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## ASSOCIATION NEWS

**1. The Association supported a Program – National Textile Summit 2019 – Fibre to Garment** organized by Textile Association (India) MP Unit on 2nd March, 2019. Various Presentations/Lectures were made at the program, which included:

- \* **ITME Machinery Exhibition:** Africa-2020 by Shri Bhupendra Rathore.
- \* **Future Trading & Hedging in Cotton** by Shri Badruddin Khan of MCX, Mumbai.
- \* **Conservation of Power in Textile Industry** by Shri Manoj Kumar K.G., Chief General Manager, NTC, Mumbai.
- \* **Human Relations in Textile Industry** by Shri S. Pal, Director, MP Locations, Vardhman Group.

The Program was attended by Asstt. Director, Office of Textile Commissioner, Branch Manager, Cotton Corporation of India, Representatives from Member Mills and others from textile sector.

**2. On 28th February, 2019, the Hon'ble Supreme Court of India delivered a Landmark Judgment regarding inclusion of various allowances in Basic Wages for the purpose of payment of Contribution to Employees' Provident Fund. A lecture Meeting on this Judgment was organized on 8th March, 2019 by the Association jointly with Pithampur Personnel Faternity and Dewas HR Association. Shri Girish Patwardhan, the leading Labour Law Consultant analyzed the judgment in detail.**

The Supreme Court has held that whatever is payable to all concerned or earned by all the employees have to be included in the Basic Wages. Shri Patwardhan is of the opinion that in view of this judgment most of the employers have to restructure their wage package and ensure that Provident Fund Contribution is paid on various allowances, which cannot be shown as reimbursement or linked to increase in production or productivity. The Program was attended by Representatives of most of the Member Mills from Dewas and Pithampur.

All India Organization of Employers (AIOE) has represented to the

Union Minister of Labour & Employment/Central Provident Fund Commissioner against retrospective implementation of above Supreme Court order dated 28th February 2019

**3. The following of our Member Mills were winners of Synthetic & Rayon Textiles Export Promotion Council Awards for the year 2017-18:-**

- \* **Grasim Industries Limited** – Silver Trophy for Overall Export Performance, Gold Trophy for Viscose Staple Fibre Export and Gold Trophy for Continuous Viscose Yarn Export.
- \* **Wearit Global Limited** – Silver Trophy in Merchant Exporter Category.
- \* **Vardhman Textiles Limited** – Gold Trophy in Man-made Fibre Yarn Blended with Natural Fibre category.

### Our Congratulations.

**4. Shri Shreyaskar Chaudhary, Managing Director, Pratibha Syntex Limited (our Vice Chairman) has been elected as Chairman, Confederation of Indian Industry – Malwa Zone, for the year 2019-20.**

Shri Akhilesh Rathi, Director, Bhaskar Industries Pvt. Ltd., (Our Chairman) has been co-opted as Chairman, ASSOCHAM-MP.

### Our Congratulations.

## RAW MATERIAL

**1. As per 1st March, 2019 release of International Cotton Advisory Committee, the global cotton consumption is expected to post only 0.4% growth during cotton season 2018-19. Many of the top cotton consuming countries are undergoing a slowing in consumption growth including East Asia down by 6%, Bangladesh down by 7% and Vietnam down by 3% from the year before. After posting 15% growth in 2017-18, China is expected to see its consumption growth slow by 8%. Turkey, Indonesia and Uzbekistan are projected to increase their consumption by double digit, whereas India is expected to expand its mill use by 1% only. The future of US-China tariffs remain uncertain.**

According to Shri Keshav Kranthi, Head of Technical Co-ordination Section of ICAC, the crop estimate for India is to be brought down to 5.6-5.8 million tons from the current projection of 6.0 million tons in





previous year. Gujarat will be a major shock this year with yields in the State falling to 326 kgs. per hectare from 655 kgs. in the last year. Probably, it could be the least in 15 years. The situation in Maharashtra is only slightly better, but drought in 151 tehsils in the State are likely to hit the yields. India's exports in the current season may be 0.90 million tons in the most optimistic scenario, despite China having bought 85,000-1,02,000 tons Indian cotton in February, 2019.

