



ASSOCIATION NEWS



1. On 22nd June, 2018 the Department of Industrial Policy & Investment Promotion of the State Government Notified a Scheme based on Tax Multiple for refund of tax in lieu of VAT/CST, which was being refunded under Industrial Promotion Policy, 2014 prior to implementation of GST with effect from

1st July, 2017. Under the new Order, the amount of incentive has become just half in comparison to the benefit available to the industry under pre-GST regime. Moreover, there is no alternative to compensate the units for Entry Tax exemption for the unexpired period. We have, therefore, requested the Principle Secretary of the Department, Commissioner of Industries and the Managing Director TRIFAC on 25th July, 2018 to evolve alternative solution to mitigate the hardship to the Industry.

2. The Central Board of Indirect Taxes and Custom have issued a Notification on 26th July, 2018, whereby it has allowed adjustment of Input Tax Credit in respect of fabrics manufactured by textile mills with effect from 1st August, 2018. However, according to this Notification accumulated Input Tax Credit lying unutilized, after payment of tax for and up to the month of July, 2018 shall lapse. We, therefore, requested the Hon'ble Union Finance Minister, Hon'ble Union Textile Minister and the Convener, GST Council on 30th July, 2018 to substitute the words "shall lapse" by the words "shall not be refundable".

The Ministry of Finance, Department of Revenue, Tax Research Unit has issued a detailed clarification on the subject on 24th August, 2018, but the words "shall lapse" have not been substituted. We have again sent a Representations on 30th August, 2018 to Hon'ble Prime Minister, Finance Minister, Commerce Minister, Textile Minister and other Officers.

3. On 26th June, 2018 the Environment Department of the State issued a Notification rationalizing the fees payable for consent/renewal under Water (Prevention and Control of Pollution) Act, 1974. However, the fees prescribed are 0.02% of the total

investment, which include land and buildings and all other assets. We have, therefore, made a representation to the Principal Secretary, Environment Department on 3rd August, 2018 requesting that for 'value of investment' cost of land and buildings and other assets should be excluded and the maximum amount of fee should not exceed Rs. 2.00 lakh. A request has also been made to reduce the fees payable for appeals under the Act.

RAW MATERIAL

1. As per 1st August, 2018 release of the International Cotton Advisory Committee, the demand for the cotton is strong and the consumption during the cotton season 2018-19 is projected to increase by 4% to an all-time high of 27.46 million tons. Cotton area in 2018-19 is projected to decrease in major cotton producing Countries, in India by 3% to 11.90 million hectares and in USA by 5% to 4.25 million hectares. However, in China it should remain stable at 3.30 million hectares. The cotton production is likely to decrease by 4% and may be 25.89 million tons as against 26.87 million tons in cotton season 2017-18.

Although China's tariffs on US cotton has helped drag international prices down from June, 2018 high of 101.7 cents per pound, strong demand in Asia and South East Asia has helped them rebound in the beginning of August, 2018. Usually high prices prompt the farmers to increase cotton cultivation, but less than ideal environmental conditions and lack of water availability are projected to be the reasons for reduction in planted areas during 2018-19.

The World cotton supply and distribution has been projected as under :-

Quantity in Million Tons

	2016-17	2017-18	2018-19
Production	23.08	26.87	25.89
Consumption	24.52	26.38	27.64
Import/Export	8.19	9.08	9.47
Ending Stock	18.80	19.29	17.71
Cotlook-A.Index	83	88	87



2. The Cotton Association of India in its release of 7th August, 2018 maintained its cotton crop estimate for the ongoing crop year 2017-18 at 365.00 lakh bales (Madhya Pradesh at 21.25 lakh bales).

However, it has revised the State-wise crop estimates for the North Zone. In Punjab and Haryana the estimate has been reduced by 2.00 lakh bales and 0.50 lakh bales respectively. Crop estimates for Rajasthan have been increased by 2.50 lakh bales. It has estimated domestic consumption for the season at 324.00 lakh bales and exports are estimated to be 70.00 lakh bales. The closing stock is projected 22.00 lakh bales.

According to Cotton Corporation of India 358.10 lakh bales of the cotton season 2017-18 arrived till 16th August, 2018 (including 20.50 lakh bales in Madhya Pradesh).

The Cotton Association of India, Chairman, Shri Ganatra has stated that overall sowing for the cotton season 2018-19 till 27th August, 2018 stood at 116 lakh hectares compared to 124.50 lakh hectares in the same period last season. The overall sowing may reach 120 lakh hectares and the output of cotton in 2018-19 season may be 3-4% less than previous one.

