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ASSOCIATION NEWS

1. Smt. Darshana Vikram Jardosh, Hon'ble Union Minister of State for Textiles and Railways was on visit to Indore on 7th April, 2023. Two Representations were submitted to her.

First representations included the following subjects:

- Request to include eight HSN Codes of knitted synthetic products as the list of HSN Codes provided in the PLI Guidelines is not comprehensive.
- Include PLI Projects under PM Mitra Park project with extension of one year both for PLI investment and performance, etc.

The Second representation related to development of PM Mitra Park. Some of the suggestions given by us include:

- The park should be powered by a combination of solar, wind, and hydro power and allow 100% use of Renewable Energy
- Centralized biological zero-waste STP, ETP, and RO plant (including the supply of drinking water) with doorstep delivery and connection should be ensured.
- A dedicated feeder of 132KVA for 24x7 power supply and doorstep electricity availability.
- A strong road and rail network for ports, such as Mumbai, Mundra, Chennai, and Tuticorin, with 24-hour clearance and flight and train connectivity. To support industries in these ports, a help desk can be established to facilitate faster custom clearance.
- An Inland Container Depot (ICD) as an integral part of the park to facilitate easier movement of goods in and out of the park.
- A single point of contact for all approvals should be appointed, so that investors can focus on their core business instead of spending too much time on following up with statutory requirements - An effective Single Window Clearance system should be established with "MP Industrial Development Authority" as the nodal agency.
- Several industries have already been approved for the Production-Linked Incentive (PLI) Scheme of the Central Government. However, they are facing challenges due to some key HSN codes missing from the list. Furthermore, since the park has just been announced, it will be necessary to request that the Central Government extends the period of the Scheme by one year to allow for the inclusion of industries located within the park.
- Centralized skill development center with World class faculty and equipment.
- A design and development center with partnerships with top national institutes to facilitate research and development in the textile industry.
- Plug and play facilities for MSMEs with various shed sizes including 10,000 / 20,000 / 50,000 sq. ft.
- Centralized kitchen with subsidized food under Government schemes.

- High-speed communication links such as 5G Wi-Fi, optical fiber lines, and high-resolution CCTV.
- Well-developed internal roads 6 meters wide.
- 24-hour security of park facility with a police post.
- Centralized gas and steam supply.
- The park to be certified with an IGBC Platinum rating.
- Dormitory accommodation for both male and female employees, including facilities such as laundry, kitchen and dining, and a multipurpose recreation center.

2. A Representation has been sent to Principal Secretary, Energy Department and also to Managing Director, MP Power Management Company on 29th April, 2023 regarding its decision to recover the Fuel and Power Purchase Adjustment Surcharge (FPPAS) on monthly basis depending on power purchase cost and transmission losses. The Discoms have been advised to recover FPPAS @ 5% for April, 2023 to be levied from 24th April, 2023 for one month on fixed charges and energy charges billed on retail supply consumers. This increase is without scrutiny and approval of MPERC.

Thus against the earlier Fuel Cost Adjustment (FCA) Charges being recovered only on Energy Charges, the FPPAS will be recovered on fixed as well as on energy charges. This is going to increase further the tariff by 5%, which will be in addition increase of 3.2% by MPERC announced on 28th March, 2023.

Due to revision of Electricity Tariff every month, the consumer industry will not be able to plan its production and the costs. The recovery of FPPAS on fixed Charges will also adversely affect the working capital requirements. Such an abnormal increase will certainly lead to closure of many industrial units, which is against the policy of the State to promote more and more industrial units to come and invest in Madhya Pradesh.

We, therefore, have requested them to advise the Discoms to recover this FPPAS only on Energy Charges and not on fixed charges.

