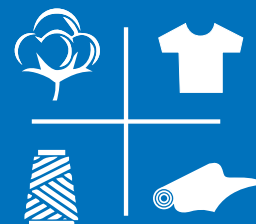


M. P. TEXTILE NEWSLETTER

THE MONTHLY NEWS LETTER OF
THE MADHYA PRADESH TEXTILE MILLS ASSOCIATION



Chairman :
Shri Akhilesh Rathi

Vice Chairman :
Shri Shreyeskar Chaudhary

Dy.Chairman :
Shri Subhash Jain
Shri Siddharth Agrawal

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INDEPENDENCE DAY GREETINGS TO ALL OUR READERS

ASSOCIATION NEWS

1. Under the *Atmanirbhar Bharat Package* announced by the Hon'ble Finance Minister, a number of incentives have been provided to the Micro, Small & Medium Enterprises (MSMEs). The eligibility criteria of MSMEs in respect of investment and annual turnover has also been revised with effect from 1st July, 2020. Even while calculating turnover, exports of goods and services are excluded. An Emergency Credit Line Guarantee Scheme (ECLGS) has been notified to provide 100% guarantee coverage for the Guaranteed Emergency Credit Line (GECL), which shall be a pre-approved sanction limit of upto 20% of loan outstanding as on 29th February, 2020 to eligible borrowers, in the form of additional working capital term loan facility from lending institutions. The eligible borrower has been defined as- All business enterprises/MSME institution borrower accounts with outstanding loan upto Rs.25 crore as on 29th February, 2020 and annual turnover upto Rs.100 crore in financial year 2019-20. We have requested the Hon'ble Finance Minister and Minister for MSME to extend this package to the MSMEs who qualify for the criteria of turnover upto Rs.100 crore, but whose outstanding credit is more than the prescribed limit of Rs.25 crore as on 29th February, 2020. We have also suggested that if necessary, a capping of Rs.5 crore may be imposed for such cases irrespective of their outstanding exceeded Rs.25 crore on this date. Copies of our representations were also been sent to Secretary - Department of Economic Affairs, Secretary - MSME and Governor - Reserve Bank of India.

2. In the present time, when wearing Masks in public places is mandatory, Pratibha Syntex Limited took an initiative to distribute 10,000 masks in remote villages of Burhanpur, Barwani, Khandwa, Khargone and Ratlam Districts through *Ekal Gramothan Foundation*. This initiative was executed under the guidance of Shri Shiv Kumar Chaudhary, Chairman of

Pratibha Syntex. He has also donated 5 acres of land to Ekal Gramothan Foundation to support various social initiatives in village Karahi.

Our Congratulations.

RAW MATERIAL

1. According to International Cotton Advisory Committee (ICAC) release of 15th July, 2020, the cotton consumption during the cotton season 2019-20 and 2020-21 is likely to be reduced substantially, which will result in higher ending stocks. The position of World cotton supply and demand during three years is projected as under :-



Quantity in Million Tons

	2018-19	2019-20	2020-21
Beginning Stock	18.82	18.76	22.30
Production	25.72	26.15	24.34
Total Supply	44.54	44.91	46.64
Consumption	26.01	22.62	23.44
Exports	9.04	8.65	8.97
Ending Stock	18.76	22.30	23.19

2. The cotton projections for 2020-21 by US Department of Agriculture (USDA) show lower production, exports and ending stocks are projected as 6.80 million bales. Most of the decline in cotton production are reported in Turkey, Tanzania and Mexico. The global cotton consumption is estimated at 114.30 million bales.

In its India specific cotton and product update for June, 2020, the USDA has estimated cotton carry over stock of 19.80 million US bales (each of 480 lbs.) as on July, 2020, which works out to an equivalent of about 244 lakh Indian bales. This figure is astronomically high and much away from reality. The carry over stock at the end of September 2020 has been estimated at 48.41 lakh bales by Cotton Advisory Board and at 50 lakh bales by Cotton Association of India.



