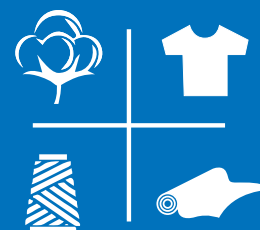


M. P. TEXTILE NEWSLETTER

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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ASSOCIATION NEWS

1. On 10th January, 2023 the Association got the opportunity to welcome the Hon'ble Textile Commissioner, Government of India, Ms. Roop Rashi, and Additional Textile Commissioner, Shri S.V. Verma., who were in the city in connection with Global Investors' Summit organized by the State Government on 11th and 12th January, 2023. An inter-action meeting was arranged in the Board Room of our Office premises. Both the dignitaries were welcomed by Shri Shreyaskar Chaudhary, our Vice Chairman. About 25 representatives of Member Mills attended the Meeting. Discussions were held about the long pending TUFS issues, Incentives under RoDTEP Scheme, Sustainability in the Textile Industry, Value addition by promotion of garment units, etc. The Hon'ble Commissioner assured to look in to all the issues. Vote of thanks was proposed by our Dy. Chairman, Shri Siddharth Agrawal. Shri D. Ravi Kumar, Director, Local Office of Textile Commissioner was also present on the occasion with his team.



2. We submitted our comments/suggestions on Tariff Proposals for 2023-24 to the Madhya Pradesh Electricity Regulatory Commission on 9th January, 2023.

3. Grasim Industries Limited's Pulp & Fibre Business has been awarded the prestigious 'Golden Peacock Innovation Management Award' for the year 2022, by the Awards Jury under the Chairmanship of Justice M. N. Venkatachaliah, former Chief Justice of India and former Chairman, National Human Rights Commission of India and National Commission for Constitution of India Reforms at the hands of Prof. S. P. Singh Baghel, Union Minister of State for Law and Justice and Lt. Gen. Surinder Nath, PVSM, AVSM (Retd.) President, Institute of Directors.

RAW MATERIAL



1. As per US Department of Agriculture report of 12th January, 2023, global cotton balance sheet includes higher production and ending stocks as under:

Million 480 Pound Bales

	2020-21	2021-22	2022-23
Op. Stock	98.41	86.73	85.34
Production	111.49	115.73	115.40
Trade	48.73	42.89	41.66
Consumption	123.19	117.50	110.85
Clo. Stock	86.73	85.34	89.93

World production is forecast 3,30,000 bales lower than it was in December, 2022 as lower production in India more than offsets gains in the United States and Brazil. Projected World consumption is 8,50,000 bales lower this month, at 110.85 million bales, a 5.7 % decline from the previous year. Compared with the December, 2022 outlook, India's 2022-23 consumption is forecast 5,00,000 bales lower, with smaller declines for Indonesia and Vietnam. Projected World trade is down by 6,00,000 bales, to 41.66 million, as projected exports from the United States, India, and Argentina decline. Imports by China, Indonesia, and Vietnam are also projected lower.

2. As per Cotton Outlook release of 27th January, 2023, the World cotton production for cotton season 2022-23 is estimated to be 2,48,62,000 tons and consumption at 2,38,39,000 tons. For India their estimate for production is 56,10,000 tons.

3. The Cotton Association of India (CAI) reduced its cotton crop output estimate for the 2022-23 season by 9.25 lakh bales to 330.50 lakh bales on 14th January, 2023, citing lower production in each of Maharashtra, Andhra Pradesh and Karnataka, which is likely to fall by 2.00 lakh bales in the current season..

Except for Gujarat, where output is expected to remain flat, cotton-growing States are expected to see a decrease in output. Total cotton production in the previous season was estimated at 307.05 lakh bales.

