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1. INDIA'S GUJARAT STATE GOVT UNVEILS TEXTILE POLICY 2024

India's Gujarat state government recently introduced its Textile Policy 2024, which offers capital subsidies, credit-linked interest subsidies, payroll assistance and fiscal subsidy provisions for labour-intensive units to streamline the sector. The new policy focuses on garments, made-ups and other technical textile activities and is aimed at raising investments in the sector and strengthens the textile value chain across each sub-sector. Weaving (with or without preparatory), knitting, dyeing and processing, texturising, twisting, man-made fibre spinning to manufacturing yarn from polyester staple fibre or viscose staple fibre (excluding spinning activity of cotton and synthetic filament yarn), and embroidery are included as another activity under this policy. Capital subsidies will be offered at 10-35 per cent of the eligible fixed capital investment (EFCI), i.e., investments in fixed assets that qualify for tax benefits under government schemes. The maximum subsidy will be up to ₹1 billion. Credit-linked interest subsidy will also be offered at 5-7 per cent of the EFCI for five to eight years. Payroll assistance ranging from ₹5,000 to ₹3,000 per female worker and ₹3,000 to ₹2,000 per male worker per month will be offered. Payroll assistance of up to ₹5,000 per month, and up to 25 per cent of job work value turnover will be offered per member for five years. Training assistance worth ₹5,000 per month per member for three months will also be offered. A power tariff subsidy will be offered at ₹1/kWh. Units availing power either from distribution companies or renewable power through open access for a period of five years from the date of commencement of production are to be eligible. Textile units will be provided assistance for quality certification, reducing energy and water consumption, and technology acquisition. The policy also focusses on reducing carbon footprint and promoting green growth.

(Source: Fibre2Fashion)

2. INDIA FACES 'TARIFF ASYMMETRY' IN ASEAN AGREEMENT

Amid a widening trade deficit with the Association of Southeast Asian Nations (ASEAN), a senior government official said that India is facing tariff asymmetry in the ASEAN agreement and is aiming to complete the review by next year. The review of the India-ASEAN trade deal was mentioned in Prime Minister Narendra Modi's 10-point plan to enhance cooperation between the two regions during the ongoing 21st ASEAN-India Summit. Rajesh Agrawal, Additional Secretary in the Department of Commerce, said during a press briefing that India has strongly urged the completion of the review of the free trade agreement in goods by 2025. The review is important, as India faces tariff asymmetry in the agreement, with a blanket "74 per cent plus" tariff elimination for ASEAN nations, he said. "We have higher tariff elimination from lower-order economies and lower tariff elimination from fast-growing and major economies. This tariff asymmetry needs to be addressed to ensure a balanced FTA during the review process," Agrawal explained. India is also exploring a country-wise approach in the ASEAN review talks. "ASEAN is a 10-country bloc, but not a customs union. We'd like to see differentiation, as they are at various stages of economic development," he said, emphasising that bilateral talks could offer India more flexibility in negotiating tariff concessions. However, ASEAN typically follows a single set of concessions, which India is attempting to adjust. The India-ASEAN trade deal was signed in 2009 during the UPA era and has become an important source of input materials for Indian industry. While palm oil and natural gas are sourced from Indonesia and Malaysia, items like natural rubber come from Thailand. However, Indian industry has begun calling for anti-subsidy measures against industrial imports from ASEAN, on the grounds that Chinese products are being rerouted through the region to claim benefits under the India-ASEAN trade deal. Moreover, the trade deficit between the two regions is rapidly rising, especially after the pandemic. Fears of a fresh surge in imports have also emerged as ASEAN has joined the China-led Regional Comprehensive Economic Partnership (RCEP) trade deal. India exited the RCEP negotiations in 2019 due to concerns over rising imports from China. Notably, China-ASEAN trade is on the rise, with trade between the two regions growing by 15 per cent in 2022 after the deal came into effect. A senior government official from the Ministry of Commerce and Industry had earlier stated that the review process is "moving slowly," even as India pushes for revisions, as the deal is seen to disproportionately benefit ASEAN over India. The two sides agreed to initiate a review during the 16th ASEAN-India Economic Ministers Meeting (AIEMM) in September 2019. However, it took three years to barely agree on the scope of the review at the 19th AIEMM in September 2022. This is concerning, as India's trade deficit with ASEAN has risen to $44 billion in FY23, compared to $8 billion in FY13. An Indian Economic Service research paper on India's trade patterns with the 10 ASEAN nations between 1991 and 2020 highlights that while imports have grown, exports have declined since 2010, resulting in increasing trade deficits with all ASEAN countries. The report suggests that India's experience with ASEAN may have influenced its decision to opt out of the China-led RCEP agreement, despite nearly a decade of negotiations. ASEAN countries include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. The review is a long-standing request of Indian industry, with India seeking an upgraded agreement to eliminate trade barriers and prevent the misuse of the trade pact, which was signed in 2009. ASEAN remains a crucial trading partner for India, accounting for about 11 per cent of India's global trade. India's exports to ASEAN totalled $41.2 billion in 2023-24, while imports stood at $80 billion.

