



Volume XVIII No. 12

Indore, JULY 2023 • Pages 4

Price Rs. 5/-

## ASSOCIATION NEWS

1. A Representation was sent to the Principal Secretary, Paryavaran Vibhag of the State with a copy to Chairman, Pollution Control Board on 2nd June, 2023 for Rationalisation of Fees payable by establishments for the consent to operate water/air. The Fees payable under the Order dated 31st March, 2022 of the Department are kept as percentage of total gross investment made in the establishment. The value of investment in Plant & Machinery and other assets diminishes with use every year of these assets by way of depreciation and after particular time, these assets require replacement/modification/up-gradation. The technological innovation is very fast in the present environment and the assets loose value. Under these circumstance, the fees payable for renewal of consent to operate should be based on depreciated value of investment (Net Block) instead of the Gross Block.

We, therefore, have requested them to consider the matter and revise the fees payable for various consents based on the depreciated value of the investment. The above changes will boost the industry in making investment in the State of Madhya Pradesh, which will lead to generate more employment.

2. We have sent a Representation to the Hon'ble Chief Minister of the State with copies to Principal Secretaries of Labour and Urban Development & Housing Departments on 26th June, 2023 requesting exemption for the Industries registered under the Factories Act, 1948 from the Order dated 16th December, 2022 issued by Urban Development & Housing Department asking all industries having area above 500 square meters and height more than 150 meters to obtain Fire Safety Certificate under provisions of National Building Code, 2016. Detailed provisions with regard to Fire Safety already exist in the Factories Act, 1948 read with Madhya Pradesh Factories Rules, 1962. Obtaining Fire Safety Certificate under National Building Code will increase the work pressure and costs on the industrial units. This is also against the principles of 'Ease of Doing Business' of the Government and will discourage the industry and affect employment avenues. The Government of Gujarat has already exempted industrial units from the provisions of National Building Code in this respect.

## RAW MATERIAL

1. According to the US Department of Agriculture (USDA) release of 9th June, 2023, World cotton production is projected to reach a four-year high of 116.72 million bales in 2023-24. The expected growth in production represents a slight increase of 400,000 bales from the previous year.

The increase is predominantly driven by the major cotton-producing countries, with the US and Pakistan leading the charge. Both countries are



projected to see a significant rise in production, each adding 2 million bales to the global yield. India is also expected to contribute to the surge, albeit on a lesser scale, with an additional half a million bales.

However, these gains will be partially offset

by a reduction in output from China, the World's leading cotton producer. The Chinese crop is anticipated to shrink by 3.7 million bales in the 2023-24 season due to cooler than normal temperatures early in the growing season in China's Xinjiang region, which could limit yield potential. This decrease means China's contribution to global cotton production is expected to shrink from 26 % in 2022-23 to 23 % in 2023-24.

Meanwhile, India is set to buck this trend with a projected 2 % increase in cotton production from the 2022-23 crop. This rise comes despite an expected reduction in harvested area, with alternative crops predicted to reduce cotton acreage to 12.4 million hectares. A rebound in yield is set to offset this, with the national yield forecast at 448 kg per hectare, the highest in three years. India's share in global cotton production is set to remain steady at approximately 22 %.

Outside of the US, other countries including Brazil, Pakistan, and Australia are also projected to see an increase in cotton production. Brazil's output is expected to hit 13.25 million bales, slightly above the 2022-23 figure and second only to 2019-20's record of nearly 13.8 million bales.

Pakistan's cotton production is set to rebound from the nearly four-decade low of 3.9 million bales recorded in 2022-23 due to flood damage. The forecast production of 5.9 million bales for 2023-24 will account for 5 % of global production.

Lastly, Australia's 2023-24 cotton production is projected at 5.8 million bales 3,00,000 bales above 2022-23 and close to 2021-22's record of 5.85 million bales, supported by above-average reservoir levels.

