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## ASSOCIATION NEWS

1. The Association submitted a Representation on 2nd February, 2022 to the Commission Secretary, Madhya Pradesh Electricity Regulatory Commission regarding levy of Additional Surcharge on consumption of power from source other than Distribution Licensee of the area. The West Discom has been collecting Additional Surcharge on solar power giving reference of Section 42(2) of the Electricity Act, 2003 for levy of Cross subsidy Surcharge and Section 42(4) for Additional Surcharge on captive power plants.

The Hon'ble Supreme Court in the matter of Maharashtra State Electricity & Distribution Co. Ltd., v/s JSW Steel Ltd. and Others on 10th December, 2021 has ordered that the captive consumers are not liable to pay Additional Surcharge leviable under Section 42(4) of the Electricity Act, 2003 and the Distribution licensee has to refund the same. We have provided a copy of the said judgment and requested the Hon'ble Commission to advise the West Discom to stop charging Additional Surcharge on solar power and honor the order of the Apex Court.

2. The Union Finance Minister presented the Budget-2022-23 in the Parliament on 1st February, 2022. We organized on 2nd February, 2022 a Talk on Analysis of Budget-2022-23 jointly with Textile Association (India) Madhya Pradesh Unit, Spinners Club and MP Mill Stores Merchants Association. The speakers included Shri Jayantilal Bhandari, Sr. Economist; Prof. Kamlesh Bhandari, Economist; CA Shri Sunil Jain and CS Shri Ajit Jain. Shri Jayantilal Bhandari was of the view that with this Budget India will become fastest growing economy in the World. The industrial development of the nation, employment, welfare of farmers and all other sections of the society will get a boost as it has a thrust on infrastructure development. The Schemes of Production Linked Incentive and PM MITRA are expected to further the vision of Atma Nirbhar Bharat and position India strongly on the global textile map. Prof. Bhandari said the Finance Minister has laid emphasis on developmental expenditure rather than putting control on inflation. The thrust on infrastructure will boost employment. Some of the standout proposals from Budget 2022 include setting up of Centre for Processing Accelerated Corporate Exit (C-PACE) for the reduction in timelines for winding up of companies, cross-border insolvency resolution process, replacement of Special Economic Zones Law with new legislation, introduction of a Digital Rupee, new regulatory regime for private equity and venture capital, etc. The main aim of the Budget is to increase demand and employment. CA Shri Jain explained various changes in Income Tax, Customs and provisions relating to Input Tax Credit in GST. CS Shri Ajit Jain spoke about Capital Market and was of the view that in the year 2022-23 the investor may get good returns by investment in the shares of infrastructure companies.

3. Maral Overseas Ltd., has announced setting up a spinning unit of 18,864 spindles for producing yarn at an estimated outlay of Rs. 122.94 crore. This unit is expected to commence production in 2023-24. **Congratulations.**

4. Ms. Suchita Oswal Jain, Vice Chairman and Jt. Mg. Director Vardhman Textiles has been conferred with the title '**Leader of Change**' by The Economic Times. The Economic Times acknowledged the leaders, who not only achieved their business goals but also contributed to the greatest good of society. **Congratulations.**

5. Vardhman Textiles has announced investment of Rs. 1,603 crore in Madhya Pradesh units. **Congratulations.**

6. Grasim Industries Ltd., has been bestowed with two Gold Shields by Institute of Chartered Accountants of India (ICAI) one for **Sustainability Reporting (Manufacturing Sector)** and another for **Excellence in Financial Reporting Manufacturing & Trading Sector** (Turnover equal to or more than Rs. 3,000 crore) for the year 2020-21 by Dr. Jitendra Singh, Minister of State in Prime Minister's Office. **Congratulations.**

## RAW MATERIAL

1. As per International Cotton Advisory Committee (ICAC) release of 1st February, 2022 the global cotton production is projected at 26.4 million tons, an increase of 9% over the previous season. These increases are driven by increased area and production in West Africa, Brazil and the United States.



Consumption is currently posting a 0.17% decrease over the previous season and is recorded at 25.66 million tons. This slight decline in consumption can be attributed to the current high price of cotton. Textile mills are reluctant to secure large volumes of cotton at such a high price. Many spinning mills are operating with very little raw cotton in reserve to fuel necessary consumption in order to meet the high levels of post pandemic demand. Currently, global harvested area is estimated at 33.8 million hectares, a 4% increase over the previous season. However, planted area in India actually decreased in all regions with the exception of Punjab and Madhya Pradesh, two of the smaller production regions of India. Price of cotton Cotlook A-Index is at a level not seen in more than 10 years and compared to the March, 2021 price of 94.35 US cents per pound, the current price of 136.45 US cents per pound is an increase of 44.63%. The current price forecast of the season-average A-Index for 2021-22 ranges from 94 cents to 117 cents, with a midpoint at 104 cents per pound.

