

## **Policy Support Needed To Make Indian T&C Sector A US\$ 350 Billion Industry By 2024-25 – CITI**

Confederation of Indian Textile Industry (CITI) on behalf of the Textile & Clothing Industry joins the nation in congratulating National Democratic Alliance (NDA) for being voted to power convincingly. Shri Sanjay K. Jain, Chairman, CITI said, “Indian economy enters into a very important phase with the new NDA Government taking charge after the 2019 Lok Sabha elections”. He further stated that the last 5-year period has been a period of consolidation, policy disruptions and shaping up of a new India where many structural reforms took place in the Indian economy and also specifically in the Textile & Clothing (T&C) Industry.

Mr. Jain opined that that T&C Industry has gone through a phase of consolidation where exports stagnated, aggressive State policies directed investments and domestic demand was disturbed due to demonetisation, banking restructuring and implementation of Goods and Services Tax (GST).

CITI Chairman pointed out that India, which was the world's second largest exporter of T&C during 2014-17 after China, has fallen to 5<sup>th</sup> place in 2018 as Germany, Bangladesh and Vietnam has stepped in. India's T&C exports have declined from US\$ 38.60 billion in 2014 to US\$ 37.12 billion in 2018 while their imports have increased from US\$ 5.85 billion to US\$ 7.31 during the same period.

However, Mr Jain stated that the textile industry and Indian economy both are in a very optimistic mood and looking for a start of the golden era where it will realise its true potential and lead to inclusive growth of the country with considerable employment opportunities, especially for the rural women workforce along with technically qualified skilled manpower.

Mr. Jain stated that Confederation of India Textile Industry (CITI), which is the only apex industry chamber covering the entire spectrum of the T&C Industry for both domestic and export markets, has recently completed 60 years of its services to the industry and nation has come out with a **White Paper on T&C Industry**, entailing both general and sector specific suggestions to realise its true potential.

**The White Paper details all the needed steps, however CITI has also made a Ten Point Agenda to be addressed by the New Government on a priority basis, which are as follows:**

1. **Simplify TUFs guidelines and clear all the pending subsidies in a time bound manner** (backlog around Rs.9,000 crores under various TUF Schemes). Time bound subsidy clearances have to be ensured as owing to variety of reasons thousands of crores of Technology Upgradation Fund Scheme (TUFs) subsidy are pending for a long time which has made many units go sick.
2. **Extend RoSCTL benefit for the entire textile value chain:** The export industry should not be forced to bear the cost of cross subsidies which are in

built in power, financing and other costs, and making Indian exports further uncompetitive in global markets which is visible in the stagnated export figures.

3. **TMC-II (Technology Mission on Cotton) may be launched at the earliest.** Need to focus on improving cotton productivity and address other issues on cotton sector to make Indian cotton internationally competitive.

4. **Direct subsidy to cotton farmers should be introduced** when cotton prices fall below the Minimum Support Price (MSP) to ensure the value-added downstream industry gets raw material at market determined prices – in an international competitive environment as the industry cannot bear the social subsidy burden.

5. **Announce National Fibre Policy** to ensure win-win strategy for all the stakeholders and ensure adequate availability of quality raw material at an international price throughout the year to achieve the potential growth rate of the textiles and clothing industry.

6. **Mission mode approach for promoting MMF sector**, as without its growth, the textile industry can never achieve the USD 150 billion export target by 2024-25. MMF Downstream Industry must get their raw materials at Internationally competitive prices to enable increase its share in the Export and also Domestic Markets. Inverted GST duty structure on MMF Sector to be corrected, as huge blockage of funds is happening and refunds are very difficult as well as time consuming due to non-allowance of service GST adjustment against output liability. Need to have a uniform rate of 12 % for MMF sector.

7. **Reduce Hank Yarn Obligation (HYO) from 30 % to 15 %** (as already recommended by the office of the Textile Commissioner) and also reduce the number of items from 11 to 3 prescribing the fabric construction details under Handloom Reservation Act to enable Ease of Doing Business.

8. **Employee State Insurance (ESI) benefits for the entire T&C Industry:** The textile industry is still more than 60% unorganised, hence a majority of people are not able to get Employee State Insurance (ESI) benefits. We propose that an ESI type facility on contribution basis should be made available to the workforce in unorganised sector like those employed in the organised sector.

9. **Urgent need to negotiate FTAs** with developed and large markets like EU, Australia, Canada, Britain etc. to ensure that a level playing field is provided against competitors like Bangladesh, Vietnam, Cambodia, Pakistan, Sri Lanka etc. Focused approach should be made to sign Free Trade Agreements (FTAs)

or Preferential Trade Agreements (PTAs) with large global markets to provide a level playing field to the industry. Expedite conclusion of FTAs with various countries that are already under progress.

10. **Address GST Issues on T&C**, so that refunds can come to the industry quickly and enhance liquidity. Further there are many small GST irritants which need important redressal for which a Special Officer should be assigned to look into all such issues.

Mr. Jain concluded by saying that CITI will submit its detailed White Paper on T&C Industry to the new Union Textile Minister the moment the Government is formed and request the Government to provide the much needed policy support to the T&C Industry to not only achieve the revolutionary initiative of '**Make In India**' of the Hon'ble Prime Minister Shri Narendra Modi Ji but also to make Indian T&C Sector a US\$ 350 bn Industry by 2024-25. This will definitely help in bringing out inclusive growth in the economy, create employment opportunities for millions of people at the grass root levels, especially women and help them skilled to reap the benefits of Textile Industry 4.0.