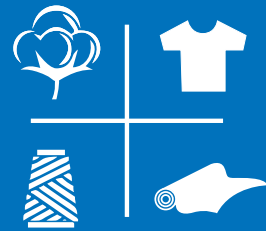


M. P. TEXTILE NEWSLETTER

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. A Representation has been submitted to the Hon'ble Chief Minister on 11th March, 2024 with a request to continue the lower rate of 0.50% of Mandi Tax on cotton beyond 31st March, 2024, as the validity of the Order dated 11th August, 2023 is expiring on 31st March, 2024.

2. A Representation submitted to the Hon'ble Chief Minister on 11th March, 2024 with a request to advise the concerned Departments to settle/close matters in respect of Commercial Laws subsumed in Goods & Services Tax Act and other repealed laws without any further loss of time, as it is about seven years after GST Act came into force.

3. The State Government has revised Minimum Wages of the various categories of Workmen w.e.f. 1st April, 2024. We have made a representation on 11th March, 2024 to the Principal Secretaries of Labour and Industrial Policy & Investment Promotion Department and Mg. Director, MPIDC informing them that the revised wages are more than the rates prevalent in the neighboring States. The textile industry is already suffering from recession World over. The production is reduced by 15/20%, exports are down and many of the Mills have closed in the past. In view of the position, we have requested to defer the implementation of the revision for the present.

RAW MATERIAL

1. International Cotton Advisory Committee (ICAC) release dated 1st April, 2024 states, if the initial ICAC forecast holds true, the 2024-25 season will be posting gains in area, production, consumption, and trade. The biggest wild card, as it has been for the last few years, is the weather. Weather is also the



reason for the one cotton area that is likely to show a decline: yields, which are expected to decrease 0.12% to 768 kg/ha. Global cotton yield has been dropping since the 2017-18 season, likely due to extreme weather caused by global climate change and pest pressures brought on by adverse weather conditions, also a result of global climate problems.

Projections for the 2024-25 season include:

- Area should post a 3% increase over 2023-24 at 32.85 million hectares.
- Production is showing an increase of just over 2.5% at 25.22 million tons.
- Consumption is forecasted to increase 2.9% to 25.37 million tons.
- Trade (imports and exports) is currently forecasted to increase nearly 4% over the 2023-24 cotton season to 9.94 million tons.

The current price forecast of the season-average A-index for 2023-24 ranges from 85.67 cents to 100.62 cents, with a midpoint of 92.20 cents per pound.

2. According to the U.S. Department of Agriculture's (USDA's) Report dated 8th March, 2024, the global cotton supply and demand estimates for 2023-24 show higher production, consumption, and trade, but lower ending stocks. World production is 130,000 bales higher as lower U.S. and Argentine crops are more than offset by a 500,000-bale increase in India. Global consumption is almost 500,000 bales higher as gains for China and India more than offset lower estimates for Turkey and a number of smaller countries. World trade is about 400,000 bales higher as China's 2023-24 imports are raised 900,000 bales, more than offsetting lower estimates for Turkey and several smaller countries. Exports are projected higher for India, Australia, and Turkey. Ending stocks are marginally lower, down 353,000 bales to 83.3 million.

Million 480 Pound Bales

	2021-22	2022-23	2023-24
Op. Stock	77.67	76.42	82.97
Production	114.49	116.26	112.96
Consumption	116.11	111.16	112.94
Export/Import	43.19	37.69	43.23
Clos. Stock	76.42	82.97	83.70

3. According to fashioningworld.com production and consumption projections for 2023-24 by Country paint a mixed picture. Major producers like China and India are expected to maintain or slightly higher output

Region	Production Mn. Bales	Change from 2022-23	Consumption Mn. Bales	Change from 2022-23
World	113.00	- 2	113.00	+2
China	35.00	Stable	55.00	Stable
India	28.00	+5	13.00	- 2
US	34.20	+6	N.A.	N.A.
Others		Varied	35.00	Varied

However, consumption is forecast to remain subdued globally, hovering near a four-year low. This should ideally lead to lower prices, but that's not the case. Cotton prices are on a roll again globally, defying expectations and leaving everyone scratching their heads. After a seemingly stable post-pandemic period, prices surged in February, 2024, reaching \$1 per pound – a level last seen a year ago. This is happening despite stagnant global consumption and high stockpile.