3. In its latest report released by ICAC 'Impact of Covid-19 Lockdown on Cotton Market', it has noted that global cotton market is affected by fundamental factors of supply and demand and has been effected by the great lockdown resulting from pandemic. The cotton prices will remain under pressure in current and next season due to weaker demand and lower polyester prices. There is a possibility of slower recovery under stringent containment measures, which remain in place at several hot spot areas and the Government policies including those of public health system, small business and unemployment remaining weak or ineffective. It could lead to a more severe contraction in cotton mill use in 2021.

4. There has been no meeting of Cotton Advisory Board after 29th November, 2019 and as such no revised estimate of cotton production are available. The Cotton Association of India (CAI) in its release of 27th July, 2020 has pegged 2019-20 cotton crop at 335.50 lakh bales compared to 312.00 lakh bales for the cotton season 2018-19. Arrivals in the market till 30th June, 2020 have been estimated at 327.02 lakh bales.

5. The Cotton Corporation of India (CCI) had procured nearly a third of India's 2019-20 cotton output. Out of 121.00 lakh bales it had procured, along-with its agent Maharashtra State Co-operative Marketing Federation, it has been able to sell 9.00 lakh bales in the present season. It is trying to boost exports of cotton, which it is holding just ahead of next harvest season. A Memorandum of Understanding is being worked out to export 15-20 lakh bales of cotton to Bangladesh, while it will also set up its own warehouse in Vietnam to boost cotton exports. Countries such as Bangladesh, Vietnam and Sri Lanka have duty-free access to the markets of Europe, US and China, which gives them an edge over Indian exports. CCI has also started offering discounts to domestic buyers on bulk purchases.

6. As on 30th July, 2020, the area coverage during season 2020-21 under cotton is reported at 122.27 lakh hectares as against 108.95 lakh hectares last year, i.e., an increase in area coverage by 12%.

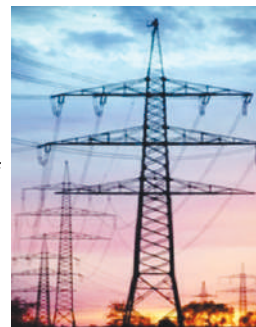
7. Although the Government of India has increased Minimum Support Price for cotton season 2020-21 for medium staple variety to Rs.5,515 per quintal and long staple variety to Rs.5,825 per quintal, the actual market rates of cotton are lower by 10% to 15% probably due to higher carryover stocks. According to Cotton Association of India, cotton is selling at Rs.35,000 per Candy in the Indian market, while imported cotton is available at Rs.42,000 per Candy. Domestic cotton prices are 16% below the international rates and the prices may come under further pressure due to weak demand and increased sowing.

8. Dr. Ashwini Agrawal of Department of Textile Technology, IIT, Delhi, while addressing a Seminar organized by Cotton Textiles Export Promotion Council stated "Creating high value textiles out of cotton is the need of the hour for our cotton industry. For cotton to succeed value driven innovation needs to take place. Niche applications need to be found of cotton, which highlight specific attribute of cotton that can provide new application area. In order for cotton to succeed, it needs to go under a re-branding exercise. Cotton needs to again show the World that it is environmentally and socially cautious choice. Cotton is one of the best fibres available to the mankind and has been in use World over since ages. It is high time now for the customers to be re-told the story of cotton".

9. The Textile Ministry is reported to have opposed the findings of Directorate General of Trade Remedies (DGTR) recommending the imposition of Anti-Dumping Duty on nylon multifilament.

POWER

1. The 750 megawatt Rewa Ultra Mega Solar Power Project costing around Rs.4,000 crore was dedicated to the Nation by our Hon'ble Prime Minister on 10th July, 2020 through Video Conferencing. It is a joint venture of Madhya Pradesh Urja Vikas Nigam and Solar Energy Corporation of India. The minimum tariff of electricity produced in this project was Rs.2.97/Unit, which was less by Rs. 1.50 to Rs. 2.00 as compared to the tariff of Rs. 4.50/Unit obtained from other contemporary projects.



2. Shri S. P. S. Parihar, IAS (Retired), has been appointed as Chairman of Madhya Pradesh Electricity Regulatory Commission.