3. Amid changing market scenario, Bangladesh, Vietnam and Indonesia are emerging as prominent markets for Indian cotton, whereas traditional buyers like China and Pakistan have cut down their purchases. As per DGFT, in 2017-18, 3.92 lakh tons of cotton with length of 28.5 mm and above but not exceeding 34.5 mm worth US\$ 715 million was exported to Bangladesh, which is 12% more than in 2016-17. Exports to China fell by 55% between 2016-17 and 2017-18 from 1.54 lakh tons to 0.69 lakh tons. Exports to Pakistan remained almost flat. According to trade estimates, 65.00 lakh bales have been shipped so far this year.

4. Speaking at the All India Cotton Conference organized by Indian Cotton Federation at Coimbatore, Shri J. Thulsidharan, stated that despite India being the World's largest producer of cotton for three successive years, many industry experts foresee its supply shortfall by 2025, if its productivity is not enhanced on a war footing. Australia has only 15% of the area under cotton cultivation with at least four times higher productivity per hectare compared to India.

5. Indian Cotton is good-one in terms of all quality parameters and comparable with any good cotton in the World. But from farm to ginning, a lot of manmade contamination gets into it. Even African Countries are supplying cotton with 1.5-2.00% trash, whereas our cotton is with up to 3.00% trash level. According to Shri P.Nataraj, Chairman, South India Mills Association on an average 3% of additional yarn can be manufactured, if foreign cotton is used.

6. The Ministry of Textiles has approved the proposal to bring Indian Standard Cotton Bales, Specification IS12171:2013 under Mandatory Conformity Assessment Scheme under Bureau of Indian Standards (BIS) Act, 2016. Accordingly, Draft Cotton Bales (Quality Control) Order, 2018 has been uploaded on the website of Textile Commissioner inviting comments of the Stake-Holders within 30 days i.e. by 6th September, 2018.

7. Cotton often gets a bad rap environmentally, but is a natural, renewable fibre unlike synthetics, which are made with petrochemicals. The dream of a cotton shirt that does not need ironing could become a reality soon. CSIRO Scientist, Dr. Madeline Mitchell said "we are looking into structure of cotton cell walls and harnessing the latest tools in synthetic biology to develop the next generation cotton fibre." It could result in cotton cloth that are stretchy, waterproof

and would not require ironing.

8. As per reports dated 16th August, 2018, the Polyester Staple Fibre (PSF) prices have been increased by Rs. 3,000 per ton, while Partially Oriented Yarn (POY) prices are up by Rs. 1,500 per ton in all coarser deniers and Rs. 1,000 per ton in all fine deniers. The polyester prices have been hiked on account of increase in polyester intermediates. PTA prices have increased by Rs. 3,400 per ton, while MEG price has increase by Rs. 1,400 per ton.

9. The "New Polyester Fibre Market 2017-2024 Research Report" released by [Market Study Report. Com](http://MarketStudyReport.Com) has estimated that the growth of market will rise at a 8.0% CAGR to 2024. The Report states that polyester fibre market will likely surpass US\$ 165 billion by 2024. Polyester is set to have superior quality firm strength and with wrinkle free, tear resistant and reduced shrinking properties. Extensive use of product in apparel, home furnishing, decor, mattresses and other textiles will catalyze the polyester fibre market in years to come.

POWER

1. The Madhya Pradesh Electricity Regulatory Commission has Notified on 3rd August, 2018 first amendment to M P E R C (Security Deposit) Regulations, 2009. According the amendment, the amount of Energy Security Deposit (ESD) required from the consumer will be reviewed by the Licensee annually by June on the basis of consumption billed during the previous financial year. The Licensee may raise demand for Additional Security Deposit (ASD) in three equal installments w.e.f. July, and may also refund the excess amount held by the Licensee, if found to be more than required by Rs. 100 or more, accordingly. For any delay in refund beyond 60 days in case of reduction in contract demand or upon termination of agreement or cancellation of application for new connection, the Licensee will pay interest at @ of 1%p.m. over and above the prevailing bank rate.



MAN POWER

1. The average of All India Consumer Price Index for Industrial Workers for the period January-June, 2018 has increased by two points on the average for the period July-December, 2017.

Accordingly the minimum wages payable to all the categories of workmen from 1st October, 2018 may increase by Rs. 50 per month.

2. As per Ministry of Labour & Employment Press Note dated 23rd August, 2018, in order to empower insured persons and their beneficiaries under ESI and to create awareness among other stakeholders, ESIC has come out with two new user friendly initiatives, which include the facility of IVR (Interactive Voice Response)/Help Desk for ESIC Toll Free No.1XXX-XX-2526 and production of seven Audio-Visual Clips on ESI benefits.

3. On 4th August, 2018, Delhi High Court has struck down a Delhi Government Notification issued on 3rd March, 2017, which had hiked the minimum wages for various categories of workmen. The Court held the Notification unconstitutional and said the decision was taken by Delhi Government without consultation with employers and





workers. The High Court has clarified that employers can not recover the wages already paid as per the Delhi Government Notification since March, 2017. It is reported that Delhi Government will challenge the High Court Judgment in the Supreme Court.

