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## ASSOCIATION NEWS

1. We have sent a request letter to Shri Jyotiraditya Scindia, Hon'ble Minister of Civil Aviation on 27th July, 2021 for air connectivity between Indore and Surat. There are strong reasons to validate the requirement of a regular or bi-weekly flight between these two cities as Indore is known for textiles and is now developing as a textile and apparel destination, whereas Surat is wellknown for its textile industry. The other reasons include visits by thousands of people from Surat and nearby areas to holy places at Ujjain and Onkareashwar, development of Indore as educational hub, etc.

2. Barlai Co-operative Sugar Mills Limited is lying closed for about 25 years and is under the process of winding up. The process of transfer of land of this sugar mill to Industries Department from the Co-operative Department is stagnated for long. This land is most suitable for textile hub being close to Indore and Dewas. Facilities for transportation of raw material and finished goods are readily available, the skilled labour for the textile industry is also available. The making of textile hub on this land will lead to utilization of cotton grown in the area, value addition of yarn, which will lead to increase of Gross Domestic Product (GDP) of the State. Some of the leading textile groups are ready to invest immediately Rs.400 crore in this area, which will lead to employment of around 5,000 workmen including female workers. Some other industrialists are also willing to establish their units in this area. The infrastructure development of the land will be done by individual investors under various Schemes of State and Central Governments. We have, therefore, made a representation on 20th August, 2021 to the Hon'ble Chief Minister of the State to intervene in the matter and order early transfer of land of this sugar mill to the Industries Department, so that the work of textile hub could start at the earliest.

3. A team of Economic Times has considered Grasim Industries Limited (Staple Fibre Division) commitment towards Environmental & Social Issues in the Community in and around the plant with excellence in water management, pledge towards Zero Liquid Discharge, commitment towards sustainability and social economic development of Nagda through building of hospital/schools and other developmental infrastructure and awarded 'Promising Plant 2021'.

### Our Congratulations.

4. Vardhman Textiles Limited has signed a MoU for Renovation and Upgradation of Christian Medical College, Ludhiana. Under the renovation project, the Group will be funding at a cost of Rs.6.30 crore state of the art Vardhman Multi-Specialty Ward, Vardhman Bone Marrow Transplant Cell and Vardhman Rehabilitation Centre.

### Our Congratulations.

5. Sagar Group, which has made an investment of Rs.1,000 crore in the State and is providing direct employment to 4,000 people, its Chairman met

Chief Minister of the State and informed that they are coming up with a Multi Specialty Hospital on Hoshangabad Road in Bhopal, which will provide employment to 1,000 people.

### Our Congratulations.

## RAW MATERIAL



1. The International Cotton Advisory Committee (ICAC) in its release of 1st August, 2021, has stated that Corona virus might have won the battle in 2020-21 driving down global cotton production to 24.2 million tons, a decline of 7% from the last season. But the industry is responding well and the production is expected to rise by 3% in 2021-22 and reach 25 million tons. This increase will be led by -

- USA, which is projected to reach 3.8 million tons, up by 22% from last season.
- India, whose production is expected to remain at 5.9 million tons.
- Brazil, whose production could reach 2.3 million tons.

The global cotton consumption and trade have seen a welcome recovery in 2020-21 with consumption increasing by 12.4% to reach 25.5 million tons. Recent reports from Bangladesh and Vietnam indicate that covid infections are rising leading to factory closures and shipping problems.

2. USDA has forecasted cotton production at 29.0 million bales (480 pounds each) and area harvested at 12.9 million hectares for India for cotton season 2021-22. The area decrease is due to slow progress of south west monsoon and competition from other crops such as soyabean and pulses. Yield is forecast to 489 kilograms per hectare.

3. As per OECD-FAO report, India will continue to dominate in global cotton production till 2030 with its share of 25%, whereas share of China, USA and Brazil will be 22%, 15% and 10% respectively.

