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QUOTE OF THE MONTH

"This year, the consensus reached within BRICS on WTO Reforms, Trade Facilitation in Agriculture, Resilient Supply Chains, E-commerce & Special Economic Zones will strengthen our Economic Cooperation. Amidst all these initiatives, we should also focus on the interests of Small & Medium Industries."

~ PM Narendra Modi
addressing the 16th BRICS Summit in Kazan

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BRICS & Mortar

INDIA BUILDS A MULTIPOLAR WORLD FROM KAZAN

BRICS - A RISING GIANT OF THE GLOBAL SOUTH

The BRICS consortium - comprising Brazil, Russia, India, China, and South Africa - represents a unique partnership forged to amplify the voices of emerging economies. Coined by economist Jim O'Neill in 2001, the term "BRIC " comprising of Brazil, Russia, India, and China. In 2010, South Africa joined the group, transforming it into BRICS. Four new members joined BRICS in 2024 - Egypt, Ethiopia, Iran, and UAE.

Together, BRICS nations account for 45% of the world's population and contribute 35% to the global economy, proving their substantial influence on international affairs and world economy. The G7 nations comprise less than 10% of the world population and under 30% of GDP (PPP), and their share of the global economy is shrinking over time, whereas that of BRICS is increasing.

G7 driven institutions like International Monetary Fund (IMF) and World Bank have traditionally prioritized the interests of the Global North, leaving the Emerging South under-represented. At its core, BRICS is a response to the growing imbalance in such global governance structures.

Editorial

THE EVOLUTION OF BRICS: A CHRONOLOGICAL OVERVIEW

YEAR	EVENT and IMPORTANCE
	The journey of BRICS is a one of growth from just a conceptual framework to a robust platform for global co-operation.
2001	Goldman Sachs economist Jim O'Neill coined the term "BRIC," representing Brazil, Russia, India, and China as emerging market economies with the potential to reshape the global order.
2006	First formal BRIC meeting held on the sidelines of the United Nations General Assembly - the beginning of institutional co-operation among member countries.
2009	The inaugural BRIC Summit held in Yekaterinburg, Russia, focusing on reforming global financial institutions and fostering greater economic co-operation.
2010	South Africa officially joined the bloc, transforming BRIC into BRICS. This expansion brought an African perspective to the group, enhancing its global representation.
2014	The New Development Bank (NDB) was established during the Fortaleza Summit in Brazil. The bank aimed to fund infrastructure and development projects in BRICS nations and other emerging economies.
2018	The Johannesburg Declaration emphasized global governance reform and sustainable development, reinforcing the bloc's commitment to a multipolar world.
2023	BRICS expanded for the first time since South Africa's inclusion, inviting 6 new members: Egypt, Ethiopia, Iran, and the UAE. This marked the bloc's shift towards a broader coalition of emerging economies.
2024	BRICS welcomed Cuba, Bolivia, and 11 other countries as partner states during the Kazan Summit, reflecting its growing appeal as a platform for the Global South. This expansion cemented BRICS' role as a leader in fostering multilateralism and inclusivity.

This timeline showcases BRICS' transformation into a platform that not only represents emerging markets but also advocates for reforms in global governance, ensuring equitable development for all with a shared vision for growth and prosperity.

BRICS & INDIA: A LEGACY OF CO-OPERATION & STRATEGIC GROWTH

India has been a key leader of the BRICS coalition. For India, BRICS is a platform to advance its strategic goals, from fostering economic partnerships to resolving geopolitical challenges.

One of the most significant milestones was the establishment of the New Development Bank (NDB) in 2014, aimed at financing infrastructure projects across BRICS nations and other developing countries. India is the second-largest beneficiary of the NDB after China, with $ 7.5 billion assistance as of May 2023, in support of renewable energy and urban infrastructure projects.

The bloc's emphasis on multilateralism and reforming global institutions like the United Nations and the International Monetary Fund aligns with India's vision for a multipolar world. Collaborative initiatives, such as joint research on clean energy and technology transfer agreements, have significantly boosted India's domestic capabilities.

India's relationships within BRICS are underpinned by cooperation alongside contention. Its ties with Russia remain robust, marked by defense collaboration and growing energy imports with India-Russia bilateral trade reaching $ 49 billion in 2022-23. Similarly, trade with Brazil grew to $ 16 billion in 2023-24, largely driven by agricultural imports & exports of machinery and pharmaceuticals. South Africa is also a valuable partner, with bilateral trade amounting to $ 18 billion in 2022-23, centered on coal and precious metals.

China, despite being India's largest trading partner within BRICS, presents a nuanced dynamic. In 2022-23, India's trade with China crossed $136 billion, with exports at $ 20 billion and imports significantly higher at $ 116 billion. This trade imbalance has prompted India to advocate for equitable trade policies within the BRICS framework.