The total cotton supply in October-December, 2022 is estimated to be 116.27 lakh bales, comprised of 80.13 lakh bales of arrivals, 4.25 lakh bales of imports, and an estimated opening stock of 31.89 lakh bales. Cotton consumption is estimated to be 65.00 lakh bales from October to December, 2022, with export shipments up to December 31, 2022, at 2.00 lakh bales. The details of State-wise production estimates are as under:

Lakh Bales of 170 Kgs. each

State	2021-22	2022-23	Arrivals till 31 st Dec.'23
Punjab	8.50	3.00	0.96
Haryana	16.10	12.00	3.93
Rajasthan	25.67	27.50	14.31
Gujarat	76.30	94.00	23.75
Maharashtra	75.00	82.50	10.96
Madhya Pradesh	20.00	20.00	5.55



Telangana	35.40	44.00	5.75
Andhra Pradesh	15.00	13.00	4.00
Karnataka	20.25	22.00	8.00
Tamil Nadu	9.75	6.00	0.25
Odisha	2.08	3.00	0.87
Others	3.00	3.50	1.80
Total	307.05	330.50	80.13

4. Demand for Indian cotton in the export market has re-emerged with domestic prices dropping to levels of ₹ 61,000 a candy and its premium to global market rates declining. According to the Gujcot Trade Association, the price of Shankar-6 cotton, the benchmark for exports, on 25th January, 2023 was ₹61,550 a candy (of 356 kg). Exports have resumed in small quantities after domestic cotton prices have dropped. We got demand from Bangladesh. As of now, looks like at current prices Bangladesh will be the only buyer.

5. As per reports, Cotton futures trading, suspended on the Multi Commodity Exchange of India Ltd (MCX) to curb excessive speculation, is set to resume after a five-month gap in relief for farmers reliant on the market for price signals.

6. As per Textile Exchange the year 2020-21 global harvest saw 3,42,265 tons of organic cotton fiber produced on 6,21,691 hectares of certified organic land and 1,80,726 tons of in-conversion fiber produced on 2,93,204 hectares of land in-conversion to organic. Compared to 2019-20, this represents an estimated 37% growth in organic fiber. The total number of countries growing certified organic cotton in 2020-21 remained at 21.

* Two new countries -Spain and Kazakhstan grew organic cotton for the first time.

- An estimated 97% of global organic cotton was produced by eight countries in 2020-21: India (38%), Turkey (24%), China (10%), Kyrgyzstan (9%), Tanzania, Kazakhstan (4%), Tajikistan (4%), and the US (2%).
- During 2020-21, India grew approximately 1,30,849 tons of organic cotton fiber on 2,30,125 hectares of certified organic land. Further 1,53,004 tons of in-conversion fiber was estimated to have been produced on 2,69,089 hectares of land in conversion to organic.
- India accounted for an estimated 38.2% of global organic cotton production in 2020-21, while 2.1% of the Country's overall cotton production was estimated to be organic.

POWER

1. The three Power Distribution Companies (Discoms) of the State have sought from Madhya Pradesh Electricity Regulatory (MPERC) a hike in tariff (other than Tariff revision for 2023-24) to recover Rs 3,275.88 crore in a True-up Petition, which according to them is the actual revenue gap for financial year 2021-22. If approved, by the Commission, it may lead to additional rise of about 6% in tariff.

2. The MPERC has notified the following Regulations on 16th January, 2023:

- *MPERC (Terms and Conditions for Intra State Open Access in MP) Regulations (Revision-1), 2021 (First Amendment)
- *MPERC (Co-generation and Generation of Electricity from Renewable Sources of Energy) (Revision-II) Regulations.

3. The Discoms do not spare the consumers, but propose to sell surplus power at Rs. 4.70 per unit. In the tariff petition, the Discoms have admitted that growth in demand as expected is not commensurate with energy generation added. In 2023-24, the Discoms have to pay Rs. 2,279 crore as fixed charges to independent power producers, from whom hardly 10 % of the overall energy is procured, which are being recovered from the consumers.

MAN POWER

1. On 10th January, 2023 Employees State Insurance Corporation has issued instructions based on decision of the Hon'ble Supreme Court in the matter of ESIC vs. Nitin bhai Vallabhai Panchasara that employer is liable to pay interest u/s 39(5)(a) of ESI Act from the date of contribution due and

payable till the date of actual payment.

