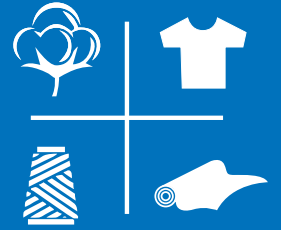




M. P. TEXTILE NEWSLETTER

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 a Representation to the Managing Director, Madhya Pradesh Industrial Development Corporation on 23rd August, 2024 for early release of Investment Promotion Assistance to the Mills, which are facing financial crisis due to political turmoil in Bangladesh, on account of delay in receipt of payments and holding of consignments in transit.
2. During the hearing in the matter of WP No. 10772/2024 on 1st August, 2024, the Hon'ble High Court directed the Office of Labour Commissioner to convene a Meeting of the petitioners and stakeholders for consideration of classification of wages Industry wise and Region wise and complete the exercise within two months. Accordingly a meeting was called by the Labour Commissioner on 8th August, 2024 and all the petitioners and stakeholder were asked to submit their proposals by 28th August, 2024. The Association has submitted its proposals for Textiles & Apparel Industry in respect of distribution of Zones and Wage rates for different categories on 28th August, 2024.

RAW MATERIALS

1. As per USDA Report dated 12th August, 2024 in the 2024-25 global cotton balance sheet, production, consumption, beginning and ending stocks, and World trade are reduced. World production is reduced by about 2.6 million bales, mostly due to lower area and production in the United States and India. Global consumption is reduced almost by 1 million bales, mainly due to reduced consumption in China with largely offsetting changes elsewhere. Beginning stocks are reduced by 3.5 million bales, primarily driven by historical revisions to China's balance sheet. World ending stocks are reduced by 5.0 million bales to 77.6 million bales. The estimate for the "A" Index, a proxy for World cotton prices, is reduced by 2% per pound from the July, 2024 forecast to 81.5 cents. Revisions to the 2023-24 World balance sheet include lower beginning and ending stocks, and lower production and consumption, resulting in a 3.5 million bale reduction in ending stocks.



Million 480 Pound Bales

World	2022-23	2023-24	2024-25
Opening Stock	70.16	75.27	75.78
Production	116.46	113.58	117.64
Consumption	112.64	112.35	116.21
Export/Import	37.65	43.41	43.63
Closing Stock	75.27	75.78	77.61

2. USDA forecasts for the Marketing Year (MY) 2024-25 cotton production for India at 24.5 million 480- pound bales, down by 2 % from last month and 6 % from last year. The harvested area is forecasted at 12.0 million hectares, down by 3 % from last month and 6 % from last year. Yields are forecasted to reach 445 kilograms per hectare, up 1 % from last month and down 1 % from last year. The 6 % drop in area is due to farmers switching to more profitable crops such as soybeans or peanuts. There are reports of farmers holding back harvested cotton from MY 2023-24 in anticipation of higher prices despite an increase in Minimum Support Prices (MSP). Planting is down in Gujarat, Maharashtra, and Telangana in the central cotton belt. At the beginning of the season, the northern cotton areas, which comprise around 15 % of total production, experienced pre-monsoonal heat as high as 47 degrees celsius, which hindered sowing. Consequently, planting is estimated to be down as much as 35 % in the north.

Million 480 Pound Bales

World	2022-23	2023-24	2024-25
Opening Stock	8.40	10.82	10.57
Production	26.30	26.20	24.50
Import	1.73	0.88	2.00
Consumption	24.50	25.00	25.50
Export	1.10	2.33	1.50
Closing Stock	10.82	10.57	10.07

3. According to the 'OECD-FAO Agricultural Outlook 2024-2033' Global cotton production in the 2023-24 season (August 2023-July 2024) is expected to be slightly lower than the previous season, which saw the lowest production in ten years. The decline is largely attributed to expected lower outputs in key producing countries, China and India, due to lower plantings and crop yields, affected by unfavourable weather conditions. Global cotton consumption in 2023-24 is forecast only slightly above its level in 2022-23 season, which was the lowest in ten years. The slowdown in the global economy is seen to affect global demand for cotton-related products. The year-on-year increase is mainly driven by forecasts of higher cotton use in Pakistan, Türkiye, and Vietnam. By contrast, in the World's largest cotton-spinning countries, mill use is projected at the 2022-23 level in China, while in India; a relatively small decrease is anticipated.

