NIJ 3A, intended for the common man facing common threats, such as state reserve police not in combat zones. These bulletproof jackets are designed for protection against normal pistol shots but not AK47 rounds. The second level is an advancement from NIJ 3A to NIJ 4, 5, 6. This classification includes both soft armors, made from fabrics like aramid and hard armors. The latter is a highly critical subject due to its weight, making it suitable for defence personnels in combat zones. There are certain finishes on certain fabrics that are conducted to enhance properties and functionalities of defence gears. Fabrics featuring ripstop construction incorporate reinforced grid patterns to prevent tears and resist abrasion. Further, Cordura® Fabric is known for its exceptional durability and abrasion resistance and TPU (Thermoplastic Polyurethane) Coating is also applied to fabric surfaces that provides enhanced abrasion resistance and durability while maintaining flexibility and breathability.

The bulletproof jacket fabrics are engineered to provide protection against projectiles, fragments and ballistic threats. Therefore, they are typically composed of high-performance fibres such as aramids, polyethylene or hybrids of both, woven or laminated together in multiple layers to create ballistic-resistant materials used in body armor, vehicle armor and protective gear for military and law enforcement personnel.

Meeting the requirements at the hard armor level is challenging, yet in India, efforts are underway to manufacture hard armor and advance bulletproof concepts.

### *Protection through high altitude clothing*

The domestic market for high altitude clothing is expected to reach Rs. 1,273 crore by FY 24-25, as per Ministry of Textiles' estimates. High altitude clothing is used for protection against extreme weather conditions like extremely low temperature, high velocity winds, snow fall etc., especially in critical combat areas like Siachen. The high-altitude clothing consists of jackets, waist coats, trousers, glacier caps, rappelling gloves and glacier gloves. The weight of special clothing is typically around nine to ten kilograms.

The major characteristics of high-altitude clothing are hydrophilic-waterproof and moisture resistant, breathable and abrasion resistance. Special finishes such as hydrophilic polyurethane coating, gore-tex coating or sympatex coating are required to produce textiles for high altitude clothing. DWR (Durable Water Repellent) Finish through lamination and membranes is applied to the outer surface of the fabric to make it water-resistant and windproof while allowing breathability. Insulation on high-performance synthetic fibres, such as polyester or polypropylene, is also used to create insulating layers that trap heat and provide warmth even when wet.

Protective textiles for industrial workwear and firemen

The global fire-retardant textile market is projected to grow from US $ 3.50 billion in 2023 to US $ 4.80 billion by 2027. Approximately 30 Indian companies are producing high-end flame-retardant fabrics (both for domestic and export markets) that are engineered materials designed to resist ignition, slow down the spread of flames and reduce the risk of injury or damage in the event of a fire. These fabrics find applications in diverse sectors, such as industrial manufacturing, military, firefighting, oil and gas, mining, chemical, etc.

The flame-retardant apparel can be manufactured from two varieties of fabric – 100 per cent cotton fabric with flame retardant coating or fabric made of inherently flame-retardant fibre. Understanding the level of protection that flame-resistant (FR) textile should provide is crucial when producing it. Effectively minimising heat transfer can substantially mitigate the impact of a fire or arc flash, offering significant protection to the wearer. Arc ratings are measured in calories per square centimetre, with higher ratings indicating increased protection.

# Women Apparel Market Share, Growth Analysis 2024-2032

The global women apparel market size reached US$ 1,002.0 Billion in 2023. Looking forward, IMARC Group expects the market to reach US$ 1,356.2 Billion by 2032, exhibiting a growth rate (CAGR) of 3.3% during 2024-2032. IMARC Group has recently released a new research study titled "Women Apparel Market Report offers a detailed analysis of the market drivers, segmentation, growth opportunities, trends and competitive landscape to understand the current and future market scenarios.

Women apparel represents a broad category of products, such as formal wear, casual, and ethnic clothing. They are generally produced by using comfortable fabrics that are worn by women of all ages. The product offering is based on numerous seasons and cultural backgrounds that differ based on the sizes, colors, patterns and prints, fabric materials, type of apparel, etc. Presently, key market players are introducing garments with enhanced aesthetic, comfort, and protection functionalities. They are commonly available across supermarkets and hypermarkets, multi-brand retail outlets, exclusive stores, etc.

### *Women Apparel Market Trends*

The growing popularity of e-commerce platforms that provide faster delivery, discount coupons, easy accessibility and convenience, payment methods, and return policies to consumers, etc., is among the key factors stimulating the women apparel market. Moreover, the rising focus on the introduction of new styles and designs in formal wear, owing to the expanding female workforce participation by leading manufacturers, is acting as another significant growth-inducing factor. Besides this, the development of trendy clothes with numerous patterns, styles, fabrics, colors, and designs to keep consumers updated with the latest fashion trends is positively influencing the global market.

Furthermore, the increasing concept of visual merchandising and the inflating number of fashion rental services are also propelling the market growth. Apart from this, the widespread adoption of innovative strategies, including 3D knitting machines and mass customization and personalization to reduce production costs and improve quality is further fueling the global market. Additionally, the rising improvements in the textile sector are anticipated to fuel the women apparel market over the forecasted period.

IMARC Group is a leading market research company that offers management strategy and market research worldwide. We partner with clients in all sectors and regions to identify their highest-value opportunities, address their most critical challenges, and transform their businesses.

# TEXTILE INDUSTRY: HOW CAN WE MAKE IT MORE SUSTAINABLE?

Textiles are central to tackling the triple planetary crises of climate change, biodiversity loss, and pollution.

"Each year, the textile sector is estimated to be responsible for up to 8 % of the global greenhouse gas emissions because of the excessive consumption of natural resources and energy", stated Veronika Hunt Šafránková, Head of the UN Environment Programme Brussels Office, while introducing on 16 May the high-level event "Threads of Change: Systemic Transformation of the Textile Sector", co-hosted in Brussels by UNEP and the Belgian Presidency of the Council of the European Union (EU).

"The size of 86 million Olympic swimming pools of water is used by the sector every year."

The textile industry worldwide also generates 9 % of microplastic pollution flowing into the oceans, while exploiting its workers is also a global problem. In the quest for solutions, the high-level event was designed to provide a platform for discussion for all the stakeholders, from policymakers to industry and civil society.

### *Throw-away culture*

"The world has become addicted to fast fashion", said Inger Andersen, the UNEP Executive Director, in her opening statement. "The throw-away culture in wealthier countries doesn't benefit anyone".

Since 2020, UNEP has been working with the EU Commission to make the textile sector more sustainable and to promote circular business models. UNEP is also encouraging stronger policies in the EU to ensure the second-hand export market towards the Global South is under better regulation. UNEP has elaborated a global roadmap on the textile industry, working with 14 countries to implement it, with the EU's support.

In her video message, Zakia Khattabi, Belgian Federal Minister of Climate, Environment, Sustainable Development and Green Deal, pointed at "promising developments".

"European initiatives such as extended producer responsibility and regulations banning the destruction of unsold textiles represent important steps towards accountability and waste reduction". More measures are still needed, as well as a "paradigm shift towards a circular and just textile economy", explained Zakia Khattabi.

### *A third of the textiles unsold*

How can the textile sector become more circular and reduce its use of natural resources? The first panel of the high-event, on policies, reminded us that 430 million people are employed by this massive sector, among whom 60 million are linked to the European market.

John Wante, Adviser at the Belgian Ministry of Climate, Environment, Sustainable Development and Green Deal, said the EU has already taken important regulatory steps, such as the ban on the destruction of unsold new textiles, adopted in December 2023.

"Almost 30 % of the textiles on the market are never sold. If we can find a way to reintroduce that into the second-hand market, or even reduce the amount of textiles put on the market, that could also contribute to less primary resources use".

The EU is also discussing a "Green claim directive" to allow stronger rules when producers put a label on a product regarding its environmental impact. "We need labels that tell us what the environmental and social performance of a product is, not only a good product but also a bad product," said John Wante.


### *More regulations needed*

Speaking on behalf of Decathlon, a big sportswear company, Jana Hrckova, EU Policy and Public Affairs Manager, said that the private sector is welcoming regulations: "It's not only our duty for the future generations but also for the longevity of our business". She pointed out the need for harmonized rules in the fields of industrial prewashing and washing and on a maximum threshold of microfibers(made out of microplastics) use, for instance.

Pankaj Phukan, First Secretary for Trade at the Indian Embassy in Brussels, stressed the necessity of transforming not only policies but also individual behaviours. He explained how the Prime minister of India is setting the example through his "Lifestyle for the Environment" (LiFE) initiative, taken at the COP26 in 2021. Narendra Modi is encouraging citizens to change their habits by wearing outfits made entirely out of recycled materials.

### *Overproduction, a concern for youth*

The second panel, "Youth Forum on Sustainable Fashion Consumption," discussed youth's commitment to changing the economics of fashion and its impact on climate.

"We produce way too much and we need to reduce this drastically, explained Kiki Boreel, former model and Dutch Climate Ambassador for the Future. We have enough clothes to dress six generations, yet there is still this influx of cheap, low-quality garments".

She went on to address overproduction with two possible solutions. Paying workers in the garment sector a fair wage would make it less easy to overproduce cheaply. "Brands should also publish their production volumes and the number of styles they are bringing to the market. It would make it easier for consumers to compare brands and choose those who are not overproducing."

### *A focus on solutions*

"One of the most important systemic changes is to keep our clothes longer in use", said Jana Hosková, Deputy Head of Unit, Directorate-General Justice & Consumers, at the European Commission. "By 2030, the textile products placed on the EU market should be long-lived and recyclable, to a great extent they should be made out of recyclable fibres (...) and produced in respect of social rights and environment."

Quinten Schaap, Fouding Director of Bakermat, a company in Antwerp with the mission to "empower creators to design accountable and fair", stressed the need to "strengthen the relationship between the current textile industry and the next generation of creators and designers". He pleaded for more "collaborative relationships" and not "only transactional", to "co-create" with textiles that follow a path of transparency.

**Source: UN**

# Transforming Chicken Feathers into Sustainable Textile Solutions

The utilisation of chicken feathers as a sustainable resource for textile production has gained significant attention in recent years. With the growing concerns over environmental sustainability and the need to reduce waste, exploring alternative materials for textiles has become imperative. Chicken feathers, abundant by product of the poultry industry, possess unique properties that make them suitable for various textile applications. Every year, the poultry business produces six billion tonnes of chicken feathers, the majority of which end up in landfills. Chicken feathers have recently found their way into everything from art projects to running shoes to automotive manufacture.

Chicken feather fibres are found to possess high toughness, good thermal insulation and acoustic properties, nonabrasive behaviour, more hydrophilic and less hydrophobic in nature. Chicken feathers are a great option for the textile industry because they are plentiful, their supply is certain, and their quality is constant.

## Applications

Chicken feathers could be used in future garments to create textiles like cotton, linen, or wool, reducing the need for synthetic materials like polyester. The feathers are washed, dried, ground, and dissolved. Agricultural proteins like keratin from chicken feathers offer fabric potential. Chemical cross-linking and nanotechnology can enhance their tensile strength and biodegradability, enabling mass production of eco-friendly products. They have a robust honeycomb construction with small air pockets, making them incredibly lightweight and durable. Their barbs and barbules provide a comparable sensation to wool on the skin.

### *I. Garments Made of Chicken Feather Fibre*

**Down Jackets:** Chicken feather fibres, particularly the soft and fluffy under feathers known as 'down', are often used as insulation in winter jackets and coats. Down provides excellent warmth-to-weight ratio, making jackets lightweight and highly insulating. Down feathers are prized for their softness, making them suitable for use in the lining of coats, jackets, and even in hoods to provide a luxurious feel.

