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ASSOCIATION NEWS

1. A program on Code on Wages, 2019 was held at Jall Sabhagraha, Indore, on 11th October, 2019. The program was conducted by the Pithampur Personnel Fraternity and leading Labour Law Consultant, Shri Girish Patwardhan, which was supported by our Association. In his deliberations, Shri Patwardhan highlighted the following points of the Wage Code, 2019 :-

- ★ The Wage Code will now apply to all the employees including those appointed in managerial, supervisory and administrative roles and it has done away with scheduled employment implying that minimum wages must be paid across all industries.
- ★ The floor wage will be notified by the Central Government varying across geographical areas and the State Governments will have to fix State level minimum wages, which will not be less than the floor wage and applicable to workmen.
- ★ Under the Wage Code, bonus is to be calculated on the higher of the notified wage ceiling or the minimum wage. Employees earning wages higher than the notified wage ceiling may not be entitled to bonus under Wage Code.
- ★ Conviction for sexual harassment is an additional disqualification for payment of bonus.
- ★ Penalties for non-compliance of various provisions have been substantially enhanced, which may foster a compliance culture by acting as deterrent.
- ★ The Code clarifies that a contractor is primarily responsible for paying minimum wages.
- ★ The burden of proof in case of claims of non-payment or deficient payment of wages or bonus will be on employer.

The queries raised by various participants were answered by Shri Piyush Mathur, Senior Advocate (former Judge of MP High Court), Shri Anil Mallik, Director, AMHR Solutions, Shri M. M. Joshi, CEO, KautilyaAcademy, etc.

RAW MATERIAL

1. Recognizing the importance of cotton in the agriculture development, poverty reduction and international trade, World Trade Organization (WTO) observed World Cotton Day on 7th October, 2019. Although this initiative is laudable, it does not conceal the harsh reality that the WTO has failed in its efforts to improve the plight of poor cotton farmers in various countries. The role of cotton in economic exploitation of India by the British rule is also well known.

During 1995 to 2017, US has provided subsidy of \$ 38 billion to its cotton farmers through various schemes including direct payment, market loan assistance, crop insurance, counter cyclical payment and commodity certificates. In some of the years, the amount of subsidy was as high as 74% of value of production of cotton. As a result despite the cost of cultivation of cotton lint in India being US\$ 0.71/kg. and in C-4 (Benin, Burkina Faso, Chad & Mali) being US \$ 1.23/kg. being lower than in the US of \$ 1.88/kg., the US exporters have an upper hand in the market always. A joint proposal by India and China is aimed at getting product specific subsidy provided by developed countries to 5% of the value of production.

2. Speaking at the World Cotton Day function, Union Minister of Textiles, Smt. Smriti Zubin Irani, said that India remains committed to building on its long standing development partnership with Africa for implementing a Technical Assistance Program (TAP) for cotton in eleven African countries namely Mali, Ghana, Togo, Zambia, Benin, Burkina Faso, Chad, Malawi, Nigeria, Uganda, etc. It is fitting that Mahatma Gandhi has been chosen as the icon for the World Cotton Day and to mark the celebration of first World Cotton Day, India will gift a replica of Mahatma Gandhi Charka to WTO.

3. US Department of Agriculture (USDA), has estimated cotton crop for marketing year 2019-20 for India's at 293 lakh bales of 217.7 kgs, which works out to 376 lakh Indian bales. In the last season 2018-19, cotton crop was reported at 312 lakh Indian bales by Cotton Association of India. The harvested area in India is projected at 122.9 million hectares. The recent above average monsoon rainfall will likely provide an extended picking season, which is expected to increase the yield to a three year high. The cotton prices hovered at Rs.41,900/Candy of ginned cotton with 29 mm



variety, which were Rs.43,900/Candy two months ago. International cotton prices are quoted at 60.83 Cents/lb for December, 2019.

Cotton consumption in India in 2019-20 is expected to rise to 247.50 lakh US bales, which is about 316.90 lakh Indian bales. The projected larger cotton crop in India is expected to provide an additional 5.0 lakh US bales for exports.