4. As per Cotton Outlook Report dated 29th August, 2024 the supply and demand forecast for the season 2023-24 and 2024-25 is as under :

Figures in Tons

	2023-24		2024-25	
	Prodn.	Cons.	Prodn.	Cons.
World	25,066,000	24,115,000	25,115,000	24,371,000
India	5,525,000	5,440,000	5,100,000	5,500,000



5. As per Specialty Cotton Report released by International Cotton Advisory Committee in July, 2024, Specialty cotton currently comprises around 31% of World cotton lint production, up by 2% from last season and increasing every season. Identity programs that apply different sets of social, environmental and economic standards in their production processes together comprise around 29% of total World cotton production. World cotton lint production saw a 3% decline in the 2022-23 season due to adverse weather conditions around the globe and included problems such as floods, drought, and pest pressure, among others. However, the production under specialty cotton increased by 2% in the same year, with production under ELS and LS cotton recording an increase of 46%.

India is a major market for ELS and LS cotton production and consumption. Total production of ELS and LS cotton in India in the 2022-23 season was about 108,000 tons, the second highest in the World, 27% higher than the previous season, and comprising 0.4% of total World cotton production. Production is projected to remain the same in the 2023-24 season.

6. According to Review of World Cotton Situation issued by International Cotton Advisory Committee (ICAC) this month:

- India is expected to produce 5.5 million tons of cotton in 2023-24, reflecting a slight decrease from the previous year. Favorable monsoon rains and expanded planting areas in key producing states such as Gujarat and Maharashtra have supported production stability.
- India's cotton consumption is projected to reach 5.4 million tons in 2023-24, driven by a recovery in the textile and apparel industry. Increased domestic and international demand for cotton-based products has supported consumption growth.
- India is projected to export 459 thousand tons of cotton in 2023-24, reflecting stable demand from neighboring countries such as Bangladesh and Vietnam. India's competitive pricing and high - quality fiber continue to support its position in the global cotton market.

7. The Quality Control Orders (QCOs) on upstream raw material products of the non-cotton textile industry were implemented during the last couple of years. These QCOs were issued to ensure the import of quality raw materials in accordance with the standards set by the Bureau of Indian Standards (BIS).

However, the industry claims that the QCOs have proven disastrous for the Indian textile industry, merely promoting monopolistic activities by a few producers of polyester and viscose fibres, as well as their raw materials and yarn. The suppliers are increasing the prices of raw materials because global supply has been restricted through the QCOs. The industry asserts that QCOs cannot ensure a consistent supply of raw materials, leaving the downstream industry uncompetitive in the global textiles and garment market. The industry has urged the Union Finance Minister to reconsider the QCOs to ensure the supply of raw materials at globally competitive prices and quality.

8. In a written reply in the Lok Sabha on 6th August, 2024, Shri Ramnath Thakur, Union Minister of State for Agriculture and Farmers' Welfare, said the study conducted by ICAR-CICR observed a yield difference of 3-4 quintals per acre with the adoption of Bt cotton. Further, the ICAR-CICR study revealed that the increase in income with the adoption of Bt cotton is due to yield increase and reduction in insecticide cost against the cotton bollworm.

9. According to Cotton Association of India, President Shri Atul S. Ganatra, India's cotton cultivation has declined and will be down by 10% to 12% this season compared with the last one. Shri Ganatra blamed this on falling crop yields per hectare. While the World average is 800 kg per hectare, it is almost half that in India, at about 480 kg a hectare. Indian farmers earn Rs. 90,000 per hectare a season compared with Rs.5 lakh that their Australian counterparts earn. Cotton arrival for 2023-24 season till 25th August, 2024 is 313.81 bales (including in Madhya Pradesh 17.86 lakh bales).

