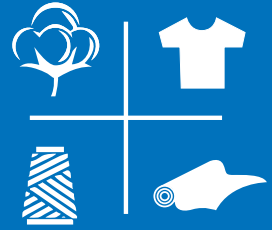




M. P. TEXTILE NEWSLETTER

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



ASSOCIATION NEWS

1. The Association submitted two detailed Representations to the Managing Director, Madhya Pradesh Industrial Development Corporation, Bhopal on 15th July 2024:

I. Regarding our Recommendations for State Textile & Apparel Policy, which included:

- Ease of Doing Business-MPIDC to ensure all approvals in specified time from different Departments;
- Simple Alternative to Benefits of IPA, Interest, Training, Power, STP/ETP and Skill Development;
- Flat 75% Concession in Land Cost;
- Since we do not have established base for skilled manpower and industry has to follow the path of skill development - Employment Generation Assistance as per Garment Policy;
- Review of Minimum Wage Classification and Structure to enable industry to pursue export business fully and bring foreign exchange to exchequer;
- Allow 100 % use of Renewable Energy with a global commitment to Net Zero and carbon neutral working and permission to generate on site or supply to site through distribution net work;
- Proposal for Textile & Apparel Clusters for MSME textile and apparel units.

II. Regarding our Recommendations for making successful textile park under PM - MITRA Yojna:

- Appointment of Relevant Agencies – Consultant and Master Developer;
- Infrastructure Development for logistic, skill development, accommodation, utility and safety, other infrastructure and sustainability;
- Ease of working with respect to labour laws, compliances, welfare, and human resources;
- Applicability of Textile & Apparel Policy terms to units in the Park;

2. The following Mills have been admitted as new Members, we welcome them:

- Mayur Uniquoters Limited, Morena, a unit producing PU Coated fabrics/technical fabrics.
- Kashida Apparel Private Limited, Dhamnod, a unit manufacturing Apparels.

3. As per reports, Swaraj Suiting (our Member) proposes investment of Rs 500 crore in textile sector at Neemuch.

RAW MATERIALS

1 As per USDA Report dated 12th July, 2024 global cotton production in 2024-25 is projected at 120.2 million bales, 6 % (6.5 million bales) above the previous year and 4 % above the 5-year average. For 2024-25, cotton production prospects for the major-producing countries are mixed, with considerable increases for the United States and Brazil more than offsetting smaller decreases for India and Pakistan. World 2024-25 cotton harvested area is forecast at 32.4 million hectares (80.1 million acres), 3 % above 2023-24 but near the average of the last 5 years. The 2024-25 global cotton yield is forecast at 808 kilograms per hectare (721 pounds per acre), 3 % above the 3-year average and a record.

World cotton production is concentrated among a few countries, with the top four countries accounting for 72 % of total expected production in 2024-25, compared with 71 % for the previous season. China and India are forecast to remain the leading cotton producers in 2024-25, accounting for 23 % and 21 %, respectively, of the global total. Production in India is forecast at 25.0 million bales, 4.5 % (1.2 million bales) below 2023-24, with lower area and yield forecast. Higher alternative crop expectations are projected to reduce India's cotton area by 2 % in 2024-25 to 12.4 million hectares, while the yield is forecast to decrease from a 3-year high to 439 kg. per hectare.

World cotton mill use is forecast to expand nearly 3.5 % (3.9 million bales) in 2024-25 to 117.2 million bales, the highest in 4 years. Anticipated stable global economic growth for calendar years 2024 and 2025 and lower cotton fiber prices are projected to support higher mill use despite inflationary pressures. The potential for a rebound in yarn and fabric inventories also is expected to support mill use growth in 2024-25.

