

# 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**

Volume XVIII No. 8

Indore, March 2023 • Pages 4

Price Rs. 5/-

## ASSOCIATION NEWS

Budget-2023-24 was presented in the Parliament on 1st February, 2023 by the Union Finance Minister. A programme "Analysis of Budget-2023-24" was organized by us jointly with Textile Association, Madhya Pradesh Unit, Spinners Club and MP Mill Stores Merchants Association on 2nd February, 2023 evening. The programme was presided by Shri Manjeet Singh Chawla, Director, Threads of Harman. The speakers included Dr. Jayantilal Bhandari, Sr. Economist; Prof. Kamlesh Bhandari, Economist; CA Shri Sunil Jain and CS Shri Ajit Jain. Hailing the 'Visionary Budget' Dr. Jayantilal Bhandari said while on the one hand the economic gifts are visible, on the other the growth is increasing. Based on the projections, the growth rate of over 6% for the year 2023-24 would be highest in the World, keeping the fiscal deficit up to 5.9% of GDP. He 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 agriculture and infrastructure development. This Budget aims to provide food and power to the World and has been praised very much even by the international press. Prof. Bhandari said the Finance Minister has laid emphasis on developmental capital expenditure. There have been enrolment of over 6 crore employees in ESI in last five years, which shows a good growth of employment. He was of the view that for backward classes the income limit is Rs. 8 lakh, but for the income tax purposes it is Rs. 7 lakh. The main aim of the Budget is to increase demand and employment. CA Shri Jain explained various changes in Income Tax, Customs, GST and provisions related to MSME sector. CS Shri Ajit Jain spoke about Capital Market and was of the view that in the year 2023-24 the investor may get good returns by investment in the shares of infrastructure, defense items, rail and real estate companies. Shri Manjeet Singh Chawla was of the view that with the present policies of the Government, the production of ELS cotton will increase in the Country and Textile Sector will get a boost.

## RAW MATERIAL



1. As per US Department of Agriculture report of 8th February, 2023, 2022-23 global cotton balance sheet includes lower production, consumption and higher ending stocks :

### Million 480 Pound Bales

	2020-21	2021-22	2022-23
Op. Stock	98.41	86.70	85.24
Production	111.49	115.71	114.37
Trade	48.69	42.66	40.44
Consumption	123.18	117.34	110.66
Clos. Stock	86.70	85.24	89.08

World 2022-23 cotton ending stocks are 8,50,000 bales lower this month as expected output falls by one million bales and consumption is projected 1,90,000 lower than January, 2023.. India's crop is reduced by one million bales as a continued slow pace of market arrivals tempers previous optimism, and Franc Zone production is 6,00,000 bales lower this month due to insect damage this season. China's crop is raised by 5,00,000 bales on a record pace of Xinjiang inspections in January, and Pakistan's crop is raised by 2,00,000 bales on favorable arrivals data. World 2022-23 consumption is 2,00,000 bales lower this month as 5,00,000-bales increase for China is more than offset by reduced expectations for Indonesia, Pakistan, United States, and Vietnam.

2. The Cotton Association of India (CAI) on 13th February, 2023 has further reduced its cotton crop output estimate for the 2022-23 season by 9.0 lakh bales to 321.50 lakh bales. The Committee on Cotton Production and Consumption of the Ministry of Textiles estimated on 20th February, 2023 the crop size during the current season at 337.23 lakh bales (170 kg each), which is almost 8% more than the previous season. The comparative data given by two agencies are as under:

### Lakh Bales of 170 Kgs. each

State	CAI	CoCPC	Arrivals till 31 <sup>st</sup> Jan.'23 (CAI)
Punjab	3.00	4.54	1.20
Haryana	12.00	17.20	4.76
Rajasthan	27.50	25.51	18.18
Gujarat	94.00	87.12	33.95
Maharashtra	80.00	81.85	20.40
Madhya Pradesh	19.00	15.19	8.50
Telangana	41.00	54.41	8.89
Andhra Pradesh	11.50	18.85	5.00