10. The acreage in cotton in the current kharif cropping season is down by around 9 % till 20th August, 2024 at 111.386 lakh hectares over 122.742 lakh hectares in the same period last year. According to the reports, the cotton area in Maharashtra was noted at 40.785 lakh hectares (last year, 41.866 lakh hectares), Madhya Pradesh at 6.149 lakh hectares (last year, 6.500 lakh hectares), Karnataka at 6.690 lakh hectares (last year, 6.557 lakh hectares), Haryana at 6.650 lakh hectares (last year, 6.584 lakh hectares), Gujarat at 23.580 lakh hectares (last year, 26.790 lakh hectares), Telangana at 17.090 lakh hectares (last year, 18.018 lakh hectares), and Andhra Pradesh at 3.500 lakh hectares (last year, 3.690 lakh hectares).

11. The cotton bales Quality Control Order scheduled to be implemented

from 27th August, 2024 has been given further extension of time and will now be implemented effective 27th August, 2025.

12. In its continued effort to uplift India's cotton farming community, the Confederation of Indian Textile Industry (CITI) in association with the International Labour Organization (ILO) has launched an ambitious project aimed at promoting Fundamental Principles and Rights at Work (FPRW) among cotton growing community. The project's inaugural phase will focus on the major cotton producing districts of Madhya Pradesh.

13. Indian domestic raw material prices are significantly higher than the international raw material prices. An important factor for this is the restricted supply of the raw materials, which are today under QCOs. As per the industry inputs, raw materials in India were available to the Indian manufacturers of the downstream products at 14% to 34% higher prices than the price at which it is available to our competitors in Bangladesh or Vietnam. During the 2nd week of August, Cotton was higher by about 30%, PSF prices higher by about 34% and VSF prices were higher by about 14%.

POWER

1. The M P Power Management Company has advised DISCOMs to bill to the consumers Fuel & Power Purchase Adjustment Surcharge (FPPAS) @ 0.29 % on energy charges only for one month commencing from 24th August, 2024.



MANPOWER

1. The variable Dearness Allowance payable to various categories of workmen in the State is likely to increase by Rs. 50 per month w.e.f. 1st October, 2024 due to increase of two points in average of Consumer Price Index for Industrial Workers for the period Jan.to June, 2024.



2. The State Government vide Notification dated 19th July, 2024 issued under Madhya Pradesh Lok Sevaon ke Pradan ki Guarantee Adhiniyam, 2010 have specified time limit for providing certain services and for disposal of first appeals in respect of Industrial Disputes Act, Minimum Wages Act, Equal Remuneration Act, Payment of Gratuity Act, Madhya Pradesh Industrial Relations Act, Madhya Pradesh Industrial Employment (Standing Orders) Act, etc.

3. Employees Provident Fund Organisation has issued a Circular on 28th August, 2024 clarifying that damages on any default made up to 13th June, 2024 in the payment of contributions, charges payable, transfer of accumulations under the Act or any Scheme framed there under are to be levied and recovered in accordance with the prevailing provisions. From 14th June, 2024 revised rate of damages will be 1% per month or part thereof.

LEGAL & TAXATION

The Urban Development & Housing Department of the State has advised all Nagar Nigams and Nagar Parishads to ask concerned stakeholders to submit and obtain approval of Fire Plans before 31st December, 2024, without any fines/penalties.



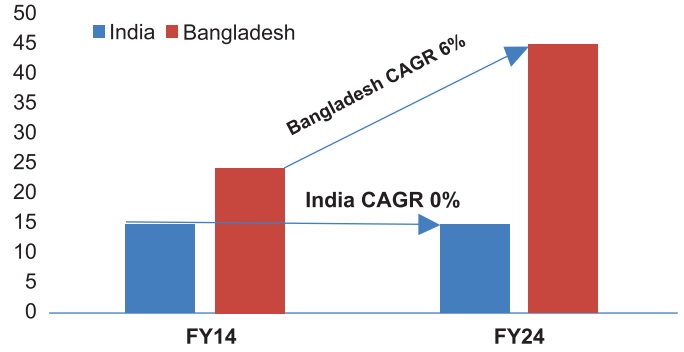
EXPORT & IMPORT

1. The growth in exports was largely due to the increasing share of Indian apparel in key markets such as the US, as well as higher exports to the European Union and the UK. India's textiles and apparel exports in July, 2024 grew by 4.73 % to USD 2,937.56 million compared to the same month last year mainly driven by an increase in demand for apparels, Textiles and apparel exports stood at USD 2,805.01 million in July, 2023, according to the quick estimates data released by the Ministry of Commerce & Industry on 14th August, 2024:

- Exports of cotton yarn/fabrics/made-ups, handloom products, etc. shrunk by 4.13% in July, 2024 as compared to July, 2023.



