

# M. P. TEXTILE NEWSLETTER

THE MONTHLY NEWS LETTER OF  
THE MADHYA PRADESH TEXTILE MILLS ASSOCIATION



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**DEEPAWALI  
GREETINGS**

## ASSOCIATION NEWS

1. On 7th October, 2023, World Cotton Day, the Confederation of Indian Textile Industry (CITI) – Cotton Development Research Association (CDRA) recognized the contribution of cotton to India's textile sector and the global economy. World Cotton Day, highlights the crucial role that cotton plays in people's everyday lives, from textiles and apparel to medical supplies and even food products. With the increasing demand for textile products made from Extra Long Staple (ELS) cotton, CITI-CDRA is taking action in Madhya Pradesh by supplying micronutrient kits and conducting demonstrations.



CITI-CDRA is encouraging ELS cotton farmers to enhance production and meet the growing demand for high-quality cotton varieties. These efforts have yielded significant results, with an average increase of 19.08 per cent in project areas of Madhya Pradesh compared to non-project areas.

2. The Association submitted its inputs for Pre-Budget Memorandum 2024-25 to the Confederation of Indian Textile Industry (CITI), FICCI and ASSOCHAM on 28th October, 2022. Some of the important points raised by us are as under:

- Slot entire MMF textile value chain (fibre to finished goods) @5 percent GST rate at par with cotton textile value chain;
- Enhance RMG value cap under 5 percent GST to Rs. 2,500, which would boost domestic consumption;
- Allow refund of Input Tax Credit on Capital Goods & Services;
- Reduce GST rate for services rendered by Common Effluent Treatment Plant from 12 percent to 5 percent;
- Include Fuel used for generation of electricity under GST, so that industry gets refund of input tax reducing power cost;
- Remove Custom Duty on import of ELS Cotton;
- Cotton Price Stabilization Fund be setup with 5 percent interest subvention to actual users. Margin money for cotton finance be reduced from 25 percent to 10 percent and stock limit be increased from three months to nine months to enable mills to purchase during season;
- Review rates of Duty Drawback to include taxes not being reimbursed through GST;
- Simplify Electricity Laws regarding levy of Additional Surcharge and other charges on power tariff;

- Provide funds for clearing pending claims under TUFs and also announce new Scheme in place of TUFs;
- Reduce Hank Yarn Obligation to 15%.

## RAW MATERIAL

1. US Department of Agriculture (USDA) report dated 12th October, 2023, featured a small increase to 2023-24 World cotton production (from 112.4 to 112.6 million bales) and a small decrease to world mill-use (from 115.9 to 115.8 million bales). In isolation, these revisions would have resulted in a +300,000 bale addition to 2023-24 ending stocks.



However, the USDA made a major revision to its approach to accounting for Brazilian stocks this month. Due to the timing of the Brazilian harvest (June-September), Brazilian supplies approach their annual peak around 31st July, the reference date for estimating ending stocks. For this reason, much of the Brazilian harvest had been included in the sum for global ending stocks. Meanwhile, it can take some time for the harvest to be ginned, classed, and made available for export.

The change to USDA accounting procedures reflect that availability for export, aligning with the notion behind the term "marketing year," synonymous with crop year, but underlining the period to sell a harvest before the next one comes in behind it. Under the new procedure, the cotton harvested in Brazil between June and September is now fully counted as supply in the new crop year (e.g., the fiber harvested over the past few months is counted for 2023-24 supply and not split with 2022-23). One consequence of this change is that Brazilian ending stocks were lowered by more than 10 million bales month-over-month (from 16.4 million bales in September to 5.8 million in October).

Another consequence of Brazil's June-July harvest being pulled ahead into 2023-24 is that Brazil is now expected to produce more cotton than the U.S. (the Brazilian export forecast remains slightly lower due in part to higher domestic use in Brazil). Other country-level changes to production figures in October included those for the U.S. (-315,000 to 12.8 million), Australia (-300,000 bales to 5.1 million), Greece (-120,000 bales to 1.0 million), and Argentina (+1,25,000 bales to 1.3 million).