2. Cotton Outlook's first tentative forecasts for the 2022/23 cotton season place World production at just over 26.9 million tons, an increase of 4.7 % on the previous season and global consumption at over 26.7 million tons, a rise of 3%..





3. USDA FAS, Mumbai forecasts marketing year 2021-2022 cotton production in India at 27.4 million 480 lb. bales on an area of 12.1 million hectares. Farmers continue to limit market arrivals due to rising seed cotton prices, increasing input costs for textile value chains. It estimates mill consumption at 26.5 million 480 lb. bales based on robust export demand for value added textiles and prospective orders. Exports of fiber, cotton yarn and cotton products remain steady. Despite the expectations of local industry, the Government of India maintained its import duty on cotton in its recent Budget announcement, but rising domestic prices are prompting mills to procure less with expensive cotton supplies through imports.

4. On 25th February, 2022 the Cotton Association of India (CAI) has reduced its cotton production estimate for cotton season 2021-22 by 5 lakh bales to 343.13 lakh bales (Madhya Pradesh 20.50 lakh bales). Cotton arrivals till end of January, 2022 are estimated at 192.20 lakh bales (Madhya Pradesh 12.88 lakh bales), imports at 5.00 lakh bales and exports at 25.00 lakh bales. Consumption till end of January, 2022 is estimated at 114.00 lakh bales and stock with mills at 75.00 lakh bales. MCX, MNCs, Ginners and other are estimated to hold 58.20 lakh bales.

5. In the month of February, 2022 cotton prices remained at higher levels, with no respite of easing in the near future. Predictions and estimates are only watch the happenings. Cotton shortage is not prevalent but sobering of cotton prices could be a dream, though peak arrivals season is on. Farmers appears to be of mind to wait and watch to avail more price.

6. According to Second Advance Estimates of cotton production by the Ministry of Agriculture, the Country's cotton output is estimated to decline by more than 3% to 34 million bales in the 2021-22 crop year from 35 million bales in the previous season.

7. The Commission for Agricultural Costs & Prices (CACP) organized a Video Conference of the Stakeholders Meeting on 28th January, 2022 regarding Price Policy for Kharif Crops 2022-23 Season under the Chairmanship, Shri Vijay Paul Sharma, Chairman, CACP. Several mills expressed that they use only 100% imported specialty cottons viz., Extra Long Staple (ELS) Cotton (staple length 32.5 mm & above), Organic Cotton, Contamination free Cotton and Sustainable Cotton (e.g.: BCI) to produce high value-added products to cater to domestic and export markets and certain buyers specifically insist on using imported cotton to meet their quality requirements. India is the largest producer of Organic cotton in the World with 51% share. Apparel and made-ups manufacturers are slowly switching a percentage of their production to organic cotton-based products following the shift in consumer demand. Organic fibers and textiles produced in India are being consumed by prestigious companies in Europe and the US. This segment is expected to pick up quickly and is anticipated to grow at a CAGR of 10% in the coming years.

8. Shri Atul Ganatra, President, the Cotton Association of India (CAI) suggested an increase in Minimum Support Price (MSP) of ELS (Extra Long Staple) cotton by 25-30%. He stressed the hike was the need of the hour as it will attract farmers to grow more ELS cotton in India for which presently, we are dependent on import.

9. The Secretary (Textiles) informed the Chairman, Confederation of Indian Textile Industry (CITI) on 10th February that a separate HSN code is likely to be issued soon for Extra Long Staple (ELS) cotton. He also informed that Government is aware that India does not produce adequate quantity of ELS cotton and hence Government may allow duty free imports of ELS cotton for which proposal is already taken up with the Revenue Department. Decision on import duty for other varieties of cotton will be taken based on the crop size vs. consumption by the mills.

## POWER

1. The Madhya Pradesh Electricity Regulatory Commission (MPERC) vide its Order dated 25th January, 2022 asked the Madhya Pradesh Power Management Company Ltd. and the three Distribution Companies to file a revised petition before it, seeking approval of Annual Revenue Requirements (ARR) for financial year 2022-23 and Tariff Proposal for 2022-23, which was done by them. MPERC has now published a Public Notice on 10th February, 2022 again inviting



comments/suggestions from stakeholders latest by 4th March, 2022. The overall average increase proposed for the category HV 3.1 Industrial has been maintained at 0.81% and the proposed average overall increase at 8.71%. The rates proposed for Textile Industry (HV 3.1) have been kept the same as reported in our New Letter for February, 2022. 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. However, Energy Charges for above 120% of Contract Demand is proposed at 1.3 times of normal charges.