MAN POWER

1. On 7th July, 2020, the Ministry of Labour & Employment has issued a revised Draft of Code on Wages (Central) Rules, 2020 inviting objections and suggestions on the same



which should reach the Dy. Director/Asst. Director of the Ministry before expiry of 45 days. These Rules are to be considered in supersession of :

- Payment of wages (Procedure) Rules, 1937.
- Payment of Wages (Nomination) Rules, 2009.
- Minimum Wages (Central Advisory Board) Rules, 2011.
- Minimum Wages (Central) Rules, 1950.
- Payment of Bonus Rules, 1975.
- Equal Remuneration Rules, 1976.
- Central Advisory Committee on Equal Remuneration Rules, 1991.
- Ease of Compliance to maintain registers under various Labour Law Rules, 2017 to the extent, these Rules are applicable to above Rules.

2. The Employees' Provident Fund Organization (EPFO) vide its Office Memorandum dated 14th July, 2020 as part of the Pradhan Mantri Garib Kalyan Yojna (PMGKY) package has extended payment of 24% of monthly wages for three more months, i.e., June, July and August, 2020 into the EPF accounts of wage earners below Rs.15,000/month with a view to prevent disruption in employment of low wage earning employees and support establishments employing upto 100 employees with 90% or more such employee earning less than Rs.15,000/month. Thus this package has provided relief for the months from March, 2020 to August, 2020.

3. On 17th July, 2020, EPFO, New Delhi has advised its Regional Commissioners to take immediate initiative to settle that claims on priority in the event of industrial accidents by deputing an EO to ascertain the complete details of incident, death cases, etc. from the concerned establishment and ensure that due guidance is provided to the family members/legal beneficiaries for immediate filing of claims under the provisions of the Act.



LEGAL & TAXATION

1. The Union Minister of Commerce & Industry, Shri Piyush Goyal, responding to a question from industry, while addressing a Conference organized by Confederation of Indian Industry (CII) stated that the Government is looking at a mechanism to neutralize taxes such as Electricity Duty and Mandi Tax, which make Indian manufacturing uncompetitive. He assured that his Ministry is taking it up at all levels and will find a solution to this.



EXPORT & IMPORT

1. According to Wazir Textile Index, India's textile and apparel exports during the financial year 2019-20 show a decline of 9% as compared to that of 2018-19. Fibre witnessed the highest dip of 38%, followed by yarn with a dip of 27%. However, exports of fabric increased by 6% during the same period. The information provided by the Consultant is as under:-



Value in US\$ Million

	2018-19		2019-20		2018 - 2019	2019 - 2020	% Change
	1 st Half	2 nd Half	1 st Half	2 nd Half			
Fibre	1398	665	1630	1227	3028	1892	(-)-38
Filament	686	587	620	576	1306	1162	(-)-11
Yarn	2539	1648	2231	1854	4770	3501	(-)-27
Fabric	2329	2442	2458	2623	4787	5065	6
Apparel	7723	7880	8433	7629	16156	15509	(-)-4
Home Textiles	2732	2709	2721	2653	5453	5272	(-)-3
Others	1017	922	980	896	1998	1818	(-)-9
Total	18424	16853	19073	17367	37498	34220	(-)-9

EU, USA & UAE are the top export destinations for our textile and apparel products with share of 25%, 24% and 7% respectively.

2. India's textile and apparel imports, which were US\$ 7,393 Million increased by 10% to US\$ 8,158 in 2019-20. The import of fibre increased by 40% and the yarn by 12%. The details of imports as provided by Wazir Advisors are as under:-

Value in US\$ Million

	2018-19	2019-20	% Change
Fibre	1,701	2,382	40
Filament	718	752	5
Yarn	412	462	12
Fabric	2,472	2,324	(-)-6
Apparel	1,106	1,144	3
Home Textiles	285	298	5
Others	699	796	14
Total	7,393	8,158	10

China continues to be our largest import partner with 38% share (previous year 41%). Others include USA 10%, EU 9%,

Bangladesh 9%, Vietnam 4% and other countries with 29% share during 2019-20.

3. As per Press Note issued by Ministry of Shipping on 24th July, 2020, it has decided to waive Waterway Usage Charges with immediate effect considering the Government's vision to promote inland waterways as a supplementary, eco-friendly and cheaper mode of transport. Presently Inland Waterways Authority of India (IWAI) levies Usage Charges @ Rs.0.02 per GRT per km. for inland cargo and Rs.0.05 per GRT per km. for cruise vessels. It is expected that the cost of exports to Bangladesh may decrease with this decision.

