



M. P. TEXTILE NEWSLETTER

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ASSOCIATION NEWS



1. There is a great demand for water in the textile industry particularly for dyeing and finishing of fabrics. With ground water levels dipping year-by-year, it has become imperative for the industry to implement systems and design processes that cut down on the use of water in production. Recycling and re-use of waste water is also needed to be

taken up on a larger scale. The Institute for Sustainable Communities (ISC) is a Worldwide NGO working in partnership with international brands and Indian suppliers. Its sustainable manufacturing initiatives address these challenges head-on by demonstrating to factories that environment, health and safety improvements can go hand-in-hand with improved competitiveness and profitability. A Program on “Water Management & Sustainability of Quality in Textile Industry” was organized by the Association jointly with Textile Association (India) MP Unit on 20th November, 2018. At the Program, Shri Manohar Shenoy, Country Director and Shri T. P. Sahu, Program Officer of the ISC stressed on the need of minimizing use of water in the textile industry. They expressed that with advancement in technology, the industry should try and explore areas wherein, use of water can be minimized. The textile industry, manufacturers of dyes and chemicals and machine manufacturers should work together to adopt means, which promote sustainable use of water in production processes. Waste water treatment should also be made as part of this process. They have also collected some data on reduced use of water in textile industry, which will be shared by them soon. The Program was attended by Representatives of various Member Mills.

2. CITI-CDRA Team comprising of Shri P. D. Patodia, Convenor, Shri Suresh Kotak, Advisor, Shri Prashant Mohata, Co-convenor and Shri S. A. Ghorpade visited Jhabua, Dhar and Ratlam Districts on 13th/14th November, 2018, for Front Line Demonstrations (FLDs). 156 FLDs of ELS cotton and 76 FLDs of LS Cotton were found in good condition and the farmers were also happy with the performance of seeds provided by Bayer Crop Science. Dr. Asha Rani, Cotton Scientist from SIMA-CDRA

and Shri Ashish Kumar of Bayer Crop Science also accompanied the team. The project is getting desired momentum with support and guidance of Agriculture Department of the State and KVK Scientists.

RAW MATERIAL

1.The International Cotton Advisory Committee (ICAC) in its release of 1st November, 2018, has highlighted following regarding cotton season 2017-18:

- * World ending stocks were 18.89 million tons.
- * Global cotton consumption grew by 9% to 26.81 million tons from 24.50 million tons in previous season.
- * The global cotton production increased by 16% to 26.89 million tons from 23.08 million tons in the previous season.
- * Despite increase in area under cotton in Brazil and West Africa, the global area declined.

For the cotton season 2018-19, due to uncertainties in World economy and trading markets, the global cotton consumption is forecast downwards to 27.53 million tons. Global production is also expected to decrease from 26.89 million tons to 26.31 million tons. Although the planted area in Brazil and West Africa is expected to see up-tics, they are unlikely to be significant enough to offset losses in Australia, China, India and US. The global ending stocks are also likely to be down to 17.67 million tons, which will be lowest since 2011-12. The highest decline will be in China and its stock are expected to drop to 8.20 million tons. The World cotton supply and distribution is projected as under :

Quantity in Million Tons

	2016-17	2017-18	2018-19
Production	23.08	26.89	26.31
Consumption	24.50	26.81	27.53
Import/Export	8.09	9.00	9.78
Ending Stock	18.81	18.89	17.67
Cotlook-A.Index	83	88	89

2. ICAC has released in November, 2018 its report on “Production and Trade Subsidies Affecting Cotton Industry”. According to the Report, subsidies to the cotton sector including direct support to production, border protection, crop insurance subsidies and minimum support price mechanism have been estimated at US\$ 5.90 billion in



2017-18, which is an increase of 33% from US\$ 4.40 billion in 2016-17. Ten countries provided subsidies in 2017-18, which averaged 18 Cents/lb (from 17 Cents/lb in 2016-17). The major amount of subsidies provided by various countries is as under :

- * China supports cotton production by controlling cotton import volumes and values by employing border protection measures based on quotas and sliding scale duties with an effective tariff of 40% on Cotton imported without quota. also maintains national buffer stock.
- * United States provides cotton producers with premium subsidies on purchase of insurance policies that cover "shallow" revenue losses, those below the level generally covered by standard crop insurance policies. The revenue shortfall between 10% to 30% of expected income cover may be selected by producers with 5% increments. The Government subsidies 80% of the premium. The other forms of subsidies include Market Loan Program, Renewal of Cotton Ginning Cost Share, etc. The sum of all types of support averaged 9 Cents/lb. in 2017-18.
- * Turkey pays premium per kilogram of certified seeds to producers. It averaged 22 Cents/lb. in 2017-18.
- * In European Union cotton producers receive 65% of EU support in the form of a Single Decoupled Payment and remaining 35% in the form of an Area Payment. In 2017-18 amount of subsidy in Greece was estimated at 45 Cents/lb. and in Spain at 50 Cents/lb.
- * In India the Minimum Support Price increased in 2017-18 was equivalent to 80 Cents/lb. of lint. Since domestic prices stayed above MSP, there were no MSP payments. Cotton farmers got the benefit of Debt Forgiveness, Fertilizer Subsidies, Crop Insurance and support under Technology Mission, etc.
- * In Columbia and in West Africa, the direct subsidies averaged 5 Cents/lb.