2. Ministry of Labour & Employment on 13th January, 2023 has allowed E S I Corporation to perform Aadhar authentication on voluntary basis for providing social security benefits including medical and cash benefits under provisions of ESI Act with immediate effect.



3. According to latest Report "Working Time and Work Life Balance Around the World" of International Labour Organisation, among developing nations, India, China and Brazil have much longer working hours. Globally, the manufacturing sector had average 47.6 weekly working hours. Average hours of work per week was the highest in Asia and lowest particularly in northern, western and southern Europe.

LEGAL & TAXATION

The textile industry is of the view that Additional Dumping Duty levy gives a protection to the tune of 26% to the indigenous VSF manufacturers.

Majority of the imported raw material, machinery, etc., attract only 5% to 7.5% basic customs duty, while such an abnormal protection is totally unwarranted and on the contrary, this would greatly affect the entire VSF value chain and has appealed to the Union Finance Minister to reject the unrealistic recommendation made by DGTR and ensure the survival of MSME spinning mills, decentralized power-loom and handloom sector and also the garment sector.



EXPORT & IMPORT

1. The Central Government on 16th January, 2023 said that exports of Indian textile apparels and RMG textiles got a major hit due to recessionary trends in major economies. In the textile sector cotton yarn exports declined because there was a continuous price rise of raw materials throughout 2022. The exports of Textiles and Apparel during the period April- December, 2022-23 as compared to the same period of 2021-22 are as under:



Value in US\$ Million

Exports	Apl.-Dec. 2021-22	Apl.-Dec. 2022-23	% Change
Cotton Yarn, Fabric, Made-ups, Handloom Products	11,303.81	8,174.31	(-)27.69
MM Yarn, Fabric Made-ups, etc.	4,103.29	3,679.10	(-)10.34
Jute Products	362.18	341.26	(-)5.78
Carpets	1,359.66	1,051.21	(-)22.69
Handicrafts, etc.	1,578.60	1,288.64	(-)18.37
Textiles	18,707.54	14,534.52	(-)22.31
Apparel	11,126.87	11,841.78	6.43
Textiles & Apparel	29,834.41	26,376.30	(-)11.59
All Commodities	3,05,043.70	3,32,763.01	11.10
% Share of T & C	9.78	7.93	

- During December, 2022, Indian Textiles Exports registered a negative growth of 35.50 % over the same month of the previous year, while Apparel Exports registered a growth of 1.02 % during the same time period.
- Exports of Textiles and Apparel during December, 2022 have registered a negative growth of 21.54 % over December, 2021.
- During April-December, 2022, Textiles Exports registered a negative growth of 22.31 % over the previous year, while Apparel Exports



registered a growth of 6.43% during the same time period.

- Cumulative Exports of Textiles and Apparel during April– December, 2022 have registered a negative growth of 11.59 % as compared to April– December, 2021.
- Share of T&A has declined to 8.73 % in December, 2022 from 9.77 % in December, 2021.

2. The import of raw cotton and waste decreased by 66.77 % (from US\$ 52.76 to US\$ 17.53) and textile yarn, fabric, made-ups, etc. increased by 0.11 % (US\$ 228.01 to US\$ 228.25) during the month of December, 2022 as compared to the imports during December, 2021. The details of imports of these products during April –December, 2022 as compared to the same period of the previous year are under:

Value in US\$ Million

Imports	Apl.-Dec. 2021-22	Apl.-Dec. 2022-23	% Change
Cotton Raw & Waste	414.59	1,319.91	218.37
Textile Yarn/Fabrics/ Made-ups, etc.	1,507.59	2,061.15	36.72

3. The overall exports of technical textiles have declined by about 8% during April- November, 2022 as compared to the same period of previous year, detailed as under:

Value in US \$ Million

Product	Apr-Nov 2020-21	Apr-Nov 2021-2022	% Growth
Tech. Fibre	0.43	0.32	-26
Tech.Yarn	40.29	62.38	55
Tech. Fabric	689.68	518.00	-25
Tech. Apparel	69.02	82.16	19
Tech.Madeups	1,039.75	1,025.73	-1
Total	1,839.17	1,688.59	-8