- During April - July, 2024, cotton yarn/fabrics/ made-ups, handloom products registered a growth of 3.09%.
- During July, 2024, Textiles Exports registered a negative growth of 0.16 % over the July, 2023, while Apparel Exports registered a growth of 11.84 % during the same time period.
- Cumulative Exports of Textiles and Apparel during July, 2024 have registered a growth of 4.73% over July, 2023
- During April-July, 2024, Textiles Exports registered a positive growth of 2.92 % over the same period of previous year, while Apparel Exports registered a growth of 6.00% during the same time period. Overall T&A registered a growth of 4.24% during April-July, 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:



Ready-made Garment exports in \$billion over the past 10 years

6. As per reports, the Ministry of Commerce has sought further extension of the Interest Equalisation Scheme on pre- and post-shipment rupee export credit to promote the Country's outbound shipments. The Scheme will end this month for MSMEs, while it was available to others till 30th June, 2024 only. There is a proposal for extending it and DGFT is hopeful that it should come through in the next one month or so. The extension of Remission of Duties & Taxes on Exported Products (RoDTEP) Scheme is likely to be at least for the fiscal year 2024-25 and may even be beyond it depending on funds.

7. The DGFT has issued Trade Notice No.12/2024-25 dated 14th August, 2024 announcing the introduction of two new functionalities i.e. API Integration and Bulk Upload for the self-certification of Electronic Bank Realization Certificates (eBRCs). These functionalities will streamline the eBRC certification process for exporters. These above functionalities are effective from 20th August, 2024.

8. The immediate concern due to Bangladesh political crisis is what will happen to India's cotton yarn exports? After a woeful period through the pandemic, cotton spinners had just begun seeing an uptick in yarn exports, of which about 44 % was to Bangladesh (May, 2024, CMIE). Bangladesh is the second largest textile exporter in the World (about 7 % of total textile trade), after China (32%). But it sources a lot of its cotton yarn and fabric from India's mills. Therefore, any disruptions in economic activity that could impact the production or movement of goods, is likely to hit Bangladesh's textile exports. In turn, Indian spinning sector will face hiccups in the near-term, if the situation doesn't return to normalcy soon.

9. Despite the crisis looming over the Red Sea, Indian garments and leather products will make it to the shelves in the US and Europe in time for Christmas and New Year this year. Thanks to proper planning, goods were shipped two months in advance to avoid delay during transit. Usually, goods for Christmas and New Year are shipped by August, but this year it was completed in June and July due to the increased transit time and delays. Shri Sivaramakrishnan Ganapathi, Vice-chairman and MD at Gokaldas Exports, a leading apparel manufacturer, said, "We only did a couple of weeks' advancement. When we advance more than a certain period in fast fashions, the designers get into a problem, saying that their predictive accuracy of what will sell during the New Year season reduces."

Value in US\$ Million

Exports	Apr.-July 2023-24	Apr.-July 2024-25	% Change
Cotton Yarn, Fabrics, Madeups, & Handloom Products	3,768.25	3,884.52	3.09
MMF Yarn, Fabrics, Made-ups, etc.	1,551.41	1,570.91	1.26
Jute Products	123.92	108.43	(-)12.50
Carpets	437.59	486.53	11.18
Handicrafts, etc.	528.13	545.93	3.37
Textiles	6,409.30	6,596.32	2.92
Apparel	4,836.59	5,126.87	6.00
Textiles & Apparel	11,245.89	11,723.19	4.24
All Commodities	1,38,386.66	1,44,122.89	4.15
% Share of T & C	8.13	8.13	

