

M. P. TEXTILE NEWSLETTER

THE MONTHLY NEWS LETTER OF
THE MADHYA PRADESH TEXTILE MILLS ASSOCIATION

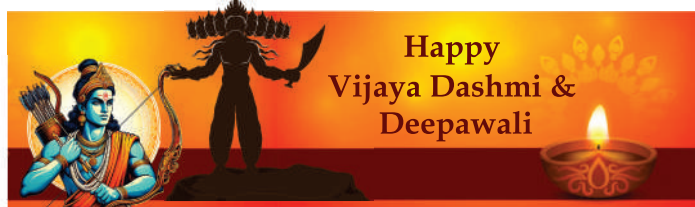


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ASSOCIATION NEWS

The Ministry of Environment, Forest and Climate Change issued a Draft Notification on 19th July, 2024 inviting comments/suggestions on Draft Guidelines relating to the uniform Consent Fee and Grant, Refusal or Cancellation of Consent to Establish & Consent to Operate Air, Waste Water Management from State Pollution Control Boards. We have submitted our comments in the matter on 18th September, 2024.

RAW MATERIALS

1. As per USDA Report dated 12th September, 2024 Global cotton production in 2024-25 is projected at 116.42 million bales, 2.5 % (2.85 million bales) above the previous year and less than 1 % above the 5-year average. For 2024-25, cotton production prospects are mixed for the major producing countries.



The United States and Brazil were largely responsible for the year-over-year global increase, which was somewhat offset by declines for India and Pakistan. World 2024-25 cotton harvested area is forecast at 31.1 million hectares, 1% below the previous year. The 2024-25 global cotton yield is forecast at 814 kilograms per hectare, 3 % above the 3-year average and a record high. World cotton production is concentrated among a few countries, with the top four accounting for 71% of total expected production in 2024-25, similar to the previous season. China and India are expected to remain the leading cotton producers in 2024-25, accounting for 24 % and 21%, respectively, of the global total. China is projected to produce 27.8 million bales of cotton, just under a 2 % increase from 2023-24. China's yield is projected at 2,124 kg per hectare, the second highest on record and just below 2022-23. World cotton mill use in 2024-25 is forecast at 115.75 million bales, 2.6 million (2.3 %) above 2023-24 and similar to the 2021-22 level. Lower cotton fiber prices and the expectation for a slight improvement for textile manufacturing is forecast to support the increase. Cotton mill use is forecast to equal or exceed last season for each of the major cotton-spinning countries in 2024-25, with Pakistan being the exception. For the top six

cotton-spinning countries—China, India, Pakistan, Bangladesh, Turkey, and Vietnam—mill use is projected to account for a combined 82 % of the World total in 2024-25, slightly below last season. China remains the leading cotton spinner, accounting for approximately one-third of World cotton mill use.

Million 480 Pound Bales

World	2022-23	2023-24	2024-25
Op en ing Stock	71.01	75.97	75.61
Production	116.4 6	11 3.57	116.42
Consumption	11 2.64	11 3.15	11 5.75
Export/Import	36.78	44.17	42.99
Closing Stock	75.61	75.61	76.49

2. For the Marketing Year (MY) 2024-25 USDA's forecast for Production in India is at 24.00 million bales, 7 % (1.8 million bales) below 2023-24, with lower harvested area primarily responsible for the decrease. India's area is expected to decline 7 % (900,000 hectares) to 11.8 million hectares, while the national yield remains relatively flat at 443 kg. per hectare. Mill use in India is projected at 25.50 million bales for 2024-25, 2% (500,000 bales) above the year before and supported by rising product exports. India is expected to account for 22 % of the World mill use total in 2024-25.

Exports for India are projected to decrease by 1 million bales year over year to 1.30 million due to a production decline. On the other hand, the USDA has increased its cotton import forecast for India by 1.42 million bales, bringing the total to 2.30 million bales for the next season.