KAZAN SUMMIT: MILESTONE FOR MULTIPOLAR WORLD

The 2024 BRICS Summit, held in Kazan, Russia, was a milestone in the bloc's history, marked by critical discussions and landmark outcomes. Originally scheduled to be hosted by Brazil, the summit was relocated to Russia as Brazil was also hosting the G20 summit this year. This summit saw unprecedented participation of 30 countries, with representatives from the five core members, the 4 new entrants from 2024 (Egypt, Ethiopia, Iran, and UAE), and 13 new partner states, including Indonesia, Thailand, and Turkey. This diverse attendance highlighted BRICS' transformation into a more inclusive and representative platform for the Global South as the partner nations span Latin America, Africa, and Asia..

The Kazan Declaration emphasized "Strengthening Multilateralism for Just Global Development and Security". The declaration stressed upon the group's commitment to reforming global governance institutions, advocating for equitable representation, and reducing dependence on Western-centric systems. The emphasis on food and energy security resonated strongly with the newly added members, many of whom face pressing challenges on that front.

There was a focus on de-dollarization and a proposal for a BRICS currency which aligns well with India's push for a multipolar financial system, reducing reliance on Western monetary frameworks.

PM MODI AT KAZAN

Indian Prime Minister Sri Narendra Modi created a strong impact, as usual. He laid a strong emphasis on India's role in shaping the BRICS agenda and advocated greater inclusion in development. His address highlighted India's commitment to strengthening multilateralism, enhancing South-South cooperation, and leveraging BRICS as a platform to champion the interests of developing nations.

During the summit, Modi highlighted the importance of reforms in global governance institutions, aligning with India's long-standing demand for United Nations Security Council reform. He emphasized that BRICS, as a representative of 45% of the world's population and 35% of global GDP, must lead efforts to democratize international decision-making processes. In his address, he also called for greater collaboration among member states in areas such as technology transfer, renewable energy, and healthcare, showcasing India's strengths in these sectors.

The PM took a strong stance on economic resilience, advocating for enhanced intra-BRICS trade. He proposed establishing dedicated mechanisms to address trade imbalances and foster equitable economic partnerships within the bloc. His focus on digital innovation underscored India's technological advancements, while focusing on the benefits of robust digital public infrastructure across member & partner states.

The Prime Minister also lauded the expansion of BRICS and welcomed the new members. He highlighted how this broader coalition presents an opportunity for India to deepen its engagement with key partners in the Global South, particularly in energy security and connectivity initiatives.

INDIA'S TAKEAWAY

The 2024 BRICS Summit was a reinforcement of values and commitment as well as a window of new opportunities for India. The summit outcomes aligned with India's strategic priorities- advancing economic partnerships, fostering multilateralism, & addressing geopolitical tensions. India's efforts to bridge gaps with China were a highlight of the summit. The meeting between Prime Minister Modi & President Xi Jinping, though brief, signalled cautious progress in resolving long-standing border disputes over the past five years had tested bilateral ties. Both leaders agreed to expedite disengagement processes, a crucial step towards de-escalation. India's emphasis on adhering to the principles of sovereignty and mutual respect underlined its approach to rebuilding trust with China while defending its own interests.

The summit also marked a milestone in India-Iran relations. The inclusion of Iran in BRICS expanded the potential for collaboration on energy security and connectivity projects. India and Iran agreed to expedite the development of the Chabahar Port, a critical link in enhancing regional trade and reducing dependence on volatile routes. PM Modi's discussions with Iranian leaders highlighted the shared vision of creating an interconnected, resilient economic corridor in the Global South.

CONCLUSION

BRICS with India at the forefront is driving efforts to limit the dominance of developed western nations. From advocating for de-dollarization to promoting alternative trade mechanisms, BRICS is challenging the established financial order. The proposed BRICS currency, discussed at the 2024 summit, signifies a monumental step toward reducing reliance on the U.S. Dollar while fostering financial autonomy and resilience among emerging nations.

As BRICS expands its membership and influence, India's leadership ensures that the group remains focussed on sustainable development and equitable governance. By championing a multipolar world order, India is not only asserting its own aspirations but also amplifying the collective voice of emerging economies. By championing a multipolar world order, India amplifies the voice of emerging economies, driving a transformative shift in global power dynamics.

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INDIA'S FOREIGN TRADE
AN OVERVIEW

INTRODUCTION

Trade plays a significant role in the modern exchange economy. International trade differs from internal trade mainly by the way that the payments are made in foreign currencies. International trade includes all imports and exports as well as the consequent balance of payment. Trade is the sum of exports and imports of goods and services measured as a share of Gross Domestic Product (GDP).

