TEXTILE TIMES

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Shri Narendra Modi
Hon'ble Prime Minister of India

Smt. Smriti Zubin Irani
Hon'ble Union Minister of Textiles

THANK YOU HON'BLE PRIME MINISTER FOR GROWTH ORIENTED BUDGET 2020-21

We profusely thank **Hon'ble Prime Minister** and **Hon'ble Union Minister of Textiles** for the bold and proactive historical policy measure of:

Abolishing Anti-Dumping Duty on PTA to create level playing field

MMF Sector: Government Opens for Higher Growth

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Chairman's Word

At the outset, I am thankful to the Hon'ble Prime Minister of India, Hon'ble Union Textile Minister, Hon'ble Union Finance Minister and the Hon'ble Union Commerce & Industry Minister for presenting an economy boosting budget for the Textile & Apparel Sector. The removal of Anti-Dumping Duty on PTA is a landmark and strategic decision, which will not only boost the MMF Sector, but also has the potential to spearhead the growth engine of the Indian T&C Industry in coming years on a global front. Similarly, the launch of National Technical Textile Mission with an outlay of Rs.1480 crore to make India a global leader in Technical Textiles is a good initiative in the right direction as Technical Textile is one of the most promising and emerging sector of the T&C Industry and can put India on the centre of a global map if promoted judiciously.

On 12th February, 2020 CITI organised an Interactive Meeting of the Secretary (Textiles) with the Southern India Textile Associations in Coimbatore, wherein, all the major National-level Industry Associations also participated. Secretary, Textiles patiently heard the concerns of the industry people on vide range of issues and after that gave them point-by-point reply. He apprised the industry bodies that Government is equally concerned on the dismal performance of the T&C Industry and looking forward to address the issues in the new textile policy. Abolition of Anti-Dumping Duty on PTA which was the long pending demand of the textile industry was a proof that Government is fully committed to address textile industry issues.

The Secretary informed the Industry that the Ministry of Textiles has decided to develop 10 Mega Integrated Textile Parks with all the facilities under one roof and it will be in the proximity of ports to overcome the issue of scale of production which Indian T&C Industry lacks and due to which the Indian Retail brands look at Indian competitors to meet their global demands.

Friends, the unprecedent outbreak of Coronavirus has crippled the world's largest economies, including India. To safeguard its citizens, the Hon'ble Prime Minister has imposed 14 days lockdown across the country to ensure social distancing and to avoid the devastating effect of Coronavirus COVID-19 Pandemic. Prime Minister has also appealed to the industry that not even a single employee/ worker should be removed from the job and industry needs to be considerate while giving them salaries/ wages in this hour of need. However, the above decision has brought all the economic activities in the country to a grinding halt. It has widespread ramifications on the economy and brought all the sectors to a vulnerable position which will have a long-lasting effect on the country's economy.

I apprised the Hon'ble Prime Minister, Hon'ble Finance Minister, Hon'ble Textile Minister and Hon'ble Commerce & Industry Minister about the difficult time that industry is going through due to this unprecedented crisis which has

T. Rajkumar

all of a sudden put the economic activities of the whole world into a precarious situation. I also apprised the Government about the economic bail-out packages that other nations have announced to support their industries.

I am thankful to the Government for not only listening to some of our pleas but for being considerate towards the industry demands at this crucial juncture by taking certain immediate steps to support the economy by extending three months moratorium for the term loans and working capital interest and also exempting the moratorium period for asset re-classification and credit rating, recalculating the drawing power to avail additional working capital and substantially reducing the Repo rates and thereby reduce the bank interest rate, appealing to the international buyers to do "Commerce with Compassion" by not cancelling orders, by setting up a Control Room in DPIIT to monitor the issues of internal trade, manufacturing, delivery and logistics of essential commodities during the lockdown period.

I have also written to the Hon'ble Minister of State for Labour & Employment appealing him to waive off the EPF & ESI (both Employers and Employees) contributions for months - March, April, & May 2020 amid COVID-19 Pandemic to enable industry to stand to the appeal of the Hon'ble Prime Minister for giving salaries/wages to the employees/workers during this unprecedented outbreak of Coronavirus.

I have also made a request to the Hon'ble Chief Ministers and Power Ministers of several states where textile plays a dominating role to extend the relief measures by deferring the current consumption charges for three months and waive off the demand charges for the lock-down period. A similar appeal has also been made to Insurance Regulatory & Development Authority of India to extend the policy cover on current policies for the next three months due to this lock down period.

I have also requested to the Hon'ble Prime Minister that an additional 25% working capital without any collateral or margin money would be required for the T&C industry to pay salaries and wages to the employees and meet other standing charges. I do hope that the Government would closely monitor the gravity of the problems and take appropriate steps to tide over the crisis by taking suitable policy measures.

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World is today witnessing tough time due to the spread of unprecedented Coronavirus which has not only claimed thousands of lives but has also affected millions of people. Today, the Coronavirus outbreak which is also nick-named COVID-19 has not only impacted the Indian economy and industries in a big way but has completely grounded the global economy and the industries as well! We highly appreciate and thank the Hon'ble Prime Minister of India, Shri Narendra Modi Ji for taking various war footing measures to safeguard citizens of the country and also SAARC Nations from the deadly virus. We are confident that under his dynamic leadership the country would soon overcome the worst ever historic crisis.

The 21 days lockdown announced to prevent the outbreak of virus has brought Indian exports, imports and also the domestic sales to a grinding halt. So far, India has made laudable efforts to contain the virus as compared to other virus-hit- countries but the impact of this virus is to be assessed very carefully as experts have suggested that corona virus is about to reach its peak in the coming days. The current situation of Covid outbreak is alarming and has badly affected the Indian Textile Sector, which is highly capital as well as labour intensive industry and operates at wafer- thin margin.

However, our Government is proactive in its approach and is taking all possible measures to minimize the impact of COVID-19 on Indian economy. Hon'ble Union Minister of Textiles, Smt Smriti Zubin Irani is also standing shoulder to shoulder with the Industry in this tough time and has appealed to the International Buyers not to cancel their present and future orders with a message to carry out “Commerce with Compassion” will have a positive impact on the Indian Textile Industry.

CITI has taken up the textile industry issues with the Hon'ble Prime Minister of India, concerned Union Ministers and Chief Ministers of various States, which are among the major clusters of T&A, requesting them to announce a comprehensive relief package for the Indian Textile & Apparel industry. We are extremely hopeful that concerned authorities will listen to the appeal and will definitely take all required steps addressing the immediate needs of the Indian T&A industry that employs over 105 million people and earn around US$ 40 billion forex.

Further, Textile Industry also thank and welcome the historic decision taken by Hon'ble Prime Minister of India, Shri Narendra Modi Ji and Hon'ble Union Minister of Textiles Smt Smriti Zubin Irani for abolishing the Anti-Dumping Duty levied on Purified Terephthalic Acid (PTA) imported from different countries including China, Indonesia, Taiwan, Iran, Malaysia in the current budget announced on 1st February 2020. This has been a long pending demand of the textile industry for years and is likely to give the much-needed impetus to the Indian Textile & Apparel Industry. This landmark and strategic decision has made PTA cheaper by US$ 27 to about US$170 per metric tonnes depending upon the country of origin.

In the forthcoming National Textile Policy, Government is aiming to target a market size of US$ 350 bn by 2025 for Indian textile industry, but, considering the limitations of supply of cotton, Government has given special emphasis on increasing the share of MMF in Indian Textile & Apparel industry. Non availability of basic raw material at an international competitive prices was one the major constraints for MMF Sector to grow and Indian manufacturers were bound to import MMF Filament, Spun yarn and fabric from countries like China, Indonesia, etc. While MMF fabric accounted for about 41.1% in total MMF imports during 2018-19, share of MMF Filament Yarn and Fibre stood at 17.3% and 10.9%, respectively during the same time period. However, owing to the present situation of COVID-19, industry is not able to import PTA and other raw materials and the domestic manufacturers are still dependent on Indian PTA manufacturers for their requirement.

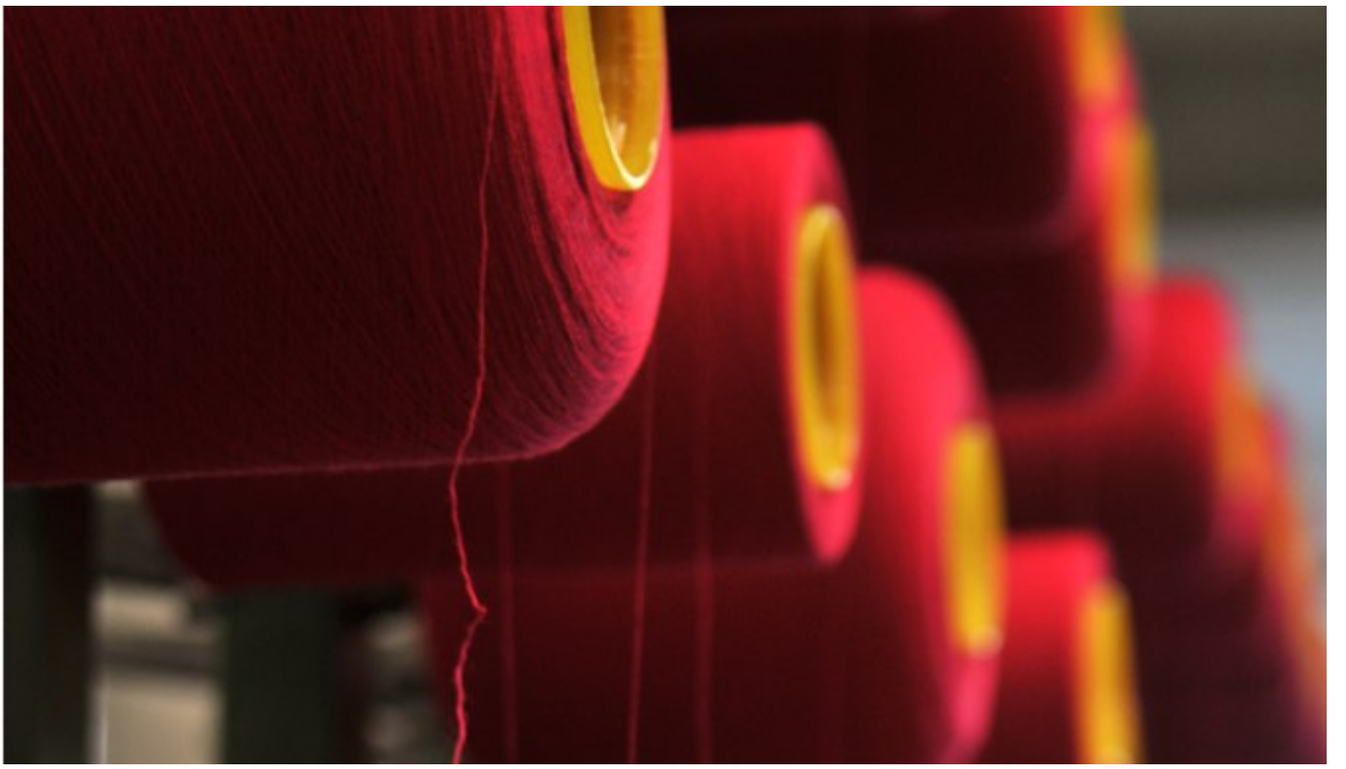
With the availability of cheaper raw material, after the abolition of Anti-Dumping Duty on PTA, Indian MMF sector is likely to enhance its global competitiveness, boost exports and domestic manufacturers will soon be able to compete with the cheaper imports. However, there are also certain other raw materials like MEG, Nylon, Viscose, Acrylic, etc which are essential for the growth of the MMF industry and still attracts anti-dumping duty. Industry is hopeful that Government will consider removing Anti-Dumping Duties on these raw materials also for the full-fledged development of the Indian MMF sector.

The other major issue which MMF Industry is facing is of Inverted Duty Structure in it products. Unlike Cotton segment which is taxed uniformly at 5% GST from fibre to fabric, MMF segment attracts GST at 18%, 12% and 5% on Fibre, Yarn and Fabric respectively leading to inverted duty structure and thus blocking huge funds, refunds of which is a time-consuming process. Also, non-allowance of service GST adjustment against output liability has made Indian MMF costlier and restricted the growth of Indian MMF sector.

There is a huge untapped market for MMF textiles and apparels which India could not take advantage of due to lack of quality and economies of scale. As per the Ministry of Textiles, current global MMF market is about US$ 171 bn in which India's share is just about 2.1%. China has vacated a space of about 20 bn market in MMF segment during the last 3 years and to grab this market share mixed efforts need to be done from Indian Industry and Government side.

Where on the one hand, Indian players need to focus on R&D and also have to address issues of economies of scale, low manpower efficiency, etc., Government on the other hand need to take certain policy reforms like slotting the entire MMF chain in 5% GST, ensuring availability of all raw materials at international competitive prices, extending RoSCTL/RoDTEP to entire MMF textile value chain, implementing fibre neutrality policy, preventing domestic manufacturers from cheap imports of textile & apparel, introducing mission mode approach to promote Indian MMF sector, incentivizing MMF manufacturing, branding Indian MMF products worldwide and many others. CITI has already submitted a detailed list of steps needed for betterment of Indian MMF sector to be included in the new National Textile Policy during the stakeholders' consultation meeting conducted by the Ministry of Textiles and is hopeful that the Government will take note of all the issues and will address them in the upcoming policy.

Dr S Sunanda
Secretary General - CITI



MMF
DRIVING THE FUTURE OF INDIAN TEXTILE & APPAREL INDUSTRY

CITI Desk

Over the last few years there has been a significant change in the demand of Man-Made Fibre (MMF) for manufacturing of apparels, home-furnishings and technical textiles products owing to limited availability of cotton and certain other factors like cheaper price, easy availability and other features like light weight, etc. Now a day's global market is more inclined towards fast fashion, that changes frequently with growing casual fashion and has lesser focus on durability. This has led to surge in shift from Cotton to MMF. Consumers today want products of latest fashion with value-for-money attribute to it. Today, MMF account for 75% of the total fibre produced worldwide and 81% for Europe including Turkey. Polyester is the most common used synthetic material in MMF segment. China is the leader of global polyester market and is the largest supplier of MMF based Textile & Apparel (T&A) products worldwide.