Karnataka	21.00	21.48	10.25
Tamil Nadu	6.00	3.56	0.54
Odisha	3.00	7.23	1.98
Others	3.50	0.29	2.05
<b>Total</b>	<b>321.50</b>	<b>337.23</b>	<b>115.70</b>

It is difficult to understand the difference in production projections for various States, particularly for Haryana, Gujarat, Madhya Pradesh, Telangana, Andhra Pradesh Tamil Nadu and Odisha

The position of Imports, exports and consumption of cotton for the season 2022-23 projected by the two agencies is as under :

#### Quantity in Lakh Bales

	CAI	CoCPC
Opening Stock	31.89	45.25
Crop	321.50	337.23
Import	12.00	10.00
<b>Total</b>	<b>365.39</b>	<b>392.48</b>
Mill Consumption	280.00	275.00
SSI Consumption	15.00	20.00
Non-Textile Use	5.00	16.00
Export	30.00	35.00
<b>Total</b>	<b>330.00</b>	<b>346.00</b>
<b>Closing Stock</b>	<b>35.39</b>	<b>46.48</b>

3. Cotton Contamination Survey 2022 by the International Textile Manufacturers Federation (ITMF) shows that the level of contamination of raw cotton by foreign matters and stickiness have decreased compared to 2019. At the same time the appearance of seed-coat fragments has remained the same. The survey reveals significant differences between cotton varieties. The Cotton Contamination Survey 2022 covered 104 spinning mills located in 21 countries which evaluated 78 different cotton growths. The 10 most contaminated cotton descriptions considered for the survey originated in India (MCU-5, DCH, Shankar-4/6, J-34), Pakistan (NAIB, MNH93), Afghanistan, Togo and Tanzania (Coastal). The 10 least contaminated raw cottons were produced in Spain, China (Anhui, Shandong), Australia, US (Memphis Territory, Pima, Arizona, South-Eastern) and Mexico (Juarez).

4. Trading in newly launched, more representative Cotton Futures Contract has commenced from 13th February, 2023 with the collaborative approach of Government of India, MCX, trade and industry. In order to make the futures prices more representative and not speculative, contract specification and quality standards have been modified and new cotton future contract has been launched at MCX on 31st January, 2023.

5. Union Minister for Textiles, Piyush Goyal on 21st February, 2023 approved the Quality Control Order (QCO) for mandatory certification of cotton bales under specification No. IS12171: 2019- Cotton Bales.

6. In its report named "Organic Cotton Market, 2021-2028", Fortuna Business Insights came up with two interesting findings. Firstly, the market size of the organic cotton industry will touch the outstanding mark of US\$ 6,730.90 million by 2028. It is expected to grow at a CAGR of 40.0% in the 2021-2028 period. Buyers' mindsets have also gone through a profound metamorphosis. It has led to a preference shift towards 'value-based eco-friendly shopping'.

## POWER

The Madhya Pradesh Electricity Regulatory Commission has proposed First Amendment to Madhya Pradesh Electricity Regulatory Commission (Terms & Condition for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations 2021 vide Public Notice dated 3rd February, 2023. It has proposed to recover the Fuel and Power Purchase Adjustment Surcharge (FPPAS) on monthly basis depending on power purchase cost and transmission losses under sub section-4 of Section 62 of the Electricity Act, 2003 instead of present recovery of Fuel Cost Adjustment (FCA) Charges on quarterly basis. We



have submitted our comments/suggestions in the matter on 22nd February, 2023.

## MAN POWER

1. The Employees Provident Fund Organisation has issued instructions on 20th February, 2023 in respect of employees and employers, who had contributed on under para 26(6) of the EPF Scheme on salary exceeding Rs.5000/6500 and did not exercise



option under Para 11(3) of the pre-amendment Scheme, while being members of EPS, 1995 and were members prior to 1st September, 2014 and continued to be members on or after 1st September, 2014 can now submit their options to avail pension on salary exceeding Rs. 5000/6500.

