

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.Chairmen :

Shri Subhash Jain

Shri Siddharth Agrawal

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New Year & Republic Day Greetings

ASSOCIATION NEWS

1. The Association submitted a Representation on 27th November, 2021 to the Officer on Special Duty (Drawback Division), Central Board of Indirect Taxes & Customs regarding anomaly in RoDTEP rates for HSN 59011010/59044020/59011090 and Chapter Heading 5514. The RoDTEP rates for these items are less than the rates for grey fabric used for manufacture of goods under these Codes. We have requested to rectify the discrepancy.

2. A Representation has been sent on 3rd December, 2021 to the Textile Commissioner, Mumbai, regarding difficulties faced at the time of verification of documents on physical inspection of machinery by Joint Inspection Team (JIT) under TUF Scheme. Particularly in the old cases under RRTUFS/MTUFS, the units are not able to trace/submit Certificates of Origin required for establishing and verification of ownership of the machinery. In some cases, machine serial numbers are not mentioned on both the machinery and the invoice. In such case JIT team is not allowing subsidy despite verification of machinery along with all supporting documents. We have requested the Textile Commissioner to advise the JIT to consider Bill of Lading/Entry, Commercial Invoice and proof of payment as mandatory documents to establish the existence and ownership of the machinery. Attention has been invited to DGFT Notification No.114/2013 dated 12th March, 2015 also, which stipulates Bill of Lading/Airway Bill, Commercial Invoice and Packing List, Bill of Entry, as mandatory documents for import of machines in India.

3. A Representation has been sent to the Hon'ble Chief Minister of the State on 3rd December, 2021, with a request to resolve the following issues of Textile Industry:-

- To continue the rebate of Rs.2.00 per unit for reduction in captive consumption and shifting to purchase from DISCOM, which was allowed for five years vide Madhya Pradesh Electricity Regulatory Commission Tariff Order of 2017-18.
- To discontinue recovery of Rs.1.11 per Unit as Additional Tax on Solar Energy generated by industrial units from their own generating plants without using any of the equipment/lines of the DISCOMs.
- To continue exemption from payment of Electricity Duty to new connections as allowed under Para 10.8 of Industrial Promotion Policy-2014 beyond 31st March, 2019 as the period of this Policy continues. The units, which switch over from 11 KV to 33 KV or from 33 KV to 132 KV may also be allowed exemption for the balance period under the old connection.
- To request Government of India to open Office of Director General of Foreign Trade at Bhopal as many major exporters are situated at

Mandideep/Budhni and other nearby areas.

- To advise Labour Department to automatically renew Factory Licenses on payment of Renewal Fees without much of paper work.

4. The Annual General Meeting of the Association was held on 28th December, 2021 at its Registered Office and the following Office Bearers were elected unanimously for the next term:

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

5. Maral Overseas Limited have been conferred with Industry Excellence Award by the Institution of Engineers (India). Shri R. P. Gautam of the Mills received the award on 26th December, 2021 at a function held at Vigyan Bhawan, New Delhi, at the hands of Shri Mahendra Nath Pandey, Minister of Heavy Industry, Government of India. **Congratulations.**

6. Pratibha Syntex Limited a vertically integrated manufacturer of knitted textile products, in association with Fair trade, distributed sewing machines and fixed deposits to its 3,024 employees recently. The initiative supported by elite brands like Patagonia, Prana and Pact, aims to bring visible change in overall livelihood of grass root employees, creating a more enriching work environment. **Congratulations.**

RAW MATERIAL

1. The International Cotton Advisory Committee (ICAC) in its release of 1st December, 2021 has stated that high prices of cotton looks like promising for cotton farmers, but are double edged sword. The high prices could drive to increase the global acreage under cotton, but those costs are usually passed along the supply chain, which makes cotton less competitive against other fibres. Prices are expected to be volatile to the remainder of 2021-22 season, but it is unlikely they will climb much higher than the current point. The ICAC does not expect prices or volatility to reach those of the infamous 2010-11 season, when prices ascended on the way to 243.65 Cents/lb. Mill consumption is expected to remain robust throughout 201-22, global stocks are believed to be sufficient to meet the demand. At the end of the season 2020-21 global stocks are estimated at 20.35 million tons.





