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ASSOCIATION NEWS



1. The Association made a Representation on 3rd April, 2018 to Principal Secretary, Department of Commerce & Industry, Principal Secretary, MSME and Commissioner of Industries of the State with a request to include Made-ups in the Garment Policy under consideration of the Government.

We are glad to inform that our request has been accepted and Package of Financial Assistance for the Garment Sector (including Made-ups) has been issued by the State Government on 9th April, 2018. The highlights of the package are as under:

- ❖ Large Scale unit is one making investment of Rs. 10 crore or more in the Plant and Machinery.
- ❖ Interest Subsidy of 5% p.a. on terms loan taken for Plant and Machinery approved under ATUFS for a period of 7 years.
- ❖ Investment promotion assistance will be available as per Order dated 13th October, 2017.
- ❖ Training Assistance for new employment from the State residents @ Rs. 13,000 per new employee for 5 years.
- ❖ Employment assistance for all new recruits in first 8 years from date of start of Commercial production @ Rs. 5000 per employees for a maximum period of 5 years.
- ❖ Exemption from payment of Stamp Duty and Registration charges in respect of land in Industrial areas and waiver of 50% of development charges.
- ❖ All new unit to get exemption from payment of Electricity Duty for 7 years.
- ❖ All new units to get electricity at Rs. 5 per unit for a period of 5 years from start of commercial production.

All the above benefits will be available for units starting commercial production between 1st April, 2018 to 31st March, 2020.

2. The Association has sent a proposal on 5th April, 2018 to the Principal Secretary, Farmers Welfare & Agriculture Development of the State for taking up Cotton Collaborative Project in Ratlam,

Jhabua and Dhar Districts of the State on the lines of such projects being undertaken by CITI, CDRA in association with other agencies in Rajasthan/Maharashtra for last 10 years. Such a project will help in improving cotton yield, production of extra-long staple fibre cotton, etc.

3. The Association has submitted a representation on 18th April, 2018 to the Hon'ble Minister of Textiles, Government of India for reduction of Hank Yarn Obligation from the present 40% to 10% and enable Ease of Doing Business for the entire Cotton Textile Industry. As per the Handloom Census of 2009-10, the number of Handlooms have come down from 31.37 lakh in 1995-96 to 21.46 lakh in 2009-10 and thus the requirement of hank yarn have come down substantially. In the post GST era, the demand for hank yarn has been reduced drastically as power looms have started using cone yarn, as the hank yarn has been brought under GST rate of 5% also.

RAW MATERIAL

1. The International Cotton Advisory Committee in its reports of 2nd April, 2018 has estimated Global Cotton production to outpace the consumption during cotton season 2016-17. However, the cotton consumption which has steadily increased over last three seasons, is expected to continue rising with increase of 3.6% and 4.4% in 2017-18 and 2018-19 respectively. The other factors buoying cotton are the rising production costs of Synthetic Fibers and growing awareness of the environmental damage being caused by micro fiber pollution.

During 2017-18 cotton season, India suffered yield losses due to pink bollworm infestation and area under cotton is expected to decrease to 12 million hectares in 2018-19. In US planting area is expected to increase to 4.9 million hectares in 2018-19, but drought condition have to be monitored.

The position of World Cotton Supply and Demand is projected as under:





Quantity in Million Tons

	2015-16	2016-17	2017-18
Production	23.09	25.67	25.35
Consumption	24.52	25.40	26.52
Import/Export	8.19	8.54	9.14
Ending stock	18.83	19.10	17.93
Cotlook-A.Index	83	83	84

2. The Cotton Association of India (CAI) in its release of 10th April, 2018 estimated cotton crop for the cotton season 2017-18 (beginning 1st October, 2017) at 360 lakh bales. CAI has lowered estimates of cotton production by 2 lakh bales in Karnataka. The CAI has estimated domestic consumption at 324 lakh bales, which is 16.25 lakhs bales higher than the previous cotton season. It has also estimated an increase in exports from 63 lakhs bales in previous season to 65 lakh bales this season. Import of cotton is projected at 20 lakh bales as against 27 lakh bales in last season. The Cotton Balance Sheet drawn by the CAI is as under :

Quantity in Lakh Bales

	2017-18	2016-17
Opening Stock	30.00	36.50
Production	360.00	337.25
Imports	20.00	27.00
Total Supply	410.00	400.75
Mill Consumption	280.00	265.00
SSI Consumption	29.00	27.00
Non-Mill Use	15.00	15.75
Total Demand	324.00	307.75
Available Surplus	86.00	93.00
Exports	65.00	63.00
Closing Stock	21.00	30.00

3. The Cotton Association of India organized a Conference- "Cotton India - 2018" at Mumbai on 9th April, 2018. At the Conference presentations were made by various authorities including Dr. Kavita Gupta , Textile Commissioner of India. In her presentation Dr. Gupta emphasized on importance of trash and contamination free cotton, which could fetch good price in the market and improve quality of end product .She told that Industry has to ensure that grinders do not mix comber-noil with cotton to make higher profits. She told that all the stake-holders have to work in tandem.

