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THE MADHYA PRADESH TEXTILE MILLS ASSOCIATION

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The Monthly News Letter of The Madhya Pradesh Textile Mills Association

ASSOCIATION NEWS

1. Our Association jointly with Textile Association (India) M.P. Unit organized on 8th March, 2018 a Lecture on 'Sustainable Fibers for the Future' by Dr.N.N. Mahapatra, President, Colorant Limited and also Vice Chairman of Textile Association (India). Dr. Mahapatra is having more than 33 years experience in Textile Industry in India and abroad. He has contributed more than 280 Technical Papers and has written 6 Books on Textile Processing, etc.

Dr. Mahapatra explained that the demand for fibres is increasing. Competition over resources is on increase, while the availability are finite and also vulnerable to degradation and depletion. The land available for growing cotton is decreasing year by year as we have to provide housing and other infrastructure for the growing population. Same is the story about polyester, acrylic, nylon and other synthetic fibres, because of depleting oil reserves . It is a big question-how does the textile sector respond to these challenges ? There has been an increasing/growing amount of new fibres in fashion lately, that are mostly 100% organic, like Bamboos, Soyabin, Coconut, Banana, Groundnut, Milk and Pineapple fibres. All these fibres are having inherent properties, which can partially replace wool, silk and linen. Most of these new materials are very economical, since these can be reproduced more easily than cotton, as these are by- products of other Industries.

Dr. Mahapatra was of the view that Madhya Pradesh has many cotton spinning mills but no one is manufacturing Dyed Cotton Melange. There is also scope for a polyester recycle plant. A Textile Research Institute like ATIRA, BTRA, SITRA, NITRA is needed in the State.

2. The Association made a Representation to the Hon'ble Textile Minister on 13th March, 2018 in respect of pending/ left-out cases for sanction under Technology Up-gradation Fund Scheme of Mahima Fibres Limited, Mohini Fibres Limited and Pratibha Syntex Limited. The cases in respect of recovery of subsidy from Bhaskar Industries and MahimaFibres due to delayed submission of claims by the Bankers have also been referred. In all these cases the Mill units have submitted the requisite details well in time but there has been delay on the part of bankers, who are required to file the applications for Registration under TUFS and Claims of subsidy .

3. The following of our Members got Export Awards at function of the Synthetic & Rayon Textile Export Promotion Council (SRTEPC) held on 27th January, 2018:

- Grasim Industries Limited: Gold Trophy for Viscose Stable Fibre.
- Vardman Textiles: Gold Trophy for Blended Yarn.
- Wearit Global Limited: Silver Trophy as Merchant Exporter.

Our Congratulation.

RAW MATERIAL

1. The International Cotton Advisory Committee in its release of 1st March, 2018, has stated that current projections for the cotton season 2017-18 include cotton production of 25.79 million tons and consumption at 25.35 million tons. The production increase is on account of increase in planted area rather than yield . Global average yield during 2017-18 is estimated at 778 kilograms per hectare , which is an increase of 0.1% over the previous season, although the area under cotton has increased by 12%. Despite increase of area under cotton in India and Pakistan by 16% and 24% respectively, there have been production losses due to Pink Bollworm .

World cotton production in cotton season 2018-19 is projected to decline to 25.37 million tons due to lower yield and decreased harvested area. World cotton consumption is projected to continue to grow based on global economic expansion and increase in consumer demand for textile, rising production costs of synthetics. The World cotton production and supply is projected as under:-

Quantity in Million Tons			
	2015-16	2016-17	2017-18
Production	23.09	25.79	25.37
Consumption	24.51	25.35	26.47
Import/Export	8.19	8.38	9.16
Ending stock	18.82	19.25	18.15
Cotlook- A. Index	83	78	

2. The Cotton Association of India in its release of 12th March, 2018 estimated cotton crop for the cotton season 2017-18 (beginning 1st October, 2017) at 362 lakh bales, which is lower by 5 lakh bales than the earlier estimates of 367 lakhs bales . It was informed by Shri Atul S. Gantara , President, CAI that this lower estimate consists of 2 lakh bales each in

Andhra Pradesh and Karnataka, while production in other States is estimated to be lower by one lakh bales. The CAI has estimated domestic consumption at 330 lakh bales, which is 10 lakhs bales higher than the previous estimate. The consumption increase is on account of several new textile mills coming up in Gujarat and other States. The another reason for higher consumption is a jump in the prices of polyester staple fibre of about 20%. It has also estimated an increase in exports from 55 lakhs bales to 60 lakh bales and import of cotton of 20 lakh bales .The State wise estimates of cotton production during 2016-17 and 2017-18 are as under:-

Quantity in Lakh Bales.			
State	Production		Arrivals till
	2016-17	2017-18	22nd Mar.
Punjab	8.75	11.00	8.36
Haryana	20.50	24.00	21.50
Rajasthan	16.50	21.00	19.13
Gujarat	89.00	105.00	57.83
Maharashtra	88.00	81.00	63.53
Madhya Pradesh	20.50	21.00	16.86
Telangana	48.00	53.00	38.01
AndhraPradesh	18.50	19.00	13.90
Karnataka	17.00	18.00	12.65
Tamil Nadu	5.50	5.00	2.50
Odisha	3.00	3.00	2.49
Others	2.00	1.00	1.00
Total	337.25	362.00	257.76

#Figures as per Cotton Corporation of India.