As per Cotton Corporation of India 12.34 lakh bales (including 1.18 lakh bales in MP) of the new crop 2019-20 arrived in the market till 28th October, 2019.

4. As per Shri Vinay N. Kotak of Kotak Commodities, cotton output in India in 2019-20 is set to surge after the heaviest monsoon rain in a quarter century, adding to global supply at a time, when prices are near their weakest in more than three years. The planted area of cotton has increased to 12.77 million hectares from 12.10 million hectares in the earlier year. The Country's cotton exports may climb to 5.0 million bales from 4.4 million bales in 2018-19. Sales to China could advance to 1.5 million bales from 1.2 million bales a year earlier. Traders have contracts to ship about one lakh bales from the new crop at the end of September, 2019.

5. Birla Cellulose, leaders in man-made cellulose fibre has achieved a breakthrough in manufacturing viscose fibre using pre-consumed cotton fabric waste. This innovation has the distinction of Recycled Claim Standard (RCS). This is a fantastic news to save World's forests and climate.

POWER

The Madhya Pradesh Electricity Regulatory Commission on 17th October, 2019, has notified tariff rates for SEZ, Pithampur. The tariff HV-1 (Industrial) is as under:-



Category	Monthly Fixed Charges (Rs./KVA of Billing Demand)	Energy Charges (Rs./Unit)
11 KV Supply	190.00	3.95
33 KV Supply	225.00	3.92

MAN POWER

1. The Government of Madhya Pradesh in exercise of powers conferred by Section 1(3) of Madhya Pradesh Industrial Relations Act, 1960, has notified on 26th September, 2019, withdrawal of Notification dated 14th August, 2007. With the publication of this Notification, the Textile Industry, which was withdrawn from the purview of MPIR Act, 1960 from 17th August, 2007 has again been included in the purview of this Act. With the amendment, the employees of textile industry may have direct access to Labour Judiciary for voicing their grievances, management will have to deal with the recognized union only, orders of Labour Court could be challenged before Industrial Tribunal, employers will have right to file complaint against employees for violation of provisions of law / agreements / settlements / awards, etc.

2. The Central Ministry of Skill Development & Entrepreneurship have amended Apprenticeship Rules, 1992, which came into force

with effect from 25th September, 2019. The major amendments include:



- ★ Apprenticeship Training shall be from 6 months to 3 years.
- ★ Apprentice undergoing training shall be a trainee and not a worker and labour laws will not apply to him.
- ★ Employers with four or more workers are eligible to engage apprentices and for establishments having more than 30 workers, it shall be obligatory.
- ★ In no month number of apprentices should be less than 2% and more than 18% of total strength.
- ★ Minimum rate of stipend shall vary from Rs.5000 to Rs.9000 p.m. based on the qualification of the apprentice.
- ★ In the 2nd year, the stipend payable shall be increased by 10% and in the 3rd year by further 15%.
- ★ Apprentices during basic training for a period upto 3 months shall be paid 50% of stipend.

3. In March, 2017, Delhi Government had increased the minimum wages of various categories of workmen ranging from Rs.3500 to Rs.4500 p.m. The Notification was challenged in Delhi High Court and subsequently quashed in August, 2018. The Supreme Court on 17th October, 2019, gave its green signal to Delhi Government to implement its decision of hiking minimum wages. After a fresh exercise, the monthly minimum wages for unskilled, semi-skilled and skilled workmen have now been fixed at Rs.14,842, Rs.16,341 and Rs.17,991 per month respectively.

4. The factories may have to recruit workmen brought only by licensed or registered human resources agents and may have to maintain a register of every Inter State Migrant Workman they employ. Although the Rules already exist in the Inter State Migrant Workmen Act, 1979, the same are not being strictly implemented.

