



Volume XVI No. 7

Indore, February, 2021 • Pages 4

Price Rs. 5/-

ASSOCIATION NEWS

1. A delegation of the Association led by the Chairman met Shri Sanjay Shukla, IAS, Principal Secretary, Department of Industrial Policy & Investment Promotion (DIPIP) on 6th January, 2021, apprised him of various issues relating to electricity and requested for support as Mentor of the Industry. The issues involved are as under:

- Approval from Cabinet Committee on Industrial Promotion (CCIP) for relaxation in rate of interest on Electricity Duty on power purchased under Open Access in the period ranging from 2011 to 2017. We have requested to allow relaxation in rate of interest from 24% to 8.5%.
- The DISCOM has raised demand on Member Mills for Additional Security Deposit due to delay in payment of Electricity Duty on power sourced under Open Access and interest charged thereon. The Mills are making regular payment of Electricity Duty in instalments along-with current bills and have requested for withdrawal of the demand of Additional Security Deposit on this account.
- The DISCOM is demanding Additional Surcharge on consumption of power from rooftop solar power plant, which has been installed by a mill to reduce carbon emission at the rooftop of the mills under registration with Madhya Pradesh Urja Vikas Nigam under Policy for Decentralized Renewable Energy System, 2016. Such surcharge is applicable only on the customers, who obtain power under open access. Since no facility of DISCOM is used and even as per MPERC (Cogeneration & Generation of Electricity from Renewal Sources of Energy) (Revision-I) Regulations, 2010, such Surcharge is not payable.
- It is known that Department of Energy has moved a Note to Cabinet Committee to stop allowing incentives in respect of power tariff and electricity duty (allowed under Industrial Promotion Policy) in the monthly power bills. They desire that these incentives should be reimbursed to the industries by DIPIP. Such process will delay the payment of incentives to the industry and will be against the Policy

of the State of Ease of Doing Business. We have requested to continue the existing procedure.

2. On 11th January, 2021, we have made a request to Shri Shankar Lalwani, Hon'ble Member of Parliament from Indore to take up the matter of air connectivity between Indore and Surat with the Union Aviation Minister. Both the cities are major textile hubs.

3. Vardhman Group having three textile mills in the State has been conferred with the following:

- India-CSR Leadership Award 2021 to Ms. Suchita Oswal Jain, Vice Chairman & Joint Managing Director in appreciation of her commendable work through Corporate Social Responsibility on 16th January, 2021.
- Certificate of Appreciation for creating maximum employment awarded on 20th January, 2021 by Madhya Pradesh Government at Rojgar Mela organized under Atmanirbhar Bharat to Anant Spinning Mills and Vardhman Yarns at the hands of Shri Shivraj Singh Chauhan, Hon'ble Chief Minister and received by Shri S. Pal, Director-MP Locations.

Our Congratulations.

4. The Madhya Pradesh Industrial Development Corporation by a tweet has thanked Sagar Group (Sagar Manufacturers Pvt. Ltd.), which has invested about Rs. 1,000 crore in a span of eight years and has become a Distinguished Industrial Entity in the State of Madhya Pradesh. This Group has made an investment of around INR 750 crore in the Textile Sector, while INR 200 crore are in pipeline to be invested in the same sector.

Our Congratulations.

RAW MATERIAL

1. As per 15th January, 2021, release of International Cotton Advisory Committee (ICAC), the position of World cotton supply and demand has been projected as under:





Quantity in Million Tons.

Item	2018-19	2019-20	2020-21
Beginning Stock	18.54	18.27	20.94
Production	25.92	26.21	24.40
Supply	44.46	44.48	45.34
Consumption	25.98	22.77	24.25
Exports	9.26	9.02	9.38
Ending Stock	18.27	20.94	21.10

The ICAC has projected production of 5.90 million tons in China. India is expected to export 1.10 million tons of cotton. USA is likely to produce 3.26 million tons and export 3.30 million tons.

2. The Cotlook December, 2020 supply and demand forecast indicates fall in World stocks during 2020-21. The major producers and consumers of cotton for the August-July 2019-20 and 2020-21 season are reported as under:

Quantity in '000' Tons.

Major Producers:	2019-20	2020-21
India	5,950	6,205
China	5,727	5,750
United States	4,335	3,472
Brazil	3,002	2,500
Pakistan	1,375	950
AfricanFrancZone	1,293	1,033
Uzbekistan	760	765
Turkey	750	650
Australia	140	500
Others	2,494	2,159
World Production	25,826	23,984
Major Consumers:		
IndianSubcontinent	7,821	8,951
China	7,150	8,000
Vietnam	1,350	1,450
Turkey	1,300	1,350
Brazil	575	650
United States	468	525
Indonesia	570	600
Others	2,609	2,783
World Consumption	21,843	24,309

3. The Governments of various Countries have been providing subsidies to the cotton sector, including direct support to production, crop insurance subsidy, input and transportation, minimum support mechanism, etc., which have been estimated at US\$ 8 billion in 2019-20, which is an increase of 39% over the amount of US\$ 5.7 billion for 2018-19. As per report released by ICAC in December, 2020, eleven countries reported providing assistance to the cotton sector averaging 20 Cents/lb. in 2019-20 as against 15 Cents/lb. in 2018-19. The estimated assistance provided by Governments of major countries is as under:

Production in '000 Tons & Assistance in US\$ Mn.

