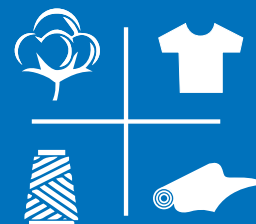


M. P. TEXTILE NEWSLETTER

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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**HAPPY NEW YEAR & REPUBLIC DAY GREETINGS
TO ALL OUR READERS**

ASSOCIATION NEWS

1. A Representation has been sent to the Hon'ble Chief Minister on 9th December, 2020 drawing his attention towards following problems in respect of energy related matters with copies to Chief Secretary, Principal Secretaries of Energy and Industrial Policy & Investment Promotion Departments and Managing Director of M.P. Industrial Development Corporation Ltd.:-

- Incentive in respect of Power Tariff & Electricity Duty: It is learnt that Energy Department has moved a Note to the Cabinet Committee, whereby it desires to stop Incentives in respect of Power Tariff and Electricity Duty in monthly power bills raised on consumers and desires that the Department of Industrial Policy & Investment Promotion should reimburse these incentives to the industries. We have requested to continue the present system of giving incentives in monthly energy bills.
- Interest on Electricity Duty on power purchase under Open Access: The matter of waiver of interest on Electricity Duty on power purchase under Open Access is pending with the Government from December, 2019. We have proposed to consider to levy interest @ 8.50% (as against 24% demanded by the Department), which is almost 1% over MCLR of the State Bank of India as also recovery of interest amount in 12 instalments after Electricity Duty is paid.
- Additional Surcharge on consumption of power from source other than DISCOM: One of our Member Mills is using power generated by it from a Captive Solar PV Plant installed at its rooftop. The West DISCOM is demanding Additional Surcharge on consumption of power from this solar power plant. The Mill is not using any of the facilities of the DISCOM. Even the provisions of Electricity Act are against such levy. We have requested to advise the DISCOM to withdraw the demand.

2. The Association jointly with the State Government is implementing CITI-CDRA Project in Ratlam, Jhabua and Dhar

Districts. The project is under implementation for last two years. Arrival of ELS Cotton grown in these areas have gathered momentum and the quality is reported to be better than the previous season. Some samples from Jhabua District were got tested from a private laboratory and the results were found as under:

Variety	Av. Staple	ML	UI	Strength	EL	Mic
Vishvanath BT.Hybrid	36.68	31.98	87.2	41.7	7.3	3.58
Kashina BT.Hybrid	37.00	32.29	87.3	43.4	7.5	4.03
J.K.Gold	36.88	31.76	86.1	41.2	7.00	2.87
Adinath BT Hybrid	36.75	31.49	85.7	41.8	7.3	3.31
Kavita Gold	36.65	30.41	82.9	44.5	7.3	3.87

3. The Annual General Meeting of the Association was held on 29th December, 2020 at its Registered Office and the following Office Bearers were elected for the next term:

- **Chairman :** **Shri Akhilesh Rathi**,
Director,
Bhaskar Industries Pvt. Ltd., Mandideep.
- **Vice Chairman :** **Shri Shreyaskar Chaudhary**,
Managing Director,
Pratibha Syntex Limited, Pithampur.
- **Dy. Chairman :** **Shri Subhash Chand Jain**,
Director,
Prem Textiles (International) Pvt. Ltd., Indore.
- **Dy. Chairman :** **Shri Siddharth Agrawal**,
Director,
Sagar Manufacturers Pvt. Ltd., Tamot.

Congratulations.

RAW MATERIAL

1. According to International Cotton Advisory Committee release of 1st December, 2020, the recovery of consumption has been slow and is expected to remain steady at 24.3 million tons in cotton season 2020-





21. The USA and China are still engaged in trade war, but China would purchase record level of US cotton. The current price projection for the year end of 2021 average of Cotlook-A Index is US\$ 69.4 Cents/lb. The global cotton production is projected at 24.7 million tons.

2. The Cotton Association of India has estimated cotton crop for the cotton season 2020-21 at 356.00 lakh bales as against 360.00 lakh bales in the previous season. It has estimated imports at 14.00 lakh bales and exports at 54.00 lakh bales. The cotton consumption by mill sector is estimated at 288.00 lakh bales, consumption by SSI units 24.00 lakh bales and non-mill use at 18.00 lakh bales.

3. According to reports, the Cotton Corporation of India has procured 151.00 lakh bales under MSP operations during the calendar year 2020 and have disbursed Rs.39,500 crore to 30 lakh cotton farmers, which is around 265% higher than disbursement of Rs.10,800 crore during previous year. The current cotton season is likely to end by end of March, 2021 due to heavy arrivals in the market, with cotton growers fearing another lockdown.