2. During July, 2024 imports of Cotton Raw & Waste dropped by 2.74 % to \$ 86.29 million. Textile yarn, fabric and made-ups imports too decreased by 0.22 % to \$ 200.75 million. The details of imports in April-July, 2024 as compared to the same period of previous year are as under:

Value in US\$ Million

Imports	Apr.-July 2023-24	Apr.-July 2024-25	% Change
Cotton Raw & Waste	287.23	238.30	(-)17.04
Textile Yarn, Fabrics, Made-ups, etc.	719.72	757.90	5.30

3. Shri Siddhartha Rajagopal, the Executive Director of Cotton Textiles Export Promotion Council, said US\$ 1.7-billion worth of cotton, cotton yarn and fabrics were exported by India to Bangladesh last fiscal, which is 17% of India's cotton textile exports. According to the Apparel Export Promotion Council, it is quite likely that garment orders may shift to India in the short term and the Indian apparel industry may be asked to fill the gap caused by the political turmoil in Bangladesh.

4. The global textile industry has been dominated by a few key players, with India and Bangladesh standing tall among them. India's textile industry is massive, valued at approximately US\$ 150 billion, with exports contributing around \$40 billion. On the other hand, Bangladesh, though smaller in size, punches above its weight with exports totaling about US\$ 45 billion, driven primarily by its ready-made garment sector.

India's ready-made garment exports are 1/3rd of Bangladesh at US\$ 15 billion and are almost stagnant since 2015. The competition is fierce and while India has the scale, Bangladesh has carved out a niche with its efficiency and export-oriented approach. The opportunity is large and tempting, the path is riddled with challenges that could either propel India to top or leave it trailing behind.

STATE OF INDUSTRY

1. According to data released by the Ministry of Statistics and Programme Implementation (MoSPI) on 12th August, 2024 India's industrial production growth rate for the month of June, 2024 over the corresponding period of previous year is 4.2 percent. The IIP growth rate in June, 2023 was 4.0 percent.



- IIP for the manufacture of textiles was down by 1.7 % in June, 2024 as compared to June, 2023.
- IIP for wearing apparel was up by 2.2 % in June, 2024 as compared to same month of last year. The details of IIP for the period April-June, 2024-25 as compared to those of same period of 2023-24 are as under:

Items	For the Month		Cumulative		Growth Apr-June 2024-25
	June 2023	June 2024	Apr-June 2023-24	Apr-June 2024-25	
General	143.9	150.0	143.4	150.8	5.2%
Textiles	107.8	106.0	106.9	105.8	(-)1.0%
Wearing Apparel	120.1	122.7	108.1	117.0	8.2%

2. The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) on 8th August, 2024 kept its repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 6.5 %. 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 %.

3. After two years of subdued performance, India's polyester yarn manufacturers are set to witness a recovery in operating profitability by 100-150 basis points (bps), reaching 7-8 % this fiscal (2023-24), according to a CRISIL Ratings analysis of 20 polyester yarn makers, which account for approximately 40 % of the sector's revenue. This improvement is attributed to Government counter measures aimed at curbing the import of cheaper competing products.

4. The Textile industry has raised its voice to extend the Minimum Import Price (MIP) on all the HS lines of Chapter 60, which covers all types of knitted and crocheted fabrics. The Government is expected to make a decision soon, as the current MIP on five HS lines will expire on 15th September, 2024.

Since the imposition of the MIP of US\$ 3.5 per kg. there has been a considerable increase in the imports of fabric varieties under other HSN codes at a reduced unit price. Same is evident from the fabric import data from Apr-June, 2024 as compared to Apr-June, 2023. The current unit import prices for fabric categories, particularly under HSN 6001 and 6005, are unviable domestically and are harming the domestic industry. It is also necessary to extend the effect of the MIP of US\$ 3.5 per kg to all knitted fabric categories under HSN 6001, 6002, 6003, 6004, and 6005.

4. The Government is setting up 12 new industrial Parks across the Country and has 5-6 Mega Textile Parks lined up, Minister of Commerce and Industry, Shri Piyush Goyal said on 6th August, 2024.

He urged the private sector to take advantage of these initiatives. Speaking at a Conference organized by the Confederation of Indian Industry (CII), the Minister asked industry leaders to help the Government identify policies and compliance issues faced by businesses and offered to reduce compliance burden and decriminalize business-facing laws.