LEGAL & TAXATION

1. As per Notifications dated 9th October, 2019 issued by Central Board of Indirect Taxes & Customs:



- ★ A registered person in respect of invoices not uploaded by the supplier will be eligible to avail Input Tax Credit not exceeding 20% of the eligible credit available as per Form GSTR2A.
- ★ From 1st October, 2019, Form GSTR3B will be considered as a Return under Section 39 of the CGST Act.
- ★ With effect from 24th September, 2019, the concept of Consolidated Payment Advice has been inserted in case of refund to ensure single window disbursal of refund.
- ★ The time limit for Form GST TRAN1 and TRAN2 extended upto 31st December, 2019 and 31st January, 2020 respectively.

2. The Supreme Court has settled differences among various High Courts and declared that the Chief Judicial Magistrate is competent to assist the secured creditors to take possession of the assets in case of default under Securitization (Sarfaesi) Act. The Court had to give a decisive ruling as the High Courts of Bombay, Calcutta, Madras, Madhya Pradesh and Uttarakhand have interpreted the law to mean that only the Chief Metropolitan Magistrate in the Metropolitan areas and the District Magistrates in non-Metropolitan areas are competent to deal with such cases.

3. In its two judgments, the Chhattisgarh High Court has ruled that the State cannot turn its back on entrepreneurs, who set up



industries based on the promise of concessions in one industrial policy and rewrite the terms, when a new policy is announced. In this case companies made huge investments based on concessions provided in 2004-2009 Policy, but the benefits were unilaterally withdrawn, when 2009-2014 Policy was announced. The terms of expired policy were also changed to deny or curtail the benefits under formal policy.

4. The Supreme Court has ruled in its judgment in the matter of Commissioner of Income Tax v/s Carpet India that the manufacturers, who support exporting industries cannot be treated on par for income tax deduction with direct exporters. The supporting units cannot claim a deduction of export incentives given to direct exporters in Section 80HHC of Income Tax Act. Scheme of claiming deduction relatable to exporters under Section 80HHC(1) are completely different from that of supporting manufacturers under Section 80HHC(1A).

EXPORT & IMPORT

1. The Country's exports of textiles and apparels have gone down by 8% during the period April-August, 2019 as compared April-August, 2018. The maximum downfall is in export of fibre followed by yarn and filament. The details of exports are as under:



Figures in US\$ Million.

Commodity	Apl-Aug'18	Apl-Aug'19	% Growth
Fibre	1,276.90	582.70	(-)54
Filament	579.70	490.50	(-)15
Yarn	2,143.30	1,391.80	(-)35
Fabric	1,925.00	2,016.10	5
Apparel	6,618.70	6,799.90	3
Home Textiles	2,256.00	2,270.00	1
Others	841.90	771.10	(-)8
Total	15,641.50	14,322.10	(-)8

Although the downfall in exports of yarn has been 35%, but if we compare the figures of cotton yarn exports, which are US\$ 1,276.27 million for April- September, 2019 as against US\$ 2,090.39 for April-September, 2018, the downfall is 38.95%.

2. The import of textiles and apparels during April-August, 2019 have increased by 19% as compared to the same period of the previous year. The highest increase is in import of fibre (mainly cotton) followed by filament and yarn. The details of commodity-wise imports are as under:

Figures in US\$ Million.

Commodity	Apl-Aug'18	Apl-Aug'19	% Growth
Fibre	824.96	1305.33	58
Filament	289.86	344.50	19
Yarn	179.24	212.34	18
Fabric	1,077.45	1,037.69	(-)4
Apparel	427.79	467.74	9
Home Textiles	115.19	123.16	7
Others	284.00	328.99	16
Total	3,198.49	3,819.75	19

3. Shri Karan Pandya, Senior Executive from Aditya Birla Group said 'China needs a big market like India to dump its products

including textiles'. President, Federation of Gujarat Weavers Association, Shri Ashok Jirawala, stated that the Government is already running Foreign Trade Agreement (FTA) Scheme, where certain countries are allowed their products in India, as such there is no need for Regional Comprehensive Economic Partnership (RCEP) in the textile sector. If this is done, lakhs of workers would be rendered jobless and small/medium power-loom units will shut down.