3. There is a good demand for Indian Cotton from countries, which include Bangladesh, Pakistan, Vietnam, Indonesia, etc. Around 40 lakh bales of cotton have been exported from the Country by the end of February, 2018 and another 15-20 lakh bales are expected to be exported by the end of this season. There are also reports of likelihood of export of around 10 lakh bales to China this season. As per reports, around 14 lakh bales have been exported to Bangladesh, 9 lakh bales to Pakistan and the remaining to Turkey, Vietnam and Indonesia.
4. The Multi Commodity Exchange of India and Confederation of Indian Textile Industry has signed an MOU at the 9th Asian Textile Conference (ATEXCON) held at Mumbai on 14th March, 2018, which envisages co-operation on a host of objectives, such as jointly organizing awareness events for cotton value chain, participants including farmers, price ticker board installation at textile parks and joint representation to Ministries and Regulator for further development of the sector among others.
5. As per reports, the Indian Merchants Chamber (IMC) and Cotton Guru brought out a 'White Paper for Sustainable Solutions to Burning Issues Affecting Cotton Formers and Textile Industry', which was presented to Shri Pasha Patel, Chairman, Maharashtra State Commission for Agriculture and Price at the Cotton Conclave on 13th March, 2018. The White Paper, which was prepared after deliberations at the Conclave noted that the Indian Cotton has made remarkable

advancement in last few years and has potential to scale new heights provided the following areas are tackled at war-footing:

- * Quantity: Increase productivity levels.
- * Quality: Reduce contamination levels.
- * Cost: Cut-down the cost of production/processing
- * Transparency: Adopt bale identification system, thereby putting efforts of making continuous improvements.

The White Paper also suggests probable solutions and ways to meet the challenges.

POWER

The MP Electricity Regulatory Commission has approved on 27th March, 2018, the following :-

- Levy and collection of Fuel Cost Adjustment Charges of minus 3paise per unit for the period 1st April, 2018 to 30th June, 2018 from all categories of electricity consumers.
- Retail Supply Tariff and Charges including Terms & Conditions allowed vide Order dated 31th March, 2017 for three Discoms / SEZ, Pithampur, in their Licensed Area of supply shall continue to apply until the Tariff for 2018-19 is issued and made applicable.

MAN-POWER

1. On 28th March, 2018, the Office of Labour Commissioner, Indore, has notified Minimum Wages applicable for the period 1st April, 2018 to 30th September, 2018 and the same are as under :-

Category	Basic p.m	D.A.p.m.	Totalp.m.	Daily Wgs.
Unskilled	Rs.6500	Rs.825	Rs.7325	Rs.282
Semi Skilled	7057	1125	8182	315
Skilled	8435	1125	9560	368
HighlySkilled	9735	1125	10860	418

2. The Ministry of Labour and Employment has issued a Notification on 16th March, 2018 notifying amendments to Industrial Employment (Standing Orders) Central Rules ,1946 introducing 'fixed terms employment' category of workmen in the industrial/manufacturing sector. Fixed term employment is category of workmen, who are employed on a contract basis for fixed period. Thus their services will be automatically terminated as a result of non-renewal of the contract and it will not be construed as termination of employment. The facility will assist the industry to employ workers in the sector, which are of seasonal nature and witness fluctuation of demand and hence require flexibility in employing workers.
- As per reports , on seeking Legal Opinion the Law Ministry has informed that the provisions of Industrial Employment (Standing Orders) Act are independent statutory provisions, with requirements under any other law not impacting these. In sum, workers hired under fixed term contract will be entitled for gratuity from employer, whenever ,their contract ends, even if, they have not completed five years of continuous service.