3. Shri S. Pal, Director, MP Locations and Shri T. C. Gupta Plant Head of Vardhman Textiles (our Member Mill) handed over a cheque for a sum of Rs. 60 lakh (under Corporate Social Responsibility) to Dr. Ajay Singh, Executive Director, All India Institute of Medical Sciences, Bhopal for purchasing instruments for Tissue Engineering Services. **Congratulations.**

RAW MATERIAL



1. As per US Department of Agriculture report of 11th April, 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	98.21	86.30	86.23
Production	111.50	116.01	115.92
Trade	48.68	42.69	38.86
Consumption	123.31	116.29	110.17
Clo. Stock	86.30	86.23	92.01

World production is forecast 8,29,000 bales higher than in March, 2023 as one million-bale increase for China more than offsets a lower Brazilian crop. World 2022-23 ending stocks are projected 8,67,000 bales higher, with the largest increase in India, where projected stocks are 4,50,000 higher on lower exports. The expected volume of World trade in 2022-23 is 745,000 bales lower this month, with imports reduced for Bangladesh, China, and Turkey. On the export side, higher U.S. and Australia exports are more than offset by a 5,50,000-bale reduction for Brazil and a 4,00,000-bale reduction for India. Projected 2022-23 global consumption is 65,000 bales higher this month as a 5,00,000-bale increase for China more than offsets declines in Bangladesh and Turkey.

2. The release of International Cotton Advisory Committee dated 3rd April, 2023 says that they are paying close attention to the cotton sector in India, which has the largest planted area and second highest lint production in the World. It has projected Indian crop for 2022-23 at 5.2 million tons. The arrival has been usually low, possibly because farmers – who so recently enjoyed near record high prices- are holding onto their cotton in the hope that prices, which have dropped recently, start to trend upward again. The pace of arrivals did pickup in March, 2023, however, the prices have stabilized slightly over the past few weeks. Currently the global production is estimated at 24.55 million tons and consumption at 23.80 million tons

3. USDA Foreign Agricultural Service has estimated for Marketing Year (MY) 2023-24 India's cotton production at 25.5 million 480 lb. bales on 12.4 million hectares area planted, a decrease from the previous year due to the expectation that farmers will shift cotton acreage to higher return crops such as oilseeds and pulses. However, yields are expected to recover as farmers will plant shorter duration early maturation varieties. Mill consumption is estimated at 23.50 million 480 lb. bales, as yarn and textile demand weakens in major international markets. Higher exportable supplies, at 2.80 million 480 lb. bales, indicate that export prospects are better than last year, while imports will reduce significantly due to tighter global supplies. The Government of India continues to explore various approaches to enhance yield of Extra-Long Staple (ELS) cotton and reduce import dependence.

4. According to Cotton Association of India Cotton prices could rise to Rs 75,000 per candy by mid-2023. The increase in cotton prices can be attributed to the weak demand globally, which has led to a decrease in cotton exports this year. Exports were 42 lakh bales last year, but they are expected to be around 30 lakh bales this year. But looking at lower cotton production and higher cotton consumption, very soon Indian status of net cotton exporter Country will change to net cotton importer Country.

5. The US Department of Agriculture (USDA) predicts that India's cotton exports will fall by 5,00,000 bales this month to 1.80 million (US bales of 227.72 kg or 23.05 lakh Indian bales of 170 kg), virtually equal to the country's import prediction. Experts predict that exports will be around 20.00 lakh bales in 2022-23 (October-September). Farmers have been gradually selling their products this season, anticipating higher prices. Their hopes derived on last season's record price of Rs. 12,000 per quintal for kapas (unprocessed cotton). Kapas is currently fetching around Rs. 8,000 in Agricultural Produce Marketing Committee (APMC) yards in Gujarat, compared to the minimum support price of Rs. 6,080. The benchmark price for processed cotton or lint is now quoted at Rs. 62,550 per candy (356 kg).

6. The Committee on Cotton Production and Consumption (CoCPC), comprising all textile industry stakeholders including farmers, has estimated cotton production for the current season 2022-23 at 337.23 lakh bales (of 170 kg each)(including 15.19 lakh bales in Madhya Pradesh) at its Meeting held on 21st April, 2023.

Whereas, the Cotton Association of India (CAI) at its meeting held on 19th April, 2023 has reduced the country's cotton production estimates to 303.00 lakh bales (of 170 kgs. each) (including 19.00 lakh bales in Madhya Pradesh).

