



ASSOCIATION NEWS

1. 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 lines of such project being undertaken by CITI- Cotton Development and Research Association (CITI-CDRA) in Rajasthan. Considering our request a meeting was called by

the Department on 30th May, 2018, whereat Dr. Rajesh Rajora, Principal Secretary of Department, Representatives from two Agricultural Universities of the State, Dean, Agriculture College Khandwa, Conveners of various Krishi Vigyan Kendras, our Chairman and Shri P.D. Patodia, Chairman CITI-CDRA were present. A consensus was arrived to run the Project for Development of Extra-long Staple Cotton in these Districts with the help of CITI-CDRA, as is being run in Rajasthan. We are thankful to the Hon'ble Minister and Principal Secretary of the Department.

2. On 23rd June, 2018 a one day Conference on the theme of "Happiness in the Textile Industry" was organized by the Textile Association (India) -MP unit, which was supported by our Association. Shri Ved Pratap Vaidik, the famous journalist was the Chief Guest and Ms. Seema Shrivastava, Executive Director, Indian ITME Society was the Special Guest. Shri Hemant Ambekar, Director Wear it Group also graced the occasion. At the Conference various Human Relations practices were discussed, where by the employees/workers could be made happy and the work culture and environment could be improved in the industry.. Stress was placed on improving the working conditions and industrial relations in the Textile Industry. The various speakers included Shri T.K. Sengupta, President Textile Association (India), Shri Avdesh Kumar, Shri Hemant Ambekar and others. There was a gathering of about 175 persons from Textile Industry.

3. Grasim Industries Limited has been awarded:
(i) The Dun and Bradstreet Corporate Award - 2018 for its stellar performance in the textile sector. This award is for recognition as 'Champions of Change' in the transformation of the Country.
(ii) Gold Level Material Health Certificate from the Cradle to Cradle Products Innovation Institute for Birla Spunshades Viscose Staple Fibre.
Our Congratulations.
4. Shri Suresh Maheshwari, President, Maral Overseas Ltd., has resigned from the post of Dy. Chairman of the Association.

RAW MATERIAL

1. The International Cotton Advisory Committee in its release of 1st June, 2018 has estimated World cotton production in 2017-18 at 26.57 million tons, while the consumption is projected at 25.49million tons, which represents third consecutive season of growth in demand for cotton. As a result World ending stocks are forecasted to decrease to 18.33 million tons. The decline occurs in China, where stocks at the end of 2017-18 season are projected down to 8.00 million tons , whereas the stocks held outside China are projected to be upto 10.33 million tons, a continuous increase over past four seasons .
World cotton consumption in 2018-19 cotton seasons is projected to increase to 26.72 million tons, while the cotton production is estimated at 25.75 million tons. Production in China is projected to decrease to 5.60 million tons, while consumption is forecasted to increase to 8.40 million tons .Reduced yields in 2017-18 in India are contributing to lowered planted area for 2018-19, with exports projected at 0.84 million tons representing 24% increasing from the previous seasons. Production in US is projected to decrease to 4.20 million tons, production in Brazil at 1.90 million tons and in West Africa at 1.20 million tons . The World cotton supply and distribution for 2016-17, 2017-18 and 2018-19 is projected as under:



Quantity in Million Tons

	2016-17	2017-18	2018-19
Production	23.08	26.57	25.75
Consumption	24.52	25.49	26.72
Import/Export	8.19	8.77	9.19
Ending stock	18.80	18.33	17.37
Cotlook-A.Index	83	83	81

2. The Cotton Association of India has released its May, 2018 estimate of cotton crop for the cotton season 2017-18 on 12th June, 2018 at 365 lakh bales, which is higher by 5 lakh bales from its previous estimates -3 lakhs bales in Gujarat, 1 lakh bales in Karnataka, 50,000 bales in Andhra Pradesh and 25000 bales each in the States of Madhya Pradesh and Tamil Nadu. The Committee has projected imports of 15.00 lakh bales during the current cotton seasons as against 27.00 lakh bales in the previous cotton seasons. The mill consumption is projected at 280.00 lakh bales as against 265.00 lakh bales in the previous season. Arrivals till 31st May, 2018 are estimated at 340.00 lakhs bales (including 20.50 lakh bales in Madhya Pradesh).

3. The Cotton Advisory Board met at Mumbai under the Chairmanship of Dr. Kavita Gupta, Textile Commissioner on 16th June, 2018 and estimated cotton crop for the cotton season 2017-18 at 370.00 lakhs bales, as against 345.00 lakh bales during cotton season 2016-17. The mill consumption is projected at 268.00 lakh bales, consumption by SSI units at 27.00 lakhs bales and non-mill consumption of 20.50 lakh bales. Exports have been projected during the cotton season 2017-18 at 70.00 lakh bales as against 58.21 lakh bales during previous season.

