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ASSOCIATION NEWS

1. Our Association has submitted a detailed Memorandum to the Hon'ble Chief Minister of the State (who is also holding Industry portfolio) incorporating suggestions for development and expansion of the textile industry in the State. The suggestions are based on our study of Textile Policies of various States and considering areas, where our State can take a lead by providing comfort to the industry. Our suggestions included -

*Ease of Doing Business-

Development of effective Online Window System for giving industrial approvals, mechanism for disbursement of incentives in a time bound manner, taking steps to start full fledged air cargo service from Indore Airport, creating Hubs of Excellence to produce low cost high volume products in backward areas, etc.

Fiscal Incentives/Concessions Requested :

*Provision of Investment Subsidy for spinning and including civil construction in definition of investment.

*Interest subsidy @ 7% for 7 years for all Segments of textiles (including financing from own funds).

*Rebate of Rs.2 per unit for electricity consumed in all segments of textile industry.

*In calculation of Tax Multiple for refund in lieu of CST for period prior to 1st July, 2017 the denominator to be replaced by CST in place of VAT.

*Transport Subsidy of Rs.500 per employee per month for units employing 500 or more workers.

*Since our State is land locked State, freight subsidy of 50% of freight cost from unit to any port in India in respect of export consignments.

*Reimbursement of Stamp Duty and Transfer Duty paid on purchase of land/sheds from Government Agencies/private owners.

*Financial assistance of 50% of project cost for establishment of Green Textile & Apparel Parks including approach roads, water and

electricity supply, ESIC Hospital, Schools, etc.

*Assistance of 50% of operating cost of Effluent Treatment Plants of ZLD, where Common Effluent Treatment Plant is not installed.

*Assistance towards 50% of cost for Energy Audit/Water Audit/Environmental Compliance subject to maximum of Rs.50,000/-.

*Reimbursement of 50% of cost of Market Development and Branding subject to maximum of Rs.50 lakh.

*Reimbursement of 50% of cost of Design Development and Product Diversification subject to maximum of Rs.25 lakh.

*Assistance towards 50% of cost for Standard Quality Compliances like ISO-9000/14000/18000. Social Accountability Standards, OEKO-TEX, etc. be made available by the State.

*For Patent Registration assistance of 50% of expenditure with maximum of Rs.10 lakh per patent.

*For Skill Development assistance of 50% of investment towards land, buildings, equipment and machineries for setting up a Training Centre.

*Training Cost/Employment Generation Assistance for all segments as allowed in Garment Policy of the State.

*Since our State is the largest Organic Cotton Producer in the Country, development of Manufacturing Hub to convert organic cotton to finished goods in rural areas, which will supplement the farm income and generate extra employment to create a win-win situation for farmers.

2. Our Association jointly with Textile Association (India) M.P. Unit, M.P. Mill Stores Merchants Association and Spinners Club organized a program on Union Budget 2019-20 on 2nd February, 2019. The Guest Speakers at the Program included Shri Jayantilal Bhandari, Economist, CA Shri Sunil Jain, Dr. Kamlesh Bhandari, Economist and CS Shri Ajit Jain.

Shri Jayantilal Bhandari appreciated the provisions in the Budget for the small farmers, workers in the unorganized sector and the middle class tax payers, which will put extra money in their hands, thereby increasing their purchasing power, which will give a boost to the economy. CA Shri Sunil Jain explained the various provisions relating to Income Tax and Goods & Services Tax. He clarified that





for deduction of TDS from interest, the increased ceiling will not be applicable for Non-Banking Financial Companies. Similarly the proposed exemption limit under GST for Composition Scheme will come into effect, when notified. Dr. Kamlesh Bhandari was of the view that the Budget has been prepared with an eye on forthcoming elections. The direct income support to small farmers and pension provision for workers of unorganized sector is too meager, but can be increased in future. CS Shri Ajit Jain was of the view that increased flow of funds in the stock market may give good returns in shares of banking, white goods, automobiles and consumer goods companies.

2. Bhoomi Poojan for construction of well-equipped School Building (17 class rooms) at Govt. Excellence School, Obaedullaganj at a cost of Rs.275.25 lakh was performed by Shri S. Pal, Director of Vardhman Group under Corporate Social Responsibility. Our Congratulations.

