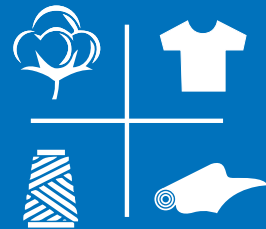




M. P. TEXTILE NEWSLETTER

THE MONTHLY NEWS LETTER OF THE MADHYA PRADESH TEXTILE MILLS ASSOCIATION



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

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ASSOCIATION NEWS

1. We have submitted our suggestions for Pre-Budget Memorandum 2025-26 to Confederation of Indian Textile Industry (CITI) and Confederation of Indian Industry (CII) on 16th October, 2024. The main points raised by us are:

- Slot entire MMF textile value chain (fibre to finished goods) @ 5% GST rate at par with cotton textile value chain;
 - Enhance RMG value cap under 5% GST to Rs. 2,500, which would boost domestic consumption;
 - Allow refund of Input Tax Credit on Capital Goods & Services.
 - Reduce GST rate for services rendered by Common Effluent Treatment Plant from 12% to 5%;
 - Include Fuel used for generation of electricity under GST, so that industry gets refund of input tax reducing power cost;
 - Remove Custom Duty on import of Cotton during off season (April-September);
 - Set up Cotton Price Stabilization Fund with 5 % interest subvention to actual users. Margin money for cotton finance be reduced from 25 % to 10 % and stock limit be increased from three months to nine months to enable mills to purchase during season;
 - Expedite new Scheme of Textile Technology Up-gradation;
 - Review rates of Duty Drawback to include taxes not being reimbursed through GST;
 - Continue the Scheme of Interest Equalization;
 - Introduce Production Linked Incentive Scheme for cotton sector;
 - Simplify Electricity Laws regarding levy of Additional Surcharge and other charges on power tariff;
 - Reduce Hank Yarn Obligation to 15%.
2. The following Mills have joined as Members of the Association; we welcome them:
- Manjeet Cotton Private Limited, Satrati, and
 - Manjeet Global Private Limited, Satrati.
3. Our Congratulation for Awards by TEXPROCIL to:
- Shri R K Dalmia, Aditya Birla Group - Vastra Bhusan Award and
 - Padam Bhushan Shri S P Oswal, Vardhman Group - Textile Excellence Award.

RAW MATERIALS

1. As per US Department of Agriculture (USDA) report dated 12th October, 2024, Global cotton production in 2024-25 is projected at 116.4 million bales, 2.5 % (2.85 million bales) above the previous year and less than 1 %

above the 5-year average. For 2024-25, cotton production prospects are mixed for the major producing countries. The United States and Brazil were largely responsible for the year-over-year global increase, which was somewhat offset by declines for India and Pakistan. World 2024-25 cotton harvested area is forecast at 31.1 million hectares (76.9 million acres), less than 1% below the previous year. The 2024-25 global cotton yield is forecast at 814 kilograms (kg) per hectare (726 pounds per acre), 3% above the 3-year average and a record high. World cotton production is concentrated among a few countries, with the top four accounting for 71 % of total expected production in 2024-25, similar to the previous season. China and India are expected to remain the leading cotton producers in 2024-25, accounting for 24% and 21 %, respectively, of the global total. China is projected to produce 27.8 million bales of cotton, just under 2% increase from 2023-24. China's harvested area is expected to be unchanged in 2024-25 at 2.85 million hectares. With no change to harvested area, an increase in yield is responsible for the gain in production. China's yield is projected at 2,124 kgs. per hectare, the second highest on record and just below 2022-23. Production in India is forecast at 24.0 million bales, 7% (1.8 million bales) below 2023-24, with lower harvested area primarily responsible for the decrease. India's area is expected to decline 7% (900,000 hectares) to 11.8 million hectares, while the national yield remains relatively flat at 443 kgs. per hectare.



World cotton mill use in 2024-25 is forecast at 115.7 million bales, 2.6 million (2.3%) above 2023-24 and similar to the 2021-22 level. Lower cotton fiber prices and the expectation for a slight improvement for textile manufacturing is forecast to support the increase. Cotton mill use is forecast to equal or exceed last season for each of the major cotton-spinning countries in 2024-25, with Pakistan being the exception.