Traditionally, India has been a cotton consumer and its T&A market is dominated by cotton-based products mainly due to warmer climate conditions as compared to the western regions such as EU and US. In India breathable and moisture absorbent fibers such as cotton, viscose blends are preferred over polyester fibers. With respect to MMF, cotton consumption has a ratio of 70:30 unlike the global market where this ratio is almost reverse. However, Yarn mixing and blending have changed a lot over time, making polyester blend with cotton and rayon to fit the market. The consumers are not generally aware of the fibre/yarn and pay more attention to the product attributes and designs. Today, India is the second largest producer of MMF in the world after China. The Indian MMF textile industry has advantages in terms of rich legacy of textile production, large and expanding production capacities, vast pool of skilled workers, flexible production systems,

increasing domestic market, dynamic and vibrant entrepreneurship, etc.

Ministry of Textiles is in process of formulating National Textile Policy (NTP) with a vision of achieving US$ 350 bn T&A market by 2025 from its present value of US$ 170 bn. India has the world's largest acreage of cotton cultivation and cotton being an agriculture product, is highly influenced by the weather and water availability. Moreover, lower yield of cotton in India as compared to other major cotton producing countries like China, USA, etc. has limited the supply of cotton for Indian T&A market. Thus, special emphasis has to be given to the MMF based T&A products if India has to achieve the required market size and slowly India T&A industry has to reorient itself towards MMF based T&A products which is dominating the global textiles in almost all end use categories.

Present article gives an overview of man-made fibres, present and projected fibre demand for India and World, Overview of India's MMF sector, and also talks of the challenges and recommendations which are essential for the upliftment of India's MMF sector.

Overview of Man-made Fibres

MMF fibers can be classified into Artificial and Synthetic fibers on the basis of nature of raw materials used for manufacturing.

- Artificial Fibers are the fibers derived from natural sources (which in most cases is cellulose) and are then modified into fiber like structure using special chemical agents. These include Rayon/Viscose, Modal, Lyocell, Acetate, Triacetate and Cuprammonium. Viscose is gaining large popularity in the recent past owing to its cotton like appearance and properties.
- Synthetic Fibers are the fibers derived from substances that are not present in nature, but instead created through chemical reactions (synthesis) from petrochemical products. These include Polyester, Acrylic, Aramid, Vinyl Chloride, Modacrylic, Polyamide (Nylon), Polyethylene, Polypropylene, Polyurethane and Polytetrafluoroethylene. Polyester is the most commonly used fiber among synthetic category.

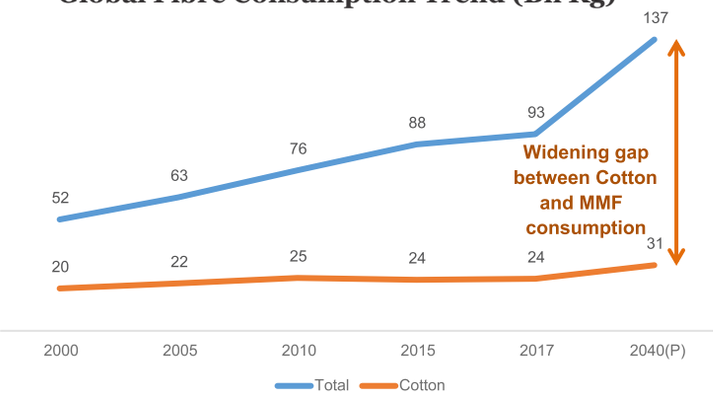
Both these type of fibers can be produced as a filament or can be cut at predefined lengths which gives them the flexibility to be used in regular spinning mills as a substitute to cotton or blended along with cotton. These fibers have been used in the textile industry for several years both for apparel and for furnishing fabrics.

Overview of Fibre Consumption Trend – Global and Indian

Global T&A industry is going through a drastic change from cotton to MMF due to the factors like low cost, versatile design, demand-supply gap of cotton, etc.

During, 2017, Cotton fibres had a share of 26% in total fibre consumption which is expected to reduce to 23% by 2040 as shown in figure 1. Polyester is the largest consumed man-made fibre category with share of 56% during 2017 and is expected to increase further to 64% by 2040. Other synthetic fibres which are becoming popular are recycled nylon, lyocell, and viscose.

Global Fibre Consumption Trend (Bn Kg)



Source: PCI Fibres

In India, the trend is reverse to that of Global. Indian fibre consumption is dominated by the cotton which is likely to account for 52% of total fibre consumption in 2020. However, the trend is likely to reverse by 2040 when, cotton share will reduce to 33% and fibre consumption will be dominated by man-made fibres.

Fibre Consumption Trend of India (Bn Kg)

Year	Total Fibre Consumption	Consumption Share		
	(Bn Kg)	Cotton	Polyester	Others
2005	6	58%	31%	11%
2010	8	56%	35%	9%
2015	10	54%	38%	8%
2020	12	52%	41%	7%
2030	17	40%	52%	8%
2040	22	33%	59%	8%

Source: PCI Fibres

Change in the fibre consumption trend from Cotton to MMF in India in the near future will be due to the below factors:

- Demand-Supply Gap of Cotton
- Increasing focus of health and lifestyle activities like athletics and sports activities etc.
- Emergence of performance wear and athleisure wear as major end-use categories
- Low prices of synthetic fibres as compared to cotton

Overview of Indian MMF Sector

Production

Production of man-made fibres in India has increased at a CAGR of 1.8% since 2014-15 to reach 1,443 mn kg in 2018-19. Production of the MMF filament yarn on the other hand declined at a CAGR of 1.9% to reach 1,155 mn kg during the same time frame.

India's Production of MMF Fibre and Filament (Mn Kg)

Commodity	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR
Man Made Fibre	1,344	1,347	1,364	1,319	1,443	1.8%
Man Made Filament Yarn	1,248	1,164	1,159	1,187	1,155	-1.9%

Source: Ministry of Textiles

Exports

India's exports of MMF based T&A products stood at about US$ 10.8 bn during 2018-19 which accounted to about 29% of the total T&A exports of India. Though, the demand of MMF based T&A products is increasing world-wide, India experienced a negative CAGR of 0.7% during 2014-15/2018-19 owing to low cost competitiveness as compared to its competitors.

Apparels are the largest exported MMF based T&A commodity and accounted for about 40% of total MMF based T&A exports of India.

India's Yearly Exports of MMF based T&A Products (US$ Mn)

Commodity	2014-15	2015-16	2016-17	2017-18	2018-19	Share (2018-19)	CAGR
Fibre	551.5	540.4	594.2	586.8	570.8	5.3%	0.9%
Filament Yarn	1206.6	1014.9	1106.2	1230.6	1305.2	12.0%	2.0%
Spun Yarn	700.4	620.6	672.7	705.1	709.7	6.5%	0.3%
Fabric	2658.3	2324.6	2135.1	2094.8	2049.6	18.9%	-6.3%
Apparel	4476.6	4678.5	5550.3	5172.6	4357.6	40.1%	-0.7%
Home Textiles	613.9	458.6	450.7	487.6	533.6	4.9%	-3.4%
Others	977.5	926.5	967.0	1186.4	1334.8	12.3%	8.1%
Total MMF	11,184.8	10,564.1	11,476.2	11,463.9	10,861.2		-0.7%
Total T&A	37,654.2	36,727.4	36,477.4	36,747.8	37,497.1		
Share of MMF	29.7%	28.8%	31.5%	31.2%	29.0%		

Source: DGCIS

Similarly, during April 19-January 20, India's exports of MMF based T&A stood at about US$ 8.5 bn which is about 30% of the total T&A exports from India and were down by about 3.6% as compared to the same time period of previous year.

India's Exports of MMF based T&A Products for Current Year

(US$ Mn)

Row Labels	Apr-Jan 2019	Apr-Jan 2020	% Change
Fibre	476.2	423.3	-11.1%
Filament Yarn	1,093.3	976.2	-10.7%
Spun Yarn	591.5	497.2	-15.9%
Apparel	3,455.1	3,263.2	-5.6%
Fabric	1,670.7	1,903.9	14.0%
Home Textiles	450.3	440.1	-2.3%
Others	1,108.2	1,025.6	-7.5%
Total MMF	8,845.3	8,529.5	-3.6%
Total T&A	30,556.0	28,554.6	-6.5%
Share of MMF	28.9%	29.9%	

Source: DGCIS

Similarly, during April 19-January 20, India's exports of MMF based T&A stood at about US$ 8.5 bn which is about 30% of the total T&A exports from India and were down by about 3.6% as compared to the same time period of previous year.

India's Exports of MMF based T&A Products for Current Year

(US$ Mn)

S NO	Row Labels	2018-2019	% Share
1	Dresses	1,047.6	24.0%
2	Blouses	587.9	13.5%
3	Trousers	309.6	7.1%
4	Shawls	188.5	4.3%
5	T-Shirts	159.4	3.7%
6	Ensembles	157.7	3.6%
7	Knitted Shirts	156.8	3.6%
8	Jackets	155.3	3.6%
9	Babies Garments	106.2	2.4%
10	Skirts	90.9	2.1%
	Others	1,397.8	32.1%
	Total	4,357.6	100.0%

Source: DGCIS

Major Exporting Destinations

UAE, USA and UK are the top 3 destinations for Indian MMF based T&A products. Other major markets include Turkey, Bangladesh, Germany, Brazil etc.

Imports

India's imports of MMF based T&A products stood at about US$ 3.9 bn during 2018-19 which accounted to about 53.1% of the total T&A imports by India.

Imports of MMF based T&A increased at a CAGR of 7% during 2014-15/2018-19 and MMF fabric was the major imported product category with a share of 41.1% in total MMF based T&A imports followed by MMF Filament yarn and fibre with a share of 17.3% and 10.9% respectively.

Imports of Apparels have increased exponentially at a CAGR of 23.2% to reach US$ 369 mn during 2018-19 particularly from low cost destinations like Bangladesh, China, etc.

India's Yearly Imports of MMF based T&A Products (US$ Mn)

Row Labels	2014-15	2015-16	2016-17	2017-18	2018-19	Share (2018-19)	CAGR
Fibre	349.9	351.2	322.4	332.5	429.3	10.9%	5.2%
Filament Yarn	571.2	507.0	516.8	598.9	677.6	17.3%	4.4%
Spun Yarn	243.5	169.1	116.7	226.7	248.6	6.3%	0.5%
Fabric	1,260.5	1,227.9	1,168.3	1,535.1	1,612.4	41.1%	6.3%
Apparel	160.4	187.3	201.8	263.2	369.0	9.4%	23.2%
Home Textiles	134.3	141.3	150.6	159.6	170.0	4.3%	6.1%
Others	274.3	317.8	345.8	370.3	416.5	10.6%	11.0%
Total MMF	2,994.0	2,901.7	2,822.4	3,486.3	3,923.3	100.0%	7.0%
Total T&A	6,020.3	5,865.1	6,045.9	7,036.3	7,392.8		
Share of MMF	49.7%	49.5%	46.7%	49.5%	53.1%		

Source: DGCIS

Similarly, during April 19-Jan 20, India's imports of MMF based T&A stood at about US$ 3.5 bn which is about 48.4% of the total T&A imports of India and were increased by about 5.4% as compared to the same time period of previous year.

India's Imports of MMF based T&A Products for Current Year

(US$ Mn)

Row Labels	Apr-Jan 2019	Apr-Jan 2020	% Change
Fibre	362.7	391.0	7.8%
Filament Yarn	554.5	617.3	11.3%
Spun Yarn	206.5	280.7	35.9%
Apparel	315.0	366.6	16.4%
Fabric	1,380.4	1,294.4	-6.2%
Home Textiles	150.3	166.7	10.9%
Others	351.1	383.2	9.1%
Total MMF	3,320.4	3,499.8	5.4%
Total T&A	6,265.4	7,228.6	15.4%
Share of MMF	53.0%	48.4%	

Source: DGCIS

Major Imported Apparel Commodities

Though Apparel didn't have the highest share in Total MMF based T&A imports of India during 2018-19, however, apparel imports are increasing exponentially and if left unchecked it may pose a big threat to the domestic apparel manufacturers.

In Apparels, trousers were the largest imported apparel category during 2018-19 with a share of 14.8% in total MMF based apparel imports followed by Jackets and Blouses with a share of 13.6% and 10.5% respectively.

Major Imported MMF Apparel Categories by India

(US$ Mn)

S No	Row Labels	2018-19	% Share
1	Trousers	54.4	14.8%
2	Jackets	50.3	13.6%
3	Blouses	38.6	10.5%
4	Sweaters	30.8	8.3%
5	Dresses	26.3	7.1%
6	T-Shirts	24.5	6.6%
7	Hosiery	15.2	4.1%
8	Gloves	15.0	4.1%
9	Overcoats	12.4	3.4%
10	Babies Garments	6.9	1.9%
	Others	94.5	25.6%
	Total	369.0	100.0%

Source: DGCIS

Major Suppliers of MMF Products to India

Major suppliers of MMF to India includes China, Bangladesh, Vietnam, Thailand, Japan and Korea

Major Challenges being faced by India's MMF Sector

MMF based T&A products are expected to drive demand globally. While the demand for high value-added products is growing worldwide rapidly, India's MMF based T&A products are largely focused towards low-value added products. Countries like China, Taiwan and Korea are already into manufacturing of high end MMF based T&A products. To keep up with the current needs, Indian companies need to invest and develop capabilities in MMF textile and apparel products to tap the value-added segment. Indian manufacturers are facing a number of challenges which is resulting in limited growth of MMF sector in India. Some of the major challenges are:

Lack of significant players in High Quality MMF products

India nearly has no presence of significant players in high end segment and hence majority of the high-quality fabric is being imported by India from countries like China, Korea & Taiwan.

Demand Supply Gap for Synthetic Fibres

A detailed analysis of demand-supply scenario of MMF depicts that there will be a capacity deficit for the same from 2022 onwards. Global and Indian trade data analysis shows that India needs to increase its Market share in synthetic fabric & apparel trade. Main focus needs to be given on manufacturing of top traded and the fastest growing fabric and garment categories.

Inverted Duty Structure

Unlikely cotton segment which have a uniform GST rate of 5% from fibre to fabric, MMF segment is subjected to inverted duty structure as fibre, yarn and fabric are charged at 18%, 12% and 5% GST rate which leads to inverted duty structure and hence huge blockage of funds is happening and refund is also time consuming due to non-allowance of service GST adjustment against output liability. This has made MMF textiles costlier to the extent of such underfunded taxes. This is restricting further expansion in the MMF Segments and government needs to remove this anomaly immediately.