The Association has filed its suggestions/comments on 23rd February, 2022.

2. Bureau of Energy Efficiency has asked Textile Mills consuming power of 3,000 tons of oil equivalent per year to file Report on Status of Energy Consumption together with their production for the years 2020-21 and 2021-22 in Form -I notified under Clause (1) of Section 14 of Energy Conservation Act, 2001. The Report is to be filed before 30th June, 2022.

3. As per reports, a Note submitted by the Union Power Ministry to Parliamentary Consultative Committee identifies delayed or inadequate tariff revisions as a key factor that is keeping alive the vicious circle of continued accumulation of unsustainable level of losses and debts of Discoms. The Note also identifies the mounting dues of Government Departments and non-reimbursement of subsidies in time as the major reasons for distress, which is paid by the consumer in the form of load shedding, supply curtailment, poor quality of supply, etc. Our State has dues of about Rs. 21,000 crore at the end of September, 2021.

## MAN POWER

1. Minimum wages payable to various categories of workmen in our State for the period April-September, 2022 are likely to increase by Rs. 325.00 per month due to rise in Consumer Price Index for Industrial Workers.



2. Variable Dearness Allowance payable to textile mill employees governed by Sethi Award for the period January-March, 2022 is increased by Rs. 78.59 p.m. for Indore Centre and by Rs. 74.81 p.m. for Bhopal Centre.

3. As per reports, the Government is mulling a high limit on allowances at 75-80% of the wages of an employee in the first year of the roll-out of the Labour Code on Wages. This could gradually be brought down to 50% over three years, as specified in the Code. The other major change under consideration is restoration of the threshold on the number of employees in an organization to 100 from the proposed 300 under the Industrial Relations Code for seeking the Government's permission before retrenchment or closing down operations.

## LEGAL & TAXATION

1. E-invoice under GST has been made mandatory with effect from 01st April, 2022. for registered persons, whose aggregate turnover is above ₹20 Crore in any of the previous five years.

2. As per the Finance Bill 2022, Input Tax Credit (ITC) shall not be eligible unless the outward supply details are auto-generated in GSTR-2B. Statutory time limit for availing ITC has been extended to 30th November from the present 30th September following the end of the financial year. Self-assessed ITC availed in Return to be reversed along with interest, where tax is not paid by supplier; re-availment permissible in cases where supplier is paying tax.



3. The textile and clothing industry has sought a uniform 5% Goods and Services Tax (GST) across the textile value chain. Shri Ravi Sam, Chairman of the Southern India Mills' Association (SIMA), and Vice-



Chairman Shri Durai Palanisamy said that the cotton textiles sector had an uniform GST rate of 5%. The inverted duty structure is present only in the Man-made fibre sector. SIMA wants uniform rate of 5%, with which the compliance will be more.

4. According to reports, the Union Government and States will implement a proposed structural revamp of the Goods and Services Tax (GST) in phases, keeping in mind the impact tax rate changes can have on consumption. The proposed revisions will include pruning tax exemptions, removing anomalies from taxing raw materials and intermediates higher than finished products, and reducing the number of GST slabs.

5. A Group of Ministers (GoM) led by Karnataka Chief Minister Shri Basavaraj Bommai is likely to meet soon to finalise the restructuring recommendations in respect of Goods & Services Tax. The final recommendations will be taken up in the upcoming GST Council meeting. The revisions may include the implementation of tax rate changes needed in the textile industry that will correct the inverted duty structure.

## EXPORT & IMPORT

1. According to the preliminary data on India's merchandise trade for the month of January, 2022, released by the Ministry of Commerce & Industry, exports of cotton yarn/fabrics/made-ups, handloom products showed growth of 42.40% in January, 2022, over the same month of the previous year. Man-made yarn, fabric, made-ups, etc. increased by 23.66% and apparel by 19.33%.