Million 480 Pound Bales

World	2022 -23	2023-24	2024 -25
Opening Stock	74.23	79.78	79.31
Production	116.41	113.70	120.19
Consumption	111.70	113.29	117.19
Export/Import	37.65	44.20	44.59
Closing Stock	79.48	79.31	82.63

2. Indian spot prices (Shankar-6 quality) were ruling around Rs. 56,800 on 29th July, 2024. Globally, cotton prices have dropped below 70 cents a pound. Arrival of cotton till 30th June, 2024 was 306.39 lakh bales (Madhya Pradesh 17.75 lakh bales). India's cotton sowing for 2024-25 has slowed, with the area reduced to 108.43 lakh hectares as of 31st July, 2024, down from 118.19 lakh hectares last year. The Ministry of Agriculture indicates that seven out of 11 cotton-growing States have reported slower progress in sowing this year. In Madhya Pradesh it has risen to 6.080 lakh hectares (from 5.790 lakh hectares last year).



3. The 5th Meeting of the MMF TAG and 9th Meeting of the Cotton TAG was held on 12th July, 2024 in Mumbai under the Chairmanship of Hon'ble Union Minister of Textiles, Shri Giriraj Singh. During the meetings the industry leaders kept their view points towards achieving the Visionary target of US\$ 350 billion industry, including US\$ 100 billion exports by 2030. Some of the issues and suggestions that were discussed during the TAG meetings are:

Cotton:

- Need of having newer and enhanced varieties of seed through their faster clearance.
- Include seed manufacturers in TAG.
- Replicate the agronomy success stories of the Pilot Project on Cotton on a mass scale and in a fast-track basis.
- Pay higher premiums to farmers producing Kasturi cotton and organic cotton.
- Special projects towards improving cotton yield and productivity needs to be scaled up with the involvement of the industry.

MMF

- MMF producers and users to work closely and resolve the issues related to pricing and availability.
- Address the shortage of basic raw material such as PTA.
- Measures such as Minimum Import Price (MIP) for checking rising imports of knitted fabrics.
- Request to increase the number of days for re-export from 180 days to 540 days if import is done under advance licence from non BIS licence countries in line with when import from BIS licence countries for re-export is done.
- Yarns not manufactured in sufficient quantities within India to be imported without Bureau of Indian Standards (BIS) certification.

The Hon'ble Minister took note of the various issues and suggestions and assured his full support in resolving the various issues of the industry.

4. The Office of Textile Commissioner vide its Order dated 29th July, 2024 announced Minimum Support Price (MSP) of different varieties of cotton for the season 2024-25 (October-September). The MSP of major varieties is as under:

Class	Staple Length (mm)	Minimum Support Price in Rs/Qtl.	
		2024-25	2023-24
Short Staple	20 & below	6,621	6,120
	21.5-22.5	6,871	6,370
Medium Staple	21.5-23.5	6,921	6,420
	23.5-24.5	6,971	6,470
Medium Long Staple	24.5-25.5	7,121	6,620
	26.0-26.5	7,221	6,720
	26.5-27.0	7,271	6,770
Long Staple	27.5-28.5	7,421	6,920
	27.5-29.0	7,471	6,970
	29.5-30.5	7,521	7,020
Extra Long Staple	32.5-33.5	7,721	7,220
	34.0-36.0	7,971	7,420
	37.0-39.0	8,721	8,220

POWER

1. The M P Power Management Company has advised DISCOMs to bill to the consumers Fuel & Power Purchase Adjustment Surcharge (FPPAS) @ (-) 0.21 % on energy charges only for one month commencing from 24th July, 2024.



MANPOWER

1. An analysis of the latest KLEMS (Capital, Labour, Energy, Material and Service) database released by the Reserve Bank of India (RBI) showed that Textiles, Leather & Footwear Industry saw the highest contraction (-14.2 %) in labour productivity in the year 2022-23.



2. CITI-CDRA Spearheaded by Confederation of Indian Textile Industry (CITI) and International Labour Organization (ILO), have collaborated to support India's vulnerable cotton farmers. Trainings farmers on their rights, better access to finance, better communication, agronomic practices are integral part of training of farmers and hence CITI entered into collaboration with ILO. The joint activities will initially focus on five districts in Madhya Pradesh, a significant region for Organic and Extra-Long Staple (ELS) cotton production. The goal is to improve the overall well-being of cotton farmers and workers in these areas.

