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M. P. TEXTILE NEWSLETTER

THE MONTHLY NEWS LETTER OF

THE MADHYA PRADESH TEXTILE MILLS ASSOCIATION

Chairman:
Shri Shreyaskar Chaudhary;
Vice Chairman:
Shri Siddharth Agrawal;
Dy. Chairmen:
Shri Subhash Jain
Shri Tarun Baldua

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ASSOCIATION NEWS

1. At the Annual General Meeting of the Association, the following were elected unanimously as Office Bearers for the next term:

- **Chairman -** Shri Shreyaskar Chaudhary, .
  Mg. Director, Pratibha Syntex Limited, Pithampur.
- **Vice Chairman -** Shri Siddharth Agrawal,
  Mg. Director, Sagar Manufacturers Pvt. Ltd., Tamot
- **Deputy Chairman -** Shri Subhash Jain,
  Director, Prem Textiles (International) Pvt. Ltd., Indore.
- **Deputy Chairman -** Shri Tarun Baldua,
  President, Maral Overseas Limited, Maral Sarovar.

Congratulations

2. The Association submitted its suggestions/comments on the Proposed Tariff for 2024-25 to Secretary, Madhya Pradesh Electricity Regulatory Commission on 18th January, 2024. Some of our suggestions/comments are as under:

- The existing system of Billing at KWh and Time of the Day rebate/surcharge should continue.
- The recovery of Power Factor rebate made by Discoms for the period September, 2021 to March, 2023 be refunded to consumers.
- Rebate of Rs.2/- per unit on incremental consumption by Captive Power Plants consumers of HV-3 category needs to be increased to Rs.3/- per unit.
- No Additional Surcharge should be levied on Captive Power Plants and Renewable Power Plants.
- Rebate of Rs.1/- per unit on incremental consumption of Open Access consumers should be allowed considering open access consumption of 2019-20.
- For exceeding Contract Demand up to 30% penal charges be abolished.
- Invoke provisions under Section 42(2) sub para 4 of Electricity Act, 2003 and abolish the Cross Subsidy Surcharge and Additional Charge.
- Limit of 10000 KVA be increased to 15000 KVA for power connection on 33 KVline.
- Tariffs for all categories should be equal to cost of supply.
- Tariff increase proposed for 2024-25 not be allowed and the same should be maintained at the current levels. (Tariff for 2023-24).

3. Dr. Mohan Yadav, Hon'ble Chief Minister of the State inaugurated Unit No. 6 of Sagar Manufacturers, Tamot (Our Member Mill) on 20th January, 2024 in the presence of Shri Sudhir Agrawal, Chairman and Shri Siddharth Agrawal, Mg. Director (Our Vice Chairman) of the Company. The unit will produce polyester/cotton yarn and to provide direct/indirect employment to approx. 3000 persons. Congratulations.

RAW MATERIAL

1. As per US Department of Agriculture's (USDA) release dated 12th January, 2024, this month's U.S. 2023-24 cotton forecast includes lower production, exports, and ending stocks. Production is 342,000 bales lower, at 12.4 million bales, largely due to reductions in Texas. Exports are 100,000 bales lower, and ending stocks are 200,000 bales lower at 2.9 million. The season-average upland price received by farmers is projected 1 cent lower this month at 76 cents per pound. World 2023-24 ending stocks are forecast 2.0 million bales higher this month driven by higher beginning stocks and production together with lower consumption. Lower 2022-23 consumption in Uzbekistan accounts for most of this month's 400,000 bale increase in 2023-24 beginning stocks. World consumption in 2023-24 is forecast 1.3 million bales lower than last month due to reductions for India, Indonesia, Pakistan, Uzbekistan, and Turkey. World production is 260,000 bales higher with China's crop up 500,000 bales and Argentina's production higher as well, but lower U.S. production. World trade is little-changed as a 500,000-bales increase in China's projected imports is more than offset by reductions in Indonesia, Pakistan, and several smaller countries. The projected details are as under:

Million 480 Pound Bales

	2021-22	2022-23	2023-24
Opening Stock	77.63	76.34	82.22
Production	114.46	116.56	113.18
Import / Export	42.96	37.69	43.15
Consumption	116.10	111.16	113.73
Closing Stock	76.37	82.22	82.40

3. Cotton Outlook's forecast of global raw cotton output in 2023-24 for January, 2024 has been reduced by 20,000 tons to 24,139,000 tons. Production forecast for India is 5,270,000 tons.

