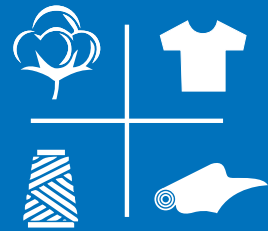


# M. P. TEXTILE NEWSLETTER

THE MONTHLY NEWS LETTER OF  
THE MADHYA PRADESH TEXTILE MILLS ASSOCIATION



Chairman:  
**Shri Shreyaskar Chaudhary;**  
Vice Chairman:  
**Shri Siddharth Agrawal;**  
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**Shri Subhash Jain**  
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## ASSOCIATION NEWS

1. A Representation was submitted to the Labour Commissioner of the State on 15th May, 2024 with a request for a separate Schedule for Minimum Wages in respect of Textile and Apparel Industry on the following grounds:

- Textile and Apparel Industry is second largest employer in the Country providing direct employment to around 45 million people.
- Largest number of women is employed in the Factories of this industry, which is about 40% of the woman workforce in the Country. In Madhya Pradesh the present employment of female workers is around 10 percent.
- The Textile and Apparel Industry is one, which contributes around 2% to the Country's GDP and 7% to the Industrial output. Similarly, a major part of the GDP of our State is contributed by this Industry.
- Textile and Apparel Industry provides safe working and environment for the female workers and their employment around the clock has been permitted by the State since 2010.
- To increase the employment in the Textile and Apparel Industry of the State, we need to have a separate Schedule of employment for payment of minimum wages in the State.
- The present exports by Textile and Apparel industry from the State are around Rs. 16,000 crore.
- The Textile industry is an industry engaged in production of various types of fibres (natural or man-made) and their processing by value addition in products for use/consumption and includes spinning, weaving, knitting, processing, apparel, readymade garments, made-ups, technical textiles, medical textiles or similar other products and/or activities.

The present increased/revised minimum wages payable in the State are much higher than some of the more industrialized States. If we compare the per capita income of the other States and the minimum wages in those States, the disparity is quite clear. The effect of increase in minimum wages, lack of skilled man-power and low productivity will make this Industry uncompetitive.

## RAW MATERIAL

1. According to the U.S. Department of Agriculture's (USDA's) Report dated 10th May, 2024, global production in cotton season 2024-25 is forecast up more than 5.4 million bales to 119.0 million. Larger crops in Brazil, the United States, and Turkey more than offset smaller crops in China and India. Global trade is forecast up roughly 1.0 million bales from the previous year to 45.0 million, as higher exportable supplies and global consumption are expected to support



greater World trade. China is projected to remain the largest importer at 12.0 million bales despite declining from last year's 11-year high. The United States is forecast to remain the largest exporter at 13.0 million bales, followed closely by Brazil at 12.5 million. Global consumption is forecast at 116.9 million bales, 3.5 million higher than the previous year. Global ending stocks are projected up over 2.5 million bales to 83.0 million as production outpaces consumption growth.

Global production in 2023-24 is raised nearly 700,000 bales to 113.6 million on higher Australia and India crops. Consumption is forecast up more than 500,000 bales to 113.4 million. Increased use in China and India is partially offset by decreased use in Bangladesh, Brazil, Pakistan, Turkey, and Uzbekistan. Global exports are forecast up more than 500,000 bales as Brazil and Syria exports are raised by 400,000 and 125,000 bales, respectively. China and Honduras imports are both forecast higher and more than offset lower imports in Bangladesh, Pakistan, and Turkey. Global ending stocks are forecast down 2.6 million bales to 80.5 million, mostly due to historical revisions to Brazil and India consumption.

### Million 480 Pound Bales

World	2022-23	2023-24	2024-25
Opening Stock	74.50	80.42	80.48
Production	116.31	113.57	119.05
Consumption	111.67	113.36	116.86
Export/Import	37.11	44.48	44.98
Closing Stock	80.42	80.48	83.01

Production in India—the second largest cotton-producing country—is projected at 25 million bales in 2024-25, 4 percent (1 million bales) below 2023-24 and the second lowest crop since 2009-10. The expected decline for 2024-25 is the result of a lower harvested area and yield forecast. India's cotton harvested area is projected at 12.4 million hectares in 2024-25, a 300,000-hectare decrease. The national yield is forecast at 439 kg per hectare—the same as the 3-year average—down from the last 2 years. India's mill use is also forecast to increase 500,000 bales (2 percent) in 2024-25 to 25.2 million bales, the highest since 2020-21's record of 26.0 million bales.