5. The International Textile Manufacturers' Federation (ITMF) Global Textile Industry Survey (GTIS) in July, 2024 reveals that the global textile value chain remains in a very challenging business environment. Even though on average the business situation is dire, which reflects a low order intake, business expectations in six months' time stay positive. This very mixed picture shows that companies are expecting that this unprecedented long duration of a weak business cycle must come to an end eventually. The major concern in the entire textile value chain was and is weak demand.

6. India's textile industry is expanding at a rapid pace with the Country's textile exports projected to touch US\$ 65 billion by the financial year 2025-26, according to Invest India.

Projections indicate that textiles production in the Country for both the domestic and export markets will grow at a Compound Annual Growth Rate (CAGR) of 10 % to reach the US\$ 350 billion mark by 2030. The figure has been estimated with respect to the Indian textile and apparel market size of around US\$ 165 billion in 2022, of which the domestic market constitutes US\$ 125 billion and exports account for US\$ 40 billion. In addition to India has emerged as the second-largest manufacturer of Personal Protective Equipment (PPE) globally. With over 600 certified PPE-producing companies, India is well-positioned in a market expected to exceed US\$ 92.5 billion by 2025, up from US\$ 52.7 billion in 2019.

7. To enable the industry to have sustainability managers, who are informed and equipped to draw up a target based Environmental, Social, and Governance (ESG) roadmap and good reporting systems, Confederation of Indian Textile Industry (CITI) started the customised Management

Development Programme (MDP) for Textile and Apparel Industry Managers. During the 3 days (29 th - 31 st August, 2024) of the CITI's MDP programme, the Subject Matter Experts from Institutes like Indian Institute of Management Mumbai, Monash University Australia, International Labour Organisation, Regulatory Representatives and Managers Association (RRMA), Toxic Links, Partner in Change as also industry experts from TEXPROCIL, Indo-Count, Sulochna, etc. touched upon the various crucial aspects of ESG such as:

- Sustainable Water Management and Circular Economy,
- Social aspects, Chemical Compliance, and Hazardous Materials Management,
- Real-life scenarios of Life Cycle Assessment,
- Different reporting frameworks for MSMEs, etc.
- Environmental Regulations and Compliance
- Extended Producer Responsibility (EPR) Disclosure on Environmental Impact, Social Responsibility, and Integrated Reporting
- Effectiveness of various frameworks,
- Understanding NGRBC and BRSR, etc

8. As per Press release dated 27th August, 2024 of the State, TWE-OBT Private Limited an 100-year-old multinational joint venture, headquartered in Emsdetten, Germany Group in India is engaged in the field of non-woven fabric, technical textile fabric, furniture, and tea. The State Government has allotted 38,000 square meters of land in the Acharpura Industrial Area of Bhopal to the Group for setting up a unit with an investment of over Rs 126 crore, which will produce non-woven hygiene products such as ADL, top seats, and back seats, which are currently imported from China. This unit will provide direct employment to more than 250 people, and commercial production from the unit is likely to begin by September, 2025.

9. The Strategic Investment Plan (SIP) under Raising and Accelerating MSME Performance (RAMP) Scheme supported by the Ministry of Micro, Small, and Medium Enterprises (MoMSME), Government of India and World Bank has been launched. The Scheme aims to boost MSME ecosystem through capacity building, improving market access' promoting technological up gradation, facilitating access to credit, promoting greening of MSMEs and addressing delayed payment issues. Department of MSME, Government of Madhya Pradesh has appointed Madhya Pradesh Laghu Udyog Nigam Ltd. (MPLUN) as State Nodal Agency (SNA) for RAMP in Madhya Pradesh. The RAMP Scheme will undertake various activities/interventions, which offer several benefits to MSMEs in Madhya Pradesh.

10. The Department of Industrial Policy & Investment Promotion of the State on 24th August, 2024 has constituted Investment Facilitation Centers in the Districts under the Chairmanship of District Collectors to assist entrepreneurs in obtaining district level sanctions/permissions/orders in fixed time schedule.

