



M. P. TEXTILE NEWSLETTER

THE MONTHLY NEWS LETTER OF
THE MADHYA PRADESH TEXTILE MILLS ASSOCIATION





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Deepawali & New Year Greetings



ASSOCIATION NEWS



1. We have come across a Report 'Export Strategy for Madhya Pradesh' prepared by Export Import Bank of India in June, 2018. According to this report, export is an area where the State has significant scope for improvement. As against 11th position in terms of output, the State ranked 15th in terms of its share in India's total exports, with exports valued at US\$ 4436.80 million in 2016-17. Other land locked States like Haryana and Punjab, which are much smaller in area contributed 3.9% and 1.9% respectively towards Country's exports, whereas our share is 1.6% only. Amongst the 10 principal commodities, which contributed 65.4% of State's total exports in 2016-17, the share of various textile products was as under :

Figures in US\$ Million

HS Code	Item	2014-15	2015-16	2016-17	% of MP Exports	% in Country's exports
520100	Cotton	40.8	134.1	125.2	2.8	8.1
520523	Cotton Yarn	78.3	86.0	84.3	1.9	11.8
520524	Cotton Yarn	115.6	127.2	106.6	2.4	14.0
550410	Viscose	62.5	60.7	77.6	1.7	25.1
630260	Toilet Linen, etc.	18.6	75.8	133.1	3.0	12.3
630532	Syn. Textile Material	95.4	102.3	95.9	2.2	20.8

It will be observed from the above table that textile products contributes about 14% of the total exports from the State. According to the report, it is important for the State to create and integrate an export strategy as part of their economic agenda. The Exim Bank has identified 42 products (HS-6 Digits) as product champions, which have not only witnessed robust demand in the international market over last 5 years and are likely to follow the

increasing trend going forward but have also been the ones where the State has exhibited increasing export competitiveness. This list of 42 products include the following textile items :

Figures in US\$ Million

HS Code	Item	India's untapped potential	% share of MP in exports	MP's untapped potential
630260	Toilet Linen	640	10.9	70
520524	Cotton Yarn	190	14.0	27
630532	Syn. Tex. Material	270	21.8	59
520523	Cotton Yarn	200	12.4	25
550410	Viscose	180	24.6	45
550953	MMF Yarn	60	21.5	14
610711	Men's Underpants	230	10.7	25
520932	Cotton Fabric	60	36.6	21
520527	Cotton Yarn	10	20.8	3
520512	Cotton Yarn	110	4.3	5
630231	Bed Linen Cotton	400	5.3	21
560749	Syn. Twine/ Rope	80	30.9	24
480300	Toilet/Facial Tissues, etc.	20	44.2	9
600121	Cotton Pile Fabric Looped	10	96.8	9
550922	Syn.Yarn	30	15.7	4
610910	T-Shirts, etc. Cotton	1900	0.5	10
520514	Cotton Yarn	20	2.5	1

The State has a host of fine industrial policies, the exports growth trajectory has to be significantly elevated and the export basket has to be diversified into high value added, high technology exports with a high employment intensity. The Report expects the State to achieve its US\$ 10 billion export target by 2021-22. To encourage exports from the State, export awards can be introduced



recognizing the efforts of exporters across the key sectors, which include amongst others textile and garments.

2. The Cotton Textiles Export Promotion Council has released the list of Award Winners for export performance during 2017-18, which include: Vardhman Textiles Highest Global Exports Silver Trophy; Yarn Exports counts 51 and above Silver Trophy; Processed Yarn Gold Trophy; Grey Fabrics Gold Trophy; Yarn 50s and below Silver Trophy, Dyed Fabrics Silver Trophy : Nahar Spinning Mills Counts 50s and below-Gold Trophy. Our Congratulations.

RAW MATERIAL

1. In its 1st October, 2018 release International Cotton Advisory Committee have stated that decrease in area, yields and production of cotton in 2018-19 is expected. Global cotton area is projected to decrease by 2% to 33.4 million hectares, whereas the global yields are expected to decline by 1% to 777 kgs./hectare, remaining close to the 10 year average of 770 kgs./hectare. The global cotton production will be down by 4% to 25.96 million tons and the stocks at the close of 2018-19 are expected to decline to 17.16 million tons.



The decrease in stocks will be mainly in China with rest of the World's inventory remaining at 10.20 million tons. China is expected to import 2.0 million tons of cotton in 2018-19. Despite expected reduction of 2% in area, India will remain the World leader in cotton planting with 11.9 million hectares. The US will remain World's top exporter at 3.5 million tons. The second and third largest importers will be Bangladesh and Vietnam with 1.8 and 1.7 million tons respectively.