4. Cotton Outlook in its report dated 28th March, 2024 projected World Cotton production for 2023-24 at 24,688,000 tons (including India's production of 5,270,000 tons). It has projected World cotton consumption at 24,087,000 tons (including India's 5,440,000 tons).



5. At its Meeting held on 14th March, 2024 the Committee on Cotton Production and Consumption (CoCPC) lowered last season's production and estimated imports higher. The CoCPC raised crop production for the current season (October, 2023- September, 2024) to 323.11 lakh bales against 316.57 lakh bales estimated in November, 2023. Last season, the crop was pegged at 336.60 lakh bales. While maintaining imports unchanged for the current season (October, 2023-September, 2024) at 12.00 lakh bales, it pegged the shipments into the Country at 14.60 lakh bales (10.00 lakh bales) for the previous season. The CoCPC has projected consumption, including small spinners and non-textiles of 317.00 lakh bales against its earlier estimate of 310.00 lakh bales. The Balance sheet drawn by CoCPC is as under:

Lakh Bales of 170 kgs. each

	2022-23	2023-24
Supply:		
Opening Stock	39.48	61.16
Crop	336.60	323.11
Import	14.60	12.00
Total Supply	390.68	396.27
Demand:		
Non MSME Consumption	197.80	201.00
MSME Consumption	99.83	100.00
Non-textile Consumption	16.00	16.00
Export	15.89	27.00
Total Demand	329.52	344.00
Closing Stock	61.16	52.27

The State-wise area, production and yield for 2023-24 were projected as under:

Area-Lakh Hectares: Production-Lakh Bales;Yield-Kgs/Hectare

State	Area	Production	Yield
Punjab	1.69	4.89	491.89
Haryana	6.83	14.50	360.91
Rajasthan	7.91	27.43	589.52
Gujarat	26.83	89.65	568.04
Maharashtra	42.34	82.43	330.97
Madhya Pradesh	6.30	17.97	484.90
Telangana	18.18	48.12	449.97
Andhra Pradesh	4.27	11.58	461.03
Karnataka	6.95	16.93	414.12
Tamil Nadu	0.91	1.95	364.29
Odisha	2.36	7.44	535.93
Others	0.12	0.22	311.67
Total	124.69	323.11	440.52

6. The Cotton Association of India (CAI) in its release of 18th March, 2024 pegged cotton crop for 2023-24 season to 309.70 lakh bales as against 323.11 lakh bales estimated by CoCPC on 14th March, 2024. The major variation is in production from Telangana State, where CoCPC has projected production of 48.00 lakh bales and the CAI at 34.00 lakh bales. CAI has projected import of 20.40 lakh bales and export of 22.00 lakh bales. March-end onwards, cotton prices in the open market are ruling above MSP and it is unlikely farmers would sell their produce to the CCI.

7. The Cotton Corporation of India (CCI) on 26th March, 2024 stated, it has procured 32.81 lakh bales of cotton so far in the ongoing 2023-24 season with maximum quantity from Telangana, Andhra Pradesh and Maharashtra. It procured around 6.35 lakh quintals of kapas from Madhya Pradesh till February end, later it was discontinued as market prices improved.