There were no country-level changes for mill-use over 100,000 bales. The global trade forecast was lowered -44,000 bales (to 43.2 million). For imports, the only notable change was for Mexico (-150,000 bales to 850,000). For exports, the largest changes were for Greece (-100,000 bales to 1.0 million), the U.S. (-100,000 bales to 12.2 million), Tanzania (+105,000 to 2,75,000), and Argentina (+150,000 bales to 700,000).



### Million 480 Pound Bales

	2021- 22	2022-23	2023-24
Open. Stock	77.75	76.54	82.84
Production	114.65	116.27	112.60
Import/Export	42.71	37.18	43.27
Consumption	115.93	110.87	115.88
Closing Stock	76.54	82.24	89.96

2. According to Cotton Association of India (CAI), Cotton export during 2021-22 marketing year was 43 lakh bales, fell by 64 per cent to 15.50 lakh bales in 2022-23, which is mainly due to higher cotton prices in India as compared to global prices during October till March. Cotton imports are also expected to decline in 2022-23 by 2.50 lakh bales to 12.50 lakh bales following higher import duty. CAI has estimated its final cotton pressing numbers for 2022-23 season at 318.90 lakh bales as against 307.05 lakh bales in 2021-22. It has retained final consumption estimates at 311.00 lakh bales.

This is against the third advance estimates of 343.47 lakh bales for the cotton season 2022-23 and 2021-22 production estimate of 311.17 lakh bales.

The prices in the 2021-22 season exceeded Rs. 1,00,000 a candy, but in September, 2023 cotton was traded in the range of Rs. 59,500- Rs. 63,750 a candy in key market areas.

Addressing the Cotton India - 2023-24 Conference in Hyderabad on 29th October, 2023 Shri Ganatra, President CAI said if India does not imbibe cotton seed technology to increase production, it will very soon become net cotton importer.

3. The Ministry of Agriculture and Farmers Welfare has released first Advance Estimates of production of major Kharif crops for 2023-24 on 27th October, 2023. The production of cotton is estimated at 316.57 lakh bales (of 170 kg each).

4. In celebration of World Cotton Day 2023, Ministry of Textiles, in partnership with the Cotton Corporation of India (CCI) and the EU-Resource Efficiency Initiative by GIZ, hosted a pivotal Conference on 'Enhancing Quality & Productivity of Indian Cotton through Policy, Innovation, & Technology Up-gradation.' The Conference spotlighted best practices, sustainability, and innovation across the entire cotton value chain: from farm to fibre to factory to fashion to foreign. Key discussions included the importance of sustainability and circularity in the cotton value chain and developing a comprehensive cotton mission for enhancing quality and productivity.

In a significant move, CCI introduced the 'Bale Identification and Traceability System' (BITS) employing block chain technology, which ensures transparency in cotton's quality, origin, and other essential parameters. Each cotton bale will now have a QR code, making tracking its lineage, storage, and quality seamless. The Ministry also launched the Kasturi Cotton programme, a certified premium quality cotton initiative with traceability.

5. The Directorate General of Trade Remedies (DGTR) has recommended definitive anti-dumping duty on Viscose Rayon Filament Yarn (VRFY) imports from China.

The petition seeking anti-dumping duty on VRFY was filed with the DGTR by the Association of Man Made Fibre Industry (AMMFI) and Grasim Industries Limited. Grasim accounts for 96 per cent of total Indian production of VRFY. The anti-dumping duty recommended ranges from 5.48 per cent of Cost, Insurance and Freight (CIF) price to 20.87 per cent of CIF on VRFY imports, depending on the producer and country of export.

6. The Ministry of Chemicals and Fertilizers vide Gazette notification dated 17th July, 2023 extended the implementation of the below-given Quality Control Orders (QCOs) to 5th October, 2023 which were earlier scheduled to be implemented from 3rd July, 2023:

- Polyester Continuous Filament Fully Drawn Yarn, IS 17261:2019
- Polyester Partially Oriented Yarn, IS 17262:2019
- 100% Polyester Spun Grey and White Yarn, IS: 17265:2019

7. Birla Cellulose has come up with its new Circular Fiber Blend that significantly enhances the proportion of mechanically recycled fibre to 50 percent, while maintaining high-strength yarn, making it ideal for fabric and garment production across diverse categories.

