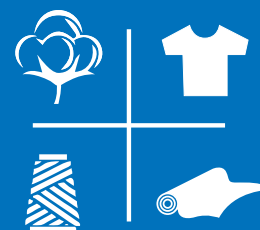


M. P. TEXTILE NEWSLETTER

THE MONTHLY NEWS LETTER OF
THE MADHYA PRADESH TEXTILE MILLS ASSOCIATION



Chairman :
Shri Akhilesh Rath

Vice Chairman :
Shri Shreyeskar Chaudhary

Dy. Chairmen :
Shri Subhash Jain
Shri Siddharth Agrawal

Volume XVIII No. 3

Indore, October 2022 • Pages 4

Price Rs. 5/-

Deepawali Greetings to All Our Readers

ASSOCIATION NEWS

1. The Association submitted its inputs for Pre-Budget Memorandum to the Confederation of Indian Textile Industry (CITI), FICCI and ASSOCHAM on 15th September, 2022. Some of the important points raised by us are as under:

- Slot entire MMF textile value chain (fibre to finished goods) @5%GST rate at par with cotton textile value chain;
- Enhance RMG value cap under 5% GST to Rs. 2,500, which would boost domestic consumption;
- Allow refund of Input Tax Credit on Capital Goods & Services;
- Reduce GST rate for services rendered by Common Effluent Treatment Plant from 12% to 5%;
- Include Fuel used for generation of electricity under GST so that industry gets refund of input tax reducing power cost;
- Cotton Price Stabilization Fund be setup with 5% interest subvention to actual users. Margin money for cotton finance be reduced from 25% to 10% and stock limit be increased from three months to nine months to enable mills to purchase during season;
- Grant Funds for Technology Mission on Cotton, this will help increase productivity of cotton;
- Provide funds for clearing pending claims under TUFS and also announce new Scheme in place of TUFS;
- Reduce Hank Yarn Obligation from 30 % to 15%.

2. The Product Advisory Committee for restructuring MCX Future Cotton has been reconstituted. Our Chairman, Shri Akhilesh Rath has been included as one of the Members of this Committee.

3. As per reports, Pratibha Syntex Ltd has reduced carbon emissions in its factory by 11% and curtailed 100% consumption of fresh water in processes. It has targeted a reduction of 80% greenhouse gas emissions from scope 1 and scope 2 by 2025. The Company under took a number of measure to reduce its impact:

- To increase the share of renewable energy, a 2.4 MW rooftop solar power plant has been installed. The share of renewable energy is 37% of total electricity consumption. The solar power plant will be expanded to 4.9 MW by 2025.
- To reduce consumption of fossil fuels, the boiler at one of the factories has been converted from coal to Bio mass Briquette, thus reducing consumption of 180,000 litres of diesel per year.
- Machinery up-gradation has been executed. Old machines have been replaced with more energy-efficient machines. The annual saving in energy is equivalent to one year of electricity needed for 3,500 families.
- Company has been recycling 100% of water and infusing 93% of water back into processes. The chemical effluent treatment plant has been converted

into a biological process. This has reduced the waste by 86%.

4. At a function held on 8th September, 2022 Vardhman Group provided Computer Laboratory worth Rs. 26.64 lakh to Government Polytechnic College, Raipur for promoting Technical Education programme. Shri S. Pal, Director M P Locations inaugurated the facility in the presence of Shri Aditya Richaria, ADM. This CSR project was implemented under the guidance of Shri S P Oswal, Chairman and Ms. Suchita Jain Oswal, Vice Chairman of the Company.

Congratulations.

5. Sagar Manufacturers Ltd., have commissioned Madhya Pradesh's largest 4 MW Roof Top Solar Power Plant at its unit on 15th September, 2022, which will reduce 1,23,004 tons of carbon foot print equivalent to plantation of approximately two lakh trees.

Congratulations.