### Million 480 Pound Bales

	2020- 21	2021- 22	2022-23	2023-24
Op. Stock	98.21	86.22	86.16	92.89
Production	111.50	115.78	116.32	116.72
Trade	48.68	42.68	37.13	43.74
Consumption	123.31	115.90	109.09	117.00
Clo. Stock	86.30	86.16	92.89	92.79

2. In its June, 2023 report, the International Cotton Advisory Committee (ICAC) stated there has been little movement in the global cotton market recently, with projections for production coming in at 24.51 million tons and consumption expectations remaining unchanged from last month at 23.79 million tons. It would seem that the lull will likely continue for another month



or two at most, because that's when farmers need to decide what they're going to plant for the year. The ICAC's current price forecast of the season-average A Index for 2022/23 ranges from 96.36 cents to 106.47 cents, with a midpoint of 100.78 cents per pound.

3. The Crop Committee of Cotton Association of India (CAI) in its Meeting held on 15th June, 2023 has kept India's cotton crop size to 298.65 lakh bales, the lowest since 2008-09 (290 lakh bales). The Committee on Cotton Production and Consumption (CoCPC) in its meeting held on 1st June, 2023 estimated cotton production at 343.47 lakh bales. The State wise cotton production for the cotton season 2022-23 and bales pressed till 31st May, 2023 estimated by CALvis-à-vis production as assessed by CoCPCare as under :

**Lakh Bales of 170 Kgs. each**

State	CAI 11.05.23	CoCPC 01.06.23	Pressed till 31.05.23*
Punjab	2.50	4.60	2.35
Haryana	11.00	10.00	8.45
Rajasthan	27.50	27.74	27.03
Gujarat	92.00	94.97	75.95
Maharashtra	73.00	84.09	62.68
Madhya Pradesh	19.00	17.22	17.10
Telangana	31.00	53.13	27.40
Andhra Pradesh	11.00	15.79	9.15
Karnataka	20.00	25.41	18.60
Tamil Nadu	5.00	3.56	1.50
Odisha	3.35	6.65	3.35
Others	3.00	0.31	2.75
Total	298.35	343.47	256.31

\* As per CAI.

According to the Government's third advance estimates, cotton production in 2022-23 (July-June) has been 343.00 lakh bales as against last year's 311.00 lakh bales.

4. The Cabinet Committee on Economic Affairs (CCEA) chaired by the Prime Minister, Shri Narendra Modi on 7th June, 2023 approved the increase in the Minimum Support Prices (MSP) for all Kharif Crops, including Cotton, for Marketing Season 2023-24. The MSP for medium staple cotton has been fixed at Rs. 6,620 per per quintal for Marketing Season 2023-24 as against MSP of Rs. 6,080 for the corresponding period of last year. The MSP for long staple cotton has been increased from Rs. 6,380 to Rs. 7,020 per quintal for Marketing Season 2023-24. The MSP increase for medium staple cotton works out to Rs. 540, while for long staple cotton it is to the tune of Rs. 640 per quintal respectively. The increase in MSP for the next season is expected to stabilize the prices and may lead to a 5% increase in cotton planting in India.

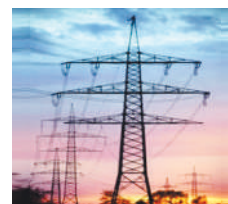
5. The Ministry of Textiles announced last February that the Government had approved the QCO for mandatory certification of cotton bales. This is in line with specification No. IS12171: 2019-Cotton Bales to improve the quality of cotton supplied to the textile industry. The QCO is to take effect from October 2023, but ginning industry is currently unenthusiastic about implementing the order. It is argued that the Indian cotton ginning industry cannot be compared to its counterparts in developed nations like the US. Given the thousands of Indian ginning mills, many of which are small in size, they simply can't afford to invest in expensive machinery to control trash and moisture and the buyers are not willing to pay higher prices for better quality cotton, even if someone were to invest in such machinery.

6. The World's first satellite-monitored, AI-driven certification system for organic cotton took to space on 6th June, 2023. Launched by the Global Organic Textile Standard (GOTS), the European Space Agency and German data fusion agency Marple are teaming up on the project that will observe Indian cotton fields and track their organic bona fides.

7. The Ministry of Textiles has formed a stakeholder consultative group for increasing production and productivity of organic cotton in the country. In the 1st meeting of this consultative group held on 28th June 2023 the problems being faced presently were discussed and based on the strategies to be developed for overcoming the technology, production and certification issues.