4. The Cotton Council International (CCI), alongwith the leadership of US Cotton Industry organized Virtual Cotton Day India 2020 themed 'Leading through Change; Your Partner for a New World'. Speaking about the Cotton Day India, CCI Executive Director, Mr. Bruce Atherley said "India is the important trade partner for US cotton with every second bale imported into country being produced in the US. One of the key factor for this trust associated with US cotton is quality, transparency, sustainability and the premium value of US cotton fibre has created a preference for UD cotton. We are the first Country in the World to High Volume Instrument (HVI) test 100% of the bales to ensure that clients/mills get what they order.

5. The Union Textile Minister, Smt. Smriti Zubin Irani, while virtually addressing the first session on day five of ASSOCHAM Foundation Week 2020, India's Resilience; Atmanirbhar Roadmap towards a US\$ 5 trillion Economy said "We are currently on the anvil of also bringing to the fore the new Indian Textile Policy". On the industry impact of engaging with farmers and industry, she said that today if you look at Extra Long Staple cotton, we currently produce only four lakh bales. If industry conjoins its efforts with farming community and we bring up the potential growth of production of ELS cotton from 4 lakh bales to 50 lakh bales, the impact on the Indian cotton textile industry will be such that we will increase our business from the current US\$ 18 billion to US\$ 80 billion, that is the potential that needs to be leveraged and explored.

6. The domestic prices of cotton, man-made and synthetic fibres and filament yarn have been on upswing and the rise continued during the month. The polyester staple fibre prices were increased by Rs.2000/ton, while viscose staple prices by Rs.6000/ton.

7. The Cotton Association of India has appointed Shri Atul S. Ganatra as President, Shri Bhupendra Singh Rajpal as Vice-President and Shri Vinay Kotak as Adl. Vice-President for the term 2020-21.

POWER

1. The MPERC has revised Electricity Tariff from 26th December, 2020. The Tariff applicable to Textile Industry (HV-3.1) for the periods till 25th December, 2020 and from 26th

December, 2020 are as under:

	Till 25.12.2020		From 26.12.2020	
Fixed Charges	Rs. / KVA of Billing Demand/p.m.		Rs. / KVA of Billing Demand/p.m.	
11 KV Supply	340.00		347.00	
33 KV Supply	560.00		570.00	
132 KV Supply	650.00		660.00	
220/400 KV Sup.	650.00		660.00	
Energy Charges (Rs./Unit)	Upto 50% LF	Above 50% LF	Upto 50% LF	Above 50% LF
11 KV Supply	7.00	6.00	7.10	6.10
33 KV Supply	6.90	5.90	7.05	6.00
132 KV Supply	6.50	5.50	6.62	5.65
220/400 KV Sup.	6.10	5.10	6.20	5.20

There will no Meter Rent with effect from 26th December, 2020. The other terms and conditions remain the same.

2. The MPERC has notified on 25th November, 2020, third Amendment to Terms & Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges. These Regulations provide for normative distribution loss level trajectory for control period 2020-21 and 2021-22 as under:

	East Discom	West Discom	Central Discom
2020-21	16%	15%	17%
2021-22	16%	14%	17%

3. On 2nd December, 2020, State Government has included services relating to installation and inspection of DG Sets of capacity 100 KVA and above under Public Service Guarantee Act, 2010. The time limit for providing such services is 7 days and resolution of first appeal is 15 days.

4. The Ministry of Power, Government of India, has notified Electricity (Rights of Consumers) Rules, 2020 on 21st December, 2020, which have been made applicable with immediate effect. The DISCOMs will now have to ensure minimum standard of electricity service, which include establishing a Centralized 24x7 Toll-free Call Centre; Robust Grievance Redressal Mechanism; Supply Electricity on Request; New Connections within 7 days in urban, 15 days in other municipal areas and 30 days rural areas.

The Rules recognize consumer has a prosumer and have the same rights as a general consumer. They will also have right to set up renewable energy generation unit, including rooftop solar PV System – either at their own or through a service provider.

MAN POWER

1. The Union Cabinet chaired by the Hon'ble Prime Minister approved *Atmanirbhar Bharat Rojgar Yojna* (ABRY) to boost employment and incentivize creation of new employment for Rs.22,810 crore for the entire Scheme period, i.e., 2020-2023. The salient features of the Scheme are as under:-

- Subsidy will be provided for two years in respect of employees engaged between 1st October, 2020 and 30th June, 2020.
- Government will pay both shares (24%) of Employees'





Provident Fund Contributions in establishments employing upto 1000 persons.

- Government will pay only employees' share of 12% in establishments employing more than 1000 persons.
- Employees drawing monthly wage of less than Rs.15000, who made exit from employment from 1st March, 2020 to 30th September, 2020 and joined after 1st October, 2020 will also be eligible to this benefit.
- EPFO will credit contribution in Aadhar Seeded Accounts of members and ensure that no overlapping of benefits under any other scheme is provided.