For the top six cotton-spinning countries—China, India, Pakistan, Bangladesh, Turkey, and Vietnam—mill use is projected to account for a combined 82 % of the world total in 2024-25, slightly below last season. Cotton mill use in China is forecast at 38.0 million bales in 2024-25, unchanged from the previous year. China remains the leading cotton spinner, accounting for approximately one-third of world cotton mill use.

Global cotton trade is forecast at 43.0 million bales in 2024-25, nearly 4 % (1.7 million bales) below last season. Reduced imports by China—the largest raw cotton importer—more than offset the gains expected for the other major importing countries this season. Higher cotton imports are forecast this season for each of the major importing countries except China.



Million 480 Pound Bales

	2022-23	2023-24	2024-25
Opening Stock	71.01	75.97	75.20
Production	116.46	113.66	116.64
Import/Export	37.65	43.97	42.48
Consumption	112.64	113.85	115.74
Closing Stock	75.97	75.20	76.33

2. The Union Minister of Textiles, Shri Giriraj Singh attended the celebration of World Cotton Day 2024 on 7th October, 2024, which was hosted by the Ministry of Textiles with Confederation of Indian Textile Industry (CITI) and Cotton Corporation of India (CCI) focusing on the theme of "Mega Trends Shaping Cotton Textile Value Chain". The Textiles Minister while addressing the august gathering reiterated the commitment of the Government to achieve the target of USD 350 billion by 2030 including export target of USD 100 billion. This could only be achieved, if all the stakeholders in the cotton value chain join hands together. He also shared the experience that how adoption of best farm practice like high density planting, closer spacing, drip fertigation etc., can increase the yield to even 1,500 kgs. per hectares as against the present national average yield of about 450 kgs. He said, we have decided and developed a model (for cotton production) based on (best practices followed in (as the High-Density Planting (HDPS) model) for Akola, Maharashtra.

The outcome of this pilot project will encourage the farmers of other areas to adopt these practices for better yield. Gujarat, Maharashtra, Telangana, Rajasthan, Karnataka, Andhra Pradesh, Haryana, Madhya Pradesh, Punjab and Odisha are among the top cotton producing states in India.

3. The Cotton Association of India (CAI) in its latest estimate of cotton pressing for the season 2023-24 beginning from 1st October, 2023 has pegged the cotton production at 325.29 lakh bales of 170 kgs. each as against its previous estimate of 323.02 lakh bales of 170 kgs. each. The imports for the season estimated at 17.50 lakh bales of 170 kgs. each. It has reduced its domestic consumption estimate by 4.00 lakh bales to 313.00 lakh bales of 170 kgs. each from its previous estimate of 317.00 lakh bales of 170 kgs. each. The exports for the season are estimated at 28.50 lakh bales of 170 kgs. each as against 15.50 lakh bales of 170 kgs. each last season.

4. The Cotton Association of India (CAI) in its first estimate of the cotton pressing for 2024-25 season beginning from 1st October, 2024 has estimated cotton crop at 302.25 lakh bales of 170 kgs. each. There could be a variation of +/- 5% in the cotton pressings on account of unpredictable monsoon pattern and other factors influencing the crop. The cotton imports are estimated at 25.00 lakh bales as against 17.50 lakh bales imported last year, which is up by 42 %, while the cotton exports for 2024-25 crop year are estimated to be at 18.00 lakh bales as against last year's 28.50 lakh bales down by 37%.

5. Cotton Candy prices edged up by 0.09% to settle at Rs. 57,000, supported by the USDA's reduction in India's cotton production forecast for the 2024-25 season to 30.72 million bales due to crop damage from excessive rains and pest issues. Additionally, ending stocks are forecasted to drop to 12.38 million bales. Acreage under cotton is down by about 9%, but higher yields from timely rains are expected to offset this reduction. However, the upside remains limited due to moderate demand and weak export activity, particularly in Bangladesh.