4. As per The Cotton Association of India (CAI) after recording the lowest ever production in the last 15 years at 29.41 million bales in the 2023-24 season, this year might also not look particularly good for the cotton crop with overall sowing projected to drop by almost 10 per cent due to falling yields and low price realization. Cotton marketing season runs from October to September, and the crop is largely cultivated during the kharif season after the advent of monsoons. In the 2023 kharif season, as per Government data, cotton crop was sown in around 12.38 million hectares, which was over 3 per cent less than the previous year.

Cotton sowing has already dropped by an average of 18 per cent this year (2023-24) and if the sowing reduces, our cotton production may go down further. India has around 38 per cent of the World's cotton acreage, which is around 12.5 million hectares out of the 33 million hectares globally. But its per hectare yield is just around 396 lint (which is around 2.22 bales), while the World's average yield is almost 675 kg lint per hectare (almost 41 per cent less).

5. Cotton prices seem to have bottomed out. The difference of 2-3 cents between domestic and global prices is attracting multinational trading houses. The current trend is despite fears of a lower cotton crop this year. The Ministry of Agriculture, in its first advanced estimate, pegged the output at 316.6 lakh bales, 5.9 per cent lower from 336.6 lakh bales a year ago. A section of the trade says production could be below 300 lakh bales, while some peg it at a little over 320 lakh bales. In the domestic market, Shankar-6, the benchmark export variety was quoted at ₹55,300 a candy. As per Cotton Corporation of India cotton arrivals till 31st January, 2024 is 172.10 lakh bales.

6. On 15th January, 2024 the Confederation of Indian Textile Industry (CITI) along with other on Textile Industry Associations submitted a Joint memorandum to the Union Textile Minister requesting to revamp the cotton trading policies of Cotton Corporation of India (CCI) for the MSP procured cotton to ensure a smooth supply of cotton with stable prices to enable the downstream sectors especially the fabric, garment, and made-ups exporters to meet their long-term export commitments:

- CCI may commence selling the cotton from February/ March, depending upon the arrival pattern and cotton price, only to the textile/spinning mills registered with the Office of the Textile Commissioner;
- Retain the MSP procured cotton as buffer stock, release the cotton, whenever the Indian price exceeds the international price, and suspend the sales whenever the cotton price goes below the international price and thereby ensure stability in cotton price throughout the season;
- Announce monthly price taking into account the MSP procured price, carrying charges, and other incidental charges;
- Extend a uniform free period of 60 days for all the actual users irrespective of volume (avoid extending volume-based discounts and benefits);
- Considering the grave financial condition of the spinning segment, collect a one-time EMD of 10% for advance booking;
- Extend key loan facility by storing the pre-booked cotton at the individual mill premises and releasing the cotton for day-to-day use against payment to save time and enable the MSME units to have adequate inventory of specified quality and ensure smooth supply yarn at a stable price to the downstream sectors;
- Sell the cotton in multiples of 130 to 150 bales (one truckload) on par with MCX to benefit the small spinning mills, which mainly cater to the handloom, power loom, and MSME knitting sectors;
- The Sub-Committee to monitor the trade practices of CCI and resultant prices and take appropriate corrective measures, whenever necessary, under the guidance of the Hon'ble Minister.
- Cotton being an agricultural commodity structured financing to CCI/MSME textile units at a priority lending rate to reduce the carrying cost and have a level playing field with the multinational cotton traders.

7. According to Care Edge Ratings India experienced a 65 per cent surge in polyester yarn imports during financial year 2023, while exports plummeted by 38 per cent year-on-year. This marked a significant turning point, with India becoming a net importer of polyester yarn for the first time in a decade, a trend that persisted into the first eight months of 2023-24. The influx of cheap imports from China led to an oversupply in the domestic market, severely impacting the pricing power of Indian manufacturers and causing a contraction in their export volumes. India's domestic production of polyester yarn ranges between 4.5 to 5 million tons annually, with over 80 per cent consumed within the Country.