LEGAL & TAXATION

The Ministry of Corporate Affairs (MCA), vide Notification dated 15th July, 2024, has amended the Specified Companies (Furnishing of information about payment to Micro and Small Enterprise suppliers) Order, by adding a proviso. The proviso clarifies that only "Specified Companies" that have outstanding payments to any Micro or Small Enterprise supplier for more than 45 days from the date of acceptance or deemed acceptance of goods or services under Section 9 of the Micro, Small and Medium Enterprises Development Act, 2006 (the MSME Act) are required to furnish information in the prescribed form.

EXPORT & IMPORT

1. According to the quick estimates data released by the Ministry of Commerce & Industry on 15th July, 2024:

- Exports of cotton yarn/fabrics/made-ups, handloom products etc from India grew by 0.92% in June, 2024 over June, 2023.
- During April-June, 2024, Indian cotton yarn/fabrics/made-ups, handloom products registered a growth of 5.71%.
- During June, 2024, Indian Textiles Exports registered a growth of 0.05% over the June, 2023, while Apparel Exports registered a growth of 3.68% during the same time period.
- Cumulative Exports of Textiles and Apparel during June, 2024 have registered a growth of 1.63% over June, 2023
- During April-June, 2024, Indian Textiles Exports registered a positive growth of 3.99% over the same period of previous year, while Apparel Exports registered a growth of 4.20% during the same time period. Overall T&A registered a growth of 4.08% during April-June, 2024.



The information relating to textile and apparel exports during the period April-June, 2024 as compared to exports in April-June, 2023 is as under:

Value in US\$ Million

Exports	Apr.-June 2023	Apr.-June 2024	% Change
Cotton Yarn, Fabrics, Madeups, & Handloom Products	2,758.52	2,916.09	5.71
MMF Yarn, Fabrics, Made-ups, etc.	1,621.12	1,165.37	0.37
Jute Products	94.57	83.27	(-)11.95
Carpets	326.16	363.37	11.41
Handicrafts, etc.	405.87	407.59	0.42
Textiles	4,746.24	4,935.69	3.99
Apparel	3,694.64	3,849.68	4.20



Textiles & Apparel	8,440.88	8,785.37	4.08
All Commodities	1,03,894.92	1,09,963.42	5.84
% Share of T & C	8.12	7.99	

● Cumulative Exports of Textiles and Apparel during April – June, 2024 were 7.99 % of total exports compared 8.12 % in April –June, 2023.

2. During June, 2024 imports of Cotton Raw & Waste dropped by 26.16 % to \$ 70.22 million. Textile yarn, fabric and made-ups imports increased by 23.83 % to \$ 209.23 million. The details of imports in April-June , 2024 as compared to the same period of previous year are as under:

Value in US\$ Million

Imports	Apr.-June 2023	Apr.-June 2024	% Change
Cotton Raw & Waste	198.49	152.01	(-)23.42
Textile Yarn, Fabrics, Made-ups, etc.	518.47	557.20	7.47

3. During the period January –May, 2024, USA's total Textile & Apparel imports from India have increased by about 2.5% while its T&A imports from China and Bangladesh have declined by 1.3% and 11.9% respectively, indicating a positive development for India's T&A exporters. Details are as under:

Value in US \$ Million

January - May	2023	2024	% Change
China	9,053.0	8,939.1	(-)1.3
Bangladesh	3,405.3	3,001.6	(-)11.9
India	3,952.5	4,050.9	(+)2.5

4. The DGFT vide its Trade Notice No. 08/2024-25 dated 10th July 2024 has issued the below given clarification concerning the extension of the Interest Equalization Scheme (IES) for Pre and Post shipment Rupee Export Credit for two months beyond 30th June, 2024:

- The Interest Equalisation will be capped at Rs. 1.66 crore per IEC for the period from 1st July, 2024 to 31st August, 2024 .
- The scheme extended vide Trade Notice No. 07/2024-2025 dated 28th June, 2024 is applicable only to MSME Manufacturer Exporters, who are eligible for IES benefit of 3%.
- Applicants would not be required to generate revised UIN for the extended period if the applicants have already generated UIN for the financial year 2024-2025.