RAW MATERIAL

1. As per International Cotton Advisory Committee (ICAC) release of 1st February, 2019, for the cotton year 2018-19, India may lose its 'top cotton producer' tag to China, which has shown improved yields with better farming practices. Cotton production in India is expected to dip by 7% due to insufficient rainfall in cotton growing regions, whereas production in China is expected to increase by 1% to 5.94 million tons. The global cotton output data suggest that cotton production in India may be 5.98 million tons for August-December period of 2018-19 season. Since India follows October-September cotton season, the industry believes India's cotton output may dip further. By the conclusion of 2018-19 season, World stocks are projected to drop to 17.60 million tons reflecting a decrease of 5% from the earlier season.

2. The Cotton Association of India has released its January, 2019 estimates of cotton crop for the cotton season 2018-19 and pegged the production at 330.00 lakh bales, which is lower by 5.00 lakh



bales than the previous estimate. The statement showing State-wise estimates show reduction of crop for Telangana by 2.50 lakh bales, Andhra Pradesh by 0.50 lakh bales and Karnataka by 2.00 lakh bales. The main reason for lower crop is that in Southern States farmers have uprooted their cotton plants due to moisture deficiency. The overall domestic cotton consumption is likely to be 316.00 lakh bales and exports at 50.00 lakh bales.

3. Despite 26% hike in Minimum Support Price for cotton for the cotton season 2018-19, the Government agencies have recommended a further 10-15% increase in support price for 2019-20 to ensure that farmers donot shift to other crops. In the meeting convened by the Commission on Agricultural Costs & Prices in the beginning of February, 2019, the Maharashtra Unit has recommended a 15% increase, according to its Chairman Shri Pasha Patel. The Cotton Association of India has also recommended an increase of 10%.

4. With the Man-made fibre having 70% share in global fibre consumption, it has become important for India to focus on man-made textiles along-with cotton textiles to achieve the growth target of US\$ 300 billion by 2025. The growth of cotton is limited owing to insufficient agricultural land availability and price volatility. The downstream industries in the MMF textile value chain – spinning and weaving, which is the largest employment generator is facing acute stress due to high prices of domestic staple fibre relative to what our competitors get in other countries.

POWER

1. As per reports, the Annual Revenue Requirement and the Proposal for Revision of Electricity Tariff for the year 2019-20 are being scrutinized by Madhya Pradesh Electricity Regulatory Commission and thereafter, motion hearing would be held with the DISCOMs. The matter may be put on public domain for comments and objections thereafter. However, it is most likely that the tariff may not be revised presently, in view of forthcoming Lok Sabha elections.



MAN POWER

1. The Ministry of Labour & Employment has issued three Notifications on 29th January, 2019 regarding uploading of Unified Annual Returns on web portal of the Ministry in respect of following Rules :-

- * Minimum Wages Central Rules in Form III.
- * Payment of Bonus Rules in Form D.
- * Industrial Disputes (Central) Rules in Form G1.

These Returns are to be uploaded each year before 1st day of February. These Notifications come into effect from date of publication.

2. Atal Bimit Vyakti Kalyan Yojana notified under Section 19 of the Employees' State Insurance Act comes into effect from 1st July, 2018. As per Notification dated 4th February, 2019, the contingency of



unemployment should not have been as a result of any punishment for misconduct or superannuation or voluntary retirement. The compensation upto 90 days is payable once in life time, after three months in one or more spells for being rendered unemployed, provided the employee should have completed two years of insurable employment and have contributed not less than 78 days in each of the four consecutive contribution periods immediately preceding the claim. The relief shall not exceed 25% of average earnings per day.

3. The Ministry of Labour & Employment has issued a Notification on 15th February, 2019, of its intention to amend Rule 51 (a) and 51 (b) of the ESI (Central) Rules for reducing the Employer's contribution to 4% (presently 4.75%) and Employee's contribution to 1% (presently 1.75%) of the wages. The objections/suggestions are to be submitted within 30 days of the Notification.