POWER

1. The Madhya Pradesh Electricity Regulatory Commission has issued a Public Notice on 28th December, 2023 inviting comments/suggestions on the proposed tariff for 2024-25. The Tariff proposed for the Textile Industry (HV 3.1) as compared to tariff of 2023-24 is as under:

Fixed Charges KVA of Billing Demand per month	**2023-24 Actual**		**2024-25 Proposed**	
11 KV	Rs. 384.00		Rs. 399.00	
33 KV	616.00		641.00	
132/220/400 KV	704.00		718.00	
Energy Charges	**Up to 50% LF Rs./unit**	**Above 50% LF Rs./unit**	**Up to 50% LF Rs./kVAh**	**Above 50% LF Rs./kVAh**
11 KV	Rs.7.30	Rs. 6.30	Rs. 7.09	Rs. 6.02
33 KV	7.26	6.21	7.05	6.03
132 KV	6.85	5.86	6.53	5.58
220 /440KV	6.40	5.40	6.10	5.14

Power Factor Incentive has been withdrawn.
The time of the day surcharge/rebate has been changed as under:

9.00 to 17.00 hours	Rebate 20% of Approved rate of Energy Charges
6.00 to 9.00 Hours & 17.00 to 22.00 hours	Surcharge 20% of Approved rate of Energy Charges
22.00 Hours to 6.00 Hours (next day)	Approved rate of Energy Charges

The last date for filing comments/suggestions was 22nd January, 2024 and the Public Hearings held on 29th, 30th and 31st January, 2024.

2. M P Power Management Company has advised DISCOMs to bill to the consumers Fuel & Power Purchase Adjustment Surcharge (FPPAS) @ Zero (0) percent on energy charges only for one month commencing from 24th January, 2024.

MANPOWER

1. In order to ensure that employers process remaining Applications for Validation of Options /Joint Options of Employees/Pensioners, (who have opted for pension on higher wages) of Employees Pension Scheme, the Chairman, Central Board of Trustees of Employees Provident Fund has approved the proposal to grant another extension of time for the employers for uploading wage details online etc. till 31st May, 2024.

2. On 16th January, 2024 the Employees Provident Fund Organisation had issued instructions that Aadhar will no longer be considered as proof for Date of Birth/Change of Date of Birth.

LEGAL & TAXATION

1. The newly constituted Textile Advisory Group for Man-Made Fibre under the Ministry of Textiles met on 18th January, 2024. The Ministry of Textiles has assured the textile supply chain of plugging the influx of cheap imports of knitted fabrics in the Country. As per reports, almost 1,000 tons of fabric is dumped in India daily due to the difference in customs duty for woven and knitted fabrics. Currently, the duty on woven fabric is 20% of the value of imports, or Rs115- 150 per kg, whichever is higher, while the duty on knitted fabric is a flat 20%. Currently, knitted fabric is imported at $1.5/kg, which is even lower than the export price of yarn, when the finished product should cost about $4.5/kg. The annual revenue loss to the Government is approximately Rs. 6,000 crore due to lower customs duty.

2. In case of M/s. Eicher Motors Limited, (W.P.Nos.16866 & 22013 of 2023 W.M.P. Nos .17280, 16111, 21382 & 21384 of 2023) Madras high Court held that, if the GST was collected by a registered person, is credited to the account of the Government before last date for filing the monthly returns, to that extent, the tax liability of such registered person will be discharged from the date, when the amount was credited to the account of the Government. And taxpayer is not liable for Interest, to that extent, return is filed after due date.

3. A new Regulation for the assessment year 2024-25 has been enforced by the Central Government, mandating that purchasers settle payments for goods procured from MSMEs within 45 days of delivery. Furthermore, all outstanding dues to MSMEs must be cleared before 31st March, 2024. Failure to adhere to these timelines will result in the pending payment being treated as income, subject to taxation.