Trade integrates the world economy and thereby helps to improve international relationships. It provides goods and services to consumers which are not produced in their own country. Further, resources endowed in different parts of the world are utilized to supply products to meet the demand in the world market. Mutual, reciprocal demand and supply of goods and services produced in different countries keeps the world economy in equilibrium.

In India, the Globalization policy (1991) has been an integral part of the recent economic progress. It has played a major role in export-led growth and an enlargement of the job market. The most common measure of globalization is openness to trade and country's participation in trade. This is evidenced in India, in the recent years, by the changes that have occurred in the patterns of trade and capital flows.

Foreign trade contributes to the development of the country by way of foreign exchange earnings, contributes to GDP and generate employment opportunities which is very essential for a highly populated country like India.

Employment by export increased from 34 million to 70.3 million during 1999-2000 to 2013-14 and further decreased to 58.1 during 2017-18. During 1990-91, the share of foreign trade to GDP was 15.51% and increased during 2011-12 (55.62%) and 2012-13 (55.79%) and during the later years it has maintained a standard level.

EXPORT TRENDS

India's foreign trade has witnessed structural changes in terms of volume, composition and direction after independence. The patterns of India's foreign trade have changed considerably since the early 1990s. The trade increased from US$ 2.5 billion in 1950 to around US$ 10 billion in 1975-76, US$ 43 billion in 1990-91, US$

95 billion in 2001-02 and US$ 620 billion in 2010-11. During 1990-1991 to 2017-18, the total value of goods exports increased more than 16 times that is from $ 18 billion to over $ 300 billion *(Economic Survey, 2011-2012)*. Balance of Trade in India averaged to -3.08 US$ billion from 1957 to 2022, reaching an all-time high of 0.79 US$ billion in 2020 and decreased to -24.29 US$ billion in 2022. (Covid-2019 Regime) *(Ministry of Commerce and Industry, 2022)*

In the export of commodities, there is a shift from the traditional sectors like textile and agricultural products to engineering goods and medical drugs, which have increased significantly.

The important commodities most exported from India are Petroleum products (-61.2 billion dollars.), Jewellers (-41.2 billion dollars), Automobile (-14.5 billion dollars) Machinery (-13.6 billion dollars), Bio-chemicals, Pharmaceuticals, Cereals, Iron & Steel (Economic Survey, 2020-21). Export values of manufactured goods and articles increased from ₹ 7,19,863 crores in 2010-11 to ₹ 14,80,237 crores in 2020-21.

The direction of exports from India during 2000-01, OECD countries were in peak with 52.68% of the total export followed by OPEC countries with 10.88% and Eastern European countries with 2.96%. However, during 2020-21, the percent share of OECD 40.74%, the OPEC 5.62%, while that of the Eastern European countries declined to 1.41% compared with 2010-11.

Percentage of export to developing countries increased after 2014, evidenced by the fact that of the total export share to developing countries was 38.29% in 2010-11 and was 46.19% in 2021. Export to Asian countries also increased during this time.

IMPORT TRENDS

The total value of import of India has increased from ₹ 1,121.62 crores to ₹ 43,192.86 crores during 1960-61 to 1990-91. Further, it has increased from ₹ 47,850.84 crores to ₹ 29,09,937 crores during 1991-92 to 2020-21. In 2009-10 (-0.78%), 2015-16 (-9.02%), 2019-20 (-6.50%) and 2020-21(-13.42%) annual growth rate of total value of import were negative. Managing and controlling the export of Petroleum & Lubricants has been a challenge and in the recent years, evidences show that much care has been taken in this regard. During 1970-71, OECD countries were in the peak with 62.24% of the total import followed by OPEC countries with 7.65%.

The direction of India's import across the major country groups almost increased from 2010-2011 to 2020-2021. However, developing countries continued to be India's largest trading partner accounting for 48.11% followed by OECD countries for 29.31%, whereas OPEC countries.

BALANCE OF PAYMENT

Merchandise trade deficit showed an increase considerably from ₹ 6,494 crores to ₹ 7,53,065 crores during 1991-92 to 2020-21. On comparing the invisible net of the various years, during 2019-20 was a massive increase of ₹ 9,42,474 crores. The overall current account balance during 2000-01 and 2020- 21 shows surplus of ₹ 16,426 crores, and ₹ 1,82,070 crores receptively. During 1991-2021, there was a massive increase in the capital account balance from ₹ 9,509 crores to ₹ 4,70,206 crores.

FOREIGN DIRECT INVESTMENT (FDI)

Since 2014, the government has accelerated the pace of FDI reforms. Now, India is one of the top destinations for FDI. FDI Policy reform has been undertaken in Coal Mining, Contract Manufacturing, local sourcing in Single Brand Retail Trading (SBRT), clarity for Digital Media, Intermediaries or Insurance Intermediaries and Civil Aviation.