2. According to United States Department of Agriculture (USDA), China has suspended sales from its State reserves as of 1st December, 2021, which operated in two separate periods from July to end of November. The entire stock of 2.9 million bales (6.30 lakh tons) offered was sold. Over 95% of the cotton sold was from 2011, 2012 and 2013 crops. During the second sales period October-November nearly 4.4 million bales (9.50 lakh tons) were offered for sale, of which 2.6 million bales (5.72 lakh tons) found buyers. Additionally imported cotton were also offered and was sold out. The future purchase or sales by the state reserve of China could have significant impact on global cotton market. Global cotton production in 2021-22 season is expected to be down with a significantly smaller crop in Pakistan more than offsetting larger crops in Benin, Turkey and Uzbekistan.

Cotton mill use is mostly unchanged and ending stocks are down more than 1.0 million bales on fewer supplies in India, Pakistan and China.

3. The Cotton Association of India (CAI) has estimated cotton arrivals during cotton season 2021-22 till 30th November, 2021 at 77.76 lakh bales, imports of 2.00 lakh bales and exports of 7.00 lakh bales. The total cotton production during the season 2021-22 has been estimated at 360.13 lakh bales. The State-wise production and arrivals are projected as under:-

States	Quantity in lakh Bales.		
	2020-21	2021-22	Arrivals till 31.11.2021
Punjab	10.50	10.07	2.28
Haryana	22.50	16.60	3.61
Rajasthan	32.50	26.67	9.99
Gujarat	91.50	96.99	19.40
Maharashtra	81.00	86.46	17.10
Madhya Pradesh	18.50	20.50	5.68
Telangana	44.00	45.91	7.35
Andhra Pradesh	16.00	14.30	3.60
Karnataka	24.00	25.55	6.80
Tamil Nadu	7.50	10.00	0.35
Odisha	3.00	4.08	0.75
Others	2.00	3.00	0.85
Total	353.00	360.13	77.76

The Committee on Cotton Production and Consumption (CoCPC) of the Ministry of Textiles at its meeting held on 12th November, 2021 estimated cotton production in India during the season 2020-21 at 353.84 lakh bales and for current season 2021-22 at 362.18 lakh bales.

According to Shri Atul Ganatra, President - CAI, as on 30th November, 2021, CCI, Maharashtra Federation, MNCs, Ginners, Traders and Exchanges are estimated to have a total stock of 35.93 lakh bales, whereas the Mills are estimated to have stock of 56.00 lakh bales.

4. According to Shri Atul Ganatra, cotton prices in India are expected to soften from their peak level of Rs.64,500/Candy on 30th November, 2021, as the arrivals gain momentum, which have been delayed partly due to unseasonal rains and other factors. However, prices in India are still the cheapest in the World.

5. Addressing a Webinar on Commodities Market Outlook-2022 organized by BusinessLine on 16th December, 2021 Shri T. Gnanasekar, Director, Commtrendz Research stated that there are more upside in cotton price in the coming quarters and benchmark price of \$ 1.00/lb will be very stable. The prices are somewhere around \$ 1.10/lb now. Citing the CFTC recent Commitments of Traders (CoT) Report, he stated that the market is expecting price to come down in March, 2022. By the second half of 2022, prices will come down below Rs.30,000 per bale (170 kgs.) and will settle down around Rs.28,000/- per bale.

6. The Southern India Mills' Association has requested the Ministry of Finance to incentivize domestic production of Extra Long Staple (ELS) cotton. The Association has informed that the recent data show that India imports 5 to 6 lakh bales of ELS cotton to meet its requirement of higher quality yarn for fabrics and readymade garments. A sum of Rs.1,000 crore may be allotted to fulfill the objectives of Mini Mission I and II and Rs.500 crore to implement Mini Mission III and IV. Mission mode approach may be appropriately implemented for the welfare of farming community. This will

boost exports too and enable 2% to 3% additional growth in the industry fetching substantial revenue benefitting all the stakeholders across the value chain.