3. The Cotton Association of India (CAI) released its estimates of cotton crop for the crop season 2018-19 on 6th November, 2018. The crop is estimated at 343.25 lakh bales, which is much lower than its crop estimates for 2017-18 (365.00 lakh bales).



Shri J. Thulasidharan, President, Indian Cotton Federation (ICF) said on 16th November, 2018, that they have made a detailed study of cotton production data and finalized the cotton crop estimate for the year 2018-19 at 373.00 lakh bales. Except for few pockets in Karnataka, Maharashtra and part of Gujarat, all cotton growing areas have received sufficient rains and there has been no major pest menace and as such the crop has to be better.

The State-wise estimates as projected by CAI and ICF are as under :

Quantity in Lakh Bales

State	2017-18 CAB	2018-19		Arrival till 12.11.18
		CAI	ICF	
Punjab	11.50	10.00	11.50	1.95
Haryana	22.50	24.00	24.50	3.65
Rajasthan	22.00	24.00	25.00	3.70

Gujarat	104.00	88.00	95.00	3.08
Maharashtra	85.00	80.00	80.00	2.89
M. P.	20.50	24.00	25.00	2.19
Telangana	55.00	51.00	63.00	2.09
A. P.	20.50	16.00	20.00	0.59
Karnataka	18.00	17.00	18.00	0.75
Tamil Nadu	5.50	5.00	6.00	0
Odisha	3.50	3.25	3.00	0
Others	2.00	1.00	2.00	0
Total	370.00	343.25	373.00	20.89

4. The Cotton Advisory Board (CAB) met on 23rd November, 2018 under the Chairmanship of Shri Sanjay Saran, Joint Secretary, Textiles (In-charge Textile Commissioner). The Board estimated cotton production for the cotton season 2017-18 at 370.00 lakh bales and for the season 2018-19 at 361.00 lakh bales. The crop for the current year is estimated down by 2.40% from the last season due to scanty rains in Gujarat and Maharashtra. However, the State-wise production data and demand supply figures were not immediately available.

5. The new cotton season has commenced with an unusual trend in prices, which are up despite new arrivals. The main cause appears to be increase of 26% to 28% in Minimum Support Price depending upon the variety. According to Ms. P. Alli Rani, Chairman-cum-Managing Director of Cotton Corporation of India, the market prices are just 1% to 1.5% above the MSP and when the arrivals pickup situation might change. The presence of CCI is keeping prices above MSP. According to data available from Ministry of Agriculture, Shanker-6 Cotton, the benchmark variety, is quoting at over Rs.5,500/- per Maund (20 kgs.). The raw cotton when converted to pressed gin is quoting over Rs.46,500/- a Candy. The cotton prices are up for two reasons. One, the production this year is estimated to be lower than last year. The second, the farmers are expecting prices to rise further and are cautious in bringing their stocks to the market. The mills are living hand to mouth and are not stocking up as it could affect their profit and liquidity.

6. Contracts for import of around 1.80 lakh bales have been signed during current season, which are to be sourced mainly from US, Egypt and West Africa because of recent rise in domestic prices.

7. The Textile Exchange has released Organic Cotton Market Report 2018, according to which in 2016-17 global organic production reached 1,17,525 tons recording a 10% growth. Out of the total organic cotton production, more than 50%, i.e., 59,470 tons are produced in India. The production by various States in the Country was reported as under :

Quantity in Lakh Bales

State	Quantity in Tons	Percentage
Madhya Pradesh	27,968	47.03
Odisha	15,186	25.54
Gujarat	8,551	14.38
Maharashtra	6,735	11.33
Rajasthan	461	0.77
Karnataka	396	0.66
Telangana	173	0.29



8. According to Preferred Fibre & Materials Market Report-2018 released by Textile Exchange, in 2017 global fibre production exceeded 100 million tons resulting in largest fibre production volume ever. Polyester has a market share of around 51% of total global fibre production (more than 53 million tons). Cotton is the second most important fibre with around 26 million tons. It has a market share of around 25%. Another important category is Man-Made Cellulosic (MMCs) with a global production of around 6.5 million tons. Wool with a little over 1 million ton production has a market share of around 1%. Other plant based fibres including jute, linen and hemp together have a market share of about 5% with silk with share of less than 1%.

