1. **INTERNATIONAL BENCHMARKING, DELIBERATIONS WITH INDUSTRY AND DEMAND ASSESSMENT CRITICAL FOR HIGH VALUE & HIGH-VOLUME TECHNICAL TEXTILES PRODUCTS IN INDIA: UNION TEXTILES MINISTER SHRI PIYUSH GOYAL**
2. **PLI 2.0 UNDER CONSTRUCTION, WOULD EMPOWER INDIAN TEXTILE SECTOR TO COMPETE GLOBALLY**
3. **HAND HOLDING STATES, GOVERNMENT SELLERS TO INTEGRATE WITH ONDC: DPIIT JOINT SECRETARY**
4. **SUCCESSFUL AND SUBSTANTIAL CONCLUSION OF TEXT-BASED NEGOTIATIONS OF IPEF PILLAR-II (SUPPLY CHAINS); GOOD PROGRESS UNDER OTHER PILLARS**
5. **PREPARING FOR THE GLOBAL MINIMUM TAX**

==

1. INTERNATIONAL BENCHMARKING, DELIBERATIONS WITH INDUSTRY AND DEMAND ASSESSMENT CRITICAL FOR HIGH VALUE & HIGH-VOLUME TECHNICAL TEXTILES PRODUCTS IN INDIA: UNION TEXTILES MINISTER SHRI PIYUSH GOYAL

Union Minister of Textiles, Commerce and Industry and Consumer Affairs, Food and Public Distribution, Shri Piyush Goyal said that international benchmarking, deliberations with the industry and demand assessment are critical to identify high value & high-volume potential products to catalyze research and innovation in Technical Textiles in India. The Union Minister said this while chairing the 6th Mission Steering Group (MSG) meeting of the National Technical Textiles Mission in New Delhi. Ministry of Textiles approved 20 R&D projects worth INR 61.09 crores across key strategic areas of Geotech, Protech, Indutech, Sustainable Textiles, Sportech, Buildtech segments and Specialty Fibres (Carbon Fibre and Ultra High Molecular Weight Poly Ethylene) during the 6th MSG meeting. Among these 20 R&D projects, 3 Projects from Geotech, 6 of Protech, 1 Indutech, 1 Sportech, 2 Sustainable Textiles, 2 Buildtech, 2 Carbon Fibres, 2 Specialty/Functional Fibre and 1 Ultra High Molecular Weight Poly Ethylene (UHMWPE) were approved. While addressing the meeting, Shri Piyush Goyal said that it is necessary to identify the areas where high strength lightweight Technical Textiles could be used as an alternative material in automobile, aviation, infrastructure and medical sectors for enhancing efficiency, advancement and sustainability. The Minister noted that massive outreach exercise is the need of the hour to attract more R&D proposals in the priority areas under NTTM wherein Ministry of Textiles, Ministry of Science and Technology and Ministry of Commerce and Industry may collaborate. Shri Goyal also said that private engineering colleges of good repute to be encouraged to work together with Textile Research Associations (TRAs) or reputed Government institutes for wider awareness, benefits and optimal utilization of NTTM Scheme and foster research & innovation ecosystem across India. The Minister reviewed the progress of Component-II of NTTM - Promotion & Market Development, including events conducted so far such as 10th Edition of Technotex 2023 in Mumbai with FICCI held between 22nd – 24th Feb 2023, GEOTEX: National Conference on Geo-Textiles – PM, GATI Shakti Scheme in Delhi with CII on 24th March 2023, Technical Textiles: Exploring Growth Opportunities in Hometech and Clothtech under Chintan Shivir - ‘Saurashtra Tamil Sangamam’ at Rajkot on 21st April 2023 and National Conclave on Sportech: The Future of Sport Textiles and Accessories Industry in India in Delhi with ITTA on 2nd June 2023. Shri Piyush Goyal also reviewed the inter-ministerial exercise conducted under NTTM for Mandation/Adoption of different Technical Textiles items and meetings held with the Ministry of Railways and Ministry of Defence for enhancing usage of Technical Textiles. QCOs for 31 Technical Textiles - 19 Geotextiles & 12 Protective Textiles issued on 10th April 2023. Senior Officials from NITI Aayog, Ministry of Road Transport and Highways, Ministry of Heavy Industries, Ministry of Railways, Ministry of Jal Shakti, Department of Expenditure,

Department of Higher Education, Department for Promotion of Industry and Internal Trade and members from other Ministries, and eminent members from the industry attended the meeting.
(Source: Fibre2Fashion)

