



Volume XVII No. 3

Indore, October 2021 • Pages 4

Price Rs. 5/-

Vijaya Dashmi & Deepawali Greetings to All Our Readers

ASSOCIATION NEWS

1. The Department of MSME of the State declared Madhya Pradesh MSME Vikas Neeti – 2021 on 13th August, 2021. In Clause 20.1 of the Neeti, refund of interest on term loan taken for plant and machinery as per Amended TUFS for new textile units has been provided. The Amended TUFS does not include spinning segment of the textile industry. However, in para 14(xx) of the Neeti, spinning has been included at Sl. No. 5 and part of textile project. We have, therefore, made a representation on 28th August, 2021 to Hon'ble Minister for MSME of the State to include spinning and delete the word ATUFS from para 20 of the Neeti. This will help increase of yarn production and easy availability of raw material to the powerloom sector, thereby increasing GDP of the State.

2. The various labour laws of the State provide for imprisonment of employer for certain unintentional lapses in observing the Rules. With such a provision, the investors are always afraid of such actions and the investment in the State suffers. Recently, the Government of Uttar Pradesh has removed such imprisonment provisions and has kept the provisions of monetary fines, which is in consonance with the policy of the Government of India to decriminalize the investment. In view of the above, we have made a request on 14th September, 2021 to the Hon'ble Chief Minister of the State to make similar amendments in the labour laws of the State. Such an action will increase confidence of investors leading to new investment in the State and creation of employment opportunities.

3. The Industrial Promotion Policy -2014 continues to be applicable in the State and requires certain amendments. We have, therefore, made a representation on 14th September, 2021 to the Principal Secretary, Department of Industrial Policy & Investment Promotion of the State to incorporate following changes in the Policy:-

- Electricity Duty exemption as provided in Para 10.8 for new HT connection was available only upto 31st March, 2019. Since the Policy continues beyond this date, the new HT connections should be eligible for Electricity Duty exemption till applicability of the Policy. Moreover, an eligible unit exempted from Duty and converts its connection from 33 KV to 132 KV or from 132 KV to 220 KV should be allowed exemption for the balance period of new category.
- As per Para 10.11.2, interest subsidy for new composite unit is allowed, if it utilizes atleast 75% of primary produce (such as yarn) as an input in down stream activities. Since the spinning activity is more and downstream weaving/knitting, being new, are using less quantity of

yarn, the limit of using primary produce needs to be brought down to 50%.

- Roof Top Solar Power Generation involves very high capital expenditure. The State has imposed Additional Surcharge on Solar Power Generation of Rs. 1.11 per Unit. In cases, where such power is used by generating unit itself without utilizing any facility/electric line, etc., of the DISCOM, such charge should be exempted.

This will encourage more use of renewable power.

4. Vardhman Textiles Limited has approved modernization of Civil Hospital at Mandideep with an investment of Rs. 17 lakh, which will be utilized for modern medical equipments like Digital X-Ray Machine, Portable Fetal Doppler, Multipara Monitor, etc. Shri S. Pal, Director – MP Locations of Vardhman Group handed over the letter to Dr. Chauhan, BMO of the Hospital.

Our Congratulations.

5. Pratibha Syntex Limited, vertically integrated, sustainability oriented manufacturer of knitted textile products has successfully completed the foundational level of Supplier to Zero headed by Zero Discharge of Hazardous Chemical (ZDHC) Foundation. The Company also has certifications required for sustainable business practices, which include Zero Liquid Discharge, ISO 14001, SA 8000, Fair Trade, WRAP, OCS, GOTS, C2C-Gold Certification, Global Recycled Standards, BCI and Bluesign.

RAW MATERIAL

1. The International Cotton Advisory Committee (ICAC) in its release for the month has estimated the World cotton production for 2021-22 season at 25.70 million tons with area under cotton at 32.80 million hectares. Global consumption is estimated at 25.9 million tons, and with ending stocks for 2020/21 at 20.00 million tons. Cotton prices are trending upward with Cotlook A Index season average at 101.60 Cents/lb. With demand exceeding the production, ending stocks are expected to decline at 19.70 million tons in 2021-22. Cotton prices are high in China with CC Index averaging 126 Cents/lb. since beginning of the season.