**2.** Shri Dhruv Sood of USDA, India visited Association Office on 28th February, 2019. World cotton production in 2018-19 is forecast at 118.9 million bales, 4 per cent below last season but above the 5-year average of 113.2 million bales. World harvested area in 2018-19 is estimated slightly lower than the year before at 33.1 million hectares (81.8 million acres), while the global yield is forecast at 782 kg per hectare (698 pounds per acre).. Among major cotton producing countries, most of them are projected to harvest smaller crops in 2018-19, except for Brazil and China. In 2018-19, China is expected to become the leading cotton producer, as its crop is again estimated at 27.5 million bales. Despite a slight reduction in area, China's national yield is forecast at a record 1,787 kg per hectare, as a larger share of the crop is produced in western China, where yields are significantly better than in eastern China. For India—the second largest producer—2018-19 cotton production is forecast at 27.0 million bales, 7% below last season but equal to 2016-17; along with lower area, reduced pickings associated with limited monsoon rainfall are projected to lower the yield by 5% from 2017-18 to 480 kg per hectare and below the 5-year average of 517 kgs. per hectare.

**3.** The Cotton Association of India in its March, 2019 release has pegged the cotton crop this year at 328.00 lakh bales. The daily arrivals have declined to about 80,000-90,000 bales as against 1.30 lakh bales last year. Exports have slowed down due to increasing prices. According to sources, so far about 38.00 lakh bales have been exported, while the CAI estimates shipments at 50.00 lakh bales for the season ending September, 2019. So far Bangladesh have imported 10.00 lakh bales followed by China at 8.00 lakh bales and Pakistan at about 6.00 lakh bales. Vietnam and Indonesia are other important buyers of our cotton. As against CAI's import projections of 27.00 lakh bales during current cotton season, so far about 5.50 lakh bales have been imported, which may cross 7.00 lakh bales by end of March, 2019. As of 25th March, 2019, the prices of cotton have increased by about Rs.3000/Candy.



As per Cotton Corporation of India, cotton arrivals till 26th March, 2019, have been 250.29 lakh bales (including 18.77 lakh bales in Madhya Pradesh).

**4.** Addressing the Cotton India 2019 Conference organized by Cotton Association of India at Mumbai on 6th-8th March, 2019, Shri Mohit Shah, Director, Gill & Company Pvt. Ltd., and Associate Director, International Cotton Association pointed out that the cotton issues plaguing us ten years back still continued to haunt us. The other cotton growing countries have been working hard to improve cotton characteristics, while India is going backwards as our parameters are deteriorating. Indian cotton is discounted by 5 to 6 Cents to US, 3 to 4 Cents to Brazilian and 2 to 4 Cents to WAF. He

listed 8 challenges faced by the Indian cotton, which included continuous improvement in ginning; bale identification system and data management; high moisture content; improve bale packaging; branding of Indian cotton; high inland cost; problem of admixtures makes grading and testing difficult with Mills compelled to engage expensive bale management to maintain yarn quality; twin problems of contamination levels – discounted value for supply chain and textile industry keeps discounting to other origins.

**5.** Addressing the Cotton India 2019 on 8th March, 2019, Shri Vinay Kotak, Director, Kotak Group of Companies stated that it is most important to address the core issues in cotton agriculture, so that the income of cotton farmers is doubled. He suggested-

- \* Farmers should compulsorily sell their produce to the market yard located within 50 kms. radius from their field.
- \* They should register their '7/12 Extract Documents' with the market yard.
- \* Estimated production can be registered considering average 500 kgs./hectare.
- \* When the farmer sells his produce in the market yard below MSP, a credit slip (bearing the difference in price) should be given by Market Yard Committee. The farmer can be re-compensated for the difference in price he got and MSP.
- \* The Government should directly pay to the farmer amount mentioned in credit slip. The above system will give fair opportunity to the textile mills and ginning industry.