7. Textile industry has urged the Indian Government to exempt cotton from

11 % import duty. Three years ago, the Government imposed the duty on cotton imports, which was reasonable at the time, as Indian cotton was cheaper compared to cotton from other countries. However, the situation has since reversed, with Indian cotton now around 18-19% more expensive than global prices. Although cotton prices may not skyrocket during the off-peak season (April-September), the Indian textile industry is struggling in the export market due to the high cost of cotton.

Most of the cotton arrives in the market between November and March every year. Since majority of the spinning mills buy and stock cotton only for three months due to working capital constraint and to bridge the supply-demand mismatch during the off-season (April to October) the mills opt for imports. But, it had become unviable due to 11% import duty. Considering the plight of the industry, the Government exempted cotton from 11% import duty during April 2022 to October 2022 that benefitted the industry. Cotton textiles exports in 2022-23 dropped over 23% compared to 2021-22, thus, requiring cotton to be made available to the manufacturing sector at internationally competitive prices. Duty exemption is essential to revive the export performance.

8. While presiding over the sixth interactive meeting with the Textile Advisory Group (TAG) on 22nd April, 2023 to review the progress of initiatives for cotton value chain, as part of the Saurashtra Tamil Sangamam which was conducted under the 'Ek Bharat Shreshtha Bharat' Initiative in Gujarat in Rajkot, Shri Piyush Goyal, Union Textile Minister advised to form a working group of experts, representative from industry, respective Ministries and other stakeholders to have detailed plan of action to boost organic cotton production on cluster based approach.

9. According to reports, the rising cost of cotton is causing the entire textile value chain in India, to shift towards cheaper fibres like viscose and polyester. India's policymakers are working hard to change the industry's focus from cotton to Man-Made Fibres (MMF), but this cannot be achieved overnight. The current market conditions have prompted the industry to shift to cheaper fibres, and the seasonal change in production has also contributed to this shift.

10. Grasim Industries Ltd and Sintex Industries filed an application with the DGTR for the initiation of a sunset review of the anti-dumping duty imposed on imports of 'flax yarn of below 70 lea count' exported from China to India. The anti-dumping duties are set to expire on 17th October 2023, after completing five years. The DGTR will assess the volume of imported flax yarn in the restricted category.

POWER

1. The Madhya Pradesh Power Management Company has ordered recovery of Fuel and Power Purchase Cost Adjustment Surcharge (FPPAS) @ 5% on fixed charges and energy charges for April, 2023 to be levied from 24th April 2023 for one month.

As per reports, in the matter of monthly revision of Fuel and Power Purchase Adjustment Surcharge (FPPAS), which has come in to effect and will be valid till 31st March, 2027 on a writ petition, the Jabalpur Bench of Madhya High Court (Hon'ble Justice Ravi Malimath and Hon'ble Justice Vishal Mishra) has issued notices to Madhya Pradesh Electricity Regulatory Commission and the State Government.

2. There are 168 energy-intensive textile units notified in the Perform, Achieve, Trade (PAT) Scheme under National Mission for Enhanced Energy Efficiency having an annual threshold level of energy consumption of more or equal to 3000 Tons of Oil equivalent. This has resulted in the saving of 0.313 million Toe (1 toe = 11.6 MWh) in energy savings consequently reducing 1.551 million tons of CO₂ in the sector.



MAN POWER

1. Ministry of Labour and Employment on 6th April, 2023 issued a notification, stating that the Employees' State Insurance (ESI) Scheme is extended to beneficiaries in 610 Districts across the Country. As on 31st March, 2023, the Employees' State Insurance (ESI) Scheme is notified in all the States and Union Territories, except in the Union Territory of



Lakshadweep. Out of the 744 districts of the Country, the ESI Scheme is extended to 610 districts, which include 492 fully covered and 118 partially covered districts under the Scheme.

2. As per reports, the Centre has decided to delay nationwide roll-out of the labour law reforms till after the 2024

general elections. Though indications were there of further delay in the implementation of the four Labour Codes passed by Parliament as early as in September, 2020, a section of the industry was hopeful that the Government would try and notify the Codes, effective 1st April this year.