6. The Annual Report of Better Cotton 2023-24, a (Switzerland based Not for Profit Organization) states during cotton season 2022-23, 5,467,081 tons of Better Cotton lint was produced worldwide, which is about 22% of World cotton production. There was increase of 1% in production compared to season 2021-22. Better Cotton is grown in Gujarat, Madhya Pradesh, Maharashtra, Punjab, Rajasthan and Telangana, and Karnataka and was produced in India by 8,42,385 licensed BCI Farmers producing Better Cotton lint of 9,17,127 tons in cotton season 2022-23 on 13,27,844 hectares of land.

7. According to the latest Materials Market Report from Textile Exchange Global fiber production reached an all-time high of 124 million tons in 2023. Global fiber production has more than doubled since 2000. The last year's 124 million tons represents a 7% increase from 116 million tons in 2022, and is expected to rise to 160 million tons in 2030, if current trend continues. The production of virgin fossil-based synthetic fibers increased from 67 million tons in 2022 to 75 million tons in 2023. Polyester remained the most produced fiber globally, accounting for 57% of total fiber production.

Total global cotton volumes fell slightly from 25.1 million tons in 2022 to 24.4 million tons in 2023. However, the share of cotton produced under sustainability programs remained stable, accounting for 29% of all cotton produced. Overall Man Made Cellulosic Fibre production increased from 7.4 million tons in 2022 to 7.9 million tons in 2023, representing 6% of the global fiber market.

POWER

1. M P Power Management Company has advised DISCOMs to recover Fuel & Power Purchase Adjustment Surcharge (FPPAS) @ minus (-) 4.15 % of energy charges only for one month commencing from 24th October, 2024.



2. On 9th October, 2024 the Energy Department of the State has issued "Udyog Mitra Yojna-2024" for the benefit of those HT/LT consumers, whose power supply has been disconnected permanently and desirous of relief in settlement of dues and taking new connections. The Scheme will be in force for two years.

MANPOWER

1. The Employees Provident Fund Organisation (EPFO) has released new guidelines for processing Digital Signature Certificate (DSC) and E-Sign requests submitted by employers. The use of DSC was mandated by previous circulars from the Central PF Commissioner, requiring at least one DSC from an employer or authorized signatory to be registered with EPFO. The introduction of e-sign as part of the e-governance initiative further emphasizes the need for secure authentication. The guidelines highlight the potential legal consequences of any misuse, making it crucial for employers to follow the outlined procedures meticulously.



2. Union Labour Minister has announced the extension of enhanced insurance benefits under the Employees' Deposit Linked Insurance (EDLI) Scheme for members of the Employees' Provident Fund Organisation (EPFO). The move, which is effective retrospectively from 28th April, 2024 will provide life insurance coverage of up to Rs 7 lakh to more than 6 crore EPFO members.

3. Samarth is a demand-driven and placement-oriented umbrella skilling program of the Ministry of Textiles. Samarth Scheme has been extended for two years (Financial Year 2024-25 and 2025-26) with a budget of Rs. 495 crore to train 3 lakh persons in textile-related skills.

4. The Government has launched the Prime Minister's Internship Scheme on 3rd October, 2024. It is aimed to provide one crore young individuals with valuable internship opportunities over the next five years, allowing them to immerse themselves in diverse business environments and explore a variety of professions. Interns will receive a monthly stipend of Rs. 5,000 throughout the internship duration. This consists of:

- Rs. 500 contributed by partner companies, contingent on attendance and conduct.
- The remaining Rs. 4,500 will be provided by the Government via Direct Benefit Transfer (DBT) to the intern's Aadhaar-seeded bank account.
- Additionally, a one-time grant of Rs. 6,000 will be disbursed after joining the internship, also through DBT.

LEGAL & TAXATION

Rule 89(4A), Rule 89(4B) and Rule 96(10) of CGST Rules, 2017 are deleted with effect from 8th October, 2024. These were the disputed GST Rules, which prevented Advance Authorization Holders, EOUs and Merchant Exporters (0.1% percent scheme) from exporting finished goods on payment of IGST under refund model, if they are importing goods without payment of GST. This had created working





capital problems for many companies. After deletion of said rules, the companies can now import their goods without payment of IGST and export on payment of IGST under refund model.