**6.** The Central Government has lowered the Maximum Selling Price of BT Cotton Seeds (BG-II) marginally for a 450 gram packet to Rs.730/- and have also slashed the license or trait fee charged by the companies by almost 49% to Rs.20/- for 2019-20 season.

**7.** The Central Government has cleared certain bottlenecks in respect of synthetic textile value chain and as such the synthetic fibre manufacturers are planning a cumulative 5.00 lakh tons of capacity addition at an investment of around Rs.70,000 crore over the next 2-3 years. In past 2-3 years new capacity of 3.00 lakh tons was added. As against our capacity of 5.00 million tons a year, China's is 55.00 million tons.

Domestic man-made fibre and yarn manufacturers are betting big to grab a larger pie of the global market. Presently China, the World's largest producer of man-made fibre is cutting production due to high labour costs. According to industry sources, labour cost in China has risen to US\$ 1100 a month as compared with US\$ 200 a month in India.

## POWER

**1.** The Madhya Pradesh Electricity Regulatory Commission (MPERC) vide its order dated 6th March, 2019, has extended the period of Retail Supply Tariff Order for Financial Year 2018-19 until the Tariff Order for Financial Year 2019-20 is issued by the Commission. Similarly vide its order dated 7th March, 2019, the period of Retail Supply Tariff for SEZ, Pithampur for the Financial Year 2018-19 has been extended until the Tariff Order for Financial Year 2019-20 is issued by the Commission.



**2.** The MPERC has passed an order on 18th March, 2019 in the matter of Discontinuance of levy of Metering Charges from the consumers. The Commission has directed its Secretary to initiate the process for modification/amendment of the MPERC (Recovery





of Expenses & Other Charges for Providing Electric Line or Plant Used for the Purpose of Giving Supply) Regulation (Revision-I), 2009. Thus the relief may be available to the consumers only after the said Regulations are amended.

## MAN POWER

1. The Ministry of Labour & Employment vide its Notification dated 1st March, 2019, has amended Rule 59 of Employees' State Insurance (Central) Rules, 1950 by substituting the words Rs.10,000/- by Rs.15,000/-. Thus, the funeral expenses payable on the death of a ESI Member stands increased to Rs.15,000/- from 1st March, 2019.



2. The Supreme Court in the matter of Dileep Mani v/s Siel Limited has held that an employer, who wins a case against the employee cannot recover from the employee the amount already paid during the litigation, even if it is substantial. In this case, the employee challenged his termination before Industrial Tribunal in U.P. Tribunal ordered reinstatement with back wages. On appeal, Allahabad High Court held that Tribunal was wrong as the employee had not completed one year of employment. Employee appealed to the Supreme Court, which ruled that the order of Tribunal was wrong, but the employer had no right to recover the amount already paid.

3. The Government of Madhya Pradesh has started a new portal "Jobs in M.P." under the Department of MSME, where job seeker youth can register themselves and the employers can select the employees as per their requirement.

## LEGAL & TAXATION

1. The Central Government has approved a proposal to establish two new Benches of National Company Law Tribunal (NCLT), one at Amravati in Andhra Pradesh and another at Indore. Presently Madhya Pradesh is under NCLT Bench, Ahmedabad. All fresh winding up petitions, cases of mergers, demergers and Insolvency & Bankruptcy Code will be heard by the new Bench. The Bench will have a Judicial Member, who may be a retired High Court Judge or servicing District Court Judge or a Lawyer with 15 years of experience. The other member will be Non-Judicial Member, who may be a Chartered Accountant or a Company Secretary or a Practitioner with experience of 15 years for appearing in cases of company law.



2. In the matter Dinesh Textiles v/s Commissioner of Central Excise, the Supreme Court has ruled that a textile trader cannot avoid excise duty by passing on the liability to its job worker, if the aggregate value of goods exceeded Rs.25 lakh. In this case, the trader argued that the job worker itself was a manufacturer and should pay the duty.