Lack of Technical Know How

Global MMF based T&A manufacturing is largely dominated by countries like Korea, Taiwan, Japan and

China. Each one of these has developed its own USP to grow and occupy a distinct position in the industry. Indian textile industry can learn a lot from the following strategies of these global leaders:

Key Growth Strategy of leading MMF Players Globally

Country	Key Growth Strategy
China	Large Scale of Operation High level of Integration Large order size
Korea	Strong coordination across the value chain Ability to manufacture high end products Robust R&D Strong marketing network
Taiwan	Robust R&D Focus towards Niche segment Innovation focus
Japan	High automation and innovation focus Sophisticated branding

Expensive Raw material

Availability of raw material at internationally competitive prices is the key for any segment to grow. There are limited players in India which provides raw material for MMF and prices offered by them are not internationally competitive. Anti-dumping duty is levied on imports of raw material for MMF which makes it costlier. Though, during the recent budget announcement, Government has abolished anti-dumping duty on PTA which is one of the key raw material for MMF T&A products, yet there are some raw material like MEG, Acrylic, Nylon, Viscose where anti-dumping duty is levied as a result of which downstream industry is not able to grow at the required rate.

Increasing Imports of MMF Spun Yarn

During the April'19-January 2020 imports of MMF spun yarn have increased by about 36% to reach US$ 280.7 mn as compared to the imports during April'18-January 2019. Imports of MMF spun yarn have shown the maximum growth during the above said period. The rising imports is hurting the domestic manufacturer and if left unchecked it may pose a challenge for them in near future.

Recommendations for the Indian MMF Industry

Ministry of Textile is in process of formulating National Textile Policy and has conducted several rounds of stakeholder's consultation meeting for the same. MMF sector has been identified as a key sector for the growth of Indian T&A industry and as per the Ministry of Textiles, current global MMF market share is about US$ 171 bn in which India's share is just about 2.1% which needs to be increased substantially. Government is looking to take all possible measures for the betterment of this sector and increase the market share of India in Global trade.

Confederation of Indian Textile Industry (CITI) submitted the below suggestions for the betterment of the MMF sector:

- Ensure availability of raw materials like MEG, Nylon, Viscose, Acrylic etc. for MMF Textile value chain at international competitive prices by removing anti-dumping duty on them.
- Extend the benefits of IES, RoSCTL/RoDTEP benefits for the entire MMF textile value chain including yarns and fabrics to avoid production cut, underutilization of capital-intensive spinning

sector and job losses to several lakhs of people. In MMF sector, mixing filament and spun together dissolves the matter and we continue to suffer. Spun yarn is a value-added yarn when compared to filament, which creates a lot more jobs than filament.

- Do not consider any enhancement to the existing BCD on the MMF upstream segments of the value chain.
- Inverted GST duty structure needs to be corrected as huge blockage of funds is happening and refunds are very difficult as well as time consuming due to non-allowance of service GST adjustment against output liability.
- Slot the entire MMF textile value chain under 5% GST rate on par with cotton textile value chain (as the weaving/ power loom/ handloom and knitting segments are predominantly in the decentralized and MSME segments and unable to take the ITCs. (There would be no revenue loss, as Fabric is at 5% and all inverted duty is refundable. This would also eliminate accumulation of ITCs and refunds).
- Announce National Fibre Policy to ensure win-win strategy for all the stakeholders and ensure adequate availability of quality raw materials at an international price throughout the year to achieve the true potential growth rate of T&C Industry.
- Implement Fibre Neutrality Policy.
- Increase import duty on MMF spun yarn from present 5% to 10% to check rising imports from Vietnam under SAFTA agreement since post GST imports of MMF products have increased substantially.
- Consider anti-dumping duty while calculating duty drawback calculation and enhance the rates appropriately.
- No import duty should be there on machineries related to MMF which are not available in India.
- Impose adequate safeguard measures on the cheaper imports of yarns from China, Indonesia and Vietnam as interim measure till the basic raw materials (PTA, MEG, Wood Pulp, fibres and filaments) are made available at international price.
- Impose rule of origin on imports of MMF garments to restrict the unprecedented surge of imports of MMF garments.
- There is a need for mission mode approach for promoting MMF sector, as without its growth, textile industry cannot achieve the envisaged textile business growth of USD 350 Bn by 2025.
- Incentivize/Encourage export of MMF based garment products as Indian apparel garment exports is mainly cotton based due to which we have no presence in 65-70% areas of the world which rely on synthetic garments.
- Incentivize manufacturing units which are into manufacturing of MMF product categories like sportswear, outer wear as there is negligible or no manufacturing of these products in India at present.
- Incentivize MMF processing by providing loan at lower rates and by providing tax concession on expenses incurred while providing training to the technical staff.
- Create global awareness about Indian MMF products and brand them on the line of tourism promotion.
- Organize annual international events like Textile India particularly for Indian MMF products.
- Priority lending to the textile sector particularly for the MMF textiles.
- Setup Centres of Excellence (COE) for MMF textiles and focus on innovations and development of indigenous state of the art textile machinery.
- Focus on developing world class infrastructure and address logistics issues related to exports.
- Set-up an advisory council for MMF segment involving all stakeholders for continuous interactions with the Government.
- Introduce specific schemes to support MMF textile segment on the lines of scheme for Jute, Silk, Cotton and Wool.

After discussions with various stakeholders Ministry of Textiles after first round of discussions have included the following below points for MMF sector in the draft National Textile Policy:

- Fibre Neutrality: The value chain in textile and apparel sector has differential tax treatment which has created needless distortions. GST on MMF and MMF textiles are higher as compared to Cotton. While GST on Cotton is uniform at 5% across its entire value chain, the rates on MMF textiles are

18%, 12% and 5% on fibre, filament/spun yarn and fabrics respectively which has led to inverted duty structure in MMF textile value chain. So differential tax treatment of MMF need to be corrected through rationalization of tax structure. Driving towards fibre neutrality in long term.

- Focus on value addition (Finished goods): India should also attempt a structural transformation whereby it becomes a net exporter of finished products. This would imply that growth rates in exports of fibre and yarn should start declining and growth rates of apparel, homes furnishing, technical textiles and other finished products should grow very rapidly.
- Economies of scale: The advent of large manufacturing plants with economies of scale will help India in achieving global competitiveness
- Promote R&D for indigenous development of high performance and specialty fibres.
- Promote India as an investment destination and attract FDI in this sector.
- Protection of domestic industry from cheap imports.
- Strategic Branding of Indian man- made textiles by various means including thrust on production of eco-friendly textiles from viscose and recyclable PSF etc.
- Free Trade Agreements with European Union.
- Rules of Origin: In order to bring a positive turn around in apparel industry and to prevent entry of Chinese fabric into Indian market, suggestions have been received to impose "De-Minimis Rule of Origin". According to the de-minimis rule, non - originating material used in the production of a good that do not satisfy an applicable rule for the good shall be disregarded, provided that the totality of such materials does not exceed specific percentages in value or weight of the good.
- Various Fibre and filament production machinery to be included under TUFS.

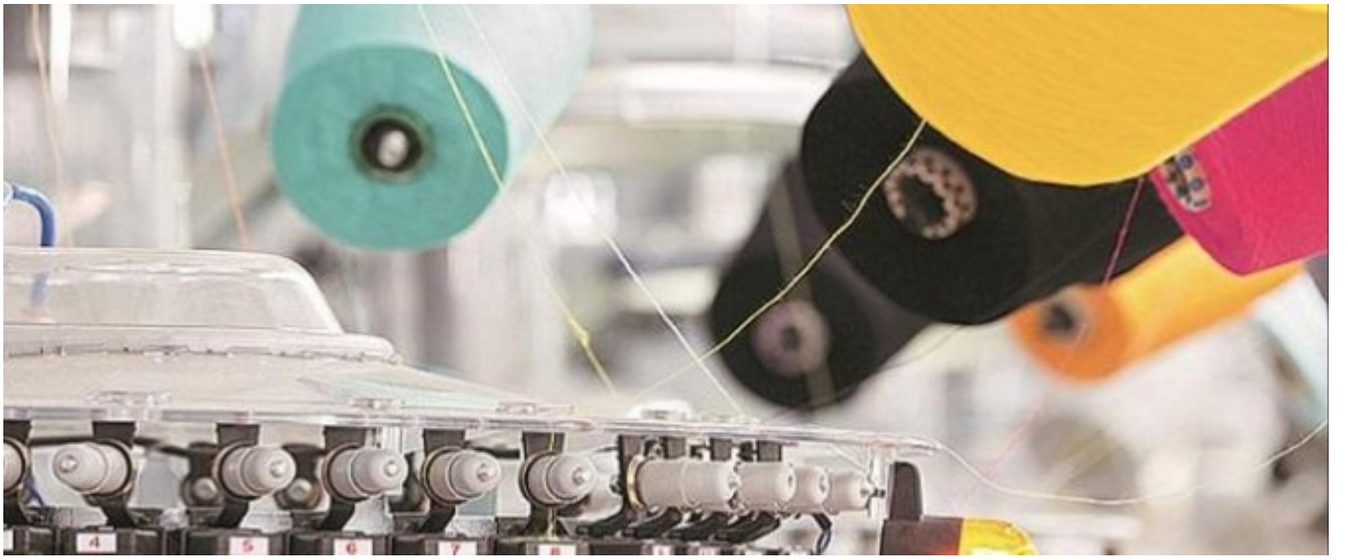
To conclude, India's presence is still insignificant in global trade of MMF based T&A products as compared to countries like China and Vietnam. India needs to invest and develop capabilities in MMF textile and apparel products to penetrate the market.

The indigenous man-made fibres especially polyester fibre, which is the future engine of growth has been expensive in India due to the Anti-Dumping Duty which were prevailing on basic raw materials especially Purified Terephthalic Acid (PTA) for a long period. In the recent Union Budget announcement, the Government took a bold step and abolished Anti-Dumping Duty on PTA thus, creating a level playing field for the MMF Sector. It's easy availability at competitive prices was desirable to unlock immense potential in textile sector since a longer period of time. Abolition of Anti-Dumping duty has made PTA cheaper by US$ 27 to about US$ 170 per tonnes depending upon the country of Origin. This decision would be a boost for PTA users and the entire man-made fibre textiles and apparel segment. Textile Industry hails this landmark and strategic decision.

However, the benefit of abolition of Anti-Dumping Duty on PTA is yet to transfer to the downstream industry as amid the CoVid 19 outbreak, supply of PTA from China is very limited and domestic manufacturers are still dependent on Indian PTA manufacturers for their requirement.

As per Ministry of Textiles, China has vacated a space of about US$ 20 bn. in global apparel market during last 3 years, especially in the MMF segment and is already going through a tough time following the outbreak of deadly Coronavirus. The Indian apparel manufacturers should reap this opportunity to increase their market share in the global trade. India has to also address challenges like lack of scale in manufacturing, low manpower efficiency, lesser focus on research and innovation activities, etc. In addition, Indian players need to master know-how of processes involved in synthetic textiles manufacturing.

In a nutshell, MMF is the future of Textiles and global textile players have already started aligning their businesses accordingly. Indian textile industry remains largely cotton focused and needs to improve its positioning in synthetic textiles trade on global level. India's MMF production remained almost stagnant during last few years. Comparing y-o-y, MMF exports also declined slightly while imports saw growth. However, opportunities in this sector are huge for India. Overall business sentiment of synthetic textiles in India seems improving and the sector is expected to witness notable growth in future. With increasing government supporting and changing mindsets, many textile companies have done capacity expansion in this sector and many others are planning to do so. Hence, it can be expected that India may enhance its export competitiveness and supplier image of its synthetic textiles sector in the near future.



INDUSTRY PERSPECTIVES ON THE MMF SECTOR

Shri T. Rajkumar
Chairman, CITI

CITI highly appreciates and thank the Hon'ble Prime Minister of India and Hon'ble Union Minister of Textiles for the bold decision of abolishing the Anti-Dumping Duty being levied on Purified Terephthalic Acid (PTA) imported from different countries including China, Indonesia, Taiwan, Iran and Malaysia. PTA is the raw material for the production of polyester fibre. Abolition of ADD on PTA was one of the long-pending demands of the textile industry. Abolition of ADD on PTA will bring polyester price in India on par with international price and open up new avenues for the Indian Polyester textiles. It will make Indian polyester products globally competent and will help them grab new markets which have remained elusive for them due to the high cost of production. Over the last few years there has been a significant shift in the demand of Man-Made Fibre (MMF) textiles, including polyester clothing and apparels, home-furnishings and technical textiles products owing to the limited availability of cotton and certain other factors like cheaper price, easy availability and other features like light weight, etc. I am sure with greater Government support and encouragement, India can become a source hub for MMF products in the near future."

Shri D L Sharma
Deputy Chairman, CITI

"Global T&A Industry has been witnessing increase in man-made fiber consumption in various applications including traditional and non-traditional usages due to various factors. Some of them are technical superiority over natural fibers especially in technical and functional textiles, cost advantage & longer duration especially in economic segments of textile and clothing products and versatile designs etc. The Ministry of Textiles has envisaged to increase the textile business size from the current level of around US$ 169 billion to US$ 350 billion by 2025 and to US$ 650 billion by 2030 in the forthcoming New Textile Policy being formulated by the Government. This target could be achieved only by making the raw material like various fiber including polyester fibre and filaments available at international price.

Abolishing the Anti-Dumping Duty being levied on Purified Terephthalic Acid (PTA) imported from different countries including China, Indonesia, Taiwan, Iran, Malaysia has come as a boost for the PTA users and the entire man-made fibre textiles & clothing segment. This proactive decision would greatly help the country to enhance the global competitiveness, boost exports and also enable the domestic manufacturers to compete with the cheaper imports."

Shri S. K. Khandelia

Vice Chairman, CITI

MMF based Textile & Apparel products are expected to drive the demand globally. While the demand for high value-added products is growing worldwide rapidly, India's MMF based T&A products are largely focused towards low-value added products. Countries like China, Taiwan and Korea are already into manufacturing of high end MMF based T&A products. To keep up with the current needs, Indian companies need to invest and develop capabilities in MMF textile and apparel products to tap the value-added segment. In the recent Union Budget 2020-21, the Government took a bold step and abolished Anti-Dumping Duty on PTA thus, creating a level playing field for the MMF Sector. It's easy availability at competitive prices was desirable to unlock immense potential in textile sector since a longer period of time. Indian Textile Industry really appreciates this bold and progressive approach and is totally optimistic to be globally competitive in MMF products.

