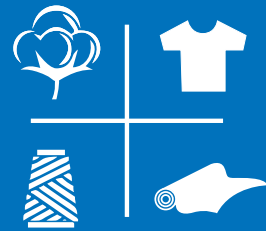


# M. P. TEXTILE NEWSLETTER

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 was submitted to the Hon'ble Chief Minister of the State on 12th April, 2024 in respect of our suggestions for development of solar power generation in the State, which included:

- The present, policy provides for concessional lease rent for Government Land for manufacturing of equipment, related components and generation of solar power sold to the State. We are of the view that Government land should be provided for installation of Solar Plants for Captive use and also for sale to exchange, for which the Government may collect annual rent and/or Harit Urja Tax.
- The solar power generated by an industrial unit from 6 AM to 6 PM should be adjusted from the total power consumed by that unit during this period of 12 hours, instead of 15 minutes time slot.
- Cross Subsidy Surcharge and Additional Surcharge should be 50% for solar power in comparison to conventional power.
- Solar Power Generation Project should be provided Industry Status, so that incentives under Industrial Promotion Policy are available to the power generator. In the 2012 Policy such provisions existed but have been withdrawn in the new Policy of 2022.
- Gujarat is providing 7% interest subsidy on loans taken for renewable energy installation for a period of 10 years under its Atmanirbhar Gujarat Scheme – 2022. Provision of similar assistance in our State will go a long way in development of Solar Power generation.

2. The following new Members have joined the Association, we welcome them:

- Lion Fabrics Pvt. Ltd., Pipalner, Bhopal.
- Neo Stretch Pvt. Ltd., Pithampur.
- BEST Lifestyle Apparel Pvt. Ltd., Ujjain.
- Gokaldas Exports Acharpura Pvt. Ltd., Bhopal.

## RAW MATERIAL

1. According to the U.S. Department of Agriculture's (USDA's) Report dated 11th April, 2024, it has further reduced the global cotton ending stocks to 83.08 million bales of 480 pounds for the current season 2023-24 in its April, 2024 World Supply and Demand Estimate (WASDE) from the 83.34 million bales of the March estimates. The ending stock at the end of July this year will be slightly higher year-on-year. Last year, the ending stock was estimated at 83.34 million bales. Lower stocks across West Africa, Australia, and Brazil more than offset higher supplies in China.



The total demand was increased to 156.39 million bales from 155.80 million bales of the March, 2024 estimate. It was estimated at 147.54 million in the last season. World cotton production was also cut from 112.96 million bales to 112.92 million bales, against last season's production of 116.15 million bales. Total imports will be 43.94 million bales, up from 43.23 million bales of the March, 2024 estimate and 37.68 million bales of imports in the last season. The total supply of cotton will be 239.47 million bales, against the last estimate of 239.16 million bales. Last year, the total supply was estimated at 230.15 million bales. Similarly, domestic consumption was decreased from 112.94 million bales to 112.82 million bales, compared to last season's use of 111.22 million bales. World cotton exports were estimated at 43.97 million bales, which was 0.71 million bales higher than the estimate of 43.26 million bales in March, 2024. The exports were noted at 37.04 million bales in the last season. A 1.3 million-bale increase in China's imports is only partially offset by reductions for Pakistan and Indonesia. Exports from Brazil, Australia, and Turkiye are all projected to be higher. The details of Global projections are as under:

**Million 480 Pound Bales**

	2021-22	2022-23	2023-24
Op. Stock	77.67	76.32	82.61
Production	114.51	116.15	112.96
Consumption	116.10	111.22	112.82
Export/Import	43.32	37.04	43.97
Clos. Stock	76.32	82.61	83.08

Indian prices are down 2 cents to around 92 cents per pound. Spinning mills are reportedly operating at high levels relative to capacity and supports the slight drop relative to the United States. Projections for India are as under:

**Million 480 Pound Bales**

India	2021-22	2022-23	2023-24
Op. Stock	11.84	8.40	11.82
Production	24.30	26.30	25.50
Import	1.00	1.73	1.00
Consumption	25.00	23.50	24.00
Export/Import	3.74	1.10	2.10
Clos. Stock	8.40	11.82	12.22

2. Cotton Outlook in its report dated 25th April, 2024 projected World Cotton production for 2023-24 at 24,688,000 tons (including India production of 5,270,000 tons). It has projected World cotton consumption at 24,087,000 tons (including India's 5,440,000 tons).

