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ASSOCIATION NEWS

1. The Annual General Meeting of the Association was held on 28th December, 2019 at its Registered Office, whereat the following Office Bearers were elected unanimously for the term 2019-20:

- ★ **Chairman** – **Shri Akhilesh Rathi**,
Director,
Bhaskar Industries Pvt. Ltd.
- ★ **Vice Chairman** – **Shri Shreyaskar Chaudhary**,
Managing Director,
Pratibha Syntax Limited.
- ★ **Dy. Chairman** – **Shri Subhash Chand Jain**,
Director,
Prem Textiles (International) Pvt. Ltd.
- ★ **Dy. Chairman** – **Shri Siddharth Agrawal**,
Director,
Sagar Manufacturers Pvt. Ltd.

Congratulations.

2. The Labour Commissioner, Indore, called a Meeting of Minimum Wage Advisory Board on 15th November, 2019, which was attended by our Dy. Chairman, Shri D. K. Mittal. It was gathered that after discussions with Employees' and Employers' Representatives, the Labour Commissioner, has recommended increase of 25% in minimum wages. The proposed increase with other add on benefits like PF, ESI, Bonus, Paid Leave, Gratuity, etc. works out to about 35%. The minimum wages in our State are already more than those in the neighboring States of Gujarat, Jarkhand and Rajasthan. We have, therefore, made a representation to the Hon'ble Chief Minister with copies to all concerned on 20th November, 2019, highlighting the facts detailed as under :-

State	Per Capita Income Rs.	Daily Min. Wages on 01-10-2019			
		Un-skilled Rs.	Semi-Skilled Rs.	Skilled Rs.	Highly Skilled Rs.
M.P.	90,998	306.00	339.00	392.00	442.00
Gujarat	1,56,527	310.40	318.40	326.40	-

Jarkhand	63,754	257.29	269.54	355.30	410.44
Rajasthan	1,08,696	225.00	237.00	249.00	299.00

We have requested the Government to defer the decision for the present, as the industry is already suffering from slowdown, reduced exports, higher electricity charges, etc. Many of the Mills have been closed and the others have reduced the working operations by 15% from the earlier working of 24x7.

3. The Union Ministry of Labour & Employment notified Draft Rules under Section 67 of Code on Wages, 2019 on 1st November, 2019 inviting inputs/comments/suggestions from the stakeholders within a period of one month. On 23rd November, 2019, a meeting of Member Mills was held to finalise our comments/suggestions on these Draft Rules. After discussions, suggestions were sent to the Ministry on 29th November, 2019, some of which are:

- The definition of various categories of workmen is not comprehensive and it was suggested that definition as given in Minimum Wage Notification of 25th September, 2019 of Labour Commissioner, Indore, be incorporated in the Rules.
- For calculation of rates of minimum wage, an intake of 2400 calories per day per person be considered as recommended in Report of Committee for Advising National Minimum Wage.
- The Schedules of unskilled, semi-skilled, skilled and highly skilled workmen be thoroughly revised and industry based categorization should be made. A copy of Andhra Pradesh Gazette Notification of 9th July, 2012 giving different jobs of a textile spinning mill was provided.
- Where an employee works on a rest day and has been given a substituted rest day, the employer has been burdened to pay three times wages for the said two days actual working, therefore, Sub Rule 4 of Rule 7 needs to be redrafted.
- Responsibility for payment of bonus in case of failure of contractor has been casted on employer. This Rules needs to be omitted.

4. The Industrial Promotion Policy, 2014 of the State provides for assistance by way of refund of VAT/CST for a period of eight years. Deductions are being made by the State Authorities from the claims of VAT/CST made by Member Mills and the appeals against the same are not heard. We have, therefore, made a representation on



11th December, 2019 to the Hon'ble Chief Minister and other Members of the Cabinet Committee on Investment Promotion to allow personal hearing in such cases.