2. The cotton crop for 2021-22 season beginning from 1st October, 2021 for India has been estimated at 364.50 lakh bales by the experts. It is reported that it is higher by 10.00 lakh bales, when compared to production of 354.50 lakh bales for the current season 2020-21. The total area under cultivation for the forthcoming season is estimated at 122.82 lakh hectares. Considering the estimated production and the area yield works out to 2.96 bales per hectare, which is very low compared to other global cotton growing



nations. The domestic consumption in the forthcoming season is estimated at 330.00 lakh bales and exports at 70.00 lakh bales.

3. According to Fitch Solutions, cotton production in India is to fall by 1% year-on-year to 28.30 million bales of 480 pounds each in 2021-22 due to lackluster rainfall throughout July and August, 2021. The recent outbreak of pink bollworm in some areas of Punjab, the yields may be lower.

4. The US Department of Agriculture (USDA) has forecast India's cotton production at 29 million bales of 480 pounds each. Area harvested is forecasted at 12.90 million hectares with yield of 489 kgs. per hectare.

5. The Cotton Association of India has raised its estimate for cotton exports during 2020-21 season to 77 lakh bales (of 170 kg. each), highest in past seven years. The exports have reached a high of 112 lakh bales in 2013-14.

6. According to ICRA Ratings, cotton demand in India is expected to remain strong over next 6 to 12 months owing to strong recovery in global apparel trade and retail demand. Cotton prices increased by 43% in first 5 months of 2021-22 compared to the same period of last year. The average cotton price during April-August, 2021 increased from Rs.9,963/- from a year earlier to Rs.14,225/- per quintal according to Ms. Nidhi Marwaha, Vice President of ICRA Ratings. Prices are estimated to average 40-45% higher year-on-year in the first half of this fiscal.

7. According to Shri Atul Ganatra, President of Cotton Association of India, the cotton prices have seen a gain of 5% in August, 2021. For the cotton season 2021-22 sowing is less by around 7% compared to last year, but as per trade reports from 10 States, the condition of crop is excellent and trade is expecting 10 to 20% more yield this year compared to last year. Definitely, we are not only expecting a better crop, but also very good quality in the coming season.

8. The Office of Textile Commissioner has notified Minimum Support Prices (MSP) of cotton for the cotton season 2021-22 (October-September) on 22nd September, 2021. The MSP of major varieties are as under:

Class	Staple Length (mm)	MSP (Rs./Quintal)
Short Staple	20 & below	5,226.00
Medium Staple	21.5-22.5	5,476.00
	21.5-23.5	5,526.00
	23.5-24.5	5,576.00
Medium - Long Staple	24.5-25.5	5,726.00
	26.0-26.5	5,826.00
	26.5-27.0	5,876.00
Long Staple	27.5-28.5	5,925.00
	27.5-29.0	5,975.00
	29.5-30.5	6,025.00
Extra Long Staple	32.5-33.5	6,225.00
	34.0-36.0	6,425.00
	37.0-39.0	7,225.00

9. The Cotton Corporation of India has distributed 5543 Kapas Plucker Machines valuing around Rs. 4.00 crore to marginal and small farmers in all the cotton growing States (including aspirational Districts) under Corporate Social Responsibility. In Madhya Pradesh 626 such machines have been distributed.

10. The Finance Minister of Telangana, Shri Harish Rao, has requested the GST Council to take steps to abolish reverse charge mechanism on cotton. He wanted the GST Council to discuss this issue with other cotton growing States like Maharashtra and Gujarat and address the concerns with the Fitment Committee for fresh view.

11. Global fiber production is expected to increase by 34% and reach 146 million tons in 2030. As per a Textile Value Chain report, fiber production doubled in 2000 to 109 million tons in 2020 from 58 million tons. Per person fiber production increased from 8.4 kg per person in 1975 to 14 kg per person in 2020. Market share for preferred fiber and materials grew significantly in 2020.