The World cotton supply and distribution is projected as under :

Quantity in Million Tons

	2016-17	2017-18	2018-19
Production	23.08	26.91	25.96
Consumption	24.52	26.91	27.60
Import/Export	8.19	9.03	9.93
Ending Stock	18.80	18.80	17.16
Cotlook-A.Index	83	88	90

2. According to 9th October, 2018 press release of Cotton Association of India (CAI), cotton crop for 2018-19 is estimated at 348 lakh bales, which may vary by 3-4% plus or minus according to October and November 2018 climate conditions. The Indian farmers are working very hard, but the problem is in India only 25% area is irrigated and more than 75% depends on rain water. This year rains are less and not on time due to which the yields may reduce.

Indian Rupee has depreciated by almost 13% and the present market rate of cotton is around Rs.45500/Candy for the foreign buyers, which is cheapest in the World. In the coming season cotton crop in most of the countries is going to reduce. The consumption of cotton is increasing as many of the manufacturers are shifting from polyester staple fibre, prices of which have gone up by Rs.13.50/kg. in last one month alone. The CAI has estimated State-wise cotton crop during 2018-19 as under :

Quantity in Lakh Bales

State	2017-18	2018-19
Punjab	9.00	10.00
Haryana	23.60	24.00
Rajasthan	23.40	24.00
Gujarat	105.00	90.00
Maharashtra	83.00	81.00
Madhya Pradesh	21.50	24.00
Telangana	51.50	51.00
Andhra Pradesh	18.50	16.00
Karnataka	18.75	18.00
Tamil Nadu	5.75	5.00
Odisha	4.00	4.00
Others	1.00	1.00
Total	365.00	348.00

3. For the cotton season 2017-18 ending on 30th September, 2018, the CAI has projected total production of 365.00 lakh bales and consumption of 324.00 lakh bales. The exports during the period are of 69.00 lakh bales, whereas the imports were of 15.00 lakh bales. The opening stock, which was 36.00 lakh bales on 1st October, 2017 has come down to 23.00 lakh bales on 30th September, 2018.

4. The Southern India Mills Association in a representation to Union Textile Minister has proposed following interventions by the Government :

- * Empower Textile Commissioner, Textile Committee, TRAs to make periodical inspection of ginning factories for stopping mal practices, so that chronic defaulters may be blacklisted.
- * Make Textile Committee to have periodical audits and recognize 3-5 star rated ginning factories.
- * Empower CCI to introduce 16 digit RIFD Code for Individual bale quality parameters on par with USDA.
- * MOT to expedite fund allocation to create HVI Cotton testing facilities in all major cotton centers.
- * Revive Technology Mission on Cotton with two Mini Missions focusing on technology development and technology transfer and another focusing on clean cotton and branding Indian cotton textile products.

5. The OECD-FAO Outlook for Cotton projects that India will remain the World's largest producer of natural fibre over the next 10 years even as we become the World's largest for mill consumption. This projection means that our production efforts must continue in a manner that domestic mill demand is fully met and a genuine export surplus is generated. As such the Government must focus attention on policies that encourage an increase in productivity and production. It is important that cotton receives policy support, technology support and investment support so as to enhance employment and income generating potential.

6. At ITMF-2018, Annual Conference held during 7th-9th September, 2018 at Nairobi (Kenya), discussions were held on fibres of all kind. There was a growing feeling that environmental compulsion and a trend of giving a Go-Bye to plastics/ polyester reducing their use even recycling, on that portend that cotton will emerge out of diminutive position to position of eminence once again. The discussion also centered on other natural fibres like Jute, Mast fibres, Flacks, Bamboo fibre, Kapok and also Man-Made fibre celluloses. Man-made cellulosic fibre is changing its course as environmentally, it is more sustainable than polyester. In India too *Neeti Ayog* has appointed a Special Director on natural fibres, the inspiration, which comes from World Conference on Natural Fibres.