4. The export of yarn in the year 2020-21 stood at US\$ 4,329 million which increased to US \$ 8,154 million in 2021-22 registering growth of 88.35%. The import of yarn also increased by 48.72% from US\$ 1,254 million in 2020-21 to US \$ 1,865 million in 2021-22. The details of category wise exports/imports of yarn have been as under:

Figures in US \$ Million

Type	Export		Import	
	2020-21	2021- 22	2020- 21	2021- 22
Cotton spun	2,807	5,518	17	20
Manmade spun	598	973	395	435
Others (Silk/Jute)	97	127	93	139
Total Spun Yarn	3,501	6,619	505	594
Viscose Filament	25	34	141	259
Polyester Filament	730	1,406	261	451
Nylon Filament	21	40	41	80
Others	51	55	306	482
Manmade Filament	827	1,535	749	1,271
Total Yarn	4,329	8,154	1,254	1,865

5. The textile and clothing industry has welcomed the revised rates notified by the Ministry of Commerce on 9th January, 2023 under the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme for 65 HS codes in the textile and apparel sector effective for the period 16th January, 2023 to 30th September, 2023. It is believed that the implementation of the Committee Report will help boosting of export products, like yarn and fabric of polyester and viscose, denim fabric, knitted fabric of cotton, etc. and will give a fillip to India's textile and apparel exports, which have been on the decline.

6. Central Board of Indirect Taxes & Customs (CBITC) have issued Customs (Assistance in Value Declaration of Identified Imported Goods) Rules, 2023, on 11th January, 2023 aimed at addressing the under valuation of specified imported goods. The Rules will be effective from 11th February, 2023. As per the rules, two Committees will be constituted - a Screening Committee for a preliminary examination of 'identified goods' and an Evaluation Committee for a detailed examination.

7. On 12th January, 2023, Director General of Foreign Trade (DGFT) issued Trade Notice regarding withdrawal of the Export Obligation Discharge Certificate (EODC) Online Monitoring System for Advance/EPCG Authorisations with immediate effect.

8. On 11th January, 2023 CBITC issued a Circular regarding Faceless Assessment for Standard Examination Orders (SEO) via Risk Management System (RMS) and the Phased Implementation of Standardized Examination Orders through RMS., which is effective from 1st February, 2023.

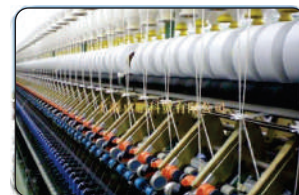
9. The Directorate General of Foreign Trade (DGFT) has notified the amended rules for calculation of Composition Fee for extending Export Obligation under Advance Authorization Scheme by amending Para 4.42 of Handbook of Procedures (2015-20) vide Public Notice dated 18th January, 2023. This will help automate the entire Export Obligation extension process with minimal human intervention, further eliminating the risk of errors and misconceptions.

10. The causes of concern for the Textile Industry is about 50 % growth in imports, which is driven not just by massive purchases of inputs — including raw cotton, fabrics and man-made textiles — but also by those of finished products. Apparel imports shot up 53% to \$1.2 billion in the first eight months of this fiscal. More than 40% of the garment imports were from Bangladesh, where several Indian firms have set up units over the past 15 years to take advantage of its duty-free access to large markets, such as the US and the EU. Another 20% came from China.

11. The Tirupur Exporters' Association (TEA) has requested the Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman to raise the interest benefit under the Interest Equalisation Scheme to 5 % across the board, announce an amnesty scheme to settle export obligation default, and set up an infrastructure development fund for textile clusters. Raising the interest benefit under the Interest Equalisation Scheme would help protect the knitwear industry.