8. CITI-CDRA has been working on a collaborative project to enhance the productivity of cotton in the Madhya Pradesh since 2006. Besides this, during the last one year, CITI CDRA has also been working as an extension partner in the Pilot Project of Cotton, which the Ministry of Agriculture & Farmers' Welfare has announced under NFSM with the Ministry of Textiles also part of the review and steering group of the project. The project is aimed

at enhancing the cotton productivity of India by using a cluster-based and value chain approach and Public-Private Partnership (PPP) mode. To review the progress of both collaborative projects as also the Pilot Project on Cotton, CITI CDRA organized a two-day event in Ratlam, Madhya Pradesh, from 12th -13th March, 2024. The inaugural day of the event, held on 12th March, 2024, commenced with a Kisan Mela at Shivgarh, Ratlam. Various Government representatives including Ms. Neelam Chouhan, DDA, Shri H L Barfa, ADA, from the State Agriculture Department, Dr R K Singh, Soil Scientist from the Soil Conservation Department as also Ms. Bansari Nag, National Project Coordinator, International Labour Organization (ILO) were the distinguished guests during the Kisan Mela. A total of 596 farmers participated in the Kisan Mela, demonstrating significant engagement and interest in the discussions and activities.

The second day of the event on 13th March, 2024 marked a significant reflection on the journey and achievements of the inaugural year of the Special Project on Cotton, outlining a chart for the future course. The event was graced by esteemed Chief Guest including Chairman CITI, Shri Rakesh Mehra, Director CICR, Dr. Y. G. Prasad, Chairman-MPTMA, Shri Shreyaskar Chaudhary, SG-CITI, Ms. Chandrima Chatterjee and Secretary cum Chief Cotton Breeder-SIMACDRA, Dr. M. Asha Rani.

POWER

1. The Madhya Pradesh Electricity Regulatory Commission (MPERC) has notified Tariff rates for 2024-25 on 6th March, 2024, which are applicable from 1st April, 2024. There is no change in rates of Fixed Charges and Energy Charges and the same have been maintained at the level of those applicable in 2023-24. However the Time of the Day (TOD) Charges have been revised as under:



Peak / Off-Peak Hours	*Surcharge / Rebate on normal rate of Energy charges on energy consumed during the corresponding period
Peak Hrs – (06:00 AM to 09:00 AM & 5:00 PM to 10:00 PM)	Surcharge of 20% of Normal rate of Energy Charge.
Off-Peak /Solar Hrs (09:00 AM to 5:00 PM)	Rebate of 20% of Normal rate of Energy Charge.
Off-Peak Hrs – (10:00 PM to 6:00 AM next day)	Rebate of 10% of Normal rate of Energy Charge.

TOD Rebate will not be applicable on Fixed Charges. The above mentioned off-peak period and peak period shall also be applicable for the purpose of banking as per the provision of Madhya Pradesh Electricity Regulatory Commission (Methodology for Determination of Open Access) Regulations, 2023 and amendments thereof.

2. The MPERC has notified on 7th March, 2024 Tariff for 2024-25 applicable from 1st April, 2024 for SEZ Pithampur and the same is as under:

	2023-24		2024-25	
	Fixed Charges Rs. per KVA	Energy Charges Rs per Unit	Fixed Charges Rs. Per KVA	Energy Charges Rs. Per Unit
11 KV Supply	193.00	3.77	193.00	3.77
33 KV Supply	228.00	3.74	230.00	3.76

The other terms and conditions like Time of the Day charges are similar to given in 1 above.

3. The M P Power Management Company has advised DISCOMs to bill to the consumers Fuel & Power Purchase Adjustment Surcharge (FPPAS) @ (-) 4.72 percent on energy charges only for one month commencing from 24th March, 2024. Actual FPPAS for the month is 1.03%, which has been adjusted against the pending credit of earlier months, leaving a credit of 4.72%, being allowed this month.



MANPOWER

1. The Labour Department of the State has revised monthly Minimum Wages payable to various categories of workmen w.e.f. 1st April, 2024, which are as under:

Category	Revised Minimum Wages as on 1.4.2024 Rs.	Variable Dearness Allowance above 311 till 400 points Rs.	Total payable from 1.4.2024 Rs.	Increase on present rate Prevalent in Mar., 2024 Rs.
Unskilled	9,575	2,225	11,800	1,975
Semi- skilled	10,571	2,225	12,796	2,114
Skilled	12,294	2,225	14,519	2,459
Highly Skilled	13,919	2,225	16,144	2,784

For calculation of daily wages the monthly wages to be divided by 26.