Million 480 Pound Bales

India	2022-23	2023-24	2024-25
Opening Stock	8.40	10.82	10.17
Production	26.30	25.80	24.00
Import	1.73	0.88	2.30
Consumption	24.50	25.00	25.50
Export	1.10	2.33	1.30
Closing Stock	10.82	10.17	9.67

3. The Cotton Association of India (CAI) in its Meeting held on 12th September, 2024 based on the inputs received and after deliberations, increased its cotton production estimates for cotton season 2023-24 from earlier figure of 317.70 lakh bales to 323.02 lakh bales. The figures of cotton production for the season 2023-24 as estimated by CAI (now) vis-à-vis as assessed by Committee on Cotton Production and Consumption (CoCPC) of the Ministry of Textiles (on 24th June, 2024) are as under:



Lakh Bales of 170 Kgs. each

State	CAI 12.09.24	CoCPC 24.06.24	Pressed till 31.08.24
Punjab	3.75	6.29	3.65
Haryana	13.50	15.09	13.15
Rajasthan	28.75	26.22	28.67
Gujarat	90.00	90.60	89.47
Maharashtra	90.00	80.45	89.31
Madhya Pradesh	18.50	18.01	18.35
Telangana	35.00	50.80	34.73
Andhra Pradesh	13.00	7.25	12.25
Karnataka	20.50	20.47	20.15
Tamil Nadu	4.25	2.78	3.65
Odisha	3.77	7.05	3.70
Others	2.00	0.21	2.00
Total	323.02	325.22	319.08

*As per CAI.

The major variation is in the cotton production estimates for Telangana and Andhra Pradesh.

4. As per CAI, Cotton exports for the 2023-24 crop year or season ending September, 2024 are estimated at 28.00 lakh bales (170 kg each) on higher demand from consuming countries such as Bangladesh and Vietnam. In the previous crop year, cotton exports were 15.50 lakh bales. Imports of the fibre into the country were 16.40 lakh bales, up from 12.50 lakh bales in the previous year. Cotton consumption has been estimated at 317.00 lakh bales against 311.00 lakh bales in previous season.

5. Cotton prices in India have reached new heights of late, surpassing the Minimum Support Price (MSP) by 3 %. Experts anticipate a further price increase in the coming days. This escalating trend is triggered by various factors, including reduced cotton acreage this Kharif season, crop damage from heavy rains in key producing states, and the lingering impact of pest attacks in the previous year. The high prices of domestic cotton are expected to lead to a shift in consumption patterns, with a potential increase in the use of imported cotton. As domestic cotton becomes more expensive, textile mills and other industries may opt for relatively cheaper imported options to maintain profit margins. This could further increase the demand for imported cotton and exert pressure on the domestic market.

6. The Global Organic Textile Standard (GOTS) provides a robust quality assurance system that inspects and certifies the entire textile supply chain. The Better Cotton Initiative (BCI)—promoting responsible cotton consumption and cultivation—is another significant step. These initiatives help reduce water consumption, minimize chemical usage, and lower energy usage. Showcasing certifications and supporting initiatives that promote responsible and ethical production assures credibility in the realm of sustainability. On a national level, the Ministry of Textiles has established a task force creating industry-specific interventions. Texprocil—the apex Textile Export Promotion Council—promotes sustainable practices through initiatives like the Kasturi Cotton brand, which emphasizes quality and responsible governance within the Indian textile space.

The seven parameters that decide whether a particular lot of Indian Cotton is eligible for being certified as Kasturi Cotton are as follows:

Staple Length/UHML	30+mm	29+mm
Micronaire Value	3.7 to 4.5	3.7 to 4.5
RD Value	76+	76+
Fibre Strength	30.5 (-1.5)g/tex	29.5(-1.5)g/tex
Uniformity Index	84% or more	83% or more
Trash	2% or below	2% or below
Moisture Content	8% or below	8% or below

7. As per the Agriculture Ministry data, cotton has been planted on about 112.4 lakh hectares (lh) till 13th September, 2024 against 123.6 lh a year ago. The decline is mainly in Gujarat, Maharashtra, Telangana, Rajasthan, Punjab and Haryana. However, Karnataka and Odisha have witnessed a marginal increase in acreage. In Madhya Pradesh, the cotton area is down to 6.14 lh from 6.50 lh in the previous season. The Country's cotton production, which peaked in 2019-20 at 36 million bales (each bale weighing 170 kg), has also seen a downward trend over the years. In 2020-21, production slipped to

35 million bales, followed by a further drop to 31 million bales in 2021-22. Though production recovered slightly to 33 million bales in 2022-23, it fell again to 32 million bales in 2023-24.