POWER

1. With an aim to keep pace with the changing market dynamics, increasing renewable capacity and challenge of providing quality power supply, the Government proposes to make certain amendments to Electricity Act, 2003. The proposed amendments include:

- * Direct Benefit Transfer of subsidy - If the State / Central Government desires to grant any subsidy to any class of consumers, it shall be directly transferred to the bank account of beneficiary.
- * Separation of Content and Carriage - The long pending demand to separate infrastructure builder for power distribution and licensee to supply is introduced. This will enable a consumer to choose preferred electricity supplier.
- * Renewable Purchase Obligation - Since 2013, the renewable capacity has grown by more than 80% to 70000 MW.
- * Getting Smarter - Smart Meters and Pre-paid Meters and regulations related thereto are being made mandatory, which would help proper accounting of power consumption and wastage.
- * 24x7 Power Supply Obligation. The Electricity Regulatory Commission will be able to penalize the DISCOMs, if they fail to maintain continuous supply.



MAN POWER

1. As per reports, in an attempt to keep a lid on rising cases of labour unrest at Pithampur, the Labour Department has begun collecting data about people directly or indirectly involved in damaging industrial harmony. In the past, labour unrest has rocked Pithampur with many units like Century Textiles, Pratibha Syntex and some other industries in pharmaceutical/other sectors. The Principal Secretary, Labour, Shri Sanjay Dubey, has said *"We have asked industries and associations to keep a record of notorious people and their activities and bring the matter to our notice, so that stern action shall be taken. We favour genuine workers and not those who spoil the industrial eco system"*. Recently Dhar Administration has sent two such persons out of jurisdiction of the District for causing labour unrest in Pithampur.



LEGAL & TAXATION

1. Vide Notification dated 28th September, 2018, Department of Revenue, Ministry of Finance, have removed Import Duty on various categories of high speed dobby, high speed jacquard, automatic yarn splicers and various types of accessories for looms.

2. The Department of Revenue, Ministry of Finance, vide Notification dated 18th October, 2018, have imposed Anti-dumping Duty ranging from US\$ 0.50 to 2.77 per kg. on import of flax yarn below 70Lea count (or below 42Nm).

3. The Director General of Foreign Trade (DGFT) has no



jurisdiction to amend the Export & Import Policy, this was stated by Calcutta High Court, while quashing a 2016 Notification regarding import of newsprint by small newspapers. The newspapers have challenged the Notification, which imposed onerous conditions on the import of newsprint for their use. It was argued that only the Central Government can change the policy and it should be placed in the Parliament.

4. In one of the cases, Delhi High Court has stated that a complaint of dishonor of cheque under Negotiable Instruments Act cannot be clubbed with offences of cheating and other offences in the Indian Penal Code and tried together. The High Court dismissed the appeals stating that though the facts in the cheque case are relevant to the IPC trial, the offences in the cases are different and the procedure is also different, therefore, they cannot be tried together.

5. In the case of ICICI Bank v/s Umakanta, the Supreme Court has disapproved of some High Courts continuing to entertain matters arising from the Securitisation (Sarfaesi) Act and granting interim orders in favour of Non-Performing Assets. According to the Supreme Court, Securitisation Act is a complete Code and there is a remedy provided for aggrieved persons, which is to move the Debt Recovery Tribunal and in view of that High Courts are barred from entertaining such writ petitions.

EXPORT & IMPORT

1. A quick analysis of exports of textile and clothing products upto September, 2018, as per information available from DGCIS/Ministry of Commerce, is as under:

Figures in Rs. Crore

Product	April-Sept. 2017-18	April-Sept. 2018-19	% Growth
Cotton Yarn/Fabric/ Made-ups, Hand Loom Products, etc.	31,450	39,536	26
Manmade Yarn/ Fabric/Made-ups, etc.	15,456	17,213	11
RMG of all textiles	59,070	52,815	(-)11
June Mfg. including Floor Covering	1,134	1,152	2
Carpets	4,741	4,897	3
Handicrafts excl. Handmade Carpets	5,919	6,240	5
Total Textiles	58,700	69,038	18
Total Apparel	59,070	52,815	(-)11
TEXTILE & APPAREL	1,17,770	1,21,853	3
All Commodities	9,38,308	11,25,305	20
%age share of Textiles and Apparel in total Exports	13%	11%	-

2. The surge in export demand for cotton yarn over past few months has come as a major respite for the domestic spinners. Although the pace of growth is likely to be moderate, the Country is set to record strong growth in cotton yarn exports during 2018-19, according to a Report released by ICRA. A year-on-year growth of 56% has been reported in cotton yarn exports during first four months of 2018-19, which is attributable partly for exports to China. The depreciation of the Rupee has made Indian cotton as well as cotton yarn considerably competitive in the global market shoring up demand for Indian



cotton and cotton yarn.