LEGAL & TAXATION

The Supreme Court on 28th April, 2023 upheld the validity of mandatory fulfilment of a "pre-import condition" that allowed exporters to claim credit of raw materials bought before actually exporting the product. It set aside the Gujarat High Court's ruling that held that such fulfilment in order to claim exemption of Integrated Goods and Services Tax (IGST) and GST compensation cess on input imported for the production of goods to be exported on the strength of an Advance Authorisation (AA) was arbitrary and unreasonable.



EXPORT & IMPORT

1. New Foreign Trade Policy was issued on 31st March, 2023, which is applicable from 1st April, 2023. Some of the key highlights include :

- Continuation of Advance Authorization / EPCG / EOU / DFIA Schemes.
- Reduction of Application fees for MSMEs under Advance Authorization/EPCG.
- Online approval without physical interference for the issue of Advance Authorization, EPCG, Revalidation of Authorizations and extension of export obligation period, which will reduce processing time to one day from earlier three to seven days.
- Revamp of 'E-certificate of Origin' platform to provide for self -certification.
- Paperless filing of export obligation discharge application.
- Extending the benefit of self-ratification scheme for fixation of norms to Two Star and above status holders.
- Rationalization of Status Holder Threshold to enable more exporters to achieve this status.

2. The Central Government released the information relating to exports for the month of March, 2023 on 13th April, 2023. The information relating to textile and apparel exports is as under:

Value in US\$ Million

Exports	Apl.-Mar. 2021-22	Apl.-Mar. 2022-23	% Change
Cotton Yarn,Fabric, Made-ups,Handloom Products	15,928.02	10,946.20	(-)28.45
MM Yarn, Fabric Made-ups, etc.	5,614.83	4,948.88	(-)11.86
Jute Products	507.66	438.41	(-)13.64
Carpets	1,789.89	1,366.08	(-)23.68
Handicrafts, etc.	2,088.17	1688.68	(-)19.13
Textiles	25,298.37	19,388.25	(-)23.36
Apparel	16,014.84	16,191.47	1.10
Textiles & Apparel	41,313.21	35,579.72	(-)13.88
All Commodities	4,22,004.41	4,47,459.81	6.03
% Share of T & C	9.79	7.95	



- During March, 2023, Indian Textiles Exports registered a negative growth of 21.25 % over the same month of the previous year, while Apparel Exports registered a negative growth of 16.79 % during the same time period.
 - Exports of Textiles and Apparel during March, 2023 have registered a negative growth of 19.30 % over March, 2022.
 - During April–March, 2022-23, Textiles Exports registered a negative growth of 23.36 % over the previous year, while Apparel Exports registered a growth of 1.10% during the same time period.
 - Cumulative Exports of Textiles and Apparel during April– March, 2022- 23 have registered a negative growth of 13.88 % as compared to April –March, 2021-22.
 - Share of T&A has declined to 8.39% in March, 2023 from 8.95 % in March,2022.
3. According to Shri Siddhartha Rajagopal, Executive Director of Cotton Textiles Export Promotion Council, "It was an exceptional (bad) year for cotton textiles. However, in March 2023, cotton textile exports crossed \$1 billion, which is giving hope. It is an encouraging sign and the hope the momentum will be maintained." A couple of factors that affected exports this year were the huge inventory that was with the international buyers and the high cotton prices in India last year. The inventory with buyers had affected orders to countries such as Bangladesh too. Now, the buyers are resuming sourcing for their needs. Industry sources added that there should be a stable raw material policy - be it for cotton or manmade fibres. There should not be any restriction on raw materials.
4. The import of raw cotton and waste decreased by 11.31 %, whereas import of Textile yarn, fabrics, made-ups increased by 11.71 % in March, 2023 as compared to the same period of the previous year. The details of cumulative imports in April – March, 2022-23 as compared to the same period of the previous year are under :

Value in US\$ Million

Imports	Apl.-Mar. 2021-22	Apl.-Mar. 2022-23	% Change
Cotton Raw & Waste	559.55	1,438.52	157.09
Textile Yarn/Fabrics/ Made-ups, etc.	2,065.45	2,617.79	28.03

5. Director General of Foreign Trade (DGFT) has extended date for mandatory filing of Non-Preferential Certificate of Origin through Common Digital Platform to 31st December, 2023.