Shri Ashwin Chandran

Chairman, SIMA

The textile industry has been demanding for the abolition of anti-dumping duty levied on Purified Terephthalic Acid (PTA), the basic raw material used for the manufacture of polyester staple fibre and filaments, to remain globally competitive. The abolition of Anti-Dumping Duty on PTA is a welcome and bold step by the Government of India and for this we must thank the Hon'ble Prime Minister of India and the Hon'ble Union Minister of Textiles. This announcement would be a boost for PTA users and the entire man-made fibre textiles and clothing segment.

PTA, a critical input for textile fibres and yarns, attracted anti-dumping duty ranging from US$ 27 to US$160 per metric tonnes depending upon the country of origin. The shortage of PTA curtails capacity utilisation of the polyester segment industry. Hence, the abolition of Ani-Dumping Duty on PTA and its availability in India at internationally competitive prices will definitely unlock the immense potential of the textile sector. This will help the Indian Textile Industry to achieve the target set by the Ministry of Textiles in its draft Textile Policy being formulated by the Government, which is to increase the textile business size from the current level of around US$ 169 billion to US$ 350 billion by 2025 and to US$ 650 billion by 2030.

Shri S N Modani

Managing Director, Sangam (India) Ltd.

1. What are your views on the abolishing of Anti-Dumping Duty on PTA in the recent Budget?

Ans1- We welcome abolishing of Anti- Dumping duty on PTA, as it is a basic raw material of MMF sector. Now, we may procure this material at a cheaper cost and this would translate to lower price for end product.

2. Do you think MMF yarn manufacturers will be able to reap this benefit and pass on the benefit to the downstream industry?

Ans2- Individual MMF yarn manufacturers may not have option to keep the margin generated due to lower prices of PTA as the prices in MMF sector are mostly governed by supply side. If some player decides to pass on the benefit downstream, other will have follow suit.

3. How the MMF segment will be benefited from the current decision?

Ans3.This decision will help curtail shortage of PTA which hindered capacity utilization. Removal of Anti-dumping duty would also greatly help the country to enhance the global competitiveness, boost exports and also enable the domestic manufacturers to compete with the cheaper imports

4. What are the MMF raw materials still having Anti-Dumping Duty?

Name of the Product	*Range of ADD*	*When was it Imposed*
Viscous staple fibre	10%-50%	August 2016

5. What are your views on the present status of MMF sector in India?

Ans5. MMF sector is presently struggling with higher input cost and low profit margins. Sluggish global demand is also playing spoilsports and we are experiencing inflow of cheap imports. While there is huge scope of development in MMF sector, government reforms are few and far between to make any real impacts.

6. What is your opinion with regard to correction of inverted duty structure in MMF value chain by putting the entire MMF value chain under 5% or 12% GST slab?

Ans6. Inverted duty structure impacts the domestic industry adversely as manufacturers have to pay a higher price for raw material in terms of duty, while the finished product lands at lower duty and cost. Putting the entire MMF value chain under one single GST slab will help in mitigating this challenge and help us compete effectively at a global level. I wish the government will put MMF in 5% slab as yarn is a basic human necessity and higher duty unfavourably impact retail prices.

7. What are the hurdles affecting the growth of MMF segment in India?

Ans7. Lack of proper infrastructure, high power costs, level of technology far behind global counterpart, lack of skilled workers are some of the hurdles affecting the growth of MMF segment in India. Apart from this global FTA is also hindering our exports.

8. What are the future prospects of MMF sector in India?

Ans8. Current is going to grow by 25% to 30% globally in coming 5 to 10 years and thus there is great scope for investment and growth in field of MMF sector. Our growing population is increasingly adopting man made textile in favour of cotton textile which signal a latent demand boom in future.

9. What will the market size of MMF segment by 2025 and 2030?

Ans9. MMF sector will grow by almost 25% globally to 65 million tonnes demand yearly by 2025. Domestic market will show a demand of 6.7 million tonnes during this time period according to PCI.

10. What should be the focus markets for Indian MMF products?

a). USA b). Europe
c). South And Central America d). South East Asia
e). Middle East f). Africa

11. What are the potential MMF product categories that can act as a game changer in the coming future?

a).Technical textile b).Viscos staple fabric
c). Synthetic blended yarn

12. What strategies should be adopted to increase the market size of Indian MMF products?

Ans12. Local garment manufacturing sector should be made globally competitive which will in turn boost the consumption of MMF from Indian Mills. We need to further focus on technical textile market. Increasing efficiency, modernization of units and integrated operations are needed to increase our market share.

13. Is the current manufacturing technology ready to change over to MMF textiles from cotton textiles?

Ans13. Current manufacturing technology requires serious overhaul if we want to move towards MMF textiles. India's ecosystem has no major machinery company and this hinders the technological Upgradation a lot.

14. What are the structural issues and policy interventions required to make Indian textile industry a big player in MMF products?

Ans14. Taxation issue, unit modernization, FTAs and labour are some policy and structural issue need to make Indian textile industry big player in MMF products.

15. What are the strategies to be adopted by the industry to grab emerging opportunities both in domestic and international MMF textile markets?

Ans15. Industry should adopt a cluster approach to enjoy economics of scale. We should also focus on developing the value chain and keep our products competitively prices by employing various policy interventions. Our industry should also be ready to occupy space ceded by china and keeping input costs low and not let the opportunities slip to Vietnam of Bangladesh.

16. What kind of facilitating role should CITI play to boost MMF exports and domestic consumption?

Ans16.CITI should facilitate dialogue with government on various issues plunging MMF sector so that favourable policy creation can be done. CITI can also become a platform for technology and SOP sharing so that benchmarks could be improved.

17. Any other opinion/suggestions for the growth of MMF sector.

Ans17. Our Government should lobby with foreign markets for favourable FTA's, more subsidies to local players for development of skilled workforce and machineries are need of hour.

Shri Prakash Maheshwari
Chief Executive (Corporate Affairs & Power),
RSWM Limited

We have been often talking at various forums that in India the ratio of MMF is almost 1/3rd of the total fiber consumption while globally it is almost 2/3rd of the total fiber consumption. Thus for increasing share of India in global Textile and Apparel business we will need to increase MMF consumption in India.

Indian textile industry is predominantly cotton-based. However, with limited supply of cotton and price advantage, the share of manmade fibers like polyester, viscose, acrylic is gradually rising. The man made fiber consumption will pick up gradually with increase in demand for apparels, home textiles and technical textiles. Demand for synthetic fiber will increase for apparel segment with new product innovation in synthetic fiber. In other segments, synthetic fibers have a clear advantage from application point of view.

Compared to natural fibers, manmade fibers are engineered and can be modified in its thickness and length, Manmade fibers can further be embedded with functional properties like flame retardant, anti-bacterial, anti-odor, thermo regulatory, moisture absorbance etc. and can be combined with other natural and man made cellulose fibers like viscose, modal and lyocell to address appropriate comfort and protection level in the end product.

Growth in apparel and home textile segments will be supported by factors like rise in disposable income, growing consumer class, rising urbanization and increasing retail penetration. All these factors will increase the share of manmade fibers in the next few years.

It is good that the Government has started dialogue with MMF sector value chain partners and have started looking into possible corrections in following areas, mainly

1. Inverted tax structure –GST
2. Antidumping duty removal across supply chain
3. Uniform power unit rate across the nation under the – One Grid One rate preposition.
4. Supporting the export of MMF products by granting remission of Central and State Taxes levies on input material.
5. Interest subvention for export related finances.

We are optimistic that with the above corrections in place the share of MMF in total fiber consumption in India will increase and India will be meeting its share in global Textile and Apparel business."

Shri Upendra Kumar Gupta
Deputy Adviser, Industry, NITI Aayog.

1.What are your views on the abolishing of Anti-Dumping Duty on PTA in the recent Budget?

Ans: The anti-dumping duty levied on PTA, the basic raw material used in the manufacture of polyester staple fibre and filaments, leads to high cost of basic raw material in India and as a result of which we are uncompetitive in entire MMF value chain. Abolition of anti-dumping duty on PTA would be a boost for PTA users and the entire man-made fibre textiles and clothing segment as it would reduce the cost of PTA/Polyester fibre in India.

2. Do you think MMF yarn manufacturers will be able to reap this benefit and pass on the benefit to the downstream industry?

Ans: As pointed out above, the abolition of anti-dumping duty on PTA would be a boost for entire man-made fibre value chain including yarn manufacturers.

3. How the MMF segment will be benefited from the current decision?

Ans: The raw material cost of MMF is high in India as compared to other competing countries. As a result of which, manmade fibres, especially polyester, are available in the domestic market at a high price as compared to the international price. Due to current decision, PTA would be available in India at cheaper price and it will make our entire MMF segment competitive in Global market.

4. What should be the focus markets for Indian MMF products?

a). UAE b). USA c). UK d). TURKEY

e). GERMANY f). BRAZIL g). BANGLADESH

5. What are the potential MMF product categories that can act as a game changer in the coming future?

a). Trousers b). Sweaters

c). Jackets d). Dresses including Sportswear

6. Is the current manufacturing technology ready to change over to MMF textiles from cotton textiles?

Ans. We are competent in fibre and yarn manufacturing. However, focused attention is required for weaving and processing sector in India.

7. What are the strategies to be adopted by the industry to grab emerging opportunities both in domestic and international MMF textile markets?

Ans. We have to focus on creating scale, improving quality, improving cost competitiveness and brand building.

8. What kind of facilitating role should CITI play to boost MMF exports and domestic consumption?

Ans. By highlighting the issues of MMF sector with proper data support at appropriate forum in Government.

UNLOCKING THE POTENTIAL OF MANMADE FIBRES (MMF) SECTOR IN INDIA

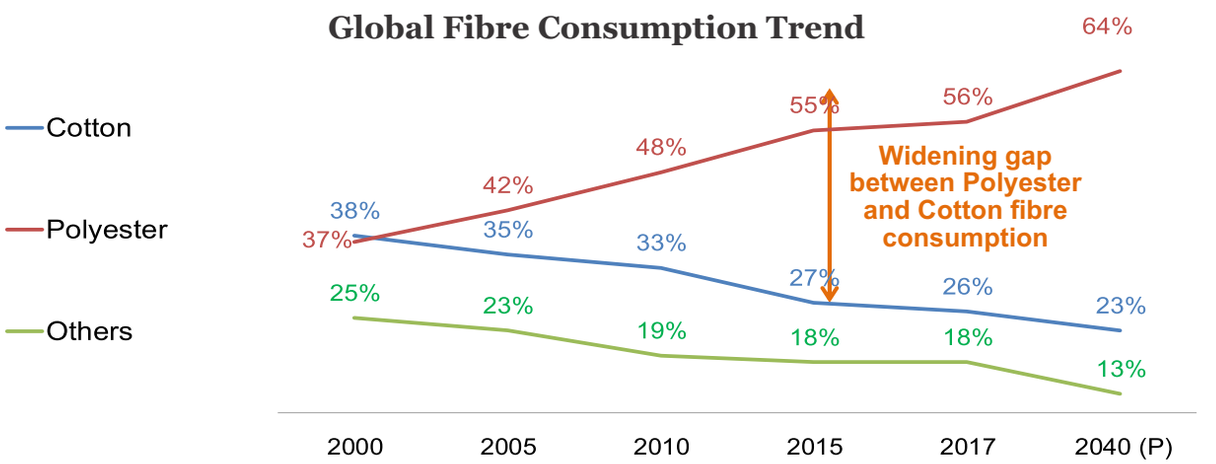
Shri Upendra Kumar Gupta
Deputy Adviser, Industry, NITI Aayog.

Manmade fibres (MMF) are broadly classified as synthetic fibres and cellulosic fibres. Synthetic fibres are produced from crude oil and cellulosic fibres from wood pulp. The main varieties of synthetic staple fibres are polyester, acrylic and polypropylene. Cellulosic fibre is viscose fibre, modal, etc. Textiles made from these synthetic and cellulosic fibres are called manmade fibre textiles. Presently the blends of manmade fibres and natural fibres are more popular.

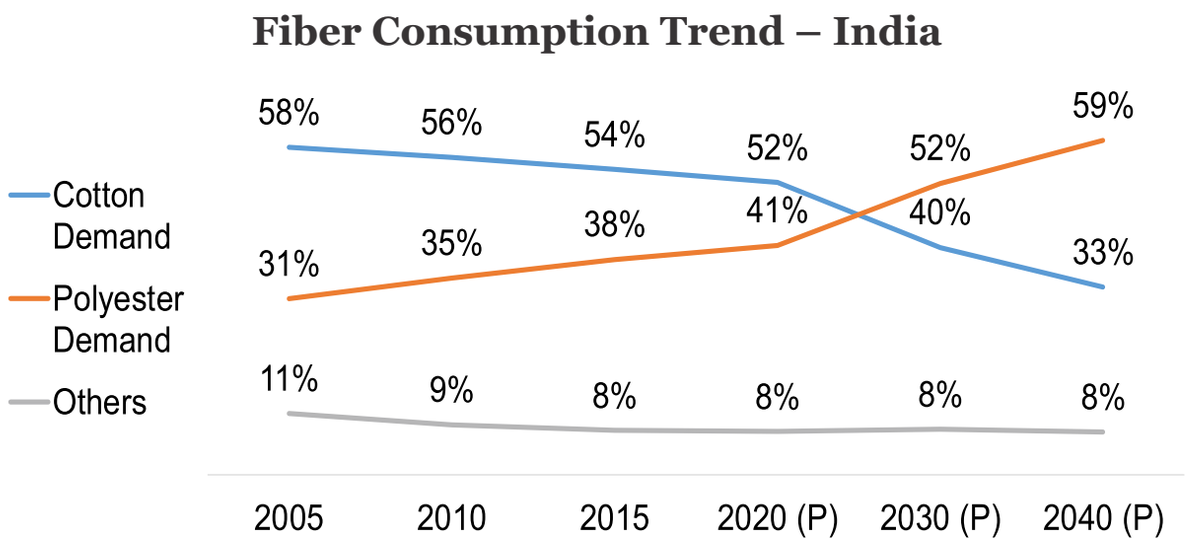
Globally, consumption of fibres is shifting towards MMF due to plateauing cotton availability. MMF constitutes 72% of global consumption, whereas in India it constitutes only 38-39%. India produces almost all types of synthetic fibres and hence, we are at an advantage compared to any other nations across the world. Currently, India is the second-largest producer of MMF globally.