7. As per Madhya Pradesh Cotton Ginners & Traders' Association, a drop of 15% in pressing by the ginning units is apprehended due to high fluctuation in prices and halting supplies from farmers in the spot markets. The Association claims that arrivals of cotton in the spot market is around 12000-15000 bales per day as against 20000 bales per day in the same period a year ago.

8. The Confederation of Indian Textile Industry submitted a proposal to the Hon'ble Minister of Textiles and Hon'ble Minister of Agriculture on 13th December, 2021 to implement the high density planting technology in 90,000 villages on a pilot basis for enhancing cotton productivity to meet the growing demand of cotton for the textile industry.

POWER



1. The Madhya Pradesh Electricity Regulatory Commission (MPERC) has approved recovery of Fuel Cost Adjustment (FCA) Charges @ 07 paise per unit for the billing quarter January-March, 2022, with this per unit rate has increased by 14 paise.

2. The MPREC has notified MPERC (Terms and Conditions for Intra-State Open Access in Madhya Pradesh) Regulations, 2021 (Revision-I), which have come into effect from 17th December, 2021.

3. The Madhya Pradesh Power Management Company Ltd. and the three Distribution Companies jointly filed a petition before MPERC seeking approval of Annual Revenue Requirements (ARR) for financial year 2022-23 and Tariff Proposal for 2022-23. MPERC has published a Public Notice in Patrika newspaper on 31st December, 2021 inviting comments/suggestions latest by 21st January, 2022. The overall average increase proposed for the category HV 3.1 Industrial is 0.81%. The total proposed average overall increase is 8.71%. The rebate of Re.1.00 per unit for shifting from open access and Rs.2.00 per unit for shifting from captive consumption is proposed to be continued.

4. In the matter of Maharashtra State Electricity Distribution Co. Ltd. v/s JSW Steel Limited and others, the Hon'ble Supreme Court has held on 10th December, 2021 that captive consumers/captive users are not liable to pay Additional Surcharge leviable under Section 42(4) of the Electricity Act, 2003.

5. The Union Power Ministry has asked State Bank of India to tighten lending norms for Distribution Companies as their continued borrowing amid ballooning dues to creditors and losses year after year cause a threat to the stability of the financial sector. Shortfall in subsidy payments and unpaid electricity bills of Government Departments/Civic Bodies are responsible for the pathetic financial position of DISCOMs, according to Union Power Secretary, Shri Alok Kumar.

MAN POWER

1. The Office of Labour Commissioner, Indore, has issued an Order increasing Variable Dearness Allowance payable to textile mill employees governed by Sethi Award for the period October-December, 2021 by Rs.69.06 per month for Indore Centre and Rs.260.34 per month for Bhopal Centre.



2. According to Ministry of Statistics & Programme Implementation, the per capita income in the State has increased from Rs.62,080 in 2015-16 to Rs.1,03,288 in 2019-20 recording an increase of 66.37%. This was disclosed in reply to a question in the Parliament's winter session.

3. According to reports, the four Labour Codes on Wages, Social Security, Industrial Relations and Occupational Safety, Health and Working Conditions are likely to be implemented by next financial year, as at least thirteen States have pre-published Draft Rules on these Codes. The Centre has already finalized the Rules under these Codes.



4. The Advance Ruling Authority in respect of GST of the State has ruled in the matter of Bina Refinery that GST is not payable on notice period salary/wage deposited by an employee. Various States were claiming 18% GST on such notice pay from the employees. Similarly mediclaim insurance premium paid by employees to their employers for treatment of their parents will not attract GST.

LEGAL & TAXATION

1. The Goods and Services Tax (GST) Council has unanimously decided to defer a hike in GST on textiles from 5% to 12%, Union Finance Minister Smt. Nirmala Sitharaman announced on 31st December, 2021. The GST rate hike on textiles from 5% to 12% was to come into effect from 1st January, 2022. The matter will be discussed again in the next GST Council Meeting.