EXPORT & IMPORT

1. The Central Government released the information relating to exports for the month of December, 2023 on 15th January, 2024. 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 during the period April – December, 2023 is as under:

Value in US$ Million

Exports	Apr. - Dec. 2022	Apr.-Dec.- 2023	% Change
Cotton Yarn, Fabric, Made-ups, Handloom Products	8,176.79	8,669.81	6.03
MM Yarn, Fabric Made - ups,etc.	3,678.33	3,428.33	(-)6.80
Jute Products	341.21	258.93	(-)24.11
Carpets	1,051.22	1,037.93	(-)1.26
Handicrafts, etc.	1,288.91	1,183.16	(-)8.20
Textiles	**14,536.46**	**14,578.16**	**0.29**
Apparel	**11,842.04**	**10,141.70**	**(-)14.36**
Textiles & Apparel	**26,378.50**	**24,719.86**	**(-)6.29**
All Commodities	3,36,299.10	3,17,121.33	(-)5.70
% Share of T & C	**7.84**	**7.80**	

- During December, 2023, Indian Textiles Exports registered a growth of 4.25 percent over the same month of the previous year, while Apparel Exports registered a negative growth of 12.56 percent during the same time period.
- Cumulative Exports of Textiles and Apparel during December, 2023 registered a negative growth of 4.02 percent over December, 2022.
- During April–December, 2023, Indian Textiles Exports registered a growth of 0.29 percent over the same period of previous year, while Apparel Exports registered a negative growth of 14.36 percent during the same time period.
- Cumulative Exports of Textiles and Apparel during April–December, 2023 have registered a negative growth of 6.29 percent as compared to April-November, 2022.
- The share of textile and apparel exports during April-December, 2023 decreased to 7.80 percent as compared to 7.84 percent of total exports of all commodities.

2. The import of raw cotton and waste increased by 67.82 percent, whereas import of textile yarn, fabrics, made-ups decreased by 12.34 percent in December, 2023 as compared to the same month of the previous year. The details of imports in April - December, 2023 as compared to the same months of the previous year are under:

Value in US$ Million

Imports	Apr.- Dec., 2022	Apr.-Dec., 2023	% Change
Cotton Raw & Waste	1,320.01	498.75	(-) 62.22
TextileYarn/Fabrics/ Made-ups, etc.	2,060.44	1,746.98	(-) 15.21
Total	**3,380.45**	**2,245.73**	**(-)33.57**

3. The Directorate General of Systems and Data Management, CBIC issued Advisory No: 06/2021 dated 5th January, 2024 for E-scrip to avail Export Incentive Schemes (RoSCTL, RoDTEP). E-scrip module is developed by ICEGATE, CBIC to provide a digital service to exporters to avail benefits defined under various incentive schemes like RoDTEP (Remission of Duties and Taxes on Exported Products) and RoSCTL (Rebate of State and Central Taxes and Levies). The Scheme provides for rebate of Central, State and Local duties/taxes/ levies which are not refunded under any other duty remission Schemes.

4. The disruption in the Arabian Sea has led to a domino effect, causing a substantial rise in freight charges, which is particularly unnerving for the textile industry. The Indian textile industry is grappling with a significant setback as freight and insurance costs experience a staggering 20% increase due to unrest in the Arabian Sea. This unexpected spike in transportation/insurance expenses has sent shockwaves through the sector, prompting concerns about its impact on operational costs, pricing, and overall sustainability.

5. The Government can consider giving refunds to exporters in cash instead of scrips for tax remission Schemes, as it would immediately improve cash flow for them, economic think tank Global Trade Research Initiative (GTRI) said on 16th January, 2024. At present, the refund under the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme and the Rebate of State and Central Taxes and Levies (RoSCTL) Scheme is issued as a scrip, which can be used to pay basic customs duties at the time of import.

6. The textile industry, adversely affected by the Free Trade Agreement between India and Bangladesh, has sought intervention of the Government to restrict the import of garment and knitwear fabric from the nation, and provide them with an opportunity to export goods to European countries without any custom duty.