Shri Atul S.Gantra, President CAI informed the gathering that the Crop Committee of the Association met on 7th April, 2018 and have estimated that cotton sowing has taken place in 123 lakh hectares. The crop estimation has been 360 lakh bales of 170 kg each. Arrival of cotton as on 31st March, 2018 has been estimated at 287 lakh bales.

4. As per reports, the Country is looking to sell 2.5 -3.00 million bales of cotton to China in the next cotton season starting in October, 2018 as against exports of 0.8 million bales in 2017-18.

5. The Cotton Association of India plans to setup a full -

fledged Training Institute for Farmers at Mumbai. The President of CAI said "we have taken giant strides in terms of productivity, but it is still below the global average. Against the World average productivity mark of 779 kgs per hectare, India still manages around 500 kgs per hectare". He said excess moisture due to pouring water on the cotton bales, poor quality of packaging of the bales, lack of uniformity in bales weight, different trading norms across the Country, absence of contract sanctity and lack of training facilities need urgent attention.

6. As per Organic Cotton Market Report – 2017, there were 18 Organic Cotton producing Countries in the World in 2015-16 with 2,19,947 Organic farmers producing 1,07,980 tons of Cotton Fiber on 3,02,562 hectares of land. In India 1,92,148 Organic farmers have produced 60,184 tons of Organic cotton on 1,89,364 hectares of land. Although Organic cultivation in India is increasing on the whole, this trend was not reflected in the Organic Cotton Sector with production actually declining by 20% from the previous year. Madhya Pradesh has been the highest Organic cotton producer with 25,980 tons of Organic cotton. The other States include Gujarat, Odisha, Maharashtra, Rajasthan, Telangana and Karnataka.

POWER

1. In the matter of revision of Electricity Tariff for the year 2018-19, the Madhya Pradesh Electricity Regulatory Commission completed the Public Hearings in the matter on 8th March, 2018, but the revised rates have not been notified so far. The Retail Tariff and Terms and Conditions of Supply for the year 2017-18 have been continued until the Retail Supply Tariff Order for financial year 2018-19 is issued .

2. The Supreme Court has clarified that it is mandatory to have at-least one person of law as a Member of Central and State Electricity Regulatory Commission. It rejected the Government view that the choice was only optional under the Electricity Act, 2003. The Court stated that such Member should be "a person, who is , or has been holding a judicial office or is a person possessing professional qualifications with substantial experience in practice of law, who has the requisite qualifications to have been appointed as a Judge of a High Court or a District Judge".



MAN POWER

1. The Employees State Insurance Corporation has clarified on 20th March, 2018 that the stipulation of nine months period is applicable only for the commencement of first benefit period in respect of the person, who becomes an employee within the meaning of ESI Act for the first time. A

person who has already been an employee under the Scheme but ceased to be an employee either due to his wages going above the coverage limit or due to any other reason, once re-enters as an





employee, second time and there after he is not becoming an employee within the meaning of the Act for the first time. Therefore, the stipulation of completing nine months period would not be applicable to him.

2. The Union Ministry of Labour & Employment vide Office Memorandum dated 12th April, 2018 has amended Guidelines of Pradhan Mantri Rojgar Protsahan Yojna. The Government of India will be paying full employers contribution (EPF and EPS both) as admissible from time to time with effect from 1st April, 2018 for a period of three years to the new employees and to the existing beneficiaries for their remaining period of three years through EPFO. The terminal date of registration of beneficiaries through the establishment is 31st March, 2019.

3. The Union Ministry Labour & Employment has extended the period for submission of comments/suggestions on Labour Code on Occupational Safety, Health & Working Conditions, 2018 upto 31st May, 2018.

4. The Director, Industrial Health & Safety of the State vide Circular dated 3rd April, 2018 has reduced the number of documents to be submitted for approval of Drawing under the Factories Act, 1948 from three to two and for Registration under General Category Industry from five to four and for Hazardous Industries from fifteen to eight under 'Ease of Doing Business'.

5. The Union Labour Ministry looks to appoint an Actuary to assess, if the Employees' Pension Scheme is sustainable over a long-term. Earlier the Ministry had conducted actuarial valuation of the Scheme for the financial year ended March, 2014.

been as under :

Figures in US\$ Million.