4. The Cotton Association of India (CAI) has reduced its cotton production estimate for the cotton season 2020-21 from 356.00 lakh bales to 354.50 lakh bales in its press release of 16th August, 2021. It has estimated imports of 10.00 lakh bales and exports of 77.00 lakh bales. The mill consumption is projected at 288.00 lakh bales, consumption by SSI Units at 24.00 lakh bales and non-mill use at 18.00 lakh bales. The closing stock at the end of September, 2021 is projected at 82.50 lakh bales. The CAI estimate of State-wise cotton crop as on 31st July, 2021 for the seasons 2020-21 and 2019-20 are as under:-



#### Quantity in Lakh Bales.

State	2020-2120	2019-20	Arrivals till 31.07.2021
Punjab	10.50	9.50	10.25
Haryana	22.50	25.50	21.85
Rajasthan	32.50	28.00	31.81
Gujarat	93.50	95.00	91.50
Maharashtra	81.50	87.00	80.63
MadhyaPradesh	18.50	18.00	18.14
Telangana	44.00	52.00	43.75
AndhraPradesh	16.00	15.25	15.50
Karnataka	23.50	20.00	23.18
Tamil Nadu	7.00	5.00	7.00
Odisha	3.00	3.75	3.00
Others	2.00	1.00	2.00
<b>Total</b>	<b>354.50</b>	<b>360.00</b>	<b>348.61</b>

The Committee on Cotton Production and Consumption has not met after 24th April, 2021 and as such no updated information is available.

5. During the period October, 2020 to April, 2021, India has exported 22.09 lakh bales of cotton to Bangladesh, 21.97 lakh bales to China, 6.40 lakh to Vietnam, 2.70 lakh bales to Indonesia and 2.77 lakh bales to other countries which include Thailand, Oman, Turkey, Italy, Mauritius, etc. Thus export of cotton from India to China has not stopped despite Covid-19 pandemic.

6. The Minister of State for Finance, Shri Pankaj Chaudhary, informed Lok Sabha on 9th August, 2021 that 5% Basic Custom Duty and 5% Agriculture Infrastructure Development Cess was imposed on raw cotton imports to benefit the domestic cotton farmers. Import of cotton has impacted Indian cotton farmers adversely.

7. As per Shri Pradeep Kumar Agrawal, Chairman-cum-Managing Director of Cotton Corporation of India Ltd. (CCI), the new cotton season (2021-22) may begin with opening stock of 60-70 lakh bales. The CCI may be required to procure minimal amount of cotton in 2021-22 season, as kapas prices are likely to rule above the Minimum Support Price for a better part of the season. It may not be required to procure more than 30 lakh bales.

8. The Director General of Trade Remedies, Department of Commerce, has withdrawn Anti-Dumping Duty (ADD) on imports of Viscose Staple Fibre (VSF) from China and Indonesia. The removal of ADD on VSF is expected to open new vistas to achieve global competitiveness and accomplish the target of US\$ 350 billion by 2025 set by Ministry of Textiles for textile and apparel sector.

9. Shri Vikas Narval, IAS, has been posted as Managing Director, Agricultural Marketing Board and Commissioner – Mandi in the State.

## POWER

1. The Madhya Pradesh Electricity Regulatory Commission (MPERC) has notified Madhya Pradesh Electricity Supply Code 2021, which has become effective from 20th August, 2021, its date of publication in MP Gazette. The earlier Code of 2013 has been repealed to align with the Rules notified on 31st December, 2020 by the Ministry of Power, Government of India, under GSR No. 818(E), namely Electricity (Right of Consumers) Rules, 2020.

2. Despite having surplus power, the Madhya Pradesh Power Management Company Limited has purchased 7,271.9 crore units in the Financial Year 2019-20 at a cost of Rs.32,231.42 crore as against purchase of 6,935.3



crore units at a cost of Rs.26,003.63 crore allowed by the MPERC. The Power Management Company has submitted a True-up Petition with MPERC for recovery of Rs.5,341.13 crore additional loss to be recovered from consumers.

3. Shri Vivek Kumar Porwal, IAS, has been posted as Managing Director, Madhya Pradesh Power Management Co. Ltd., Jabalpur.

## MAN POWER

1. The average of Cost of Living Index for Industrial Workers for the period January-June, 2021, has increased by four points over the average for July-December, 2020. Thus minimum wages payable to all categories of workers in the State are likely to rise by Rs.100 p.m. with effect from 1st October, 2021.



2. Replying to a question in Rajya Sabha, Shri Rameshwar Teli, Minister of State for Labour & Employment informed that during the period 2017-18 to 2021-22 (upto June, 2021), 5,83,25,610 individuals were registered in the Employees' Pension Scheme (including 15,08,430 from Madhya Pradesh).

## LEGAL & TAXATION

1. The Ministry of Finance on 29th August, 2021, has extended the last date to avail the GST Amnesty Scheme, under which the taxpayers have to pay a reduced fee for delayed filing of monthly returns, by three months till 30th November, 2021.