4. As per reports, the Government may extend the MEIS Benefits to exporters till 31st March, 2020, when the updated Foreign Trade Policy, 2020-2025 will be introduced.

5. A Single Bench of Madhya Pradesh High Court has stayed transfer of office of Regional Authority of Director General of Foreign Trade from Bhopal to Indore.

STATE OF THE INDUSTRY

1. The Index of Industrial Production (IIP) data for the month of August, 2019 was released on 11th October, 2019 and are as under:



Items	For the Month		Cumulative		% Growth	
	Aug. 2018	Aug. 2019	Apl-Aug 2018-19	Apl-Aug 2019-20	Aug. 2019	Apl-Aug 2019-20
Textiles	124.4	115.0	119.3	115.8	(-)7.6	(-)2.9
Wearing Apparel	146.0	161.0	143.8	163.4	10.3	13.6

2. As per information available from the Office of Textile Commissioner, the estimated production of man-made fibre, filament yarn, spun yarn and cloth during the period April-August, 2019-20 as compared to April-August, 2018-19 have been as under:

Figures in Million

Product	Unit	Apl-Aug 2018-19	Apl-Aug 2019-20	% Growth
MM Fibre	Kgs.	603	629	4.3
MM Fil.Yarn	Kgs.	476	512	7.6
Spun Yarn:				
Cotton	Kgs.	1,758	1,677	(-)4.6
Blended/NC	Kgs.	695	710	2.2
Total	Kgs.	2,453	2,387	(-)2.7
Cloth:				
Mill Sector	Sq.Mtrs.	873	837	(-)4.1
Decentralized	Sq.Mtrs.	27,938	28,209	1.0
Total	Sq.Mtrs.	28,811	29,046	0.8

3. On suggestion/advice of Union Textile Minister, the Confederation of Indian Textile Industry (CITI) held meetings with various textile associations at regional and national level and facilitated forming a common committee under the name "National Committee on Textiles & Clothing (NCTC)" consisting of Apparel Export Promotion Council(AEPC), CITI, Clothing Manufacturers Association of India(CMAI), Indian Technical Textiles Association(ITTA), Powerloom Development & Export Promotion Council(PDEXCIL), Synthetic & Rayon Textiles Export Promotion Council(SRTEPC) and Cotton Textiles Export Promotion Council(TEXPROCIL).

The NCTC had a meeting on 28th September, 2019, at TEXPROCIL, Mumbai, had a detailed discussion and decided to

approach the Government in two phases, viz., one with short term policy measures and another with long term policy measures.

For short term policy measures, meetings were held with Hon'ble Union Minister of Textiles, Union Minister of Finance and Union Minister of Commerce & Industry and three different Representations were submitted to them. For the long term policy measures, it was decided to engage a competent agency to undertake a study and recommend policy measures within a period of 21 days from the date of giving assignment.

In the three Representations, the following short term measures were suggested :

- Consider immediate refund of Duty Drawback, MEIS, RoSL/RoSTCL, GST Refunds, TUFS subsidy and other Government Refunds due.
- Considering grave financial stress faced by industry including US-China trade war, production cut, piling of stocks, etc. extend a moratorium period of two years for repayment of principal loan amount without any cap to avoid becoming NPAs.
- Reduce margin for working capital from 25% to 10% and the Debt Equity ratio from 1:1.33 for entire textile value chain.
- Extend benefit of enhanced MEIS and RoSTCL till RoDTEP comes into force.
- Extend remission of duties and taxes under proposed RoDTEP Scheme for entire textile value chain.
- Extend 5% Interest Subvention for all textile and clothing export products including all types of spun yarn.
- Consider including Anti-Dumping Duty in duty drawback calculation.
- Impose restriction to prevent cheaper import of yarn, readymade garments and used clothes from Bangladesh, Indonesia, etc. that enjoy duty free access.
- Refund all accumulated Input Tax Credit at every stage of textile manufacturing.
- Makes suitable modifications in Input Tax Credit claims refund under Section 89(5) and allow claiming all job work services.
- Bring entire MMF textile value chain under 5% GST at par with cotton textile value chain.
- Simplify TUFS and EPCG guidelines and make them industry friendly.
- Ensure speedy dispersal of Duty Drawback claims, update the Export General Manifest (EGM) in the ICEGATE.
- Address port related issues including Petrapole and Benapole ports for exports to Bangladesh.
- Banks need to be instructed to rationalize and ease the procedural issues by accepting exporters' declarations.
- Reduce Hank Yarn Obligation to 20%.
- All textile and clothing items must be kept in D Category with 20 years and certain sensitive items under Exclusion List for RCEP negotiations.
- Any policy should have a tenure of 3 to 5 years to enable ease of doing business to facilitate the industry to achieve sustained growth.