4. According to ICRA, the domestic cotton crop output is expected to moderate to 35 million bales in cotton year 2018-19, after a reasonable good cotton season 2017-18, owing to a decline in domestic cotton acreage to 114 lakh hectare as against 122 lakh hectare in cotton season 2017-18. The decline in acreage is expected in some key cotton areas in western and southern belts. Cotton prices are likely to stay firm during the next financial year following tight demand supply scenario.

5. The recent rise in prices of cotton is emerging as an issue of concern to the textile industry, which is the only major consumer of cotton. A month ago (as on 12th May, 2018) the price of Shankar -6 variety was Rs. 43,000 a candy, which almost Rs. 46000 a candy now. Apart from the price, the mills also are facing quality issue in domestic cotton. Industry fears that prices might remain high during next season as China is importing cotton and have made contracts for 85,000 tons of the new crop. Indian Cotton has been sold at around 86 to 92 cents per pound on a cost and freight (C&F) basis for shipment in November-December, 2018. The Country could export more than 20 lakh bales to China. Indian cotton is nearly 10 cents per pound cheaper than supplies from US, Brazil, etc.

6. The countries such as US and Egypt have been able to create their own brand of cotton like Supima and Egyptian cotton, which has premium over the conventional fibre in import market, including India. Despite Indian cotton having a better quality and a huge potential for fetching a higher price, lack of branding has yielded lower income for Indian farmers and traders. Therefore, our Country is now planning to move on similar lines. Major markets for Indian cotton are China,

Bangladesh, Pakistan, Vietnam, Indonesia, Turkey, Thailand, etc.

7. According to Shri Mahesh Sharma, Director, Supertax Industries, it is estimated that per capita consumption of polyester is likely to increase many fold in the developing World. Low availability of cotton, its durability and cost are limitations, while polyester is its cheapest replacement with ample availability, relatively good durability and its applicability for ever increasing purposes.

POWER

1. The Madhya Pradesh Electricity Regulatory Commission has Notified recovery of F C A Charges for the July-September, 2018 quarter @ two paise per unit for all categories of consumers.

MAN POWER

1. The Employees Provident Fund Organization held its Meeting of Central Board of Trustee on 26th June, 2017 and has decided that those EPFO subscribers, who tend to lose their jobs, can now withdraw upto 75% of their PF money after one month. Currently, in the case of unemployment, a subscriber can withdraw his/her funds after two months and close the account. Now with this decision, 25% funds will be left in the account, so that the account remains operational, but that can also be withdrawn after two months.



2. As per reports, early exit pay, where an employee pays money to with employers for not serving a full notice period has attracted the attention of Central Board of Indirect Taxes and Customs. Presently focus is on transactions, where the payment is atleast Rs. 30 lakh. Letters have been issued to the companies stating that GST@ of 18% should be levied on such early exit pay. However, legal experts feel that these transactions should not attract GST.

3. As per reports, informal discussion has happened within the Ministry of Labour & Employment on the possibility of extending the coverage of Prime Minister Rojgar Protsahan Yojna to ESI as well. In another effort to enable job creation in informal sectors, the employers share towards ESI in respect of all new employees may be paid by the Central Government.

LEGAL & TAXATION

1. The Government of Madhya Pradesh, Department of Industrial Policy and Investment promotion has issued an order on 22nd June, 2018 detailing a procedure, whereby the Industrial Units, which were getting refund of VAT/CST before implementation of GST law under Industrial Promotion Policy will now be getting financial assistance based on the incentives received by them before GST regime as also average turnover, etc.

2. The Department of Labour & Employment proposes to amend Madhya Pradesh Factory Rules, 1962 by putting a provision in Schedule C after para (2) if the applicant applies for renewal of Factory License of 4, 6, 8 or 10 years, at a time, then the rebate of 20%, 30%, 40% and 50% respectively shall be provided in the total applicable fees. Suggestions/objections have been invited from the stake-holders within 45 days from 8th June, 2018.



3.The Revenue Department of Central Government has decided to keep in abeyance GST provisions relating to Reverse Charge Mechanism, TDS, and TCS for another three months till September, 2018. GST Implementation Committee has taken a decision to this effect and orders have been issued on 29th June, 2018.

4. Supreme Court, while quashing the Judgment of Himachal Pradesh High Court in the case of Mahavir Industry v/s Principal Commissioner has ruled that manufacturers, who have carried out “substantial expansion” of their units will get Income Tax deduction for the extended period, counted from the date of expansion. The Company in this case manufactures polythene and claimed tax benefit under section 80-IC, which grants 100% deduction for 10 years to industries in HP, Uttarakhand, Sikkim and North Eastern States.