2. As per information available from the Confederation of Indian Textile Industry, the exports of Textiles and Apparel during the period April-January, 2021-22 have increased by 45.90% as compared to the exports during the period April-January, 2020-21. The comparative figures of exports of various items are as under:-

Value in US\$ Million

Exports	Apl-Jan. 2020-21	Apl-Jan. 2021-22	% Change
Cotton Yarn/Fabrics/ Made-ups, Handloom Products, etc.	7,775.21	12,680.91	63.09
Man-made Yarn/Fabrics/ Made-ups, etc.	2,934.22	4,601.22	56.81
Jute Mfg. Including Floor Covering	284.92	408.91	43.52
Carpets	1,197.99	1,504.24	25.56
Handicrafts Excluding Handmade Carpets	1,351.49	1,753.87	29.77
<b>Textiles</b>	<b>13,543.83</b>	<b>20,949.15</b>	<b>54.68</b>
<b>Apparel</b>	<b>9,497.71</b>	<b>12,669.29</b>	<b>33.39</b>
<b>Textiles &amp; Apparel</b>	<b>23,041.54</b>	<b>33,618.44</b>	<b>45.90</b>
All Commodities	2,28,918.63	23,35,882.94	46.73
% of T&C to total	<b>10.07</b>	<b>10.01</b>	

3. The import of raw cotton and waste decreased by 32.84% and textile yarn/fabric/made-up articles increased by 14.39% during the month of January, 2022 as compared to the imports during the same month of the previous year. However, the details of imports of these products during April-January, 2022 as compared to same period of previous year are under:-

Value in US\$ Million

Imports	Apl-Jan 2020-21	Apl-Jan 2021-22	% Change
Cotton Raw & Waste	311.86	449.43	44.11
Textile Yarn/Fabrics/	1,154.80	1,711.51	48.21

4. The Federation of Indian Export Organizations (FIEO) has urged the Government to increase the validity of scrips to 24 months to boost exports and achieve the target of US\$ 400 billion. It has also demanded to expand the usages of RoDTEP and RoSCTL scrips to enhance the productivity of the sector.

5. India has clocked US \$4.69 billion export revenues in cotton yarn category during 2021, noting 79.64 % yearly growth. Bangladesh topped the list as India fetched US \$ 1.72 billion from cotton yarn export in 2021, noting a whopping 162.25 % growth over 2020. China stayed on the second rank with US \$ 949.90 million cotton yarn import value from India. It is worth noting here that China-India relationship has been on a fluctuating mode over last couple of years, but the export of India's textile raw material to the largest textile exporter in the World seems to be unaffected; rather it's growing at a rapid pace. India's cotton yarn was also preferred by Portugal as its import of the same reached US \$ 210.79 million in 2021, growing by over 62 % on Y-o-Y basis. Apart from Bangladesh, China and Portugal, the countries that increased cotton yarn sourcing from India during 2021 were Vietnam, Egypt, Peru, South Korea, Turkey, Colombia, Sri Lanka, Guatemala, Germany, Italy.

6. Talks are on between the Commerce & Industry Ministry and the Finance Ministry to arrive at new interest subsidy rates under the Interest Equalization Scheme that lapsed on September 30, 2021 but was granted an additional budget of Rs 1,251 crore in financial year 2021-2022 and provided Rs 2,621.5 crore for financial year 2022-23. Earlier, the subsidy rates ranged between 3% and 5%. The Interest Equalization Scheme is a key support programme for medium, small and micro exporters.

7. On 18th February, 2022 India signed its Comprehensive Economic Partnership Agreement (CEPA) with United Arab Emirates (UAE) both pledging to boost bilateral trade to US\$ 100 billion in five years from the present US\$ 60 billion. The UAE has offered overall duty elimination on over 97% of its tariff lines corresponding to 99% of India's exports in value terms over a 10-year period. However, 90% of India's exports will be at zero duty from day one of the coming into force of the agreement. Only 9% duty reduction will happen in a staggered manner. The sectors where duty free exports will come into force immediately include textiles among others. The agreement will open up a lot of opportunities for our MSMEs and provide job opportunities to the tune of one million for our youth. With India supplying \$1,515 million of apparel to the UAE as against its total imports of \$ 3,517 million, Indian apparel exports contribute a decent share of 43%. The trade pact would result in a drop of 5% import duty for Indian Readymade Garments (RMG). Over \$2 billion additional exports are expected over the next five years. The institutional sale of home textiles like bed and bath linen and contact textiles like beach towels, salon and spa linen are expected to double. This will further strengthen the dominant position of Indian apparels in the UAE.