2. PLI 2.0 UNDER CONSTRUCTION, WOULD EMPOWER INDIAN TEXTILE SECTOR TO COMPETE GLOBALLY

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Piyush Goyal asked stakeholders of the textile industry to strive to move up the value chain and focus on products of high value. He was interacting with the beneficiaries of the Production Linked Incentive Scheme (PLI) for textiles at a review meeting in New Delhi. He asked the beneficiaries to focus on improving the quality of textile products made in India to make them world-class. The USP of Indian textile industry must not be restricted to cheap labor, the Minister opined. He asked that textile sector workers be paid fairly, given social security and brought to the formal sector. Shri Goyal acknowledged the textile sector's inherent capability to create employment and drive both growth and exports and said that textiles was one of the sectors identified by Prime Minister Narendra Modi as an industry with immense potential. The Minister said that the centre was looking at PLI 2.0 and instructed officials of the Ministry to undertake extensive and exhaustive stakeholder consultations before finalizing the contours of PLI 2.0. He asked them to make PLI 2.0 robust and emphasized that PLI 2.0 would empower the sector to compete globally with top exporting countries like China, Vietnam. The review meeting under the Chairmanship of Hon'ble Minister was attended by representative of 49 companies and key dignitaries of Ministry of Textiles. Under the PLI Textile Part 1, 67 applicants had applied out of which 64 were selected and out of these 64 companies 55 companies have formed participant companies. The proposed investment during the entire tenure of the scheme is INR 19,789 cr. out of which INR 1,536 cr. has been invested so far. Review meeting was held to understand the implementation status of the projects under the Scheme and for resolving their issues. Companies complimented the Ministry for PLI scheme. At the meeting, several procedural issues were clarified for the sake of easy understanding. NICDC shared the ready availability of land with plug and play facility at Dholera, Aurangabad, Greater NOIDA and Indore. Minister also directed the Ministry team to actively engage with the participants and resolve state and administrative issues they faced. He urged textile industry players to work with a sense of duty, a 'kartavya bhavana', aim higher and dream bigger to take Indian textile industry to greater heights.
(Source: The Textile Magazine)

3. HAND HOLDING STATES, GOVERNMENT SELLERS TO INTEGRATE WITH ONDC: DPIIT JOINT SECRETARY

The Department for Promotion of Industry and Internal Trade (DPIIT) is hand-holding states and central government sellers like handicraft emporiums to gradually integrate with Open Network for Digital Commerce (ONDC), a senior official said. ONDC is an initiative of the DPIIT to create a facilitative model to help small retailers take advantage of digital commerce. It is not an application, platform, intermediary or software but a set of specifications designed to foster open, unbundled, and interoperable open networks. Joint Secretary in the DPIIT Sanjiv said that supporting MSMEs (micro, small and medium enterprises) has been a priority for the ONDC. "This will unlock value in the huge B2B (business-to-business) market by increasing access and discoverability of various businesses across the network. "As we look forward to the integration of credit in the ONDC, the business can hugely benefit from the open network ecosystem by being a part of the ONDC," he said here at a function - 'B2B Unlocked'. The initiative assumes significance when it comes to digital commerce, that is, end-to-end transactions, from discovery to purchase, only a handful of Indian businesses are adopting digital. As per estimates, less than 2 per cent of Indian businesses use digital tools to make themselves or their products visible digitally. He said that ONDC has made significant strides in the last few months as sellers and service providers on the network have increased to more than one lakh and the network participants have increased to 51. "There was a significant increase in the number of orders per day in the past month and as the network continues to stabilise, there will be an increase in the transaction volume," Sanjiv said. The event marked the official entry of the open network into the realm of B2B trade, enableng merchants to engage directly with other businesses in wholesale trade. SignCatch and Rapidor have enabled both the B2B buyer and seller side platforms on ONDC, fostering seamless interoperability between sellers and buyers. This implementation allows sellers to utilise SignCatch to receive orders from Rapidor B2B buyer platform and vice versa.

(Source: The Economic Times)

4. SUCCESSFUL AND SUBSTANTIAL CONCLUSION OF TEXT-BASED NEGOTIATIONS OF IPEF PILLAR-II (SUPPLY CHAINS); GOOD PROGRESS UNDER OTHER PILLARS

The second Indo-Pacific Economic Framework for Prosperity (IPEF) Ministerial Meeting was held in Detroit hosted by the US. Union Minister for Commerce and Industry, Consumer Affairs, Food and Public Distribution, and Textiles, Shri Piyush Goyal virtually participated in the Ministerial meeting. IPEF was launched jointly by the USA and other partner countries of the Indo-Pacific region on May 23, 2022 at Tokyo. IPEF has 14 partner countries including Australia, Brunei, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, Vietnam & USA. It seeks to strengthen economic engagement among partner countries with the goal of advancing growth, peace and prosperity in the region. The framework is structured around four pillars relating to Trade (Pillar I); Supply Chains (Pillar II); Clean Economy (Pillar III); and Fair Economy (Pillar IV). India had joined Pillars II to IV of IPEF while it has an observer status in Pillar-I. At this Ministerial Meeting, negotiations under the Supply Chains (Pillar-II) were substantially concluded; while good progress was reported under the other IPEF Pillars. Pillar-wise Press Statement was issued at the end of the Ministerial meeting to provide an update on the developments related to text-based negotiations under each of the respective IPEF Pillars. Under the Supply Chains (Pillar-II), IPEF partner countries are seeking to: make supply chains more resilient, robust, and well-integrated through crisis response measures; cooperation for mitigation of disruptions to better ensure business continuity, and improve logistics and connectivity; promoting investments particularly in critical sectors and production of key goods; and worker role enhancement through requisite upskilling and reskilling, and increasing comparability of skills credentials frameworks across IPEF. During his intervention under this Pillar, Shri Piyush Goyal, commended the negotiating teams in delivering an expeditiously negotiated, and mutually beneficial Agreement that could propel deeper integration of economies and supply/value chains within IPEF, and urged for expeditious implementation of all the action-oriented cooperative and collaborative elements identified as part of this Agreement. Under the Clean Economy (Pillar-III), IPEF partners are aiming to advance cooperation on research, development, commercialization, availability, accessibility, and deployment of clean energy and climate friendly technologies, and