### Million 480 Pound Bales

India	2022-23	2023-24	2024-25
Opening Stock	8.40	11.32	11.52
Production	26.30	26.00	25.00
Imports	1.73	1.00	1.50
Consumption	24.00	24.70	25.20
Exports	1.10	2.10	2.00
Closing Stock	11.32	11.52	10.82



2. The International Cotton Advisory Committee (ICAC) projected increases in cotton production, consumption, and trade for the upcoming 2024-25 season, indicating positive prospects for the cotton market. In India, cotton stocks are anticipated to decline by nearly 31 percent in 2023-24, reaching their lowest level in over three decades, driven by reduced production and increasing consumption. Lower stockpiles are expected to constrain exports, support global prices, and potentially uplift domestic prices while weighing on the margins of local textile companies. India's cotton exports for the current season are forecasted to rise to 2.20 million bales, marking a significant increase from the previous year. Looking ahead to the 2024-25 marketing year, India's cotton production is estimated to decrease by two per cent due to farmers shifting acreage to higher-return crops. However, mill consumption is projected to increase by two percent, driven by improving yarn and textile demand in major international markets. Additionally, with the recent removal of import duty on extra-long staple (ELS) cotton, imports are expected to rise by 20 percent. In China, cotton imports for the 2024-25 marketing year are forecasted at 2.4 million metric tons, driven by higher demand for textile and apparel products domestically and internationally.

3. Cotton Outlook in its release of 30th May, 2024 projected World and India's cotton production and consumption as under:

Figures in Tons

	2023-24		2024-25	
	Prod.	Cons.	Prod.	Cons.
World	24,987,000	24,008,000	25,353,000	24,731,000
India	5,440,000	5,270,000	5,440,000	5,600,000

4. As per reports, Cotton candy prices surged by 1.7 percent to settle at Rs. 58,680 on 28th May, driven by robust demand for Indian cotton from key buyers like Bangladesh and Vietnam. However, the upside was limited due to sluggish milling demand amid muted global yarn demand. Prospects of a better crop in countries like Australia also tempered the upward momentum. The International Cotton Advisory Committee (ICAC) projected increases in cotton-producing areas, production, consumption, and trade for the upcoming season, 2024-25. Meanwhile, in India, cotton stocks are anticipated to plummet by nearly 31% in 2023-24, reaching their lowest level in over three decades due to lower production and rising consumption. This could restrain exports, supporting global prices but potentially pressuring the margins of local textile companies.

Technically, the cotton candy market saw short covering, with a significant drop in open interest by 21.89 percent and rising prices.

5. Bangladesh, the World's second-largest garment exporter after China, is undergoing a significant shift in its cotton import strategy. Traditionally, India was the primary source of cotton. However, in recent years, African countries have emerged as the dominant supplier. This trend has major implications for both the Indian and global cotton trade and both economies.

6. Shri Atul Ganatra President, Cotton Association of India (CAI) stated on 11th May, 2024 that the demand for Indian cotton went up as the prices ruled 8-10 percent lower than the international prices during December, 2023 till March, 2024. Our cotton is mainly exported to countries like Bangladesh, China and Vietnam and estimated cotton exports to rise about 27 percent to 28 lakh bales during 2023-24 crop year ending September. In 2022-23 crop season (October-September), cotton exports were at 22 lakh bales. Cotton arrivals till 30th April, 2024 have been estimated at 286.96 lakh bales.

7. As per reports, North India cotton sowing may decrease by 20-30 percent in the coming season as farmers have lost confidence in this commercial crop due to pest attacks in previous years. Farmers have deliberately delayed crop sowing by 15-20 days this year to avoid damage from pest attacks similar to those that occur during the late monsoon rains in late August and early September each year.