## POWER

M P Power Management Company has advised DISCOMs to recover Fuel & Power Purchase Adjustment Surcharge (FPPAS) @ 6.16% on energy charges only for one month commencing from 24th June, 2023.



## MAN POWER

The Employees Provident Fund Organisation has issued on 14th June, 2023 the Form of Joint Option and list of admissible documents as proof of joint option under Para 26(6) of Employees Provident Fund Scheme, 1952 for contribution on salary exceeding Rs. 15,000 p.m. and eligibility of pension on actual salary under Employees' Pension Scheme, 1995.



## LEGAL & TAXATION

As per Notification dated 2nd June, 2023 issued under Madhya Pradesh Panchayat Raj evam Gram Swaraj Adhiniyam, 1993 the permission to erect a building or to make any alteration or addition to an existing building or to reconstruct a building in the Industrial Areas notified by Industries Department or MSME Department will be presumed to have been granted, if no refusal of such permission is communicated by the concerned Authority within 30 days of the receipt of application.



## EXPORT & IMPORT

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

**Value in US\$ Million**

Exports	April-May 2022	April-May 2023	% Change
Cotton Yarn, Fabric Madeups, Handloom Products	2,202.30	1,808.10	(-)17.90
MM Yarn, Fabric Made-ups, etc.	878.34	788.10	(-) 10.27
Jute Products	88.65	63.78	(-) 28.05
Carpets	252.27	216.42	(-) 23.68
Handicrafts, etc.	311.79	245.59	(-) 19.13
<b>Textiles</b>	<b>3,733.35</b>	<b>3,121.99</b>	<b>(-) 16.38</b>
<b>Apparel</b>	<b>2,989.54</b>	<b>2,446.75</b>	<b>(-) 18.16</b>
<b>Textiles &amp; Apparel</b>	<b>6,722.89</b>	<b>5,568.74</b>	<b>(-) 17.17</b>
All Commodities	78,702.93	69,722.06	(-) 11.41
<b>% Share of T &amp; C</b>	<b>8.54</b>	<b>7.99</b>	

- During May, 2023, Indian Textiles Exports registered a negative growth of 11.76% over the same months of the previous year, while Apparel Exports registered a negative growth of 12.67 % during the same time period.
- Exports of Textiles and Apparel during April-May, 2023 have registered a negative growth of 17.17 % over April-May, 2022.
- Share of T&A has declined to 8.05% in May, 2023 from 8.22% in May, 2022.

According to Shri Siddhartha Rajagopal, Executive Director of Cotton





Textiles Export Promotion Council, the continuing decline in export of textiles and apparels was a matter of deep concern. The main reason is the sluggish demand in major importing countries including the U.S., Germany, and the U.K. on account of inflation and also piled up inventory. However, reports from the trade suggest that going forward, the situation is improving as exporters are slowly but steadily getting orders for supply of merchandise. With China also opening up after COVID, there are expectations of good business opportunities especially for yarn and fabrics. Domestic cotton prices are also moderating giving hopes of higher sales from July/August, 2023.



2. The import of raw cotton and waste decreased by 39.81 %, whereas import of Textile yarn, fabrics, made-ups decreased by 11.93% in May, 2023 as compared to the same month of the previous year. The details of imports in April-May, 2023 as compared to the same months of the previous year are under :

Value in US\$ Million

Imports	April-May 2022	April-May 2023	% Change
Cotton Raw & Waste	149.03	103.37	(-) 30.64
Textile Yarn/Fabrics/ Made-ups, etc.	408.50	349.78	(-) 14.37