Product	Apl-Feb 2016-17	Apl-Feb 2017-18	% Growth
Man-made Staple Fibre	542.47	511.80	(-)5.65
Cotton Yarn	3056.60	2919.55	(-)4.48
Cotton Fabrics, Made-ups, etc.	4716.40	4746.29	0.63
Other Textile Yarn, Fabrics, Made-ups, etc.	540.69	558.40	3.27
Man-made Yarn, Fabric, Made-ups	4116.03	4174.42	1.42
RMG Cotton	7655.78	7369.18	(-)3.74
RMG MMF	4459.96	4186.29	(-)6.14
RMG of other Textiles	3432.11	3016.95	(-)12.10
Cotton including Waste	1398.94	1529.54	9.34
Other Fibres	13.33	13.51	1.35
Carpet, Jute and others	3984.68	3722.02	(-)6.59
Total	33916.98	32747.96	(-)3.45

LEGAL & TAXATION

1. Providing meals/eatables to the staff for a price would be liable to Goods and Services Taxes per a decision of the Authority for Advance Rulings, a quasi-judicial body that helps tax payers find out potential tax liability in advance. This Authority has given this ruling in the case of Caltech Polymers of Kerala. However, it is not clear whether in such cases, GST rate would be 5% (as canteen) without input credit, or 18% as outdoor caterer.



2. As per decision of GST Council, E-Way Bill system for inter-state movement of goods has been rolled out from 1st April, 2018. As on 20th April, 2018, E-Way Bill system for intra-state movement of goods has been rolled out in Andhra Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Telangana, Tripura, Uttarakhand and Uttar Pradesh. Now as per Press Note issued by the Government, E-Way Bill system for intra-state movement of goods has been started in Arunachal Pradesh, Madhya Pradesh, Meghalaya, Sikkim and Puducherry with effect from 25th April, 2018.

3. Union Finance Secretary, Shri Hasmukh Adhia, has stated that new single page GST Return filing system will be in place over the next three to six months, as per which credit would be given on provisional basis, once the supplier uploads the sales invoice.

4. To crack down on economic fugitives and to confiscate their properties the Central Government has promulgated an Ordinance on 23rd April, 2018 named "Fugitive Economic Offenders Ordinance, 2018".

IMPORT & EXPORT

1. As per information available from the Office of Textile Commissioner the export of textiles and clothing during the period April-February, 2017-18 vis-à-vis April- February, 2016-17 has

2. The textile and garment exports are likely to miss the US Dollar 45 billion target for 2017-18, as the industry reels under the impact of GST roll out and tariff advantages enjoyed by our competitors like Bangladesh and Vietnam, according to Shri Sanjay Jain, Chairman, Confederation of Indian Textile Industry. He said at the best, we will come close to US dollar 40 billion and 2017-18 will be a disappointing year for textile exports. Shipments from textile and clothing sector have consistently missed annual targets set by the Government in at least three previous financial year since 2014-15.



3. The Confederation of Indian Textile Industry (CITI) has represented to the Union Ministry of Commerce & Industry on 4th April, 2018 to incentivize Cotton Yarn export from India, which will also help reduce the trade deficit with China, which is the largest importer of cotton yarn from us. China imported cotton yarn worth US Dollar 5129 million in 2016, which has come down by 50% during last four years. In the meantime, China's imports from Vietnam have increased by about 88% during this period. Imports from countries like Indonesia, Uzbekistan, etc. to China have also increased considerably. CITI has, therefore, requested the Government to provide refund of State Levis and Taxes on inputs like agriculture input, power, fuel, etc. which are not included in GST system.

4. According to Shri Siddharath Rajagopal, Executive Director, Texprocil, exports of cotton textiles are positive, but we need to get momentum back in garments. When garments move, every segment of textile value chain moves. According to Apparel Export Promotion Council garments production has declined in last ten months. International orders were not bad, but we could not bag the orders as our pricing was not competitive. A garment exporter, who used to get Rs. seven or Rs. eight a piece from drawback is getting Rs. two or Rs. three a piece now. Increase in drawback rates is expected from the Government.

5. According to reports, an informal Committee has been set up under the Director General of Foreign Trade (DGFT) to look into the

existing Export Promotion Schemes. The idea is to identify the non-compatible provisions and to look for alternatives, assuming that India's eight years phase out period argument is not accepted. The US dragged India to the WTO's dispute settlement body last month complaining India's export subsidies were harming American Companies.