**Vests:** Down vests are another popular garment that uses chicken feather fibres for insulation. They are ideal for layering and provide warmth without bulk.

Sleeping Bags: Chicken feather fibres are commonly used in the insulation of sleeping bags, ensuring a warm and comfortable sleep experience, especially in cold weather conditions.

**Outdoor Apparel:** Chicken feather fibres are used in various outdoor clothing items, including gloves, mittens, and boots, to provide insulation and keep users warm during outdoor activities. Chicken feather fibres can be found in inner linings and padding of various winter garments to provide extra warmth and comfort.

### *II. Pillows:*

**Feather Pillows:** Chicken feather fibres, specifically down and feather blends, are commonly used as filling material in pillows. Feather pillows are known for their softness, support, and ability to conform to the shape of the user's head and neck.

**Pillow Inserts:** Feather and down pillow inserts are used to fill decorative pillow covers, providing a plush and luxurious look to the pillows.

Body Pillows: Long body pillows filled with chicken feather fibres offer excellent support and comfort for individuals who prefer a larger, snuggly pillow.

**Adjustable Pillows:** Some pillows are designed with compartments or chambers filled with chicken feather fibres, allowing users to adjust the loft and firmness of the pillow to their preference.

To address concerns about allergies, some manufacturers offer hypoallergenic versions of feather and down pillows, where the feathers are carefully cleaned and sanitised to minimise allergens. It is also important to note that the quality of chicken feather fibre-based products can vary based on factors such as the type of feathers used, the processing methods, and the ratio of feathers to down. Additionally, proper care and maintenance, such as regular fluffing and occasional drying, can help extend the lifespan of garments and pillows filled with chicken feather fibres.

### *III. Diapers*

While chicken feather fibres are not a conventional or widely used material in diaper production, they have unique properties that, in theory, could make them suitable for certain diaper applications. Here are some potential ways chicken feather fibres could be used in diapers:

**Absorbent Core:** Chicken feather fibres can be processed and treated to improve their absorbent properties. They could be incorporated into the absorbent core of a diaper along with other materials like superabsorbent polymers (SAP) and cellulose fibres to enhance the diaper's overall absorbency.

Biodegradable Back sheets: Chicken feather fibres could be used in the construction of the diaper's outer back sheet. This could make the back sheet more environmentally friendly and biodegradable compared to traditional plastic backings.

**Breathability:** Feather fibres have natural breathability, which could be beneficial for diaper designs aimed at maintaining airflow and reducing moisture build-up, thus potentially reducing diaper rash.

**Sustainable Diapers:** Incorporating chicken feather fibres into diaper production could contribute to sustainability efforts by utilising a byproduct of the poultry industry and reducing waste.

However, research and development would be necessary to explore the feasibility of using chicken feather fibres in diapers and to address regulation requirement challenges.

### *IV. Chicken Feather Nonwoven Sheets*

Chicken feather nonwoven sheets, which can be made from processed and treated chicken feather fibres, have various potential applications due to their unique properties. These sheets can be used in a range of industries for diverse purposes.

**Soil Erosion Control:** Chicken feather nonwoven sheets can be used as erosion control blankets in landscaping and agriculture to stabilise soil and prevent erosion on slopes and construction sites.

**Construction and Civil Engineering:** Chicken feather nonwoven sheets, given their natural insulation properties, can be used as an insulating material in construction for applications such as wall insulation or soundproofing.

**Automotive Interiors:** These sheets can be used for sound and thermal insulation within vehicles to reduce noise and improve temperature control.

**Air and Liquid Filtration:** Chicken feather nonwoven sheets can be used as filter media in various applications, including air filtration in HVAC systems and liquid filtration in industrial processes.

**Packaging:** These sheets can be used as cushioning material in packaging to protect fragile items during shipping and transportation.

**Biodegradable Mulch**: Chicken feather nonwoven sheets can serve as biodegradable mulch for agricultural fields, helping to retain moisture, suppress weeds, and improve soil health.

**Fashion Accessories**: Designers explore the use of chicken feather nonwoven sheets to create unique fashion accessories like hats, fascinators, and jewellery.

**Art and Craft:** Chicken feather nonwoven sheets can be used in art and craft projects for their unique texture and appearance.

### *V. Chicken Feathers in Technical Textiles*

Chicken feather fibres can be processed and incorporated into insulation materials used in construction, automotive, and aerospace applications. Their natural insulation properties make them effective at maintaining temperature control.

**Filtration Media:** Chicken feather fibres can be used as filter media in applications such as air and liquid filtration. Their fine fibres and porous structure can capture particles and contaminants.

**Geotextiles:** Chicken feather nonwoven sheets can be used as geotextiles in civil engineering and construction projects. They can provide erosion control, soil stabilisation, and drainage solutions.

Sound Absorption: Chicken feather fibres can be used in sound-absorbing materials for acoustic control in buildings, automobiles, and industrial environments.

**Biodegradable Textiles:** Technical textiles made from chicken feather fibres can be designed to be fully biodegradable, making them suitable for applications where sustainability and minimal environmental impact are important.

**Reinforcement in Composites:** Chicken feather fibres can be incorporated into composite materials to enhance their strength and reduce weight. These composites can find use in industries like automotive, aerospace, and sports equipment manufacturing.

**Flame Retardant Materials:** Chicken feather fibres can be treated to improve their flame-resistant properties. This can be valuable in applications where fire safety is a concern.

**Oil Spill Cleanup:** Nonwoven materials made from chicken feather fibres can be used in oil spill cleanup efforts due to their ability to absorb and contain hydrophobic substances like oil.

**Protective Apparel:** Technical textiles made from chicken feather fibres can be used in the development of protective clothing and gear for industries like firefighting, chemical handling, and hazardous waste management.

**Aerospace Applications:** Chicken feather fibres can be used in aerospace applications, such as lightweight materials for aircraft interiors, insulation for spacecraft, or even as reinforcement in advanced composites.

### *Conclusion*

Chicken feather fractions have potential applications as textile fibres for yarns, fabrics, and composites. The poultry sector generates significant profits globally but also produces considerable waste, including chicken feathers. With ongoing research and innovation, chicken feathers may soon transition from coops to cups, potentially reducing the need for new plastic production on a large scale. Researchers are exploring new ways to leverage the unique properties of chicken feather fibres in various technical textile applications.

**Source: Fibre2Fashion**

# FRANCE

## Overview of the French Economy

*France is ranked as the world's seventh largest economic power, just behind the United Kingdom and India (WEF, 2022). After suffering one of the sharpest economic contractions among EU countries in 2020 (-8%) due to the COVID-19 pandemic, France's economy recovered strongly in 2021 (+6.8%). However, Russia's invasion of Ukraine and the subsequent energy crisis dampened the recovery by reducing consumers' purchasing power, denting confidence, and exacerbating supply-side difficulties (IMF). Economic growth slowed down to 2.5% in 2022, and according to IMF forecasts, it should further decrease to 0.7% in 2023 before strengthening to 1.6% in 2024.*

*In 2022, after a strong economic recovery from the COVID-19 pandemic in 2021, France's economy was hit by an energy crisis driven by Russia's invasion of Ukraine. Despite its reliance on nuclear energy and low dependence on Russian gas, France faced a sharp slowdown in economic activity and high inflation.*

*France today is one of the most modern countries in the world and is a leader among European nations. It plays an influential global role as a permanent member of the United Nations Security Council, NATO, the G-7, the G-20, the EU and other multilateral organizations.*

*The economic and commercial relations are an important component of India's bilateral relations with France. The economic relationship has been broadened over the years because of various factors including economic reforms process in India, thirteen Prime Ministerial visits from India to France in the period 1992-2023, the visit of our President to France in 2000, the visit of the French Prime Minister to India in 2003, seven visits of the French President to India in the period 1998-2018, and the growing French interest in establishing its presence in Indo-Pacific markets including in India. The series of high-level visits in the commercial and economic field reflects the growing interest of both the governments in expanding trade between the two countries. France considers India an important market for its products and is looking to increase the number of joint ventures and encouraging investments in and from India. Both countries are also moving to jointly develop technologies and integrate existing technologies. The process of enabling Unified Payment Interface is ongoing. Several Indian companies have opened their innovation centers in France for joint technology development. French technologies especially in renewables, sustainable manufacturing and urban infrastructure development are being integrated in India.*

## • Economic Indicators

| Indicators | Value (in USD) |
|---|---|
| Real GDP (Purchasing Power Parity), 2022 est. | 3.12 Trillion |
| GDP (Official Exchange Rate), 2022 est. | 2.78 Trillion |
| Real GDP (Per Capita), 2022 est. | 45,900 |
| Real GDP (Growth Rate), 2022 est. | 2.45 % |
| Inflation Rate, 2022 est. | 5.22 % |
| **Source:** The World Factbook – CIA 2024 | |

## • Exchange Rate:

| Indicators | Value (in USD) |
|---|---|
| Indian Rupees (INR) per Euro (EUR) | 90.05 |
| **Source: X-Rates 2024 (May 2024 average)** | |

## • Climate:

Generally cool winters and mild summers, but mild winters and hot summers along the Mediterranean; occasional strong, cold, dry, north-to-northwesterly wind known as the mistral

## • Average Tariff for India:

9.6 %

## • France's Apparel Trade:

**France's RMG Import from World and India (Value In USD Mn.)**

| | 2021 | 2022 | 2023 | % Change 2023 over 2022 |
|---|---|---|---|---|
| France's RMG imports from World | 24271.9 | 27168.6 | 25598.3 | -5.8 |
| France's RMG imports from India | 1036.1 | 1195.8 | 1183.8 | -1.0 |
| India's Share in France's total RMG imports from World, % | 4.3 | 4.4 | 4.6 | 5.1 |

**Source: UN Comtrade 2024; Compiled by the R&PA Dept, AEPC**

The above table shows that France's RMG import from the World were to the tune of USD 25598.3 mn in 2023 showing a decline of 5.8 % as compared to 2022. RMG import from India has also decreased to USD 1183.8 mn, registering a decline of 1.0 % as compared to 2022. India's percentage share in France's RMG import from the World has increased to 4.6 % in 2023.

## • Top RMG Supplier to France:

| Top RMG Supplier to France and India's Position | | | |
|---|---|---|---|
| Position | Countries | Imported value in 2023 (in USD mn) | % Share |
| | *World* | *25598.3* | *100* |
| 1 | China | 5585.2 | 21.8 |
| 2 | Bangladesh | 3783.7 | 14.8 |
| 3 | Italy | 2643.5 | 10.3 |
| 4 | Turkey | 1738.0 | 6.8 |
| *5* | *India* | *1183.8* | *4.6* |
| 6 | Viet Nam | 1147.3 | 4.5 |
| Source: UN Comtrade 2024; Compiled by the R&PA Dept, AEPC | | | |

The above table shows that China has remained a top supplier of RMG to France with 21.8 % share in 2023. India is the 5th largest supplier of RMG to France with 4.6 % share. Bangladesh and Italy has a share of 14.8 % and 10.3 % respectively.