EXPORT & IMPORT

The Central Government released the information relating to exports for the month of September, 2024 on 16th October, 2024.

There has been overall positive growth in all the segments of the textile industry except Jute Manufacturing. The information relating to textile and apparel exports is as under:



Value in US\$ Million

Exports	Apr. - Sept. 2023-24	Apr. - Sept. 2024 -25	% Change
Cotton Yarn, Fabrics, Made - ups, & Handloom Products	5,899.76	5,946.53	0.79
MMF Yarn, Fabrics, Made - ups, etc .	2,336.25	2,405.06	2.95
Jute Products	185.14	179.39	(-)3.11
Carpets	669.35	745.74	11.41
Handicrafts, etc .	791.99	878.76	10.96
Textiles	9,882.49	10,155.48	2.76
Apparel	6,916.44	7,505.14	8.51
Textiles & Apparel	16,798.93	17,660.62	5.13
All Commodities	2,11,079.42	2,13,222.29	1.02
% Share of T & C	7.96	8.28	

- During September, 2024, Indian Textiles Exports registered a growth of 9.56 % over September, 2023, while Apparel Exports registered a growth of 17.30 % during the same time period.
- Cumulative Exports of Textiles and Apparel during September, 2024 have registered a growth of 12.38 % over September, 2023.
- Share of T&A has increased to 8.45 % in September, 2024 from 7.56 % in September, 2023.
- During April - September, 2024, Indian Textiles Exports registered growth of 2.76 % over the previous year, while Apparel Exports registered a growth of 8.51% during the same time period.
- Cumulative Exports of Textiles and Apparel during April –September, 2024 have registered a growth of 5.13 % compared to April-September, 2023.

2. The import of raw cotton and waste increased by 236.26 %, whereas import of Textile yarn, fabrics, made-ups decreased by 1.80 % in September, 2024 as compared to the same month of the previous year. The details of imports in April-September, 2024 as compared to the same months of the previous year are under:

Value in US\$ Million

Imports	Apr. - Sept. 2023-24	Apr. - Sept. 2024-25	% Change
Cotton Raw & Waste	402.04	477.38	18.74
Textile Yarn, Fabrics, Made-ups, etc.	1,137.56	1,176.76	3.45

3. The Director General of Foreign Trade has notified on 23rd October, 2024 Procedure for Filing of Annual RoDTEP Return as per Para 4.94 under Chapter 4 of the Hand Book of Procedures, 2023.

4. The textile and apparel trade continued to be influenced by a combination of global economic trends, shifting consumer preferences, and industry-specific dynamics. Due to abroad slowdown in demand driven by inflationary pressures in key consumer markets, the overall global trade in Textiles & Apparel (T&A) saw a decline in 2023. The global T&A trade is estimated to be US\$ 852 billion in 2023 and has declined by 6% in 2023

compared to 2022. The recent challenges notwithstanding, the trade has continued to grow over the years in the long term.

Value in US \$ Billion

	Global Textile & Apparel Trade				
	2010	2017	2019	2022	2023
Fibre	29	34	34	41	36
Yarn	49	52	52	54	47
Fabric	124	148	150	152	112
Apparel	333	455	482	540	508
Home Textile	41	50	51	58	56
Other	35	50	70	65	93
Total	612	789	840	910	852

China, holding a 34% share, is the world's largest T&A supplier. However, a significant trend has been buyers diversifying sourcing from China to mitigate sourcing risks. The US ban on Xinjiang cotton has accelerated this shift. While China remains a major supplier, its global Market share has decreased.

The market share lost by China has primarily been captured by Bangladesh (6%) and Vietnam (5%). Meanwhile, India, which holds a 4% share of the global market, has seen a slight decline of -1% CAGR since 2019. Despite this, India's robust ecosystem, stable political environment, and rising disposable income of people present a significant opportunity for the country to emerge as a viable alternative to China in the near future.