During 2014–15, FDI inflows in India were at US$ 45.15 billion and increased to US$ 74.39 billion during 2019–20. In 2020, India received $ 64 billion, which was the 5th highest in the world **(UNCTAD, 2020)**, in spite of the Covid-19 pandemic which hampered economic activities across the globe. In the financial year 2020-21, India received a total FDI inflow of $ 81.72 billion, which was 10.0% higher than the previous financial year. *(Ministry of Commerce Government of India, 2020)*

FDI in India has increased significantly from ₹ 29,245 crores to ₹ 4,06,765 crores between 2001 and 2021. Mauritius remains the highest investor in India with a total FDI inflow of US$ 25,635.09, while the USA and the UK are on the 2nd and 3rd position with a total investment of US$ 4,532.87 and US$ 4,362.87.

International trade strengthens the Foreign Exchange Market and Exchange Rate. In fact, the profit from foreign trade is very much influenced by the Foreign Exchange Rate.

FOREIGN EXCHANGE RATES OF INDIAN RUPEES

(₹ per unit of Foreign Currency)

Year	US Dollar	Pound sterling	Japanese yen	Euro
1990	17.4992	31.2835	12.1600	10.8694
2000	44.9401	68.0760	41.7257	41.4939
2010	45.7262	70.6912	52.1669	60.6683
2020	74.0996	95.0919	69.4479	84.5684

Source: Reserve Bank of India, Handbook Statistics on Indian Economy, 2021-2022

It may be noted that during 1990-2020 foreign exchange rates of Indian Rupees compared with the US Dollar increased from ₹ 17.49 to ₹ 74.09 and now it is further lower. The same is the trend with other important currencies of the world.

CONCLUSION

Maintaining the Balance of Payment equilibrium is a major task of every trade policy. This may be achieved by increasing exports and reducing imports. However, in the modern economy with globalized, liberalized policy, Foreign Direct Investment and MNCs also play a crucial role in deciding the equilibrium of the Balance of Payment.

Trade relations would strengthen the political relationship, which is also the need of the day. Therefore, there is a need to update the trade policy to grab the benefits of global trade.

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INDIAN FESTIVALS

'SEASON OF CELEBRATION' THAT PROSPERS THE NATION

Image Source: Freepik.com

Festivities are knocking our doors to remind us all to get rejuvenated with all new dresses, delicious savories and sparkling decorations around. It is time to break the daily chores and decorate our homes, shops and colonies with glittering colors and tights. Certainly, we cannot forget to order traditional sweets from shops nearby and simultaneously hoard ingredients for home-made delicacies.

This season, there are plans to fulfil our aspiration of owning new gadgets budgeted a few months ago. Of course, we cannot do away with our existing machineries, vehicles and houses that either deserve due maintenance service to be part of this festive season. Thanks to e-commerce that have eased many of our purchases and also sweetened our festivities with lucrative discounts and offers.

India, as a diverse and largest democratic nation, celebrates about 51 festivals in a year, consisting of 17 nationally recognized festivals. These festivals are distributed across the calendar year, across the religions, and across the states of India: Ganesh Chaturthi and Kite festival in west, Durga Pooja and Bihu in East, Pongal and Onam in South and Diwali and Sankranti in North, among others. Primarily, major festivities fall in second half of the year (August to December) making the latter a 'season of celebration'.

This season of celebration, by its virtue, plays a vital role in strengthening the social fabric as well as economic prosperity of the nation. The celebrations during the festivals raise the need for maintenance of existing goods and services and also demand for new goods and services. They, in turn, boost the demand in the market. Such pepped up demand accumulated from world's highest populous nation turns out to be a boon for India which is a demand-driven economy.

Referring to statistics, Indian economy experiences good signs in high frequency indicators – GDP, PMI (Purchasing Managers Index) & IIP (Index of Industrial Production) - during the second half of the year. It is attributable to increase in demand for and thereby production of goods and services and during the season of celebration. Notably, this increase in demand is across the interlinked productive sectors of the economy – Primary, Secondary and Tertiary sectors.

Procurement of food ingredients for home-made savories boost demand for agriculture and allied (Primary) sectors. Aspiration to own a new apparel, furniture, vehicles and gadgets helps industrial (Secondary) sector to grow. Increased transportation, telecommunication, IT and financial services to cater to increase in demand for agriculture and industrial products, gives rise to Services (Tertiary) sector. As these sectors witness steady growth during the festive season, the Indian economy gains a significant momentum in terms of production and employment and celebrates the festive season with its citizens.