4. A study of the results of some of the major textile companies for the first quarter of 2019-20 reveal the following :

Name	Net Sales (Income) (Rs./Cr.)	Percentage to Income		
		Raw Material	Power & Fuel	Employ Cost
Grasim Inds.	5000.58	49.60	14.60	7.85
Vardhman Tex.	1558.32	53.49	11.44	8.71

Century Tex.	855.64	53.51	12.10	10.48
Sutlej Tex.	648.64	54.42	9.83	13.11
RSWM Ltd.	700.69	61.06	12.80	12.92
Baswara Synte	341.84	48.63	9.39	17.17
Sportking India	337.68	70.72	8.40	6.97
Sangam India	456.62	60.83	13.08	10.48

5. Fortum, a major European Energy Company and Spinnova, sustainable Fibre Technology Company, have developed World's first clothing made from agricultural waste, namely, wheat straw. This was disclosed by them at the Textile Exchange Sustainability Conference in Vancouver during 15th-17th October, 2019. The showpieces presented by them included a knitted T-shirt as well as a jacket and skirt made of a woven fabric on organic cotton warp. Usually wheatstraw is discarded or even burnt in the fields.

6. At the Magnificent MP Summit - 2019 held at Indore on 18th October, 2019, a special session was held on "Textile and Garment Manufacturing; Stitching for Young India" In the session, leading industrialists including Shri Rajinder Gupta Chairman of Trident Group, Shri Sachin Jain of Vardhman Textiles, Shri Shreyaskar Chaudhary of Pratibha Syntex, Shri Shiva Ganapati, MD of Gokuldas Group, Shri Akhilesh Rathi of Bhaskar Group and others expressed their views. The Additional Chief Secretary (Energy), Shri Mohd. Suleman, co-ordinating the group said that Chief Minister is paying special attention to give boost to this sector and has directed to develop four new Textile Parks in Indore, Chhindwara, Ratlam and Bhopal Districts.

As per reports two proposals with investment of Rs.6,000 crore have been received at the Summit for the textile sector. Maral Overseas have also proposed investment of 100 crore.

The Chief Minister during inter-action with investors stated that tax based incentives will be delinked from the Industrial Promotion Policy, which were hard to obtain because of the complex process of reimbursement. After new provisions, amount of incentives will be decided on the amount of investment in plant and machinery.

7. The Department of Industrial Policy & Investment Promotion of the State has amended on 23rd October, 2019, Clauses 8, 10.3, 10.11.5, etc. of the Industrial Promotion Policy, 2014.

8. The State Government has notified on 23rd October, 2019 MSME Development Policy, 2019 and MSME Incentive Plan, 2019, which is effective from 1st October, 2019.

9. Indian Cotton Federation has elected Shri J. Thulasidharan as President, Shri K. N. Vishwanathan and Shri P. Nataraj as Vice Presidents for the term 2019-20.

10. Textile Machinery Manufacturers Association (India) has elected Shri Vallabh S. Thumar as Chairman, Shri Pratik R. Bachkaniwala and Shri Prashant Mangukia as Vice Chairmen for the term 2019-20.