GROWTH POTENTIAL

Fibre Consumption Trend - Globally



Data Source: PCI Fibres



Data Source: Wazir Advisors

The fibre demand trend in above figure shows the dominant role that polyester has had in fibre demand growth. The graph also shows the continuing dominance of polyester going forward, as calculated by England-based PCI Fibres. Polyester, the most widely used manmade fibre, has a huge share of 76% in the MMF category. Fibres like nylon, acrylic and polyolefin are more expensive and are used mainly for specialized applications like technical textiles. India's fibre consumption is 5.5 kg per capita, of which MMF consumption per capita is 3.1 kg, which is among the lowest as compared to the global per capita MMF consumption of 8 kg. Hence, there is ample scope for increasing MMF per capita consumption in India. Globally, the consumption of polyester fibre is expected to be almost 81 billion kg in the year 2025 from 52 billion kg in 2017.

Reasons for Growth of MMF

At present, India is the second-largest producer of MMF after China. The growth in demand for MMF is driven by factors such as limited cotton production, increasing population and per capita income, relatively higher cotton prices and increasing applications of synthetic fibres into industrial applications. Moreover, consumers opting for fabrics with synthetic blends find them cheaper. Water plays a crucial role in cotton production, scarcity of water limits the cotton production, Manmade fibre on the other hand is derived from crude oil and, therefore, abundantly available across the globe.

Key Global Players

Key global MMF apparel exporters are China and Vietnam. MMF-based textiles and apparel account for 47% of China's exports. For India, MMF textiles and apparel have a share of only 27%. With respect to MMF apparel, Vietnam has a 37% share, compared to India's share of 12%.

Firms Producing MMF in India

There are a limited number of players in the MMF raw material segment, i.e., fibre and yarn. In the staple fibre segment, there are a total of 27 units with polyester having a total of 16 units. In India, only a few firms i.e. Reliance Industries, Indorama and Grasim Industries-a company of the Aditya Birla Group have substantial MMF production. After consolidation, they account for more than 80% of the production of the most popular MMF in India. Grasim Industries controls majority of the viscose staple fibre production; Reliance and Indorama together account for 70% of polyester staple fibre production in India.

Cost of Raw Material

The cost of manmade fibre is high in India as compared to other competing countries. There are only a few big players manufacturing manmade fibres in India. The MMF industry follows a pricing policy on an import parity basis at landed cost. As a result of which, manmade fibres, especially polyester, are available in

the domestic market at higher price as compared to the international prices. Further, manmade fibres have always been subject to higher rates of indirect taxation as compared to cotton. GST on cotton fibre, yarn and fabric is pegged at 5% each whereas on polyester filament fibre,yarns, and fabric it is 18%, 12%, and 5% respectively. Present GST structure in MMF value chain is also leading to inverted duty structure which results in huge blockage of funds, refund of which is difficult and also a time consuming process. Further, the blocking of funds also leads to cash crunch in the capital-intensive textile & apparel industry. All the above factors lead to high cost of raw material in India and make India globally uncompetitive in the entire value chain.

Conclusion

India imported around US$1.2 billion worth of MMF fabrics in 2017–18 from countries like Taiwan, Korea and China. However, with increasing costs of manufacturing in these countries, there is an opportunity for India to attract investment for manufacturing MMF based T&A product in India.

To make our MMF industry flourish rapidly, duty structure on MMF should be made at par with that of cotton. Further, by reducing the duty on basic raw material (i.e. PTA and MEG) used for manufacturing polyester, we can allow the downstream industries along the value chain to grow rapidly.

The anti-dumping duty levied on PTA, the basic raw material used in the manufacture of polyester staple fibre and filaments, lead to high cost of basic raw material in India. Abolition of anti-dumping duty on PTA, as announced in the recent budget, would be a boost for PTA users and the entire man-made fibre textiles and clothing segment, as it would reduce the cost of PTA/Polyester fibre in India. and will make our entire MMF segment competitive in Global market.

MANMADE FIBRE SECTOR

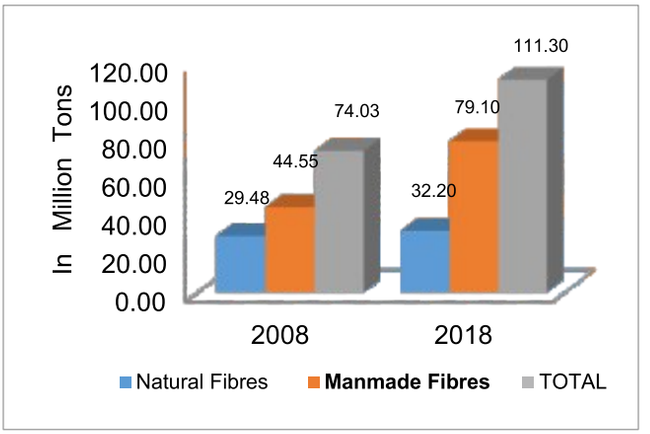
NEED FOR GOVERNMENT INTERVENTION FOR HIGH GROWTH

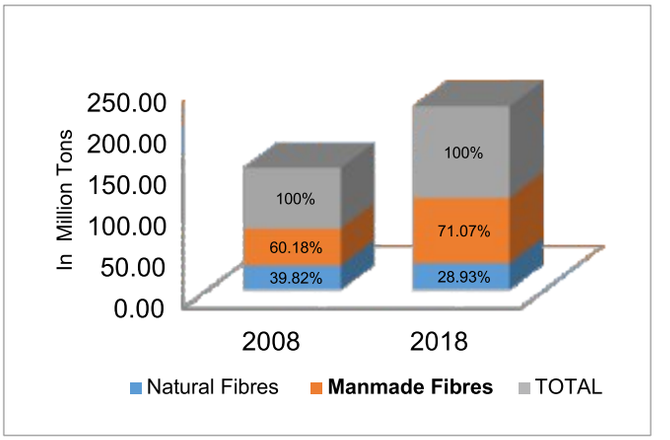
Shri Ronak Rughani
Chairman, SRTEPC

Manmade Fibre (MMF) Sector has been fast growing as major raw materials used by the global textile industry. Various innovative evolutions, responsive experiments, user-friendly characteristics and growing demand for Manmade fibre (MMF) textiles all over the world is increasing as a substitute for cotton. Currently MMF dominates global textile fibre consumption with 70: 30 ratio i.e., MMF 70% and 30% is Natural fibre, whereas it is just opposite in India. In India present consumption of MMF is below 40% and cotton dominates with 61% of total fibre consumption in the country.

Latest available information shows that in 2018 total global fibre production was 111.3 million tons that increased about 10% as compared to the previous year. Global Manmade fibre production was at79. 1 million tons witnessing a CAGR 5.91% since 2008 and growth of 11.5% compared to the previous year, whereas production of natural fibre grew only at CAGR 0.89% during last 10 years. The share of natural fibers in world fiber production fell from 40% in 2008 to 29% in 2018.World production of synthetic filament is 49.8 million tons; of this polyester filament alone is about 45 million tons. Synthetic staple production is 22.4 million tons, and production of cellulosic fibers is 6.9 million tons.

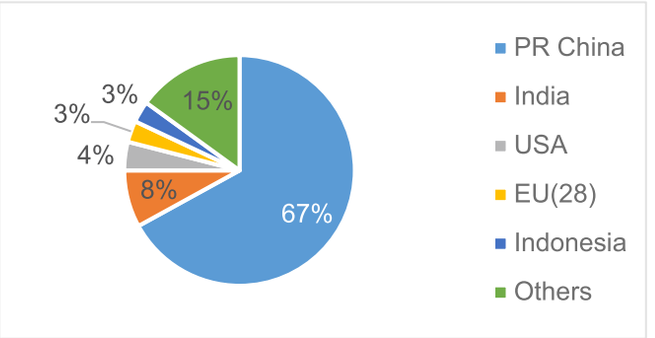
Decadal World Fibre Production 2008-2018

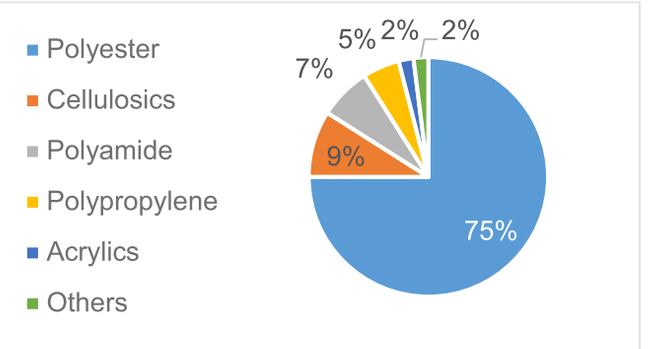




SOURCE: DNFI

China is the world's largest producer of manmade fibres with a fully integrated value chain. With production of about 53 mn MT in 2018 it occupied 67 percent of the world market, followed by India (8 percent), USA (4 percent) and Indonesia and Taiwan each accounting for 3 percent market share.





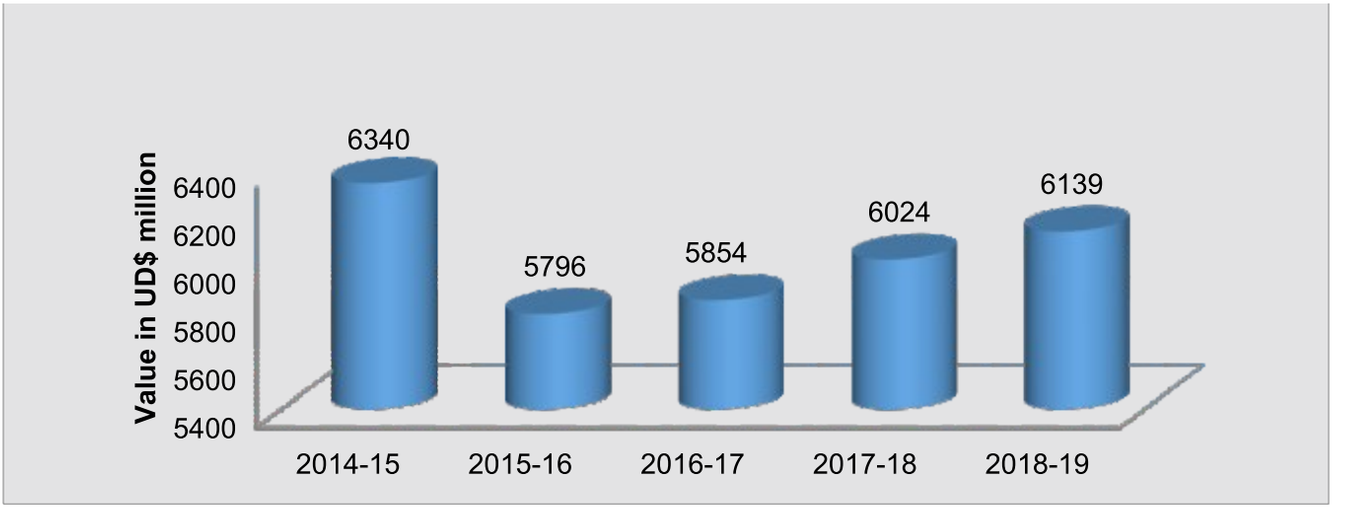
SOURCE: Gherzi Textil Organisation AG

Textile Vision of the Government

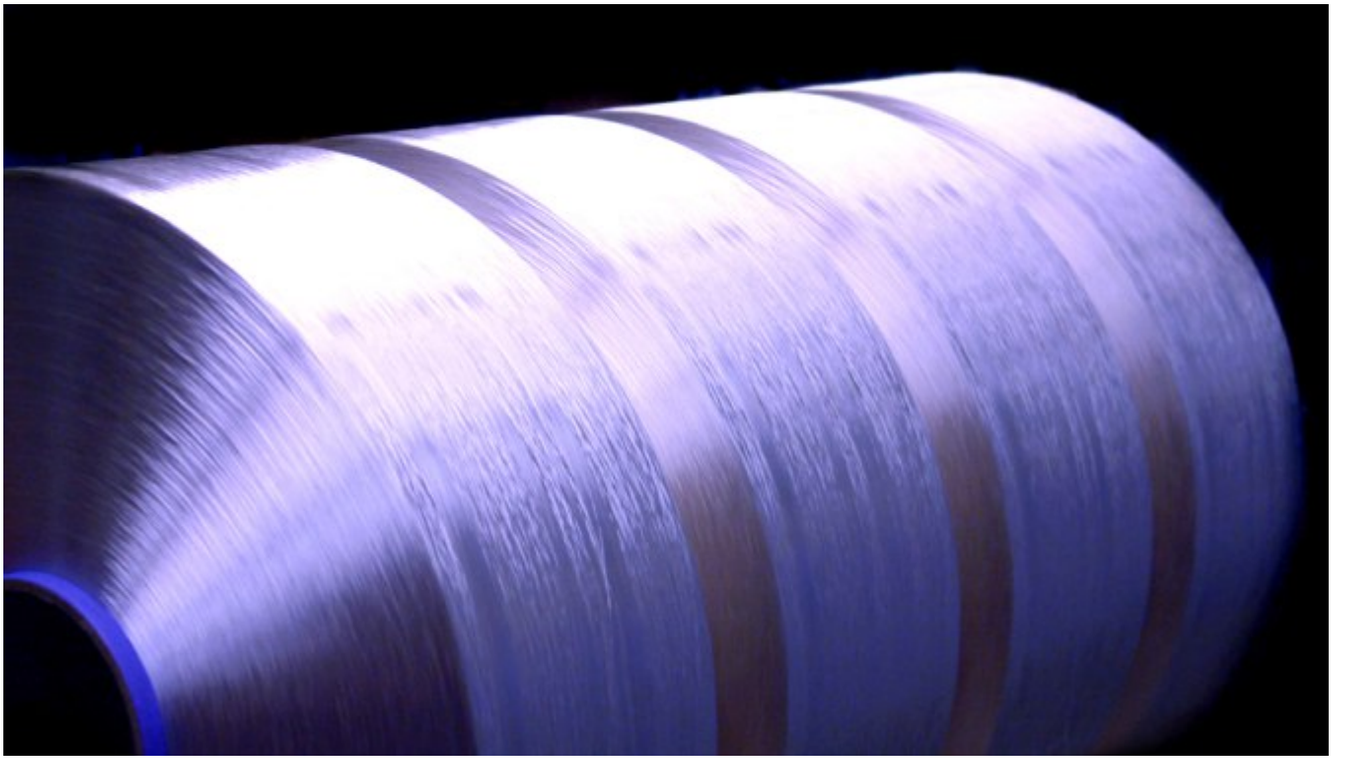
Government has envisioned increasing the size of Indian textile industry from present US$ 140 bn. to US$ 350 bn. by 2024-25 in which exports to be US$150 bn and domestic market to be US$ 200 bn. To achieve US$ 350 bn by 2024-25, we need to grow at a CAGR of around 20% from the present level. Further, to reach exports of US$150 bn by 2024-25, our exports will have to grow at a CAGR of around 30%. For producing the targeted textiles, the existing fibre base of 12 bn. kgs will have to be increased to at least 20 bn. Kgs. This means, the envisioned growth will not be possible unless the Manmade fibre segment is given a big push. Due to the inherent constraints in increasing production of Cotton to the desired amount, it is the Manmade fibres that would take the increasing share in fibre production and consumption in India also.