5. The Calcutta High Court reiterated that a borrower against whom, action has been taken under the Securitization (SARFAESI) Act should approach Debt Recovery Tribunal, if there is any grievance and should not file a Writ Petition in the High Court. This was ruled in case of Mackeil & Company v/s SBI.

6. The Calcutta High Court has held that computers play a pivotal role in our daily lives, it could be included in the term “Plant”. It has taken 35 years of arguments by Brooke Bond India Limited to settle the issue, which was raised in the Assessment Year 1983-84. Section 32(A) of the Income Tax Act talks only about ships, aircrafts and plant as eligible for tax benefits. The Tribunal had earlier rejected the claim of the Company.

7. The Supreme Court has called for a report from all High Courts regarding implementation of its direction on trials under Negotiation Instruments Act issued by it in case of Meters and Instrument v/s Kanchan Mehta. Supreme Court has ruled, where the cheque amount with interest and cost as assessed by the Court is paid within specified date, the Court is entitled to close the proceedings.



EXPORT & IMPORT

1.As per information available from the Office of Textile Commissioner , Export of major textile item during April, 2018 as compared April, 2017 have been as under :-

Figures in US\$ Million

Product	April 2017-18	April 2018-19	% Growth
Cotton including waste	149.84	263.89	76.11
Man made Fiber	49.17	41.54	(-)15.52
Other Fibres	0.71	1.81	154.93
Cotton Yarn	219.58	336.57	53.28
Cotton Fabric Made-ups	444.87	455.92	2.49
MM Yarn, Fabric, Made-ups	408.06	417.99	2.43
Woolen Yarn, Fabric, Made-ups	15.95	15.72	(-)1.42
Other Textile Yarn, Fabric, Made-ups	37.37	40.35	7.97
Readymade Garment-Cotton	752.45	695.97	(-)7.51

Readymade Garment- MMF	630.30	363.73	(-)42.29
Readymade Garment- Others	364.72	288.51	20.90
Carpets	119.19	111.01	(-)6.86
Jute	23.57	25.88	9.81
Other Items	179.03	197.12	10.10
TOTAL	3394.82	3256.01	(-)4.09

The above data shows that there is a major downfall in export of man-made staple fibre , man-made yarn, fabrics and made-ups and RMG of man-made fibre.

2. As per Public Notice dated 28th June, 2018 supplementary claim in respect of Scrips will be considered only after imposing a cut @ 2% of entitlement . No supplementary claim for Scrips under Chapter 3 of FTP 2015-20 would be admissible.

3.Over the last few years, there has been is significant growth globally in demand of synthetic fibre in apparel, home furnishing and industrial applications. Total global annual consumption of synthetics fibre is around 70% of the World fibre market of 84 million tons. However, in India there has been a down fall in export of MMF and its products. There is an untapped opportunity for India, which can give an exponential growth to our export of MMF textile and apparel. We are the 2nd largest producer of polyester fibre globally with 10% share in global polyester production.

4.The US has emerged as the top export destination for India with US Dollar 47.90 billion worth of shipments last year followed by UAE and Hong Kong as per information released by Ministry of Commerce. The export to UAE and Hong Kong were worth US Dollar 28.1 billion and US Dollar 14.7 billion respectively.

5. The import of textile products including yarn, fibre, fabrics and home textile by the European Union Countries from all over the World in 2017 increased by 3% compared to the previous year and amounted to EUR 18.3 billion . The most important textile supplier of EU is China followed by Turkey. India is 3rd largest textile products supplier to EU. Approximately EUR 1.3 billion worth of textile products were imported in 2017 from India.

6. India is struggling with the problem of stagnation in exports, while countries like Bangladesh and Vietnam have shown significant growth in apparel exports. The textile sector, which is third largest foreign exchange earner for the Country after petroleum products and Gems and jewelry have shown only 0.75% growth in 2017-18, on account of a 10.4% decline between May, 2017 and January, 2018. The main reason has been unresolved issues, including reduction in Duty drawback after implementation of GST and blockage of working capital due to slow refunds.

The Textile Ministry has expressed concern over the continuous fall in exports over last few months and has sought more benefits from the Ministry of Commerce to help units that find it difficult to cope with GST regime.

7.Shri Ujwal R. Lahoti, Chairman, Cotton Textile Promotion Council (TEXPROCIL) has pointed out that existing export promotion schemes in operation have been extremely useful in increasing exports, despite various disabilities suffered exporters, namely preferential tariffs given to competing countries, high logistic and transaction costs incurred on account of infrastructural deficiency, etc. He has impressed upon the Government to keep these facts in mind, while



formulating new schemes in order to ensure continuity in business and foster trust between the exporters and importers in the long term interest of all round export growth. Though India remains the largest exporter of cotton yarn in the World, the Country's share declined to 25% in 2017 from 30% in 2015. Several refund issues related to embedded taxes in the form of Duty on Electricity and Petroleum products used in Cotton Textile value chain need to be addressed, if exports have to pick-up.