2. The Government has reduced compliance burden for GST payers. Now a taxpayer with Aggregate Annual Turnover above Rs. 5 crore can self-certify the Reconciliation Statement in Form GSTR-9C for financial year 2020-21 onwards, instead of getting it certified by a Chartered/Cost Accountant. The last date for filing Forms GSTR-9 and GSTR-9C for financial year 2020-21 has been extended to 28th February, 2022 by Notification dated 29th December, 2021.

3. As per new Section 16(2)(aa) inserted with effect from 1st January, 2022, a recipient cannot avail Input Tax Credit (ITC) for the Invoice issued by the supplier, if the supplier has not filed that invoice in his GSTR-1 Returns, i.e., Input Tax Credit (GST paid to vendors) in respect of invoices and Debit Notes shall be available only to the extent these are furnished in GSTR-1 by the vendor and appearing in GSTR-2A/2B of the recipient.

4. In a Meeting with the representatives of the Northern India Textile Mills Association, the Union Minister for Commerce & Industry indicated that Government is not keen on imposing Anti-dumping Duty (ADD) on imports of Polyester Spun Yarn (PSY) originating in or exported from China, Indonesia and Vietnam.

5. The Government of Madhya Pradesh has tightened the provisions of E-way Bill under Goods and Services Tax Act for 41 items including all types of fabrics and garments with effect from 2nd December, 2021 for inter-district transport consignments of more than Rs. 50,000/-.

EXPORT & IMPORT

1. According to the preliminary data on India's merchandise trade in November, 2021, released by the Ministry of Commerce & Industry, exports of cotton yarn/fabrics/made-ups, handloom products showed growth of 40.72% in November, 2021, over the same month of the previous year. Man-made yarn, fabric, made-ups, etc. increased by 25.79% and apparel by 2.72%.



2. As per information available from the Confederation of Textile Industry, the exports of Textiles and Apparel during the period April-November, 2021-22 have increased by 52.30% as compared to the exports during the period April-November, 2020-21. The comparative figures of exports of various items are as under:-

Value in US\$ Million

Exports	Apl-Nov 2020-21	Apl-Nov 2021-22	% Change
Cotton Yarn/Fabrics/ Made-ups, Handloom Products, etc.	5,812.20	9,849.14	69.44
Man-made Yarn/Fabrics/ Made-ups, etc.	2,147.24	3,580.36	66.74

Jute Mfg. Including Floor Covering	203.71	315.39	54.82
Carpets	894.89	1,193.56	39.71
Handicrafts Excluding Handmade Carpets	991.48	1,382.58	39.45
Textiles	10,050.22	16,321.03	62.39
Apparel	7,006.02	9,656.47	37.83
Textiles & Apparel	17,056.24	25,977.50	52.30
All Commodities	1,74,164.06	2,63,574.68	51.34
% of T&C to total	9.79	9.86	

3. The import of raw cotton and waste increased by 38.17% and textile yarn/fabric/made-up articles by 29.97% during the month of November, 2021 as compared to the imports during the same month of the previous year. The details of imports of these products during April-November, 2021 as compared to same period of previous year are under:-

Value in US\$ Million

Imports	Apl-Nov 2020-21	Apl-Nov 2021-22	% Change
Cotton Raw & Waste	227.99	360.91	58.30
Textile Yarn/Fabrics/ Made-ups, etc.	794.56	1,277.19	60.74

4. The Directorate General of Foreign Trade (DGFT) on 31st December, 2021 extended the last date for submitting applications for various export promotion schemes under the Foreign Trade Policy. The Notification, states that after 31st January, 2022 no further applications would be allowed to be submitted and would become time-barred. For claiming pending refunds under merchandise exports from India Scheme (MEIS), the DGFT said that exporters can submit applications for exports made between 1st July, 2018 to 31st March, 2019 and from 1st April, 2019 to 31st March, 2020 and from 1st April, 2020 to 31st December, 2020. "The last date for submitting online applications under MEIS, SEIS, RoSCTL, RoSL and 2% additional Adhoc Incentive has been extended to 31st January, 2022.