Country	2018-19		2019-20	
	Production	Assistance	Production	Assistance
China	6,040	3,831	5,800	4,711
USA	3,999	1,182	4,336	2,022
India	5,610	46	6,069	590
Turkey	977	310	815	232
Others	1,022	370	1,084	420
Total	17,648	5,739	18,104	7,975

4. The Cotton Association of India (CAI) has revised its cotton production estimate for the season 2020-21 to 358.50 lakh bales, which is 1.50 lakh bales less than the production for 2019-20. The Mill consumption has been estimated for 2020-21 at

288.00 lakh bales, SSI consumption at 24.00 lakh bales and Non-mill use at 18.00 lakh bales (previous season Mill consumption 218.00 lakh bales, SSI consumption 18.00 lakh bales and Non-mill use 14.00 lakh bales). Cotton arrivals till 31st December, 2020 have been 210.22 lakh bales (including 10.63 lakh bales in Madhya Pradesh).

5. The procurement operations of seed cotton (Kapas) under MSP are going on smoothly in the States of Punjab, Haryana, Rajasthan, Madhya Pradesh, Maharashtra, Gujarat, Telangana, Andhra Pradesh, Odisha and Karnataka. Till 18.01.2021 a quantity of 85,08,945 cotton bales valuing Rs. 24,866.50 crore has been procured benefitting 17,43,689 farmers. Since the market prices of seed cotton now are more than MSP, the Cotton Corporation of India has stopped purchases for the present.

6. As per reports, Indian cotton prices (Shanker-6 quality) increased from 71 to 75 Cents/lb. In domestic terms, value increased from Rs.40,700/- to Rs.43,200/- per Candy. The Indian Rupee is steady against US\$ near INR 73.00.

7. Shri Atul Ganatra, President of CAI, has sought export incentive from the Government for cotton fibre, so as to prevent additional procurement burden on the Government. He told, 'Even though our cotton is cheapest in the international markets, exports are not taking off as expected due to economic slowdown in key markets, such as Bangladesh and Indonesia'.

8. The National Committee on Textiles & Clothing (NCTC) has appealed to the Prime Minister for removing Anti-Dumping Duty on viscose staple fibre and address the VSF spun yarn availability and price issue to prevent job losses and stoppage of production across the VSF textile value chain. NCTC has highlighted that in the post-covid market scenario, VSF price has increased from US\$ 1.15 to US\$ 1.50 per kg. during last few months.

9. The Indian Cotton Federation at its Annual General Meeting held on 20th December, 2020, elected Shri J. Thulasidharan, Managing Director of Rajratna Mills as President, Shri P. Nataraj, Managing Director of KPR Mills and Shri K. N. Vishwanathan of C. Jayanthilal & Company as Vice Presidents.

POWER

1. The Madhya Pradesh Electricity Regulatory Commission (MPERC) has approved Fuel Cost Adjustment (FCA) Charges of 12 paise/unit for the billing quarter commencing from 1st January, 2021.

2. As per reports, M. P. Power Management Company has submitted Annual Revenue Requirement & Tariff Proposals for the financial year 2021-22 to MPERC and have demanded average hike of 6% in electricity rates. After examining the proposals, the MPERC may issue Public Notice for comments from stakeholders and may hold public hearing.



MAN POWER

1. The Employees' Provident Fund Organization has issued an Office Memorandum on 31st December, 2020 laying down detailed Guidelines for Implementation of Atmanirbhar Bharat Rojgar Yojna (ABRY) – to incentivize creation of new employment opportunities in EPFO registered establishments. The Scheme commenced from 1st October, 2020 and shall remain open for registration of eligible employers and new employees upto 30th June, 2021.



2. On 4th January, 2021, EPFO has declared 8.5% rate of interest on the Accounts of Employees' Provident Fund Members for the year 2019-20.

3. On 19th January, 2021, EPFO has issued instructions for conduct of Quasi-judicial Proceedings under Employees' Provident Fund & Miscellaneous Provisions Act, 1952.

4. As per reports, the Central Government is set to begin a nationwide exercise to identify the companies that did not deposit dues under the Employees' Provident Fund and Employees' State Insurance Schemes as a part of crackdown against willful defaulters. It is observed that in the absence of physical inspections, there has been an increase in complaints about companies deducting employees' contributions and not depositing the same.