8.During the month of April, 2018 the import of major textile items as compared to April, 2017 has been as under:-

Figures in US\$ Million

Product	April 2017-18	April 2018-19	% Growth
Cotton including waste	59.89	81.07	35.38
Manmade staple fibre	31.31	33.41	6.71
RMG-cotton	21.84	29.62	35.62
RMG- manmade fibre	12.39	14.46	16.69

The total import of textile items during April, 2018-19 were US\$ 536.67 million as against US\$541.82 million during April, 2017-18 recording a net decline of 0.95%.

STATE OF THE INDUSTRY

1.The quick estimates of Index of Industrial Production (IIP) for the month of April, 2018 have been released by the Central Statistics Office of the Ministry of Statistics & Program Implementation. The IIP for the manufacture of Textiles was down by 1.6% in the month of April,2018 as compared to April, 2017. The IIP for the Wearing Apparel was also down by 13.4% in April, 2018 as compared to the same month of previous year.

2. The Office of Textile Commissioner has reported figures of production of Man-made fibre, Filament yarn, Spun yarn and Cloth for the month of April, 2018 vis-à-vis April, 2017which are as under:

Figures in Million

	Unit	April March 2016-17	April March 2017-18	% Variation
MM Fibre	Kgs.	111	104	(-)6.3
MM Fil.Yarn	Kgs.	97	99	2.1
Yarn :				
Cotton	Kgs.	339	336	(-)0.9
Blended/N.C.	Kgs.	133	130	(-)2.3
Total	Kgs.	472	466	(-)1.3
Cloth :				
Mill Sector	Mtrs.	181	173	(-)4.4
Decentralized	Mtrs.	5260	5347	1.7
Total	Mtrs.	5441	5520	1.5

From the above information, it will be observed that there has been negative growth in all the segments except Man made filament yarn and Cloth in the decentralized sector.

3. As per reports Chairman and Members of various Export Promotion Councils had a meeting with Union Finance and Textile Ministers and Officials. The Union Government has

assured that it will identify Central and State embedded taxes and work out a reimbursement scheme for the textile and clothing industry..

4.Union Textile Minister Ms. Smriti Irani has stated that after announcement of Special Textile Package of Rs. 6,000 crore last year, the sector has attracted investment to tune of Rs. 27,000 crore. The Industry is expected to get more investment from domestic and international markets in future. She was speaking at Texcellelne-2018 Summit organized by Confederation of Indian Industry.

5. As per reports from International Textile Manufacturers Federation, global yarn production decreased by 23% between third and fourth quarters of 2017, while yarn orders increased by around 7% during this period. The quarter saw fabric orders dropping by23% leading to increase in stocks. During the quarter, yarn production reduced in Brazil, Asia and US by 23%,14%, and 4% respectively. This was balanced by a 12% increase in yarn production in Africa and 15% increase in Europe.

In the first quarter of 2018, yarn production decreased in all Countries except Brazil and Germany. Global fabric production in first quarter of2018 decreased by 2%. The fabric production decreased by 12% in Brazil and 2% in Asia but increased by 6% in Africa and by 10% in Europe.

6. As per reports, the Government of Gujarat has decided to reimburse 2.5% of State Goods and Services Tax (SGST) in lieu of sops offered to industries in the previous Value Added Tax (VAT) regime. To begin with, the SGST reimbursement incentive will be made available to the textile industry and other sectors will be extended this benefit in a phased manner. For this purpose, the State Government will amend the Textile Policy.

7. Denim Industry, will be organising on 1st and 2nd August, 2018 “Denim & Jeans” 2nd Edition at Bengaluru, the Annual Event, which enables supply chain companies including top mills, garment manufacturers, accessory and chemical suppliers to come together.

8. The College of Optics and Photonics at the University of Central Florida (UCF) has announced the 1st ever, active user controlled colour changing fabric. The fabric has been developed by a team of Scientists, which allows the user/wearer to change the colour of the fabric through his/her smart phone.

9. Law makers in California and New York have proposed State Bills to raise awareness of problems of synthetic fabrics shedding micro fibre in to the water system. The synthetic garment shed plastic micro fibre, when washed. Therefore, the polyester shirts/garments, we wear may come with a warning label to this effect. This was disclosed by Ms. Rachel Sarnoff, Executive Director of Plastic Pollution Advocacy Non-profit 5-Gyres Institute.