8. As per reports, the Union Textiles Ministry is gearing up to launch a revamped Cotton Technology Mission aimed at improving the quality and output of India's "White Gold" by adopting best practices that could position India as a prime destination for textile sourcing and foreign investment. This mission is designed to reduce dependence on imports for this crucial raw material for fibre and to increase the income of India's more than 6 million cotton farmers. Scheduled to span five years from 2024, the project's financial allocation and other policy frameworks will be finalized in the first 100 days of the new Government. The policy will focus on introducing new

technologies to reduce trash content, contamination levels and enable real-time sample testing. The proposed mission will focus on increasing cotton production by adopting best agricultural practices, using quality seeds, and implementing a high-density planting scheme.

9. The Confederation of Indian Textile Industry (CITI) has lauded the slew of policy measures of the Ministry of Textiles clubbed with many other growth drivers which are likely to propel the Indian textile industry forward towards a visionary target of US\$ 350 billion industry by 2030. To improve the cost competitiveness of the cotton value chain, CITI has recommended the following policy measures at the 8th Meeting of the Cotton TAG held under the Chairpersonship of the Secretary (Textiles) on 13th May 2024:

- Removal of import duty from all varieties of cotton including cotton waste
- Cotton productivity enhancement with a focus on specialized seed varieties like HT Bt cotton seeds.

10. On 13th May 2024, the 4th Meeting of MMF TAG was held under the Chairpersonship of Secretary (Textiles) at Udyog Bhawan. During the meeting, below-given issues/suggestions were discussed for the betterment of the Indian MMF industry:

- Exempting fibers and yarns not available domestically from the scope of Quality Control Orders (QCOs) to ensure access to essential raw materials without regulatory issues.
- Enable provisions for exempting inputs imported by Advance Authorization holders, EoUs and SEZ units from the mandatory QCOs issued by the Department of Chemicals and Petrochemicals (for polyester fibre/filament/yarn) inline to the exemption provided for QCOs issued by the Ministry of Textiles.
- Establishing a committee to ensure the availability of all types of raw materials (fibre/yarns) with periodic reviews of the emerging requirements of specialized fibre/yarn categories, which may be exempted from the scope of QCOs due to gap in supply/demand/price.
- Ensuring smooth supply of all raw materials at internationally competitive prices.
- Lower standard input and output norms (SION) for cotton blended with MMF and VSF
- Address GST duty inversion in the MMF value chain to avoid capital blockage.
- Announce separate Harmonized System of Nomenclature (HSN) Codes for recycled MMF-based products to promote sustainable products.
- Expand viscose manufacturing hub to states like Tamil Nadu and in other textile manufacturing clusters to reduce the logistic cost of procuring such raw materials.
- Enable provisions for the import of inputs that are subjected to mandatory QCOs by AA, SEZ, and EoU units for intermediate supply also. At present, such exemptions are allowed for physical exports only.

## POWER

The M P Power Management Company has advised DISCOMs to bill to the consumers Fuel & Power Purchase Adjustment Surcharge (FPPAS) @ 3.92 percent on energy charges only for one month commencing from 24th May, 2024.



## MANPOWER

1. The Association filed a Writ Petition in Madhya Pradesh High Court, Indore Bench against Minimum Wage Revision Order dated 4th March, 2024 of the State, whereby the minimum wages were increased by about 25% w.e.f. 1st April, 2024. The Hon'ble High Court granted stay against implementation of this Order and fixed next date of hearing on 1st July, 2024. Due to Stay of the Order dated 4th March, 2024 by the Hon'ble High Court, the Labour Commissioner of the State has issued fresh Order on 24th May, 2024 fixing the minimum wages with normal increase of Variable Dearness Allowance of Rs. 350 per month payable from 1st April, 2024 detailed as under:







Category	Basic per month Rs.	Variable D A per month Rs.	Total per month Rs.	Wages per day Rs.
Unskilled	6,500	3,675	10,175	391
Semi Skilled	7,057	3,975	11,032	424
Skilled	8,435	3,975	12,410	477
Highly Skilled	9,735	3,975	13,710	527

2. The Central Government has given its approval for crediting interest at the rate of 8.25 percent on EPF accumulations for the financial year 2023-24.