- 3.** On 6th March, 2018 the Ministry of Labour and Employment has issued Version 2.0 of Draft Code on Social Security, 2018 amalgamating all existing Labour Laws including EPF Act, ESI Act, Maternity Benefits Act, Payment of Gratuity Act, Employees Compensation Act, and various welfare cess/ fund Acts. The Ministry has also issued 46 Frequently Asked Questions and their replies on the Code. Suggestions/comments are to be submitted within one month.
- 4.** On 14th March, 2018 a Parliamentary Penal in its Report has asked the Government to assess the Employees Pension Scheme, 1995 and consider a revision of the minimum monthly pension of Rs. 1000, which is too meager to full-fill even the basic needs. The Committee has also suggested that the Government should also take a policy decision to pay such workers, whose employers have not contributed towards Social Security Schemes of EPFO and ESI.
- 5.** From 29th March, 2018, the amendment to Payment of Gratuity Act, has been made applicable increasing the ceiling of the gratuity amount to Rs. 20 lakhs as against present ceiling of Rs. 10 lakhs. This Amendment also entitles a woman to 26 weeks maternity leave in place of the present 12 weeks, while calculating gratuity.
- 6.** On 23rd March, 2018 the Ministry of Labour and Employment has issued Draft Labour Code on Occupational Safety , Health and Working Conditions, 2018 amalgamating therein 13 Labour Laws relating to safety health standard and working conditions, etc. The comments/suggestions from the stake -holders have been invited by 22nd April, 2018.
- 7.** The Cabinet Committee on Economic Affairs has approved on 28th March, 2018 enhanced scope of Pradhan Mantri Rojgar Protsahan Yojna .The Government will now contribute full Employers share to Employees Pension Scheme for the first three years from the date of registration of new employees for all the Sectors, including existing beneficiaries for their remaining period of three years.

LEGAL & TAXATION

- 1.** The Supreme Court in the matter of Dwarika Prasad v/s State of Uttar Pradesh has ruled that a mortgage can be redeemed before the date fixed for sale or transfer by the Secured Creditors but, not after that. In this case Dwarika Prasad was a guarantor for an educational loan taken from Corporation Bank with a mortgage of his property. The loan was not repaid, despite extension. Bank E-auctioned the property of guarantor. Meanwhile, Dwarika Prasad moved Debt Recovery Tribunal and Allahabad High Court for stopping the sale. Sale went through and possession was given to the purchaser. The guarantor alleged that he offered to pay full amount due and therefore, same should be scraped. The Supreme Court cited the provisions of Securitization Act and the Transfer of Property Act and rejected the contention of the guarantor..
- 2.** The Industrial Disputes Act does not allow a worker to be represented by a lawyer in Labour Court, Tribunal and National Tribunal . He must get legal representation from a Trade Union Executive. Similarly an employer must engage a

- person listed in the Rules only with the consent of the opposite party. The Bombay High Court dismissedthe writ petition of Thyssen Krupp, who had challenged the provision of Industrial Disputes Act that restricted appearance of lawyers in Labour Court, etc. The situation is peculiar to the Industrial Disputes Act . Though the Advocates Act provides for right of lawyer to represent litigants at legal forums.
- 3.** The Supreme Court has ruled that a securedcreditor is bound to consider the representation of a debtor,before taking over the mortgaged properties of debtors under the Securitization (Sarfaesi) Act, The Court stated that this procedure is mandatory under section 13 of the the Act. Dispute in this case was between Blue Coast Hotels Limited, the debtor , Industrial Finance Corporation of India, the lender, and ITC Limited , the auction purchaser.
- 4.** The Central Board of Excise and Custom has deferred Reverse Charge Mechanism under GST law till 30th June, 2018 and E-way Bill system has been introduced with effect from 1st April, 2018 .

EXPORT & IMPORT

- 1.** As per information available from the Office of Textile Commissioner the export of textiles and clothing during the period April-December, 2017-18 vis-à-vis April-December, 2016-17 are as under :-

Figures in US\$ Million			
Product	Apl-Dec 2016-17	Apl-Dec 2017-18	% Growth
Man-made staple fibre	434.91	455.26	4.68
Cotton Yarn	2370.49	2469.68	4.18
Cotton Fabrics, Made-ups, etc.	3841.72	4024.59	4.76
Other Textile Yarn, Fabrics, Made-ups, etc.	438.56	474.11	8.11
Man-made Yarn, Fabric, Made-ups	3324.40	3553.93	6.90
RMG Cotton	6131.11	6111.86	(-)0.31
RMG MMF	3505.39	3636.79	3.75
RMG of other Textiles	2784.85	2619.92	(-)5.92
Cotton including Waste	836.81	1034.33	23.60
Other Fibres	11.79	11.24	(-)4.66
Carpet, Jute and others	3276.82	3193.45	(-)2.00
Total	26956.85	27585.16	2.33

- 2.** Based on the decision taken by the GST Council, on 23rd March, 2018 , the Central Board of Excise and Customs has extended the available tax exemption on imported goods for a further period of 6 months i.e. up to 1st October, 2018 , by which time an e-Wallet Scheme is expected to be in place to continue the benefit in future.
- 3.** Union Minister of State for Textiles Shri Ajay Tamta, informed Rajya Sabha on 12th March, 2018 that Government has revised post- GST rates of ROSL Scheme implemented from 1st October, 2017 and exempted IGST on import under Advance Authorization and Export Promotion Capital Goods

Scheme. Finance Ministry has been requested for allocation of appropriate funds under ROSL for one time settlement of exporters claims and complete refund of ITC. The Government has constituted a Committee on Exports under the Revenue Secretary of Ministry of Finance for evolving a suitable strategy for promoting exports post implementation of GST.