3. The segment wise export of Technical Textiles during April, 2023 vis-a-vis April, 2022 have been as under :

Value in US\$ Million

Segment	April-2022	April-2023	Growth %	Share %
Agrotech	5.9	7.5	29.0	4.0
Buildtech	0.7	0.3	(-)54.0	0.0
Clothtech	5.9	5.4	8.0	3.0
Geotech	1.2	0.7	(-)36.0	0.0
Homotech	6.6	7.4	(-)12.0	3.0
Indutech	72.3	62.7	(-)13.0	30.0
Meditech	17.6	18.1	3.0	9.0
Mobitech	13.7	16.9	23.0	8.0
Packtech	106.3	73.8	(-)31.0	35.0
Protech	4.9	10.3	108.0	5.0
Sportech	2.1	2.2	6.0	1.0
Speciality Fibre	0.0	3.7	0.0	2.0
<b>Total</b>	<b>237.2</b>	<b>209.0</b>	<b>(-)12.0</b>	<b>100.00</b>

- Protech was the fastest growing segment during April 2023 as compared to April 2022, with a growth rate of 108%.
- Agrotech segment showed a growth rate of 29%, followed by Mobiltech (23%), during April 2023 as compared to April 2022.
- Homotech segment has shown a significant growth of 12%. This segment has been showing a declining trend for the last financial year.
- Packtech and Indutech are the largest exported products with an exports value of US\$ 73.8 Mn. and US\$ 62.7 Mn. during April 2023, respectively. However, the Packtech and Indutech segment's exports have shown a decline of 31% and 13%, respectively

4. As per information available, the exports of Cotton/Cotton Yarn and Cloth/Ready-made Garments from the State during last four years have been as under:

Value in Rs. crore

Items	2019- 20	2020-21	2021-22	2022-23
Cotton/Cotton Yarn	3,374	4,898	8,694	4,397
Cloth/Ready Made Garments	2,702	3,304	4,496	4,052

5. Speaking at a Federation of Freight Forwarders Associations in India (FFFAI) event on 9th June, 2023, Shri Piyush Goyal, Union Commerce Minister asked the industry to stop practices such as adding non transparent and miscellaneous charges to their bills, try and break the queue or avoid

quality inspections. He said that the Directorate General of Foreign Trade (DGFT) offices will be only investment promotion and trade facilitation offices, and not sort out the day-to-day problems of industry. The industry problems will be addressed through recorded video conferencing. He asked the industry to either "participate in this journey of change and reform or leave".

6. The Director General of Foreign Trade vide Trade Notice No. 07/2023-24 dated 8th June, 2023 has informed that all imports made under Advance Authorization Scheme on or after 13th October, 2017 and up to and including 9th January, 2019, which could not meet the pre-import condition will be regulated by making payment as prescribed in the Customs Circular dated 7th June, 2023

7. The Directorate General of Foreign Trade (DGFT) on 14th June, 2023 removed China from the list of countries, whose textiles entering the Country are exempt from tests for the presence of Azo dyes. The DGFT updated the list in which the UK, Canada, Australia, South Korea and Japan have been added, while China was removed.

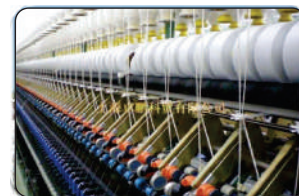
8. As per reports, there are no indications from the Finance Ministry suggesting that the recent cap imposed on subsidies under the Interest Equalisation Scheme will translate into higher subsidy rates, despite exporters demanding a raise. The reason why the Government capped the subsidy at ₹10 crore for individual exporter was to ensure that there is a better spread and all eligible exporters get it instead of the amount getting concentrated in the hands of few.

9. The UK's new Developing Countries Trading Scheme (DCTS,) which has come into effect from 19th June, 2023 will no longer give Indian goods worth USD 960 million concessional duty access. The United Kingdom has removed zero tariff incentives and India's over US \$ 220 million worth of home textile and apparel exports to the UK would no longer be eligible for this benefit until 31st December 2025, but Bangladesh, Pakistan, and Sri Lanka will continue to profit from it. The UK has suddenly suspended preferential customs duty rates on Indian textile imports, which does not seem to be in line with the trade policy direction, when the two sides are negotiating a Free Trade Agreement. The DCTS has taken the role of the UK's Generalised System of Preferences (GSP) Scheme, which offered a concessional charge of 9.6 % in exchange for a 20 % reduction on the overall import duty of 12 % for Indian home textiles and clothing. The DCTS has three preference tiers: Comprehensive Preference for least developed countries, India and Indonesia have seen products go out of the preferential duty regime, as they are now on the 'Standard Preferences' list with the new Scheme coming into force.