Thanks to the nature of the festivities that the customs and celebrations call for primarily local and indigenous products that predominantly come from unorganized sector of the economy. The unorganized sector is the principal contributor in our economy in terms of employment generation. In the spirit of festive celebrations, a major part of India still prefers to procure 'Motichoor Laddoos' from its legacy 'Halwai' shop and decorative 'torans' from nearby petty shop and calls the same family painter and house-keeper to white-wash the house.

Of course, the emerging contribution of e-commerce in these festive shopping and services cannot be discounted. Irrespective of mode of procurement, be it traditional brick and mortar shop or e-commerce, a portion of festive shopping demands the products and services primarily produced or serviced by low-skilled and traditional vendors such as pooja items, decorations, handlooms, sweets and savories etc. Of late, this has also buttressed the micro entrepreneurs across the nation.

In sum, festivities contribute in economic growth and employment generation across the regions and sectors of our economy. Most importantly, they help unorganized and traditional artisans survive and thrive in this competitive edge of 'globalized' and 'modern' economy.

On one hand, the festivities re-ignite hope for peace and prosperity, they open up new avenues for growth and employment generation in the economy, on the other hand. They deserve a special attention in our nation due to their 'regularity' in socio-economic intervention and 'coverage' across the diverse nation.

Festivals come every year and in different forms across different part of the nation to cater to different sections of the society. We received these festivals in legacy from generations with their intrinsic importance from social and economic point of view. It is our responsibility to celebrate them in right spirit to keep their social and economic purpose relevant always. Festivals set a reminder for generation to come that it is this 'season of celebration' that prospers the nation.

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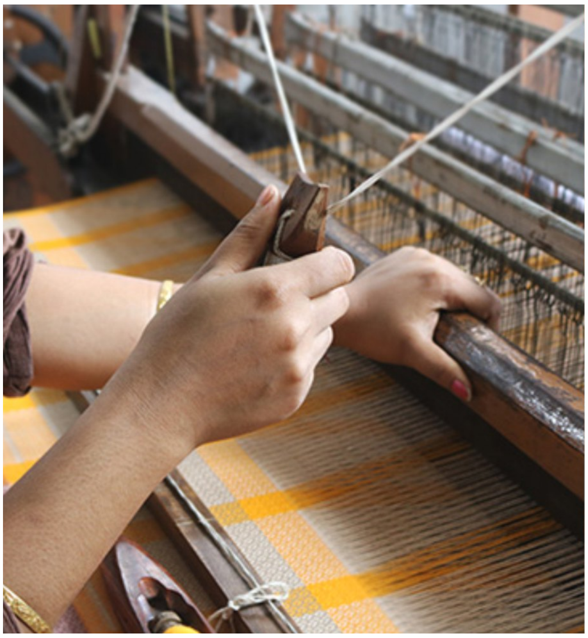
THREADS OF TRANSFORMATION

INDIAN TEXTILE INDUSTRY



The Indian Textile Industry is one of the oldest in the world, with its roots tracing back nearly 5,000 years to the Sindhu-Saraswathi Civilization. Bharat is said to have an 8000-9000 years old relation with cotton which is indigenous. Fragments of silk and wool discovered in the excavations further indicate that India's silk industry is as ancient as that of China, which is often credited as the birthplace of silk.

Historical records show that India exported high-quality cotton textiles to distant lands. Today, the industry blends this ancient legacy with modern techniques, and thus, remains a powerhouse for India's economy, heritage, and global reputation.

WHAT IS TEXTILE INDUSTRY

When we think of the textile industry, fabrics and clothing often come to mind, but it is much more than that. In India, the textile sector is a vast domain that integrates research, design, development, manufacturing, and distribution of both textiles and garments. It covers the complete production journey, from cultivating raw fibers to crafting finished goods. This includes both natural fibers like cotton and silk, as well as synthetic options such as polyester and nylon. Essential processes like spinning, weaving, dyeing, and finishing are central to its operations. Beyond apparel and fast fashion, the industry caters to diverse applications, including home furnishings and industrial materials.

HOW MUCH IS IT WORTH ?

It contributes nearly 2.3% to India's GDP and accounts for 10.5% of the nation's export earnings. This sector has a significant impact on India's foreign exchange reserves. The export income elasticity of textile products ranges from 0.428 to 0.943 depending on various export destinations. The textile sector is also one of the largest employers in India, directly providing livelihoods to 45 million people, with the number rising to 100 million when considering allied industries.

GROWTH OVER THE YEARS - WHERE ARE WE

In FY-24, the export of textiles and apparel, including handicrafts, grew by 1%, reaching ₹ 2.97 lakh crore ($ 35.64 billion). The biggest contributors to this export were ready-made garments (41%), followed by cotton textiles (34%) and man-made textiles (14%). Micro, small, and medium enterprises (MSMEs) contribute over 80% of India's textile manufacturing capacity, although their smaller operational size limits the efficiency and economies of scale in large-scale production.