5. The DGFT has issued Public Notice No. 14/2024-25 dated 16th July, 2024 amending para 4.49(b) of Hand Book of Procedures. If the export obligation is fulfilled in quantity but there is shortfall in value, no penalty will be imposed, if authorization holder has achieved minimum value addition prescribed. If the value addition falls below minimum value addition, authorisation holder has to deposit 1% of shortfall in FOB with DGFT in Rupee.

6. The Department of Revenue on 19th July, 2024 amended Notification No. 24/2023-Customs (N.T.) dated 1st April, 2023 -by Extension of RoDTEP support to exports by unit in SEZ.

7. As per official data on Niryat Portal, the export of readymade garments, cotton yarn and fabrics for the period October, 2023 to May, 2024 stood at \$17.9 billion compared to \$ 17.5 billion for the same period in the previous year, bucking a declining trend. Yarn exports during the period witnessed a growth of 51% in volume terms. A rapid increase in the export of cotton yarn due to comparatively lower domestic prices of raw cotton and a marginal increase in textile demand from the US and European markets have led to a moderate revival of the country's labour-intensive textile industry, which has remained at a low ebb since the pandemic.

8. In the year 2023-24, the share of India's yarn exports to China rose to 21 % from 10 % in 2022-23. This increase was boosted by the competitive pricing of Indian cotton yarn along with concerns surrounding Xinjiang

cotton production, which led global markets to seek alternatives from India. Bangladesh, China, and Vietnam collectively accounted for 60 % of India's cotton yarn exports. During the fiscal year, India's cotton yarn exports soared by 83 %, driving the share of yarn exports to 32 % of India's total production, up from 19 % in 2022-23. This growth was pivotal in mitigating domestic market challenges, where subdued demand persisted. Despite increase in overall cotton yarn production.

9. As per reports, textile industry is witnessing increased dumping of fabric from China. China is supplying cotton like fabric at almost half the price of Indian cotton fabrics, which is badly hurting the domestic manufacturers. The Chinese exporters are paying lesser duty. The Government has implemented system of fixed price for knitted cloth, similar intervention is required for the woven fabric.

10. In a bid to stimulate innovation and bolster India's competitiveness in the global textile market, industry stakeholders have called for the relaxation of regulations governing the import of specialized yarns. The proposal advocates for the allowance of yarns not manufactured in sufficient quantities within India to be imported without Bureau of Indian Standards (BIS) certification.

STATE OF INDUSTRY

1 According to data released by the Ministry of Statistics and Programme Implementation (MoSPI) on 12th July, 2024 India's industrial production growth improved to 5.9 % in May, 2024, mainly due to good show by the manufacturing sector. For the fiscal 2023-24, IIP growth was 5.9 % against 5.2 % in the preceding financial year.



- IIP for the manufacture of textiles was down by 0.7 % in May, 2024 as compared to May, 2023.
- IIP for wearing apparel was up by 9.0 % in May , 2024 as compared to same month of last year.