RAW MATERIAL



1. The latest USDA report dated 12th September, 2022 featured 2022-23 World production, consumption etc. which is projected as under:

480 lbs.Bales in Million

	2020-21	2021-22	2022-23
Op. Stock	98.99	88.45	84.79
Production	111.37	115.71	118.45
Total	210.36	204.15	203.24
Trade	48.53	43.07	44.58
Consumption	122.05	119.46	118.63
Cl. Stock	88.45	84.79	84.75

2. Global textiles fibre market is witnessing a sweeping change in share and size. Cotton fibre market is shrinking while polyester fibre market will peak out despite largest share. Vegetation based cellulosic fibre is grabbing a larger market due to its softness and cotton-like feel. The global market is likely to grow to 110.636 million tons (110,636,89 KT) by 2025. According to an analysis based on data from Fibre2Fashion's market insight tool TexPro, polyester fibre market was 44.672 million tons in 2015 which grew to 55.759 million tons in 2021. Its market share also increased from 52.38 per cent to 57.57 per cent in the same period. But the market share will reduce to 56.36 per cent (62.950 million tons) by 2025. The annual growth of polyester fibre will be 3.1 per cent against total textiles fibre market growth of 3.29 per cent during 2020-2025. The market share of cotton fibre is expected to reduce to 24.54 per cent in 2025 from 28.57 per cent in 2015. Cotton production has been disrupted in recent years due to rough weather conditions in various regions of the world. Cotton fibre market was 24.040 million



tons in 2015, which reduced to 22.765 million tons in 2020 but bounced back to 26.023 million tons in 2021. It will increase to 27.040 million tons in 2025 with annual growth of 3.5 per cent during the preceding five years. Higher growth is attributed to fall in 2020 due to production loss.

3. At a time when the Central Government is worried about the closure of the 50% of the spinning mills in the Country due to cotton shortages, the production in the October-September cotton year 2022-23 is expected to increase by about 15% provided the weather remains conducive till October offering relief to the entire cotton value chain. Cotton Corporation of India (CCI), which carries out cotton procurement operations when prices fall below the Minimum Support Price (MSP), has pegged India's 2022-23 cotton production higher by 15% to 360 lakh bales of 170 kilograms each.

4. As per Union Ministry of Agriculture, Cotton area is estimated at 127.15 lakh hectares till 16th September, 2022 — up by 8-9 per cent from 117 lakh hectares last year. Production of cotton is estimated to rise by 9.6 per cent to 34.19 million bales (of 170 kg each).

According to Shri Atul Ganatra, President, The Cotton Association of India (CAI), the production figure is estimated at 350 lakh bales. "If the weather remains conducive in the coming months, the production can increase to 370-375 lakh bales. However, if not, then the production can fall to 325-330 lakh bales."

5. The Office of Textile Commissioner vide its Order dated 29th August, 2022 announced Minimum Support Price(MSP) of different varieties of cotton for the season 2022-23 (October-September). The MSP of major varieties is as under:

Class	Staple Length (mm)	Minimum Support Price Re. per Quintal	
		2021-22	2022-23
Short Staple	20 & above	5,226	5,580
Medium Staple	21.5-22.5	5,426	5,830
	21.5-23.5	5,526	5,880
	23.5-24.5	5,576	5,930
Medium Long Staple	24.5-25.5	5,726	6,080
	26.0-26.5	5,826	6,180
	26.5-27.0	5,876	6,230
Long Staple	27.5-28.5	5,925	6,280
	27.5-29.0	5,975	6,330
	29.5-30.5	6,025	6,380
Extra Long Staple	32.5-33.5	6,225	6,580
	34.0-36.0	6,425	6,780
	37.0-39.0	7,225	7,580

6. Domestic cotton arrivals have started and the cotton prices have reduced from nearly ₹ 1,00,000 to ₹ 90,000 a candy. However, Indian cotton prices are still higher by 15% to 20% compared to international prices, especially with countries such as Pakistan and China. The cotton requirement by the domestic textile industry is likely to be more than the production and duty-free export of cotton that may result in 12% to 15% of good quality raw cotton going out of the country, leading to cotton shortage during the off season.