8. According to Speciality Cotton Report released by International Cotton Advisory Committee Report- Total World cotton production in 2021-22 was 25 million tons, out of which ELS and LS cotton production was around

308,000 tons, while production under identity programs was about 6.83 million tons

- ELS and LS cotton comprised 1.2 percent of total World production, while cotton production under identity programs comprised 27 percent of total World production in the 2021-22 season
- Amongst the ELS and LS production, US, Egypt and India individually accounted for 0.3 percent of total World cotton production

### Figures in '000 Tons

Production	2019-20	2020-21	2021-22
World Cotton	26,258	23,989	25,176
ELS & LS Cotton		387	308
Total Cotton Under Identity Programs	7,170	6,321	6,832
Leading ELS/LSProducers			
USA		119	72
Egypt		73	76
India		85	70
China		65	40

In the 2021-22 season, the approximate level of LS and ELS cotton production in the World was 308,000 tons, which was 20% lower than the previous season. This was largely because of the reduction in planted area under ELS cotton in the United States, although other major producers like India, China and Israel also experienced a decrease in production.

9. The Annual Report of Better Cotton Initiative (BCI 2021), a Switzerland based Not for Profit Organization states 2.2 million farmers were licensed worldwide to sell Better Cotton in 2021-22 and they produced 22 percent of global cotton production. Better Cotton is available in 22 cotton producing countries after only ten years of operations. During cotton season 2021-22, 54,14,111 tons of Better Cotton lint was produced worldwide. There was increase of 15 percent in production compared to season 2020-21.

Better Cotton is grown in Gujarat, Madhya Pradesh, Maharashtra, Punjab, Rajasthan and Telangana, and Karnataka and was produced in India by 9,08,575 licensed BCI Farmers producing Better Cotton lint of 8,63,480 tons on 13,52,286 hectares in cotton season 2021-22.

## POWER

1. M P Power Management Company has advised DISCOMs to recover Fuel & Power Purchase Adjustment Surcharge (FPPAS) @ Zero (0) percent on energy charges only for one month commencing from 24th October, 2023.



2. The Ministry of Power vide its Circular dated 25th October, 2023 has clarified that the powers to levy taxes/ duties are specifically stated in the VII Schedule. List- II of the VII Schedule lists the powers of levying of taxes/ duties by the States in entries-45 to 63. No taxes/ duties which have not been specifically mentioned in this list can be levied by the State Governments under any guise whatsoever - as Residuary powers are with the Central Government. Entry-53 of List-II (State List) authorizes the States to levy taxes on consumption or sale of electricity in its jurisdiction. This does not include the power to impose any tax or duty on the generation of electricity.

## MAN POWER

1. The Employees' State Insurance Corporation has notified on 10th October, 2023 its decision not to claim interest payable due to delayed payment of contribution for any reason in any contribution period (taken as a whole), which does not exceed Rs. 300.00. This comes in force from 1st November, 2023.



2. The Minimum Wages payable to various categories of workmen are proposed to be revised by the Labour Department of the State, for which Notifications have been issued in Rajpatra dated 6th/13th October, 2023. The proposed wages are based on merger of Dearness Allowance payable





based on Consumer Price Index for Industrial Workers for January-June, 2019 (on 311 points payable from 1st October, 2019) and are as under:

Category	Actual Wages on 1.10.2019		Proposed Wages on 1.10.2019		Proposed Increase
	Monthly	Daily	Monthly	Daily	
Unskilled	Rs. 7950	Rs.306	Rs. 9575	Rs.368	Rs.62
Semiskilled	8807	339	10571	407	68
Skilled	10 185	392	12294	473	81
Highly Skilled	11485	442	13919	535	93

The Dearness Allowance increase over 311 points (based on average of July- December, 2019 onwards) will be payable @ Rs. 25 per point on half yearly basis (as was being paid earlier). Objections/suggestions have to be submitted by the stakeholders within two months of the publication of Notification in the Rajpatra.