5. Representatives of Synthetic & Rayon Textiles Export Council (SRTEPC) called upon the Ministry of Finance for revision of RoDTEP rates for entire value chain namely - Man-Made Fibre, MMF Yarn and MMF Fabrics with suitable increase in value caps also. High RoDTEP rates will encourage inclusive growth in exports of MMF textiles from the Country, the Council has assured the Ministry. The average MEIS rates in case of MMF textile value chain were between 2% to 7%, but RoDTEP rates range between 0.01% to 2.50% of FOB value. RoDTEP rates needs to be raised suitably at least to 6%.

6. On 1st December, 2021, the Minister of State for Textiles informed Parliament that representation regarding continuation of Interest Equalization Scheme, beyond 30th September, 2021, received by it have been forwarded to the Finance Ministry for appropriate action.

7. While interacting with leaders of textile industry on 12th December, 2021, the Union Textile Minister, Shri Piyush Goyal, said 'we must achieve target of \$ 45 billion of textile exports in 2021-22. He said that Government is always open to consider all industry requirements to ensure that targets are achieved. Industries that do not depend on subsidies thrive much more.

8. Shri A.Sakthivel, President, Federation of Indian Export Organizations (FIEO) stated on 23rd December, 2021 rise in input costs, delays in shipment and payments are the problems for which India's outbound shipments growth may slowdown in 2022-23 compared to the previous fiscal year due to new variants of Covid-19 and supply side challenges. He said exporters across sectors are flushed with orders for the next fiscal, which will push the growth prospects in the next fiscal.

STATE OF THE INDUSTRY

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

Items	For the Month		Cumulative		% Growth
	Oct 2020	Oct 2021	Apl-Oct 2020-21	Apl-Oct 2021-22	Apl-Oct 2021-22
Textiles	110.7	122.2	74.4	115.8	55.6
Wearing Apparel	119.9	122.6	92.3	107.8	16.8

2. The Confederation of Indian Textile Industry (CITI) has submitted its Pre-Budget Memorandum 2022-23 to the Ministry of Finance in respect of indirect/direct taxes. The Secretary General of CITI attended meeting in the Ministry of Finance on 23rd November, 2021. The important points raised by CITI are as under:-

- Request to remove 10% import duty on cotton and cotton waste (5% Basic Custom Duty + 5% Agriculture Infrastructure Development Cess).
- Reduce Basic Custom Duty on Backing Textile Fabric - raw material for making man-made textile carpets.
- Increase of Duty Drawback rates for yarn, which have been reduced after introduction of GST.
- Treat all segments of MMF equally and increase Duty Drawback rates for Viscose Staple Fibre (HS Code 5504) from 1.50% to 1.90%.
- Removal of Custom Duty on Dissolving Grade Pulp (HS Code 4702).
- Allow utilization of Duty Credit Scrips for payment of IGST, CGST and SGST.
- Reduce GST on fuel used for generation of electricity.
- Allocate adequate funds for TUFS to disburse subsidy in all eligible cases.

3. The SRTEPC has requested the Government for inclusion of Investments in recycled PET projects eligible for ATUFS benefits and also formulation of separate ITC HS Codes for recycled polyester staple fibre and recycled polyester filament yarn. If the proposals are approved, the exports of MMF textiles including recycled varieties are likely to be doubled by around Rs.10,000 crore.

4. On 8th December, 2021, Representatives of leading Textile Industry Associations, CITI, TEXPROCIL, etc., attended a Meeting with Secretary, Ministry of Textiles regarding increasing prices of cotton and cotton yarn. The Secretary reiterated the Government's stand that it would not like to intervene in the market forces. But if the situation does not improve at all, then the Government would be forced to take some drastic measures to save the apparel and power-loom industry. Garment segment is a major employer and should not get affected due to high cost of raw materials.