2. The Gujarat Bench of Authority of Advance Ruling under CGST Act in the matter of Tata Motors has held that no GST will be levied on nominal amount recovered from employees for canteen facilities, which is passed on by the Company to the third party caterer.

To cater the needs of employees, corporate entities typically arrange for canteen services, where the meals are served by a third party caterer. A part of the amount (albeit, a very nominal sum) is recovered from the employees and the issue relating to levy of GST often arises.

3. On 30th July, 2021, the Central Board of Indirect Taxes & Customs have notified the provision for self certification instead of audit from 1st August, 2021. The Board has made the Reconciliation Statement part of Annual Goods & Service Tax Return. Every registered person having aggregate turnover under Rs.5 crore will have to furnish such a certificate.

4. The Polyester Textile & Apparel (PTA) Association has appealed the Minister of Chemicals & Fertilizers to rationalize GST on key polyester raw materials – PTA and MEG alongwith Polyester Staple Fibre from 18% to 12%. The MMF industry is facing problem of inverted GST structure, wherein the duty on raw material is more than finished products.

5. Federation of Indian Chambers of Commerce & Industry (FICCI) has made certain recommendations on completion of four-year of GST to Chairman, Central Board of Indirect Taxes and Customs, Ministry of Finance. These include :

- Time limit for availing input tax credit/issuance of credit for financial year 2019-20 be extended till December, 2021;
- Provide relief from reversal of Input Tax Credit (ITC) on expired stocks, stocks written off/disposed of by relaxing provision of Section 17(5)(h) for period April, 2020 to March, 2022;
- Relaxation may be provided to utilize ITC balance for payment of RCM liability through necessary amendment in GST Rules at least till 31 March, 2022;
- To provide relaxation from applicability of interest on reversal of credit or to extend period of 180 days to one year;



- Tax payment challan should be included in list of eligible documents under CGST Rules for availing of input tax credit;
- Condition imposed under section 16(2)(C) regarding payment of tax to the Government for claiming input tax credit by recipients shall be relaxed.;
- Permit refund of ITC accumulated even on account of input services and capital goods in case of inverted rate structure.

## EXPORT & IMPORT

1. Confederation of Indian Textile Industry's (CITI) Analysis of Exports/Imports during April-July, 2021 is as under:

Value in US\$ Million

Exports	Aprl-July 2020	Aprl-July 2021	% Change
Cotton Yarn/Fabrics/ Made-ups, Handloom Products, etc.	2,259.69	4,677.76	107.01
Man-made Yarn/Fabrics/ Made-ups, etc.	781.78	1,770.77	126.50
Jute Mfg. Including Floor Covering	68.25	146.55	114.73
Carpets	304.15	570.03	87.42
Handicrafts Excluding Handmade Carpets	308.65	656.14	112.58
<b>Textiles</b>	<b>3,722.52</b>	<b>7,821.25</b>	<b>110.11</b>
<b>Apparel</b>	<b>2,509.48</b>	<b>4,793.93</b>	<b>91.03</b>
<b>Textiles &amp; Apparel</b>	<b>6,232.00</b>	<b>12,615.18</b>	<b>102.43</b>
All Commodities	74,961.00	1,30,819.52	74.52
% of T&C to total	8.31	9.64	

Value in US\$ Million

Imports	Aprl-July 2020	Aprl-July 2021	% Change
Cotton Raw & Waste	130.53	213.04	63.21
Textile Yarn/Fabrics/ Made-ups, etc.	313.92	583.6	85.91

2. The Ministry of Textiles has issued a Notification on 13th August, 2021 with regard to continuation of Scheme of Rebate of State and Central Taxes & Levies (RoSCTL) on export of Apparel/Garments and Made-ups. The Scheme was earlier enforced upto 31st March, 2020 and on 17th April, 2020, the Government decided to continue the Scheme w.e.f. 1st April, 2020 until such time the RoSCTL Scheme is merged with Refund of Duties and Taxes on Export Products (RoDTEP) Scheme. Now the Government has decided to continue RoSCTL with effect from 1st January, 2021 till 31st March, 2024.

3. The Ministry of Commerce & Industry vide its Notification dated 17th August, 2021, has issued RoDTEP Scheme guidelines, its objectives and operating principles. The Rates as percentage of FoB has also been declared for various textile items.