POWER



1. The Madhya Pradesh Electricity Regulatory Commission (MPERC) has approved recovery of Fuel Cost Adjustment Charges @ minus (-) Seven Paise/Unit for the billing quarter October-December, 2021

MAN POWER

1. The Labour Commissioner of the State has announced on 13th September, 2021, the increase in Additional Dearness Allowance payable to textile mill employees governed by Sethi Award of Rs.135.71 per month for Indore Centre and Rs.279.70 per month for Bhopal Centre for the period July-September, 2021.



2. The Minimum Wages payable to various categories of workmen in the State has been increased by Rs.100/- p.m. with effect from 1st October, 2021 and are as under:

Category	Basic p.m.	Variable DA	Total	Daily Wages
Unskilled	Rs.6,500	Rs.2,300	Rs.8,800	Rs.338
Semi Skilled	7,057	2,600	9,657	371
Skilled	8,435	2,600	11,035	424
Highly Skilled	9,735	2,600	12,335	474

3. The Finance Ministry has notified Rules for calculation of taxable interest on employee and employer contributions to provident fund of over Rs 2.50 lakh per annum, in an attempt to dissuade high earners from parking their surplus in PF accounts. For the sake of calculation, separate accounts within Provident Fund accounts shall be maintained from 2021-22 for taxable and non-taxable contributions made by the person.

4. Atal Beemit Vyakti Kalyan Yojna, which provides for unemployment allowance at 50% of wages for three months to those insured persons who lose their jobs for any reason has been extended upto 30th June, 2022.

5. As per reports, as many as 15 States have prepared Draft Rules under the four Labour Codes passed by Parliament, but it is still uncertain, if the long-awaited labour market reforms will become a reality in the current fiscal year

LEGAL & TAXATION

1. Supreme Court on its landmark judgment in the case of VKC Footsteps on 13th September, 2021 rejected the order of Gujarat High Court and confirmed the judgment of the Madras High Court, thereby rejecting the refund of input services in the case of inverted duty structure. The issue before the Supreme Court was whether the refund on inverted duty structure (where GST on inputs is higher than GST on outputs) is available for both inputs as well as input service. The Supreme Court has urged the GST Council to reconsider the formula and take a policy decision on it.



2. The Gujarat Authority for Advance Ruling (GAAR) said, "CSR activities, as per Companies (CSR Policy) Rules, 2014 are those activities excluded from normal course of business of the applicant and therefore, not eligible for Input Tax Credit (ITC)." Adama India, sought rulings on two questions — First, whether the inputs and input services procured by the applicant, in order to undertake CSR activities as required under the Companies Act, 2013, qualify as being in the course and furtherance of business, and therefore, be counted eligible for ITC. Second, whether inputs and input



services for providing notebooks and course materials for schools, construction of cement bench at public places, public urinals, auditoriums, etc., at educational institutions, procurement and installation of oxygen generating plant at hospitals, water filter plants, solar water heaters, masks, sanitizers, oxygen concentrator and chairs and tables in schools and hospitals be eligible for ITC.

3. The Central Board of Direct taxes has extended on 9th September, 2021 due dates for filing Income Tax Returns, some of these are:

- Return of Income for AY 2021-22 to 31st December, 2021
- Report of Audit for PY 2020-21 to 1st January, 2022
- Return of Income u/s 139 to 15th February, 2022
- Belated/Revised Return for AY 2021-22 to 31st March, 2022

4. The GST Council's 45th Meeting held in Lucknow under the Chairmanship of the Union Finance & Corporate Affairs Minister Ms. Nirmala Sitharaman has recommended correction in inverted duty structure in textiles sector. During the Meeting GST rate changes in order to correct inverted duty structure in textiles sector was discussed and a decision was taken to defer it for an appropriate time, will be implemented with effect from 1st January, 2022. The textile industry, while welcoming the Government's decision to correct the inverted duty structure from 01 January 2022 said that it will be big-band relief the entire textile value chain, particularly the man-made fibre supply chain.