## LEGAL & TAXATION

1. The Directorate General of Foreign Trade has issued Public Notice No. 34/2023 dated 13th October, 2023 in respect of availing of Input Tax Credit in respect of transfer of Duty free imported or indigenously procured material, on which GST has been paid, between the units located in same or different States, the availment of input Tax Credit shall be governed as per provisions of the GST Law and Rules made thereunder.



2. The Department of Revenue by Notification No. 10/2023-Customs (ADD) dated 12th October, 2023 has levied Anti-dumping Duty on import of Flax Yarn below 70 Lea (42nm) from China for a period of 5 years.

## EXPORT & IMPORT

1. The Central Government released the information relating to exports for the month of April-September, 2023 on 14th October, 2023. There has been overall negative growth in all the segments of the textile industry except Cotton yarn, fabric etc.. The information relating to textile and apparel exports is as under:

Value in US\$ Million

Exports	Apr.-Sept. 2022	Apr.-Sept. 2023	%Change
Cotton Yarn, Fabric, Made-ups, Handloom Products	5,793.55	5,899.77	1.83
MM Yarn, Fabric Made-ups, etc.	2,584.94	2,336.39	(-)9.62
Jute Products	246.31	185.15	(-)26.28
Carpets	709.92	669.34	(-)23.22
Handicrafts, etc.	915.97	792.40	(-)13.49
<b>Textiles</b>	<b>10,250.69</b>	<b>9,883.05</b>	<b>(-)3.59</b>
<b>Apparel</b>	<b>8,171.66</b>	<b>6,916.37</b>	<b>(-)15.36</b>
<b>Textiles &amp; Apparel</b>	<b>18,422.35</b>	<b>16,799.42</b>	<b>(-)8.81</b>
All Commodities	2,31,725.65	2,11,398.04	(-)8.77
% Share of T & C	7.95	7.95	

- During September, 2023, Indian Textiles Exports registered a growth of 11.06 percent over September, 2022, while Apparel Exports registered a negative growth of 11.23 percent during the same time period.
- Cumulative Exports of Textiles and Apparel during September, 2023 have registered a growth of 1.77 percent over September, 2022.
- Share of T&A has increased to 7.55 percent in September, 2023 from 7.22 percent in September, 2022
- During April - September, 2023, Indian Textiles Exports registered negative growth of 3.59 percent over the previous year, while

Apparel Exports registered a negative growth of 15.36 percent during the same time period.

- Cumulative Exports of Textiles and Apparel during April-September, 2023 have registered a negative growth of 8.81 percent as compared to April-Sept., 2022.

2. The import of raw cotton and waste decreased by 87.68 percent, whereas import of Textile yarn, fabrics, made-ups decreased by 8.29 percent in September, 2023 as compared to the same month of the previous year. The details of imports in April-September, 2023 as compared to the same months of the previous year are under:



Value in US\$ Million

Imports	Apr.- Sept., 2022	Apr.-Sept., 2023	% Change
Cotton Raw & Waste	1,081.43	401.20	(-) 62.90
Textile Yarn/Fabrics/ Made-ups, etc.	1,414.98	1,137.42	(-) 19.62
<b>Total</b>	<b>2,496.41</b>	<b>1,538.62</b>	<b>(-)38.37</b>

3. The Department of Revenue, Ministry of Finance, Government of India has issued a Notification on 20th October, 2023 by revising the Drawback schedule, which comes into effect from 30th October, 2023. The notification says that in respect of the tariff items in Chapters 60, 61, 62 and 63 of the said schedule, the blend containing cotton and man-made fibre shall mean that content of man-made fibre in it shall be more than 15 percent but less than 85 percent by weight and the blend containing wool and man-made fibre shall mean that content of man-made fibre in it shall be more than 15 percent but less than 85 per cent by weight. The garment or made-up of cotton or wool or man-made fibre or silk shall mean that the content in it of the respective fibre is 85 per cent or more by weight.