This increase in percentage terms ranges between 20-21%. With the addition of Contribution to Provident Fund, ESI, Bonus, Leave with wages, Gratuity etc, the increase works out to about 28% of the pre revised wages, which the industry finds difficult to absorb.

2. The Central Government has extended on 7th March, 2024 SAMARTH Scheme for Capacity Building by another year. The Scheme carried out by Ministry of Textiles will now be operational till 31st March, 2025. It will be implemented within the original outlay of Rs. 390 crore.

3. As per reports, India is set to replace its minimum wage system with a living wage by 2025. The Government is seeking technical assistance from the International Labour Organization (ILO) to develop a framework for estimating and implementing it. The move comes after the ILO endorsed the concept earlier this month, following an agreement reached during a Meeting of Experts on Wage Policies in February, 2024 and endorsed by the ILO's Governing body on 13th March, 2024.



LEGAL & TAXATION

1. The DGFT issued a Notification on 7th/11th March, 2024 enabling provisions for import of inputs that are subjected to mandatory Quality Control Orders (QCOs) by Advance Authorization holders, EOUs and SEZ.

2. According to the Guidelines issued on 30th March, 2024, when a taxpayer is simultaneously being investigated by the State GST and DGFT officers on different subject matters, the Principal Commissioner will "consider the feasibility" of only one of the offices pursuing all the cases with respect to the taxpayer. The Guidelines have also set a deadline for tax officers to conclude an investigation within one year of their initiation.

CBIC further said that in initiating an investigation with respect to a listed company or PSU or seeking details from them, the CGST officers should issue "official letters instead of summons" to the designated officer of the entity, detailing the reasons for investigation and seeking submission of documents within a "reasonable time period".



EXPORT & IMPORT

1. India's textile exports slid 4.2% year-on-year in the first 11 months of the current financial year, hurt by adverse economic conditions in major destinations, such as the European Union (EU), the US, and West Asian nations. According to the Commerce India exported textiles worth \$

30987.52 million during April, 2023-February, 2024, down from \$32361.67 million in the corresponding period of the previous fiscal year. In February, 2024 Textile & Apparel exports increased by 12.49 percent to \$ 3,290.63 million from \$ 2,925.37million in the corresponding period of 2022-23. Textile exports eased 19.54 percent to \$ 1,814.29 million from \$ 1,517.69 million in February, 2023. Cotton yarn, fabrics, and made-ups exports grew by 17.07 per cent to \$ 1,026.93 million in February, 2024. Exports of man-made yarn, fabric, and made-ups rose by 8.66 percent to \$ 431.74 million in the period. Apparel exports from the Country also increased by 4.88 percent to \$ 1,476.34 million in February, 2024 from \$1,407.68 million in February, 2023.

The information relating to textile and apparel exports during the period April – February, 2023-24 is as under:



Value in US\$ Million

Exports	Apr. - Feb., 2022-23	Apr.- Feb., 2023-24	% Change
Cotton Yarn, Fabrics, Made-ups, & Handloom Products	9,924.13	10,588.91	6.70
MM Yarn, Fabrics, Made-ups, etc.	4,472.54	4,239.80	(-)5.20
Jute Products	400.96	310.41	(-)22.58
Carpets	1,255.12	1,266.14	0.88
Handicrafts, etc.	1,566.21	1,522.91	(-)2.76
Textiles	17,618.96	17,298.17	1.75
Apparel	14,742.71	13,059.35	(-) 11.42
Textiles & Apparel	32,361.67	30,987.52	(-) 4.25
All Commodities	4,09,112.18	3,94,990.82	(-)3.45
% Share of T & C	7.91	7.85	

- Cumulative Exports of Textiles and Apparel during April-February, 2023-24, registered a negative growth of 4.25 percent over the same period of previous year.
- During April– February, 2023-24 Indian Textiles Exports registered a growth of 1.75 percent over the same period of previous year, while Apparel Exports registered a negative growth of 11.42 percent during the same time period.
- The share of textile and apparel exports during April-February, 2023-24 decreased to 7.85 percent as compared to 7.91 percent of total exports of all commodities in the previous period.