EXPORT & IMPORT

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

Value in US\$ Million

Exports	Apl-Aug 2020	Apl-Aug 2021	% Change
Cotton Yarn/Fabrics/ Made-ups, Handloom Products, etc.	3,095.60	5,977.43	93.09
Man-made Yarn/Fabrics/ Made-ups, etc.	1,085.41	2,230.11	105.46
Jute Mfg. Including Floor Covering	101.36	188.11	85.59
Carpets	439.42	713.89	62.46
Handicrafts Excluding Handmade Carpets	455.42	838.40	84.09
Textiles	5,177.21	9,947.94	92.15
Apparel	3,594.33	6,030.80	67.79
Textiles & Apparel	8,771.54	15,978.74	82.17
All Commodities	98,064.65	1,64,096.42	67.33
% of T&C to total	8.94	9.74	

Value in US\$ Million

Imports	Apl-Aug 2020	Apl-Aug 2021	% Change
Cotton Raw & Waste	151.88	252.86	66.49
Textile Yarn/Fabrics/ Made-ups, etc.	406.62	728.18	79.08

2. On 28th September, 2021, the Director General of Foreign Trade has issued notifications extending the validity of Foreign Trade Policy (FTP) : 2015-2020 and Hand Book of Procedures : 2015-20 till 31st March, 2022.

3. The Director General of Foreign Trade has notified last date of submitting applications under MEIS, SEIS, RoSCTL, RoSL and 2% additional adhoc incentive (under para 3.25 of FTP) to be 31st December, 2021, in supersession of any such provision in the Hand Book of Procedures, 2015-20 going forward. Further, the validity of any scrip issued under FTP from the



date of this Notification have been notified to be 12 months from the date of issue, in supersession of validity provisions in the Handbook of Procedures.

4. On 24th September, 2021 the Central Board of Indirect Taxes & Customs has notified the Manner to issue Duty credit for goods exported under the continuation of Scheme of Rebate of Sate and Central Taxes and Levies (RoSCTL).

5. On 30th September, 2021 the Central Board of Indirect Taxes & Customs has issued two Circulars detailing the procedures to be followed in respect of:

- Rebate of Sate and Central Taxes and Levies (RoSCTL) on export of apparel/garment/made-ups w.e.f. 1st January, 2022
- Scheme of Remission of Duties and Taxes on Exported Products (RoDTEP) w.e.f. 1st January, 2022.

STATE OF THE INDUSTRY

1. The Index of Industrial Production (IIP) data for the month of July, 2021 released on 10th September, 2021 is as under:

Items	For the Month		Cumulative		% Growth
	July 2020	July 2021	Apl-July 2020-21	Apl-July 2021-22	Apl-July 2021-22
Textiles	93.9	117.5	52.1	112.3	115.5
Wearing Apparel	112.5	115.1	72.7	107.1	47.3

2. The Office of Textile Commissioner has issued on 2nd September, 2021 Template for Willingness of Units and Calling for Documents and Uploading of the same on i-TUF Software prior to Joint Inspection Team (JIT) Visit. As per another circular dated 22nd September, 2021 the JIT to ensure calculation of quarter-wise subsidy from the beginning of term loan till end of eligibility period under RR-TUF Scheme.

3. The Emergency Credit Line Guarantee Scheme (ECLGS), which has extended relief to millions of MSMEs in meeting their operational liabilities and restarting business in the wake of disruptions caused by Covid-19 has been extended till 31st March, 2022 and last date of disbursement under the Scheme till 30th June, 2022.