RAW MATERIAL

1. According to 2nd December, 2019 release of International Cotton Advisory Committee (ICAC), the global cotton consumption is expected to increase by 0.3% in 2019-20 reaching 26.20 million tons. The global economic growth has slowed down to the lowest level in the decade as global trade disputes remain unresolved, leading to uncertainty for manufacturing and investment activity.



2. The 78th Plenary Meeting of ICAC was held at Brisbane, Australia, between 2nd–5th December, 2019. Fourteen Country Statements were kept for discussion. It was felt that the ability to identify the sources of cotton and verify its path through the supply chain is a growing need because consumers today are increasingly interested in the social and environmental impact of their purchasing decisions. Traceability, then is a backward look at the origin and history of a given item, which is somewhat ironic, because what most industries need to achieve traceability is a peek at the future to show them how to get there. When consumers buy a brand, they are buying trust and brands that break the trust could suffer irrevocable damage to their reputation.

3. According to US Department of Agriculture, World cotton production in 2019-20 is projected at 121.1 million bales. Production changes include decrease of 0.80 million bales for Pakistan and 0.50 million bales for India. The decreased production in Australia, Turkey and Chad is likely to offset by increased production in Brazil and Uzbekistan.

4. The ongoing procurement of cotton by Cotton Corporation of India have lifted the cotton prices to around Rs.38500/Candy or 74 Cents/lb., while global prices are hovering around 72 Cents/lb. making exports largely unviable except for few grades of cotton. Till 20th December, 2019, only 6-7 lakh bales have been shipped, which is about 50-60% of the normal exports contract. 75% of the exports are to Bangladesh and rest to China and Vietnam.

5. Speaking at the 97th Annual General Meeting of the Cotton Association of India, Shri Atul Ganatra, President, stated that cotton productivity in our Country has increased from around 300 kg./hectare in 2002-03 to nearly 500 kg./hectare now, which is still among the lowest in the World. Australia with average productivity of 2028 kg./hectare is on the top. Smaller countries such as Syria, Myanmar, Pakistan, etc., have higher cotton productivity than us. We need to be more efficient and effective in improving resource management to achieve higher productivity.

6. On 13th December, 2019, Union Minister of Textiles, Smt. Smriti Irani, informed Lok Sabha the details of cotton production and export thereof for last three cotton years, which are as under :-

Quantity in Lakh Bales.

Cotton Year	2016-17	2017-18	2018-19
Production	345.00	370.00	330.00
Exports	58.21	67.59	44.00

7. According to reports, consumer preference have changed over last few years. As against 60:40 cotton to synthetic yarn consumption in India two years ago, the ratio has got changed to 55:45, which is going to continue and catch up with global standard of 40:60.

8. An industry initiative to support the farmers for increasing their income and improve the quality of cotton was undertaken in Ratlam, Jhabua and Dhar Districts of Madhya Pradesh and implemented by CITI-CDRA with State Agriculture Department, Bayer Crop Science, Vardhman Group and our Association. The average yield have gone up substantially in 2018-19 in Ratlam District by 16%, Jhabua District by 35% and in Dhar District by 44%, detailed as under :-

District	Project Area		Non-Project Area		Yield per Hectare/Kgs
	Range	Average	Range	Average	% Increase
Ratlam	400-985	608	367-667	525	15.81
Jhabua	267-667	437	200-600	323	35.29
Dhar	400-667	460	267.5	320	43.75

POWER

1. The Madhya Pradesh State Electricity Regulatory Commission (MPERC) has approved FCA Charges of Rs.0.10 per unit for January-March, 2020 billing quarter as against Rs.0.30 per unit in the last quarter.



2. As per reports, the Power Management Company and the three DISCOMs have sought 5% hike in power tariff for 2020-21. The hike has been sought to bridge the gap of around Rs.2,000 crore in estimated figures of Income & Expenditure for financial year 2020-21. This move comes after a month of DISCOMs submitted true-up petitions for the years 2014-15 to 2017-18 amounting to Rs.25,000 crore on which MPERC is yet to take a decision. However, the State Power Minister, Shri Priyavrat Singh, has stated that power tariff will not be hiked in coming financial year.