The non-BT cotton (including organic cotton) sowing area in India reached 6.121 lakh hectares as of 20th September, 2024, in the current marketing season (2024-25). This accounts for 5.42 % of India's total cotton sowing area of 112.757 lakh hectares. Non-BT cotton acreage has further decreased by 7.80 % compared to the previous season. Most cotton sowing was completed by the end of August, 2024. Non-BT cotton was also sown in Madhya Pradesh 0.307 lakh hectares.

8. In a groundbreaking stride toward reshaping Indian cotton farming, the Confederation of Indian Textile Industry (CITI) has teamed up with Beetle Regen Solutions to champion regenerative agriculture in Khargone, Madhya Pradesh. This visionary partnership is set to empower smallholder farmers with cutting-edge agronomic practices designed to regenerate soil, boost cotton yields, and create a sustainable future for agriculture. At the core of this initiative is the introduction of advanced techniques like high density planting systems (HDPS), regenerative agriculture, and biochar applications. These pioneering methods not only promise to enhance cotton productivity but also rejuvenate soil health, capture carbon, and align Indian cotton farming with global climate action.

9. The latest Textile Exchange's Materials Market Report, which looks at total fiber volumes used for apparel, home textiles, footwear, or any other application shows that global fiber production increased by 7% from 116 million tons in 2022 to 124 million tons in 2023. This number is expected to rise to 160 million tons in 2030, if current trends continue.

POWER

The M P Power Management Company has advised DISCOMs to bill to the consumers Fuel & Power Purchase Adjustment Surcharge (FPPAS) @ 3.00 % on energy charges only for one month commencing from 24th September, 2024.



MANPOWER

1. The Labour Commissioner has notified Minimum Wages applicable from 1st October, 2024 increased due to increase in Dearness Allowance as under:

Category	Per Month			Wages per day Rs.
	Basic Rs.	D.A. Rs.	Total Rs.	
Unskilled	6500	3755	10225	393
Semi-skilled	7057	4025	11082	426
Skilled	8435	4025	12460	479
Highly Skilled	9735	4025	13760	529

2. Labour and Employment Minister, Shri Mansukh Mandaviya on 4th September, 2024 approved the Centralized Pension Payment System (CPPS) under the Employees' Pension Scheme, 1995, allowing 7.8 million EPS subscribers to withdraw pension from any bank and any branch across India, starting from 1st January, 2025



LEGAL & TAXATION

With most States not keen to let go of revenues, the Goods and Services tax (GST) Compensation Cess will likely be retained beyond January, 2026, by when the compensation-related loans and interest would likely be fully repaid. However, the Cess would be "re-branded" with a newly defined end use. Under the Constitution, a Cess can be levied for specified purposes only, and the proceeds from such imposts should be credited to a designated fund.





EXPORT & IMPORT

1. The growth in exports was largely due to the increasing share of Indian apparel in key markets. India's textiles and apparel exports in August, 2024 grew by 2.09 % to USD 3,013.30 million compared to the same month last year. According to the quick estimates data released by the Ministry of Commerce & Industry on 17th September, 2024:

- Exports of cotton yarn/fabrics/made-ups, handloom products, etc. shrunk by 9.44% in August, 2024 as compared to August, 2023.
- During April-August, 2024, cotton yarn/fabrics/made-ups, handloom products registered a growth of 0.23%.
- During August, 2024, Textiles Exports registered a negative growth of 4.01 % over the August, 2023, while Apparel Exports registered a growth of 11.88 % during the same time period.
- During April- August, 2024, Textiles Exports registered a positive growth of 1.39 % over the same period of previous year, while Apparel Exports registered a growth of 7.12 % during the same time period. Overall T&A registered a growth of 3.80% during April-August, 2024.