4. Madhya Pradesh High Court has ruled in the 4th week of July, 2018, when daily wage workers are illegally terminated, they cannot be reinstated with back wages by the Industrial Court. They can only be awarded compensation. It was ruled in the matter of termination of services of some of the daily wage workers employed by State Bank of Indore, which was later merged with State Bank of India. Earlier the Supreme Court has held in one of its judgments that such workers are entitled only to compensation.

LEGAL & TAXATION

1. The Commercial Tax Department of the State has issued a Notification on 2nd August, 2018 regarding Assessment for the year 2016-17 in respect of Madhya Pradesh VAT Act, Central Tax Act and Madhya Pradesh Entry Tax Act prescribing certain forms for submission of information under which, assessment shall be deemed to have been made.



2. In the case of Jawala Devi Enterprises v/s Fadi El Jaouni and Others the Delhi High Court has reiterated that in order to prosecute Directors of a Company for issuing cheques without sufficient funds in the bank, it must be shown that they were in-charge and responsible for day-to-day affairs of the company. Merely naming them is not enough under the provisions of Negotiable Instruments Act.

3. In the case of Board of Trustees v/s Indore Composite Limited, the Division Bench of Madhya Pradesh High Court dismissed the petition of the company regarding a lapse in contribution to the Provident Fund of the employees and the penalty imposed on it. On appeal the Supreme Court observed it was "really unfortunate" that the High Court did not follow the well-known principle for writing judgment, discussing the arguments and providing categorical findings on issues raised by the parties and remanded the case back to High Court.

4. The Supreme Court has reiterated that the Insolvency and Bankruptcy Code will prevail over the Income Tax Act and other statutes. The Court stated so, in its Order in appeal of Commissioner of Income Tax in the dispute involving Monnet Ispat Energy Limited. It stated that Section 238 of the Code made it clear that it would override anything inconsistent in any other enactment.

EXPORT & IMPORT

1. As per information available from the Office of Textile Commissioner, the exports from the Country of major textile items during the period April-July, 2017-18 vis-à-vis April-July, 2018-19 are as under:-

Figures in Rs. Million

Product	April-July 2017-18	April-July 2018-19	% Growth
Cotton Yarn/Fabric/ Made-ups, Hand Loom Products, etc.	20,087	25,209	25

Manmade Yarn/ Fabric/ Made-ups, etc.	9,874	10,892	10
RMG of all textiles	39,857	35,860	(-)10
June Mfg. including Floor Covering	686	709	3
Carpets	2,976	3,149	6
Handicrafts excl. Handmade Carpets	3,897	4,012	3
Total Textiles	37,520	43,971	17
Total Apparel	39,857	35,860	(-)10
TEXTILE & APPAREL	77,377	79,832	3
All Commodities	6,10,780	7,29,823	19
%age share of Textiles and Apparel in total Exports	13%	11%	-

Shri Sanjay Jain, Chairman, CITI exuded confidence that the worst is over for the textile and clothing industry and it is finally on the verge of turnaround.

With the continuous support from the Government with a slew of measures on all fronts, there has been increase in exports of textiles and apparel from the Country. The MMF segment, which is expected to be growth driver of the Industry in coming year has also seen increase.



2. The Central Government has hiked import duty on 328 textile products from the present 10% to 20%. This decision will bring relief to domestic manufacturers, promote Make in India and boost job creation. This move may also increase the demand of cotton in India. However, it may be noted that manmade fibre and filament yarn are not included in this increase.

3. The industry has urged the Centre to push for negotiations with China to provide duty free access to Indian cotton textile products. As per Shri Sanjay Jain, Chairman, CITI, India exported textile goods worth US\$ 1362 million to China, but imports from China were to the tune of US\$ 2905 million, indicating a trade deficit of US\$1453 million. Indian products attract 3.5% duty on yarn, 10% on fabrics and 14% on made-ups in China, while Vietnam, Cambodia, Pakistan and Indonesia enjoy duty free access to Chinese market. India's cotton yarn exports have decreased by 53% in last five years, whereas Vietnam's exports to China have increased by 88%.

4. Lack of Free Trade Agreements (FTAs) with the European Union and United Kingdom is a major differentiator in India v/s Bangladesh competition. In the last two years, Bangladesh and Vietnam have scaled up the size of their factories, design capabilities, marketing strategies and operational efficiency in a big way. This has affected our exports to EU and UK.