2. The Government of Madhya Pradesh has notified on 23rd December, 2020, Draft Rules of Code on Wages inviting suggestions/comments from stakeholders to reach the Labour Commissioner/Dy. Secretary, Labour Department within 45 days from the date of publication.

3. As per reports, Union Labour & Employment Ministry has written to the Finance Ministry seeking 8.5% interest to be credited into the accounts of EPF Members for the year 2019-20.

4. In a meeting with Union Labour Minister, the Representatives of Confederation of Indian Industry (CII) have asked for a clarification, whether wages as defined in Code on Wages, 2019 would include contractual or productivity linked bonus, medical allowance, rent free accommodation, etc.

LEGAL & TAXATION

1. The Central Board of Indirect Taxes & Customs (CBITC) vide circular dated 15th December, 2020 has waived recording of UIN on the invoices for the months of April, 2020 to March, 2021.

2. On 22nd December, 2020, a Notification has been issued by CBITC restricting use of amount available in electronic credit ledger by inserting new Rules 86-B. The Rule restricts use of more than 99% Input Tax Credit against output tax liability. This restriction is applicable for taxpayers, whose taxable supply other than exempt supply and zero rated supply exceed Rs.50 lakh in a month. This Rule is not applicable in following cases:-



• Where tax payer has received refund of unutilized Input Tax Credit in the preceding financial year on account of exports.

• Where taxpayer has received refund of unutilized input tax credit exceeding Rs.1 lakh in the preceding financial year on account of Inverted Duty Structure.

• Where tax payer has discharged his liability towards output tax through electronic cash ledger for an amount, which is more than 1% of total output liability, applied cumulatively, upto said month of the current financial year.

3. The CBITC has extended filing of Annual Return under Section 44 of the CGST Act for the financial year 2019-20 till 28th February, 2021.

4. The Ministry of Finance has extended period for filing Income Tax Returns for the Assessment Year 2020-21 till 15th February, 2021.

5. The Commercial Tax Department of the State has extended period for completion of VAT assessment for the year 2018-19 till 30th June, 2021.

EXPORT & IMPORT

1. India's exports of textiles and apparels during the period April-October, 2020-21 compared to the same period of 2019-20 have shown a negative growth of 24% detailed as under :



Value in US\$ Million.

Item	Apl-Oct 2019-20	Apl-Oct 2020-21	% Change
Cotton including Waste	263	604	+130
Cotton Yarn	1,497	1,407	-6
Cotton Fabrics, Made-ups	3,550	3,004	-15
MM Staple Fibre	316	206	-35
MM Yarn, Fabrics, Made-ups	2,765	1,801	-35
Wool, Yarn, Fabrics, Made-ups	111	57	-49
Silk, Yarn, Fabrics, Made-ups	53	58	+10
Jute & Jute Products	208	182	-13
Others	2,534	2,121	-16
Total Textiles & Made-ups	11,299	9,439	-16
Apparel	8,981	5,961	-34
Grand Total	20,280	15,400	-24

2. The import of textiles and apparels in the Country have been down by 72% in respect of Cotton, Cotton yarn, fabrics, made-ups, etc., by 42% in respect of Manmade staple fibre yarn, fabrics, made-ups, etc. and by 33% in case of Apparels during the period April-October, 2020-21 as compared to the same period of previous year, details of which are as under:

Value in US\$ Million.

Item	Apl-Oct 2019-20	Apl-Oct 2020-21	% Change
Cotton including Waste	1,104	209	-81
Cotton Yarn	12	7	-43
Cotton Fabrics, Made-ups	345	188	-46
Total	1,461	403	-72
MM Staple Fibre	307	160	-48
MM Yarn, Fabrics, Made-ups	1,358	809	-40
Total	1,665	969	-42
Apparel	698	468	-33

3. The Central Board of Indirect Taxes & Customs have issued instructions on 16th December, 2020 to reduce the pendency and improve the rate of disposal of Duty Drawback Claims with the directions that all remaining drawback claims should be positively disposed of by 31st March, 2021 and that while doing so the target of disposing drawback within seven working days should be achieved.

4. The Ministry of Textiles have issued a Public Notice on 1st December, 2020 inviting from Export Associations and Trade Bodies registered under the Companies Act or Societies Registration Act proposals for constitution of a dedicated Export Promotion Council for Technical Textiles.

5. A three Member Committee under former Home and Commerce Secretary, Shri G. K. Pillai, has been constituted to seek evidence and data from the industry to justify their claim of the benefit needed to be given under the proposed Remission of Duties & Taxes on Export Products (RoDTEP) Scheme, which is to replace MEIS.

6. Most of the industry representatives, who participated in a

virtual meeting for drawing up Foreign Trade Policy for the years 2021-2026 have sought resolution of MEIS for last two years. RoDTEP and Production Linked Incentives are being considered to boost merchandise exports, the Government is looking at modifying the SEIS Scheme by capping the incentives and linking them to job creations.