3. As per reports, Cotton prices saw a modest uptick of 0.55% to settle at Rs. 58660, fueled by robust demand for Indian cotton from key buyers like



Bangladesh and Vietnam. The USDA's weekly export sales report highlighted a substantial increase in net sales for the 2023-2024 season, reflecting a surge of 79% from the previous week and 64% from the prior four-week average

4. As per reports, the Union Government is planning to set up dedicated labs for testing high-grade cotton in Maharashtra, Tamil Nadu, Haryana, Punjab, Gujarat and Karnataka as part of a push to establish the Indian Kasturi cotton as a global brand.

5. In its Report dated 2nd April, 2024, Foreign Agriculture Service, USDA, Mumbai has forecasted in Marketing Year (MY) 2024-25 India cotton production at 25.4 million 480 lb. bales (32.5 million 170-kilogram bales/5.5 million metric tons), on 12.4 million hectares area planted. Farmers are expected to shift some cotton area to higher remunerative crops such as pulses (pigeon pea, green gram, black gram), paddy, and maize across various States.

#### Area Harvested '000Hectares: Production, etc.'000 480 lb. bales

	2022-23	2023-24	2024-25
M Y begins	Aug., '22	Aug., '23	Aug., '24
Area Harvested	12,927	12,700	12,400
Op. Stock	8,396	11,824	12,824
Production	26,300	26,000	25,400
Imports	1,727	1,000	1,200
Exports	1,099	2,000	2,400
Domestic Use	23,500	24,000	24,500
Ending Stock	11,824	12,324	12,524
Stock to Use	48%	49%	47%
Yield Kgs/Hectare	443	446	446

6. As per the latest estimates dated 24th April, 2024 released by the Cotton Association of India (CAI), the production of cotton in the season 2023-24 has been maintained at 309.70 lakh bales. A comparison of estimated by CAI and CoCPC is as under:

#### Lakh bales of 170kg each

	CAI 24.04.2024	CoCPC 14.03.2024
<b>Supply:</b>		
Opening Stock	28.90	61.16
Crop	309.70	323.11
Import	20.40	12.00
<b>Total Supply</b>	<b>359.00</b>	<b>396.27</b>
<b>Demand:</b>		
Non MSME Consumption	201.00	201.00
MSME Consumption	100.00	100.00
Non-textile Consumption	16.00	16.00
Export	22.00	27.00
<b>Total Demand</b>	<b>339.00</b>	<b>344.00</b>
Closing Stock	20.00	52.27

CAI has estimated arrival of cotton till 31st March, 2024 at 263.11 lakh bales.

7. 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.

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. CITI-CDRA has taken up Special Project on Cotton Under National Food Security Mission (NFSM), this includes undertaking project extension activities, web portal development and establishing market linkage for cotton grown under the project. In Madhya Pradesh four Districts- Ratlam, Jhabua, Dhar and Alirajpur with 20 clusters, 289 Villages covering 2319 hectares and 3350 farmers are covered under this project. Significant increase in agricultural production has been observed including 8 percent improvement in Extra Long Staple (ELS) varieties..

## POWER

1. The M P Power Management Company has advised DISCOMs to bill to the consumers Fuel & Power Purchase Adjustment Surcharge (FPPAS) @ 5.24 percent on energy charges only for one month commencing from 24th April, 2024.

2. Trident Limited successfully commissioned a 1.1 MWp-solar power project in Budhni, Madhya Pradesh. The total installed capacity of the roof top plant at the same facility reached 29.5 MWp.



## MANPOWER

1. As per reports, the Government is contemplating enhancing the wage ceiling under the Employees' Provident Fund Organisation (EPFO) to at least Rs. 21,000 from Rs. 15,000 now to widen the social security coverage, a step towards achieving universal social security. The proposal, which has been on the backburner for several years now, is being re-looked at.

2. On 3rd April, 2024 Smt. Namita Tiwari, In-charge Director, Industrial Health and Services has been appointed as Chief Factory Inspector of the State till further orders.



## LEGAL & TAXATION

1. Speaking at the TIOL Fiscal Heritage Award 2023 function on 6th April, 2024, Shri Vijay Kelkar, who was Chairman of the 13th Finance Commission suggested, need to introduce 12 percent single rate GST system at the earliest. He highlighted that the plethora of GST rates (current system has five different rates besides the compensation cess on certain goods) has made the Indian GST system unnecessarily complex. In most of the developed and emerging market economies as well, there is a policy of single GST or VAT rate on the goods and services. The countries having a single rate and simple GST or VAT laws have been successful in optimising the tax revenue and minimising tax disputes.