5. According to Union Labour Secretary, the Government is working towards providing a single license facility for registration of employers under four Labour Codes. However, returns under EPFO and ESIC would be filed separately as long as the Government does not provide one Universal Number to all employees from different organizations.

6. The Gujarat Authority of Advance Ruling has held that an employee exiting a company without completing notice period would be liable to pay 18% Goods & Services Tax (GST) on salary for the duration of notice period. This ruling was issued in a case involving Amneal Pharmaceuticals – a 100% EOU based at Ahmedabad

7. Labour Department of the State has appointed Justice Shri Sunil Kumar Awasthi of M. P. High Court as President of Madhya Pradesh Industrial Court.



safeguard the local yarn manufacturers, who are suffering due to high import of cheap quality of yarn, which costs lower than India made yarns.

EXPORT & IMPORT

1. As per information available from Synthetic & Rayon Textile Export Promotion Council (SRTEPC), the exports of Man-made Fibre textiles during the period April-November, 2020-21 as compared to same period of the previous year has witnessed a negative growth of 24.95%, details of which are as under:-



Quantity in Million Tons.

Item	Apl-Nov. 2019-20	Apl-Nov. 2020-21	% Growth
Fibre	352.43	249.81	-29.12
Yarn	1181.35	933.75	-20.96
Fabrics	1369.05	1106.94	-19.15
Made-ups	987.89	629.38	-36.29
Total	3890.72	2919.88	-24.95

2. On the export front, for the period April – November 2020, India exported 645 million kgs. of cotton yarn, recording a marginal growth of 8% over the similar period last year. While looking at monthly data, export of yarn picked up only from June and has averaged 90 million kgs per month, similar to the pre-Covid period.

Bangladesh is the largest market for export of cotton yarn from India in value terms. China and Bangladesh put together account for 50% of the yarn exports from India in quantity terms for the period April – November 2020. This clearly indicates that there is a need for market diversification to focus on countries where India's share of the yarn imports is less than 20%.

3. According to data released by DGCI&S, India's apparel exports values have declined sharply by 30.22% in Dollar terms and 25.98% in Rupee terms during the period April-November, 2020-21. The Country clocked US\$ 7 million from its apparel exports during this period making a total loss of US\$ 3.03 million from the corresponding period of 2019-20.

4. The Central Board of Indirect Taxes & Customs have issued a Press Note on 31st December, 2020 detailing Guidelines for Implementation of Remission of Duties and Taxes on Export Products (RoDTEP) Scheme in Customs Automated System with effect from 1st January, 2021. However, the final list of products along-with RoDTEP rates are yet to be notified.

Federation of Indian Export Organisations on 29th January, 2021 has asked the Government to announce the rates for different sectors under the tax refund Scheme RoDTEP, as further delay will have serious implications for future exports. Last month, the Government had said that it has decided to extend the benefit of the Scheme to all goods, with effect from 1st January, 2021.

5. On 4th January, 2021, Directorate General of Foreign Trade has issued a Trade Notice advising exporters to adopt certain precautionary measures, while transacting with international trading community, so as to avert the exporters being victims of cyber frauds.

6. On 27th January, 2021, an Agreement was signed between Textile Committee, Ministry of Textiles, Government of India and Nissenken Quality Evaluation Centre, Japan, which is expected

LEGAL & TAXATION

1. The Ministry of Environment, Forest & Climate Change has notified on 27th January, 2021, Hazardous & Other Wastes (Management & Trans-boundary Movement) Amendment Rules, 2021. By the amendment, certain entries relating to textile wastes have been added in Rule 12(a)(6), which have come into force with immediate effect.



2. The High Courts of Bombay and Punjab & Haryana have served notices on the Union Government, the Directorate of Revenue Intelligence (DRI) and the Central Board of Indirect Taxes & Customs (CBITC) over the issue of denying rebate on Integrated Goods & Services Tax (IGST) paid by exporters enjoying the benefits of Advance Authorization (AA) license. An AA license is issued to exporters to allow them duty free import of inputs, which are physically incorporated in export products. Earlier exporters were entitled to import raw material without payment of IGST under AA license, which has been stopped after amended Rule 96 (10) of CGST through a Notification dated 4th September, 2018. This amendment denies rebate of IGST to exporters with effect from 23rd October, 2017. However, the Gujarat High Court has upheld the validity of this Rule.

3. Shri Sanjay Garg, President of Northern India Textile Manufacturers' Association (NITMA) has demanded raising of import duty on man-made yarns from 5% to 10% in order to

to boost bilateral trade and enhance India's export of textiles and apparels to Japan, the World's third largest export destination. The main objective of this pact is to provide required support to textile trade and industry for ensuring quality as per the requirement of Japanese buyers through testing, inspection and conformity assessment, training and capacity building, research and development and consultancy.