(Source: The Indian Express)

3. HUGO BOSS SIGNS PARTNERSHIP TO INVEST IN INDIAN COTTON FIBRE PROJECT

The Grameena Vikas Kendram Society of Rural Development (GVK Society), an Indian grassroots non-profit organisation whose goal is to create regenerative, circular, and socially inclusive agricultural value chains that maximise value for smallholder farmers and indigenous communities, has partnered with the Hugo Boss Foundation. According to a release, this is the Hugo Boss Foundation's second long-term collaboration. A regenerative food landscape and cotton fibre initiative in the indigenous communities of Andhra Pradesh, South India's Eastern Ghats, will receive a donation of US $ 546,000 from the foundation over a three-year period. The objective is to create regenerative food and cotton landscapes on 5,250 hectares. In addition to providing social and economic advantages, this project should help reduce climate change and boost biodiversity. Daniel Grieder, managing director of the Hugo Boss Foundation and CEO of Hugo Boss AG, stated, "We are thrilled to support GVK Society and their comprehensive approach to regenerative agriculture. By collaborating with them, we are promoting one of the most cutting-edge approaches to material procurement, which is crucial for lowering the environmental impact of the fashion industry and enhancing the standard of living for nearby farmers. This is consistent with Hugo Boss's own pledge to source all of the natural materials used in our collections from closed-loop recycling or regenerative agriculture by 2030." "At GVK Society, our mission is to turn agriculture into a potent, nature-based solution that sustains independent communities living in balance with one another and the environment," continued Aneel Kumar Ambavaram, chief functionary. "We will be able to expand into crops like coffee, pepper, millet, turmeric, and ginger with global market ties and further improve our regenerative model of the food and fibre environment thanks to the Hugo Boss Foundation grant. Our capacity to expand our influence and reach more farmers in more villages will be strengthened by this support, which will help to guarantee even healthier and more balanced soils in the long run."

(Source: Apparel Resources)

4. INDIAN CENTRAL BANK HOLDS REPO RATE AT 6.50%, SHIFTS STANCE TO NEUTRAL

The Monetary Policy Committee (MPC) of the Reserve Bank of India has decided to maintain the repo rate under the liquidity adjustment facility (LAF) at 6.50 per cent, while shifting its monetary policy stance to 'neutral.' The standing deposit facility (SDF) rate stays unchanged at 6.25 per cent, and the marginal standing facility (MSF) rate, along with the Bank Rate, remains at 6.75 per cent. This decision comes as the MPC remains focused on achieving sustained inflation alignment with the medium-term target, set at 4 per cent (within a +/- 2 per cent band), while also supporting economic growth, the MPC said in a statement. India's economic outlook remains stable, with real GDP growth for the first quarter (Q1) of fiscal 2024-25 (FY25) recorded at 6.7 per cent, driven by robust private consumption and investment. Encouraging trends in agriculture, bolstered by above-normal rainfall, healthy reservoir levels, and kharif sowing, suggest strong performance in the coming months. The MPC has projected real GDP growth at 7.2 per cent for FY25, with Q2 at 7.0 per cent, and Q3 and Q4 at 7.4 per cent each. For Q1 FY26, GDP growth is projected at 7.3 per cent. Inflation saw a sharp drop to 3.6 and 3.7 per cent in July and August 2024, respectively, down from 5.1 per cent in June. However, inflation is expected to rise in the short term due to base effects and rising food prices, with the September print likely to show an uptick. Despite this, food inflation is predicted to ease in Q4 2024-25, thanks to favourable kharif crop arrivals and a promising rabi season. The MPC highlighted that the domestic economy continues to be supported by strong consumption and investment trends, providing scope for focusing on aligning inflation with its target. With inflation expected to moderate, aided by a strong agricultural outlook and sufficient food grain buffer stocks, the shift in policy stance from 'withdrawal of accommodation' to 'neutral' grants the MPC flexibility to monitor ongoing inflation dynamics. Risks remain from global geopolitical tensions, market volatility, and rising commodity prices.