## • France's top 10 RMG Products Import from World vs India's share:

| Top 10 RMG products imported by France from World (in USD mn) | | | | | |
|---|---|---|---|---|---|
| S. No. | HS Code | Product label | Imported from World in 2023 | Imported from India in 2023 | India's Share in % |
| | | **Total RMG** | **25598.2** | **1183.8** | **4.6** |
| | | **Sum of Top 10** | **10079.9** | **409.8** | **4.1** |
| 1 | 610910 | T-shirts, singlets and other vests of cotton, knitted or crocheted | 1819.4 | 153.8 | 8.5 |
| 2 | 611020 | Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ... | 1403.3 | 44.8 | 3.2 |
| 3 | 611030 | Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted ... | 1311.9 | 15.9 | 1.2 |
| 4 | 620342 | Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted ... | 1385.9 | 80.5 | 5.8 |
| 5 | 620462 | Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted ... | 1020.2 | 23.0 | 2.2 |
| 6 | 620240 | Women's or girls' overcoats, car-coats, capes, cloaks, anoraks, incl. ski jackets, wind-cheaters, ... | 856.6 | 10.0 | 1.2 |
| 7 | 610990 | T-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. cotton) | 752.6 | 18.0 | 2.4 |
| 8 | 620140 | Men's or boys' overcoats, car-coats, capes, cloaks, anoraks, incl. ski jackets, wind-cheaters, ... | 605.5 | 1.6 | 0.3 |
| 9 | 610462 | Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted ... | 464.5 | 60.2 | 13.0 |
| 10 | 621210 | Brassieres of all types of textile materials, whether or not elasticated, incl. knitted or ... | 460.0 | 1.9 | 0.4 |
| Source: UN Comtrade 2024; Compiled by the R&PA Dept, AEPC | | | | | |

The above table shows France’s top 10 RMG products imported from the World vis-à-vis from India and India’s % share in those top 10 products. The top 10 products imported from the World were to the tune of USD 10079.9

mn. in 2023 and import from India of these top 10 products were to the tune of USD 409.8 mn. India has 4.1 % share in France's top 10 products import from the World.

The top products imported by France from the World includes (i) T-shirts, singlets and other vests of cotton, knitted or crocheted; (ii) Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted; (iii) Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted.

## • France's top 10 RMG products import from India:

**Top 10 RMG Products Imported by France from India**

| S. No. | HS Code | Product label | Import from India, 2023 (in USD mn) | % Share in 2023 |
|---|---|---|---|---|
| | | **Total RMG** | **1183.8** | **100.0** |
| | | **Sum of Top 10** | **653.8** | **55.2** |
| 1 | 610910 | T-shirts, singlets and other vests of cotton, knitted or crocheted | 153.8 | 13.0 |
| 2 | 620342 | Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted ... | 80.5 | 6.8 |
| 3 | 620442 | Women's or girls' dresses of cotton (excl. knitted or crocheted and petticoats) | 60.8 | 5.1 |
| 4 | 610462 | Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted ... | 60.2 | 5.1 |
| 5 | 620630 | Women's or girls' blouses, shirts and shirt-blouses of cotton (excl. knitted or crocheted and ... | 58.5 | 4.9 |
| 6 | 611120 | Babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats) | 53.9 | 4.6 |
| 7 | 620443 | Women's or girls' dresses of synthetic fibres (excl. knitted or crocheted and petticoats) | 49.1 | 4.1 |
| 8 | 620444 | Women's or girls' dresses of artificial fibres (excl. knitted or crocheted and petticoats) | 47.2 | 4.0 |
| 9 | 620520 | Men's or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other ... | 45.0 | 3.8 |
| 10 | 611020 | Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ... | 44.8 | 3.8 |

**Source: UN Comtrade 2024; Compiled by the R&PA Dept, AEPC**

The above table shows France's top 10 RMG products imported from India. France's top 10 products imported from India were to the tune of USD 653.8 mn with 55.2 % share in France's total RMG import from India.

The top products imported by France from India includes (i) T-shirts, singlets and other vests of cotton, knitted or crocheted; (ii) Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton; (iii) Women's or girls' dresses of cotton.


# AEPC participated in IATF Dubai - Indian Exporters Showcased Sustainable Fashion at Dubai's IATF

The Apparel Export Promotion Council (AEPC) participated in the 17th edition of the International Apparel and Textile Fair (IATF) in Dubai with over 35 Indian exhibitors from 20th May to 22nd May 2024. The India Pavilion at International Apparel and Textile Fair (IATF), Dubai, UAE was inaugurated by Mr. Satish Kumar Sivan, Consul General, Consulate General of India, UAE, along with Ms. Ketaki Deshpande, Executive, Trade and Commerce, CGI, Dubai on 20th May 2024. Indian exhibitors, AEPC team and many UAE based buyers and brands were also present during the inauguration. Mr. Sivan visited all the stalls including the booth of AEPC after the inauguration and interacted with the participants, and Mr. Premal Udani, Chairman - Export Promotion, AEPC.

The main exhibition was inaugurated by the H. E. Butti Saeed Mohammad Al-Ghandhi (Managing Director of Al Ghandi Investment Co. and Chairman of the Board of Emirates Investment and Development Company PSC). He also visited the AEPC booth , Indian Pavilion and interacted with the AEPC team and other Indian exhibitors.

The Indian apparel exporters, primarily from the MSME segment, showcased their sustainable and eco-friendly apparel products. The Indian exhibitors were aiming to showcase the best of India's apparel designs and styles in line with the latest fashion trends. A wide range of traditional cotton and man-made fiber (MMF) garments were displayed, with a special focus on sustainability and women entrepreneurship – aligning with the UAE's declaration of 2024 as the 'Year of Sustainability'.

This year, AEPC focused on bringing more women entrepreneurs and companies that prioritize sustainability. The Indian exporters keenly showcased their commitment to eco-friendly practices and innovative solutions that reduce the fashion industry's environmental footprint.

With the duty-free access to the UAE market through the Comprehensive Economic Partnership Agreement (CEPA), Indian exporters are looking to expand their global reach, particularly in the MENA region.

India's apparel exports worldwide stood at $14.53 billion in the previous fiscal year, with exports to the UAE accounting for around $990 million, capturing a 16% share of the UAE's garment imports.

The IATF Dubai presented a significant opportunity for Indian exporters to showcase their sustainable and innovative products to buyers from across the region and beyond. The fair, which has drawn over 400 exhibitors from 24 countries, served as a premier B2B international fashion trade sourcing event in the Middle East and North Africa (MENA) region.

As the fashion industry continues to prioritize sustainability and eco-friendly practices, the Indian contingent at IATF Dubai were well-positioned and capitalized on this growing trend, leveraging the country's rich textile heritage and commitment to sustainable manufacturing practices.

# *Farewell to Mr. J S Rana and Mr. K Hari Das*

Mr. J S Rana, Additional Director (O) and Mr. K Hari Das, Deputy Director, from the EP Department, on attaining the age of superannuation were retired and relieved from the service the Council on 30th April, 2024.

To commemorate Mr. Rana's more than 30 years' and Mr. Hari Das's 32 years' of service with the Council, the Council had organized a celebration. On this momentous occasion, AEPC officials wished the health, happiness, and every success in their new chapter of life.

# *Chintan Shivir*


***Shri Mithileshwar Thakur,***
*Secretary General AEPC making presentation*

# *A High-Level Delegation of the Ministry of Textiles visited RMG factories and ATDC*


A high-level delegation from Ministry of Textiles visited RMG factories at Gurugram along with the Apparel Training and Design Centre (ATDC) on 18th May, 2024 to get the first- hand experience. The delegation comprised of Smt. Prajakta L. Verma, Joint Secretary, Shri Rajiv Saxena, Joint Secretary MOT and Ms. Anita Raj, DC, Handicrafts and other senior officials of Ministry of Textiles.

The meeting was organised by the Ministry of Textiles and AEPC facilitated and coordinated visits to the factories. Shri Mithileshwar Thakur SG AEPC took them to the various garment factories to gather the first-hand experience and understand the working of the RMG factories.

Shri Thakur briefed the visiting delegations about the working of the Indian factories, what are India's strengths and advantages and challenges factories face.

Later during the day, the delegation went to the ATDC where, Shri Rakesh Vaid, Sr. Vice-Chairman, ATDC and Shri Vijay Mathur, Director General & CEO, ATDC along with the Heads of Department, ATDC welcomed the delegation of MoT.

Shri Rakesh Vaid took the delegation to the display area where ATDC's achievements in the training programmes, details about ATDC Centres Pan-India and successful implementation of Integrated Skill Development Scheme (ISDS), PM-Daksh, PM-VSSY and prestigious programmes of SAMARTH was detailed to the delegation.

The delegation was impressed by the mammoth work done by ATDC in providing skilled manpower to the apparel industry. The delegation showed keen interest in ATDC's new programmes of Pro-up and Sustainability Apparel Manufacturing Technology (SAMT) and other long-term courses which are the requirements of apparel industry.

The delegation also visited the cad Lab, Pattern Lab and classrooms of ATDC Gurgaon Centre, and interacted with the students of BVoc, one year and the candidates of certificate programmes of ATDC.

Shri Rakesh Vaid, Sr. Vice Chairman handed over the mementos on behalf of ATDC to Smt. Prajakta L. Verma, Joint Secretary, MOT, Shri Rajiv Saxena, Joint Secretary MOT and Ms. Anita Raj, DC, Handicrafts and thanked the delegation of Ministry of Textiles for their visit to ATDC.

# *Presentation on "Orientation on Sustainability in Apparel Sector" given by Shri Rakesh Vaid, Sr. Vice-Chairman to Smt. Rachna Shah, IAS Secretary (Textiles), Ministry of Textiles, Govt. of India*


Shri Rakesh Vaid, Sr. Vice-Chairman, ATDC and former Chairman, AEPC gave a Presentation to Smt. Rachna Shah, IAS, Secretary (Textiles), Govt. of India on 20th May, 2024.

In the presentation which was Oriented on Sustainability in Apparel Sector, Shri vaid recalled the confidence of the Ministry of Textiles in ATDC during the period 2010-11 wherein, the Ministry had sanctioned Rs. 144 Cr. under the prestigious Integrated Skill Development Scheme. Shri Vaid highlighted that 1,93,458 youth of India were trained and the population was made for industry skill ready. Shri Vaid while appreciating the initiative taken by the Ministry of Textiles, said that due to this good intervention of the Ministry, the period of 2009-10 and 2014-15 recorded substantial garment exports from USD 10.06 Bn to 15.06 Bn with a corresponding growth in employment as well.

Shri Vaid further explained that ATDC is reorienting itself by offering new avenues for the garment industry which are in the area of sustainability and increasing productivity in the factories. He further elaborated that ATDC which is a body of garment exporters and created by Apparel Export Promotion Council (AEPC) receives information flow from the apparel brands which enables ATDC for the development of new curriculum.

Shri Vijay Mathur, Director General & CEO, ATDC recalled the vision of Shri P.Shankar, IAS, the then Joint Secretary (MOT), Shri Arun Kumar, IAS, Textiles Commissioner and Shri J.N. Chaubey, IAS, the then DG, ATDC who envisioned the need for training of workers in apparel manufacturing sector way back in 1991. Mr. Mathur said that the active guidance given by MoT. officials led to creation of ATDC.

Dr. Roopali Shukla, Director and Mrs. Neera Singh Parihar, Director contributed in explaining the ATDC's Eco-system, association of ATDC in active implementation of programmes under Samarth Scheme of MoT, Vishwakarma Shram Samman Yojana (VSSY), PM-DAKSH, One District One Product (ODOP), PMKVY & RPL, training for women empowerment under an arrangement with US Retail Brand 'The Gap'.

ATDC's Presentation gave details of Sustainability aspects impacting the apparel sector, the structural changes happening in Apparel Brands which have moved closer to Sustainability Development Goals (SDGs), intervention by apparel industry and presentation of real examples of Environmental Management System and their action plan towards the area of Steam and Heat Generation, GHG Emission, Reduction in Ground Water Extraction, Increment of percentage of Recycled Water into Production, Reduction in Particulars Matter, Increasing the contribution of solar energy into production, GHG Emission.

ATDC highlighted that there are skill gaps in sustainability and the Key Result Areas in garment factory are in NSQF Level 3,4,5,6,7,9 & 10.