The industry has termed the surge in import as a “serious threat” to the survival of the local and domestic industry.

7. The Union Cabinet on 1st February, 2024 approved the continuation of Rebate of State and Central Taxes and Levies (RoSCTL) Scheme's till 31st March, 2026. Under the RoSCTL Scheme, the maximum rate of rebate for apparel is 6.05 per cent, while for made-ups; it was up to 8.2 per cent. Garments and made-up segments such as home textiles products are covered under the scheme.

8. Textiles Secretary, Ms. Rachna Shah stated on 9th January, 2024 that India is pitching for greater market access for its textiles sector as part of the free trade deals, which are under negotiations with countries like the United Kingdom and Oman. Textiles would be one of our major interests in getting more concessional access. India's textiles exports have been impacted in the current fiscal due to poor demand in the US and European countries. The other markets where India is pushing its textiles exports include Australia, the United Arab Emirates (UAE) and Japan.

9. For financial year 2023-2424, ICRA estimates India's yarn exports to increase by approximately 85-90 per cent on a YoY basis. Bangladesh, China, and Vietnam account for approximately 60 per cent of these exports. With the share of Asia in Indian yarn exports being approximately 70 per cent, no immediate impact on Indian yarn exports is expected due to the ongoing Red Sea conflict; any sustained continuance of this face-off would have a direct impact on apparel export volumes and a consequent impact on both domestic and export demand for cotton yarn and its realizations.

STATE OF INDUSTRY

1. According to data released by the Ministry of Statistics and Programme Implementation (MoSPI) on 12th January, 2024, India's industrial output (General Index) surged 2.4 per cent in November, 2023 down from 11.7 percent in September, 2023. The Index for Manufacture of Textiles, which was 107.7 in November, 2022 decreased to 103.7 in November, 2023

showing an decrease of 3.7 percent. The Wearing Apparel Index fell to 93.0 in November, 2023 from 117.0 in November, 2022 recording a negative growth of 20.5 percent. The details of IIP are as under:

Items	For the Month		Cumulative		Growth
	Nov. 2022	Nov. 2023	Apr-Nov. 2022-23	Apr-Nov. 2023-24	Apr-Nov., 2023-24
General	137.7	141.00	134.7	143.3	6.4%
Textiles	107.7	103.7	107.5	107.2	(-)0.3%
Wearing Apparel	117.0	93.0	128.4	102.5	(-)20.2%

2. The Union Minister for Commerce and Industry and Textiles Piyush Goyal, while addressing the Annual Export Award function of SRTEPC on 4th January, 2024 said, "Unless the Indian industry and stakeholders support each other, accreted by Government policies, and value domestic manufacturers, in the long run the sector will suffer massively" He said if the industry allows any element of its domestic value chain to die or does not encourage it to export; it might give a short-term benefit but will cause huge losses in the long run. "I would urge the entire industry to support domestic procurement and domestic value within your final product to the highest level possible. And if possible, the industry, on a voluntary basis, develop a system to determine the amount of domestic input in their products.

3. The Confederation of Indian Textile Industry (CITI) on Friday the 5th January, 2024 sought financial support measures for India's spinning segment, which is hit by the prolonged Ukraine-Russia conflict, the recent Israel-Hamas war, an 11% import duty on cotton and issues related to Quality Control Orders on Man Made Fibre. Citing a 50-70% drop in capacity utilization earnestly appealed to the Hon'ble Minister to advise the banking sector to consider the spinning segment as a special case and extend the following financial support measures:

- Extend the one-year moratorium for repayment of the principal amount.
- Convert three-year loans under ECLGS into six-year term loans.
- Extend necessary financial assistance to mitigate the stress on working capital, on a case-to-case basis to mitigate the unforeseen crisis plaguing the spinning sector, prevent job losses to several lakh people, sustain the market share, and achieve the envisaged export targets..

The spinning segment now faces a severe crisis with a 50% decline in cotton yarn exports, a 23% drop in overall exports of cotton textiles, and an 18% reduction in total textiles and clothing products during the financial year 2022-23 compared to the previous year.