6. The DGFT on 17th April, 2023 laid out a procedure for applying for Amnesty Scheme for one-time settlement of default in export obligation by certain exporters and directed the Regional Authorities to process any such applications within three working days. Applications for Advance Authorisation/EPCG (export promotion for capital goods) discharge/closure shall be filed online by logging onto the DGFT website and navigating to services.

7. As per Trade Notice dated 20th April, 2023 issued by DGFT all the exporters seeking benefits under the Interest Equalisation Scheme w.e.f. 01st May, 2023 are required to submit an Acknowledgement consisting of UIN, valid for a financial year shall be unique to a specific bank. If a Scheme beneficiary desires to take advantage of the benefits of the Scheme from multiple banks, a new UIN must be provided for each bank.

8. Union Textiles Minister Shri Piyush Goyal has said that the decreasing yarn exports from India should be seen as a good sign for the Country as that would make raw materials available for processing them into textiles and eventually into garments, creating jobs and opportunities in the sector. "The rise in readymade garments and finished value-added products is really the strength of India that we want to encash. There is value addition that will create jobs, which will give opportunities to our entrepreneurs, to our start-ups."

STATE OF THE INDUSTRY

1. The production of textiles, which is measured by the Index of Industrial Production has seen a continuous decline since March, 2022. The index for manufacture of textiles, which was 118.5 in March, 2022 fell to 101.9 in February, 2023. The cumulative index for textiles for April-February, 2023 came down from



117.7 to 107.3 as compared to the same period of previous year. The Textile industry has recorded a negative growth of 9.8 % in February, 2023 and 8.8 % in April- February, 2023. The apparel index slipped by 17.0 % to 128.7 in February, 2023. However, cumulative index too showed negative growth of 4.4 % to reach 127.4. The details of IIP are as under:

Items	For the Month		Cumulative		% Growth
	Feb. 2022	Feb. 2023	Apr.- Feb. 2021-22	Apr.- Feb. 2022-23	
General	131.4	138.7	130.0	137.1	5.5 %
Textiles	113.0	101.9	117.7	107.3	- 8.8%
Wearing Apparel	155.0	128.7	133.2	127.4	-4.4%

2. Union minister of State for Textiles, Smt. Darshana Jardosh, on 8th April, 2023 said that the textile sector may get a new scheme to replace the Technology Up-gradation Fund (TUF) Scheme, after proper consideration. She was interacting with 76 Associations of the textile industry at the Gujarat Chamber of Commerce & Industry Textile Leadership Conclave.

3. According to Shri Gautam Shahi, Director, CRISIL Ratings, "Cotton prices in India will average 15-20% lower (on-year) in fiscal 2024 because of higher production in the ongoing cotton season. This has led to a sharp correction in prices since November, 2022. Yarn prices are also commensurately lower. That, along with only a marginal growth in export demand, will keep cotton prices in check next fiscal. Additionally, it would ensure spreads between raw cotton and yarn prices stay healthy at Rs 85-95 per kg, and support improvement in the operating margins of yarn spinners by 100 bps, to 11-12%, next fiscal."

4. The Ministry of Textile issued on 10th April, 2023 the two Quality Control Orders (QCOs) for 31 technical textiles items consisting of 19 Geo Textiles and 12 Protective Textiles including protective clothing for firefighters and welders in the first phase. These QCOs for Geo Textiles and Protective Textiles will come into force after 180 days from the date of its publication in the Official Gazette. The Ministry plans to issue two more QCOs for 28 items in Phase-II, including 22 items of Agro Textiles and six items of Medical Textiles, while 30-odd technical textiles items may be considered in the third phase. "This will ensure our fight against dumping," said Shri Rajeev Saxena, joint Secretary, Ministry of Textiles.