9. As per reports dated 15th November, 2018, the prices of polyester staple fibre have been reduced by Rs.6000/ton.

10. The Australian Wool Production Forecasting Committee has updated its forecast for 2018-19 and estimated decline of 10.80% in shorn wool production to 305 million kgs. greasy.

POWER

1. The Association has filed a petition before Madhya Pradesh Electricity Regulatory Commission, where in it prayed to declare/clarify that the requirement of fulfilling the minimum power procurement requirement from renewable sources including co-generation under Clause 4.1 of MPERC Regulations, 2010 is on the Company, which is a Obligated Entity and not on a Unit(s) of that Company and therefore, the Unit itself does not need to purchase certificates under Regulation 4.3. The Commission has passed an order on 22nd October, 2018 and disposed the petition stating that the Regulation 3(xi) of the MPERC (Co-generation and Generation of Electricity from Renewable Sources of Energy) (Revision-I) Regulations, 2010 provides each Obligated Entity to fulfill the obligation and, therefore, the renewable purchase obligation has to be met by each Unit and not the Company.

2. Shri Anil Kumar Jha, Member, MPERC, has resigned from his post and the same has been accepted on 22nd November, 2018.



MAN POWER

1. The Union Ministry of Labour & Employment has issued a clarification on 16th November, 2018, regarding some reports about Maternity Leave Incentive Scheme. The paid maternity leave to women employees was increased from 12 weeks to 26 weeks. The Ministry is working on an incentive scheme wherein 7 weeks wages would be reimbursed to employers, who employ women workers with wage ceiling up-to Rs.15,000/- per month and provide the maternity benefit of 26 weeks paid leave, subject to certain conditions. It is estimated to cost Rs.400 crore to the Government, for which, it is seeking necessary budgetary grant and approval from competent authority.

2. The Labour Commissioner of the State has issued on 14th November, 2018, directions/guidelines to its Subordinate Officers regarding levy of Cess under Building & Other Construction Workers Welfare Cess Act, 1996.

3. For the first time, a 30 Member Parliamentary Committee on Empowerment of Women of Lok Sabha will be visiting Surat on 28th November, 2018, to examine the conditions of women workers in



textile sector. The Government may formulate a special policy for the companies ready to give employment to more than 60% women.

4. As per reports, Union Ministry of Labour & Employment has sought comments and views from the industry on the impact of reduction in gratuity tenure from 5 years to 3 years. Workers hired under fixed term contract will also be entitled to gratuity. Till now contractual employees are not entitled to any gratuity. Gratuity component for these workers may be proportional to the number of years they have served.

LEGAL & TAXATION

1. The Supreme Court in the matter of B.K. Educational Services Ltd. v/s Parag Gupta Associates has ruled that the Limitation Act covers the applications filed for initiating Corporate Insolvency Resolution Process (CIRP) under the Insolvency & Bankruptcy Code from its inception in 2016. The provisions of the Limitation Act shall as far as may be, apply to the proceedings before the Adjudicating Authority, the National Company Law Appellate Tribunal (NCLAT), the Debt Recovery Tribunal (DRT) or the Debt Recovery Appellate Tribunal (DRAT).

2. The Supreme Court has ruled that a Debtor can approach the Debt Recovery Tribunal under the Securitisation Act (Sarfaesi) at the stage of possession notice by the secured creditors. The Court was considering a full bench judgment of Allahabad High Court in the case of Hindon Forge Ltd. v/s State.



EXPORT & IMPORT

1. As per quick analysis of exports by Ministry of Commerce, the export of textiles and clothing products for the period April-October, 2018, has been as under :

Figures in Rs. Crore

Product	April-Oct. 2017-18	April-Oct. 2018-19	% Growth
Cotton Yarn/Fabric/Made-ups, Hand Loom Products, etc.	36,826	46,241	25.56
Manmade Yarn/Fabric/Made-ups, etc.	17,768	20,250	13.97
RMG of all textiles	64,472	61,142	(-)5.16
Jute Mfg. including Floor Covering	1,285	1,344	4.63
Carpets	5,408	5,910	9.28
Handicrafts excl. Handmade Carpets	6,790	7,318	7.78
Total Textiles	68,077	81,063	19.08
Total Apparel	64,472	61,142	(-)5.16
TEXTILE & APPAREL	1,32,549	1,42,205	7.29
All Commodities	10,87,270	13,23,940	21.77
Percentage share of Textiles and Apparel in total Exports	12%	11%	-

Exports of textiles and apparel during the month of October, 2018, grew by 38% to Rs.20,353 crore against Rs.14,779 crore in October, 2017. It is also interesting to note that in October, 2018, apparel exports have grown at a whopping 54% from Rs.5,402 crore in October, 2017 to Rs.8,327 crore in October, 2018. However, cumulative exports of apparel are still lower.