7. At the sixth Meeting of Committee on Cotton Production and Consumption held on 20th September, 2022 the ending stock of cotton for the season ending on 30th September, 2022 was estimated to be 38.87 lakh bales as against last seasons' ending stock of 71.84 lakh bales. The Cotton Balance Sheet for the season 2021-22 and 2022-23 was drawn, which is as under:

	2020-21		2022-23	
	Lakh Bales	'000 Tons	Lakh Bales	'000 Tons
Op.Stock	120.29	2,053.43	71.84	1,221.28
Crop	352.48	5,992.16	312.03	5,304.51
Import	11.03	187.51	14.00	238.00
Total	484.30	8,233.10	397.87	6,763.79
Mill Cons.	297.45	5,056.65	280.00	4,760.00
SSI Cons.	22.42	381.14	20.00	340.00
Non-TEX.Cons	15.00	255.00	16.00	272.00
Export	77.59	1,319.03	43.00	731.00
Total	412.46	7,011.82	359.00	6,103.00
Cl.Stock	71.84	1,221.28	38.87	660.79

It will be observed that in the season 2022-23 with the reduction in cotton production, the Mill and SSI consumption and exports came down too, which shows downward growth of the industry.

8. The State Seed Sub Committee of Madhya Pradesh, the largest organic cotton-growing State in India, gave the green light to the two first-ever non GM cotton varieties for organic agriculture on 8th September, 2022. The released varieties are high-yielding and meet industrial fibre quality requirements. They are derived from two different cotton species: *Gossypium arboreum*, commonly known as traditional or Desi Cotton and *Gossypium hirsutum*, American upland cotton. Both were bred under organic conditions and are suitable for organic, agroecological, regenerative and low input farming systems.

The non-GM Desi Cotton variety RVJK-SGF-1, developed by scientists has been found to be 21.05% superior in seed cotton yield over the benchmark variety. The variety has a good fibre length (28.77 mm), a high fibre strength (27.12 g/tex) and it matures in 144-160 days after sowing. The non-GM American Cotton variety RVJK-SGF-2 developed by scientists exceeded the benchmark by 21.18% for seed cotton yield and is a medium tall (96-110 cm) type plant of medium maturity group and matures in 145-155 days after sowing. The variety has – as per the industrial requirements – long fibres (29.87mm) and a high fibre strength (29.92 g/tex). It is also found to be suitable for 20s to 50s count spinning to make a good quality fabric.

POWER

1. Madhya Pradesh Electricity Regulatory Commission (MPERC) has approved recovery of Fuel Cost Adjustment Charges at the rate of 20 paise per unit for the billing quarter October-December, 2022.

2. The Madhya Pradesh Electricity Regulatory Commission (MPERC) has approved a tariff of Rs. 5 per kWh for Distribution Companies to procure power generated from biomass-based projects in Madhya Pradesh.



MAN POWER

1. The minimum wages payable to different categories of workmen in the State has been increased by Rs. 200 per month (Rs. 8 per day) for the period 1st October, 2022 to 31st March, 2023. The details are as under:



Category	Per Month			Wages Per Day Rs.
	Basic Rs.	VDA Rs.	Total Rs.	
Unskilled	6500	2825	9325	359
Semiskilled	7057	3125	10182	392
Skilled	8435	3125	11560	445
Highly Skilled	9735	3125	12860	495

2. Under the Code on Social Security to get Maternity Benefit, a woman should have worked for at least 80 days in the 12 months immediately preceding the date of her expected delivery in an establishment from whom, she is claiming maternity benefit. The maximum period for which maternity benefit shall be available to a woman having two or more surviving children shall be 12 weeks out of which 6 weeks shall precede the date of her expected delivery and remaining 6 weeks shall after the date of her delivery. When a woman dies during the period of delivery, then the maternity benefit shall be available only for the days up to and including the day of her death. When a woman having been delivered of a child, dies after the date of her delivery, then employer shall be liable for the maternity benefit for that entire period for which she was entitled for the maternity benefit. If the child also dies after the delivery, then employer shall be liable for maternity benefit for the days up to and including the date of the death of the child. Payment



of Maternity Benefit in case of death of a woman shall be given to person nominated by the woman and if there is no nomination has been made by the woman, then it shall be given to her legal representative.