Value in US\$ Billion

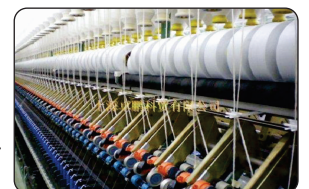
Country	Global Major Exporters of Textile & Apparel				
	2010	2019	2023	CAGR% 2019-23	Share %
China	234	279	291	1	34
Bangladesh	18	44	47	2	6
Vietnam	14	44	39	3	5
Germany	30	41	41	0	5
Italy	32	36	40	3	5
India	27	36	34	-1	4
Turkiye	22	29	33	3	4
RoW	237	332	327	-0.4	38
Total	613	840	852	0.4	

5. ICRA expects the Indian apparel exporters to register a 9.11% revenue expansion in financial year 2024-25, aided primarily by the gradual liquidation of retail inventory in the key end markets and a shift in global sourcing to India, a part of the derisking strategy adopted by several customers. This follows a tepid performance in financial year 2023-24, when exports were affected because of high retail inventory, sluggish demand from the key end markets, supply chain issues (including the Red Sea crisis) and heightened competition from neighboring countries.

At US\$ 9.3 billion (in calendar year 2023), the US and the European Union (EU) region account for over two-thirds of apparel exports from India and remain the preferred destinations. While headwinds persist in certain end markets because of geopolitical tensions and macroeconomic slowdown, there has been a gradual recovery in apparel exports from India in the current year.

STATE OF INDUSTRY

1. According to data released by the Ministry of Statistics and Programme Implementation (MoSPI) on 11th October, 2024, India's industrial output (General Index) surged (-)0.1% in August, 2024 up from 4.8% in July, 2024. The index for manufacture of textiles, which was 107.1 in August, 2023 increased to 109.1 in August, 2024 showing an increase of 1.9%. The Wearing Apparel Index increased to 111.5 in August, 2024 from 97.8 in August, 2023 recording a growth of 14.0%. The details of IIP are as under:



Items	For the Month		Cumulative		Growth
	Aug 2023	Aug 2024	Apr-Aug 2023-24	Apr-Aug 2024-25	Apr-Aug 2024-25
General	145.8	145.6	143.7	149.7	4.2%
Textiles	107.1	109.1	107.3	107.3	0 %
Wearing Apparel	97.8	111.5	105.2	114.9	9.2%

2. As per Office of Textile Commissioner, the estimated production of Man-made fibre, filament yarn, cotton yarn and blended and 100% non- cotton yarn during April-August, 2024-25 have been as under:

Figures in Million Kgs.

	MMF Fibre	MMF Fil. Yarn	Cotton Yarn	Non cotton & Blended Yarn	Total Yarn
2021 -22	2,160	2,016	4,075	1,758	5,833
2022 -23	2,152	1,904	3,438	1,746	5,184
2023 -24	1,987	1,702	3,756	1,725	5,481
2024 -25 Apr-Aug	852	754	1,557	734	2,292
2023 -24 Apr-Aug	825	716	1,575	724	2,299
Variation%	3.37	5.34	-1.2	1.46	-0.31

3. On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) of Reserve Bank of India on 9th October, 2024 decided to keep the Policy Repo Rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.50 %. Consequently, the Standing Deposit Facility (SDF) rate remains unchanged at 6.25 % and the Marginal Standing Facility (MSF) rate and the Bank Rate at 6.75 %.

4. The Union Minister for Textiles, Shri Giriraj Singh recently said that the Indian textile and apparel sector is aiming for a total business of \$350 billion annually by 2030, which is to generate 3.5 crore jobs. However, the industry went through a tumultuous phase during the last two financial years, casting a shadow on the possibility for 10% CAGR. For an industry that has 80% of its capacity spread across MSMEs and is sensitive to international developments as it is strongly linked to global markets, financial year 2021-22 saw tremendous growth with \$43.4 billion exports. However, slowdown in demand that started in 2022-2023 only worsened in 2023-24 with a slump in exports and domestic demand. This impacted manufacturing clusters severely. In Tirupur, which is a knitwear production destination, many units saw a 40% drop in business in 2022-23. The industry is looking at a \$100 billion investment across various segments of the value chain by 2030 to augment production capacities and meet the \$350 billion target. Labour constitutes roughly 10% of the production cost in the textile sector. The average daily wage of a trained textile worker is reported to be ₹550 a day. Unskilled workers earn about ₹450 a day. The industry has no option but to look at technology and skilling of its workforce to improve productivity and reduce wastages.