2. An Ahmedabad-based trade body, The Federation of All Indian Vyapar Mandal, has challenged the constitutionality of Section 43B(H) of Income Tax Act, arguing that it unfairly discriminates and is detrimental to MSEs in the Country. The provision places an undue burden on MSEs, compelling them to strictly adhere to a 45-day credit limit. The section creates a classification among manufacturers regarding the credit facility offered to buyers. Micro and small enterprises cannot extend credit to buyers beyond 45 days, whereas medium and large enterprises face no such restrictions and can offer any credit line as they wish.

3. In the matter of Lovy International versus Commissioner of Customs (Export) (CESTAT Delhi) the Tribunal emphasized that Section 149 of the Customs Act prevails over circulars like CBEC Circular No. 36/2010-Cus., which imposes time limits. It cited various court decisions and upheld Lovy International's right to seek amendment in documents within a reasonable period. In conclusion, CESTAT Delhi ruled in favour of Lovy International, setting aside the rejection of their conversion application. The Tribunal emphasized the statutory right to seek amendment under Section 149 of the Customs Act and deemed the time limit prescribed by CBEC Circular invalid.





This ruling highlights the importance of procedural fairness and upholds the principle of statutory interpretation over administrative guidelines.

## EXPORT & IMPORT

1. India's textile and apparel exports, which were under stress for more than a year, grew 6.91 % year-on year in March, 2024. However, for the financial year 2023-2024, the exports contracted 3.24 percent from the year-earlier period. According to the Press Information Bureau India exported textiles worth \$ 34,430.62 million during 2023-24, down from \$ 35,581.93 million in the previous fiscal year. In March, 2024 Textile & Apparel exports increased by 6.91 percent to \$ 3,442.86 million from \$ 3,220.26 million in the corresponding period of 2022-23. Textile exports eased 11.18 percent to \$ 1,970.05 million from \$ 1,772.00 million in March, 2023. Cotton yarn, fabrics, and made-ups exports increased by 6.78 per cent to \$ 1,093.81 million in March, 2024. Exports of man-made yarn, fabric, and made-ups dropped by 7.86 percent to \$ 439.36 million in the period. Apparel exports from the Country also increased by 1.70 percent to \$ 1,472.81 million in March, 2024 from \$ 1,448.26 million in March, 2023. The information relating to textile and apparel exports during the period April – March , 2023-24 as compared to exports in April-March 2022-23 is as under:

Value in US\$ Million

Exports	Apr. - Mar. 2022-23	Apr.-Mar. 2023-24	% Change
Cotton Yarn, Fabrics, Made-ups, & Handloom Products	10,948.46	11,682.93	6.71
MM Yarn, Fabrics, Made-ups, etc.	4,949.40	4,679.16	(- )5.46
Jute Products	438.43	338.86	(-)22.71
Carpets	1,366.10	1,395.13	2.13
Handicrafts, etc.	1,688.57	1,802.36	6.74
<b>Textiles</b>	<b>19,390.96</b>	<b>17,898.44</b>	<b>2.62</b>
<b>Apparel</b>	<b>16,190.97</b>	<b>14,532.18</b>	<b>(-) 10.25</b>
<b>Textiles &amp; Apparel</b>	<b>35,581.93</b>	<b>34,430.62</b>	<b>(-)3.24</b>
All Commodities	4,51,070.00	4,37,062.42	(-)3.11
<b>% Share of T &amp; C</b>	<b>7.89</b>	<b>7.88</b>	

- Cumulative exports of textiles and apparel during 2023-24, registered a negative growth of 3.24 percent over the same period of previous year.
  - Cotton yarn, fabrics/made-ups and handlooms exports rose 6.71 per cent year-on-year to USD 11,682.92 million in 2023-24, even as the total exports dipped by 3.24 percent in the last fiscal.
  - During 2023-24 textiles exports registered a growth of 2.62 percent over the same period of previous year, while Apparel Exports registered a negative growth of 10.25 percent during the same time period.
  - The share of textile and apparel exports during 2023-24 decreased to 7.88 percent as compared to 7.89 percent of total exports of all commodities in the previous year.
  - The US accounts for over 25 percent of India's total cotton yarn, fabrics/made-ups and handlooms exports, followed by Bangladesh (16 percent), China (6.6 percent), Sri Lanka (4.4 percent), and UAE (2.35 percent).
2. 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.
3. During March, 2024 imports of cotton raw & waste dropped by 11.29 per cent to \$ 48.80 million. Textile yarn, fabric and made-ups imports too decreased by 12.17 percent to \$ 161.11 million. The details of imports in 2023-24 as compared to the previous year are as under:



Value in US \$ Million

Imports	Apr.-Mar., 2022-23	Apr.-Mar., 2023-24	% Change
Cotton Raw & Waste	1,438.70	598.63	(-)58.39
Textile Yarn, Fabrics, Made-ups, etc.	2,617.74	2,277.85	(-)12.98

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

Value in US \$ Billion

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	8.97	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>

5. DGFT vide Trade Notice No.1/2024-25 dated 2.4.2024 issued directives regarding submission of digitized Ayat Niryat Forms (ANFs), Appendices and other documents. This will facilitate exports and imports, promote efficiency, increase transparency and accountable delivery systems.

6. The rating agency ICRA has said that India's apparel exports are likely to grow by 8 to 9 percent in the financial year 2024- 25, benefitting from the low base and with replenishment of stock in the United States (US) and the European Union (EU) regions. Following the tepid demand environment in 2023-24, ICRA expects a muted recovery in revenues of its sample companies to Rs 28,150 crore in 2024-25 from Rs 26,000 crore in 2023-24. Despite the ongoing Red Sea conflict, no immediate cost implication is being felt by apparel exporters operating on a free on board (FOB) basis, except for their shipments getting delayed by approximately 15 days from its original transit time.

7. As per reports, the Ministry of Commerce is likely to seek further extension of the Interest Equalisation Scheme on pre- and post-shipment rupee export credit for another five years to promote the Country's outbound shipments. The Scheme was introduced in April, 2025 and will end on 30th June 2024. The Scheme has now been made fund-limited, and benefits to individual exporters are capped at Rs 10 crore per annum per IEC (Import Export Code). The DGFT office is holding consultations with various export bodies and banks to have more clarity on those benefitting from the Interest Equalisation Scheme (IES) and find out if it actually played a role in promoting exports.

8. There are four commodities level, where India has improved its export to China by more than USD 100 million in 2023. One of them is cotton yarn increased by 542.6 percent to USD 611.17 million in 2023,

9. Rattled by anti-subsidy duties imposed last year by the US and the EU on certain Indian exports benefiting under the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme especially designed to be WTO compatible, the Government is putting in place a verification process to establish that only input duties have been remitted under the Scheme, whenever investigations are sought by an importing country on alleged payout of subsidies.

10. Heightened tensions between Iran and Israel are expected to increase freight charges and insurance premiums for shipping vessels on global routes. Ships bound for western European countries and the US are particularly at risk. Freight rates have already risen by about \$100 per container for ships going through the Red Sea due to disruptions and capacity constraints. War risk insurance premiums, which were previously around 0.05% of the insured value of the vessel, have now increased to between 0.75 to 1.0 percent.

## STATE OF INDUSTRY

1. According to data released by the Ministry of Statistics and Programme Implementation (MoSPI) on 12th April, 2024, India's Index of Industrial Production (IIP) with base 2011-12 stood at an estimated 147.2 in February, 2024. For the month of February 24, the Quick Estimates of Index of Industrial Production (IIP) are as under :

- IIP for the manufacture of textiles was up by (+) 3.7% in February, 2024 as compared to February, 2023.
- IIP for wearing apparel was down by 2.8% in February, 2024 as compared to same month of last year.

Items	For the Month		Cumulative		Growth%
	Feb. 2023	Feb. 2024	Apr-Feb. 2022-23	Apr-Feb. 2023-24	
General	139.3	147.2	137.3	145.4	5.9
Textiles	102.0	105.8	107.3	107.9	0.6
Wearing Apparel	129.1	125.5	127.4	106.7	(-)16.2

2. On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting held on 5th April, 2024, decided to keep the Policy Repo Rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.50 percent.

Consequently, the Standing Deposit Facility (SDF) rate remains unchanged at 6.25 percent and the Marginal Standing Facility (MSF) rate and the Bank Rate at 6.75 percent.