Growing Exports – Indian MMF and MMF Blended Textile Case

Currently, exports of Indian MMF textiles are US$ 6.14 bn. accounting for around 29.20% in India's textiles exports which was US$ 21.03 bn. in 2018-19. Exports of Indian MMF textiles witnessed consistent growth were the highest during 2014-15. However, due to global financial crisis and consequent uncertainties that had prevailed in 2015, exports of man-made fibre textiles from India had also impacted witnessing a decline of around 9% the succeeding year. Although, the 2015's crisis had greatly accelerated, Indian manmade fibre textiles exports could sustain a positive growth of 1% in 2016-17.



SOURCE: DGCI&S



Need for Government Intervention

In order to help flourish the Indian MMF textiles segment to its true potential and take exports to greater heights, following are some of the suggestions that government needs to closely scrutinize and address to:

(1) **Fibre Neutrality:** The MMF textile segment is highly capital intensive and operate in decentralised textile sector being predominance of MSMEs. It is urgent to bring in fibre neutrality and policy parity between fibres.

(2) **Higher interest rate.** Measures to make funds available at low rate of interest at least at 5-6% rate of interest. Interest rates in India are amongst the highest in Asia and it is one of the reasons for higher cost of textile products in India and it is also one of the reasons for becoming NPAs in the country.

(3) **Textile Job works to be considered as Manufacturing in the GST regime.** In the textile sector, value addition works such weaving, knitting, processing, embroidery, etc. are done mostly through job work which accounts for a significant part of the total manufacturing costs. Before the GST was implemented job work was considered as manufacturing. However, in the GST regime the job work has been considered as Input Services NOT considered as manufacturing. This has resulted in to huge ITC accumulation and blockage of substantial working capital that in turn adversely impacting on exports. Therefore, job work/ services like weaving, knitting, processing, embroidery and other value additions need to be considered as manufacturing and allow for ITC/ refund of the duties paid on these activities under the GST regime.

(4) **Textile Merchant Exporters to be considered as Manufacturer exporter.** The role of Merchant exporters in Textile Industry is completely different from the above definition. In actual, Merchant exporter is the Textile Merchant Converter Exporter who procures raw material viz., yarn, sends it to Weaver for weaving preparatory (twisting, sizing, warping etc.) & weaving greige fabric gets it dyed/processed/ printed/finished fabric/Made ups/garments, pack it by paying conversion cost/job charges and export the finished fabrics. All these activities including buying and selling are undertaken through his own account and thus assume the risks involved in exporting. Textile Merchant converter exporters will fund the entire process of manufacturing textiles and in this process the Powerloom weavers/independent processors/

Garment units get orders from Merchant Exporters for conversion of yarn to finished fabrics/Made ups/Garments, etc. He is also contributing to employment generation and the demand-supply chain of textiles.

Therefore, it is suggested that Textile Merchant Converter exporter should be treated on par with Manufacturer Exporter or the role of Textile Merchant Converter Exporter may be re-defined separately so that all benefits, as available to the Manufacturer Exporter can also be extended to Textile Merchant Converter Exporter.

(5) **Branding.** We have everything i.e., the fibres, yarns, fabrics to fashion but we are only OEM supplier to the Brands to grow exponentially. Currently we don't have our own global Brands because of which global visibility of the MMF textile industry is inadequate. We don't have our own global Brands and this is the only way we can achieve and reach our true potential. In line with the successful apparel brands such as INDITEX (ZARA), Hennes & Mauritz, Gap, Marks & Spencer, etc. from EU and USA, India also needs to have textile brands that will have global presence.

(6) **Perception on Indian Textile Industry to be changed.** It is felt that many of the countries still see us as a predominantly traditional and conventional manufacturing of textiles like cotton mulls, madras checks, handicrafts, etc. They are unaware of the kind of evolutions and innovations that have taken place in the Indian MMF textile segment and in the textile industry as a whole. Therefore, it is the need of the hour that an effective communication strategy is developed wherein the strengths of India's evolutionary textile segment is showcased. The world should see us as a supply chain partner and the Government should take initiatives for communicating these to the world.

(7) **Government Schemes.** Government introduced several Schemes under Chapter – 3 of FTP with different objectives. Continue the existing Chapter – 3 benefits/ Schemes such as MEIS, RoSL/RoSCTL, Interest Equalisation, etc. New Scheme RoDTEP also needs to cover entire MMF textile value chain such as fibre, yarn, fabrics, made-ups. etc.

(8) **Rationalisation of GST on MMF textiles segment and Refunds (IGST/ITC)** to the exporters/ business need to be immediate. Refund of IGST/ GST on import/procurement of capital goods for encouraging new investments.

(9) Organise an Annual International Event in India on a regular basis. Lack of proper exposure and aggressive marketing is one of the weakest linkages for exports of Indian textile products. Therefore, there is an urgent need to have a mega Exhibition/ Fair like "Textiles India 2017" wherein the entire textile value chain of India can be displayed and our strength in the entire gamut of textile and apparel value chain can be showcased, from farm to fibre to fabric to fashion and help India establish as a global textile sourcing hub and investment destination. Country like China has established textile fairs like Canton Fair, Intertextile Shanghai, etc.

(10) **Include Developed Markets also to extend the benefits under MAI Scheme.**

As per the MAI Guidelines, currently, only the buyers from the underdeveloped and developing markets are included for benefits under the MAI Scheme and buyers from the developed countries are barred from giving MAI benefits for while conducting of RBSMs in India. It is pertinent to mention that developed countries play major roles in sourcing MMF textiles from India, whereas, majority of the countries which are currently allowed under MAI Scheme are the small and tiny markets. If we want to increase the volumes and exports of MMF textile products it is important that we also target the buyers from the developed countries viz., US, UK, Turkey, Korea republic, etc.

(11) **Inclusion of Manmade Fibres (MMF), MMF Yarns under the Interest Equalisation Scheme.** Funding requirements are more in case of the MMF and MMF yarns segments. Therefore, the Interest Equalisation Scheme needs to be extended to Manmade fibres (MMF), MMF yarns segments also.

(12) **Schemes for production and development of Manmade fibre (MMF) raw-materials, Manmade fibre and Filament segment in line with Cotton, Jute, Silk, etc.** Currently, there are separate and specific Government Schemes for development of various textile fibres viz., Cotton, Wool, Silk, Jute, etc. Whereas, for production and development of Manmade fibre raw materials viz., PTA, MEG, Caprolactam, etc., Manmade made fibres and Filament segment domestically there is no such separate and specific Scheme of Government of India, as the present TUFS implemented by the Ministry of Textiles (MoT) does not cover Manmade fibre raw materials, Manmade made fibres and Filament segment saying that these items don't fall under the jurisdiction of MoT.

Therefore, it is suggested that Government needs to introduce Schemes/ Mission Approach specially for production and development of Manmade fibre raw materials viz., PTA, MEG, Caprolactam, etc., Manmade made fibres and Filament segment domestically in line with Cotton, Jute, Silk, etc. by the Ministry of Chemicals and Fertilizers or by Ministry of Textiles or jointly.

(13) **Set up an MMF Advisory Council.** An MMF advisory council with all the stakeholders may be set up to monitor that the fiscal, non-fiscal and other matters relating to the MMF manufacturers and also to take on integrated approach to solving the problems of MMF producers and users of MMF and to accelerate their growth.

(14) **Strengthen the ERMIU in the Office of the Textile Commissioner.** Government needs to strengthen the Economic Research and Market Intelligence Unit (ERMIU) working at the Office of the Textile Commissioner with an objective to build up a comprehensive and reliable data base from all available sources for all users of the textile industry, to conduct need-based country-specific, sector-specific or fibre-specific studies, and to analyse and interpret data for timely forecast of trends in production, consumption, prices, fashion, designs etc., consistent with the international demands and requirements for improvement in competitiveness and sustained growth. The ERMIU is still at the not fully operational. The ERMIU needs to be strengthen spelling out additional requirements in terms of manpower, software and hardware etc. to continue the work of garnering, collating and disseminating commercial intelligence on 'on-going basis'.

(15) **Effective FTAs.** FTAs with major textile consuming markets will give us substantial price advantage. Therefore, the FTAs with EU, GCC, Turkey, USA, etc. need to be prioritised along with review of the India – ASEAN FTA.

(16) **Resolve Anti-dumping cases.** Some of the major MMF textile markets such as Turkey, EU, Peru, USA, etc. have imposed Anti-dumping duties (ADD) on exports of MMF textiles from India. Some of these ADD cases viz., Turkey, EU and Peru have been continuing for almost a decade. Peru has been continuing imposition of heavy Anti-dumping duties on Polyester Viscose Fabrics originated from India, without having convincing reasons for the same. Government needs to extend financial support to exporters by enhancing the funds under MAI for fighting the ADD cases in major MMF textile importing countries viz., Turkey, Peru, USA, etc.

(17) **Upgrading R&D to achieve Zero Defect - Zero Effect.** R & D is part and parcel for sustenance and growth of textile industry today. Growing impact of textiles manufacturing on environment can be reduced through R & D by ways of upgrading R&D to achieve Zero Defect - Zero Effect. However, the Indian MMF textiles industry still continues of conventional technology. Focus on R & D and state-of-art technology is the need of the hour for MMF textile segment.

(18) **Attract investment in indigenous manufacture of State-of-the-art textile machinery,** accessories and equipment (except spinning as all other machines are imported). State-of-the art textile technology should be available in India. For manufacturing latest textile machinery domestically, India needs to have JV with worlds best textile machinery manufacturing companies.

I am sure that the above mentioned initiatives of the Government will certainly help in development and growth of textile industry in India in general and Manmade fibre textiles in particular.

INDIAN MMF TEXTILES
ISSUES & PROSPECTS

Shri Sanjay Garg
President, NITMA

1. What are your views on the abolishing of Anti-Dumping Duty on PTA in the recent Budget?

Ans- The abolition of Anti-Dumping duty on PTA is a welcome step by the Government. It will facilitate competitiveness in the basic raw material market of MMF sector. Removal of the anti-dumping duty of PTA was one of the long standing demands of the PTA users and the downstream segment of the Indian MMF sector. This is a game changer move and will help the entire MMF value chain. It will help unleash growth potential of the entire MMF value chain in India enhancing its textile market share both in Indian and abroad.

2. Do you think MMF yarn manufacturers will be able to reap this benefit and pass on the benefit to the downstream industry?

Ans- Yes, MMF yarn manufacturers will defiantly pass the benefits of lower PTA price to the downstream value chain. The market forces will also help the entire MMF industry benefit from the competitiveness leading to lower unit price of the end product.

3. How the MMF segment will be benefited from the current decision?

Ans- It will have a huge impact in terms of the price. Now the norm of import parity price will disappear. The PTA user will be able to buy at competitive price. It

will also remove all other forces which cornered undue benefits by creating artificial shortage etc. This will definitely help improve the capacity utilization of the user industry and thereby increasing the market for MMF based downstream products for India. It will enhance our global competitiveness, boost exports and also enable the domestic manufacturers to compete with the cheaper imports.

4. What are your views on the present status of MMF sector in India?

Ans- Indian MMF sector has huge growth potential. However, in the post GST period, Indian spinning mills are facing huge trouble due to our free trade agreements (FTA's) with Indonesia &

Vietnam. Now our finished products viz. polyester yarn–55092100 is included in the list of items being cleared with ASEAN certificate @ zero duty. Whereas it's the raw material, i.e., polyester staple fiber (PSF) - 55032000 is not included in ASEAN list and hence cleared at full duty rate of 5.5%. Therefore the domestic mills do not have a level playing field as compared to the Indonesian spinning mills. This anomaly needs to be removed urgently for the holistic growth of the Indian MMF sector.

In the Pre-GST, there used to be some protection against the influx of imports under these FTA's as imported yarns were subject to CENVAT @ 12% & a special additional duty (SAD) of 4% whereas the domestic yarn was exempt from CENVAT. Only the raw material, that is, PSF was subject to CENVAT. Therefore, domestic yarn had the benefit of 12% CENVAT on the value added component during yarn production as well as the benefit of 4% SAD. This was sufficient to protect against the clearance @ zero duty under FTA's. However, post-GST, with the removal of CENVAT & SAD, polyester yarn is being cleared @ zero duty. This has led to astronomical increase in the quantity of yarn being imported from these countries and affecting the domestic Yarn manufacturing and adversely affecting their operations. Hence the issue of surge in imports of Yarn needs to be reversed to strengthen domestic manufacturing.

5. What are the hurdles affecting the growth of MMF segment in India?

Ans- FTAs are the main hindrance affecting the growth of the Indian MMF sector because of which imports are becoming cheaper. The other adverse factors include high cost of raw material, transaction cost, power costs, capital/credit, and lack of skilled workers.

6. What are the future prospects of MMF sector in India?

Ans- Indian MMF sector has bright future. With the announcement of the Technical textile mission this sector will grow holistically in the next 5 to 10 years and Indian will increase its MMF base Textiles share in the Global market.

7. What strategies should be adopted to increase the market size of Indian MMF products?

Ans- Competitiveness of Indian Textiles and clothing will in turn boost the consumption of MMF products in India and abroad. Focus should be on product development, innovation and R&D.

8. Is the current manufacturing technology ready to change over to MMF textiles from cotton textiles?

Ans- We need to adopt modern manufacturing technology if one wants to move towards new products and processes. India must invest or have joint ventures to have domestic MMF machinery manufacturing, which is a must for technological Up gradation in this segment.

ILL-EFFECTS OF THE COVID-19 PANDEMIC ON INDIAN TEXTILE & APPAREL INDUSTRY

The outbreak of Novel Coronavirus COVID-19 which began in China during the end of December 2019, its widespread impact has now gripped the whole world leaving aside none of the countries. The severity of the COVID-19 is so ghastly on mankind that it has so far claimed 1,19,686 lives worldwide and 19,20,918 people directly got infected with the deadliest virus till date (14.04.2020) crippling down the global trade and commerce. The initial disruptions which started from the Wuhan city the origin of COVID-19 did not only affect the regional manufacturing supply chains from the lockdown in China but has brought down everything to a standstill on this earth except the mother nature and wildlife!