3. The National Consumer Commission in the matter of New India Assurance v/s Oswal Plastic Industries has ruled that though corporate entities often cause mental agony to others through deficiency in goods and services, they themselves cannot suffer pain because they are not humans. In this case, compensation for mental agony suffered by Oswal due to fire in its factory was denied.

4. The Supreme Court in the case of Mukesh Chand v/s State of Delhi has held that criminal proceedings in cases of theft of electricity have to be separately dealt with even if, there is a

settlement between the supplier and the consumer. The Electricity Act provides for compounding of offences of theft under Section 152, but the proceeding must be gone through even after settlement.

## EXPORT & IMPORT

1. As per information available from DGCIS, Kolkata, the export of textiles and clothing during the April-February 2018-19 as compared to April-February 2017-18 are as under:-

Product	April-Feb. 2017-18	April-Feb. 2018-19	% Growth
Cotton Fabrics & Made-ups	4,958.37	5,375.84	8.42
Cotton Yarn	3,046.64	3,548.77	16.48
Cotton Raw including Waste	1,606.23	1,889.81	17.66
Other Textile Yarn, Fabric, Made-up Articles	368.79	414.36	12.36
<b>Total Cotton Textiles</b>	<b>9,980.03</b>	<b>11,228.78</b>	<b>12.51</b>
Man-made Yarn, Fabrics & Made-ups	4,357.56	4,514.54	3.60
MM Staple Fibre	533.92	517.29	(-)3.11
<b>Total Man-made Textiles</b>	<b>4,891.48</b>	<b>5,031.83</b>	<b>2.87</b>
Readymade Garments	15,215.34	14,420.67	(-)5.22
Wool & Woollen Textiles	166.82	195.77	17.35
Silk	61.99	70.12	13.12
Handloom Products	329.72	312.29	(-)5.29
<b>Total Textiles &amp; Clothing</b>	<b>30,645.38</b>	<b>31,259.46</b>	<b>2.00</b>

2. The Ministry of Textiles notified on 7th March, 2019, a Scheme to Rebate State and Central Embedded Taxes to support the textile sector. This Scheme provides for Rebate of State and Central Taxes and Levies in addition to Duty Drawback Scheme on export of garments and made-ups at notified rates and value caps. The Scheme shall be implemented through a MEIS type scrip system. DGFT would be issuing scrips for exports made during the financial year 2019-20 onwards.



3. The DGFT has issued a Notification on 20th March, 2019 extending Integrated Goods & Services Tax (IGST) and Compensation Cess under Advance Authorization, Export Credit Guarantee Scheme and EOU Scheme upto 31st March, 2020.

4. Vide Trade Notice dated 11th March, 2019, the DGFT in an endeavor to resolve complaints on trade disputes relating to International Trade and to create confidence in business environment of India has introduced online module for filing and tracking quality complaints/trade disputes by making amendment in Chapter 8 of the Foreign Trade Policy/Handbook of Procedures 2015-2020.

5. DGFT has issued a Notification on 25th March, 2019, regarding Shipping Bill and Bill of Export (Forms) Amendment Regulations, 2019, whereby Form for Shipping Bill for export of goods have been revised.

6. Under the WTO Rules, the Country cannot extend Direct Export Sops anymore and as such the Government is working on a plan to extend the upgraded Rebate of State and Central Taxes and Levies Scheme (RoSCTL) to all textile products. This is being done to prepare the sector for an eventual withdrawal of MEIS that flouts global trade rules.

7. According to Wazir Associates Report, India's textile and apparel

imports have increased by 5% in nine months of the current financial year 2018-19 as compared to the same period of the previous year. Import of all categories except fibre and home textiles have grown. Apparel imports increased substantially by 52% primarily due to rise in imports from Bangladesh and Srilanka, which have increased by more than 100%. China continues to be the largest import partner for India with a share of 38%. However, imports from China declined marginally by 2% as compared to the previous year.

8. The Government Think Tank Neeti Aayog and the Ministry of Commerce are working on an Index to rank States on their readiness for exports and promote a healthy competition among them. The Export Index will rank States on half dozen key parameters, including their policies, ease of doing business, infrastructure, access to finance and output, which will assess the overall export market and exports from each State. While computing the Index, the NeetiAayog will seek inputs from trade bodies like Export-Import Bank of India, Indian Institute of Foreign Trade, DGFT, etc.