4. An Expert Committee was set up by the Central Government under the Chairmanship of Shri Anoop Satpathi, Fellow, V.V.Giri National Labour Institute to review and recommend a Methodology to Fix the National Minimum Wage. The Committee has submitted its Report based on July, 2018 prices and have recommended Daily



National Minimum Wage of Rs.375/-, which is irrespective of sectors, skills, occupations and rural-urban locations. The Committee has further grouped all the States in five Regions with common characteristics. The various Regions and Daily Minimum Wage suggested for each Region are as under:

Region-I	Region-II	Region-III	Region-IV	Region-V
Assam, Bihar, Jharkhand, M.P., Odisha, U.P. & W.Bengal	A.P., Telangana, Chhatisgarh, Rajasthan, J&K & Uttarakhand	Gujarat, Karnataka, Kerala, Maharashtra & Tamil Nadu	Delhi, Goa, Haryana, H.P.& Punjab	Arunachal, Manipur, Meghalaya, Nagaland, Sikkim, Mizoram & Tripura
Rs.341=50	Rs.380=20	Rs.414=40	Rs.446=60	Rs.385=80

Over and above the Minimum Wages, the Committee has recommended an allowance for rent for all households residing in urban areas of Rs.55/- per day. The present (July, 2018) Minimum Wages for an unskilled workman in our State was Rs.282/- per day.

5. The average of All India Consumer Price Index for Industrial Workers for the period July-December, 2018, has increased by 13 points over the average of previous half year. Thus, the minimum wages payable to all categories of workmen is likely to increase by Rs.325/- p.m. (Rs.13/- per day) w.e.f. 1st April, 2019.

LEGAL & TAXATION

1. The State Government has not extended the validity of 1% Mandi Tax on Cotton beyond 7th January, 2019. **Thus, Mandi Tax @ 1.5% of cotton value is being levied from 8th January, 2019.**



2. The Gujarat High Court through a decision pronounced in various cases has put a permanent end to the misery by striking down the pre-import condition to avail I-GST exemption as arbitrary, ultra virus and violative of Constitution, which were laid down in CBITC Notification dated 13th October, 2017.

3. In the matter of HImanshu v/s B.Shivamurthy, the Supreme Court has reiterated that a Director of the Company, who signs a cheque, which bounces would not be liable, if the company is not arraigned as an accused. In this case, the payee filed a complaint against the signatory of the cheque. The Magistrate issued summons to the signatory, who was a Director of Lakshmi Cement & Ceramics Industries Ltd. He moved the Karnataka High Court for quashing the summons, which the Court refused. On appeal to the Supreme Court, the signatory Director argued that cheque was not issued in his personal capacity and the complaint was not maintainable as it was not instituted against the Company and its Directors.

EXPORT & IMPORT

1. The Ministry of Finance, Department of Revenue, has issued a Notification on 16th February, 2019, revising upwards the All Industry Rates of Duty Drawbacks in respect of Nylon Filament Yarn (Grey), Polyester Filament Yarn (other than texturized/twisted), Synthetic Filament Tow, Synthetic Staple Fibre, etc. w.e.f. 20th February, 2019.

2. As per information available from Office of DGCI&S, Kolkata the exports of textiles and clothing during the period April-January, 2018-19 have been as under :-

Figures in US\$ Million

Product	April-Jan. 2017-18	April- Jan. 2018-19	% Growth
Product Cotton Fabrics & Made-ups	4,498.87	4,913.98	9.23
Cotton Yarn	2,745.85	3,266.33	18.96
Cotton Raw including Waste	1,337.86	1,725.50	28.97
Other Textile Yarn, Fabric, Made-up Articles	337.08	379.30	12.53
Total Cotton Textiles	8,919.66	10,285.11	15.31
Man-made Yarn, Fabrics & Made-ups	3,959.83	4,125.57	4.19
MM Staple Fibre	495.82	476.25	(-)3.95
Total Man-made Textiles	4,455.65	4,601.82	53.28
Readymade Garments	13,774.41	12,876.86	(-)6.52
Wool & Woollen Textiles	147.89	175.80	18.87
Silk	56.50	64.99	15.03
Handloom Products	302.07	282.83	(-)6.37
Total Textiles & Clothing	27,656.18	28,287.41	2.28

3. Shri C. R. Chaudhary, Minister of State for Commerce & Industry in a written reply

informed Lok Sabha on 2nd February 2019 that India is facing duty disadvantage upto 9.6% against other neighboring Least Developed Countries, who enjoy Generalized System of Preferences. The global demand of textiles has also declined significantly in 2014-2017 contributing to reduction of textile exports from the Country.