The information relating to textile and apparel exports during the period April-August, 2024 as compared to exports in April-August, 2023 is as under:



Value in US\$ Million

Exports	Apr. - Aug. 2023-24	Apr. - Aug. 2024 -25	% Change
Cotton Yarn, Fabrics, Made - ups, & Handloom Products	4,881.94	4,893.29	0.23
MMF Yarn, Fabrics, Made - ups, etc .	1,963.49	989.59	1.33
Jute Products	156.26	45.71	(-)6.73
Carpets	555.56	614.96	10.69
Handicrafts, etc .	670.18	698.53	4.23
Textiles	8,227.43	8,342.12	1.39
Apparel	5,970.09	6,395.07	7.12
Textiles & Apparel	14,197.52	14,737.19	3.80
All Commodities	1,76,671.44	1,78,682.45	1.14
% Share of T & C	8.04	8.25	

2. During August, 2024 imports of Cotton Raw & Waste increased by 40.4 % to \$ 104.89 million. Textile yarn, fabric and made-ups imports too increased by 2.16 % to \$ 220.74 million. The details of imports in April-August, 2024 as compared to the same period of previous year are as under:

Value in US\$ Million

Imports	Apr. - Aug. 2023-24	Apr. - Aug. 2024-25	% Change
Cotton Raw & Waste	362.13	343.18	(-)5.23
Textile Yarn, Fabrics, Made-ups, etc.	935.79	978.61	4.58

3. Out of total exports of US \$ 880.29 billion, the top ten suppliers of textile and clothing (accounting for a share of 68.99%) exported goods worth US\$ 607.30 billion to the World during the period January-December, 2023, as detailed below:

Value in US \$ Billion

Country	2021	2022	2023	Share
World	934.05	971.27	880.29	100.00
China	342.17	359.28	292.63	33.24
Bangladesh	37.95	45.35	49.45	5.62
Vietnam	42.65	46.09	46.66	5.30

Germany	42.07	41.25	42.42	4.82
Italy	38.71	40.56	40.74	4.63
India	49.20	44.62	34.23	3.89
Turkey	35.67	36.60	32.87	3.73
USA	27.25	32.67	26.50	3.01
France	18.34	19.75	21.41	2.43
Netherland	23.12	23.89	20.39	2.32
Total top 10	657.12	690.06	607.30	68.99

India stood at 5th position with a share of 3.89 % and decline of 23.27 % over the previous year 2022 exports

4. In a significant move aimed at enhancing India's e-commerce export landscape, the Central Board of Indirect Taxes and Customs (CBIC) has extended export-related benefits under the duty drawback, Remission of Duties and Taxes on Exported Products (RoDTEP), and Rebate of State and Central Levies and Taxes (RoSCTL) Schemes for shipments made through courier mode, effective from 12th September, 2024.

5. As per Trade Notice dated 17th September, 2024 issued by DGFT for Interest Equalisation Scheme net subvention amount is capped at Rs. 5 crore till 30th September, 2024 for MSME manufacturers. For Manufacturer, Exporters and Merchant Exporters the cap is Rs. 2.5 crore till 30th June, 2024.

6. As per Trade Notice No. 18/2024-25 dated 30th September, 2024 issued by DGFT Interest Equalisation Scheme has been extended till 31st December, 2024 on the same terms and conditions with the additional condition that fiscal benefits of each MSME on aggregate will be restricted to Rs. 50 lakh for 2024-25 till December, 2024. The MSMEs, who have already availed benefit of Rs. 50 lakh till 30th September, 2024 will not be eligible for any further benefit.

7. As per Notification No. 32/2024-25 dated 30th September, 2024 RoDTEP Scheme has been extended for DTA units for one year, while for AA/EOU/SEZ units it has been extended for three months up to 31st December, 2024.

Textile related rates can be found at from page 123 to 155 of Appendix 4R. For Advance Authorisation/Export Oriented Units/ Special Economic Zone units textile related rates are on page 76 to 96 of Appendix 4 RE. For exports made between 1st - 9th October, old rates of RoDTEP will be applicable.