2. The 190th Meeting of ESI Corporation concluded on 20th February, 2023 in Chandigarh. In order to provide relief to Insured Workers, who became unemployed during the Covid-19 pandemic, ESI Corporation in the meeting agreed to the proposal of extending the benefits available under Atal Beemit Vyakti Kalyan Yojana (ABVKY) for two more years, which is a welfare measure in the form of cash compensation up to 90 days once in lifetime of the worker in the contingency unemployment.

3. On 30th January, 2023 the State Government has added a new section 31(3) to Madhya Pradesh Shram Kalyan Nidhi Adhiniyam, for compounding of offences under the Act and determination of its amount.

4. The average of Cost of Living Index for Industrial workers for the period July-December, 2022 has increased by 13 points over the last period (January-June, 2022) and as such the Minimum Wages payable to various categories of workmen in the State may increase by Rs. 325.00 per month w.e.f. 1st April, 2023.

## LEGAL & TAXATION

1. The 49th Meeting of the GST Council was held on 18th February, 2023. It has recommended to rationalise late fee for delayed filing of Annual Return in Form GSTR-9 for financial year 2022-23 onwards, for registered persons having aggregate turnover in a financial year upto Rs 20 crore, as below :



- Registered persons having an aggregate turnover of up to Rs. 5 crore in the said financial year: Rs 50 per day (Rs 25 CGST + Rs 25 SGST), subject to a maximum of 0.04 per cent. of his turnover in the State or Union territory (0.02% CGST + 0.02% SGST).
- Registered persons having an aggregate turnover of more than Rs. 5 crore and up to Rs. 20 crore in the said financial year: Rs 100 per day (Rs 50 CGST + Rs 50 SGST), subject to a maximum of 0.04 per cent of his turnover in the State or Union territory (0.02% CGST + 0.02% SGST).
- Registered person having aggregate of more than Rs. 20 crore in the said financial year (no Change) Rs. 200 per day (Rs. 100 CGST + Rs. 100 SGST) 0.5% of the turnover in the State (0.25% CGST + 0.25% SGST).

2. Merchandise exporters will have to cough up 18 % GST, on the services of transportation of goods, a move that the industry says could lead to cash flow issues at a time, when exports are declining. Currently, the export freight rate charged by Indian shipping lines to Indian exporters is taxable, while freight charged by foreign shipping lines to Indian exporters for transport of goods to a place outside India is not taxable as it is neither an inter-state nor an intra-state supply.

## EXPORT & IMPORT

1. The Central Government on released the information relating to exports for the month of January, 2023 on 15th February, 2023. The information relating to textile and apparel exports is as under:







### Value in US\$ Million

Exports	Apl.-Jan. 2021-22	Apl.-Jan. 2022-23	% Change
Cotton Yarn,Fabric, Made-ups,Handloom Products	12,692.75	9,044.38	(-)28.74
MM Yarn, Fabric Made-ups, etc.	4,606.30	4,075.54	(-)11.52
Jute Products	409.01	372.05	(-)9.04
Carpets	1,504.25	1,156.18	(-)23.14
Handicrafts, etc.	1,754.63	1,450.82	(-)17.31
<b>Textiles</b>	<b>20,966.94</b>	<b>16,098.97</b>	<b>(-)23.22</b>
<b>Apparel</b>	<b>12,673.69</b>	<b>13,335.01</b>	<b>5.22</b>
<b>Textiles &amp; Apparel</b>	<b>33,640.63</b>	<b>29,433.98</b>	<b>(-)12.50</b>
All Commodities	3,40,276.71	3,69,248.54	8.51
<b>% Share of T &amp; C</b>	<b>9.89</b>	<b>7.97</b>	

- During January, 2023, Indian Textiles Exports registered a negative growth of 30.79 % over the same month of the previous year, while Apparel Exports registered a negative growth of 3.48 % during the same time period.
- Exports of Textiles and Apparel during January, 2023 have registered a negative growth of 19.69 % over January, 2022.
- During April-January, 2023, Textiles Exports registered a negative growth of 23.22 % over the previous year, while Apparel Exports registered a growth of 5.22% during the same time period.
- Cumulative Exports of Textiles and Apparel during April- January, 2023 have registered a negative growth of 12.50 % as compared to April -January, 2022.
- Share of T&A has declined to 9.29 % in January, 2023 from 10.80 % in January, 2022.