The participants from the Ministry of Textiles noted the topics on Sustainability incorporated in one year programme of Sustainability Apparel Manufacturing Technology (SAMT). ATDC suggested a pathway for making the population skill ready for the industry in the changed sustainability scenario. ATDC offered that it can handle up to 50,000 candidates' training in the next 5 years. In addition to this, ATDC commented that there is a need in the revision of Qualification Packs (QP) by including sustainability and need in garment factories by addressing productivity and sustainability through ATDC's gap analysis (Diagnostics) followed by interventions and employees' training.

The Secretary (Textiles) lauded the work of ATDC and its preparedness for launching a Course of one year Sustainability Apparel Manufacturing Technology (SAMT).


# Tamil Nadu's Textile Industry Faces Labor Crunch

Tamil Nadu's textile clusters, after grappling with a steep decline in orders over the past two years, are now confronting a new challenge - an acute shortage of workers as demand picks up.

With indications of a revival in orders, factories are gradually ramping up production, resulting in an increased need for labour. However, the availability of workers has become a pressing concern for the industry.

Mr. K. Selvaraju, Secretary General, Southern India Mills' Association (SIMA), revealed that wages for textile workers have risen substantially in other states, with a 20 per cent increase in Rajasthan and a staggering 28 per cent hike in Odisha. Reports also suggest wage increments in Maharashtra.

Given the significant presence of migrant workers from other states employed in Tamil Nadu's textile and garment factories, Mr. Selvaraju expressed concerns about retaining these workers.

The higher wages offered in states closer to their home regions could deter them from returning to Tamil Nadu.

Mr. J. Thulasidharan, President, Indian Cotton Federation, emphasised the need for textile mills to focus on automation as a potential solution to the labour crisis.

He advocated for investments in advanced spinning machinery with automated processes to mitigate the impact of labour shortages.

A garment manufacturer from Tirupur highlighted the severe impact of the order slump, which led to the closure of several micro and small-scale factories.

Consequently, workers previously employed in these units have either transitioned to other jobs or left Tirupur altogether, exacerbating the labour shortage across the garment supply chain.

Mr. Selvaraju stressed the importance of textile units in Tamil Nadu considering higher wage offerings and improved facilities to attract and retain workers. Some industries have already initiated measures in this direction.

Industry sources anticipate a revival in domestic demand within the next couple of months, further intensifying the need for additional workers. Failure to address the labour shortage promptly could adversely impact operations across the textile units in the state.

As Tamil Nadu's textile industry navigates its path to recovery, addressing the labour crunch through a combination of competitive wages, improved working conditions, and strategic automation will be crucial to sustaining growth and meeting the rising demand.

# Ludhiana's textile industry wants govt to stitch up FTAs

### *-The past eight years have been a rollercoaster ride for this labour-intensive industry*

Ludhiana's textile industry is navigating through a sea of challenges, adapting to a new normal of subdued demand, while pinning its hopes on governmental support for the establishment of a mega textile park and the signing of free trade agreements (FTAs) with developed economies.

The past eight years have been a rollercoaster ride for this labour-intensive industry. All this began with demonetisation in 2016, followed by the introduction of a revamped indirect tax regime – goods and services tax — in 2017. The Covid-19 pandemic in 2020 added to the woes, and the geopolitical tensions since 2022 have led to high inflation and recessionary trends in the West, impacting demand.

Mr. Vinod Thapar, President of Knitwear Club, an Apparel Industry Association, stresses the urgent need for a mega textile park in Ludhiana. He believes that such a park, akin to those in China, could be a game-changer, creating thousands of jobs and reviving the industry. "We need the government's intervention on this at the earliest. Discussions on setting up a textile park have been going for the past two-three years and there has been delay due to unavailability of adequate land," Thapar says.

However, the road to recovery won't be without obstacles. The Indian textile industry faces stiff competition from several countries in the region, such as China, Bangladesh, Sri Lanka, Vietnam, and even Pakistan.

The industry is eagerly awaiting the signing of FTAs with the United Kingdom and the European Union. India has been losing ground to competitors like Bangladesh and Vietnam, which enjoy lower duty benefits.

Mr. Amit Jain, Managing Director of Shingora Textiles, suggests a shift towards value-added textiles as a potential growth driver. He warns that relying solely on low-cost production may not be sustainable in the long run, as "new-age FTAs negotiated with developed economies require commitments on labour and sustainability".

The implementation of quality control orders (QCOs) by the Centre has also raised concerns, particularly among smaller players in the industry. These non-tariff barriers aim to prevent the import of low-quality products and strengthen India's position in the supply chain. However, some industry executives argue that QCOs should be imposed judiciously, after consultations with stakeholders, and not disrupt domestic businesses.

"QCOs need to be imposed on products that are equally available in India. The government cannot stop the import of certain raw materials... (more so when) the local seller's quality is not up to mark. Such a hasty implementation of QCOs end up benefiting large Indian companies," argues a senior industry executive.

Businesses in Ludhiana, Punjab's largest industrial hub, say the city is in dire need of improved connectivity. The nearest airport is in Chandigarh, about 100 km away. Industry insiders also stress the need for a world-class exhibition-cum-convention centre in Ludhiana to boost industrial growth. "These things are crucial if you want industrial growth," underscores the executive cited above.

While some of these issues need to be addressed at the Centre's level, Ludhiana's textile industry is hopeful that the state government will consider its demand for a mega textile park and an exhibition-cum-convention centre.

# *India in trade deficit with nine of top 10 trading partners in 2023-24*

***The trade deficit with China rose to $85 billion, Russia to $57.2 billion, Korea to $14.71 billion and Hong Kong to $12.2 billion in 2023-24***

India recorded a trade deficit with nine of its top ten trading partners, including China, Russia, Singapore, and Korea, in 2023-24.

The deficit with China, Russia, Korea, and Hong Kong increased compared to the previous fiscal year, while it narrowed with the UAE, Saudi Arabia, Indonesia and Iraq.

In 2023-24, the trade deficit with China rose to $85 billion, Russia to $57.2 billion, Korea to $14.71 billion and Hong Kong to $12.2 billion against $83.2 billion, $43 billion, $14.57 billion and $8.38 billion, respectively, in 2022-23.

China became India's largest trading partner with $118.4 billion in two-way trade, surpassing the US, whose bilateral trade with India stood at $118.28 billion.

India's total trade deficit narrowed to $238.3 billion in the last fiscal year from $264.9 billion in the previous year, the report said.

Trade experts told the news agency that a trade deficit isn't always negative, especially if it involves importing raw materials or intermediary products to boost manufacturing and exports. However, it can pressure the domestic currency.

The Global Trade Research Initiative noted that a bilateral trade deficit isn't a significant issue unless it makes a country overly dependent on critical supplies from that partner. Conversely, a rising overall trade deficit is detrimental to the economy.

GTRI Founder Mr. Ajay Srivastava told PTI that an increasing trade deficit, even when due to importing essential raw materials and intermediates, can lead to currency depreciation as more foreign currency is required for imports. This depreciation makes imports more expensive, exacerbating the deficit.

He said that to cover the growing deficit, the country might need to borrow more from foreign lenders, increasing external debt and this can deplete foreign exchange reserves and signal economic instability to investors, leading to reduced foreign investment.

"Cutting trade deficit requires boosting exports, reducing unnecessary imports, developing domestic industries, and managing currency and debt levels effectively," Mr. Srivastava added.

# Economic momentum likely to continue in Q1 with an export boost: FinMin

***The volatility in global commodity prices, especially of petroleum products, present substantial multi-frontal challenges. Nonetheless, the expectation is that the macro-economic buffers will help the Indian economy navigate these challenges, FinMin noted.***

The economic momentum in the April-June quarter of 2024-25 will continue with a likely boost in the merchandise exports as a result of supply chain resilience, while India's macroeconomic buffers will help navigate through the risk of volatility in oil prices, the Finance Ministry said.

"The Indian economy closed FY24 strongly with its growth surpassing market expectations, despite strong external headwinds. Early indications suggest a continuation of the economic momentum during the first quarter of FY25. The emerging robust trends in important high frequency indicators of growth like the GST collections, e-way bills, electronic toll collections, sale of vehicles, purchasing managers' indices and the value and number of digital transactions attest to the growing strength of the economy," the Finance Ministry said in its monthly economic review for April 2024.

The industrial and service sectors of the Indian economy are performing well, backed by brisk domestic demand and partially by tentative external demand. This can benefit India's manufacturing firms as part of the China Plus One strategy. The EXIM Bank of India has forecasted that merchandise exports will post a double-digit growth in Q1 of FY25, it said.

"Domestic manufacturing will likely receive stronger external support in the upcoming months. Modestly improved economic activity and consumer sentiment in Europe and a steady US economy have aided India's exports in April. There are reports that show that the number of organisations in the US and Europe that are focusing on reindustrialisation has increased. The majority of these organisations are focussing on enhancing supply chain resilience," the report stated.

The unrelenting geopolitical tensions and volatility in global commodity prices, especially of petroleum products, present substantial multi-frontal challenges. Nonetheless, the expectation is that the macro-economic buffers nurtured and strengthened during the post-Covid management of the economy will help the Indian economy navigate these challenges reasonably smoothly, it added.

Factors like the ongoing recovery in the hotel and tourism industry, increased credit flow to transport and real estate segments, policy support and robust investments in physical and digital infrastructure and logistics will help the services sector. The strong export growth in April 2024 indicates that the momentum in services trade has been carried forward into FY25, it said.

### *Inflation*

The future inflation path will be shaped by several elements. Government initiatives to stabilise the prices of essential food items, including their open market sale, stock monitoring and trade policy measures are helping to stabilise food prices. The harvest for the Rabi Marketing Season for 2024-25 is expected to temper the prices of key items like wheat and chana. The prediction of a normal Southwest Monsoon also augurs well for food production and easing of price pressures. With the assumption of normal monsoon, the RBI forecasts a 4.9 per cent retail inflation for FY25's first quarter.

"The positive indications in the farm sector should help India firewall against any adverse pressures that may arise from geopolitical tensions and global commodity prices. Likewise, the strong macro-economic buffers of India should help the real sectors of the economy navigate the external headwinds smoothly and continue the growth momentum of the previous year," it said.




# *Maharashtra Textile Hub Faces Crisis As Sizing Units Protest MPCB Shutdown Orders*

A simmering dispute between textile sizing unit owners and the Maharashtra Pollution Control Board (MPCB) came to a head this week over allegations that the regulator plans to shutter operations in the textile hub.

At a meeting organised by the local Sizing Association, industry representatives claimed the MPCB has unfairly targeted their factories while turning a blind eye to other entities discharging an estimated 8.5 crore litres of untreated sewage daily into area rivers and waterways.

"The MPCB is issuing shutdown notices to us for lacking bio-digesters to treat effluents, despite previously advising us to purchase land and install the treatment systems ourselves," stated Mr. Jayant Marathe, President of the association.

He cited the high costs and logistical hurdles involved in self-managing bio-digesters as prohibitive for most sizing unit owners.

Mr. Marathe declared that if the regulatory pressure persists, the town's 150 textile sizing facilities, which employ nearly 4,500 workers, would go on an indefinite strike. Such a move could have cascading impacts on Ichalkaranji's vital weaving, handloom, and powerloom textile sectors.

For its part, the MPCB has yet to publicly address the allegations but has historically defended its monitoring and enforcement efforts as critical for controlling industrial pollution.

The heating conflict highlights the challenges developing regions like Maharashtra face in balancing economic development with environmental protection. With sizing an indispensable component of the textile production chain, all stakeholders have incentives to find a compromise solution.