STATE OF THE INDUSTRY

1. The production of textiles is measured by the Index of Industrial Production, which has seen a continuous decline since March, 2022. The index for manufacture of textiles, which was 118.5 in March, 2022 fell to 107.3 in November, 2022. The index of manufacture of textiles and wearing apparel recorded a double digit hit in the period April-November, 2022. The cumulative index for textiles for April-November, 2022 came down from 116.8 to 107.5 as compared to the same period of previous year. The industry has recorded a negative growth of 9.0 % in November and 8.0 % in April- November, 2022. The apparel index slipped by 11.7 % to 118.2 in November, 2022 from 133.8 in the corresponding period of last year. However, cumulative index managed to register a growth of 3.3 % to reach 128.4 from 124.3 of November, 2021. However, a broader look suggests that textile and apparel sector is yet to reach the pre-covid level of production. The details of IIP are as under :



Items	For the Month		Cumulative		% Growth
	Nov. 2021	Nov. 2022	Apr.-Nov. 2021-22	Apr.-Nov. 2022-23	Apr.-Nov. 2022-23
General	128.0	137.1	127.6	134.6	5.5
Textiles	117.9	107.3	116.8	107.5	- 8.0
Wearing Apparel	133.8	118.2	124.3	128.4	3.3

2. The Ministry of Textile after consultation with the Bureau of Indian Standards (BIS), has issued the Viscose Staple Fibre (Quality Control) Order, 2022. According to the order sales of VSF in India will be permitted only when the fibres meet the BIS standards and with BIS certification. The above order was issued on 29th December, 2022 and will come into force

after thirty days. The Government has accepted the demand of CITI and now the QCO will be applicable from 29th March, 2023.

The Ministry of Chemicals & Petrochemicals too have issued QCOs for various Polyester Staple Fibre and Filament Yarn and their value added products, which will be applicable from 3rd April, 2023.

3. The Government is considering bringing 107 technical textile items such as surgical gloves, PPE kits, bulletproof clothing and fire resistant clothing under Quality Control Order (QCO) to check imports of poor quality products and ensure better standards for these products manufactured in the country. The QCO method is increasingly being used by the Government to cut dumping of cheap products from China.

4. Speaking at the inauguration of the three-day (7th-9th January, 2023) 7th Surat International Textile Expo (SITEX), Smt. Jardosh Union Minister of State for Textiles highlighted that the central funds for the textile industry, which was Rs 400 crore, have increased to Rs 1,200 crore. India's textile industry should capture the global market and move up the value chain, while making research and marketing imperative. The Minister said that there is major potential in the readymade garments and technical textiles and the industry should focus on it.

5. As per reports, leading mills are confident that denim will continue to grow in the years to come, at a rate higher than the current one, and if projections are any indication, its growth will reach 10-12 per cent on a CAGR basis. This optimism is largely due to the expanding denim market, both domestically and internationally. According to a recent forecast by Research and Markets, a reputed market research firm, the global market for jeans will reach US\$87.4 billion by 2027 after being revised from US\$63.5 billion in 2020, growing at a CAGR of 4.7 per cent from 2020 to 2027. According to various market studies, the Indian domestic denim market has been maintaining an average CAGR of 8 to 9 per cent for a few years and is expected to reach Rs 91,894 crore by 2028.

6. The report, titled "Building a Roadmap for \$ 250 Billion Sustainable Textile Industry", indicates that growing economies such as China, India are growing at much higher rates than developed regions owing to the growing domestic market and increasing disposable income. Together these market account for 59% of the total apparel market, while rest of the World accounts for remaining 41% share. The global Textile and Apparel (T&A) trade in 2021 was \$869 billion. The trade showed a significant recovery of 22% post-Covid and a 2% growth over 2019. Apparel was the largest traded segment accounted for 57% of the total trade and stood at \$492 billion, followed by fabric with 13% share. The trade is projected to grow at CAGR 3% and reach \$ 1000 billion by 2025 with apparel being the largest traded category, worth \$ 573 billion.

Indian textile and apparel market is estimated at \$ 153 billion, 70% of which is domestic consumption, while exports constitute the rest 30%. The overall domestic market of India stood at \$ 110 billion in 2021. Within this, apparel retail contributes \$80 billion, technical textiles contribute \$ 22 billion and home textiles contribute \$ 8 billion. The report says that the domestic market is further estimated to reach \$ 190 billion by 2025-26 growing at a CAGR of 10%. Domestic home textile market is estimated to grow at a CAGR of 10% and reach \$ 13 billion, whereas technical textile market is estimated to grow at CAGR of 10% and reach \$ 42 billion during the same period.