3. The Synthetic & Rayon Textiles Export Promotion Council has urged the Union Commerce Minister for inclusion of yarns and fabrics segment under Rebate of State Levies (ROSL) Scheme. The Council also requested to consider various issues including refund of input tax credit availed on input services, inclusion of MMF textile products falling under equal or lower rate of GST, refund of IGST on capital goods, removal of double taxation on ocean freight, refund of accumulated input tax credit, etc.

4. The industry has welcomed clarification issued by CBITC that exporters claiming refund of IGST paid on export of goods can get it, even if they import capital goods under Export Promotion of Capital Goods (EPCG) Scheme. However, the relief has not been extended to import of fabrics under Advance Authorization Scheme.

5. The import of major textile items during April-September 2017-18 vis-à-vis April September 2018-19 have been as under :

Figures in Rs. Crore

Product	April-Sept. 2017-18	April-Sept. 2018-19	% Growth
Cotton Raw & Waste	4,981	2,869	(-)42
Textile Yarn, Fabrics, Made-up articles	5,807	6,611	14

6. According to reports, the Ministry of Commerce is working on a new World Trade Organization Compliant Export Incentive Scheme for Merchandised Shipments to replace the existing MEIS, which will be finalized soon. According to Federation of Indian Export Organizations (FIEO), the new Scheme should include refund of indirect taxes, like on oil and power, State levies such as Mandi Tax and Embedded Taxes. The new scheme would help boost the Country's exports.

7. According to reports, the Country is devising a plan to boost shipments of around 200 products to China and narrow the deficit with its biggest trading partner. The plan includes seeking duty waiver on a raft of products under the Asia Pacific Trade Agreement. India wants China to scrap levies on items including uncombed single cotton amongst other products. An analysis by Central Administration shows that South East Asian Nations, Australia and South Korea among others have competitive advantages over India due to FTAs with China.

STATE OF THE INDUSTRY

1. The Index of Industrial Production (IIP) for the month of August, 2018 for manufacture of textiles increased by 7.8%. However, the cumulative growth during April-August 2018-19 over the corresponding period of the previous year was 2.9% only. The IIP



for manufacture of wearing apparel increased by 18.9% during the month as compared to same month of the previous year.

There was a cumulative growth of 1.1% during April-August, 2018-19 over the same period of previous year.

2. As per information available from Office of Textile Commissioner, the production of man-made fibre, filament yarn, spun yarn and cloth during the period April-August 2018-19 as compared to the period April-August 2017-18 has been as under :-

Figures in Million

	Unit	April-August 2017-18	April-August 2018-19	% Variation
MM Fibre	Kgs.	572	603	5.4
MM Fil.Yarn	Kgs.	506	476	(-)5.9
Spun Yarn :				
Cotton	Kgs.	1695	1749	3.2
Blended/N.C.	Kgs.	675	688	2.0
Total	Kgs.	2370	2437	2.8
Cloth :				
Mill Sector	Mtrs.	926	873	(-)5.7
Decentralized	Mtrs.	26403	28007	6.1
Total	Mtrs.	27329	28880	5.7

It will be observed that the production of cloth in the mill sector is continuously decreasing, however, the same is compensated by increased production in decentralized sector.

3. Reliance Industries Limited have entered into a partnership with Vardhman Textiles Limited to manufacture Innovative R/Elan fabric. Under the engagement the technical teams to both the Companies will work closely to develop a variety of new manufacturing processes to manufacture specially engineered R/Elan fabric.

4. A five member Delegation from Cotton Corporation of India visited Lubbock based Texas Tech University to explore the non-traditional applications of cotton. The University has been exploring new opportunities and its research has resulted in biodegradable oil absorbent, new green process to de-wax cotton and identify molecular markers for cotton's comfort property.

5. Speaking at an Inter-action organized by Indian Chamber of Commerce, Smt. Irani, Union Textile Minister, said that "There is a need for innovation. The case of technical textiles is one such example". Technical Textiles find its application in automobiles, interior decoration, healthcare, industrial safety among others. The trade war between US and China has opened up an opportunity for India and there are dramatic challenges, like development of infrastructure and making workforce productive.

6. The Office of Textile Commissioner has constituted a Technical Committee consisting of Joint Textile Commissioner as Chairman and Executive Director, ITTA; Chairman/Secretary, TMMA; Representative from CITI; Executive Director, SASMIRA as Members and Director- TUFs as Member Secretary under Para 3.4 of Revised Resolution of ATUFs to update the list of machine manufacturers.