4. Shri Piyush Goyal, Union Minister for Commerce & Industry, Textiles, Consumer Affairs and Public Distribution, while interacting with the leaders of Textile Industry in India on 3rd September, 2021 said "We must aim to increase textiles exports three times from present export value of \$33 billion to \$ 100 billion at the earliest." He said that we must all collectively resolve to reach the target of \$ 44 billion of exports in 2021-22 for Textiles & Apparel including Handicrafts. Textile sector is expected to surpass all past records. Speaking on the occasion, Smt. Darshna Jardosh, Minister of State for Textiles and Railways said that Indian Textiles and Apparel industries should increase their efficiency. She also stated that textiles sector empowers the women as most of the women are engaged in this sector and earning their livelihood.

5. The Ministry of Textiles have issued Production Linked Incentive (PLI) Scheme for Textiles on 24th September, 2021 and which will be implemented from the date of notification. Incentives under the Scheme will be available for five years period, i.e., during FY 2025-26 to FY 2029-30 on incremental turnover achieved during FY 2024-25 to FY 2028-29 with a budgetary outlay of Rs.10,683 crore. However, if a company is able to achieve the investment and performance targets one year early, then they will become eligible one-year in advance starting from 2024-25 to 2028-29, i.e., for 5 years. The Scheme is intended to promote production of MMF Apparel & Fabrics and Technical Textiles products in the Country to enable Textiles Industry to achieve size and scale; to become competitive and a creator of employment opportunities for people. There are two Schemes :

Scheme-I : The participating company (Minimum investment Rs.300 crore and turnover Rs. 600 crore) is expected to achieve this required turnover after a gestation period of two years, i.e., in FY 2024-2025, that will be termed as year 1 and a 15% incentive will be provided on attaining required turnover in the Notified lines of MMF and Technical Textiles. Incentive in the subsequent years will be provided on achieving a minimum additional incremental turnover of 25% over the immediate preceding year's turnover upto year 5.

Scheme-II: The participating company (Minimum investment Rs. 100 crore and turnover Rs.200crore) is expected to achieve this required turnover after a gestation period of two years, i.e., in FY 2024-2025, that will be termed as year 1 and 11% incentive on turnover will be provided on attaining required turnover in the Notified lines of MMF and Technical Textiles. Incentive in the subsequent years will be provided on achieving a minimum additional incremental turnover of 25% over the immediate preceding year's turnover up to year

Some of the common conditions of the Scheme are:

- Turnover of notified products removed from factory based on GST invoices and realized only through banking channels only will be considered.
 - Provision of a cap of 10% over the prescribed minimum incremental turnover growth of 25% for calculation of incentive from year 2nd onward.
 - Turnover achieved from trading and outsourced job work will not be considered.
 - Only one company of the Group will be allowed to be registered under the Scheme.
 - Only competent, sustainable players are to be supported through the Scheme.
 - Based on availability of funds, entry of new entrant in the Scheme will be allowed till FY 2022-23, investment to be completed by FY 2023-24 and production must start in FY 2024-25.
6. The Government has proposed the MITRA Scheme (7 textile parks) to enable the textile industry to become globally competitive, attract large investments, boost employment generation and exports. Apart from 1,000 acre land for one such park, the Ministry will look at some important things like, nearby availability of raw material, all kinds of infrastructure including port, road and rail connectivity, water and power availability, and incentives of States among others. States will have to apply for the Scheme and "we will float Expression of Interest (EoI) kind of thing. We will seek documents as per a format and then we will do evaluation," said Shri Upendra Prasad Singh, Secretary, Ministry of Textiles. He added that a portal will also be developed for that.
7. Shri T. Rajkumar, Chairman, CITI had an interactive meeting with the Secretary Textiles, Shri Upendra Prasad Singh, IAS, Ministry of Textiles, on 2nd September 2021 at Udyog Bhawan New Delhi. In the meeting, Shri Rajkumar discussed various short-term and long-term issues of the Indian Textile & Clothing Industry, which are given below:
- Appeal to classify Extra Long Staple (ELS) Cotton under separate HS Code and exempt from 5% Basic Customs Duty (BCD) and 5% Agriculture Infrastructure Development Cess (AIDC).
 - Doubling of Cotton Farmers' income by adopting the global best practices – Technology Mission on Cotton 2.0.
 - ECLGS 2.0 – Appeal to remove the outstanding total loan limit of Rs.500 crore and cap the maximum loan eligibility at not more than Rs.100 crore.
 - Foreign Trade Policy – Appeal to waive Penal Provisions or extend the period of EPCG obligations.
 - Ease of Doing Business – Appeal to reduce Hank Yarn Obligation from 30% to 15% and reduce the number of items from 11 to 3 or 4 prescribing the fabric construction details under Handloom Reservation Act.
 - Appeal to make CITI-CDRA, one of the implementing agencies of Cotton Quality Improvement Mission.
 - Support to the Indian textile industry's request to allot targets under the PMKVY3.0 Special Project.
 - Appeal to make Textile Statistics mandatory for the Textile Units.
 - Appeal for extension of effective date for the implementation of various Quality Control Orders issued on 15th April, 2021 that mandate BIS Certification for Polyester Staple Fibre (PSF) and certain products manufactured therefrom.
8. Speaking at the Export Conclave, organized by Madhya Pradesh