2. The import of raw cotton and waste decreased by 19.49% in January, 2023, whereas the import of Textile yarn, fabrics, made-ups increased by 1.38 % as compared to the same period of the previous year. The details of imports as compared to the same period of the previous year are under:

### Value in US\$ Million

Imports	Apl.-Jan. 2021-22	Apl.-Jan. 2022-23	% Change
Cotton Raw & Waste	450.40	1,348.74	199.45
Textile Yarn/Fabrics/ Made-ups, etc.	1,712.45	2,268.79	32.49

3. According to Union Minister of State for Textiles, Smt. Darshana Jardosh, India's exports of 207 technical textile products have grown from US \$2.21 billion in 2020-21 to US \$ 2.85 billion in 2021-22, registering a growth rate of 28.4%. She said on 8th February, 2023 that the aim is to achieve an average growth rate of 15-20% per annum taking the level of domestic market size to \$40-50 billion by the year 2024.

The overall exports and imports of technical textiles have increased over the years in the medium run (from 2017-18 to 2020-21) at the rate of 12.2% and 3.2% respectively. The item-wise exports and imports for last two years are as under:

### Value in US \$ Million

Items	Exports		Imports	
	2020-21	2021-22	2020-21	2021-22
Packtech	784.45	1,104.09	59.07	84.88
Indutech	522.72	692.68	505.41	733.08
Mobitech	187.22	261.31	501.56	806.18
Clothtech	226.56	222.72	214.53	281.20
Homotech	125.64	136.80	196.29	257.56
Meditech	119.72	154.61	113.46	140.47
Agrotech	89.18	93.76	36.30	49.64
Buildtech	17.90	48.69	12.91	22.25
Protech	39.48	49.38	25.86	21.77
Geotech	27.51	35.06	17.07	23.14
Sportech	73.40	44.02	16.84	23.42

Speciality	1.58	0.81	12.26	16.04
Fibre				
<b>Total</b>	<b>2,215.36</b>	<b>2,843.93</b>	<b>1,711.56</b>	<b>2,459.63</b>
<b>Growth</b>		<b>28.4%</b>		<b>43.7</b>

4. Reacting to the increase in the Repo Rate by 25 basis points by Reserve Bank of India with effect from 8th February, 2023 to 6.5 %, Federation of Indian Export Organisation (FIEO), President, Dr A Sakthivel said this increase is in line with the ongoing initiative and effort of the Reserve Bank of India to contain inflation and the flight of capital looking at such a volatile and challenging global scenario. Recently the US Fed also hiked its rate by 25 basis points and the Bank of England by 50 basis points. He urged the Government to increase interest subvention under the Interest Equalization Scheme (IES) from 3% and 2% respectively to 5% (to all MSME manufacturers) and 3% (to all other eligible categories) as interest rates are at a much higher level than the pre-covid times besides extending of tenure of Pre-shipment Credit in Foreign Currency (PCFC) from 180 days to 365 days, which will further provide headroom for the exporting community.

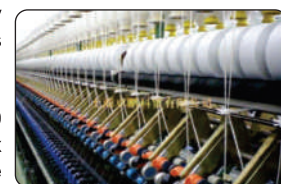
5. CareEdge expects a 16-18% negative growth in home textile exports in financial year 2022-23, impacted by the recessionary trend in Europe and cut down on non-essential expenses in the US amid high inflation. While the depreciating rupee against the dollar and China+1 policy across the globe restricts turnover fall for Indian home textile players, margins would contract by 400-500 bps due to lower operating leverage given lower capacity utilization. Despite this, Shri Sivaram Krishnan Ganapathi, of Gokaldas Exports expects growth to pick up in the second half of the fiscal year 2023-24. He also believes that the recessionary effect in the US will be out of the way by the second half of the next fiscal year.