4. The export of Cotton yarn increased by 13.93 percent, MMF Filament and MMF yarn decreased by 21.42 percent and 18.61 percent respectively during first four months of the financial year 2023-24 as compared to the exports during the same period in 2022-23, details of the same areas under:

Value in US\$ Million

Fin. Year	Cotton Yarn	MMF Filament	MMF Yarn
2018-19	1,400.31	451.76	251.71
2019-20	885.03	394.18	198.06
2020-21	792.63	202.83	132.56
2021-22	1,667.77	485.51	267.78
2022-23	390.30	390.30	263.64
2023-24	306.68	306.68	214.57
<b>%Change 2023-24 to 2022-23</b>	<b>(-)21.42</b>	<b>(-)21.42</b>	<b>(-)18.61</b>
<b>Change 2023-24 to 2021-22</b>	<b>(-)36.83</b>	<b>(-)36.83</b>	<b>(-)19.87</b>

5. The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC) has called upon the Ministry of Textiles to exempt Quality Control Order (QCO) against Advance Authorizations. SRTEPC in a letter to the Ministry informed that the prescribed quality standards for products differ from country to country. The quality standards in the different export markets may not be the same as the quality parameters in our Country. Hence, the standards prescribed by Bureau of Indian Standards (BIS) may not be acceptable in many countries.

SRTEPC has also suggested that a separate Advance Authorization Scheme for Textile may be introduced under Chapter 4 of the Foreign Trade Policy 2023, similar to the Scheme for Gems & Jewellery and the Special Advance Authorization Scheme for Garments.

6. To further improve Ease of Doing Business, Director General of Foreign Trade (DGFT) has decided to discontinue the issuance of physical copy of Authorisation for Restricted Imports with effect from 19th October, 2023.

7. At a meeting in Ludhiana on 26th October, 2023 to discuss the rampant

imports, which is impacting and destroying the whole textile value chain, it was informed that approximately 900 to 1000 MT per day of fabric is being imported by Indian traders via different Indian Ports and out of the same approximately 887 MT per day of fabric is only being under HS Code 6006 knitted Manmade fabric. It was suggested that the quality of fabric of approximately 10 meters per kg, thus approximately 1,00,00,000 meters (around 1 crore) of fabric is getting imported into India every day destroying the whole value chain of Indian textile industry. The details of import of fabric from China were reported as under:

Year	Quantity Kgs	Value US \$	Average Rate /Kg
2019 -20	11,84,58,810	29,05,00,000	2.452
2020 -21	14,58,92,760	28,46,10,000	1.951
2021 -22	19,22,93,430	36,45,10,000	1.896
2022 -23	20,73,28,230	38,22,30,000	1.843
2023 -24 (Apr - Jun)	7,97,84,040	12,94,10,000	1.622

During the discussion, the concern of all the industry members was that the Government should take immediate action to stop import of under-invoiced and cheaper import of knitted and woven fabric. It was highlighted that good quality of fabric is also imported under-invoiced with remark 'Stock Lot'. Surprisingly, some of the under-invoiced fabric pricings are even equal to Indian yarn prices, which is not possible.

## STATE OF INDUSTRY

1. According to data released by the Ministry of Statistics and Programme Implementation (MoSPI) on 12th October, 2023, India's industrial output (General Index) surged 10.3 per cent in August, 2023 up from 5.7 percent in July, 2023. The index for manufacture of textiles, which was 105.2 in August, 2022 increased to 106.9 in August, 2023 showing an increase of 1.6 percent. The Wearing Apparel Index fell to 97.7 in August, 2023 from 117.8 in August, 2022 recording a negative growth of 17.1 percent. The details of IIP are as under:

Items	For the Month		Cumulative		Growth
	Aug., 2022	Aug., 2023	Apr-Aug 2022-23	Apr-Aug 2023-24	Apr-Aug 2023-24
General	131.5	145.1	135.3	143.5	6.1 %
Textiles	105.2	106.9	109.2	107.2	- 1.8 %
Wearing Apparel	117.8	97.7	136.2	105.4	-22.6 %

2. Spinning mills find themselves in the eye of a storm, grappling with surging costs and a shrinking appetite for their products, be it on home turf or in foreign markets. Though cotton prices have eased slightly, they are still perched higher than their international counterparts. To put it in rupees and candy (356 kg) terms, cotton futures hover between Rs 53,000 and Rs 54,000. This price rift is not just denting the competitiveness of local yarn producers, it is also applying a vice-like grip on their financial stability.