The details of IIP for the period April-May, 2024-25 as compared to those of same period of 2023-24 are as under:

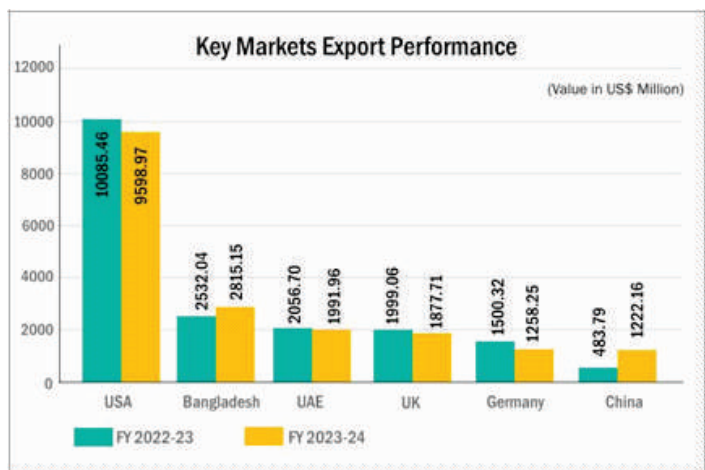
Items	For the Month		Cumulative		Growth Apr-May 2024
	May 2023	May 2024	Apr-May 2023	Apr-May 2024	
General	145.6	154.2	143.2	151.0	5.4%
Textiles	107.4	106.7	106.5	105.6	(-)0.8%
Weaving Apparel	112.2	123.2	102.2	114.2	11.7%

2. The Confederation of Indian Textile Industry (CITI) and the Taiwan Textile Federation (TTF) have signed a Memorandum of Understanding (MOU) on 9th July, 2024 to enhance cooperation between the textile and clothing industries in the two countries. CITI and TTF have committed to several key initiatives to bolster their collaboration:

- Actively promote business promotional activities in trade, investment, technology cooperation, and other services related to textile and clothing.
- Provide platforms for constructive dialogue among their members to stimulate collaboration.
- Collaborate in organizing seminars, exhibitions, conferences, and engagements with policymakers, delegations, and trade promotion agencies.
- Enhance technological assistance, training, and capacity-building initiatives.
- Facilitate the exchange of information on policies and industry activities.
- Disseminate information on trade and investment opportunities to foster greater economic synergy
- Advocate for initiatives that promote ease of doing business in both countries.

3. In the dynamic world of India's Textile and Clothing (T&C) sector, the fiscal year 2023-24 has brought both challenges and opportunities. As global markets shift and consumer preferences change, India's role in the global textile trade is closely examined by Henry D'souza, Associate Editor of Textile Insights:

- Woven apparel, the largest exported commodity, saw a decline of 8.12% to US\$ 7,804.43 million, accounting for 22% of total T&C exports.
- Knitted apparel, representing 19% of total T&C exports, also declined by 12.58% to US\$ 6,740.58 million. The USA remains the largest market, but exports to the country decreased by 10.91% to US\$ 2,215.19 million
- Cotton yarn emerged as the highest exported product within the cotton segment, with exports totaling US\$ 3,780.23 million, a growth of 37.34% in 2023-24. The average UVR for cotton yarn was US\$ 3.11 per kg, down from US\$ 4.15 per kg in the previous year.
- Raw cotton exports grew by 42% to US\$ 1,128.27 million, with an average UVR of US\$ 1.96 per kg. The quantity of raw cotton shipped was 574.30 million kgs.
- Exports of MMF dropped by 10.16% to US\$ 1,760.98 million. The most exported product, woven fabric of synthetic filament yarn, declined by 8.88% to US\$ 853.52 million. However, the quantity of MMF fabric supplied increased by 7.05% to US\$ 1647.25 million sq.mtrs. with an average UVR of US\$ 0.52 per sq.mtr.
- MMS Fibre exports decreased by 7.86% to US\$ 1,639.24 million. However, the export of MMSF fabrics saw a marginal growth of 0.67% to US\$ 642.46 million, with an average UVR of US\$ 1.08 per sq.mtr. The Country wise trends of our first six largest buyers have been as under:



Exports to USA declined by 4.28%; Bangladesh up by 11.18%; UAE down by 3.15%; UK declined by 6.07%; Germany down by 16.14%; and China up by 152.62%.