7. The TEXPROCIL on 28th December, 2020 said shortage of containers is making it difficult for exporters to complete scheduled shipments despite sharp rise in export orders. Exporters face shortage of containers not only at the gateway ports but also at the Inland Container Depots (ICDs), It takes more than two weeks for the exporters to get the containers for shipments of cargos, which is resulting in delays and non-fulfilment of terms and conditions as agreed with the overseas buyers.

8. The TEXPROCIL has urged the Indian government to take immediate steps in formulating a Free Trade Agreement (FTA) with the UK. The forthcoming visit of UK Prime Minister Mr. Boris Johnson presents just the opportune moment to formulate a comprehensive framework for commencing FTA negotiations.

9. At the 66th Annual General Meeting of the Cotton Textiles Export Promotion Council (TEXPROCIL), Shri M. K. Patodia was elected as Chairman and Shri Sunil Patwari as Vice Chairman.

STATE OF THE INDUSTRY

1. The Index of Industrial Production (IIP) data for the month of October, 2020 released on 11th December, 2020 is as under:

Items	For the Month		Cumulative		% Growth
	Oct. 2019	Oct. 2020	Apl-Oct 2019-20	Apl-Oct 2020-21	Apl-Oct 2020-21
Textiles	115.9	107.0	115.1	73.3	(-)36.3
Wearing Apparel	137.1	120.9	157.5	93.6	(-)40.6

2. The Office of Textile Commissioner has made modifications in the Revised Guidelines of ATUFS on 1st December, 2020, which include—



- Installation and commissioning of the machinery shall be done within two years from the date of sanction of term loan subject to production of documentary proof that order for machinery was placed within one year.
- UID issued under the Scheme shall be cancelled in cases where applicant fails to submit intimation of installation of machinery within two years from date of sanction of term loan.
- Minimum repayment period of term loan sanctioned under the Scheme shall not be less than three years including moratorium.

3. The Ministry of Textiles has issued Notification on 8th December, 2020 regarding extension of operation of residuary provisions of yarn, fabric and made-ups, garments and knit wears Export Entitlement (Quota) Policy for one year with effect from 1st January, 2021.

4. The Reserve Bank of India has issued a circular on 4th December, 2020 regarding direct dispatch of shipping documents, right of unrealized export bills, set off export

receivables against imports payable and refund of export proceeds.

5. The Polyester Textiles & Apparels (PTA) users industry has urged the Prime Minister to consider single GST rate for entire textile sector from raw material to fabric/garments to help the industry to grow at a faster pace and to achieve the target of US\$ 240 billion by 2025 from the present US\$ 140 billion.

6. According to India Ratings & Research (Ind-Ra), India's yarn sector is likely to benefit from an improved competitive situation with consolidation in the sector because of liquidity crunch being faced by several small and mid-players. Yarn exports increased substantially year-on-year in September, 2020 and are likely to moderate during third quarter of current financial year. Cotton prices inched up by 2-4% on month-on-month basis and were even higher on a year-on-year basis during November, 2020. The incremental demand from spinning mills coupled with a higher demand for cotton seeds amid a continued supply deficit lead to rise in cotton prices.

Man-made fibre production increased by single digit year-on-year in September, 2020, on back of a recovering demand. The price of PSF rose 7% month-on-month, despite a fall in crude oil prices during November, 2020. The cotton to PSF spread decreased by Rs.3/kg. month-on-month in November, 2020, however remained higher by Rs.3/kg. year-on-year.

7. In the matter of CTM Technical Textiles Limited, the Gujarat High Court has asked the Union Government to "re-look" into its definition of textiles within six months based on a 1983 Supreme Court ruling, following a dispute over the use of plastics in textiles. The Apex Court's 1983 ruling said: "When yarn, whether cotton, silk, woollen, rayon, nylon or of any other description or made out of any other material, is woven into fabric, what comes out is a textile." The Court prima facie found that agro shade net and geogrid were "fabric" and both were woven fabrics, produced by a weaving method. Stating that the term "textile" is derived from the Latin "texere", which means "to weave", and it means any woven fabric, the Court agreed with the aggrieved party's contention that the woven fabric would be "textile" irrespective of the method and the materials used for weaving may be anything from cotton to any other material. "... when any such material is woven into fabric, what comes into existence is a "textile," the judges ruled.

8. Ms. Roop Rashi Mahapatra, Textile Commissioner, addressing the virtual technical seminar organized by India-ITME Society said that 75% of the machinery required by Indian Textile Industry is being imported. She called upon the international textile machinery manufacturers known for their technological excellence especially the European and Japanese machinery manufacturers for setting up their plants in India.

9. Shri A.K. Sharma, has taken over as secretary, Ministry of Textiles on 1st January, 2021