## STATE OF THE INDUSTRY

1. The Index of Industrial Production (IIP) data for the month of December, 2018 were released on 12th February, 2019 and are as under :-

Items	For the Month		Cumulative		% Growth	
	Jan. 2018	Jan. 2019	Apl- Jan'18	Apl- Jan'19	Jan. 2019	Apl- Jan'19
Textiles	120.4	117.7	117.1	118.8	(-)2.2	1.5
Wearing Apparel	141.1	164.2	133.8	148.6	16.4	11.1

2. On 28th February, 2019, Union Minister of Textiles launched a Comprehensive Scheme for Development of Knitting and Knitwear Sector under PowerTex India. She said this sector is predominantly MSME in size and is mainly located in decentralized sector and is one of the major employment generator. It also has a significant contribution on the exports of textiles. The knitted fabrics contribute 27% of total fabric production in the Country and 15% of knitted fabric is being exported. The main components of the Scheme are :-



- \* Creation of new Services Centres on PPP model by industry and Associations.
- \* Modernisation and up-gradation of PSCs and institutions run by TRAs and EPCs in knitting and knitwear clusters.
- \* Group Work Shed Scheme.
- \* Yarn Bank Scheme.
- \* Common Facility Centre Scheme.
- \* Pradhan Mantri Credit Scheme.
- \* Solar Energy Scheme.
- \* Facilitation, IT, Awareness, Studies, Surveys, Market Development & Publicity.

There is an installed capacity of nearly 12,000 knitting machines under SSI fold and 4,600 under non-SSI fold besides a number of household knitting machines. The Ministry has approved an outlay

of Rs.47.72crore for the knitwear for 2018-19 and 2019-20.

3. The Office of Textile Commissioner has issued a Notification on 7th March, 2019 reducing Hank Yarn Packing Obligation from 40% to 30% with effect from 1st January, 2019. Every producer of yarn, who packs yarn for civil consumption shall pack yarn in hank form in each quarterly period commencing from January-March, 2019 and in every subsequent quarterly period, in proportion of not less than 30% of total yarn packed by him during each quarterly period for civil consumption.

Provided that not less than 80% of the yarn required to be packed in hank form shall be of counts 80s and below.

HYPO was last reduced from 50% to 40% with effect from 1st April, 2003.

4. India is largest producer of cotton and second largest producer of man-made fibres. Our share in global textile exports is 5% compared to China's 38%. However, we have a low share in value added downstream segments. Exports of apparels has a share of 3.9% and fabrics of 3.5% in world trade. India's position in global textile exports is as under :-

Item	% Share inWorld Exports	Rank
Cotton based textile	12.2	2
Man-made filament based textile	4.3	6
Man-made staple fibre based textile	5.7	3
Knitted or crocheted fabric	0.8	14
Knitted apparel and accessories	3.6	6
Woven apparel and accessories	4.1	5

5. Due to use of intensive labour, lack of technology and rising costs, the competitiveness of the textile industry is weakening in many countries. As a result of these constraints, the level of productivity and efficiency as well as quality is getting affected. Textile 4.0 which stands for intelligent production and new business model is a wakeup alarm for the Indian textile industry. All the processes related to manufacturing and logistics may become more flexible and agile in textile value chain under Textile 4.0. This will help in giving quick and effective response to market needs. With the right approach, following benefits can be accrued :-

- \* Shorten time and cost to the market by atleast 20%.
- \* Increase productivity and efficiency.
- \* Seamless information flow across the value chain.
- \* Enhance value addition by 10%.
- \* Reduce cost by 5% every year.
- \* Reduce rejection rate by 50% due to better control on quality.
- \* Become globally competitive.

6. Dr. Rajesh Rajora, IAS, has been given additional charge of Industrial Policy & Investment Promotion Department in the State. He has replaced Shri Mohd. Suleman, IAS