3. A major negative factor taring at the face of the Indian textile and clothing industry is the Quality Control Order (QCO), which requires a mandatory BIS license. This Order is going to drastically encourage the imports of fabric, while raw material for yarn like PTA, MEG will not be imported. So, it is a big threat to the domestic cloth industry.

4. The Ministry of Textiles, Government of India, has announced the extension of the implementation date for the Geo Textiles (Quality Control) Order, 2022. The Quality Control Order (QCO), which was originally scheduled to come into effect on 7th October, 2023, will now be enforced from 1st January, 2024.

5. On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) of

Reserve Bank of India at its meeting held on 6th October, 2023 decided to keep the policy repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.50 per cent.

6. Federation of Indian Chambers of Commerce & Industry (FICCI) and Wazir Advisors released a knowledge report 'Textile Industry's Amrit Kaal: Roadmap for US\$ 350 Billion Market by 2030 during the FICCI TAG - 2023 Annual Textile Conference on 13th October, 2023. The report highlights the key global trends, market scenario and opportunities for India in the textile and apparel market.

The global apparel market is estimated at around US\$ 1.7 trillion in 2022 and expected to grow at a CAGR of around 8% to reach US\$ 2.37 trillion by 2030. Global Textile & Apparel trade was around US\$ 910 billion in 2021 and is expected to grow at a CAGR of 4 percent to reach US\$ 1.2 trillion by 2030.

The report highlights that Indian textile and apparel market size is estimated around US\$ 165 billion in 2022, with domestic market constituting US\$ 125 billion and exports contributing US\$ 40 billion. Given the long-term positive outlook, the Indian textile and apparel market size is projected to grow at a 10 percent CAGR to reach US\$ 350 billion by 2030.

The transformational change for textile industry at large would need to be based on manufacturing excellence, responsible production, embracing sustainable practices, leveraging technological capacities, and developing assurances in product and process by collaborative efforts of us all.

7. According to International Textile Manufacturers Federation's (ITMF) Global Textile Industry Survey (GTIS) conducted in the middle of September, 2023, business expectations have remained unchanged since July at around +20 pp. They have jumped into positive territory in January, 2023 based on the assumption that the Chinese economy would give an additional boost, but this hope did not materialize. The analysis indicates that a hard landing of the global economy is not in sight. The average capacity utilization rate dropped again globally (69 percent). Textile manufacturers expect this rate to remain low in six months' time as well. Weakening demand has been the major concern in the global textile value chain for a year. In September, 2023, this concern grew even stronger due to high inflation rates measured in the last few months, a phenomenon fueled by high energy and high raw material prices.

8. In a momentous initiative, the Indian textile industry, in collaboration with industry bodies, is set to host "Bharat Tex 2024," heralded as the World's largest textiles event. This mega exhibition is scheduled to take place from February 26th to 29th February, 2024 at Bharat Mandapam and Yashobhumi, New Delhi. The Union Minister of Textiles, Shri Piyush Goyal, unveiled the event during a curtain raiser at Vanijya Bhawan, New Delhi on 21st October, 2023. The event, having an entire supply chain, is expected to have 3,500 exhibitors and 3,000 buyers from over 40 countries and 40,000 domestic visitors.

9. On 24th September, 2023 Indian Cotton Federation elected Shri J Tulsidharan, Mg. Director, Rajratan Mills Ltd. as President. Shri P Nataraj, Mg. Director, K PR Mills Ltd. and Shri A K Pathy, Dy. Mg. Director, The Lakshmi Mills Co. Ltd. as Vice Presidents.