4. The Ministry of Commerce has blocked online system for exporters to apply for availing tax incentives under the MEIS Scheme from 23rd July, 2020 as the Department of Revenue decided to limit the benefit under the scheme @ Rs.9,000 crore for April-December 2020. According to Office Memorandum dated 27th July, 2020, issued by DGFT, the Department of Revenue in May, 2020 had conveyed that it may not be feasible to exceed MEIS allocation beyond Rs.9,000 crore for 2020-21. The Ministry of Commerce has requested the Department of Revenue to reconsider its decision.

5. The Director General of Trade Remedies (DGTR) has begun a probe into alleged low cost import of certain type of yarn from China, which is reportedly affecting the domestic industry. The Association of Man-made Fibre Industry of India has filed an application with DGTR. The period of investigation is from April, 2019 to March, 2020. However, it will cover the data from 2016 to 2019 also.

6. The pandemic has not only affected the demand for textiles and apparel, but also its supply. India is one of the major textile and apparel exporter (around 60% of Country's exports) to United States and European Union and these markets are hit hard by the virus. Buyers from these markets have either cancelled orders or put them on hold because consumers are locked inside. A report by Wazir Advisors titled 'Impact of Covid-19 Scenerio on European and Apparel Market' estimated that combined US and EU consumption might fall by about US\$ 308 billion, around 45% lower than projected in 2020.

7. Shri Sharad Kumar Saraf, President, Federation of Indian Exporters Organization (FIEO) has urged the Government for urgent and immediate need for a special export package for the employment and labour intensive sectors, which include textiles also. He has advocated for creation of an Export Development Fund with 1% corpus of the total value of exports during 2019-20, MEIS of 2% across the board and 4% for labour intensive sectors. He said there has been a whopping decline in exports of 60% in April, 35% in May and 13% in June, 2020 due to Covid-19.

8. As per reports, MEIS, which is a key incentive Scheme for exports may be wound up by 31st December, 2020 as the Government has found it to have failed to deliver and not yield the desired results of boosting exports, which have hovered around US\$ 300 billion in the last five years despite its liberal application across sectors. The liability under this Scheme has ballooned from Rs. 20,000 crore to about Rs. 45,000 crore in 2019-20.

STATE OF THE INDUSTRY

1. The Index of Industrial Production (IIP) data for the month of May, 2020 released on 10th July, 2020 is as under:

Items	For the Month		Cumulative		% Growth
	May 2020	May 2021	April-May 2019-20	April-May 2020-21	April-May 2020-21
Textiles	115.6	31.5	117.7	18.7	*
Wearing Apparel	163.5	97.5	164.3	52.07	*

*The indices could not be compared with that of months specifying the Covid-19 pandemic.

2. The Confederation of Indian Textile Industry (CITI) has sent a representation to the Hon'ble Prime Minister requesting him for inclusion of textile sector under One Time Loan Restructuring Scheme. The textile industry has been struggling since last more than three years due to one reason or the other. The impact of Covid-19 has broken the backbone of textile industry, as it is a low margin capital intensive industry. The overall demand due to ill-effects of covid-19 during 2020-21 could drop by 25% to 50%. Under this trajectory, over 25% of the textile mills and garment units might witness permanent closure throwing several lakhs of people out of jobs and significantly affect the revenue for the exchequer, exports and serious trouble for the banks. The industry is likely to remain under performing and could shrink for the next two years.



3. Business Standard along-with Cotton Textiles Export Promotion Council (TEXPROCIL) held a webinar in the first week of July, 2020 – 'New Learnings in Textile Technology in the Post Covid-19 World'. Speaking at the webinar, Shri K. V. Srinivasan, Chairman, TEXPROCIL said that we have come a very long way and many innovations have led to improving efficiency and productivity levels through the years. The industry needs to join hands to re-invest and modernize to improve efficiency and productivity. It is time for the industry to introspect, move away from the lament-struck narrative of the textile sector and bring in scientific temper. It is time to look at new possibilities and leveraging technology.