4. The Union Ministry of Textile launched a "Study on MMF Textile in India" at a special event in Bangalore on 12th March, 2018. Despite having enormous potential , strong fundamentals and raw material base, the MMF textile export has been stagnant at around US Dollor 6 billion during last couple of years. The Study on this Sector is aimed at demystifying the factors responsible for the stagnation of MMF textile segment in India. India is second largest World producer of polyester and viscose but when, it comes to export in MMF textiles, India is ranked 6th in the World. The Study will give a road map to identify gaps and suggest measures.

STATE OF THE INDUSTRY

1. The Index of Industrial Production for the month of January, 2018, for the Textile Sector increased by 2.7% as compared to January, 2017. There has been a cumulative decline of 0.3% in the Textile Sector during April- January, 2017-18 over the corresponding period of 2016-17 . The IIP for the Wearing Apparel for January, 2018 dropped by 10.7% with a fall of 10.4% during the period April-January, 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-January, 2017-18 as compared to the same period of previous year have been as under:-

Figures in Million.

	Unit	Apl-Jan 2016-17	Apl-Jan 2017-18	% Variation
MM Fibre	Kgs.	1149	1123	(-)2.3
MM Fil.Yarn	Kgs.	963	996	3.4
Yarn:				
Cotton	Kgs.	3372	3399	0.8
Blended/N.C.	Kgs.	1344	1370	1.9
Total	Kgs.	4716	4769	1.1
Fabric:				
Mill Sector	Mtrs.	1899	1806	(-)4.9
Decentralized	Mtrs.	50846	53974	6.2
Total	Mtrs.	52745	55780	5.8

It will be observed from the above table that the production for Man-made fibre has decreased during April-June, 2017 by 2.3% and the production of cloth by 4.9% . However, the same has been made good by increased production of Man-made Filament yarn and Cloth in the decentralize sector.

3. The Standing Committee of Parliament on Labour Chaired by Shri Kirit Somaiya, tabled its report in Parliament on 14th March, 2018. In its report the Committee desired the Textile Ministry to impress upon the Department of Revenue /Finance Ministry to reconsider GST structure for textile and impose higher anti-dumping duty to protect the domestic industry.
4. Dr. Kavita Gupta, Textile Commissioner, while inaugurating the Regional Office of Synthetic and Rayon Textiles Export Promotion Council at the Southern India Mills Association premises stated - we are targeting to grow production of textile to US Dollor 300 billion by 2025 ,which is presently worth US Dollor 150 billion . Journey of cotton and synthetic blends would go hand in hand in the years to come . We are extremely comfortable .domestic price of fiber is lower than international prices. Indian cotton has the highest value . She appealed to the trade to ensure that the fiber is contamination free and not adulterated . Only clean fibre can be sold at premium. She added increase was not much and requested the industry to look at value addition and technical textiles.
5. Speaking at a Mega Seminar on Development of Textile Industry in Madhya Pradesh, organized by the Regional Office of Textile Commissioner, Indore on 5th March, 2018 Shri Paras Jain, Energy Ministry Government of Madhya Pradesh stated that Government will extend full support to textile industry by supplying adequate energy and subsidies. He said that we have increased electricity supply to power looms from the present 25 HP to 150 HP.
- Speaking at event, the industrialists suggested that like China and Thailand the textile mills should be setup in cotton producing areas and banks should provide hassle free loans to the industry.
6. The Regional Office of Employees Provident Fund Organization on 9th March, 2018 attached immovable assets (Malwa Parisar and Nirja Villa) of Shri Nitin S. Kasliwal , Director of Chamunda Standard Mills and S Kumars Nationwide Limited for recovery of Rs. 2.60 crore towards Provident Fund dues.
- Shri Kasliwal is declared a wil full defaulter by most of the lenders. IDBI has initiated insolvency proceedings against the Company.
7. Indian Ratings and Research in its Report has maintained a stable outlook for cotton textile and synthetic for the fiscal 2018-19 as the margins may expand due to softening in cotton prices, better consumer spending outlook and the low base effect of the last fiscal. However, the possible impact of pink bollworm on cotton and rising crude prices on synthetics are the constraints . Better margins , modest reduction in working capital requirement and subdued capital expenditure in the next financial year will lead to an improvement in the overall credit profile in India.