7. The Textile Ministry is likely to impose caps on the incentive that can be claimed by a company under Production Linked Incentive (PLI) Scheme for man-made fibre and technical textiles to ensure that big players do not corner the large part of the funds.

STATE OF THE INDUSTRY

1. The Index of Industrial Production (IIP) data for the month of November, 2020 released on 12th January, 2021 is as under:

Items	For the Month		Cumulative		% Growth
	Nov. 2019	Nov. 2020	Apl-Nov 2019-20	Apl-Nov 2020-21	Apl-Nov 2020-21
Textiles	119.7	108.0	115.6	78.2	(-)32.4
Wearing Apparel	139.1	112.9	155.2	94.9	(-)38.9

2. The National Committee on Textile & Clothing (NCTC) has appealed to the Parliamentary Standing Committee on Labour to recommend slotting of the entire MMF value chain under 5% GST rate on par with cotton value chain apart from addressing Inverted Duty Structure issues at processing and capital goods. The Committee was chaired by Shri Bhartruhari Mehtab. The purpose of the Committee was to study the potential for the growth of MMF textile industry in Tamil Nadu.



3. Addressing the FICCI 'Tag 2021', 12th Annual Textile & Apparel Conference on the theme 'Repositioning Indian Textiles & Strategizing for Growth in the Post-Covid World', Shri S. K. Gupta, Advisor and Director of Raymond Limited said cotton is our strength and we should not lose focus on the same. While proactive product development is the key to growth, sustainability along-with compliance can create huge differentiation for India among global peers. Shri Arora of D'Décor stated given the huge local market on 1.3 billion people, Indian companies should focus more on domestic market, achieve scale and gradually look at exploring export opportunities, as we become globally competitive in due course.

4. CRISIL expects textile firms to see gradual recovery in demand during 2021-22 as Covid worries ease and discretionary spending returns. The industry's revenue is expected to grow 40-45% after a sharp de-growth in 2020-21. In 2020-21 lower cash accruals will weaken credit metrics of textile manufacturers. However, with modest capacity addition and higher cash accruals in 2021-22, there will recovery in revenue and profitability.

5. India's Technical Textile market is to grow at 20% from US\$ 16.6 million in 2018 to US\$ 28.7 million by 2021, according to Baseline Survey of Technical Textile Industry by the Ministry of Textiles.

While before the pandemic, there was not a single manufacturer in the Country producing Masks and PPE kits, after pandemic around 1100 such companies became operational. The number of companies manufacturing N-4 Masks rose from 2 to 250 and India became largest manufacturer of Masks and PPE kits.

6. Shri Upendra Prasad Singh, IAS, has taken over as Secretary,

Ministry of Textiles on 27th January, 2021.

ECONOMIC SURVEY 2020-21

The Highlights of Economic Survey 2020-21 presented in the Parliament on 29th January, 2021 relating to industry are as under:

- Textile & Apparel Industry contributed 2% to overall GDP and 11% of total manufacturing GVA in 2019-20.
- Provided direct and indirect employment to about 10.50 crore people with a major part of this workforce being women.
- Of 56 Textile Parks which were sanctioned, 23 completed.
- India is sixth largest exporter of Textiles and Apparel products after China, Bangladesh, Vietnam and Italy.
- Strong V-shaped recovery of economic activity confirmed by Index of Industrial Production data.
- A stimulus package worth 15% of GDP announced under Atmanirbhar Bharat Abhiyan.
- Rank of India in the Ease of Doing Business Index for 2019 moved upwards to 63rd position amongst 190 Countries.
- Production Linked Incentive Scheme under the aegis of Atmanirbhar Bharat expected to enhance Country's capabilities and exports.

UNION BUDGET 2021-22

Some of the Highlights of the Finance Bill, 2021 presented by the Hon'ble Finance Minister on 1st February, 2021 are as under:

Provision for 2021-22 –

- Amended Technology Up-gradation Fund Scheme – Rs.700 crore. (Previous year Rs. 545 crore)
- Procurement of cotton by CCI under Price Support Scheme – Rs.136 crore.
- Integrated Scheme for Skill Development – Rs.100 crore (Last year Rs. 80 crore)
- National Technical Textiles Mission – Rs.100 crore (Last year Nil)
- Integrated Processing Development Scheme – Rs.75 crore (Last year Rs. 40 crore)
- Scheme of Integrated Textile Parks – Rs.80 crore (Last year Rs. 60 crore).

Taxes & Duties -

- Basic Custom Duty on Caprolactam, yarn and other Nylon raw material reduced to 5% from 7.5%.
- Import Duty on cotton and cotton waste raised from Nil to 10%.
- GST Council to take measures to remove anomaly like Inverted Duty Structure.
- Late deposit of employees' contribution to PF/ESI not to be allowed as deduction to the employer.