4. The Union Textile Secretary, Shri Ravi Kapoor, in an e-mail interview with Ms. Shweta Kunj of India Today stated Indian textile sector is second largest employment generator in the Country and is the fifth largest exporter of textiles and apparels in the World. Covid-19 lockdown has severely damaged the sector, halting operations for nearly two months. Now, as thousands of textile factories across the Country try to limp back to normalcy, stakeholders feel more vulnerable than ever before with many sitting on dead stock, shipments that could not be dispatched due to the pandemic and have lost their market value. The pandemic has led to drastic shift in products being made. New items include N-95 masks, technical textiles and synthetic materials. The Government has also allowed export of non-medical/non-surgical masks of cotton, silk, wool, polyester and nylon and is currently considering export of Personal Protective Equipment kits (PPEs) subject to restrictions.

5. According to a report of ICRA Ratings, the Indian cotton spinning sector is expected to log a 25%-30% fall in revenue and a 300-400 basis points contraction in margins this fiscal because of pandemic. This is adding to the sectors woes, as it follows an estimated 5%-7% slide in sectors revenue and 200-250 BPS correction in its operating margins (based on a sample of large listed spinning companies). The business outlook appears adverse owing to an

inventory pileup being witnessed across the value chain, which is likely to keep demand from downstream segment subdued over next few quarters, while keeping working capital requirements high. Yarn being an intermediate product is resultantly facing a ripple effect of the contraction in demand in the downstream segments.

6. The ICRA in its July, 2020 report – 'Trends and outlook of Indian Cotton Spinning Industry' has stated that since March, 2020 the yarn realizations have plunged by Rs.9.00 to present levels of Rs.190 per kg. compared to Rs.208 per kg. in February, 2020. The overall realizations averaged at Rs.195 per kg. in the first quarter of 2020-21 vis-à-vis Rs.205 per kg. in fourth quarter of 2019-20. The fixed cost of cotton fibre for the spinners may be at Rs.110-112 per kg. (Shanker-6 variety) for the next 2-4 months depending on the level of stocking. This affected real contribution in quarter one of current fiscal, which is estimated to have a sharp decline of 7% averaging at Rs. 87 per kg. in first quarter of current fiscal as compared to Rs. 93 per kg. in fourth quarter of 2019-20. The Covid-19 has prolonged the ongoing tough time for the domestic cotton spinners with the sector being set to witness a second consecutive year of declining growth.

7. Cashing on the coronavirus scare, many of the Textile companies have now started marketing "Anti-corona Fabric". Several big players like Donear, Siyaram, Welspun, Arvind and D'Decor in partnership with international Anti-Viral tech companies have launched fabrics and clothing that they claim can provide protection against Covid-19 virus. Some of them claim that their anti-virus fabric can kill 99% of the Covid virus.

8. Technical applications of cotton are finding applications in crisis management scenario. Covid-19 situation has revealed that cotton influences the stability of viruses, which is important in developing counter measure products like masks from cellulosic materials. Research efforts have highlighted cotton destabilizes virus relatively quickly than plastics. One recent recognition has been international, with the acceptance of cotton based mat as an oil absorbent by Oil & Natural Gas Corporation Limited. Cotton based non-woven mats are also finding applications as filters in face covers, which evolve out of research in non-woven laboratory of Lubbock based Scarborough Specialties.

9. The Government of Madhya Pradesh, Department of Micro, Small & Medium Enterprises, is administering Mukhya Mantri Yuva Udyami Yojna, under which margin money subsidy, interest subsidy, and CGTMSE fee is given to young entrepreneur. The procedure of benefits under the Scheme have been linked to Aadhar and simplified as per Notification dated 26th June, 2020.

10. On 12th July, 2020, portfolios have been allocated to the various Ministers in State of Madhya Pradesh, some of which are as under:-

- Shri Rajvardhan Singh Prem Singh Dattigaon – Industrial Policy & Investment Promotion.
- Shri Omprakash Saklecha – M.S.M.E.
- Shri Pradumya Singh Tomar – Energy.
- Shri Brijendra Pratap Singh – Labour.
- Shri Kamal Patel – Kisan Kalyan & Krishi Vikas.
- Shri Jagdish Deora – Commercial Tax.