The possibility of a course-correction in the upcoming month is bleak and the downward trend is expected to continue in March as well.

2. During February, 2024 imports of cotton raw & waste dropped by 9.04 per cent to \$ 31.43 million, while textile yarn, fabric, and made-ups imports increased by 11.62 per cent to \$ 185.08 million. The details of imports in April - Feb., 2023-24 as compared to the same months of the previous year are as under:

Value in US \$ Million

Imports	Apr.- Feb., 2022-23	Apr.-Feb., 2023-24	% Change
Cotton Raw & Waste	1,383.69	549.83	(-)60.26
Textile Yarn, Fabrics, Made-ups, etc.	2,434.30	2,116.69	(-)13.05

3. As per information available from Texprocil, exports of Cotton Yarn during the period April-January, 2023-24 have shown a growth of 105.8 percent in quantity terms over 2022-23, whereas in monetary terms the growth is only 45.05 percent. The details of cotton yarn exports to top ten countries of the World are as under:

Quantity in Mn. Kgs. Value in US \$ Mn.				
Country	2022-23		2023-24	
	Qty	Value	Qty	Value
World	484.02	2157.67	996.28	3121.01
Bangladesh	194.61	860.52	348.90	1114.41
China	27.65	91.59	220.50	605.75
Egypt	33.77	141.05	55.45	168.36
Vietnam	12.63	56.18	40.54	122.71
Peru	20.47	82.04	34.80	102.66
Portugal	17.96	77.90	33.99	110.80
Turkey	10.78	55.33	33.20	112.83
S. Korea	15.21	65.87	21.18	68.27
Sri Lanka	16.28	82.09	19.91	79.56
Columbia	10.33	39.40	19.30	52.41
Total of Top Ten	359.48	1551.97	827.76	2537.78

4. The Director General of Foreign Trade (DGFT) vide Notification No. 70/2023 dated 8th March 2024 extended the RoDTEP Scheme beyond 30th June, 2024, which shall now be applicable till 30th September, 2024. The Government has extended RoDTEP to AA holders (except deemed exports), SEZ and EOU units from 11th March, 2024 and till 30th September, 2024. RoDTEP rates pertaining to textiles for SEZ/EOU/AA Exports have also been declared by introducing a new Appendix 4RE. There has been no change in the existing rates of RoDTEP for textile items.

5. The DGFT vide Notification No. 77/2023 dated 16th March, 2024 has imposed Minimum Import Price of US\$ 3.50 per kilogram on import of Knitted Fabric under Chapter 60 till 16th September, 2024.

6. DGFT has imposed a cap of Rs. 2.50 crore per IEC till 30th June, 2024 for the quarter starting from 1st April, 2024.

7. Increase in costs of shipping (40-60 percent) and insurance (15-20 percent), delayed arrival of shipments (by up to 20 days or more) with added potential cargo loss from piracy and attacks arising out of the Red Sea crisis will continue to disrupt global value chains, squeeze margins and make exports of many low-margin products unviable from current locations, according to the Global Trade Research Initiative (GTRI). The disruption is significantly affecting Indian trade, especially with the Middle East, Africa and Europe. Textile companies, which operate on thin margins, are renegotiating shipping costs with buyers,