STATE OF THE INDUSTRY

1. The Index of Industrial Production (IIP) for the month of February, 2018, for the Textile Sector increased by 2.2% as compared to February, 2017. There has been a cumulative decline of 0.2% in the Textile Sector during April-February, 2017-18 over the corresponding period of 2016-17. The IIP for the Wearing Apparel for February, 2018 dropped by 4.7% with a fall of 9.9% during the period April-February, 2017-18 over the corresponding period of previous year.

2. As per information obtained from the Office of Textile Commissioner, the production of Manmade Fibre Filament Yarn, Spun Yarn and Cloth during the period April-February, 2017-18 as compared to the same period of previous year have been as under:-

Figures in Million.

	Unit	Apl-Feb 2016-17	Apl-Feb 2017-18	% Variation
MM Fibre	Kgs.	1249	1215	(-)2.7
MM Fil. Yarn	Kgs.	1057	1088	2.9
Yarn :				
Cotton	Kgs.	3702	3742	1.1
Blended/N.C.	Kgs.	1470	1494	1.6
Total	Kgs.	5172	5236	1.2
Fabric :				
Mill Sector	Mtrs.	2070	1975	(-)4.6
Decentralized	Mtrs.	55911	59109	5.7
Total	Mtrs.	57981	61084	5.4

It will be observed from the above table that the production for Man-made fibre has decreased during April-February, 2017-18 by 2.7% and the production of cloth in the Mill Sector by 4.6%. However, the same has been made good by increased production of Man-made Filament yarn and Cloth in the Decentralize Sector.

3. The Ministry of Textiles with a view to increase investment, generate employment and boosting exports in Textile Sector has issued on 23rd March, 2018, "Guidelines for the Scheme for Integrated Textile Parks (SITP)" for next three years from 1st April, 2017 to 31st March, 2020. The units setup in Parks under the Scheme may avail eligible benefits under various Schemes, which include Capital Investment Subsidy (CIS) under ATUFS, Scheme for Capacity Building "SAMARATH", Integrated Processing Development Scheme (IPDS), etc.

4. The Ministry of Textiles, in order to meet the Skill gap in the industry and also to supplement its efforts initiated through the Special Package for Garments and Made-ups has issued on 23rd April, 2018 "Scheme for Capacity Building in Textile Sector (SCBTS)" for the entire value chain of Textiles except Spinning and

Weaving in the organized sector for a period of three years from 2017-18 to 2019-20 with an outlay of Rs. 1300 crore. The Scheme targets to train ten lakh persons (Nine lakh in organized and one lakh in traditional sector) over a period of three years.

5. Speaking at an interactive session on Policies and Facilities for the Textile Sector at IMC Chamber of Commerce, Dr. Kavita Gupta, Textile Commissioner informed



that the Government has enhanced the incentives for exporters of garments and made-ups under MEIS to support the textile exports and the Union Budget which raised the special package to Rs. 7148 crore was a step in this direction to generate employment for ten million people, as this was a labour intensive sector. She exhorted the industry to make use of these benefits. Dr. Gupta said the Government is working on ways and means to enhance the importance and contribution of the man-made fibres in the industry segment dominated by cotton. The Government has also undertaken the technology up-gradation and modernization in all the 108 powerloom clusters in a big manner and an integrated approach in terms of upgrading skills, along with financial benefits is being implemented.

6. In a recent Report, Wazir Advisors have stated that India can achieve US Dollar 80 billion textile and apparel exports by 2025 at a CAGR of 9% through right kind of policy measures by the Government in partnership with the Industry. The domestic market on the other hand, can grow at a CAGR of 11% to reach US Dollar 220 billion by 2025. According to the Report, despite the fact that the Government has initiated various policy measures, the industry has not been able to exploit its potential fully. Some of the reasons behind it are fragmented nature of the industry, high cost of capital, lack of FTAs, limited skill availability and raw material challenges. The Report has also recommended R&D support, labour reforms and attracting FDI for large investment in the Industry.

7. According to India Ratings and Research (Ind-Ra), around 15-20% capacity of the Domestic Denim Sector has remained under utilized. The industry will continue to face margin pressures during 2018-19 due to over supply situation. Competition will further intensify as several players have undertaken capacity additions to add another 100-150 million meters by the end of current year. India is one of the leading denim manufacturers in the World with a total manufacturing capacity of about 1500 million meters per annum.

8. To attract Garment Industry in the State, Audyogik Kendra Vikas Nigam (AKVN) is developing a new Industrial Area near Machal (Mohana). An area of about 350 acres has been acquired for development of Industrial Park, which is about 17 K.M. away from Indore City. With development of Composite Garment Park, Skill Development Center, Working Women Hostel, Common Facility Center, etc. would also be setup.