# No exemption for SEZ units under the proposed Central Excise Bill


The proposed Central Excise Bill, 2024, does not exempt excisable goods produced or manufactured in a Special Economic Zone (SEZ) and brought to any other place in India from duty. Any exemption will need to be notified separately by the Central government, if deemed fit, says the Bill.

The move, if implemented, could curb misuse of incentives and alleged duty evasion at SEZ units. However, according to a senior government official, the Bill is not expected to be a part of the upcoming full budget of the new government.

Currently, central excise duty is levied on a select list of goods — tobacco, crude oil, gasoline, diesel, natural gas, and air turbine fuel — while the majority of goods have transitioned to the goods and services tax (GST) regime.

SEZ units enjoy special incentives and tax benefits, including exclusion from central excise duty. "...where the central government, having regard to the nature of the process of manufacture or production of excisable goods of any specified description, the extent of evasion of the duty of excise in regard to such goods or such other factors as may be relevant, is of the opinion that it is necessary to safeguard the interest of revenue, specify, by notification, such goods as notified goods and there shall be levied and collected duty of excise on such goods in accordance with the provisions of this section in such manner as may be prescribed," the Bill reads.

Even though the excise duty basket has only a few goods, it is a source of significant revenue for both Centre and states. States tax them via value added tax, rather than state GST. In FY24, the central excise collection was over Rs 3 trillion. The proposed Bill also outlines the conditions, restrictions, and manner of availing and utilising excise duty credit. It proposes to replace the CENVAT (central value added tax) credit under the current regime with a specific section dealing with duty credit, namely central excise duty credit. Unutilised credit balances of duty paid under the existing act will be allowed to be transferred in the proposed act as transitional credit.

The Bill also advocates for certain powers to central excise officers, including a structured framework for audit. This is a departure from the current scenario where no formal audit is conducted by the excise officials. Other notable proposals include extending the time limit for the recovery of duties to three years, from the existing two years, and shifting the onus of registration onto the person desiring to avail Central

Excise Duty Credit. The time period for granting a refund of duty by the department has also been reduced to 60 days from the existing three months. Saurabh Agarwal, partner at EY, believes that by streamlining processes and clarifying regulations, the Bill seeks to create a more conducive environment for businesses.

"Key provisions, such as the transferability of unutilised credit balances and an extended time frame for duty recovery underscore the government's commitment to facilitating smoother operations for enterprises," he said.

These measures, he added, not only simplify compliance but also foster a business-friendly ecosystem conducive to growth and innovation.

*Revamp on cards*

**Structured framework for utilising excise duty credit proposed**

♦ CENVAT credit to be replaced by central excise duty credit.

♦ Definition of "related persons" simplified.

♦ Time limit for recovery of duties extended to 3 years, from the existing 2 years.

♦ Time period for granting a refund of duty now 60 days from the existing 3 months.


# Quality control norms relaxed for import of polyester fibre

Textile and garment exporters importing inputs (polyester and viscose fibres) under Advance Authorisation, Export Oriented Unit, and Special Economic Zone schemes are exempted from the mandatory quality control order (QCO). However, the export obligation period for such imports is restricted to 180 days from the date of clearance of import consignments in respect of QCO exemption, the Directorate General of Foreign Trade said in a notification.

# Draft of Export Policy 2024-2027 approved- Bangladesh eyeing $110b export target in FY27

The Cabinet Committee on Economic Affairs (CCEA), Government of Bangladesh on May 15 approved the draft Export Policy 2024-2027 with an export target of $110 billion in FY27.

The proposed 2024-27 export policy mentions a total of 14 facilities for the textile and ready-made garment sector of Bangladesh. These include- steps will be taken to increase competitiveness by reducing the lead time of export of ready-made garments in coordination with all relevant authorities. Starting from improving the working environment of garment factories, the risk of fire and building accidents will be reduced.

Apart from this, initiatives will be taken to develop an integrated and rational compliance policy. In addition to increasing the efficiency and productivity of the workers and employees working in the garment industry, new technologies will be introduced.

Organizing individual indigenous textile and readymade garment fairs to expand and consolidate the readymade garment market from sending marketing missions to potential destination countries. Besides, international fairs will be organized and participated.

Besides, necessary steps will be taken to increase cotton production in the country to reduce dependence on imported cotton for export of readymade garments. Loans will be given on easy terms at low interest for setting up synthetic fiber-based textile and garment industries as alternatives to cotton for diversification of readymade garments. At the same time, duty and tax exemption facilities will be provided.

Other benefits mentioned in the textile and apparel sector include- Special emphasis will be given to backward and forward linkage industries to increase export capacity. Support will be provided in research and development activities to increase competitiveness.

The list of beneficiaries under the proposed 2024-27 export policy includes – textile and ready-made garments sector, leather industry, jute and jute-based industry, primary agricultural products, fish and fishery products, tea industry, pharmaceutical industry and medical equipment, plastics and toys, shipbuilding industry, light engineering products, agro-processed products, herbal products, handicraft products and other sectors.

Fresh export policy was framed considering the LDC graduation-related challenges, putting priorities on sectors and products considering their potentials and increasing efforts to brand Bangladesh abroad.

The important features of the new policy, include, long-term strategic vision, 4th industrial revolution, providing support to the micro, small and medium entrepreneurs, setting export target at $110 billon in the last year of Export Policy in 2027, taking steps to increase the participation of the women entrepreneurs in the export-oriented sectors, adoption of environment-friendly and circular economy, taking specific policy for the small and women entrepreneurs to boost their exports, including vegetables and handicrafts as potential priority exportable items, including sipping, dyeing, printing, finishing, manufacturing as special development sector, including pharmaceuticals, medical equipment as potential items in the policy alongside handicrafts, finding alternate ways of providing stimulus to the exporters following rules and regulations of the WTO, updating the list of export prohibited products and the export list of conditional products.

# Bangladesh, Japan begin formal talks to sign trade deal

Bangladesh and Japan have formally begun the negotiation to strike a trade deal to allow manufacturers to keep enjoying duty-free export benefits in the post-LDC era and draw investments from the Far East nation.

The first round of the talks aimed at signing an Economic Partnership Agreement (EPA) started in Dhaka on May 19 and ended on May 23. Details of the meeting were not made public.

"In this round of negotiation, both sides exchanged their views on the method of negotiations and a broad range of negotiating areas," said a press release.

"At the meeting, we mainly shared information on the 17 sectors that were identified in the joint study," said a senior official of the government of Bangladesh and a member of the negotiation team, requesting anonymity.

The joint study group has identified the sectors, which include trade in goods, trade remedies, rules of origin, customs procedures, and trade facilitation, sanitary and phytosanitary measures.

The other sectors are technical barriers to trade, trade in services, investment, electronic commerce, government procurement, intellectual property, competition, improvement of the business environment, labour, environment, transparency, cooperation, and dispute settlement.

The meeting was attended on the Japanese side by Taketani Atsushi, ambassador in charge of economic diplomacy and deputy director-general of the Economic Affairs Bureau of the foreign affairs ministry, and representatives from other ministries, according to the statement.

Ahmad Munirus Saleheen, chairman of the Bangladesh Trade and Tariff Commission, and representatives from relevant ministries attended from the host side.

Iwama Kiminori, Japanese ambassador to Bangladesh, and Ahasanul Islam Titu, state minister for commerce, took part in the opening session.

Three rounds of meetings of the joint study group were held last year to pave the way for last week's formal launch of the negotiation.

Bangladesh is in talks with major trading partners to pen pacts such as the Free Trade Agreement (FTA), the Preferential Trade Agreement (PTA), the Comprehensive Economic Partnership Agreement, and the EPA to retain the zero-duty benefit on exports after the graduation of the country from the group of least-developed countries (LDCs) in November 2026.

Bangladeshi products will be subject to up to 18 percent duty in the Japanese market from the current zero-duty benefit if the EPA is not signed.

Bangladesh risks losing $8 billion in exports annually in the post-LDC era if the trade preference ends in all markets. Currently, 73 percent of the country's shipments enjoy LDC-linked benefits.

Japan is Bangladesh's 12th largest trading partner in exports and seventh-largest in imports. It is the lone country in Asia where Bangladesh's exports crossed the $1-billion mark nearly a decade ago on the back of the duty benefit.

The export of merchandise, especially garment items, to the Far East nation stood at $1.90 billion in the last fiscal year of 2022-23 while imports amounted to $2.02 billion, data from the commerce ministry showed.

About 85 percent of the local and Japanese companies with operations in both nations want their governments to sign an FTA, according to a survey of the Japan Bangladesh Chamber of Commerce and Industry in 2021.

About 15 years ago, textile and logistics industries from Japan began to expand their footprint in Bangladesh thanks to its abundant and inexpensive labour force.

In recent years, firms such as motorcycle manufacturers, major telecommunication companies and IT companies have invested in the country to tap the business potential in the fast-growing consumer market of 17 crore, the joint study group report said.

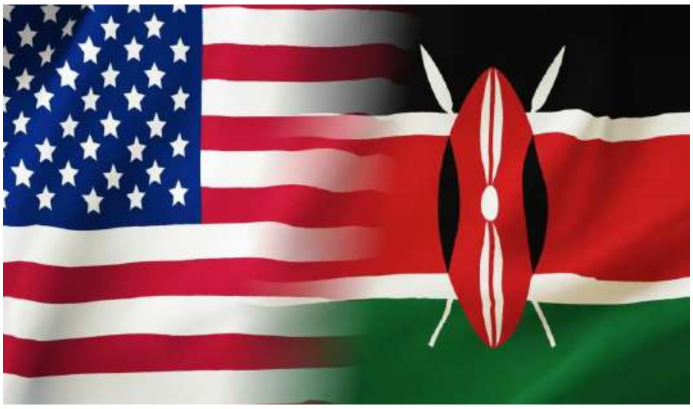
The number of Japanese companies operating in Bangladesh has tripled over the past decade to nearly 350. The stock of foreign direct investments from the country was $533.66 million in December 2023.

More investments are expected through the Bangladesh Special Economic Zone, which partially opened in December 2022. Located in Narayanganj, it is the first zone developed by a Japanese company in partnership with the Bangladesh Economic Zones Authority.

Both sides have targeted to conclude the negotiation by December 2025.

In December 2020, Bangladesh signed a PTA with Bhutan to safeguard the duty benefit, its first bilateral trade deal with any nation.

# USA- Kenya to sign commercial & investment partnership



The United States and Kenya intend to sign a commercial and investment partnership and the US International Development Finance Corporation (DFC) has also announced its plans to open an office in Nairobi to work across key sectors like agriculture, health, e-mobility, energy, infrastructure and financial inclusion, in Kenya.

The partnership, with robust participation from the private sector, aims at promoting a strong business-enabling environment and to facilitate trade and investment opportunities in Kenya focused on key priority sectors, including digital economy, a White House fact sheet said during the recent official visit of Kenyan President William Samoei Ruto to Washington, DC.

This year, as the United States and Kenya commemorate their 60th anniversary of diplomatic relations, they celebrate the remarkable growth of their relationship. The U.S.-Kenya partnership is expanding from a regional to global one.

Vivo Fashion, a leading Kenyan women's fashion brand in East Africa, announced the opening of its first retail storefront in the United States in Atlanta, Georgia, the factsheet said.

"Under President Trump's leadership, the United States and Kenya sought to negotiate a model free trade agreement to set a high standard for US engagement in sub-Saharan Africa, including new access for US agriculture. I appreciate that Kenya remains open to resuming such negotiations. Unfortunately, under President Biden, they have fallen by the wayside in favor of less ambitious negotiations to form a 'partnership' that is designed to enter into force without congressional approval, Ways and Means Committee chairman Jason Smith said in a statement.