3. A high-level SP Mukherjee led Expert Committee panel on floor wages will re-examine the wage rates finalised earlier, taking into account the minimum wages notified by all states across three categories. The floor wage and minimum wage rates proposed earlier did not have minimum wage rates of some states due to unavailability of data. The Expert Committee will submit its report to the Government by end of June, 2024.

## EXPORT & IMPORT

1. According to the Press Information Bureau the Country exported textiles and apparel worth \$ 2,776.78 million during April, 2024, up by 0.89 percent from \$ 2,752.29 million in the April, 2023. Textile exports eased 2.40 percent to \$ 1,578.38 million from \$ 1,541.44 million in April, 2023. Cotton yarn, fabrics, and made-ups exports increased by 6.65 percent to \$ 946.85 million in April, 2024. Exports of man-made yarn, fabric, and made-ups dropped by 6.26 percent to \$ 368.35 million in April, 2024. Apparel exports from the Country also decreased by 1.03 percent to \$ 1,198.40 million in April, 2024 from \$1,210.85 million in April, 2023. The information relating to textile and apparel exports during the period April, 2024 as compared to exports in April, 2023 is as under:



Value in US\$ Million

Exports	April, 2023	April, 2024	% Change
Cotton Yarn, Fabrics, Made - ups, & Handloom Products	887.82	946.85	6.65
MM Yarn, Fabrics, Made-ups, etc.	392.94	368.35	(-)6.26
Jute Products	33.42	27.11	(-)18.88
Carpets	105.17	111.10	5.64
Handicrafts, etc.	122.09	124.97	2.36
<b>Textiles</b>	<b>1,541.44</b>	<b>1,578.38</b>	<b>2.40</b>
<b>Apparel</b>	<b>1,210.85</b>	<b>1,198.40</b>	<b>(-)1.03</b>
<b>Textiles &amp; Apparel</b>	<b>2,752.29</b>	<b>2,776.78</b>	<b>0.89</b>
All Commodities	34,618.45	34,991.07	1.08
<b>% Share of T &amp; C</b>	<b>8.00</b>	<b>7.90</b>	

The share of textile and apparel exports during April, 2024 decreased to 7.90 percent as compared to 8.00 percent of total exports of all commodities in April, 2023.

2. During April, 2024 imports of cotton raw & waste dropped by 16.31 percent to \$ 37.91million. Textile yarn, fabric and made-ups imports increased by 0.35 percent to \$ 161.84 million. The details of imports in 2023-24 as compared to the previous year are as under:

Value in US\$ Million

Imports	April 2023	April 2024	% Change
Cotton Raw & Waste	45.30	37.91	(-)16.31
Textile Yarn, Fabrics, Made-ups, etc.	161.27	161.84	0.35

3. The India's country wise Exports and Imports of Textiles & Apparel during 2022 and 2023 have been as under:

Value in US \$ Billion

Exports / Country	2022	2023	% Change	% Share
USA	10.88	9.30	(-) 14.6	27.1
EU -27	7.65	6.70	(-) 12.7	19.5
Bangladesh	3.56	2.60	(-) 26.8	7.7
UAE	2.10	2.00	(-) 5.5	5.8
UK	2.02	1.90	(-) 7.2	5.5
China	0.42	1.10	164.1	3.2
Turkey	0.80	0.70	(-) 10.1	2.1
Sri Lanka	0.80	0.70	(-) 16.0	2.0
Australia	0.64	0.60	(-) 3.9	1.8
Saudi Arabia	0.60	0.53	(-) 3.8	1.6
Others	9.06	8.10	(-) 9.7	23.7
<b>Total</b>	<b>38.53</b>	<b>34.23</b>	<b>(-) 11.1</b>	<b>100.0</b>

Value in US \$ Billion

Imports / Country	2022	2023	% Change	% Share
China	4.1	3.8	(-) 6.2	41.5
Bangladesh	1.2	1.1	(-) 4.1	12.1
EU -7	0.8	0.8	(-) 0.8	8.8
USA	0.7	0.5	(-) 35.9	5.1
Vietnam	0.5	0.5	(-) 14.9	5.0
Australia	0.4	0.3	(-)39.6	2.9
Indonesia	0.3	0.2	(-) 19.3	2.7
Thailand	0.3	0.2	(-) 8.7	2.6
Korea	0.2	0.2	(-) 17.0	1.9
Japan	0.2	0.2	(-) 0.5	1.8
Others	2.0	1.4	(-) 27.5	15.6
<b>Total</b>	<b>10.7</b>	<b>9.2</b>	<b>(-) 13.9</b>	<b>100.0</b>