International Monetary Fund (IMF) has already hinted that COVID-19 has led to a serious downturn, akin to an “economic tsunami", in the global economy and the extent of economic damage caused by the pandemic will depend on the trajectory of the virus. As per IMF, year 2020 could witness a global recession which will be far worse than that of 2008.

India is also experiencing the economic slowdown due to CoVid-19. The country has witnessed a complete lockdown of 21 days which has further been extended till 3rd May as the cases in India are on the rise. As no different from rest of the world, it has brought everything to a grinding halt tossing the lives of 1.30 billion people to a situation which they experienced never-before! As per the rating agency Fitch, India's GDP growth forecast is projected at 2% for the fiscal year ending March 2021 which would make it a slowest growth in India in the last 30 years. Amid the COVID-19 outbreak, India witnessed a 4-month low manufacturing PMI in March due to the record dip in

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the export orders and it is expected to go beyond that as there is no sign visible of returning to normalcy at least in the coming 4-5 months.

Textile and Apparel sector, which is one of the major sectors of Indian economy contributing to about 2.5% in India's GDP is one of the most affected sectors due to the COVID-19 outbreak as the exports, imports and also the domestic sales have come down to a grinding halt owing to the panic situation in several sectors.

USA and EU which are the biggest markets not only for the Indian MMF based apparels but also for all type of apparels, are under complete lockdown due to the Coronavirus effect. Retail stores of various brands like M&S, H&M, Zara, etc. who source apparels from India are completely closed and thus, affecting the businesses of Indian T&A manufacturers.

With the closure of malls and retail outlets, the domestic textiles & clothing sales have also come down to a halt. Manufacturers/ exporters who have their orders ready and in-transit are not able to ship the consignment as banks are not able to courier the necessary documents to foreign Banks as Courier services like DHL, etc. are not collecting documents due to lockdown situation. As a result, importers are unable to get the consignment released and not making payments. It is leading to huge cash losses to the exporters as payments are not coming.

This lockdown period has resulted in complete crippling down of the manufacturing sector as mass exodus of workers from industrial units to their hinterland have already taken place with a very little hope that they will soon come back to the mills/factories due to the fear of getting infected due to the Coronavirus as scientists/ doctors have not succeeded in developing the vaccine which can cure the patients from its effect. With total disruption in workflow and production schedule, the Indian T&A Industry is facing its worst-ever kind of crisis and has been pushed to a corner.

As per an joint industry survey conducted by CITI-SIMA on more than 300 small, mid and large size T&A Companies operating across the entire value chain, it has been found that about 20% of the companies are experiencing 30-60% order cancellations while about 50% companies are not clear about the status of their orders. Moreover, the survey also reveals that about 40% of the companies have already exhausted their working capital limits and about 50% of the companies will have no cash to pay wages to the workers by the end of April.

Current and Potential Impact of CoVid-19 on Textile & Apparel Sector

Parameter	Potential Impact			Reason
	Low	Med.	High	
Supply Side				
Prices of Raw Material		✓		Prices have been stable, however, there is no or relatively very less demand
Production			✓	Amid the lockdown production has completely stopped temporary
Labour Force			✓	Most of the labour force has already migrated to their native places and bringing them back will be a tough task
Cash Flow			✓	There is no supply of products in domestic and overseas market which has resulted in a huge cash crunch. Industries don't have cash to meet their daily demands and to pay wages
Supply Chain		✓		Supply chain is highly impacted as the movement of trucks carrying shipments is very limited
Imports			✓	Imports is almost at halt. Raw materials like PTA/MEG is not coming from China and other suppliers
Demand Side				
Consumer Sentiment		✓		If the problem persists, impact would be relatively higher
Exports			✓	Orders are being cancelled from overseas customers, especially from USA and EU

CITI & NCTC Representation to the Hon'ble Prime Minister of India along with COVID-19 Relief Package

In order to mitigate the crisis being faced by the wafer-thin margin, highly-capital and labour-intensive textile industry, there is an urgent need for a relief package for the Indian Textile & Apparel Industry.

Confederation of Indian Textile Industry (CITI) has written to the Hon'ble Prime Minister of India, Shri Narendra Modi, Hon'ble Union Minister of Commerce & Industry, Shri Piyush Goyal, Hon'ble Union Minister of Finance Smt. Nirmala Sitharaman, Hon'ble Union Minister of Textiles, Smt. Smriti Zubin Irani, Hon'ble Minister of State for Labour and Employment, Shri Santosh Gangwar, Various State and UT Government, RBI, IRDAI, ESIC, etc, for extending their support to the Textile & Apparel Industry.

Similarly, the National Committee on Textiles and Clothing (NCTC) which was formed last year on the initiatives of CITI comprises the following National Level Textile & Apparel Associations and Export Promotion Councils: AEPC, AMFII, ASFI, CITI, CMAI, ITTA, PDEXCIL, SRTEPC and TEXPROCIL have also submitted a Joint Representation to the Hon'ble Prime Minister of India, Hon'ble Union Minister of Textiles, Hon'ble Union Minister of Commerce & Industry, and Hon'ble Union Minister of Finance to give an immediate relief package to the T&A Industry to sustain through this difficult time!

Textiles and Clothing Industry Stimulus Package for Resurgence during COVID-19 lockdown

Table 1: Ministry of Finance

Sl. No.	Policy	Issues/Constraints	Impact	Suggested Interventions
1)	a) Financial Package	It might take more than a year to reach normalcy (after eradicating COVID 19) in the domestic market and much longer period for the exports to revive; textile and apparel units, including technical textiles would find it difficult to wipe out the accumulated losses, pay outstandings and breakeven; the wafer-thin margin industry would continue to face a long drawn financial stress	If the NPA norms are not revised and sufficient moratorium period is not extended, more than 90% of the textile units would become NPAs leading to closure and jobs losses to millions of workers across the textile value chain; COVID-19 impact likely to continue for years both in the domestic and international markets.	Apart from the three months moratorium period already provided, extend the moratorium period for a further period of ten months for all term loans and related interest upto 31st March 2021; RBI may direct banks to waive the interest on all term loans for the moratorium period. Provide 30% additional working capital term loan (WCTL) with 3% interest subvention without any additional collateral and margin money; provide one year moratorium without any interest and 36 months for the repayment of WCTL with applicable interest; Waive the accrued working capital interest for the three months moratorium upto 31st May 2020 Relax RBI norms for declaring the defaulting unit as a Non-Performing Asset (NPA) for one year.
	b) Financial relief package announced by RBI	Three months moratorium for repayment of loans and interest; additional working	Textile and apparel units, including technical textiles not able to pay	RBI to issue necessary clarifications to the banks and Non-Banking Financial Companies (NBFCs) to extend three months moratorium period for repayment of loans and

	on March 27, 2020	capital, reduction of interest rate, etc., **not implemented by the banks; not considering SMA /NPA accounts**	wages, taxes, rent and meet other standing charges; several banks have debited the interest at regular rate of interest; mills finding difficult to provide food to the hostel workers	interests for all types of accounts including SMA and NPAs, provide additional working capital and reduce the interest rates.
2)	Government Dues: RoSL, RoSCTL & GST	Huge amount pending	Affected the cash-flow	Refund all the pending statutory and export claims including RoSL, RoSCTL and GST

Table 2: Ministry of Textiles

Sl. No.	Policy	Issues/Constraints	Impact	Suggested Interventions
1)	TUFs Subsidies	Huge TUF subsidy arrears are pending under committed liabilities of MTUFS, RTUFS, RRTUFS & ATUFS; new guidelines and joint inspection protocol introduced by the Government has delayed/ stalled release of subsidy	Out of Rs.17,822 crores funds allotted till 31st March 2022 including Rs.5,151 crores for the ATUFs, not even Rs.2,500 crores has been utilized; causing huge financial stress	Provide interest free advance through the respective banks to all the TUFS beneficiaries by extending 90% of the committed liabilities of all types of TUFS benefits (MTUFS, R-TUFS, RR-TUFS and A-TUFS) by taking an under taking with necessary terms & conditions

Table 3: Exports – Ministry of Commerce & Industry

1)	Export Benefits	Global slow down especially in US & EU and attractive relief packages announced by our competing nations that already have duty free access would erode our competitiveness	Indian textiles and clothing products, exports stagnated (de-growth in many products) during the last 4 years; cheaper imports would flood.	Include all the textiles & clothing products, fibre to apparel/made-ups, including technical textiles in the textile value chain under RoSCTL, IES & MEIS benefits with immediate effect; extend 5% additional ad-hoc export incentive and 5% IES benefit for 3 years

Table 4: Ministry of Labour & Employment

Sl. No.	Policy	Issues/Constraints	Impact	Suggested Interventions
1)	Payment of employer and employee contributions of EPF and ESI; Government paying the EPFO benefits for 3 three months for establishments having upto 100 workers	Textiles and Apparel units do not have funds to pay salary, wages, rents, taxes and meet the standing charges, provide food and other welfare facilities to the hostel workers; textile and apparel units being highly labour intensive (30 to 120 jobs per Rs.1 crore investment), majority of the units employ over 100 workers and not eligible for the relief package of EPFO	Majority of the units not in a position to pay EPF/ESI;	Waive the payment of EPF and ESI contributions (both employer and employee) for three months; would reduce the burden for all stakeholders; would increase the take home pay. Direct ESI to continue to extend all the benefits during March, April, May and June 2020 without any interruption while waiving off the contributions, as it has a corpus of Rs.90,000 crores; ESI to extend life insurance cover against Covid-19 to all the textile industry workers. Textile Industry being a continuous process and predominantly export oriented industry, advise State Governments to permit the units run with in-house workers with prescribed pre-conditions.

Other Relief Measures

a) Finance

1) Extend financial support to the industry by paying 50% salaries/ wages to the workers for the lock-down period;

2) For MSME segment, wages may be paid the ESI card holders across the Nation from ESI reserves;

3) For unorganized labour force i.e., non ESI cardholders Government can make payments whatever it decides through Jandhan Accounts from the Atal Bimit Vyakthi Kalyan Yojana (ABVKY) Scheme of the Government.

b) Exports

1) Waive demurrage charges on imported goods effective from mid March 2020 till normalcy is restored;

2) Direct banks not to levy any charges on the exporters while cancelling forward contracts in those cases where the export orders are cancelled by the overseas buyers;

3) Convert all L/Cs payments maturing from 22 March 2020 to 31 May 2020 into Term Loan which is payable monthly over a period of 24 months;

4) Exempt international courier services from the present lockdown as banks have to send export documents to foreign Banks but DHL, etc. are not taking documents, as a result, importers are unable to get the consignment released and not making payments;

5) Advise Shipping Companies to issue the Bill of Lading for clearance of export goods;

6) Consider including Exports of Textile and Clothing products, including technical textiles under Essential Commodity Act;

7) Packing Credit period for existing loans and export bill realisation be extended by six months;

8) Losses in forex hedging during 22/3/20 to 30/6/20 to be converted into a term loan with 6 months moratorium and repayments in 24 monthly instalments;

9) Treat courier services, both domestic and international as Essential Commodity Services during lockdown period;

10) All exports related refund and statutory refunds like Duty Drawback, GST etc. should be paid to exporters, including risky exporters, within 15 days so as to ease liquidity at their end. A bond may be taken from risky exporters so as to recover it, if so warranted;

11) Notify the ROSCTL Scheme announced for Made-UPS/Garments for implementation w.e.f. 1st April 2020;

12) Since no remittance is coming from foreign buyers, the bills that presented to the banks start getting mature resulting in crystallization of the bills by the bank. Crystallization of export bills may be kept in abeyance for the next six months;

13) Already many exporters have booked forward contracts in anticipation of payments to be received from their foreign buyers but due to this contingency, none of the bills are being honored by the buyers. Hence, the forward contract tenure may be extended by postponing the maturity date so that the same will get crystallized only when the bills are actually paid by the buyers;

14) Government may bear the hedging charges of foreign exchange loans considering the steep depreciation of rupee under the current scenario.

c) Customs and Anti-dumping Duties

1) Exempt all dyes & chemicals, intermediaries, spares, accessories, etc., from Customs and Anti-Dumping Duty;

2) Impose necessary safeguard measures to prevent cheaper of imports ready-made garments from FTA countries.

d) Insurance

1) Renew all the existing policies without interruption by getting undertakings from the policyholders (textile mills) through e-mail to the respective insurance companies;

2) Extend all the existing policies for the days of lockdown period so that further renewal will fall after the extended period.

e) GST

1) Exporters should be allowed to retain 10% of GST payable for the next 12 months;

2) To defer the payment of GST dues for a period of 3 months without penalty;

3) Bring the entire virgin and recycled MMF and its blended textiles and clothing segment under 5% GST slab (currently fibre is at 18%, yarn at 12% and the remaining products in the subsequent value chain are at 5%; no revenue loss to the government as accumulated ITCs are refunded; would eliminate ITC refund and blocking of working capital).

f) ECGC

1) ECGC Ltd should extend Policies / Covers to the exporters at lower premium rates as the financial standings of the foreign buyers have declined substantially post-COVID 19;

2) ECGC Ltd covers the export shipments losses on a minimum premium calculating losses to the tune 5-10%. However, due to current pandemic situation the losses may be spiraling upto 15-20%. Hence, government may direct ECGC to extend the insurance cover to fullest extent.

g) Others

1) MNREGA benefits may be extended only for non ESI/ EPF workers as it will incentivise labours to go back to factories to work when lockdown opens;

2) Brands and Retail Chain Stores not to ask heavy discounts, as it will affect the working capital of the textile industry.

NSL TEXTILES
Cotton to Clothing

READY TO OPERATE GARMENT UNIT AVAILABLE FOR LEASE NEAR GUNTUR CITY, ANDHRA PRADESH.

A STATE-OF-THE-ART GARMENT MANUFACTURING UNIT SITUATED NEAR GUNTUR CITY IN ANDHRA PRADESH, OPERATIONAL SINCE 2010-11, IN GOOD AND READY TO OPERATE CONDITION, IS AVAILABLE FOR LEASE WITH FOLLOWING GOOD FEATURES:

- 600 SEWING MACHINES INSTALLED CAPACITY IN ONE LAC SQ., FT., OF MODERN PREMISES;
- EQUIPPED WITH SPECIAL MACHINES FOR COLLAR/CUFF TURNING, AUTO SLEEVE PLKT MACHINES, AUTO SPREADER, AUTO POCKET CREASING ETC.,
- FULLY EQUIPPED LAUNDRY FACILITY;
- SEPARATE DORMITORY IN THE PREMISES IN MORE THAN 30,000 SQ., FT. AREA INCLUDING CANTEEN;
- READY TO EMPLOY TRAINED WORKFORCE AVAILABLE IN THE VICINITY OF FACTORY AREA.