"It is vital that the United States reengages with Kenya to show leadership on the African continent and counter China's malign influence. Only comprehensive free trade agreement negotiations can address the substantial tariffs facing US exports, including agricultural products, with meaningful enforcement mechanisms—something that frameworks, partnerships and dialogues cannot accomplish," he added.

To further enhance our relationship, both countries announce several initiatives that foster meaningful democratic reform, protect public health, expand people-to-people connections, advance climate solutions, boost trade and investment, mitigate debt burdens in developing countries, accelerate digital innovation, and bolster global security. The U.S.-Kenya relationship, celebrate a partnership that is delivering for the people of the United States, Kenya, and beyond.

# BGMEA seeks foreign ministry's cooperation in product, market diversification for RMG sector

***The foreign minister emphasised the need to diversify into new products and explore new markets, especially in Africa, South America, and ASEAN countries***

A delegation from the BGMEA, led by President SM Mannan (Kochi), met Foreign Minister Dr Hasan Mahmud at the ministry in Dhaka.

The BGMEA delegation included Senior Vice President Khandoker Rafiqul Islam, Vice Presidents Arshad Jamal (Dipu), Abdullah Hil Rakib, Miran Ali, Directors Md. Imranur Rahman, Mohammad Sohel Sadat, Shams Mahmud, Rajiv Chowdhury, Md. Mohiuddin Rubel, Barrister Shehrin Salam Oishee, Md. Nurul Islam, and Saifuddin Siddiquie Sagar.

They discussed product diversification and strategies to enhance ready-made garment exports to new markets.

During the meeting, the BGMEA President emphasised the significance of market and product diversification to reach the goal of achieving $100 billion from garment exports by 2030.

He noted that garment exports to new markets have increased from $847 million to $8,370 million with government policy support over the past 15 years.

The BGMEA also sought the cooperation of Bangladesh's relevant embassies in organising roadshows, networking with buyers, and participating in key fairs to increase exports to new markets, particularly to Brazil, Argentina, Russia, South Africa, Turkey, and ASEAN countries.

He also highlighted the importance of bilateral and regional free trade agreements with these potential markets.

During the meeting, the BGMEA President sought the Foreign Ministry's support in addressing the potential impact of LDC graduation on the country's export trade and continuing duty-free facilities in major export markets.

The foreign minister emphasised the need to diversify into new products and explore new markets, especially in Africa, South America, and ASEAN countries.

He assured the delegation of the foreign ministry's full cooperation in this regard, mentioning ongoing discussions with various countries to remove tariff barriers in these potential markets.

# *Pak PM invites Chinese firms to establish textile industry in Pakistan*

Prime Minister Shehbaz Sharif assuring all-out facilitation by his government, invited Chinese companies, particularly related to the textile sector, to establish their industry in Pakistan.

The prime minister, chairing a meeting to discuss the promotion of Pakistan-China cooperation, said China was a key partner in Pakistan's development. Pakistan desires to enhance cooperation with China in agriculture, information technology, and energy besides enhancing its exports to China.

In the meeting, different ministries presented their proposals to promote the Pakistan-China economic relationship, a PM Office press release said. The prime minister reiterated that the government would provide foolproof security to Chinese nationals working in Pakistan as a comprehensive security plan had already been formulated.

He told the participants of the meeting that the government was preparing for the second phase of the China-Pakistan Economic Corridor (CPEC) and expressed the hope that with China's cooperation, Gwadar Port would become a logistics hub.

Prime Minister Shehbaz said that the CPEC second phase would also feature the establishment of Agriculture Demonstration Zones, and instructed the ministries to prepare for the launch of new projects with Chinese cooperation and enhancing business-to-business linkages.

He told the meeting that China could also assist Pakistan in formulating a strategy to boost its exports. Federal ministers Ahsan Iqbal, Jam Kamal Khan, Ahad Khan Cheema, Muhammad Aurangzeb, Attaullah Tarar, Dr Musaddik Malik, Rana Tanveer Hussain, Awais Ahmed Leghari, and Qaiser Ahmed Sheikh, State Minister Shaza Fatima Khawaja, Special Assistant to PM Tariq Fatemi, Deputy Chairman of Planning Commission Jahanzeb Khan and relevant senior officers attended the meeting.

# Bangladesh's RMG exports to major markets fall

Bangladesh's readymade garment exports to its major markets, including the United States and Germany declined in 10 months (July-April) of the current financial year 2023-24.

Exporters said that both unit prices and shipments of apparels dropped in several major markets, saying that the ongoing crises, including inflationary pressures in the western economies were the reason behind the fall.

The country's readymade garment export to the US, the single largest destination for Bangladesh, in July-April of FY24 decreased by 1.90 per cent to $6.82 billion compared with that of $6.95 billion in the same period of FY23, according to Export Promotion Bureau data.

The government data showed that Bangladesh's apparel export to Germany, the second largest export destination for the country, in the 10 months of FY24 declined by 9.40 per cent to $5.01 billion compared with that of $5.53 billion in the same period of FY23.

Bangladesh Garment Manufacturers and Exporters Association vice-president Abdullah Hil Rakib said that both the unit prices and shipments of apparels decreased in the US as the market was struggling to overcome the shock of high inflation.

He said that RMG exports to some of the western countries had declined in recent times and Bangladesh was working to overcome the challenges in the markets.

'Our export is still volume driven and we are emphasising capacity building to make it value driven, Rakib said.

Bangladesh's RMG export to the United Kingdom, the third largest export destination for the country, in July-April period of FY24, however, grew by 14.55 per cent to $4.80 billion compared with that of $4.19 billion in the same period of FY23, the EPB data showed.

Apparel export earnings from Italy in the 10 months of FY24 fell by 2.45 per cent to $1.80 billion compared with those of $1.85 billion in the same period of previous financial year.

The RMG export to Spain in July-April period of FY 24 increased by 6.07 per cent to $3.13 billion compared with that of $2.95 billion in the same period of FY23.

The data showed that Bangladesh's apparel export to France in the 10 months of FY24 increased by 3.41 per cent to $2.49 billion compared with that of $2.40 billion in the same period of FY23.

Rakib observed that while exports to traditional markets were sluggish, Bangladesh had seen advancements in capturing market shares in new territories such as Japan, Australia, South Korea and Turkey.

The BGMEA Vice-President highlighted efforts by Bangladeshi exporters to enhance capacity for increasing non-cotton item exports.

Rakib emphasised the vital role of the government policy support in facilitating capacity building and product diversification within the garment sector.

The EPB data showed that RMG exports to Japan in the 10 months of FY24 increased by 6.14 per cent to $1.40 billion while the shipments to Australia grew by 17.18 per cent to $1.12 billion in the period.

It also showed that apparel export earnings from South Korea in July-April of the FY24 increased by 14.73 per cent to $548.18 million while the earnings from Turkey in the period grew by 54.39 per cent to $337.47 million.

Bangladesh's readymade garment export to India in the 10 months of FY24, however, declined by 22.44 per cent to $689.52 million compared with that of $889.06 million in the same period of FY23, the data showed.

# US textile recycling deemed lucrative $1.5bn opportunity

***Fashion for Good's Sorting for Circularity USA report has identified a $1.5bn opportunity for fibre-to-fibre recycling by redirecting non-renewable textiles from landfills and incinerators to recycling streams.***

The Sorting for Circularity report revealed efficiency improvements, increased commodity valuation, and policy mechanisms like extended producer responsibility schemes are growth strategies for the US textile recycling market.

Fashion for Good believes there is an opportunity to build on these insights and assess the feasibility of a semi-automated sorting process by creating a demo facility suitable for closed-loop textile recycling and invest in scaling solutions nationwide.

The report said collaboration among stakeholders was "crucial," including brands, government, retailers, consumers, collectors, sorters, recyclers, and financial institutions, to promote circularity, invest in research and development, and advocate for supportive policies and incentives to drive technological innovation.

### *Fashion for Good's mission to make textiles valuable*

Only 15% of the textile waste generated in the US is recovered with 85% ending up in landfills or incineration, according to the report.

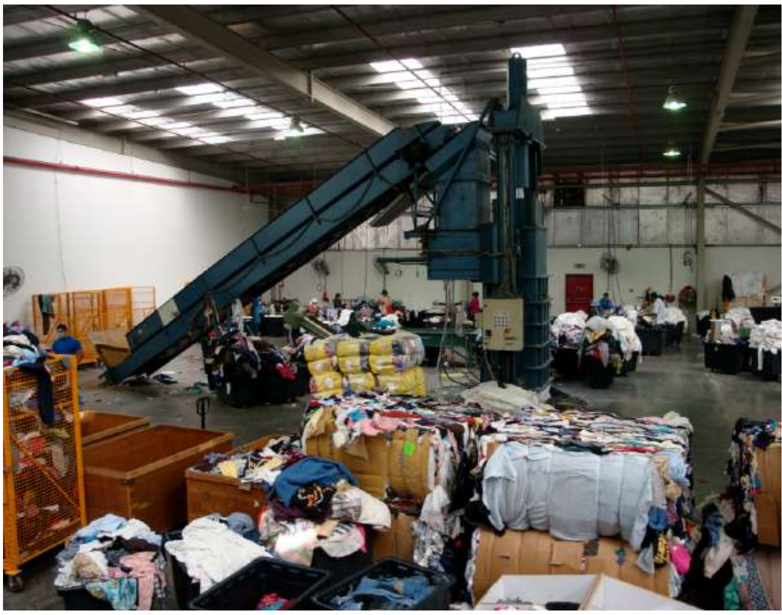
"The Sorting for Circularity USA Project addresses a key challenge in the textile industry: transforming textile waste into a valuable resource," explained Fashion for Good managing director Katrin Ley. "This project investigates the connection between consumer behaviour, waste generation, and available recycling technologies. The goal is to establish a system where all textiles are utilised effectively, minimising waste."

Sorting for Circularity addressed the lack of data on consumer disposal behaviour and material characteristics of post-consumer textiles through a comprehensive national consumer survey and waste composition analysis.

The survey revealed that 60% of respondents divert textiles, while 4% discard them, driven primarily by factors such as condition and fit.

The waste composition analysis revealed that over 56% of post-consumer textiles are suitable for recycling, with cotton and polyester being the most prevalent fibre types, showing potential for mechanical and chemical recycling processes.

Melissa Adler, a senior consultant at Resource Recycling Systems (RRS) added: "This research provides defensible insight into two parts of the recovery value chain with little to no existing data: firstly, how consumers decide what to do with textiles they no longer want and secondly, the fibre composition of post-consumer textiles. With these new findings, we can enhance collection systems to capture more textiles, calculate the financial potential for textile recycling, and build supportive, data-driven policy."



# EURATEX And industriAll Europe Team Up to Promote Social Partnerships in The European Textiles and Clothing Industry

Supported by the European Commission, EURATEX and industriAll Europe have launched Stitch Together: a new Europe-wide two-year project to promote social partnerships in the European textiles and clothing Industry.

Stitch Together recognises the industry's need to adapt to global competition, eco-friendly practices, and technological advancements, while ensuring decent working conditions and quality social dialogue. The project will foster constructive dialogue between employer and trade unions in seven countries with proud textile histories: Belgium, France, Italy, Poland, Portugal, Spain and Türkiye. Through seminars and capacity-building workshops, the project aims to enhance the capacity of social partners and empower them to engage in national and European-level social dialogues. Furthermore, the project seeks to increase social partner involvement in EU policy-making contributing to the development of sustainable and circular practices in the industry.

Dirk Vantyghem, Director General of EURATEX, welcomed this new initiative: "Having a constructive and mature social dialogue is an important component of this new EU Industrial Deal, which should be part of the next European Commission's agenda. This project is therefore very timely."