8. On 1st October, 2024 the DGFT extended Minimum Import Price of US \$ 3.5 per kg. imposed on knitted fabric categories of HSN 60063100, 60063200, 60063300, 60063400 and 60069000 up to December, 2024.

The Government has further included 8 new HSN Codes in this list namely- 60019200, 60041000, 60049000, 60053600, 60053790, 60053900, 60062200 and 60064200.

9. According to Indian rating agency CRISIL, For cotton yarn players, Bangladesh accounts for 8-10 % of sales, so the revenue profile of major exporters could be affected. Their operating profit margins, however, may not be significantly affected as cotton-yarn spreads are already modest at present.

10. As per reports, Textiles exports is witnessing a declining trend. It dropped from \$33.83 billion in 2019-20 to \$29.46 billion in 2020-21. Although exports rose to \$41.12 billion in 2021-22, they then fell to \$35.55 billion in 2022-23 and further to \$34.40 billion in 2023-24. Given the low sowing area expected to result in reduced cotton production, achieving the projected export target of over \$40 billion by 2024-25 will be challenging. The current trend in lower sowing of cotton and production raises concerns about meeting these ambitious goals in future too. About 55-60% of India's textile and apparel exports are natural fibre based, predominantly cotton. So low cotton sowing and resultant price rise of cotton fibre are a significant risk to Indian textile and garment exports.

11. Tiruppur's knitwear export hub has secured Rs. 450 crore in orders from global brands due to political unrest in Bangladesh. Orders include kids wear, nightwear, tops, and pyjamas. Noida Apparel Export Cluster also saw a 15% increase in orders from Zara. The situation highlights the need for an India-EU free trade agreement.

Global brands like KiK from Germany, Zeeman from Netherlands, and Pepco of Poland, among others, placed orders to be delivered before the Christmas and New Year and the average price of the garment ordered is to the tune of \$3.

12. Union Minister of Commerce and Industry, Shri Piyush Goyal launched

Trade Connect e-Platform on 11th September, 2024 in New Delhi. The Trade Connect e-Platform (<https://trade.gov.in>) is a new digital initiative aimed at transforming the landscape of international trade for Indian exporters, especially MSMEs (Medium, Small and Medium Enterprises). With this Platform, the Ministry of Commerce and Industry seeks to reduce the costs, lead times, and complexities associated with global trade, ultimately ensuring that Indian businesses can thrive in the international marketplace.²⁰

13. Concerned over the fallout of the Red Sea crisis and severe shortage of containers against the backdrop of a steep decline in merchandise exports in August, the Union government is pulling out all the stops to find a solution. An Inter-Ministerial Meeting chaired by Commerce Minister Shri Piyush Goyal, on 19th September, 2024 decided that the state-owned Shipping Corporation of India (SCI) will start operating a large container ship and purchase five additional second-hand container vessels apart from reducing loading and handling cost of empty containers by the Container Corporation of India (Concor). A simultaneous container scanning will also begin at Jawaharlal Nehru Port Authority (JNPA) for faster clearances and reduction in turnaround time.

STATE OF INDUSTRY

1. According to data released by the Ministry of Statistics and Programme Implementation (MoSPI) on 12th September, 2024 the Index of Industrial Production (IIP) witnessed a growth of 4.8 per cent in July, 2024 on an annual basis against 4.7 per cent in June, 2024.



- IIP for the manufacture of textiles for July, 2024 was 108.5 at the same level of June, 2023.
- IIP for wearing apparel was up by 7.3 % in June, 2024 as compared to the same month of last year.