LEGAL & TAXATION

1. The Ministry of Finance Department of Revenue vide its Circular dated 3rd August, 2022 has clarified regarding applicable G S T Rates and Exemption on certain Services. The Service by way of storage or warehousing of cotton in ginned and/or baled form is now taxable w.e.f. 18th July, 2022.



2. The Central Board of Indirect Taxes and Customs have issued detailed Guidelines on 9th September, 2022 for filing/revising TRAN-1/TRAN-2 in term of order dated 22nd July, 2022 and 2nd September, 2022 of Hon'ble Supreme Court in the case of Union of India V/s Filco Trade Centre Pvt. Ltd.

3. The Hon'ble Madras High Court in M/s India Yamaha Motor Private Limited, v. the Commissioner of CGST & Central Excise (WP.No.19044 of 2019 and WMP. No. 18404 of 2019 dated 29th August 2022) has held that in a case, where Goods and Services Tax ("GST") Liability has not been remitted, interest under Section 50 of the Central Goods and Services Tax Act, 2017 ("the CGST Act") is leviable, even if the taxpayer has adequate credit balance in his cash ledger or credit ledger.

4. The Hon'ble Madras High Court in W.P.No.25860 of 2021 dated 7th July, 2022 held that due to technical error or lacunae in the electronic system, the Petitioner cannot be deprived of its benefit or incentive under MEIS. Further, the Petitioner cannot be deprived of its rights to avail the benefits under MEIS only on the ground that the subsequent amendment ratifying the earlier inadvertent mistake was done manually and not electronically. Furthermore, the Court directed the respondents to consider the Petitioner's representation, seeking to get the benefit under MEIS for the shipping bill and pass orders in favour of the Petitioner as observed by the Court within a period of six weeks from the date of receipt of a copy of this order.

5. The Central Board of Indirect Taxes & Customs on 14th September, 2022 have accepted the request of the industry and deleted the provision of making the transferee liable from the RoSCTL/RoDTEPin the case of non-realization of the export proceeds. Now the original beneficiary of the scrip will be liable in case of non-realisation of export payment.

6. As per Clarification dated 16th March, 2020 issued by the Principal Secretary, Department of M S M E, Property Tax is not payable on industrial land given on lease to industries in the Industrial Areas located in Municipal limits, as the ownership of this land vests in the State Government.

7. As per Order dated 9th September, 2022 Madhya Pradesh Industrial Development Corporation has developed online interface for incentive applications. Applicants who intend to avail various incentives provisioned under Industrial Promotion Policy of the State can now apply online through invest.mp.gov.in. The eligible large scale industrial units commencing commercial production or after 1st April, 2022 are required to submit application for availing incentives under Industrial Promotion Policy in online mode through invest.mp.gov.in from 10th September, 2022 onwards.

EXPORT & IMPORT

1. An analysis of DGCI&S exports data by the Confederation of Indian Textile Industry (CITI) has revealed that India's Exports of Ready-made Garments (RMG) of all textiles during August, 2022 stood at about US\$ 1,233.57 million which is about 0.34% lower than exports of August, 2021. Cumulative exports of RMG during Apr-Aug 2022, increased by about 17.78% to reach US\$ 7,105.39 million as compared to April-August, 2021. Similarly exports of Cotton based Textiles which includes yarn, fabrics, made-ups, handloom products, etc. have declined by 32.17% during August, 2022 to reach US\$ 883.75 million as compared to August, 2021



2. The comparative figures of exports of various items during the period April-August, 2022 as compared to the same period of the previous year are as under:

	Value in US \$ Million		
	Apr-Aug 2021-22	Apr-Aug 2022-23	% Change
Exports			
Cotton Yarn/Fabrics/ Made - ups, Handloom Products etc.	5,984.47	4,992.91	-16.57
MM Yarn/Fabrics/Made-ups, etc.	2,231.34	2,185.17	-2.07
Jute Products	188.15	211.98	12.67
Carpets	713.98	604.03	-15.40
Handicrafts, etc.	838.53	592.33	-29.36
Textiles Made	9,956.47	8,586.42	-13.76
Apparel	6,032.77	7,105.39	17.78
Textiles & Apparel	15,989.24	15,691.81	-1.86
All Commodities	1,64,436.11	1,93,514.65	17.68
% Share of T & C	9.72	8.11	