(Source: Fibre2Fashion)

5. INDIA'S LADAKH PASHMINA WOOL GETS GI TAG

Indian Minister for textiles Giriraj Singh recently handed over the certificate of geographical indication (GI) registration of Pashmina wool to lieutenant governor (LG) of union territory Ladakh Brig BD Mishra (retd). The LG handed over the application for registration of authorised users of Pashmina wool to the Minister. The GI tag will maintain the standards of authenticity, Singh said. The government aims at reaching a target of 5 lakh Pashmina goats and a million Merino sheep in the union territory by 2030, he was cited as saying by media reports. The minister made several suggestions, including sending a proposal to the ministry to set up Pashmina breeding farms at Leh and Kargil, conducting artificial insemination and stopping in-breeding of sheep; preparing a project on select breeding; conducting competition among farmers on best practices and providing incentives to them; conducting lab test of pashmina goat milk to check available nutrients; and preparing feed pellets from stocked fodder.

(Source: Fibre2Fashion)

6. INDIA, MALDIVES SIGN CURRENCY SWAP AGREEMENTS; AGREE TO DISCUSS FTA

Confronted with the prospect of a debt crisis and repayment of past loans from China, visiting Maldivian President Mohamed Muizzu thanked India for its offer of financial assistance to the Indian Ocean archipelago. The two countries also agreed to discuss a bilateral free trade agreement (FTA). India extended two currency swap agreements to the Maldives, including an agreement worth $400 million and another worth Rs 3,000 crore, to help the island nation's access to foreign currency. The two countries also adopted a comprehensive economic and maritime security partnership, which has added a strategic dimension to the bilateral ties, Prime Minister Narendra Modi said after his talks with the visiting leader. Modi and Muizzu launched the RuPay card in the Maldives, virtually inaugurated the new runway at the Hanimaadhoo International Airport, and agreed to further strengthen bilateral relations that had hit a rocky patch last year. "In the future, we will work to connect India and the Maldives through the Unified Payments Interface as well," Modi said. The island nation's debt is estimated at 110 per cent of its gross domestic product. Earlier this year, India had come to the assistance of the Maldives by agreeing to roll over the treasury Bills subscribed by State Bank of India amounting to $100 million in May and September for a further period of one year. "I am thankful to the Indian government for providing support in the form of Rs 3,000 crore, in addition to the $400 million bilateral currency swap agreement, which will be instrumental in addressing the foreign exchange (forex) issues we are facing right now," Muizzu said after wide-ranging talks with Modi at Hyderabad House here. "Yaarana jaari rahega (friendly ties will continue)," Foreign Secretary Vikram Misri said later at a briefing when asked how India managed to bridge the sharp divide in the bilateral ties that had emerged last year. Muizzu, on a five-day visit to India, his first after winning the presidential election last year on the back of a campaign that sought to curb New Delhi's influence in the island nation's affairs, phrased 'India Out', and strived to draw closer to Beijing. He had also asked New Delhi to withdraw its military personnel posted in the archipelago nation by May this year. The Indian foreign secretary said that the relationship between India and the Maldives was based on several substantive pillars. Asked about the currency swap agreement, the foreign secretary said, "The idea is to bolster the Maldives' forex reserves, generate confidence in its existing forex position, and allow them to enter into deals or discussions where they require this enhanced forex that they can draw upon." The two sides also agreed to collaborate in the development of a commercial port at Thilafushi island with enhanced cargo handling capacity to decongest the Malé port. India also agreed to repair and refit the Maldivian Coast Guard Ship Huravee on a gratis basis. The two leaders also agreed to explore collaboration for the development of transshipment facilities and bunkering services contributing to the Maldives Economic Gateway project at the Ihavandhippolhu and Gaadhoo islands. They also agreed to jointly work to harness the full potential of Hanimaadhoo and Gan airports that are being developed with Indian assistance, as well as other airports in the Maldives, and in establishing an agriculture economic zone, tourism investments in Haa Dhaalu Atoll, and a fish processing and canning facility at Haa Alif Atoll with Indian assistance. The two leaders also agreed to initiate discussions on an FTA and also discussed the opening of an Indian consulate in Addu and a Maldivian consulate in Bengaluru.