STATE OF INDUSTRY

1. According to data released by the Ministry of Statistics and Programme Implementation (MoSPI) on 12th March, 2024, India's Index of Industrial Production (IIP) with base 2011-12 stood at an estimated 153.0 in January, 2024. The IIP for manufacturing of textiles grew by 3.1 per cent year on year (YoY) to 112.2 and for apparel manufacturing, it dropped by 1.6 per cent YoY to 118.2 during the month. For the April-January, 2023-24 period, the IIP for textile manufacturing increased by 0.4 per cent compared to the corresponding period in the previous year at 108.2, while the IIP for wearing apparel dropped by 17.5 per cent YoY to 105.0. The details of IIP are as under:

Items	For the Month		Cumulative		Growth%
	Jan. 2023	Jan. 2024	Apr-Jan. 2022-23	Apr-Jan. 2023-24	
General	147.4	153.0	137.1	1445.2	5.9
Textiles	107.9	111.2	107.8	108.2	0.4
Wearing Apparel	120.1	118.2	127.3	105.0	(-)17.5

2. A Free Trade Agreement (FTA) signed between India and the European Free Trade Association (EFTA) on 10th March, 2024 promises a significant shake-up in the textiles, apparel, and fashion trade landscape. According to a study by the Centre for Monitoring Indian Economy (CMIE), India's textile and apparel exports to the EFTA region currently stand at around \$5 billion

annually. The FTA has the potential to push this figure significantly higher. However, the FTA is a double-edged sword. Easier access to the Indian market for European apparel brands could pose a threat to domestic manufacturers. Established European fashion houses, known for their quality and brand recognition, may find a receptive audience among India's growing middle class. This could lead to increased competition for Indian companies in their home market. The textile industry has welcomed the signing of the Trade and Economic Partnership Agreement saying it will give the industry technology and product development opportunity.



3. As per CRISIL, the textiles industry is expected see a rebound in revenues in the financial year 2024-25 after being hit by volatile cotton prices and muted export demand in the previous two financial years. The industry is set to close financial year 2023-24 with lower revenue as the nearly 25 percent correction in the cotton prices and subdued readymade garment exports tone down realizations. Exports, which usually account for a fourth of the overall market, are currently impacted by slowdown in key markets, although domestic demand continues to grow at a steady rate. That is of concern for small and medium enterprises (SMEs), which make up close to 75 percent of the textile value chain.

4. The Country is preparing a framework to reward the industry and academia for developing copyrights, trademarks and patents in technical textiles, which are meant for non-aesthetic purposes. The Textiles Ministry has proposed 10 years of exclusive rights for the industry to commercialize the Intellectual Property (IP), if their funding contribution is at least 50% in projects funded under the National Technical Textiles Mission (NTTM). Similarly, the industry would get exclusive rights for two years for contributing at least 10% in the projects.

5. The reasons for decline in textile sector have been enumerated by **Hindustan Times on 12th March, 2024 and are as under:**

- As per Annual Survey of Industries, the share of total capital invested i.e. the sum of fixed & physical working capital in the textile sector has a share of 11.08% on 2000-2001, which has gone down to 6.06% in 2021-22. Textiles include apparel and cotton processing. The sector accounted for 12.44% of the total output in 2000-01, which has gone down to 6.9% in 2021-22.
- The share of wages to workers in the total net value added by the sector has been higher than overall industries in 2021-22. Wages as share of net value added stood nominally at 29.92% for textiles, while for the industries (excluding textiles), it was only 13.95%.
- The labour intensity as measured by number of workers employed per lakh rupees of fixed capital stock in textile sector was 0.21 in 2021-22. The number was 0.03 for industries excluding textiles. Thus textiles have become less labour intensive over time but it is still better creator of employment per unit capital than most other manufacturing.
- The share of textiles including ready-made garments in India's export basket has seen a decline in last two decades from 25.6% in 2000-01 to just 7.66% in 2022-23.
- There is slow growth in domestic demand of cloth. A comparison of average per Monthly per Capita Expenditure (MPCE) from 2011-12 and 2022-23 shows spending on clothing segment has shown lowest growth:

Overall :	Rural-33.5%
	Urban-40.4%
Clothing, bedding and footwear:	Rural- 13.9%
	Urban-22.4%