10. On 26th June, 2023 Shri Piyush Goyal, Union Textile Minister, while inaugurating 69th India International Garment Fair (IIGF) at Greater Noida stated that India is actively considering the possibility of Comprehensive Economic Partnership Agreements (CEPAs) and Free Trade Agreements (FTAs) with various countries. "These agreements aim to enhance the market size and facilitate exporters in the thriving Indian textile sector."...by entering into these agreements, India aims to tap into new markets, increase exports, and create opportunities for growth in the textile 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 114.1 in April, 2022 fell to 106.9 in April, 2023 showing a decline of 6.3%. The Wearing Apparel Index too fell to 91.8 in April, 2023 from 129.4 in April, 2022 recording a negative growth of 29.1 %. The details of IIP are as under :



Items	For the Month		Cumulative		% Growth
	April 2022	April 2023	Apr-Mar. 2021-22	Apr-Mar. 2022-23	
General	134.5	140.2	131.6	138.4	4.2 %
Textiles	114.1	106.9	117.8	107.6	- 6.3 %
Wearing Apparel	129.4	91.8	138.1	127.9	-29.1%

2. The Monetary Policy Committee (MPC) on 7th June, 2023 voted unanimously to keep the Policy Repo Rate unchanged at 6.50 % in the backdrop of retail inflation for April 2023 easing to a 19-month low and Financial year 2022-23 GDP growth accelerating more than the earlier estimates.

3. The Ministry of Textiles approved 20 R&D projects worth ₹ 61.09 crore across key strategic areas of Geotech, Protech, Indutech, Sustainable Textiles, Sportech, Buildtech segments and Specialty Fibres (Carbon Fibre and Ultra High Molecular Weight Poly Ethylene) during the 6th Mission Steering Group Meeting on 8th June, 2023. Shri Piyush Goyal said that international bench marking, deliberations with the industry and demand assessment are critical to identify high value and high-volume potential products to catalyze research and innovation in Technical Textiles in India.

4. Around 80 % of key stakeholders in the Indian textile industry have already adopted some form of sustainable manufacturing practices, according to "Sustainability Survey Report 2023" by The Yarn Bazaar and Wazir Advisors. According to the report, 13 % respondents currently have a 50-75 % share of sustainable products in their portfolio. Similarly, 25 % respondents currently offer more than 75 % sustainable products. The report said there is a significant upsurge in cotton recycling, alongside traditional polyester recycling, as the industry's approach towards circularity evolves. Integrated players and large-scale spinning mills are actively exploring ways to recycle waste for the production of circular textiles, contributing to a more sustainable and circular economy.

5. The Government is working on a framework to assess its logistics costs and is likely to get a realistic estimate by September, 2023 according to Ms. Sumita Dawra, Special Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT). She was speaking at Confederation of Indian Industry Conclave on Trade Facilitation. Current Government estimates show India's logistics cost stands at about 13-14 % of its Gross Domestic Product (GDP). The framework, which would include elements of this cost and how to measure that, is being formulated with the help of a technical partner. A workshop on the logistics cost framework was conducted by the Department in March, 2023 and a task force was set up to formulate a framework to determine the cost, a news agency reported.

6. "The white paper- Manufacturing Excellence-Path to Profitability in Textiles- by Wazir Advisors" was released by Smt. Darshana Jardosh, the Minister of State for Textiles & Railways, Shri Rohit Kansal, Additional Secretary of the Ministry of Textiles; Dr. Neena Malhotra, the Ambassador of India to the Republic of Italy on 9th June, 2023 at ITMA, Milan. The Report highlights the importance of manufacturing excellence and its direct correlation to enhancing profitability by reducing manufacturing costs in the textile industry. It also provides a comprehensive account of the factors influencing manufacturing costs and benchmarking norms across various segments of the textile industry. In the context of evolving market dynamics, such as high inflation, increased input costs, geopolitical issues, supply chain constraints, and intense competition, manufacturing excellence becomes paramount in the textile industry. With complex and labour-intensive processes involved in textile manufacturing, controlling manufacturing costs becomes crucial. As developing countries like China, India, Bangladesh, Vietnam, and Turkey have become attractive manufacturing destinations, the White paper sheds light on the factors driving this shift and the importance of adopting manufacturing excellence practices to maintain a competitive edge.