3. The import of raw cotton and waste increased by 640.88% and textile yarn/fabric/made-up articles by 83.37% during the month of August, 2022 as compared to the imports during the same month of the previous year. The details of imports of these products during April- August, 2022 as compared to same period of previous year are under:

	Value in US \$ Million		
	Apr-Aug 2021-22	Apr-Aug 2022-23	% Change
Imports			
Cotton Raw & Waste	253.23	764.08	201.73
Textile Yarn/Fabrics/ Made-ups, etc.	703.62	1,198.06	70.27

4. The Government has amended the Foreign Trade Policy to allow international trade invoicing, payment and settlement in the Indian Rupee, activating the mechanism announced by the Reserve Bank of India (RBI) to facilitate trade in the domestic currency. The Directorate General of Foreign Trade (DGFT) on 16th September, 2022 notified the changes to the Policy. The central bank allowed authorized banks in India to open special rupee Vostro accounts of correspondent banks of any partner trading country to facilitate trade in the Indian currency.

5. In view of the requests from Export Promotion Councils, the Ministry of Commerce & Industry has decided on 26th September, 2022 to extend the Foreign Trade Policy 2015-2020 valid till 30th September, 2022 for a further period of six months w.e.f. 1st October, 2022.

6. Central Board of Indirect Taxes & Customs vide its Notification dated 15th September, 2022 has extended the validity of the Duty Credit available in Electronic Duty Credit Ledger, which is issued for payment of the duties of customs up to two years from the earlier one year.

The validity period of scrips issued under RoDTEP/RoSCTL Schemes has been increased from one year to two years from the date of their generation vide Circular dated 26th September, 2022.

7. At the Board of Trade Meeting, chaired by Commerce and Industry Minister Shri Piyush Goyal on 13th September, 2022, the Director General for Foreign Trade suggested States to refund levies, such as Value Added Tax (VAT) on fuel and fees paid at Agriculture Produce Marketing Committees (APMC), to make exports more competitive in global markets.

8. The US ban on textiles originating from the Xinjiang province of China has compounded the problems for India's cotton yarn spinning industry, with half of the mills becoming idle in the past four to five months. The Chinese yarn that can't go to the US is now finding its way into the Indian market at cheaper rates, further reducing demand for expensive domestic Indian cotton yarn that has already been down. India used to export 110-120 million kgs. of yarn a month, which came down to 40-45 million kgs. a month from June, 2022 due to high cotton prices. Last month, we imported 4,000 containers of cotton yarn from China, which is around 80 million kgs. India imported \$568 million of cotton and cotton products in April-July, 2022, more than double the \$259 million imports a year earlier. The import of these products from China was \$46.6 million. During these seven months, the pace of increase of Indian cotton prices was much faster than that of global cotton, which made Indian yarn uncompetitive.

STATE OF THE INDUSTRY



1. The Index of Industrial Production (IIP) data for the month of July, 2022 were released on 12th September, 2022. The General Index for July, 2022 was 134.6. The comparison of IIP for the period April-July, 2021-22 vis-a-vis April-July, 2022-23 is as under:

Item	Month		Cumulative		Growth Apr-July 2022-23
	July 2021	July 2022	Apr-July 2021-22	Apr-July 2022-23	
General	131.5	134.6	121.9	136.3	10.0 %
Textiles	117.8	107.7	112.3	110.4	-1.7 %
Wearing Apparel	116.8	134.5	98.5	140.8	42.9 %

2. The Bureau of Indian Standards has issued a Notification No. HQ-PUB015/1/2020-PUB-BIS(3893) dated 26th August, regarding Amendments to Indian Standards of various products including IS 17263:2022 Textiles-Polyester Staple Fibres- Specification and IS 17423:2021 Medical Textiles-Bio-Protective Coveralls-Specifications.