The details of IIP for the period April-July, 2024-25 as compared to those of same period of 2023-24 are as under:

Items	For the Month		Cumulative		Growth Apr-July 2024-25
	July 2023	July 2024	Apr-July 2023-24	Apr-July 2024-25	
General	142.7	149.6	143.2	150.7	5.2%
Textiles	108.5	108.5	107.3	106.7	(-)0.6%
Wear ing Apparel	103.9	111.5	107.1	115.6	7.9%

2. The sentiment around India's textile mill sector remains cautious about the marketing year 2024-25 season in the wake of political upheaval in Bangladesh, one of the largest buyers of India's raw cotton and cotton yarn. According to trade data published by the Ministry of Commerce, India exported raw cotton valued at \$ 557 million (74% market share), and cotton yarn valued at \$ 1.2 billion (34 % share) to Bangladesh in calendar year 2023. Trade sources indicate that unrest in Bangladesh is unlikely to have any major impact on business orders shifting to India, as Bangladesh's textile mill disruption was short lived, and contacts report nearly 90 % of factories are operational to date.

Trade sources indicate that Indian mills are unable to match the pricing and productivity levels as compared to Bangladesh's mills. Additionally, Bangladesh continues to enjoy a duty-free and quota-free access for its textile and apparel products to European markets and tariff preferences for certain lines under the U.S. Generalized System of Preferences (GSP) Scheme for exports to the United States. Conversely, textile exports from India to European markets are levied a 4% duty on cotton yarn, 8 % on fabric, and 12 % on garments and mills are therefore, not able to absorb a duty difference without negatively impacting margins and profitability. In addition, only a few manufacturers in India have the scale, capacity or compliant facilities to meet requirements of international retailers and

brands that place high volume orders.

3. In the textiles sector, while the original Production Linked Incentive (PLI) Scheme announced with an outlay of Rs. 10,683 crore, is restricted to MMF (Man-Made Fibre) apparel, MMF fabrics and products of technical textiles, the proposal is now to extend it to garments made of all materials including cotton. It is being hoped that once the PLI Scheme is extended to cotton garments, it will attract a lot more domestic investors in addition to foreign investors.

4. While inaugurating an International Conference-cum-Exhibition titled 'Viksit Bharat- Technical Textiles for Sustainable Growth & Development' in New Delhi on 6th September, 2024, Shri Giriraj Singh, Union Minister for Textiles stated that 156 research projects have been sanctioned including the development of carbon fibres and support to start-ups in different areas of technical textiles. He underlined the potential of Meditech, especially hygiene products as a major contributor in achieving this target. India's technical textile exports will cross the \$10 billion target set for 2030.

He expressed confidence in the ability of the local industry, Government and stakeholders in the development of High-Performance Fibres that have huge applications in different fields, including aerospace, automobile and construction.

5. The Indian home textile industry is poised for a significant revival, with sales predicted to increase by 8 to 10 % in 2024-25 after a tough 2022-23. According to a CareEdge Ratings analysis, important drivers of this recovery are rising per capita income, rapid urbanization, a thriving real estate market and greater hygiene awareness following COVID-19.

6. As per CRISIL Rating, the organized retail apparel sector will clock a revenue growth of 8-10 % this fiscal riding on higher demand stemming from a normal monsoon, easing inflation, festive and wedding season and increasing preference for fast fashion, which is inexpensive, trendy clothing that mimics high fashion designs and popular styles. "The mass market segment accounts for 60 % of total sales now, compared with 56 % before the pandemic, due to the rising popularity of fast fashion, which is expected to be the primary revenue driver this fiscal. The likely increase in demand for premium clothing during the upcoming festive and wedding seasons will also contribute to overall revenue growth of 8-10 % this fiscal."

7. The Manmade and Technical Textiles Export Promotion Council (MATEXIL) Council has called upon the Government to get the entire value chain of textiles such as Fibre, Yarns, Fabrics and Made-ups under Quality Control Orders (QCO).

8. While addressing a press conference on 100 Days Achievements of the Ministry in New Delhi, on 27th September, 2024 Union Minister of Textiles, Shri Giriraj Singh, said that textiles industry will grow to USD 350 billion by 2030 generating crore of jobs.

9. As per reports, during the Visit of the Chief Minister of the State to Kolkata to invite industries to invest in Madhya Pradesh, the major apparel and hosiery brands- Lux, Dollar, Rupa, TT , Kothari, etc. have shown their interest to invest in Indore-Ujjain region.