7. According to Shri Gurudas Aras, Advisor and Independent Director, ATE Group, "post pandemic, the Indian textile industry really started looking up and it was felt that India will fill the space, which is being vacated by China. Especially in textiles, people really started getting a lot of export orders. However, in the last 3-4 months, the way cotton prices have increased, it's going to be very tough for the textile industry. The high price of cotton is forcing spinners to increase their prices. For fabric makers, it is becoming very difficult to buy yarn at those prices because the fabric prices have not gone up in that proportion. And the worst part is for exporters, who have committed orders, but the input costs have gone up. So, many of their orders are being executed at a loss now. Overall, it's not a good situation and I personally believe that this is going to continue for quite some time. The Government has allowed to import cotton from abroad, but if you see the international prices and the freight costs, which have gone up tremendously, the landed cost is in fact little more than the domestic cotton prices."

8. A session on 'Textile and Garment' at the two-day Global Investor Summit in Indore was held on 11th January, 2023. Speaking at the Session Shri Virendra Kumar Sakhlecha, Minister for MSME stated that there are unlimited possibilities in textile and garment sector. Madhya Pradesh produces the maximum organic cotton in the Country, it can play an effective role in the textile and garment industry. Panel discussions were initiated by Ms. Roop Rashi, Textile Commissioner of India. The panel included Managing Director, Best Corporation Pvt. (BCPL) Shri R. Rajkumar; Joint Managing Director Vardhaman Textile Group Shri Neeraj Jain; Managing Director Gokal Das Export Ltd. Shri Shiva Ganpathy; Chairman, Apparel Export Promotion Council and M.D., Export Industries Pvt. Ltd. Shri Narendra Goyanka and Managing Director, Matrix Clothing Pvt. Ltd. Shri Gautam Nair. Sharing their experiences, all the panelists stated that Madhya Pradesh's transparent process, investor-friendly industrial policy, availability of skilled workforce, infrastructure, road and rail traffic network, proximity to other States and easy transportation availability to various ports, availability of raw material and land, 24x7 power supply and easy access to Ministers of various Departments make Madhya Pradesh a suitable State for investment.

9. As per reports, EoIs for Rs. 16,914 crore have been signed for Textile and Garment sector with employment potential of 1.13 lakh at the Global Investors Summit-2023 held at Indore, which include garment units by Epic Group near Bhopal with investment of Rs. 400 crore and by Shahi Exports near Indore with investment of Rs. 200 crore.

BUDGET 2023-24: HIGHLIGHTS (FOR TEXTILE SECTOR)

1. Finance Minister presented Economic Survey 2022-23 in the Parliament on 31st January, 2023. A quick study of the Survey Report showed that the textile sector recorded private investment of about ₹10,000 crore in first half of 2022-23 (i.e., April, 2022 to September, 2022). But the investment slowed down to around ₹7,000 crore in second half of the current fiscal. Textile sector was under performer compared to other economic sectors like steel, electricity, chemical, auto and pharma. The growth in textile sector was disappointing because of tepid demand from global market. Foreign Direct Investment (FDI) could not recover in the textile sector after COVID disruption in fiscal 2020-21.

2. Budget proposals for 2023-24 presented in the Parliament on 1st February, 2023 provides for:

- To enhance productivity of extra-long staple cotton, a cluster based and value chain approach through PPP mode.
- New tariff lines proposed for many products including cotton to be effective from 1st May, 2023.
- Interest Subvention Budget increased from Rs. 2,376 crore to Rs. 2,932 crore.
- ATUFS Allocation increased from Rs. 650 crore to 900 crore.
- MAI allocation up from Rs. 160 crore to Rs. 200 crore.
- PM Vishvakarma Kaushal Samman package of assistance to improve quality, scale and reach of products.
- Decriminalisation of offences under GST by amending Sections 132 and 138.