2. As per Notification dated 16th November, 2018, the DGFT has extended validity period of EPCG Authorizations from 18 months to 24 months.

3. The World Trade Organisation Disputes Settlement Body has set up a panel to examine the US complaint against certain export subsidy measures by India. However, our Country has said that the schemes identified by the complainant do not violate its WTO obligations and confirm to all clauses of the Agreement.

4. According to TEXPROCIL, India will gain from the ongoing trade war between US and China and it could open up new export opportunities for us. Being the second largest textile exporter in the World, India holds a special place in global textile trade.

5. Knitwear exporters have urged the Government to enter into a Free Trade Agreement with Russia. During 2017-18 Russia had imported knitwear garments worth Rs.241 crore and woven garments worth Rs.295 crore from India. Recently Russia has given green signal to enter into FTA with Bangladesh, which will allow duty free import of ready made garments in Russia. Despite having potential, India is lagging behind Bangladesh, Cambodia and Vietnam in ready made garments.



Cloth :

Mill Sector	Mtrs.	1,110	1,035	(-)6.7
Decentralized	Mtrs.	31,928	33,773	5.8
Total	Mtrs.	33,038	34,808	5.4

The production of man-made filament yarn and cloth in the mill sector is showing continuous negative growth since April, 2018. However, the decrease in production of cloth in mill sector is compensated by increased production in decentralized sector.

3. As per reports, the Textile Ministry may soon announce simplified norms under Amended Technology Up-gradation Fund Scheme (ATUFS) for the players across textile value chain. A Steering Committee Meeting under the aegis of Senior Textile Ministry Officials was held on 22nd November, 2018 to discuss modalities for its simplification. The Textile Ministry has received 8160 applications for seeking benefits under ATUFS since January, 2016 of which, UIDs have issued only 6400 projects. Out of annual budgetary allocation of Rs.23 billion, claims were sought for around Rs.18 billion and the Government has released a meagre amount of Rs.3.50 billion. Because of this massive fund blockage, the industry is facing financial strain for running the mills.

4. "TAG- 2018" was organized by the Federation of Indian Chambers of Commerce & Industry at Mumbai on 2nd November, 2018. A Knowledge Paper prepared by Wazir Advisors suggested that for enhancing competitiveness and attracting investments in textile industry, the following measures should be adopted:

- * More efficient methods of manufacturing and newer technologies to compliment the system.
- * Enhancing labour skills.
- * Stricter adherence to compliance and regulations.
- * Improving logistics and connectivity.
- * Manufacturing of specialized raw materials.
- * Manufacturing of World class textile machineries.
- * Government Policies for enhancing competitiveness.

5. On 27th November, 2018, the Hon'ble Vice President of India, Shri M. Venkaiah Naidu, inaugurated CITI's Diamond Jubilee Celebrations Global Textiles Conclave, 2018 at Vigyan Bhawan, New Delhi. Union Textile Minister, Smt. Smriti Zubin Irani, delivered the key note address in the Inaugural Session.

6. Shri Sanjay Saran, IAS, Joint Secretary, Ministry of Textiles has been given the charge of Textile Commissioner in place of Dr. Kavita Gupta.

7. Union Ministry of Commerce & Industry, has awarded 1st Rank to Pithampur Industrial Area in Internal Infrastructure & Utility Category, out of more than 200 Industrial Parks in 21 States. Mandideep Industrial Area has been ranked 10th.

STATE OF THE INDUSTRY

1. As per press release dated 12th November, 2018, the Index of Industrial Production (IIP) for manufacture of textiles for the month of September, 2018 increased by 5.40% to 125.4 over September, 2017. The cumulative growth for the period April-September, 2018-19 over the corresponding period of the



previous year was 3.00%. The IIP for the manufacture of wearing apparel increased by 20.90% to 121.4 for September, 2018 as

compared to same month of the previous year. The cumulative Index for manufacture of wearing apparel for the period April-September, 2018-19 increased by 3.06% 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-September, 2018-19 as compared to the same period of the previous year has been as under :

Figures in Million

Projects	Unit	April-Sep. 2017-18	April-Sep. 2018-19	% Growth
MM Fibre	Kgs.	679	730	7.5
MM Fil.Yarn	Kgs.	606	578	(-)4.6
Spun Yarn :				
Cotton	Kgs.	2,021	2,113	4.6
Blended/N.C.	Kgs.	814	831	2.1
Total	Kgs.	2,835	2,944	3.8