4. As per report dated 16th July, 2024, ICRA anticipates a robust recovery for India's cotton spinning industry in 2024-25 with an expected growth of 6-8%. This revival will be driven by a 4-6% increase in volume and modest realisation gains. This forecast follows two years of decline due to subdued domestic demand and falling yarn realisations. Over two-thirds of the total cotton yarn produced is consumed domestically, and signs of recovery are emerging from downstream segments such as readymade garments and home textiles. While exports, which rebounded in 2023-24 on a lower base, are likely to stabilise in 2024-25, they will face challenges from sluggish global demand. However, a shift in sourcing preferences away from other countries is expected to mitigate this impact.

Domestic cotton prices, which peaked sharply in the first half of 2022-23, reaching an all-time high of Rs. 284 per kg (approximately \$3.4), have been on a downward trend over the last two years. Average prices fell by approximately 26% year-over-year in 2023-24 due to a moderation in global prices and weak end-user demand. In the near term, prices are expected to rise slightly due to recovering demand and a projected reduction in the cotton sown area. Cotton yarn prices, which have been declining since June, 2022 amid softening cotton fibre prices and reduced downstream demand, are also expected to see a marginal increase in 2024-25, though they will remain sensitive to demand fluctuations

5. The think tank Global Trade Research Initiative (GTRI) in a report titled, "How Complex Procedures, Import Restrictions and Domestic Interests Hinder India's Garments Exports" has also raised concerns about a steady rise in India's garments and textiles imports in recent years, which had

grown to almost \$9.2 billion in calendar year 2023. It warned that this tally could rise faster, if the export slide isn't arrested, especially with firms like Reliance Retail expected to kick off sales of Chinese brands like Shein in the Country.

Complex procedures, import restrictions and domestic vested interests are holding up Indian garment export growth. At the root of the exporters' problem is difficulty in obtaining quality raw fabric particularly synthetic fabric. Bangladesh and Vietnam do not suffer from these complexities.

6. On 20th July at Regional Industry Conclave, Jabalpur Chief Minister Dr. Yadav, Chief Minister of the State declared that an ultra-modern Skill Development Center will be set up in textile sector, which will benefit women by offering employment opportunities.

7. The South India Mills' Association (SIMA), the Indian Cotton Federation (ICF) and The Tiruppur Exporters' Association (TEA) signed agreements with the Madhya Pradesh Government on 25th July, 2024 at Coimbatore. SIMA and ICF will promote cultivation of Extra Long Staple (ELS) cotton, increase acreage and yield. The TEA will facilitate the establishment and expansion of garment manufacturing units in Madhya Pradesh and promote investment opportunities for the garment industry by support to set up plug and play facilities, and promote assistance for planning of garment clusters.

BUDGET PROPOSALS 2024-25 (Relating to Textile & Apparel Industry)

- The import duty on "Methylene Diphenyl Diisocyanate" (MDI-used for manufacture of Spandex yarn) reduced to 5% from the current 7.5% to rectify inversion in duty.
- Filling material from duck or goose for use in manufacture of garments for exports reduced to 10% from the current 30%.
- Plans to introduce new tariff lines for technical textiles.
- Government will reimburse EPFO contributions of employers up to Rs. 3,000 per month for two years for all new hires.
- One-month wage to new entrants in all formal sectors in three installments up to Rs. 15,000.
- Incentive to both employee and employer for EPFO contributions in the specified scales for the first four years.
- Credit Guarantee Scheme for facilitating term loans to MSMEs for purchase of Machinery and equipment without collateral or third party guarantee.
- New mechanism for facilitating continuation of bank credit to MSMEs during stress period.

The allocation for various Schemes of Textile Ministry in the Budget is as under:

Scheme	Rs. in crore	
	2023-24	2024-25
National Technical Textile Mission	170.00	375.00
Integrated Scheme for Skill Development	115.00	166.00
Textile Cluster Development Scheme	70.00	100.00
PM MITRA Park Scheme	52.30	300.00
ATUFS	675.00	635.00
Integrated Processing Development	26.00	30.00
Production Linked Incentive Scheme	5.00	45.00