4. Ministry of Textiles has approved 11 project proposals, including nine Research and Development projects, including 9 R&D projects, 1 project on machine development and 1 project on equipment development, worth approximately Rs. 103 crores. One of the projects focused on development of high-strength carbon fibre for strategic applications to make India self-reliant in the field of Technical Textiles The projects cover different application areas of technical textiles including 2 projects of Protech, 2 Meditech, 2 Mobiltech, 1 Buildtech, 2 Smart Textiles and 1 project of Sustainable Textiles.

5. During a review of the Steering Committee ahead of the global textile mega event, Bharat Tex 2024, scheduled from 26th to 29th February, 2024 at Bharat Mandapam and Yashobhoomi in New Delhi, Shri Piyush Goyal, Union Textile Minister with representatives from textile export promotion councils and other stakeholders on 10th January, 2024 emphasized the importance of ensuring the event's widespread inclusivity and shared his vision along with innovative strategies for the branding and promotion of Bharat Tex 2024. Additionally, he proposed the development of an online Directory of all participating exhibitors, intended to function as a comprehensive encyclopedia covering all stakeholders in the textile industry. Uttar Pradesh is participating as the Partner State, and Madhya Pradesh as the Focus State.

6. Dr. K. V. Srinivasan, the newly elected President of the 119-year-old International Textile Manufacturers Federation (ITMF), Zurich, Switzerland, which represents the entire textile value chain across the world, has stated that the global textile industry has been facing unprecedented challenges. The textile industry across the globe has had a prolonged slowdown from the second half of 2022 after witnessing a pent-up demand immediately after COVID lock down in almost all the textile manufacturing countries including East Asia, Southeast Asia, South Asia, Africa, Europe, North and Central America and South America. Inflation caused by disruption of the supply chains following the lockdowns caused by the COVID-pandemic as well as geopolitical issues, especially prolonged Ukraine-Russia war, also had a toll on demand.

7. On 18th January, 2024 the State Government constituted a Ministerial Committee under Section 3(1) of Madhya Pradesh Investment Promotion Act, 2008 consisting of:

- Dr. Mohan Yadav, Chief Minister, (In charge of Industrial Policy & Investment Promotion) as Chairman;
- Shri Jagdish Devda, Dy. Chief Minister (Minister In charge for Finance, Commercial Tax, etc.) as Member;
- Shri Chetanya Kashyap, Minister for MSME as Member;
- Chief Secretary of the State as Secretary of the Committee; and
- Department of Industrial Policy & Investment Promotion as Nodal Department of the Committee.

BUDGET 2024-25: HIGHLIGHTS

The Hon'ble Finance Minister presented the Budget for 2024-25 on 1st February, 2024. The Indian textile industry presented a mixed response to the interim budget, welcoming Government focus on investment and R&D, while expressing concerns about slow implementation of schemes and continued financial stress. The industry seeks immediate relief for the financially stressed spinning sector and expects bolder policy announcements in the full budget to address competitiveness and growth concerns. The allocation of funds for various Schemes relating to Textile Industry are as under:

* **RoDTEP:** Increased from Rs. 15669 crore to Rs. 16575 crore.

- **RoSCTL:** Increased from Rs. 8404.66 crore to Rs. 9246 Crore and continuation of the RoSCTL Scheme up to 31st March, 2026 for a duration of two years.
- **ATUFS:** Remained the same at Rs 675 crore.
- **PM MITRA :** Increased from Rs 52.30 crore to Rs. 300 crore.
- **Interest Equalization Scheme:** Reduced from Rs 3700 crore to Rs 1700 crore.
- **MAI grants:** Decreased from Rs. 250 crore to Rs 200 crore.
- **National Technical Textile Mission:** Increased from Rs. 170 crore to Rs.375 crore.
- **Textile Cluster Development Scheme:** Increased from Rs. 70 crore to Rs. 100 crore.
- **Integrated Processing Development Scheme:** Increased from Rs. 26 crore to Rs. 30 crore.
- **Raw Material Supply Scheme :** Increased from Rs.160 crore to Rs. 172.17 crore.

For Address

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