3. The Renewable Energy Minister of the State, Shri Harsh Yadav, stated on 10th December, 2019, that Government is ready to set up two 2,000 MW Solar Parks (one in Bundelkhand and another in Chambal Area). State Government has a target of setting up renewable energy projects worth 6,000 MW in next four years.

4. The Energy Department of the State has exempted Vardhman Yarns, Unit No.7, at Satlapur from payment of Electricity Duty for a period of seven years from 1st July, 2019.

MAN POWER

1. The Employees' State Insurance Corporation vide its notification dated 15th November, 2019, has made following changes in Rajiv Gandhi Shramik Kalyan Yojna effective from 6th September, 2016:

- ★ Eligibility requirement of payment of contribution reduced from existing 3 years to 2 years.
 - ★ Duration of unemployment allowance has been increased from existing 12 months to 24 months.
 - ★ During first 12 months, unemployment allowance will be 50% of last average daily wage and in next 12 months 25% of average daily wage.
 - ★ Limitation period of submission of claims increased from existing 9 months to 12 months.
 - ★ Under the Scheme, insured person can undergo short duration course up-to six months to upgrade his/her skill.
2. By another Circular dated 3rd December, 2019, the ESI



Corporation has issued online system for registration of employees beyond 10 days of date of appointment.

3. In the matter of United India Insurance Co. v/s Sirajuddin Khan, the Supreme Court has held that if an employee remains on leave without permission, he may not be able to claim wages for the period, despite having leave to his credit. However, this will not be applicable incase the employer restrains the worker from coming on duty.

4. As per reports, the Union Government is planning to implement all the four Labour Codes from a single date in this year. It will ensure uniformity and will lead to an efficient execution. When all the four Codes becomes law, industry will have to apply for a single registration for labour laws instead to do eight separate labour law registrations. Draft Social Security Code and Industrial Relations Code have been referred to the Standing Committee on Labour of the Parliament.



LEGAL & TAXATION

1. The GST Council met on 18th December, 2019, took some major decisions, for which orders have been issued and are as under:

- ★ Exempted upfront amount payable for long term lease of industrial plots by an entity having 20% or more ownership of Central or State Governments as against the present limit of 50% or more, effective from 1st January, 2020.
- ★ GST rate of 18% (as against 12%) on woven and non-woven bags and sacks of polyethylene or polypropylene strips or the like for packing of goods effective from 1st January, 2020.
- ★ Due date for Annual Return in Form GSTR-9 and GSTR-9C for 2017-18 extended to 31st January, 2020.
- ★ Waiver of late fee in respect of all pending Forms GSTR-1 from July 2017 to November, 2019, if filed by 10th January, 2020.
- ★ Input Tax Credit to the recipient in respect of invoices or debit notes not reflected in Form GSTR-2A to be restricted to 10% of eligible credit.

2. The Ministry of Finance has notified on 24th December, 2019 setting up of GST Grievance Redressal Committee at Zonal/State levels consisting of Central and State Tax Officers, Representatives of Trade and Industry and other stakeholders.

3. The Supreme Court in the matter of Anand Rao v/s Varsha Fabrics has reiterated that once the National Company Law Tribunal (NCLT) starts a corporate insolvency resolution process, it is not open to High Court to auction the properties of the corporate debtor or pass an order that goes against the moratorium.