(Source: Business Standard)

7. INDIA-UAE INVESTMENT RELATION STRENGTHENS AS BOTH NATIONS COMMENCE FOREIGN OPERATIONS, LAUNCH NEW PAYMENTS SERVICE

After a year-long wait, the Abu Dhabi Investment Authority (ADIA) has commenced operations in GIFT City in Gujarat, following meeting between Commerce Minister Piyush Goyal and Sheikh Hamed bin Zayed Al Nahyan, Managing Director of Abu Dhabi Investment Authority. Consequently, India will also open an office of Invest India in Dubai, UAE to allow a dedicated channel for potential investors to invest in India, Goyal said. This will be the first such overseas office of Invest India in West Asia and its second overseas office after Singapore. In the 12th meeting of the India-UAE High Level Joint Task Force on Investments (HLJTFI) in Mumbai. India and the UAE reviewed terms of investment as well as bilateral trade including trade in local currencies, the integration of payment systems of India and the UAE, cooperation on Central Bank Digital Currencies, the launch of work relating to a Virtual Trade Corridor and the development of a food park in Ahmedabad. India will also open a branch of the Indian Institute of Foreign Trade (IIFT) in Dubai, as per a government press release. “IIFT is likely to move into its premises by early 2025 with short and medium-term training programmes, research and eventually with lauch of its flagship programme, MBA (International Business). The campus will be a boon for the 3.5 million-strong Indian community residing in the UAE,” the government said. This follows the inauguration of the IIT Delhi - Abu Dhabi campus by Sheikh Khaled bin Mohamed, the Crown Prince of Abu Dhabi in early September this year. This assumes importance as the UAE is one of the largest investors in India, with investments worth $3 billion in FY24. The two government representatives also signed off on collaborating on a card payment service by utilizing the resources of India's National Payments Corporation of India (NPCI), via its international subsidiary NPCI International Payments Limited (NIPL) with Al Etihad Payments (AEP), to enable creation of domestic card scheme JAYWAN in UAE, the statement said. "It is based on the RuPay card stack (developed and deployed at great scale by NPCI in India), which is shared with the AEP to enable UAE be sovereign in the area of digital payments. The two governments are now working on interlinking the two national payment platforms UPI (India) and AANI (UAE), which will facilitate seamless cross-border transactions between the two countries. This will benefit over 3 million Indians residing in UAE enabling them use power of UPI and AANI, for real-time cross-border remittance, which is aligned with the vision of bringing speed, transparency, accessibility and cost efficiency in cross-border remittances," the government said. This follows the inauguration of the IIT Delhi - Abu Dhabi campus by Sheikh Khaled Bin Mohamed, the Crown Prince of Abu Dhabi in early September this year.
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opportunities for investments in priority sectors like renewable energy, green hydrogen, pharmaceuticals and genomics, among others. The UAE side also raised opportunities for investment in India's aerospace sector, due to the rapid growth of its aviation market, according to the press release. The UAE's Al Nahyan said: "The India-UAE CEPA, signed in 2022, has been a major catalyst for strengthening economic ties and enhancing cross-border trade between the UAE and India. Against this positive backdrop, the Joint Task Force continues to play an important role as a forum to explore new investment opportunities, remove impediments to further cooperation and work together in pursuit of shared goals."
(Source: Livemint)