Currently, India holds a 4% share in the global textile and apparel market and is the 3rd largest exporter of these products worldwide. Due to the emergency needs of Covid-19 and the timely impetus provided by the Modi government, India is now the 2nd largest producer of PPE. Remarkably, India accounts for 95% of the world's hand-woven fabric, highlighting its unparalleled craftsmanship and rich textile traditions.

WHERE CAN WE BE

The Indian textile and apparel industry is on a strong growth trajectory, with the market projected to expand at a compound annual growth rate (CAGR) of 10%, reaching a remarkable $ 350 billion by 2030. This robust growth is fueled by domestic demand, rising exports, and increasing global recognition of India's textile capabilities. India is poised to solidify its position further, with exports expected to grow to $ 100 billion in the coming years.

A significant driver of growth within the industry is the home textile segment, which is experiencing rapid expansion. This market, which includes products like bedding, curtains, and upholstery, is expected to grow at a CAGR of 8.9%, rising from $ 10.78 billion in 2023 to $ 23.32 billion by 2032.

The technical textile sector is another area of immense potential. With applications spanning healthcare, agriculture, sports, and infrastructure, this segment is growing at a rate of 10% CAGR, placing India as the 5th largest global market for technical textiles. Medical textiles, in particular, such as gowns and drapes, are projected to grow at an impressive 15% CAGR, reaching $ 22.45 million by 2027, while the sportech industry is steadily increasing its footprint, currently valued at $ 1.17 million.

Cotton production is forecasted to reach 7.2 million tonnes (~43 million bales) by 2030, fuelled by increasing consumer demand. Cotton exports are expected to surpass $ 30 billion by 2027, securing a 4.6-4.9% global market share. The natural fiber market projected to increase from $ 138 billion to $ 195 billion by 2025.

STRENGTHS

Abundant Cotton Production: India is one of the largest producers of cotton globally, with the largest area under cotton cultivation. The scope for the expansion and growth of the industry is immense due to the abundant availability of cotton, wool, silk, and jute.

Cost-Effective Labor: With average wage rates 40-50% lower than those in developed countries, India can capitalize on global outsourcing trends, particularly in labor-intensive sectors like garments and home textiles.

Integrated Value Chain: India boasts of a complete textile value chain, from spinning to garment manufacturing, available within the country. Significant investments in technology and capacity expansion further enhance the industry's long-term growth potential. Currently, there are 168 Energy Intensive Textile Units and 31 Functional Textile Parks.

Established Reputation for Quality: Leading Indian companies have established themselves as quality producers in global markets which makes them a preferred sourcing destination for international retailers.

Experience with Global Brands: Indian manufacturers have substantial experience working with global brands, which positions them well to meet international standards and expectations.

WEAKNESSES

The Indian textile industry, despite its strengths, faces several weaknesses that hinder its full potential.

Processing: This is the weakest link in the value chain as it is hindered by outdated technologies and inefficiency. Many processing units rely on energy-intensive, obsolete machinery, limiting their ability to produce high-quality fabrics. As a result, Indian manufacturers frequently depend on imports for technologically advanced fabrics, which escalates production costs & diminishes global competitiveness.

Weaving & Knitting: Dominated by Small and Medium Enterprises (SMEs), the sector struggles to achieve economies of scale, making it difficult to compete with global players. Obsolete machinery and looms exacerbate these issues, resulting in lower productivity, inconsistent quality, and higher wastage compared to competitors like China, Vietnam, and Bangladesh.

Structural & Organizational Challenges: The industry's investment in research and development remains inadequate, limiting innovation in new materials, designs, and sustainable practices. The workforce also suffers from a lack of training in modern textile production techniques, which restricts the adoption of advanced manufacturing methods.

Dependence on Cotton & Limited Diversification: The Indian textile industry's heavy reliance on cotton has created vulnerabilities, particularly due to fluctuations in cotton prices and demand. This dependence has limited the industry's ability to diversify into synthetic and technical textiles. High-value segments like technical textiles - used in healthcare, automotive, and construction industries - remain underdeveloped.

Market & Export-Related Challenges: Indian exporters face stiff competition from countries like China, Bangladesh, and Vietnam, which provide textiles at lower costs with superior quality. Additionally, major markets like the European Union impose higher duties on India (10-12%) than China and Bangladesh which have free trade agreements.

WHAT HAS THE GOVERNMENT DONE

The government envisions transforming India into a global textile powerhouse by 2047, with a focus on advanced technologies, sustainability, and self-reliance in raw materials. To realize this goal and increase global competitiveness, the 2024-25 budget increased the allocation for the textile industry by 28.3%, amounting to ₹ 4,417 crore ($ 530 million). Key allocations include:

- ₹ 375 crore for the National Technical Textiles Mission, promoting innovation and exports in technical textiles.