5. According to CRISIL Rating India's readymade garments (RMG) industry is expected to see revenue growth moderate slightly to 4-6 % this fiscal, compared with 6 % last fiscal. CRISIL predicts this due to sluggish domestic demand stemming from a shift in consumer spending towards alternative avenues and some inventory build-up last fiscal as retailers had stocked up in anticipation of a continuation of the high domestic revenue growth (around 18%) seen in fiscal 2023. The exports' revenue, which accounts for a fourth of the RMG industry's revenue, is expected to rise 5-7% this fiscal as retailers in the United States and the European Union replenish inventories. Meanwhile, realisations may remain flat amid expectations of lower cotton prices, "The Government's plan to review the Production-Linked Incentive (PLI) scheme for textiles to expand its scope to the readymade garment sector will support exporters over the medium term." The Government's

impetus through various schemes and the recent political developments and ongoing gas crisis in Bangladesh would also benefit the industry in India. It further added that the sector will witness a growth after a prolonged period of sluggish demand in key export markets.

6. Speaking at a session titled 'How can India boost its exports of textile and create millions of jobs', organised by the All India Professional's Congress in Coimbatore on 2nd October, 2024 Shri Chidambaram, Former Union Minister said Government control has crept into the industries sector through instruments like the Companies Act, Income Tax Act and DGFT Rules. What we removed in 1991 has crept in through the backyard. This is because the Government's awareness is less. When the BJP Government took over in 2014, the overall customs tariff was only 8 % but now it was 13 % on an average. An economy under excessive control cannot compete in the global market. Apparel exports from India have declined by 15% in seven years, whereas exports from Bangladesh have increased by 65 %. From being the leader of garments and apparel exports, India has fallen behind Bangladesh, a smaller country and Vietnam, an even smaller country.

If the two smaller countries have benefitted more from China's decline in the textiles sector (due to its focus on production of higher value products), it was because of India's prioritisation of electronics and other capital-intensive industries at the cost of neglect of labor-intensive apparel industry. He suggested that there must be technological upgradation, lesser tariff control, and upscaling of the garment manufacturing units for the growth of the apparel sector in the country.

7. The ITMF Global Textile Industry Survey (GTIS) for September, 2024 indicates an improved business situation, marking the best conditions since September, 2022, with progress largely driven by recoveries in South America and Africa. Despite this, other regions showed no significant advancements. Business expectations remain positive, with optimism stable around +25pp since November, 2023, although the overall business situation has yet to catch up. Order intake remains negative but has been steadily improving for 10 months, particularly in South America and Africa. Capacity utilization reached 75% in September, rising since July and recovering from a low of 68% in November, 2023.

8. The report "The Socio Economic Impact of Second Hand Clothes in Africa and the EU27+" reveals that the sector, a vital component of a future circular textile economy, stimulated an estimated €7.0 billion (\$7.6 billion) total contribution to the EU and UK's (EU27+) GDP in 2023, of which, the sector generated €3.0 billion (\$3.2 billion) itself. In Germany and the UK alone, the industry contributed €670 million (\$720 million) and €420 million (\$450 million) to GDP respectively. In 2023, the sector supported an estimated 150,000 jobs in the EU27+. Of these 110,000 were green jobs directly in the industry, with opportunities particularly for people with little formal education. Eight out of 10 (79%) of the workforce were women, and many employment opportunities were created in lower-income countries such as Bulgaria, Romania and Poland.

9. As per reports, during 5 Regional Industry Conclaves (Ujjain, Jabalpur, Sagar, Gwalior and Reewa) and 4 Roadshows (Bengaluru, Mumbai, Coimbatore and Kolkata), the Madhya Pradesh has received proposals for investment of Rs. 7,455 crore in 23 Textile/Technical Textiles/Apparel units.