4. Our cotton yarn and fabrics exports are struggling because of duty disadvantage faced by our exporters in major markets. There have been continuous decline in exports of cotton yarn and fabrics during 2013-14 to 2017-18 as indicated in the table below:

Figures in US\$ Million

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	% Change
Yarn	4570	3957	3624	3353	3443	(-)25
Fabrics	4941	5317	4793	4521	4598	(-)07

During the year 2013-14 cotton yarn was covered under 2% incremental export incentive, 2% interest subvention and 3% focus market incentive. However, suddenly these incentives were withdrawn. China, which is largest importer of cotton yarn from us also shifted to Vietnam/Indonesia as they have duty free access, while Indian yarn carries 3.5% duty.

5. The Federation of Indian Export Organizations (FIEO) has suggested a series of measures including outright exemption from GST to boost outbound shipments, as was in existence before GST regime to mitigate the liquidity problem.

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 :-

Item	For the Month		Cumulative		% Growth	
	Dec. 2017	Dec. 2018	Apl-Dec'17	Apl-Dec'18	Dec 2018	Apl-Dec'18
Textiles	122.4	118.8	116.7	118.8	(-)2.9	1.8
Wearing Apparel	140.9	164.1	133.0	145.5	16.5	9.4



2. The information in respect of production of man-made fibre, filament yarn, spun yarn and cloth as available from the website of Office of Textile Commissioner for the period April-December, 2018-19 as compared to April-December 2017-18 is as under:

Figures in Million

Product	Unit	Apl-Dec. 2017-18	Apl-Dec. 2018-19	% Growth
MM Fibre	Kgs.	1,011	1,085	7.3
MM Fil.Yarn	Kgs.	893	858	(-)3.9
SpunYarn:				
Cotton	Kgs.	3,056	3,169	3.7
Blended/NC	Kgs.	1,226	1,259	2.6
Total	Kgs.	4,283	4,428	3.4
Cloth:				
Mill Sector	Sq.Mtrs.	1,627	1,523	(-)6.4
Decentralized	Sq.Mtrs.	48,342	50,390	4.2
Total	Sq.Mtrs.	49,969	51,913	3.9

The production of man-made filament yarn and production of cloth in mill sector are on continuous decline.

3. The Union Textile Minister, Smt. Smriti Irani, speaking at the Export Award Function of Synthetic & Rayon Textiles Export Promotion Council, called upon the industry to not only celebrate export excellence, but also excellence in research and development, which is the foundation of MMF Industry.

4. The Textile Ministry in collaboration with Clothing Manufacturers Association of India (CMAI) has launched India Size Project- a first of its kind project in the history of India, which aims to arrive at a standard Indian size for the ready-to-wear clothing industry on the lines of standardized sizes available in countries such as USA and UK. A size chart that is specific to Indian consumers' measurements will be developed, which will help Indian apparel manufacturers to tailor their cuts closure to the actual body measurements of consumers.

5. On 13th February, 2019, briefing the reporters, Textile Secretary, Shri Raghvendra Singh, said India will soon have its first Centre for Textiles Trends Forecasting to be set up in national capital, which have already received Government approval and is slated to become operational within this month. The complex of facilities in the Centre designed to boost India's exports would include an Incubation & Innovation Centre designed to aid design

interventions and incubate textile startups, etc.

6. On 13th February, 2019, Ministry of Textiles organized an Outreach Program for Textile Sector MSMEs to hold inter-actions with the stakeholders to help them avail the support and outreach for 100 days program announced by the Prime Minister. The twelve initiatives covered in the package, which include 2% interest subvention for new loans, 2% additional subvention for export credit and clearance for loans upto Rs.one crore within 55 minutes would help the garment industry to address working capital problems.

7. The Chief Minister of Madhya Pradesh had a Round Table Conference with the industrialists on 19th February, 2019 at Bhopal. He stated that the new Government is constantly working in the direction of strengthening State's investment policy and to establish live contact with the industrialists. Changes in the work style and thinking will be brought to attract investments, which generate maximum employment. Sector-wise Policies will be made along-with an integrated policy. A Committee has been constituted under the Chairmanship of Shri S. R. Mohanty, Chief Secretary, which includes Secretaries of concerned Departments. This Committee will prepare new policy within a period of four months. He directed that the State Policy should be better than Policies of Andhra Pradesh, Telangana, Maharashtra, Gujarat and Tamil Nadu.

FORM-IV

(See Rule 8)

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I, M.C. Rawat, hereby declare that the particulars given are true to the best of my knowledge and belief.

Dated: 28th February, 2019.

M.C. Rawat
Secretary