3. The Country is working on an ambitious target to achieve \$ 600 billion of textile exports by 2047 from \$ 44 billion in Financial Year 2012-22 and the domestic market to grow to \$ 1.8 trillion from \$ 110 billion in 2022, led by a surge in fast fashion and growth in e-commerce. The Textiles Ministry is formulating its Vision 2047 based on five thematic pillars- Research & Innovation; Infrastructure, Trade & Investment; Marketing & Brand Promotion; Skilling & Quality and Sustainability. Moreover, milestones for 2030 are also under consideration, wherein domestic market is seen growing to \$ 250 billion by 2030 and exports to \$ 100 billion. The vision includes making India a global leader in sustainable manufacturing with 30 percent share of global recycled fibres and setting up a new segment of the value chain-textiles recycling and waste management.

4. In a recent panel discussion organized by Crisil, titled 'Upstream textiles sector: Threads of promise', industry experts provided insights into the outlook for the cotton yarn and polyester yarn segments of the upstream textiles industry for the fiscal year 2024-25. Crisil anticipates moderate revenue growth of 4-6 percent year-on-year (YoY) for the cotton yarn segment, attributed to expected improvements in downstream demand, stable yarn prices, and enhanced availability of cotton. Meanwhile, the polyester yarn segment is forecasted to achieve 2-4 percent YoY growth, despite an export slowdown, thanks to the introduction of a Quality Control Order (QCO) aimed at curbing the influx of cheap polyester yarn into India. The panel highlighted:

- Expectations of a decline in cotton production in the upcoming Cotton Season 2024-25, which could impact acreage due to recent declines in cotton prices
- Capacity utilization levels are also expected to improve, particularly in downstream industries such as knitwear and home textiles.
- Profitability in both segments is expected to see an uptick, with cotton yarn projected to reach 10-10.5 percent and polyester yarn to achieve 6.5-7.5 percent margins, respectively.
- The implementation of the QCO, aimed at curbing the dumping of cheap polyester yarn, is expected to benefit Indian manufacturers.
- Working capital to normalize in the near-medium term for the cotton yarn segment, supported by a regular supply of cotton and lower cotton prices. Conversely, no significant movements are anticipated in working capital requirements for the polyester yarn segment.

Crisil panel remains cautiously optimistic about the outlook for the upstream textiles sector, foreseeing steady growth and stable credit profiles in 2024-25.

5. The textile yarn market is expected to reach \$23.51 billion by 2030, driven by a rising global demand for textiles across various industries, reveals a study by Virtue Market Research, highlighting growth projections, trends, and opportunities. Despite pandemic's disruption of supply chains, the textile yarn market exhibits resilience. The growing demand for textiles in apparel, home furnishings, automotive parts, and industrial applications fuels long-term market growth. As economies recover and manufacturing resumes, the pent-up demand for textiles is expected to propel the market forward. The Asia-Pacific region, including China, India, Japan, and South Korea, is the largest market segment due to abundant raw materials, low labour costs, and supportive Government policies. However, North America, which includes the United States, Canada, and Mexico, is the fastest-growing region. This growth is driven by rising demand for sustainable and high-quality textiles, technological advancements, and a shift towards locally produced goods.

6. The Country is set to broaden the scope of its key Capital Goods Promotion Scheme, which was launched in November, 2024. It has so far focused heavily on electrical components and automobile manufacturing. The Government plans to extend support to sectors like pharmaceuticals and textiles under this Scheme. Currently, industries like mining, textiles, and pharmaceuticals approach their respective nodal ministries for support. The Government may also consider revising the National Capital Goods Policy, 2016 to align with the expanded scope of the promotion scheme.

7. The last ITMF Global Textile Industry Survey (GTIS) was conducted in March, 2024. It reveals a textile business climate with signs of cautious optimism amidst ongoing challenges. Despite a slight recovery in the business environment from November, 2023 to January, 2024, the overall situation remained dire in March, 2024, underscoring the persistent difficulties companies face across the textile value chain. Weak demand continues to be the central concern, overshadowing slight improvements in order intake and capacity utilization rates. Order intake in March, 2024 indicated a marginal improvement, particularly in South-East and South Asia, with fiber producers and weavers/knitters experiencing the most significant growth. The global average order backlog dipped slightly, while capacity utilization rates saw a minor increase to 70 percent in March, reflecting a slow adaptation to the prevailing economic conditions. The industry's resilience is also evident in the relatively low rate of order cancellations, suggesting a degree of stability despite weak demand.