- ₹ 206 crore for the National Handicraft Development Programme, supporting artisans and traditional crafts.

- ₹ 200 crore for the National Handloom Development Programme, enhancing the sustainability of handloom production.

The strategy revolves around reducing dependency on imports, increasing domestic production capacity, and fostering innovation in textiles. Special emphasis is placed on integrating sustainability into textile practices and embracing advanced technologies like AI and IoT for process optimization. The schemes include :

Production-Linked Incentive (PLI) Scheme

The PLI scheme, with an allocation of ₹ 10,683 crore ($ 1.28 billion) over 5 years, is a transformative initiative to enhance the production of man-made fibre (MMF) apparel, MMF fabrics, and technical textiles. The scheme incentivizes manufacturers to scale up operations, encouraging investment and the adoption of modern technologies. It is projected to create 60 lakh jobs within 5 years and enhance India's position in the global textile supply chain.

PM MITRA Parks

The PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks aim to develop world-class industrial infrastructure for the textile sector. With a budget of ₹ 4,445 crore ($ 533 million) from FY-22 to FY-28, seven parks are planned across Tamil Nadu, Telangana, Gujarat, Karnataka, Madhya Pradesh, Uttar Pradesh, and Maharashtra. These parks will feature plug-and-play facilities, integrated supply chains, R&D hubs, start-up incubation, and market access systems. This initiative is expected to attract private investments, create 20 lakh jobs, and promote sustainable manufacturing practices.

Skill Development & Employment Generation

Skill development is a major focus, aligned with schemes like Skill India and the Integrated Scheme for Skill Development. Increased funding from ₹ 115 crore to ₹ 166 crore will support training programs for workers in advanced manufacturing techniques. These initiatives aim to equip the workforce with the skills needed for higher-value production, fostering innovation & sustainability. 1,83,844 beneficiaries were trained across 1,880 centers under SAMARTH scheme (Scheme for Capacity Building in Textiles Sector) of Ministry of Textiles.

Support for MSMEs and Traditional Sectors

Micro, Small, & Medium Enterprises (MSMEs), which contribute over 80% of India's textile manufacturing capacity, receive targeted support through schemes like the Pradhan Mantri MUDRA Yojana (PMMY). The government's focus on traditional crafts, handlooms, and handicrafts includes higher allocations for cluster development programs and direct financial assistance to artisans.

Trade & Export Promotion

India's textile exports, including garments, cotton, and MMF products, reached ₹ 2.97 lakh crore ($ 35.64 billion) in FY-24. To enhance exports, the government has implemented the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, which offsets indirect taxes and improves the cost competitiveness of Indian goods in global markets.

Sustainability Initiatives

The government has introduced programs to promote environmentally sustainable practices in the textile industry. Initiatives under the National Technical Textiles Mission and collaborations with global organizations encourage the use of eco-friendly materials and cleaner production technologies, aligning with global sustainability standards.

Gender & Rural Employment Focus

With a gender budget allocation increase to ₹ 387.65 crore, the government is prioritizing women's empowerment in the sector, which employs a significant number of women in rural areas. The sector also aligns with rural employment schemes, providing livelihoods to millions in underdeveloped regions.

INDO-BANGLADESHI INTERCONNECTIONS: AN OPPORTUNITY

The recent socio-political challenges in Bangladesh have sparked significant shifts in trade dynamics, offering opportunities for India while raising concerns about interdependencies. In FY-23, Bangladesh was the world's 2nd largest RMG exporter, capturing 8.5% of the global market. With annual exports worth approximately $40 billion, the textile industry accounts for 90% of Bangladesh's export basket.

Major markets such as Germany, Poland, the UK, Spain, and the US rely heavily on Bangladeshi garments, with the country contributing 9.8% of the $ 29.62 billion worth of US imports.

However, this dominance is now being tested. Bangladesh's political unrest and supply chain disruptions have prompted global brands to explore alternatives, with Indian manufacturers emerging as strong contenders. CareEdge Ratings predicts that continued instability in Bangladesh could redirect 10% of its RMG export orders, translating into monthly opportunities worth $ 200-250 million in the short term and $ 300-350 million in the medium term. Indian exporters are already reaping the benefits. A senior executive at a leading Indian garment company noted a 15-20% increase in export orders since mid-2024, particularly from markets like the US and Europe.

Tiruppur, a prominent textile hub in Tamil Nadu, has witnessed an unprecedented demand surge. Over just two weeks, the town secured export orders worth ₹ 450 crore from major European brands like KiK, Zeeman, and Pepco. These urgent orders, primarily for affordable knitwear like kidswear, nightwear, and tops priced around $ 3 each. Similarly, the Noida Apparel Export Cluster (NAEC) has seen a 15% rise in orders from Zara, which is now sourcing women's tops and dresses priced between $ 5 and $ 9 with a tight delivery timeline of 60 days.