Industrial Development Corporation and DGFT at Indore on 29th September, 2021, Shri Ajay Sahai, DG & CEO, Federation of Indian Export Organizations said - "why to export cotton yarn or cotton, why not made-ups or garments? MP should look into value added export in bigger way and offer incentives to industries for moving containers to port. The State has also a lot of potential in exporting technical textiles."

9. As per reports, eight Textile Units are likely to invest over Rs. 300 crore and employment to 2,300 in Jetpura Industrial Area in Dhar District and two textile firms propose to invest Rs. 600 crore in Khargone District.

10. As per reports, on 14th September, 2021, Shri Shivraj Singh Chauhan, Hon'ble Chief Minister of the State had dedicated the Textile Park developed by Madhya Pradesh Industrial Development Corporation Limited at a cost of Rs.49 crore in Acharpura Industrial Area. He also performed Bhoomi Poojan for the Ready Made Garment Industry at this Industrial Area.

Thank You
Hon'ble Prime Minister

FOR APPROVAL OF
PRODUCTION LINKED INCENTIVE
SCHEME FOR TEXTILES AND
RELEASE OF RS. 56,027 CRORE
FOR EXPORTERS

Shri Narendra Modi
Hon'ble Prime Minister

Vision set by the Government of India
Increase textile business size to USD 350 Bn. including USD 100 Bn. exports by 2025-26

Indian Textile Industry wholeheartedly welcomes approval of Production Linked Incentive Scheme (PLIS) for Man-Made Fibre (MMF) Fabrics & Garments and Technical Textiles.
Production Linked Incentive Scheme (PLIS) for Textiles along with RoSCTL, RoTEEP and other measures of Government in the sector will herald a new age in textiles manufacturing.

The Textile and Apparel exporters also thank Hon'ble Prime Minister for release of Rs. 56,027 crore under important export promotion schemes like RoSCTL, MEIS and RoTEEP.
This will ease working capital requirement of over 4500 exporters, including large number of MSMEs in the T&C industry and achieve the overall export target of USD 400 Bn. by 31st March 2022.

Production Linked Incentive (PLI) Scheme Highlights

- India poised to regain its dominance in Global Textiles Trade
- Scheme will help Indian companies to emerge as Global Champions
- Scheme will positively impact especially States like Gujarat, Uttar Pradesh, Maharashtra, Tamil Nadu, Punjab, Andhra Pradesh, Telangana, Odisha, etc.
- Employment opportunities to over 7.5 lakh people directly and several lakhs more for supporting activities
- Greater priority for investment in Aspirational Districts & Tier 3/4 towns
- Scheme will empower women in the textile sector
- Incentives worth Rs. 10,683 crore over five years for manufacturing notified products
- Fresh investment of more than Rs 19,000 crore
- Leveraging economies of scale, additional production turnover of over Rs.3 lakh crore
- Another step in fulfillment of PM's vision of building an Aatmanirbhar Bharat
- Impetus to Make in India as only manufacturing companies registered in India will be eligible