## STATE OF THE INDUSTRY

1. The quick estimates of Index of Industrial Production (IIP) for the month of December, 2021 released on 10th February, 2022 with base 2011-12 stands at 138.00 as against 137.40 for December, 2021. The Index of Textile Sector are as under:-

Items	For the Month		Cumulative		% Growth
	Dec. 2020	Dec. 2021	Apl-Dec. 2020-21	Apl-Dec. 2021-22	Apl-Dec. 2021-22
Textiles	114.9	124.2	82.7	117.3	41.8
Wearing Apparel	140.0	148.5	98.6	127.0	28.8

2. As per the India Ratings and Research (Ind-Ra), due to the gradual decrease in the impact of Covid-19's third wave, the textile demand is expected to speed up in 2022-23. Reduction in logistics problems for export demand will help in maintaining vigorous demand. After seeing a slight dip in first quarter of 2021-22, the domestic demand for all the textile sub-sectors has continued to improve from second quarter of 2021-22, which also increased the realization along with the increased demand momentum and



supply chain issues. Moreover, the demand for MMF (Man-made fibre) has continued to increase, mainly due to the rise in cotton prices, leading to a shift of demand from cotton to MMF, to an extent. It also highlighted that due to improved consumer spending, the demand momentum sustained for home textiles in the domestic market. With



regards to textile exporters in the cotton yarn segment continued to witness an improvement during 2021-22 with volumes exceeding 47% per year-on-year over. In view of an increasing demand for Indian yarn, it expects export volumes to remain higher for 2021-22 over 2019-20 and 2020-21.

3. Speaking at the 44th Foundation Day of Apparel Export Promotion Council (AEPCC) on 22nd February, 2022 Textile Secretary Shri U P Singh said, "Apparel and garmenting is not very investment centric but it is very important from employment point of view. Perhaps, there is a need for backward integration and more of you can get into integrated value-chain like spinning and weaving. Textile has always been among the top priorities of the Government. There are a lot of big opportunities. The demand continues to be robust and the China plus one sourcing strategy by the west is certainly a great opportunity for us. Exports can increase from the present US\$ 40 billion to US\$ 100 billion in next five years."

4. As per reports, the Global Investors' Summit (GIS), which was to be held in Indore has been postponed to October, 2022. The Summit will focus on new Industrial Policy and sector specific announcements to boost investment in garments/textiles, electric vehicle, ethanol, etc.

5. Madhya Pradesh Industrial Development Corporation Ltd., (MPIDC) has received demand for around 800 acres of land from one existing textile unit having presence in Pithampur and three new players into integrated textile business. One existing textile company is expected to purchase 400 acres in Badnawar.

## TEXTILES IN PARLIAMENT

In reply to various questions the following information was provided to Lok Sabha/Rajya Sabha in respect of Textile Ministry this month:

1. Production Linked Incentive (PLI) Scheme for Textiles has been notified with a budgetary outlay of Rs 10,683 crore to promote production of MMF Apparel, MMF Fabrics and Products of Technical Textiles in the Country. The objective is to enable Textile sector to achieve size and scale and to become competitive. The exports of Textiles & Apparel for the year 2018-19, 2019-20 and 2020-21 are USD 36,558 million, USD 33,379 million and USD 29,901 million, respectively. The export of Textiles & Apparel from April – December, 2021 is USD 30,449.85 million, posting an increase of 52% over the same period during 2020.

2. Foreign Direct Investment in Equity for Textiles (including dyed, printed) was Rs. 1,383.49 crore in 2018-19, Rs. 2,276.55 crore in 2019-20 and Rs. 2,210.33 crore in 2020-21.

3. Following amounts were spent during last four years on various Scheme of the Ministry:

**Rs. in crore**

	2018-19	2019-20	2020-21	2021-22
T U F Scheme	615.68	317.90	556.38	401.02
S I T Park	20.29	41.01	79.91	35.40
SAMARTH	50.27	149.45	199.01	168.02

4. The production of Organic Cotton in India during 2020-21 has been 8,10,943 tons against 3,35,712 tons during 2019-20 and 3,12,876 tons in 2018-19. The production of organic cotton in Madhya Pradesh has been 91,925 tons in 2018-19; 84,701 tons in 2019-20 and 3,83,133 tons in 2020-21.

5. The Government has been implementing Scheme for Industrial Textile Parks (SITP) since 2005. For each park, there is a Special Purpose Vehicle (SPV) formed by the representatives of local industry, financial institutions, The SPV is registered under the Companies Act. Support will be provided @40% of the project cost, subject to a ceiling of Rs.40 Crore. Recently Government has approved setting up of seven P M Mega Integrated Textile Region and Apparel Parks also to develop World class infrastructure.

### Form-IV (See Rule 8 )

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I, M. C. Rawat hereby declare that the particulars given are true to the best of my knowledge and belief.

Dated : 1st March, 2022

**M. C. Rawat**  
Publisher