3. The Ministry of Textiles has approved 23 strategic Research Projects worth around Rs. 60 crore in the areas of Specialty fibres, Sustainable Textiles, Geotextiles, Mobiltech and Sports textiles under the Chairmanship of Union Minister of Textiles, Shri Piyush Goyal on 14th September, 2022 under the Flagship Programme 'National Technical Textiles Mission. These Research projects include 12 Projects of Speciality Fibres having application areas in Agriculture, Smart Textiles, Healthcare, Strategic Application and Protective gears, 4 Projects from Sustainable Textiles having application areas in Agriculture and Healthcare, 5 projects from Geotextiles, 1 from Mobiltech and 1 from Sportech.

4. Shri Naren Goenka, Chairman, Apparel Export Promotion Council (AEPC), has pitched for Production Linked Incentive Scheme (PLI-2), extension of ATUFS., raw material security, advance authorization on self-declaration basis and deletion of condition of making transferee liable and making this applicable to existing scrips under the RoSCTL for garment exports in Board of Trade meeting,

held on 13th September, 2022.

5. The Ministry of Textiles has issued Draft Scheme of Production Linked Incentive -2 for finished textile products (Chapters 61,62 and 63) and/or textile accessories, like Embellishments, Trimmings, Zippers, Lace, Velcro tape, Elastic tape, Buttons& Eyelets, etc. and invited comments from the stakeholders. The objective of the Scheme is to enhance India's manufacturing capabilities in value added finished textile products by inviting additional investment for increasing production in this labour-intensive sector, which by nature requires low investment but has high employment generation capacity. In textile accessories sector there is heavy import dependence and investment will boost production leading to import substitution. The Textile Ministry is considering three investment thresholds of ₹15 crore, ₹30 crore and ₹45 crore, with double turnover as the criteria for incentives that would range between 8% and 10% under the ₹4,200 crore Scheme. It is also likely to add a minimum number of stitching and sewing machines as another benchmark to avail the sops.

As per reports, the Government will likely relax two of the most critical criteria when it launches the second Production-Linked Incentive (PLI 2.0) Scheme. It could allow cotton-based players to take advantage of the scheme, and drastically reduce the turnover and investment limits to enable even medium enterprises to set up units under it.

6. According to an internal document and a source, State Bank of India has asked exporters to avoid settling deals with Bangladesh in the dollar and other major currencies as it looks to curb exposure to Dhaka's falling reserves. Bangladesh's \$416-billion economy is battling rising prices of energy and food as the Russia-Ukraine conflict widens its current account deficit, and dwindling foreign exchange forces it to turn to global lenders such as the International Monetary Fund (IMF).

7. Shri Upendra Prasad Singh, Secretary, Ministry of Textiles, Government of India, at the inaugural session of the Sustainable Textiles Summit-2022 organized by PHD Chamber of Commerce & Industry (PHDCCI) in New Delhi on 22nd September, 2022 said, there is a need for special focus on research and development for sustainability in the textile sector. Sustainability is needed at every level in the textile industry, which is second in terms of pollution emission.

8. According to "Insect Repellent Apparel: Gearing up for Insect-borne Diseases" report from the global business information company Textiles Intelligence, huge investment from Government and private sources is being channeled into the development of insect repellent fabrics and clothing. Such development is being made with urgency as climate change is causing many biting insects to migrate to, which are more temperate and insects are building resistance to chemical insecticides at an increasing rate.

9. The Monetary Policy Committee (MPC) of Reserve Bank of India met on 28th, 29th and 30th September, 2022. Based on an assessment of the macroeconomic situation and its outlook, the MPC decided by a majority of five members out of six to increase the policy repo rate by 50 basis points to 5.9 per cent, with immediate effect.

10. Confederation of Indian Textile Industry (CITI) at its first Committee Meeting held on 29th September, 2022 unanimously re-elected Shri T. Rajkumar as Chairman, Shri Rakesh Mehra, as Deputy Chairman and Shri Ashwin Chandranas Vice Chairman for the year 2022-23.