6. According to Chairman of Apparel Export Promotion Council, Shri Naren Goenka, apparel export to Japan is expected to grow 20-25% year-on-year. Shri Goenka said that Indian ready-made garments had duty-free access to Japan following the Indo-Japan CEPA, while garment exports from China and Turkey to Japan attracted about 9% duty. As many as 84 prominent Japanese buyers, including trading companies and retail chains/stores are in India to source their requirements from the 112-odd Indian exhibitors, who have displayed garments at 'Upnext India 2023', inaugurated in Gurugram on 10th February, 2023.

7. During the first meeting of newly constituted Textile Advisory Group held on 14th February, 2023, industry representatives raised the issue of a surge in cheap imports of PTA and MEG into India. Shri Piyush Goyal, Minister of Textiles emphasized the need for different segments of the textile value chain to support each others requirements and challenges for the holistic growth of the sector and stated India is taking steps to protect its Man-Made Fibre (MMF) industry by enforcing the Quality Control Order (QCO) on MMF products such as Polyester Staple Fibre (PSF) and upstream raw materials like Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) to curb the influx of cheap and non-essential imports.

## 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 110.0 in December, 2022. The cumulative index for textiles for April-December, 2022 came down from 117.7 to 107.7 as compared to the same period of previous year. The industry has recorded a negative growth of 11.9 % in December and 8.5 % in April- December, 2022. The apparel index slipped by 21.9 % to 126.3 in December, 2022 from 161.8 in the corresponding period of last year. However, cumulative index too showed negative growth of 0.2 % to reach 128.2 from 128.4 of April-December, 2021. The details of IIP are as under:



Items	For the Month		Cumulative		% Growth
	Dec. 2021	Dec. 2022	Apr.-Dec. 2021-22	Apr.-Dec. 2022-23	Apr.-Dec. 2022-23
General	138.8	144.7	128.8	135.7	5.4
Textiles	124.9	110.0	117.7	107.7	- 8.5
Wearing Apparel	161.8	126.3	128.4	128.2	-0.2

2.The Indian Institute of Technology (IIT), Ropar has developed a green technology called air nano-bubble, which reduces the quantity of water used in the textile sector. The institute has claimed that the technology can reduce the use of water up to 90 per cent. As per a rough estimate, 200-250 liters of water are required to process 1 kg of cotton.

"The laboratory reports suggest that the air nano-bubble dispersed in water can reduce water consumption and chemical dosage by 90-95 %, which ultimately saves 90 % of energy consumption as well," Dr. Nirmalkar, who has developed this technology, said in a press release by India's Ministry of Science & Technology.

3. According to reports, 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. Indian cotton has been one of the cheapest in the World till September, 2021, when Indian as well as global cotton prices started rising.

4. According to a Survey by the International Textile Manufacturers Federation (ITMF), high inflation and rising interest rates are the main current drivers of the global economy, but the core problem of the textile supply chain in 2023 are high inventories at the brand and retail levels, With the opening of economies around the World after the COVID crisis, consumers had the opportunity to spend the money they could not during 2020 and in the first half of 2021. Consequently, demand soared, and brands and retailers increased orders to meet this pent-up demand. With inflation rising, especially after the Russian invasion of Ukraine in February, 2022, demand for consumer goods slowed, while inventories remained very high. Expectations in six months' time have soared and respondents are globally positive about business in June 2023. Textile manufacturers expect a better situation due to two important factors:

- First, the World is now in a much better energy situation with a relative mild winter in Europe and energy prices in Europe and Asia (especially for gas) dropping back to levels seen before Russia's invasion of Ukraine.
- Second, the sudden end of the Zero-COVID policy in China with a swift opening of the borders is promising to strengthen demand in China as well as abroad (more tourists and imports of goods). Everything else being equal, the global economy will see a higher growth level than expected and this will benefit the global textile industry.

5. Prime Minister Shri Narendra Modi launched during his Karnataka visit on 6th February, 2023 uniforms for retail customer attendants and LPG delivery personnel made from Recycled Polyester (rPET) and cotton under the Indian Oil Corporation's brand 'Unbottled' initiative. Each set of uniform shall support recycling of around 28 used Poly Ethylene Terephthalate (PET) bottles. Under the brand, IndianOil targets to meet the requirement of uniforms for the customer attendants of other oil marketing companies, non-combat uniforms for the Army, uniforms and dresses for institutions and sales and retail customers.