CAUTIONS & CHALLENGES

While India is capitalizing on Bangladesh's challenges, caution is necessary. Bangladesh is a significant buyer of Indian cotton yarn and fabrics, meaning disruptions in its supply chain can impact India's textile ecosystem. According to the National Organization for the Textile Industry, production and delivery schedules of Indian companies could face delays if these interruptions persist. Moreover, Indian exporters must address structural issues to sustain this momentum. Unlike Bangladesh, which benefits from a Free Trade Agreement (FTA) with the European Union, India faces higher tariffs, limiting its competitive edge. Finalizing an FTA with the EU could unlock even greater opportunities for Indian exporters.

CONCLUSION

These initiatives aim to position India as a global hub for textiles by 2030, targeting $ 250 billion in industry size and $ 100 billion in exports. While India lags behind major players like China, these reforms and investments create opportunities to penetrate global markets, foster innovation, and boost economic growth. The government's holistic approach shows its commitment to transforming the textile industry into a globally competitive, inclusive, and sustainable sector.

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INFOGRAPHICS

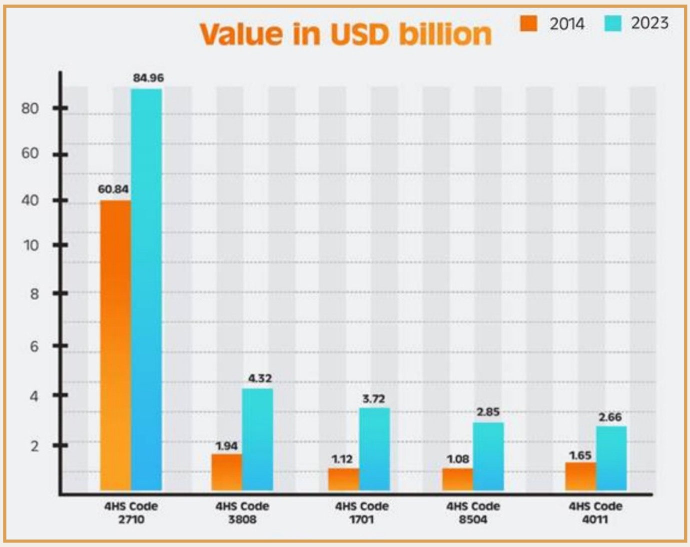
INDIA'S ADVANCING ROLE IN GLOBAL TRADE COMPETITIVENESS

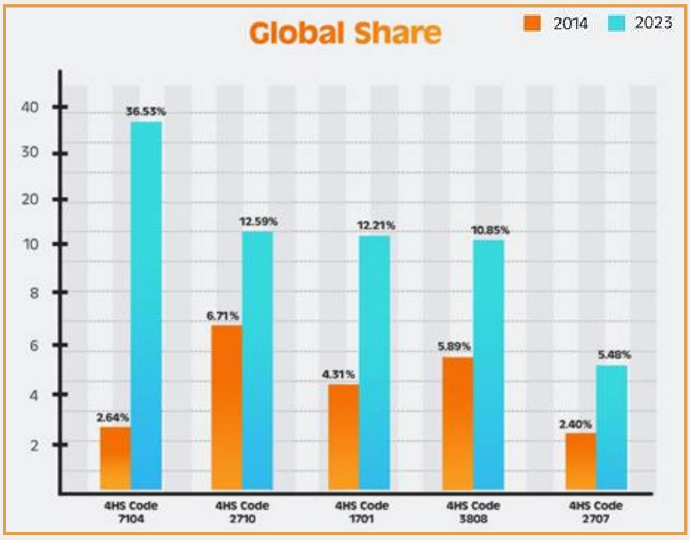
India's journey toward becoming a global economic powerhouse is marked by remarkable achievements in its export landscape. The nation has demonstrated significant progress in diverse sectors, ranging from petroleum oils & agrochemicals to semiconductors & precious stones. This growth reflects India's ability to leverage advanced technology, innovative practices, and competitive manufacturing to meet global demands. Supported by robust govt initiatives, the country is not only expanding its export base but also strengthening its position as a reliable global supplier.

India's Global Export Landscape

Global Rank

Sr. No.	4HS Code	Description	Global Rank 2014	Global Rank 2023
1	7104	Precious & Semi-Precious Stones	11	1
2	2710	Petroleum Oils & Oils obtained from Bituminous Minerals	5	2
3	1701	Cane or Beet Sugar	4	2
4	3808	Insecticides, Rodenticides, Fungicides & Similar Products	5	3
5	2707	Other Coal Tar Distillation Products	14	4





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