Judith Kirton-Darling, Secretary General of industriAll Europe, added "quality social dialogue is essential to make the green and digital transition of the textiles a success in Europe and ensure a Just Transition for workers. We are delighted to kick off this project and hope to see real results on the ground."

# H&M-Backed Textile Recycler Syre Raises $100 Million

***The joint venture formed by the fashion giant and green industry investor Vargas in March aims to start building two commercial facilities by 2025.***


Polyester recycling company Syre has raised $100 million to help finance construction of a pilot plant in the US this year, pave the way to start building two commercial facilities by 2025 and complete the acquisition of the patented technology underpinning the venture.

Syre was launched by H&M Group and green industry investor Vargas in March to mass produce recycled materials, starting with polyester, a huge contributor to the fashion industry's emissions.The series A round nearly doubles the $60 million put in by the venture's initial backers, including private equity firm TPG. Both TPG and H&M provided additional capital, alongside new investors Giant Ventures and Norrsken VS, Volvo Cars and Ikea-owner Ingka Group's Imas Foundation.

The mix of high-profile players gives Syre clout at a challenging moment for the textile recycling space. Though incoming regulations are amping up pressure on brands to increase their sourcing of recycled materials, technologies that could turn old clothes back into new fibres have so far struggled to scale.

Syre launched shortly after Renewcell, another recycling venture backed by H&M, went bankrupt. The collapse sent shockwaves through the nascent sector, highlighting the technical and commercial hurdles to successfully bringing new recycling technologies to commercial scale.

In its favour, Syre has secured a $600 million take or pay contract from H&M that guarantees a market for its material as it becomes available. Its new investors include major players from other key target customer segments: automotives and home furnishing. The company says its recycling solution offers a plug-and-play alternative to virgin polyester that will be able to drop into existing manufacturing processes and compete with existing recycled polyester options on price.

The company will require billions more dollars to go from an initial pilot plant that's still under construction to 12 industrial facilities around the world within the next decade. It aims to start building two commercial plants in Vietnam and either Spain or Portugal by next year.

"It is a massive undertaking," said Syre CEO Dennis Nobelius. But the opportunity is also significant as brands look for new textile recycling options. "There will be a big supply demand gap."

# Chinese textile company secures 100 acres of land for export-oriented SEZ in Pakistan

Challenge Fashion (Pvt) Ltd, a Chinese textile company, has acquired 100 acres of land in Lahore, Pakistan's emerging economic hub, with an aim to develop a Special Economic Zone (SEZ) for a textile park in Pakistan.

The company plans to commence the construction of an export-based garment factory after completing a 3-kilometer access road from the main highway to the proposed site of a textile park.

"The factory infrastructure is expected to be built within 12 months," stated an official from Challenge Fashion.

The garment factory is expected to help Pakistan earn 500 million US dollars in foreign exchange and create 30,000 jobs each year. Challenge Fashion (Pvt.) Ltd plans to invest 150 million US dollars over the next 3-5 years.

If everything progresses as planned, it is expected to attract an additional investment of 100 million US dollars in supporting industries.

The official mentioned that acquiring high-quality fabrics is a significant challenge. Currently, more than 80% of the surface accessories are imported, which substantially hinders the company's pace of expanding its industrial scale.

"The company plans to develop the park into the most innovative and sustainable textile industry base in South Asia, showcasing China's park design concept and construction standards to Pakistani counterparts.

This will promote the most efficient and environmentally friendly automated fabric production equipment and garment production systems, and spread modern production management science," the official added.

The official also stated that the establishment of a supply chain cluster would help improve Pakistan's labour structure and management.

"We hope to demonstrate China's industrial park standards to our Pakistani counterparts by creating a Chinese-regulated industrial park project," the official said.

"We aim to enable Chinese enterprises interested in an overseas layout to see Pakistan's investment potential and also provide project landing sites for SMEs so that they can fully benefit from the preferential investment policies provided by the Pakistani government," the official asserted.

The official further explained that "the tariff-free treatment of textiles exported to the EU, combined with China's Free Trade Agreement, can guarantee the price competitiveness of Pakistani products.

Pakistani fabrics exported to Africa or Jordan can enter North America without tariffs, and the route is much shorter than from East Asia."



# *India major gainer of China+1, exports to soar to $835 billion by 2030: Nomura*

India and Vietnam are gaining the most from the China plus one strategy, which is also expected to unlock new growth opportunities for Asian economies, according to Nomura.

India's exports will likely surge to $835 billion by 2030 from $431 billion in 2023 with its large domestic market helping attract firms looking for supply chain alternatives to China, Nomura said in a report published recently

"Firms in electronics, apparel & toys, automobile & components, capital goods and semiconductor manufacturing are looking to invest in India. Given India's large domestic consumer market, firms setting up shop in India are attracted also because of the captive domestic market," Nomura said, predicting a 10% annual growth over the period.

The global research firm expects electronics to become the fastest-growing sector, clocking a compound annual growth rate of 24% in exports, with value nearly tripling to $83 billion by 2030. Machinery exports will more than double to $61 billion by 2030 from $28 billion in 2023.

"We believe the low production linked incentive (PLI) disbursements are not a good reflection of India's potential on global value chain integration. Its large market size, faster growth, lower labour cost and political and economic stability make it an attractive investment destination for consumer goods production to both cater to domestic demand and also for exports," Nomura said, expecting India's share of global trade to rise to 2.8% by 2030.

Nomura pointed out that competitiveness of Indian production is also likely to help accelerate exports and improve the country's trade balance and current account. "This points to a structural case for currency appreciation," it said.

Nomura's survey of 130 enterprises also showed a growing interest for India and Vietnam.

"A majority of the investment into India are from US-based companies, especially in the electronics sector. Japan and Korea are also investing in India's auto, consumer durable and electronics sectors to take advantage of the growing domestic demand and to use it as a manufacturing base," Nomura said.

It added that strengthening of India's manufacturing sector and its growing share in exports will help the corporate sector to sustain 12-17% earnings growth over the medium term.

Nomura is a global financial services group with an integrated network spanning approximately 30 countries and regions. By connecting markets East & West, they service the needs of individuals, institutions, corporates and governments through their three business divisions: Wealth Management, Investment Management and Wholesale (Global Markets and Investment Banking).


# RECENT IMPORTANT UPDATES AND CIRCULARS UNDER GST

**BY- CA BALKISHAN CHHABRA**

## Second highest monthly Gross GST Revenue collection in March at ₹1.78 lakh crore; records 11.5% y-o-y growth

Gross Good and Services Tax (GST) revenue for March, 2024 witnessed the second highest collection ever at ₹1.78 lakh crore, with a 11.5% year-on year growth. This surge was driven by a significant rise in GST collection from domestic transactions at 17.6%. GST revenue net of refunds for March, 2024 is ₹1.65 lakh crore which is growth of 18.4% over same period last year. Strong Consistent Performance in FY 2023-24: FY 2023-24 marks a milestone with total gross GST collection of Rs. 20.18 lakh crore exceeding ₹20 lakh crore, a 11.7% increase compared to the previous year. The average monthly collection for this fiscal year stands at ₹1.68 lakh crore, surpassing the previous year's average of ₹1.5 lakh crore. GST revenue net of refunds as of March, 2024 for the current fiscal year is ₹18.01 lakh crore which is a growth of 13.4% over same period last year.

***IMPORTANT:***

**CBIC issued fresh guidelines for GST investigations:**

The Board has issued the following guidelines which, should be followed in the CGST Zones while engaging in investigation, subject to legal provisions or instructions issued on this behalf:

**1.** Approval of (Pr.) Chief Commissioner is necessary for investigation of big industrial house and major multinational corporations.

**2.** Offices should not seek information from taxpayers which is already available on GST Portal.

**3.** Summons should not be used to seek information filled in format or performa.

**4.** Summons with content akin to vague enquiry is not acceptable.

**5.** Each investigation must be initiated only after the approval of the (Pr.) Commissioner

**6.** Approval of (Pr.) Chief Commissioner is necessary for investigation in the matter of interpretation seeking to levy tax on any sector/commodity/service for the first time.

**7.** Investigation must reach the conclusion within a year.

**8.** It is not necessary to keep investigation pending till limitation in law approaches.

**9.** Show cause notice should not be delayed after conclusion of investigation.

**10.** The letter/summons should disclose the specific nature of the inquiry being initiated/undertaken. The vague (or general) expressions such as that the officer is making inquiry in connection with "GST enquiry" or "evasion of GST" or "GST evasion" etc. must not be mentioned.

**11.** If a taxpayer has utilized ITC towards payment of GST on its outward supplies, it is not acceptable to seek via summons/letter aspects such as - 'please clarify whether ITC availed and utilized was proper."

***REFUND UNDER INVERTED DUTY STRUCTURE***

Refunds under GST are of various kinds. One of them is ITC accumulated due to inverted tax structure (tax on inputs higher than a tax on outputs).

**The Sec 54(3) of CGST Act, 2017 states:**

"Where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the council"

The term 'Inverted Tax Structure 'refers to a situation where the rate of tax on inputs purchased is more than the rate of tax on outward supplies. That means Inverted Duty Structure arises when tax paid on Inward Supplies is higher than tax payable on outward supplies.

### *OLD FORMULA:*

**The old formula for claiming refund under IDS is provided under Rule 89(5) of CGST Rules,2017 as follows:**

$$\text{Maximum refund amount} = \left\{ \frac{\text{Turnover of inverted supply of goods and services} \times \text{Net ITC}}{\text{Adjusted Total Turnover}} \right\} - \left\{ \text{Tax payable on such inverted supply of goods and services} \right\}$$

### *NEW FORMULA:*

The old formula was amended vide Notification No. 14/2022-Central Tax dated 05-07-2022. The new formula is applicable prospectively with effect from 05.07.2022 and would be applicable in respect of refund applications filed on or after 05.07.2022 as clarified by Circular No. 181/13/2022-GST Dated the 10th of November 2022.

Amended formula:

$$\left\{ \frac{\text{Turnover of inverted supply of goods and services}}{\text{Adjusted Total Turnover}} \times \text{Net ITC} \right\} - \left\{ \text{Tax payable on such inverted supply of goods and services} \times \frac{\text{Net ITC}}{\text{ITC availed on inputs \& input services}} \right\}$$

This formula change would be especially advantageous for taxpayers with accumulated credits from inward input services who were previously receiving minimal or no refunds under the old formula.

### *CIRCULAR ON APPLICABILITY OF THE FORMULA WITH SUCH MAJOR CHANGE IN THE FORMULA*

The Circular No. 181/13/2022-GST dated 10.11.2022 clarifies that the said amendment vide the refund applications filed before 05.07.2022 will be dealt as per the formula as it existed before the amendment made vide Notification No. 14/2022-Central Tax dated 05-07-2022. **It is pertinent to note that since the circular clarifies applicability of revised refund formula based on date of filing the refund application and hence it can be straight forwardly inferred that irrespective of the 'relevant period' for which refund application is being made, the refund can be computed as per the revised formula, if the application is being made on or after 5th July 2022.**

### *REFUND CAN BE CLAIMED WITHIN TWO YEARS FROM THE RELEVANT DATE:*

The "Relevant date" means the due date for furnishing of return under section 39 for the period in which such claim for refund arises. However, Notification No. 13/2022-Central Tax dt. 05.07.2022 excludes the period from 01.03.2020 to 28.02.2022 for computation of period of limitation for filing refund application under section 54 of the said Act. That is, the time limit for claiming a refund is extended by another 2 years and is in addition to the two years from the relevant date as prescribed in the Act. **As an effect of this extension, as of February' 2024, taxpayers can claim refund for the relevant period on or after February'2020.**

### *OTHER IMPORTANT UPDATE:*

**The Kerala High Court has ruled that ITC cannot be rejected based on its absence in GSTR-2A:**

The petitioner cannot be held accountable if the seller dealer has not remitted the amount paid by the petitioner. The determination of whether the petitioner has indeed paid the tax amount and if the transactions with the seller dealer are authentic depends on factual evidence. Therefore, the decision to deny Input Tax Credit (ITC) is not justifiable.