5. During two days event in Somnath and Rajkot, the Union Textile Minister attended the Chintan Shivir in which along with officers from the Ministry of Textiles, deliberations on various aspects of the sector was done. An ESG (Environmental, Social and Governance) Task Force in the Textiles sector will be created keeping in mind India's commitment towards sustainability, said Shri Piyush Goyal, Union Minister of Textiles, during soft launch of e-commerce website of Ministry of Textiles dedicated to handloom and handicrafts in Rajkot, Gujarat.

6. According to International Textile Manufacturers Federation (ITMF) the global textile industry has shown an average capacity utilisation rate stagnating at 74%, since the beginning of the year. This indicator is still lower than anticipated six months ago (it was expected to be at 79% in March 2023). The capacity utilisation rate remains at a relatively low level on average, albeit higher than in November 2022. The main factor in keeping the rate up is the improved situation in China, where domestic consumption is picking up pace slowly, according to the 19th ITMF Global Textile Industry Survey (GTIS) conducted in the second half of March 2023. A look at various regions shows that capacity utilisation rates have been steadily decreasing in South-East Asia, Europe (including Turkey), and North and Central America. The fall is slower in Europe where the share of textile machinery companies is relatively high. A very high order backlog in this segment slows down the fall in the region. The rate is lower in Africa on average and has been improving in East Asia and South America since January 2023. The significant improvement in East Asia can be explained by higher domestic

consumption in China since the end of the Zero-COVID-policy.

7. The Reserve Bank of India (RBI), on 6th April, 2023, kept the repo rate unchanged at 6.5%. The Governor, Shri Shaktikanta Das had said that the MPC will not hesitate to raise the repo rate in future meetings, if need be.

8. On 18th April, 2023 Shri Purnesh Gururani, IRS (IT:2008), has been appointed as Director in the Ministry of Textiles, New Delhi under the Central Staffing Scheme for a period of five years from the date of taking over charge of the post or until further orders, whichever event takes place earlier.

9. The Madhya Pradesh Chief Minister Shri Shivraj Singh Chouhan on 6th April, 2023 dedicated the newly constructed garment manufacturing unit of Best Lifestyle Apparel at Dewas Road in Ujjain at a cost of Rs. 80 crore. He said that the eyes of the sisters are gleaming with the hope of working in the industry. This industry will provide direct employment to 4,000 local people of Ujjain and indirect employment to 1000 people. Union Minister of State for Railways and Textiles Smt. Jardosh said that Madhya Pradesh has started getting happy results of the double engine Government. The textile industry established here will provide employment to many youths.

10. According to Shri Manish Singh, Principal Secretary, Industrial Policy and Investment Promotion Department "The State has received encouraging investments in textile and garments in the past two years. Close to 15 new textile and garment units have come up in different parts of the State and an investment of Rs 15,000 crore has been pumped in the last two years." Recently, Best Corporation Ltd, New Zeel Fashion Wear Pvt Ltd, Gokaldas Exports, Biba and Yashoda Linen Yarn Ltd among others have set up new facilities in Madhya Pradesh. The availability of cotton in Madhya Pradesh, the fourth largest cotton producer of the country, has also attracted many leading industries from southern India to establish their footprints in the State.

TEXTILES IN PARLIAMENT

The Union Minister of State for Textiles, Smt. Darshana Vikram Jardosh in a written reply to questions informed Lok Sabha on 5th April, 2023 the Government has approved Production Linked Incentive (PLI) Scheme on 8th September, 2022 with an outlay of Rs. 10,683 crore over a period of five years (from 2024-25 to 2028-29) for MMF Apparel, MMF Fabrics and Technical Textiles. 64 applications with proposed investment of Rs. 19,798 crore, turnover of Rs. 1,93,926 crore and employment of 2,45,362. A total of 12 companies have proposed to setup projects in Madhya Pradesh, 7 in Uttar Pradesh and 4 in Rajasthan. The details of Textile & Apparel Exports including Handicrafts during last five years areas under:



Figures in US \$ Billion

2017-18	2018-19	2019-20	2020-21	2021-22
37.55	38.40	35.18	31.59	44.44