4. Export of Cotton yarn from the Country increased by 83.18 percent in quantity terms and by 37.25 percent in value during the year 2023-24 compared to 2022-23. The details of top ten countries to which the cotton yarn was exported are as under:

Quantity in Mn. Kgs; Value US \$ Mn

	2022-23		2023-24	
	Quantity	Value	Quantity	Value
<b>World</b>	<b>663.14</b>	<b>2,752.41</b>	<b>1,214.71</b>	<b>3,777.57</b>
Bangladesh	239.04	1,017.01	428.05	1,355.05
China	67.86	208.69	256.34	696.23
Egypt	43.27	171.87	67.34	203.42
Vietnam	21.58	83.96	54.85	166.06
Peru	27.25	103.13	45.41	133.46
Portugal	30.66	119.23	42.53	136.99
Turkey	20.66	89.49	37.16	126.79
South Korea	19.91	82.06	26.16	84.04
Colombia	13.15	48.06	25.73	68.99
Sri Lanka	19.85	97.10	24.56	96.81
<b>Total Top 10</b>	<b>502.92</b>	<b>2,020.60</b>	<b>1,008.13</b>	<b>3,067.85</b>

5. The export share of cotton including yarn, fabrics etc. (Chapter 50) at 5.4 percent has gone up from 3.9 percent two decades back. The share of highly labour intensive readymade garments (Chapters 62 and 63) has gone down from 8 percent to 3 percent in 20 years.

6. India textile and apparel exports have been largely flat at around US \$ 35 billion for last seven years, while Vietnam and Bangladesh have gained

market share on the back of Free Trade Agreements and Least Developed Countries (LDC) status. During last financial year 2023-24 the exports shrank by 3.24 percent, the details of Exports of textiles and apparel have been as under:

**Figures in US \$ Billion**

2023 - 24	2022 - 23	2021 - 22	2020 - 21	2019 - 20	2018 - 19	2017 - 18
34.40	35.55	41.12	29.46	33.83	35.95	35.36

As per Global Trade & Research Initiative (GTRI) Report, in 2023 China exported \$ 114 billion worth of garments followed by EU with \$ 94.4 billion, Vietnam with \$ 81.6 billion, Bangladesh with \$ 43.8 billion, and India with just \$ 14.54 billion. This shows India significantly trails behind China and EU and smaller countries like Bangladesh and Vietnam.

From 2013 to 2023, Bangladesh's garments grew by 69.6 percent, Vietnam's by 81.6 percent, while India's grew by 4.6 percent only. India's share of knitted apparel dropped by 3.85 percent to 3.10 percent and share of non-knitted garments from 4.6 percent to 3.7 percent.

7. DGFT Notice No.33/2024-Customs (NT) dated 30th April, 2024 amended Customs and Central Excise Duties Drawback Rules, 2017 to make provisions more reasonable. Under HSN code 630201, the duty drawback rate has been increased from 2.6 per cent to 3 per cent. The upper cap of duty drawback is also increased from Rs. 40.5 per kg to Rs. 68.9 per kg for bed linen, table linen, toilet linen and kitchen linen made of cotton fibre.

8. As per DGFT Instruction dated 29th May, 2024, from 5th June, 2024 payment of Drawback amounts in to exporters' accounts post scroll out will be facilitated through Public Finance Management System (PFMS).

9. As per Shri Sudhir Sekhri, Chairman of Apparel Export Promotion Council (APEC), the impact of Free Trade Agreements (FTAs) has been positive for the traditional export sector of readymade garments, with exports to Australia growing 5.7 percent on year in the first eleven months of the last fiscal, while shipments to Mauritius grew 16.8% even though the overall exports fell. "The advantages from FTAs are now visible. The signing of FTA in the near future with the UK, which accounts for roughly 8% of Indian apparel exports, will provide a much-needed fillip to the garment industry.