7. Shri Piyush Goyal, while Chairing the Industry Interaction on 'Investment Opportunities in the Textiles Industry under PM MITRA Scheme' on 20th June, 2023 praised the exemplary initiative taken by Governments of Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Telangana, Tamil Nadu, and Uttar Pradesh for providing a thriving ecosystem for textiles manufacturing and urged the industry to collaborate and partner for research and development and innovation to jointly achieve greater strides in the textiles sector.

8. Commerce & Industry Minister, Shri Piyush Goyal chaired a Review Meeting of the Government's ambitious ₹1.97 lakh crore Production Linked Incentive (PLI) Scheme on 27th June, 2023 to take stock of its implementation so far and discuss ways to improve overall performance,

especially in the laggard sectors, which include white goods, automobiles, auto parts, textiles, solar PV modules and ACC battery. The industry representatives voiced concerns about the stringent eligibility conditions that hinder their ability to take advantage of the Scheme. They requested to relax minimum investment and incremental turnover criteria, but their requests were not favourably received. The Scheme's performance in six sectors has been poor, with no incentives disbursed due to low investment and production rates. The textile industry was among these underperforming sectors.

9. To encourage manufacturing activity in smaller cities and towns, the Government is likely to consider the option of lowering the minimum investment and turnover criteria under the ₹1.97 lakh crore Production Linked Incentive (PLI) Scheme in Tier-2 and Tier-3 cities in sectors such as textiles, where second edition of the Scheme are being drafted.

10. National Institute of Technology, Warangal along with Prime Textiles, Rampur located in Kakatiya Mega Textile Park (KMTP), with support from IMPRINT, a joint effort of MoE and SERB, developed a pilot-scale textile effluent treatment plant using Biosurfactants (BS), cavitation (a process in which pressure variations in a liquid can in a short period of time cause countless small cavities to form and then implode--C), and Membrane (M) technology. The bio-surfactant to be used in Moving Bed Biofilm Reactor (MBBR) was extracted from microorganisms isolated from textile effluent and textile effluent contaminated soil by MUJ. Cavitation (C), an Advanced Oxidation Process (AOP), aided in reducing installation cost as well as reducing carbon footprint. On the other hand, modifying the Membrane (M) surface using boehmite sol synthesized using sol-gel process, decreased the pore size from micro-scale to nano-scale and led to a significant improvement in its performance. After optimizing individual systems, a pilot-scale setup has been set up at the Prime Textiles premises.

11. As per reports, the textile yarn market is projected to experience significant growth, reaching US \$ 18.5 billion by 2028, driven by factors such as global population growth and urbanisation. With a promising CAGR of 5.1%, the increasing demand for apparel and the dominance of the chemical segment and China in the Asia-Pacific region are expected to contribute to this expansion. Turkey and India are anticipated to register the highest compound annual growth rates (CAGRs) during the forecast period. Asia-Pacific is set to dominate the textile yarn market, while the artificial segment is expected to account for the largest market size. Additionally, the apparel segment is projected to hold the largest market size throughout the forecast period.

12. As per reports, the State Government has urged the Central Government to permit Madhya Pradesh Industrial Development Corporation to become the Master Developer for the P M Mitra Textile Park at Bhensola in Dhar District. The boundary wall of the Park is being constructed. Water will be managed from Mahi Dam and electric sub-station is being setup. The Corporation has received 20 investment proposals of Rs. 6,842 crore from industrialists with employment potential of around 24,820 persons.

13. As per reports, the Special Purpose Vehicle (SPV) formed to set up textile cluster in Nimbola village in Burhanpur has allotted land to 108 industries. The SPV is anticipating an investment of Rs 200-250 crore in this textile cluster. The infrastructure development work is under progress in the area with road, drainage and other civil work under construction.