4. Indian textile industry was attracting embedded taxes to the tune of 6-8% on cotton yarn and cotton fabric products and were not getting refunded. Till date cotton yarn and fabrics were eligible only for Duty Draw-Back; but from now cotton yarn will get 3.8% RoDTEP with a cap of Rs.11.40 per kg. and woven fabric of 4.3% with a cap of Rs.3.40 per Sq.Mtr. However, knitted fabric has been given only 1% RoDTEP, the Government should review the rates based on modular RoDTEP calculation. The knitted fabric made out of yarn should get a higher benefit than the yarn, which has been taken care in case of woven fabric.



The rates of RoDTEP for MMF Yarns vary from 1% to 2.5%, whereas for the MMF Fabric rates vary from 0.7% to 2.4%. For the Technical Textiles, the rates vary from 0.5% to 2.7% of FOB value.

5. To boost local manufacturing and exports to shore up employment in the textile sector, the Government had recently approved Production Linked Incentive (PLI) Scheme with an outlay of Rs.10,680 crore under the aegis of Atmanirbhar Bharat Abhiyan. It is expected that the Scheme could cover 40 products under MMF category and 10 products under Technical Textiles segments. It is expected that incentives would be provided to both green field and brown field investments under the scheme. The incentive may be between 3 to 11% of incremental revenue year-on-year for five years.

With a view to stitching a speedy growth trajectory for the textile sector, the Ministry of Textiles has cleared proposal for a Production Linked Incentive (PLI) Scheme. Top sources in the Ministry said that a note on this proposal was cleared on 27th August, 2021 and it may be taken up for the Union Cabinet's nod soon.

6. High tariffs faced by Indian exporters in the European Union and United Kingdom as compared to Zero Duty Access given by these countries to nations like Bangladesh and Cambodia are affecting our export performance, this was informed to the Parliament by Mrs. Darshana Jardosh, the Minister of State for Textiles. She also told that outbreak of Covid-19 pandemic has hugely affected the textile industry. The export of textiles in 2020 stood at US\$ 29.61 billion, while the shipments of Bangladesh, Vietnam and Cambodia aggregated at US\$ 37.95 billion, US\$ 37.10 billion and US\$ 7.77 billion respectively. She also told that textile exports to China increased to US\$ 1.56 billion in 2020-21 as against US\$ 1.13 billion in 2019-20.

7. During the year 2020-21, the exports of cotton yarn from India to China were 275 Mn. Kgs., out of total exports 980 million kgs. China was the largest importer of yarn from India. The Minister of State for Textiles informed Rajya Sabha the Country-wise export of cotton yarn during 2020-21 detailed as under:-

Country	Quantity (Mn.Kgs.)
China P RP	275.00
Bangladesh PR	225.19
Vietnam Soc. Rep.	55.62
Peru	53.49
Portugal	44.44
Egypt A RP	42.74
KoreaRP	32.31
Columbia	23.17
Turkey	21.03
Others	207.01
<b>Total</b>	<b>980.00</b>

8. India's textile exports to US increased by 66.69% to US\$ 2.28 billion during the period January-May, 2021, as per reports from OTEXA, a trade body of US Department of Commerce. As per Textile Focus, US textile imports during the same period increased by 39% to US\$ 12.47 billion. India's share in these imports remained at 18.32%, whereas China's share increased to 34.65% (value US\$ 4.32 billion). Made-ups accounted for a larger share of total shipments from India to US, valued at US\$ 1.92 billion increasing by 64.54% year-on-year. Yarn exports increased by 88.37% to US\$ 55.16 million, while fabric exports totaled US\$ 302.92 million.

9. To facilitate creation of an enabling environment and infrastructure for accelerated growth of exports and trade, the Market Access Initiative Scheme, which is in operation since 2003 is to be extended upto 31st March, 2026. The Scheme will be reviewed for changes, if any, required in promotion of exports in post Covid-19 situation.

10. Alarm bells have been ringing in the Government as over the last few years, India's share in global textile and clothing product exports has lost the competitive edge to countries like Vietnam and Bangladesh. The Covid-19 pandemic brought long spells of lockdowns and restrictions.

This had multiple adverse impacts on the sector. Restrictions kept a large workforce at home, manufacturing hubs stayed shut, domestic demand plummeted and exports dwindled. The export data tells the story of the decline of the sector. While India's merchandise exports in the current financial year's first quarter or Q1 touched an all-time high of \$95 billion, there was a double-digit decline in readymade garments, when compared to the same quarter in 2019. Currently, India is the 5th largest exporter of Textile and Apparel (T&A) in the World with exports worth US\$ 36.4 billion. India's T&A exports reached US\$ 33.5 billion in 2019-20. Due to the impact of Covid-19, India's T&A exports are expected to fall around 15% to reach US\$ 28.4 billion in 2020-21.