facilitate investment towards climate-related projects in the region. Further, interested IPEF partners are introducing a regional hydrogen initiative to encourage widespread deployment of renewable and low-carbon hydrogen and its derivatives in the region. During his intervention under this Pillar, Shri Goyal highlighted that India would like the Pillar focus to be centered on action-oriented elements, such as mobilization of low cost long tenure climate finance and enhanced access to clean energy technologies. Under the Fair Economy (Pillar-IV), IPEF partners are working toward development of the text of an agreement that will strengthen implementation of effective anti-corruption and tax measures to boost commerce, trade, and investment among IPEF economies. During his intervention under this Pillar, the Minister highlighted the strong steps taken by India under the dynamic leadership of the Prime Minister Shri Narendra Modi to improve India's legislative and administrative framework to provide a corruption free administration and reaffirmed India's commitment to implement UNCAC and the FATF standards.
(Source: pib.gov.in)

5. PREPARING FOR THE GLOBAL MINIMUM TAX

The OECD is currently working on a project comprising 140+ countries ('the Inclusive Framework') to redesign the current international tax system. The project consists of two Pillars. Pillar One aims at allocating a portion of profit of large and highly profitable multinational enterprises (MNEs) to the destination or market country, where consumers or users are based. The second proposal, known as Pillar Two or global minimum tax, will ensure that MNEs pay a minimum level of tax in all the countries where they operate, i.e., minimum effective tax rate (ETR) of 15% on a country-by-country basis. Pillar Two applies to MNEs with global revenues above €750 million (~Rs 6,500 crore), with certain exceptions. If an in-scope MNE's ETR in a country is below 15%, it will have to pay a top-up tax to the country where its parent company is located. For example, if an Indian MNE has an ETR of 10% in Singapore, it will have to pay a top-up tax of 5% to India. However, Singapore can also collect the top-up tax if it introduces a qualified domestic minimum tax. If neither India nor Singapore introduce the Pillar Two, the top-up tax will be collected by other countries that have introduced it. Pillar Two has been designed in such a way that even if one country legislates it, the entire top-up tax could be collected by that country. Therefore, no country, including India, would like to be left behind in the implementation process. The Inclusive Framework has finalised the Pillar Two model rules and the commentary. Now it is up to the countries to implement the Pillar Two rules via domestic law changes. While there is uncertainty around Pillar One implementation in view of pushback in the US, Pillar Two is almost a reality as more than 50 countries are in different phases of implementation of Pillar Two. We are witnessing two waves of implementation of Pillar Two globally: 2024 and 2025. Certain countries such as Korea, Japan, Australia, New Zealand, the UK, the Netherlands, and Switzerland have either concluded consultation or published draft rules targeting implementation of Pillar Two with effect from 2024. Several countries are also in the process of implementing qualified domestic minimum tax, which would allow them to collect the shortfall in taxes from MNEs in their own countries instead of the parent's jurisdiction. India is among the active participants in the discussions at the Inclusive Framework. One of the elements of Pillar Two is the subject to tax rule (STTR). It subjects intragroup base eroding payments from a developing to a developed country to a minimum tax of 9%. India is pushing for broadening the scope of the STTR. India views both the STTR and the Pillar Two as an integrated package and Pillar One and Pillar Two as a package. Therefore, it appears that taxpayers will get to know about India's intention of implementing Pillar Two only after there is more clarity on the scope of the STTR and more certainty on Pillar One.

However, India should not wait for that. The next full budget of the Indian government would be in July 2024, given 2024 is the general election year. The last thing taxpayers would want is that India announces the implementation of Pillar Two in July 2024 and that too from FY25. The global minimum tax will have a significant impact on the large Indian-headquartered MNEs as the rules are complex and require substantial accounting and tax information, not all of which would be available readily. MNEs would need to adapt their processes and systems in advance for Pillar Two analysis, compliance, and reporting. The complexity of the Pillar Two rules can also be gauged from the fact that out of 65 pages of the rules, the definition section alone runs into 17 pages (150+ new definitions). Given the complexity of Pillar Two rules and the impact, it is advisable that India's introduction of Pillar Two rules is preceded by a consultation with stakeholders.
(Source: Financial Express)