Shri S. P. Oswal, CMD of Vardhman Group shared that the prices of all the sectors, be it steel, coal, dyes or paper had increased and textiles was not a standalone case. He further said that everyone must understand that fabric and garment prices have gone up all over the World. This was primarily because of demand of textile product was higher than supply internationally. Quantum of increase in cotton yarn prices have been lower than that of increase in cotton prices, thus the margins of cotton yarn manufacturers have been cut down. Our Association Chairman, Shri Akhilesh Rath, has stated that margins are coming under pressure for spinners.

5. On 8th December, 2021, Minister of State for Textiles in a written reply in Lok Sabha gave certain information in respect of handloom units, power-loom units, synthetic yarn and hosiery manufacturing units in the Country. The number of units in the Country and in our State were reported as under:

	Number of units	
	All India	M.P.
Handlooms:		
Household	27,01,080	10,163
Non-household	1,22,302	1,906

Power-looms:		
Units	3,85,596	8,344
Total Looms	24,86,418	39,979
Shuttleless Looms	1,03,141	1,063
Synthetic Yarn Units	18,652	4
Knitted Readymade Garments	52,827	965
Man-Made Filament Yarn Units	32	-

6. The Ministry of Textiles on 24th September, 2021, announced Production Linked Incentive (PLI) Scheme for Textiles for promoting MMF and Technical Textile segments with an approved outlay of Rs.10,683 crore over a period of 5 years. Now on 28th December, 2021, the Ministry has notified Operational Guidelines for the Scheme, which has been uploaded at <http://texmin.nic.in/services/operational-guidelines-production-linked-incentive-pli-scheme-textiles-promoting-mmf-and>. The Ministry will accept online applications under the PLI Scheme for textiles with effect from 1st January, 2022 through PLI portal <https://pli-texmin.gov.in/mainapp/Default>. The application window will remain open from 1st January, 2022 to 31st January, 2022. The incentives under the Scheme will accrue on fulfilling conditions of minimum investment and minimum turnover. After screening of the applications received, the Ministry shall publish list of selected entities on the basis of recommendations of Selection Committee consisting of Secretary - Textiles as Chairman and Additional Secretary, MOT; Additional Secretary & FA, MOT; Representatives of NEETI Ayog; Representative of DPIIT; Economic Advisor as Members and Trade Advisor as Member Secretary.

7. Unable to cope up with sharp rise in raw material prices, many textile mills in the State have curtailed capacity utilization, while some have lost export contracts despite globally high demand. Our Chairman, Shri Akhilesh Rath, said "higher yarn prices are affecting the economics of fabric segment and the garment business adversely. The margins are severely impacted and will eventually affect the consumer in retail segment resulting in high inflation. Many long term contracts for fabric and garments are in jeopardy".

8. According to Crisil analysis, Credit outlook is largely stable for cotton yarn and readymade garments players. The domestic textile industry, which had seen demand slump in fiscal 2021 owing to onset of the Covid-19 pandemic, is firmly on course to recover in fiscal 2022 on the back of reopening of businesses, educational institutions and retail outlets with increase in the vaccinated population. Sanctions on Chinese textiles have boosted Indian textile exports as well. Government announcements such as the Production Linked Incentive Scheme, setting up of Mega Textile Parks, and Extension of the Rebate of State and Central Taxes and Levies Scheme are also supporting the sector.

9. As per reports, Madhya Pradesh Industrial Development Corporation has allotted 11 hectares of land to a denim cotton yarn textile unit, who have proposed investment of Rs.220 crore in Neemuch District. Two more units in fabric manufacturing have taken a total land parcel of 4 hectares and will invest around Rs.76 crore.

10. At the Committee Meeting of CITI held on 15th December, 2021, Shri T. Rajkumar, Chairman of Mahasakthi Mills Limited has been elected as Chairman, Shri Rakesh Mehra, Chairman of Banswara Syntex Limited as Dy. Chairman and Shri Ashwin Chandran, CMD of Precot Meridien Limited as Vice Chairman.