10. According to Smt. Rachna Shah, Secretary, Ministry of Textiles, the Government will accord focused attention to promote India's textiles exports, which declined for the second year in a row in 2023-24. The Government has set an ambitious target to achieve \$ 100 billion export for textile products by 2030. The cumulative exports of textiles and apparel from India during April, 2023- March, 2024 registered a de-growth of 3.24 percent at \$ 34.4 billion, as compared to \$ 35.5 billion in April, 2022-March, 2023. In 2021-22, outward shipments of textiles and apparel were recorded at over \$ 41 billion. We had challenges like the Red Sea crisis making it slightly more challenging.

11. As per reports, sending cargo to Europe and US by ships will become more expensive from June, 2024 as shipping lines are introducing surcharges to meet the additional cost by routing the vessels through the Cape of Good Hope. From November, 2023 they stopped using the Suez Canal due to attacks on ships by Houthi terrorists in the region. Various Shipping lines will be charging additional charges ranging from \$ 500 to 1,000 per container.

12. India has a total of 14 trade agreements with 25 countries and is negotiating new deals with over 50 countries, including the European Union (EU) and the US-led Indo-Pacific Economic Framework. Additionally, India has six smaller trade agreements with 26 other countries. Soon, India will have FTAs with all major economies except China. However, India and China do have limited tariff concessions on about 25 percent of tariff lines under the Asia-Pacific Trade Agreement. From financial year 2018-19 to 2023-24, India's total exports to its 21 FTA partners grew by 14.48 percent, from \$107.20 billion to \$122.72 billion. Imports increased by 37.97 percent, from \$136.20 billion to \$187.92 billion. These FTA partners include six South Asian Free Trade Area (Safta) countries (including Sri Lanka), 10 Association of Southeast Asian Nations (Asean) countries, and Japan, South Korea, the UAE, Mauritius, and Australia.

India's exports to these FTA partners have increased at a lower rate than its imports. For instance, with Asean, exports grew by 123.9 percent and imports by 175.7 percent; with Japan, exports grew by 56.4 percent and imports by 98.5 percent; and with South Korea, exports increased by 89.1 percent and imports by 127.3 percent. India's high tariffs (most-favoured nation or MFN tariffs) and the low tariffs in partner countries are key reasons for its low exports and high imports with these partners.

## STATE OF INDUSTRY

1. According to data released by the Ministry of Statistics and Programme Implementation (MoSPI) on 10th May, 2024, India's Index of Industrial Production (IIP) with base 2011-12 stood at an estimated 159.2 in March, 2024. For the month of March, 24, the Quick Estimates of Index of Industrial Production (IIP) are:

- IIP for the manufacture of textiles was down by (-) 0.8 percent in March, 2024 as compared to March, 2023.
- IIP for wearing apparel was up by 7.5 percent in March, 2024 as compared to same month of last year.

The details of IIP for the year 2023-24 as compared to those of 2022-23 are as under:

Items	For the Month		Cumulative		Growth %
	Mar. 2023	Mar. 2024	Apr - Mar. 2022-23	Apr - Mar. 2023-24	Apr - Mar. 2023-24
General	151.7	159.2	138.5	146.6	5.8
Textiles	110.2	109.3	107.5	108.0	0.5
Wearing Apparel	133.1	143.1	127.9	109.8	(-)14.2

2. Addressing a National Symposium on Advancements in Composites, Speciality Fibres and Chemicals organised by Ministry of Textiles in partnership with Confederation of Indian Industry (CII) and Ahmedabad Textiles Industries' Research Associations (ATIRA) on 9th May, 2024, Mrs. Rachna Shah, Secretary, Ministry of Textiles said India's Technical Textiles market has a huge potential backed by a significant growth rate of 10% and placement as the 5th largest technical textiles market in the World. Composites has distinct structural and physical features, which make them suitable for specific applications across various sectors, for example, in infrastructure development, Aerospace, Automotive sector, Military and Defence sector, Medical devices, composite materials, among others. She highlighted the significance and importance of institutional buyers, user Ministries and industries in the adoption of technical textiles and products made out of specialty fibres and composites.