EXPORT & IMPORT

1. As per information available from Cotton Textiles Export Promotion Council (TEXPROCIL), the export of cotton textiles during April-November, 2019-20, as compared to



the same period of previous year have been as under :-

Product	Value in US\$ Million		
	Apl-Nov 2018-19	Apl-Nov 2019-20	% Growth
Raw Cotton incl. waste	1219.35	359.33	(-)70.53
Cotton Yarn	2692.15	1743.13	(-)35.25
Cotton Fabrics/Made-ups	3910.24	3999.58	2.28
Other Textile Yarn/Fabrics/Made-ups	297.79	325.94	9.45
Total	8119.53	6427.98	(-)20.83

2. As per information available from Synthetic & Rayon Textiles Export Promotion Council(SRTEPC), Country's Man-Made Fibre textile exports during April-October, 2019-20 were US\$ 3427.63 million as against US\$ 3611.46 million during the same period last year, witnessing a decline of 5.09% detailed as under :-

Product	Value in US\$ Million		
	Apl-Oct 2018-19	Apl-Oct 2019-20	% Growth
Fibre	345.35	316.44	(-)8.37
Yarn	1230.58	1036.20	(-)15.80
Fabric	1111.35	1199.00	7.89
Made-ups	924.18	875.99	(-)5.21
Total	3611.46	3427.63	(-)5.09

During April-October, 2019-20, dominated product in the MMF Textiles export basket was fabrics accounting for a share of 35% followed by yarn 30%, made-ups 26% and fibre 9%.

3. The Government has decided to defer introduction of Remission of Duties and Taxes on Export Products (RoDTEP), which was supposed to replace Merchandise Export from India Scheme (MEIS) to April, 2020.

4. The Rebate of State & Central Taxes and Levies (RoSCTL), which was introduced in March, 2019, is yet to be made available to the exporters of apparel and made-ups. The MEIS discontinued from 1st August, 2019 and reinstated later for other export sectors, is also not available for exports of apparels and made-ups.

5. A Group of Secretaries has recommended reducing import dependence on raw material for Man-Made Fibre and asked the Government to rationalize import duty structure to raise local production, this was disclosed by Union Textile Minister on 12th December, 2019. Citing the GST Council's decision to allow Input Tax Credit at MMF fabric stage, the Committee has sought monitoring impact of increasing import duty from 10% to 20% on MMF items.

6. The Office of Textile Commissioner will form a Technical Advisory Cell for Anti-Dumping Duty investigation regarding import of nylon filament yarn originating from countries like China, Korea, Taiwan and Thailand.

7. The TEXPROCIL has called upon the Drawback Committee to include Anti-Dumping Duty (ADD), wherever applicable, in the All Industry Rates of Duty Drawback.

8. According to a Study by Rajat Wahi, Partner, Deloitte India, titled 'Apparel and Fashion Industry and the Importance of Innovation and Sustainability', India's apparel market is expected to grow at nearly 11% to reach US\$ 85 billion by 2021.

9. The Government has identified over 350 "non-essential" imports -- ranging from among others textile products -- on which, it intends to initiate a host of measures, including an increase in customs duty apart from putting in place quality control orders to reduce shipments into the Country and encourage domestic

manufacturing.

10. The Commerce Department has asked the Finance Ministry to levy Border Adjustment Tax (BAT) on imported goods to offset the impact of levies such as Electricity Duty, Clean Energy Cess, Levies on fuel and Royalty that are not part of Goods and Services Tax (GST). The Commerce Secretary, Shri Anup Wadhawan has proposed to the Revenue department that such taxes (which are not part of GST), while resulting in an increase in the cost of production of domestic goods, also place them on an unequal footing vis-à-vis imports rendering our exports uncompetitive

STATE OF THE INDUSTRY

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

Items	For the Month		Cumulative		% Growth	
	Oct. 2018	Oct. 2019	Apl-Oct 2018-19	Apl-Oct 2019-20	Oct. 2019	Apl-Oct 2019-20
Textiles	120.2	112.0	119.8	114.5	(-)6.8	(-)4.4
Wearing Apparel	141.1	137.5	143.2	159.3	(-)2.6	11.2

2. As per information available from the Office of Textile Commissioner, the production of Man-Made Fibre, Filament yarn, Spun yarn and Cloth during the period April-October, 2019 as compared to the same period of the previous year has been as under:

Figures in Million

Product	Unit	Apl-Oct 2018-19	Apl-Oct 2019-20	% Growth
MM Fibre	Kgs.	850	887	4.4
MM Fil.Yarn	Kgs.	678	720	6.2
Spun Yarn:				
Cotton	Kgs.	2,463	2,315	(-)6.0
Blended/NC	Kgs.	982	990	0.8
Total	Kgs.	3,445	3,305	(-)4.1
Cloth:				
Mill Sector	Sq.Mtrs.	1,226	1,181	(-)3.7
Decentralized	Sq.Mtrs.	39,444	39,421	(-)0.1
Total	Sq.Mtrs.	40,670	40,602	(-)0.2

Cotton yarn production has decreased by 6% mainly due to drop in exports during the period.

3. South India Textile Research Association (SITRA) has developed a breakthrough technology for Greener Reduction of Indigo dye during the dye process levelled as GRIN. The significance of this technology is that it does not call for any additional capital investment. The new process eliminates hazardous waste water completely by replacing the sodium dithionite or hydrosul and caustic by using green reducing agent and a green alkali.

4. A Study conducted by Indian Textpreneurs Federation (ITF) on the current state of textile sector shows that about 45% of textile firms are facing severe or very severe crunch in the working capital requirements. In this study, 300 local entrepreneurs participated. The Textile Secretary has asked them for a pan-India Study to ascertain whether this was an area specific issue or an overall

issue. The ITF has appointed Crisil Limited to submit a report covering 1800 units across India in 30-40 days.



5. According to ICRA survey, cotton and yarn prices are likely to remain range bound at Rs.110-115 per kg. and Rs.195-205 per kg. respectively in second half of financial year 2019-20. As a result, the spinners expect average contribution levels for the financial year to be at Rs.80 per kg. (with contribution likely to improve around Rs.82-85/kg. in second half as against level of Rs.95/kg. in 2018-19). The survey findings also highlight that working capital debt levels of spinners have increased because of accumulation of yarn stocks and some elongation in the receivables cycle owing to timid demand conditions. No capacity expansion is being planned over next 12 months.

6. As per Reserve Bank of India data, credit exposure to the textile sector increased to Rs.2,03,549 crore during March 2019 from Rs.1,96,818 crore during October 2018, but declined to Rs.1,87,677 crore during October, 2019. The bank credit record 9.5% year-on-year growth for Man-Made textiles and 2.1% for other textiles. This was informed by the Union Textile Minister in the Rajya Sabha.

7. On 16th December, 2019, CITI organized a Programme on Knitting Industry at Ludhiana. According to a Study on Knitting Industry of Ludhiana made by Gherzi Consulting Engineers, Ludhiana has emerged as the second largest cluster for production of knitted fabrics for readymade garments, especially man-made fibre based materials such as polyester/cotton blends and 100% polyester yarn in the Country. Ludhiana has 12,000 enterprises mainly SMEs including 300 dyeing units employing about 10 lakh persons directly and indirectly.

8. On 19th December, 2019, it was stated that new Textile Policy, 2020 is being formulated by the Textile Ministry, which aims at developing in the Country a competitive textile sector which is modern, sustainable and inclusive. The new Policy will have special focus on manufacturing of apparel, garments, technical textiles, man-made fibre products and exports. In this connection, meetings were held in the Textile Ministry on 17th, 18th and 19th December, 2019, with various stakeholders.

9. The Government of Rajasthan has announced Rajasthan Investment Promotion Scheme on 17th December, 2019. The Scheme provides for 100% rebate on Electricity Duty (for 7 years), Mandi Tax, Land Tax and Stamp Duty, 75% refund of SGST (for 7 years), capital subsidy/interest subsidy, etc. for setting up new textile units and expansions.

10. The Cotton Association of India has elected Shri Atul S. Ganatra as President and Shri Bhupendra Singh Rajpal as Vice President at its meeting held on 20th December, 2019.