According to a Wazir Advisors study, global apparel market shrunk by 22%, coming down from US\$ 1,635 billion in 2019 to US\$ 1,280 billion in 2020.

India's domestic textile and apparel market is estimated at US\$ 75 billion in 2020-21. The domestic market fell 30% from US\$ 106 billion in 2019-20.

The market, as per the Study, is expected to recover and grow at 10% compound annual growth rate or CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. Apparel constitute 73% share of the total T&A market in India. India's domestic textile and apparel market is estimated at US\$ 75 billion in 2020-21. The domestic market fell 30% from US\$ 106 billion in 2019-20.

## STATE OF THE INDUSTRY

1. The Index of Industrial Production (IIP) data for the month of June, 2021 released on 12<sup>th</sup> August, 2021 is as under:

Items	For the Month		Cumulative		% Growth
	June 2020	June 2021	Apl-Jun 2020-21	Apl-Jun 2021-22	
Textiles	63.1	110.7	38.1	110.3	189.5
Wearing Apparel	105.9	132.7	59.4	129.0	117.2

2. Under the Technology Mission for Technical Textiles, Government has extended financial support towards creation of infrastructure of eight Centers of Excellences (CoEs) in various textile research and academic organizations. The details of these organizations and the amount of funding are as under:

* Synthetic & Art Silk Mills Research Assn.	Rs.11.77 crore
* Maharashtra Wool Research Association	22.95 crore
* Bombay Textile Research Association	6.77 crore
* DKTE Societies' Engg. Institute	23.38 crore
* Northern India Tex. Research Association	9.51 crore
* Southern India Tex. Research Association	10.96 crore
* P S G College of Technology	18.96 crore
* Ahmedabad Tex. Ind. Research Association	20.93 crore

3. The Department of Micro, Small & Medium Industries of the State has notified on 13<sup>th</sup> August, 2021, Madhya Pradesh MSME Vikas Neeti – 2021 and Madhya Pradesh MSME ProtsahanYojna – 2021. Under this policy, a special package has been announced for textile industry which include interest subsidy ranging from 2% to 7% for a period of five years in respect of term loans taken for plant and machinery of Rs. 10 to 50 crore approved under ATUFS. The other benefits include reimbursement of quality certification cost, patent registration expenditure, expenditure on infrastructure development, etc. Separate provisions have been made for powerlooms and garments sector.

4. As per reports, industrialists, who get land on lease from the State Government to set up their projects will not have to look for agents to get registration of lease done in Sub-Registrar's office under the Department of Registration & Stamps. Now M. P. Industrial Development Corporation Ltd. (MPIDC) will work as a service provider under Ease of Doing Business reforms.

5. "Cotton yarn realizations touched an all-time high in June, 2021 and moderated marginally in July, 2021 despite the increase in cotton prices. ICRA believes that the cotton yarn realizations are unsustainable at current levels," said Ms. Nidhi Marwaha, Vice-President and Sector Head, Corporate Ratings, ICRA Ltd.

Cotton prices on the Inter Continent Exchange for October delivery closed at 93.89 US Cents a pound (₹55,150 per candy of 356 kgs). In India, the comparable export variety Shankar-6 variety is sold at ₹57,000-57,200 a candy. On the Multi Commodity Exchange, cotton for October delivery ruled at ₹26,390 per 170-kg bale (₹55,263 a candy).

6. Researchers at the Indian Institute of Technology (IIT) Delhi have developed a modified cotton fabric capable of absorbing harmful air pollutants. ZIF-8@CM Cotton and ZIF-67@CM Cotton, as they are called, are Zeolite Imidazolate Framework (ZIF)-modified functionalized fabrics, which adsorb high levels of organic air pollutants like benzene, aniline, and styrene from the ambient air.

7. As per reports, five textile units from Rajasthan and Tamil Nadu have seen land parcels in Neemuch and proposed to invest around Rs.600 crore in the region. These industries are expected to take up around 30-35 hectares of land.

8. Shri P. Narhari, IAS, has been posted as Secretary, Micro, Small & Medium Industries Department and Commissioner of Industries of the State.