5. A Survey was conducted by Ipsos Public Affairs, Inc. on behalf of Cotton Council International in the United Kingdom. According to the Survey, the consumers are shunning manmade materials in favour of natural fibres. They would avoid buying polyester, synthetic acrylic, viscose and rayon. When asked, which fibre people feel are safe for environment, cotton was found to be perceived as be the safest (79%) and they also believe the cotton as the most sustainable fabric (69%). From the Survey, it appears manmade fibres are falling out of fashion in UK.

STATE OF THE INDUSTRY

1. The quick estimates of Index of Industrial Production (IIP) for the month of June, 2018 were released by the Ministry of Statistics and Programme Implementation. The IIP for the month of June, 2018 in respect of Manufacture of Textiles was down by 0.8%, whereas the IIP for Manufacture of Wearing Apparel increased by 4.4%. However, the cumulative growth in respect of textile sector for the period April-June, 2018-19 was down by 0.04% as compared to the same period of the previous year. The growth in respect of manufacture of wearing apparel was also down by 4.9% during 1st quarter of 2018-19 as compared to the same period of previous year.

2. The information in respect of production of Manmade Fibre, Filament Yarn, Spun Yarn and Cloth for the period April-June 2018-19 vis-à-vis April-June 2017-18 made available by the Office of Textile Commissioner is as under:-

Figures in Million

	Unit	April-June 2017-18	April-June 2018-19	% Variation
MM Fibre	Kgs.	319	335	5.0
MM Fil.Yarn	Kgs.	297	281	(-)5.4
Spun Yarn :				
Cotton	Kgs.	1,021	1,033	1.1
Blended/N.C.	Kgs.	397	402	1.3
Total	Kgs.	1,419	1,435	1.2
Cloth :				
Mill Sector	Mtrs.	563	553	(-)1.8
Decentralized	Mtrs.	16,208	16,631	2.6
Total	Mtrs.	16,771	17,184	2.5

From the above table, it will be observed that production of manmade fibre, which is expected to be growth driver of the industry in the coming year has seen an increase of 5%.



Similarly growth has also been observed in the production of cotton yarn, blended and 100% non-cotton yarn during the period.

3. Shri Ajay Tamta, Minister of State for Textiles informed the Lok Sabha:

- On 2nd August, 2018 that India has the potential to become one-stop sourcing destination for brands and retailers from ASEAN. 100% FDI is being allowed in the textile sector under automatic route to increase export of textile and apparel. The Government has announced Special Package for Garments and Made-ups Sector, which include labour law reforms, additional incentives under ATUFS, enhanced Duty Draw-back, relaxation of Section 80 JJAA of Income Act and enhancement of rates under MEIS from 2% to 4% for apparel and made-ups.

- On 9th August, 2018 about various Policy initiatives

and Programmes for development of textiles and handicrafts, particularly for Technology Up-gradation, Infrastructure Creation, Skill Development, including ATUFS, Power-Tex India, Scheme for Integrated Textile Parks, SAMARTH Scheme for Capacity Building in Textile Sector, etc. He told that special package designed, to create one crore jobs and boost exports by US\$ 31 billion and attract investment of Rs. 80,000 crore in three years, has so far generated additional export of Rs. 5,728 crore and additional investment of Rs. 25,345 crore. Rs. 8,078 crore has been released under ATUFS.

4. The Ministry of Textiles has issued on 2nd August, 2018 Revised Resolution of Amended Technology Up-gradation Fund Scheme. The major changes in the Revised Resolution are as under:

- Allowed RRTUFS pending cases for UID under ATUFS.
- Purchase date of machinery will be date of full and final payment made or date of commercial invoice, whichever is earlier.
- Allowed purchase of machinery from manufacturers other than those given in indicative list for JIT request.
- Constituted a Technical Committee for enlistment of machinery manufacturers.
- Addressed the issue of writing machine serial numbers on any document, viz. Commercial Invoice/Bill of Lading/Airway Bill/Bill of Entry, etc.
- Permitted to avail benefits under State Government Schemes in addition to ATUFS.
- Use of digital signatures for submitting UID applications and for making Joint Inspection Team (JIT) verification requests.

5. While inaugurating Yarn Expo-2018 organised by Southern Gujarat Chambers of Commerce & Industry on 4th August, 2018, the Union Textile Minister stated that fabrics required for armed forces will be manufactured in India as Scientists, Textile Ministry, Industry and Armed Forces are working together for the 'dream' project.

6. CITI has launched InnoTex-2018 to create an innovation culture in the Indian Textile and Clothing Industry. The contest is for innovation since 1st April, 2017 and is open for individuals or a team of individuals not exceeding four. The final found of contest will be held on 27th-28th November, 2018 at Vigyan Bhawan, New Delhi along-with CITI Global Textiles Conclave -2018.

7. Shri Raghvendra Singh, IAS, has been posted as Secretary, Ministry of Textiles in place of Shri A.K.Singh.