**Delhi GST Department permits people to visit CRC on every Monday and Thursday for new registration queries:**

The Delhi GST Department's CRC Branch has issued a public notice, permitting Chartered Accountants, Advocates, Applicants, and the General Public to visit the CRC between 3:00 PM and 4:00 PM every Monday and Thursday. This visit aims to provide clarification on GST New Registration applications through the concerned GSTO of the CRC Branch.

**[The author is Senior Partner in M/s. CHHABRA B K & ASSOCIATES (Delhi / NCR).].**



# AEPC MEMBERSHIP ADVANTAGES

AEPC is doing its best for the members of the council in this difficult times of Pandemic by taking various initiatives with the central & state's government. Our Team of professionals is working hard for AEPC members for providing all necessary support to run their apparel export units smoothly & ultimately enhance the Apparel exports from India.

AEPC is giving support in all verticals of apparel exports domain and we would like to inform you to understand about the advantages of taking/ continuing AEPC's membership.

**1. Market Access Initiative -** The council gets MAI subsidy for organizing Mega shows, participation in international renowned apparel fairs and for organizing Buyer Seller Meets international. The subsidy is passed-on to the members of the council in subsidizing the cost of stall in Buyer Seller Meets and Mega shows / international fairs in overseas events. Guiding and facilitating Apparel exporters to showcase their best products at domestic fairs as well as international fairs. This also helps in Identifying opportunities for collaborations with overseas partners for up-scaling and technology upgradation with providing market intelligence for Textile and Apparel Industry

**2. Trade Facilitation –** AEPC actively takes up exporters issues, stuck up at customs, Icegate, DGFT, ECGC and other export related organisations and facilitates in resolving the exporters issues related to risky exporters tagging, pending ROSL & RoSCTL, pending drawback etc.

**3. AEPC's Facilitation for Risky Exporters:** Since 2019, a lot of exporters were being put on Risky exporter's tag, which led to stoppage of IGST, drawback and other refunds. To address the issue of long delays in resolution of these cases, AEPC has been working closely with DGARM to understand the concerns, advise exporters on the required protocols for resolution, follow up with DGARM and get the NoCs. A dedicated facilitation desk at HO & regional offices of AEPC have been working on compiling the cases, taking them up with DGARM and getting them resolved.

**4. AEPC's Facilitation for ATUFS:** With the aim to facilitate faster resolution of the pending TUF cases, AEPC has been compiling the TUFS pendencies and is taking them up from time to time with the Textile Commissioner's office and Ministry of Textiles with regard to changes in scheme guidelines, technical issues, documentation issues and other clarifications and about their resolutions. Some of the major issues like In-Principle Bank Sanction Letter, Year of Manufacture issue, revision in repayment period of non-MSME applicable for existing cases also and issuance of Corrigendum for inclusion / modification of machines specification have been taken up by AEPC for resolution.

**5. Update on notifications –** AEPC updates its members about the recent notifications/circulars/Public notices related to DGFT, CBIC, Textile Commissioner. GST, MSME etc.

**6. Apparel Dossier –** Updating the members through weekly Apparel dossier for weekly news, notifications and the issues that AEPC has taken up, for AEPC Members.

**7. Apparel India magazine –** AEPC publishes Apparel India magazine along with e-copy of it, which is uploaded on AEPC's website in which details of latest updates (national and global) related to textile & apparel industry, government notifications / circulars, GST updates and the important activities performed by AEPC for the benefit of industry are published. AEPC's Apparel India Magazine is widely circulated online as well as offline and is reachable to all the stakeholders such as exporters, buyers, buying agents, government officials and all other concerned.

**8. Virtual Exhibition Platform-** AEPC has launched a Virtual Platform for organizing Export Promotion activities, in order to bridge the gap between buyer & seller during these trying times due to the worst pandemic of the century. The platform is a virtual exhibition platform to showcase products of AEPC members in 24x7x365 days format. Key features include exhibitors booths in the virtual exhibition landscape, free-flowing two-way communication between attendees/buyers and exhibitors through video / audio call and Whatsapp chat facilities, live presentation auditorium, high security features and knowledge management. Buyers can navigate through options and ensure a near-physical fair experience through high resolution exhibitor's avatars.

**9. Data Bank –** AEPC provides RMG export statistics regularly in the Apparel India magazine for the benefit of the members. Country-wise export statistics and top HS Codes selling in important countries along-with the description of the garments are also provided for the benefit of the exporters.

**10. GST Facilitation -** AEPC is facilitating GST related issues of the exporters.

**11. Seminars/webinars & Workshops -** AEPC Organizes seminars/webinars & workshops related to the apparel industry.

**12. Compilation of DBK / RODTEP Data -**Compilation and submission of datas/documents for fixation of DBK/RODTEP rates exercise is done by AEPC every year so that these benefits could be decided by the Govt., and these could be availed by the exporters.

**13. Submission of suggestions of FTP Policy and other policy related matters -** Submission of suggestions for improvement in FTP Policy and other related policies are submitted by AEPC every year for the benefit of the exporters.

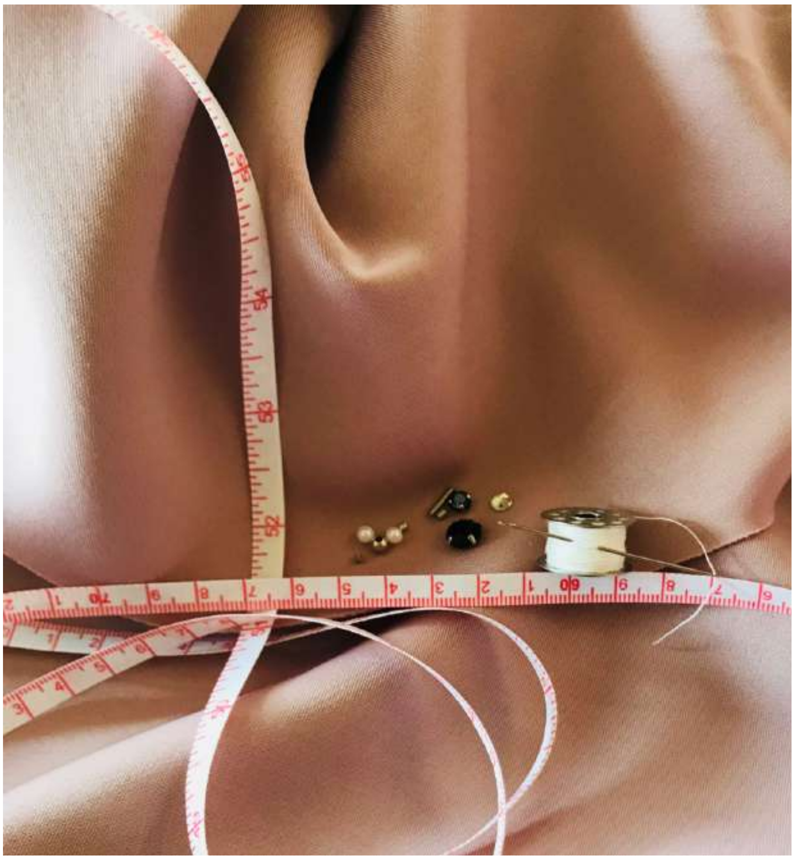
**14. Skill Assessment Cell -** The Skill Assessment Cell (SAC) was established with the prime objective to drive the skill assessment initiatives in Apparel/Garment, Khadi and Carpet sectors for employment generation, economic growth and social development. The cell helps in boosting the morale, uplifting the social status of the candidates and makes the workforce a certified skill pool.

**15. Man Made Fabric Cell -** AEPC has set up a MMF Cell to enhance the export of MMF garments and to explore the possibilities for Joint Ventures or 100% investment / technology collaboration for manufacturing of man-made fabrics in India. The Council has come up with a Compendium on MMF garments which contains the details of HS codes identified for the proposed PLI scheme of Govt., of India of Rs.10683/- crores to enhance India's manufacturing capabilities of MMF segment and Technical textiles. The compendium contains the product description, images of identified garments falling under PLI HS codes, factsheet and contact details of domestic as well as overseas fabric suppliers.

The EOI, Washington and AEPC has carried out a study on Market for Indian Apparel in the United States – Trends, Potential, and Expansion Strategy through M/s. KPMG services. AEPC also established contact with M/s SERAI, a business-to-business platform founded by HSBC to improve the reach of AEPC members to overseas buyers.

The membership of AEPC is surely helping our members to achieve their professional goals & having expert knowledge of the domain. The Membership Subscription costs just Rs. 10500/+GST per year for the existing member and Rs. 11500/+GST for new members. the fee can be paid through DGFT **Website** https://www.dgft.gov.in

***For any further information/assistance kindly feel free to contact us.***



# MINISTRY OF COMMERCE & INDUSTRY

[To be Published in the Gazette of India Extraordinary Part-II, Section - 3, Sub-Section (ii)]

**Government of India**
**Ministry of Commerce & Industry**
**Department of Commerce**
**Directorate General of Foreign Trade**
**Vanijya Bhawan**

**Notification No. 16 /2024-25**
**New Delhi, Dated the 06th June, 2024**

**Subject: Enabling provisions for import of inputs that are subjected to mandatory Quality Control Orders (QCOs) by Advance Authorisation holders, EOU and SEZ - Regarding.**

S.O. (E) In exercise of powers conferred by Section 3 read with Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992), as amended, read with Para 1.02 and 2.03 of the Foreign Trade Policy (FTP), 2023, the Central Government hereby makes the following amendments relating to Advance Authorisation in para 2.30(A) (i)(g) of FTP, 2023, notified vide Notification No. 71/2023 dated 11.03.2024, with immediate effect **(changes made are indicated in bold letters):**

| **Existing Policy**<br>[para 2.30(A) (i) (g)] | **Revised Policy**<br>[para 2.30(A) (i) (g)] |
|---|---|
| The Export Obligation period for such authorizations shall be as per 4.40 of Handbook of Procedures. However, EO period is restricted to 180 days from the date of clearance of import consignments in respect of QCO exemption for textile Products. | The Export Obligation period for such authorizations shall be as per 4.40 of Handbook of Procedures. However, EO period is restricted to 180 days from the date of clearance of import consignments in respect of QCO exemption for textile **and chemical Products, notified by Ministry of Textiles and Department of Chemicals & Petro-chemicals (DCPC) respectively.** |

**Effect of this Notification:** Enabling provisions are made for exempting inputs imported by Advance Authorisation holders, EOU and SEZ, from mandatory Quality Control Orders (QCOs). Also, **DCPC** have been notified in Appendix 2Y of FTP, 2023. **The EO Period for the products of Ministry of Textiles and the DCPC is restricted to 180 days from the date of clearance of import consignments in respect of QCO exemption.**

This issue with the approval of the Minister of Commerce & Industry.

6.6.2024

**(Santosh Kumar Sarangi)**
**Director General of Foreign Trade &**
**Ex-Officio Additional Secretary to the Government of India**
E-mail: dgft@nic.in

[Issued from File No.01/89/180/13/AM-15/PC-2[A]/E-5910]

# APPAREL EXPORT PROMOTION COUNCIL

(Sponsored by Ministry of Textiles, Government of India)

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