6. According to a report by IMARC Group, the textile recycling market in India reached a size of US \$ 308.7 million in 2022 and is expected to reach US \$ 375 million by 2028, showing a growth rate (CAGR) of 3.4 per cent during 2023-2028. Textile recycling is the method of reprocessing and reusing old clothing, fibrous waste materials, scraps, etc. These materials are commonly sourced from carpets, tyres, furniture, footwear, discarded clothes, towels and sheets.

7. The Madhya Pradesh Government has issued on 27th January, 2023 the Madhya Pradesh Udyogo ki Sthapna Evam Parichalasn ka Sarlikaran Adhyadesh, 2023 (Facilitation of Establishment and Operation of Industries Ordinance), which will make it easy to establish industrial units in the State.

practices and mainstreaming knowledge on circular production-based practices in the Textiles and Apparel sectors. The Government has also approved 20 strategic research projects in the areas of Specialty fibres and geotextiles and amongst the 20 Research projects, 3 projects in the area of Textile waste recycling have also been approved.



- Lok Sabha on 8th February, 2023 that with a view to boost technical textiles sector in the Country, the Government has set up the National Technical Textiles Mission (NTTM) for a period of 4 years (2020-21 to 2023-24) with an outlay of Rs. 1,480 crore. The Mission aims at achieving an average growth rate of 15-20% per annum taking the level of domestic market size to US\$ 40-50 billion by the year 2024. India's exports of 207 Technical Textile products have grown from US\$ 2.21 billion in 2020-21 to US\$ 2.85 billion in 2021-22, registering a growth rate of 28.4%.
- Rajya Sabha on 10th February, 2023 the production of cotton in Maharashtra, Uttar Pradesh and Madhya Pradesh as under :

#### Production in lakh bales

Cotton Year	Maharashtra	Uttar Pradesh	Madhya Pradesh	India
2021-22	71.18	0.086	14.20	312.03
2022-23	80.25	0.065	15.19	341.91

State wise exports are not monitored by the Government. Data of consumption and exports for last three years as under :

#### Quantity in Lakh bales /Value in Rs. crore

Cotton Year	Consumption	Export	
		Quantity	Value.
2019-20	269.19	47.55	8,813.98
2020-21	334.77	77.59	17,914.34
2021-22	313.77	42.25	14,887.36

#### Form-IV (See Rule 8)

- Name of Publication : M.P. Textile News Letter
- Place of Publication : Indore-452001
- Periodicity of Publication : Monthly
- Printer's Name : M. C. Rawat  
Whether citizen of India : Yes  
Address : The Madhya Pradesh Textile Mills Association, 56/1, South Tukoganj, Indore-452001
- Publisher's Name : M. C. Rawat  
Whether citizen of India : Yes  
Address : The Madhya Pradesh Textile Mills Association, 56/1, South Tukoganj, Indore-452001
- Editor's Name : M. C. Rawat  
Whether citizen of India : Yes  
Address : The Madhya Pradesh Textile Mills Association, 56/1, South Tukoganj, Indore-452001
- Name & Address of : The Madhya Pradesh  
Individuals, who own the  
Newspaper and partners or  
Shareholders holding more  
than one percent share of  
the total capital  
Textile Mills Association,  
56/1, South Tukoganj,  
Indore-452001

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

Dated: 1st March, 2023

M. C. Rawat  
Publisher

## TEXTILES IN PARLIAMENT

1. The Union Minister of State for Textiles, Smt. Darshana Jardosh in a written reply to questions informed :

- Rajya Sabha on 3rd February, 2023 that, the Government in collaboration with United Nations Environmental Programme (UNEP) is implementing a project called 'Enhancing Circularity and Sustainability' in India. The main objective of the project is to minimize the negative environmental impacts of Indian Textile by promoting sustainable