PARTIES INTERESTED TO OPERATE THE UNIT ON LEASE BASIS MAY GET IN TOUCH WITH :

M.SATYANARAYANA,
ASST., GENERAL MANAGER,
NSL TEXTILES LTD., NSL ICON,
ROAD NO. 12, BANJARA HILLS,
HYDERABAD -500 034.
EMAIL: satyanarayana.maganti@nsltextiles.com
Mobile: 9581412112 / 9666684999

HIGHLIGHTS OF CITI - SIMA STUDY ON IMPACT OF COVID 19

To assess the impact of COVID-19 Pandemic on the Indian Textile & Apparel Industry, CITI and SIMA jointly conducted a short online survey. More than 300 small, medium and large companies, from the entire textile value chain covering Farm to Fashion spanning across India participated in the survey.

Major points of the Survey are given below:

- Most units are carrying finished goods stock of between 15-60 days. Fabric and Made-up units are carrying the highest stock of finished products;
- About 45% of the units are carrying between 1-3 months inventory of raw materials. Spinning and Made-up units are carrying the maximum inventory;
- More than 30% of the companies are having accounts receivables between 60-90 days. Fabric units have the longest outstanding of all;
- There is a high Lack of clarity regarding the Cancellation of Orders. If larger downstream players can take the lead in confirming orders, this could lead to more certainty in the value chain, and set off a positive reaction;
- For exporters, maximum Cancellations of Orders are coming from Bangladesh, Europe, USA and China;
- About 35% of the companies have already used up their 90-100% of Working Capital;
- About half of the units would have no cash by the end of April, 2020. This remained true across industry-sub-group & size.

Initial Safeguard Measures Taken by the Government of India

Central Government and the State Governments under the dynamic leadership of Hon'ble Prime Minister, Shri Narendra Modi Ji have taken a number of steps to contain and minimize the effects of unprecedented outbreak of deadly Coronavirus (COVID-19). The Hon'ble Prime Minister has assured full support and cooperation to the Textile & Apparel Industry and said that the interests of all of the stakeholders i.e. from corporates to labourers, will be protected.

o **Ministry of Finance:**

Following decisions were taken with respect to statutory and regulatory compliance matters related to various sectors:

Income Tax

- Extend last date for income tax returns for (FY 18-19) from 31 March, 2020 to 30 June, 2020.
- Aadhaar-PAN linking date to be extended from 31 March, 2020 to 30 June, 2020.
- Vivad se Vishwas scheme – no additional 10% amount, if payment made by June 30, 2020.
- Due dates for issue of notice, intimation, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents and time limit for completion of proceedings by the authority and any compliance by the taxpayer including investment in saving instruments or investments for roll over benefit of capital gains under Income Tax Act, Wealth Tax Act, Prohibition of Benami Property Transaction Act, Black Money Act, STT law, CTT Law, Equalization Levy law, Vivad Se Vishwas law where the time limit is expiring between 20 March 2020 to 29 June 2020 shall be extended to 30th June 2020.
- For delayed payments of advanced tax, self-assessment tax, regular tax, TDS, TCS, equalization levy, STT, CTT made between 20th March 2020 and 30 June 2020, reduced interest rate at 9% instead of 12 %/18 % per annum (i.e. 0.75% per month instead of 1/1.5 percent per month) will be charged for this period. No late fee/penalty shall be charged for delay relating to this period.
- Government proposes to pay 24 percent of the monthly wages into their PF accounts for next 3 months for Wage-earners below Rs 15,000 per month in businesses having less than 100 workers.

GST/Indirect Tax

- Those having aggregate annual turnover less than Rs. 5 Crore Last date can file GSTR-3B due in March, April and May 2020 by the last week of June, 2020. No interest, late fee, and penalty to be charged.
- Others can file returns due in March, April and May 2020 by last week of June 2020 but the same would attract reduced rate of interest @9 % per annum from 15 days after due date (current interest rate is 18 % per annum). No late fee and penalty to be charged, if complied before till 30 June 2020.
- Date for opting for composition scheme is extended till the last week of June, 2020. Further, the last date for making payments for the quarter ending 31 March, 2020 and filing of return for 2019-20 by the composition dealers will be extended till the last week of June, 2020.
- Date for filing GST annual returns of FY 18-19, which is due on 31 March, 2020 is extended till the last week of June 2020.
- Due date for issue of notice, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents, time limit for any compliance under the GST laws where the time limit is expiring between 20 March 2020 to 29th June 2020 shall be extended to 30th June 2020.
- Necessary legal circulars and legislative amendments to give effect to the aforesaid GST relief shall follow with the approval of GST Council.
- Payment date under **Sabka Vishwas Scheme** shall be extended to 30 June, 2020. No interest for this period shall be charged if paid by 30 June, 2020.

Customs

- 24X7 Custom clearance till end of 30 June, 2020
- Due date for issue of notice, notification, approval order, sanction order, filing of appeal, furnishing applications, reports, any other documents etc., time limit for any compliance under the Customs Act and other allied Laws where the time limit is expiring between 20 March 2020 to 29th June 2020 shall be extended to 30th June 2020.

Financial Services

Relaxations for 3 months

- Debit cardholders to withdraw cash for free from any other banks' ATM for 3 months
- Waiver of minimum balance fee

- Reduced bank charges for digital trade transactions for all trade finance Consumers

Corporate Affairs

- No additional fees shall be charged for late filing during a moratorium period from 01st April to 30th September 2020, in respect of any document, return, statement etc., required to be filed in the MCA-21 Registry, irrespective of its due date, which will not only reduce the compliance burden, including financial burden of companies/ LLPs at large, but also enable long-standing non-compliant companies/ LLPs to
- make a 'fresh start
- The mandatory requirement of holding meetings of the Board of the companies within prescribed interval provided in the Companies Act (120 days), 2013, shall be extended by a period of 60 days till next two quarters i.e., till 30th September
- Applicability of Companies (Auditor's Report) Order, 2020 shall be made applicable from the financial year 2020-2021 instead of from 2019-20 notified earlier. This will significantly ease the burden on companies & their auditors for the year 2019-20.
- As per Schedule 4 to the Companies Act, 2013, Independent Directors are required to hold at least one meeting without the attendance of Non-independent directors and members of management. For the year 2019- 20, if the IDs of a company have not been able to hold even one meeting, the same shall not be viewed as a violation.
- Requirement to create a Deposit reserve of 20% of deposits maturing during the financial year 2020-21 before 30th April 2020 shall be allowed to be complied with till 30th June 2020.
- Requirement to invest 15% of debentures maturing during a particular year in specified instruments before 30th April 2020, may be done so before 30th June 2020.
- Newly incorporated companies are required to file a declaration for Commencement of Business within 6 months of incorporation. An additional time of 6 more months shall be allowed.
- Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the Companies Act, shall not be treated as a violation.
- Due to the emerging financial distress faced by most companies on account of the large-scale economic distress caused by COVID 19, it has been decided to raise the threshold of default under section 4 of the IBC 2016 to Rs 1 crore (from the existing threshold of Rs 1 lakh). This will by and large prevent triggering of insolvency proceedings against MSMEs. If the current situation continues beyond 30th of April 2020, we may consider suspending section 7, 9 and 10 of the IBC 2016 for a period of 6 months so as to stop companies at large from being forced into insolvency proceedings in such force majeure causes of default.

Department of Commerce

- Extension of timelines for various compliance and procedures will be given.

o Reserve Bank of India

Further, RBI also announced several policy measures to address the stress in the financial conditions caused by CoVid-19. Major announcements were to ensure the following:

Expanding liquidity in the system sizeably to ensure that financial markets and institutions are able to function normally in the face of COVID-related dislocations

- Targeted Long-Term Repos Operations auctions of targeted term repos of up to three years tenor of appropriate sizes for a total amount of up to 1,00,000 crores at a floating rate linked to the policy repo rate.
- Reduce the cash reserve ratio (CRR) of all banks by 100 basis points to 3.0% of net demand and time liabilities (NDTL).
- Under the marginal standing facility (MSF), banks can borrow overnight at their discretion by dipping up to 2% into the Statutory Liquidity Ratio (SLR).
- Widening the existing policy rate corridor from 50 bps to 65 bps.

To mitigate the burden of debt servicing brought about by disruptions

- All commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) ("lending institutions") are being permitted to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020.
- In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are being permitted to allow a deferment of three months on payment of interest in respect of all such facilities outstanding as on March 1, 2020.
- In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions may recalculate drawing power by reducing margins and/or by reassessing the working capital cycle for the borrowers
- The Basel Committee on Banking Supervision (BCBS) had introduced the Net Stable Funding Ratio (NSFR) which reduces funding risk by requiring banks to fund their activities with sufficiently stable sources of funding over a time horizon of a year in order to mitigate the risk of future funding stress.
- The capital conservation buffer (CCB) is designed to ensure that banks build up capital buffers during normal times (i.e., outside periods of stress) which can be drawn down as losses are incurred during a stressed period

To improve depth and price discovery in the forex market segments

- Permitting Banks to Deal in Offshore Non-Deliverable Rupee Derivative Markets (Offshore NDF Rupee Market)

Others

- In view of the disruption caused by the COVID-19 pandemic, the time period for realization and repatriation of export proceeds for exports made up to or on July 31, 2020, has been extended to 15 months from the date of export.
- Reserve Bank had constituted an Advisory Committee to review the Ways and Means limits for State Governments and Union Territories (Uts).
- The framework on countercyclical capital buffer (CCyB) was put in place by the Reserve Bank in terms of guidelines issued on February 5, 2015 wherein it was advised that the CCyB would be activated as and when the circumstances warranted, and that the decision would normally be pre-announced.

Largest Economies Announces Liberal Financial Packages to Mitigate Impact of COVID-19 Pandemic

Several countries across the world have already extended liberal financial packages to mitigate the impact of COVID-19 crisis. For instance, Germany has announced a financial package of half trillion Euro for those companies impacted by the crisis to boost their liquidity. Under this Scheme, any German company hit during this crisis can borrow as much as necessary by them for a longer duration with zero interest rate till such time they completely recover. Not only this, UK Government has also announced a business bailout package worth £ 350 bn. to help firms cope with the present lockdown and at the same time also announced that the state would pay grants covering up to 80% of the salary of workers without any limit if companies kept them on their payroll, rather than lay them off as the economy crashes. Bangladesh which is a major rival of India in terms of Apparel exports has also extended a relief package of Tk 5,000 crores to fund owners of exporting industries affected by the pandemic as bank loans to help pay their workers. Exporters will be provided easy loans with just 2% interest rate on account of the estimate submitted by exporters to pay wages and allowances of workers and employees. The loan will be repayable in a period of 2 years with a grace period of 6 months.

Though the steps taken by the Government for the welfare of economy and people are commendable however, there is an urgent need for a special relief package addressing the above mentioned issues of the Indian textile & apparel industry that employs over 105 million people and earn around US$ 40 billion forex, apart from substantial revenue under GST and other taxes.

HIGHLIGHTS

OF THE

INTERACTIVE MEETING

OF THE SOUTHERN INDIA TEXTILES ASSOCIATIONS WITH SHRI RAVI CAPOOR, IAS, SECRETARY (TEXTILES) ORGANIZED BY CITI

on 12th February 2020 at Hotel Le Meridian, Coimbatore

Highlights of the Welcome Address of Mr. T. Rajkumar, Chairman, CITI

- When the issues confronted by the industry were discussed with the Secretary (Textiles), it was suggested to him to meet all segments of the textile and clothing industry and accordingly, he agreed for the same.
- Appreciated Secretary, Textiles as for the first time, we are having a Secretary, who is keen to look after the welfare of the textile industry. For all the efforts put in, Hon'ble Prime Minister and Hon'ble Union Textile Minister were congratulated and appreciated
- 12-member delegation from the textile industry representing all segments met the Hon'ble Prime Minister on 26.12.2019 to understand the difficulties of the textile industry. After the interaction, the government took five policy matters related to textiles and accordingly the Hon'ble Finance Minister announced that in the Union Budget 2020-21.
- The Anti-Dumping Duty on PTA, which was prevailing for more than 30 years was totally removed and the Hon'ble Textile Minister and Secretary (Textiles) were appreciated for their efforts. The monopoly of the PTA producers has been totally curtailed at the efforts of the Hon'ble Prime Minister.
- RoDTEP has been introduced replacing RoSL/RoSCTL/ MEIS.
- Readymade garment imports should be prevented from Bangladesh and the industry demanded that Rule of Origin should be brought to check surge in imports. Accordingly, the Government in the Union Budget announced setting up of an organization to look into the same. Similarly, NIRVIK scheme for export credit and insurance has been brought.
- During the discussion with Secretary (Textiles), it was emphasized that export incentives should be extended to yarn and fabrics for two years. Secretary (Textiles) has to guide the industry as

to whom should be consulted to resolve the issue.

- When we import certain goods for export purpose, all taxes and levies should be removed. The industry wants the raw material made available at the international price.

- During the discussions with Hon'ble Prime Minister, CITI emphasized setting up of textile parks near ports with plug and play model facility. If this is implemented, all the basic infrastructure will be made available. The entrepreneurs need to bring only the machinery for installation. This demand was also accepted by them.

- Cotton production is coming down and it has to be increased. Technology Mission on Cotton – I helped to increase the production and it is over. Therefore, the TMC-II should be brought in the new format.

- The very purpose of establishing the Cotton Corporation of India (CCI) has been defeated. It was established to support the farmers as well as the industry. MSP operation of CCI costs the industry very much and the industry is suffering. In order to overcome this, subsidy should be given to the farmers by way of Direct Benefit Transfer System.

- The government has to slot entire MMF segment under 5% GST slab.

- Considering the steep fall in exports, EPCG obligation period should be increased from 3 years to 5 years.

- The Government should consider restructuring of loans of the industry. Exports of cotton yarn to China has drastically come down. Therefore, onetime restructuring of loan should be favourably considered by the Ministry of Textiles. If this is not done, there will be further slump in the textile industry.

- Two year moratorium for repayment of all loans and extending additional working capital to tide over the financial stress faced by the textile industry.

- The government should explore the possibilities of signing FTAs with EU and USA. The government should also consider signing an agreement with UK, especially in the aftermath of Brexit.

- The new definition of MSME from investments to turnover should be notified and this would greatly benefit the textile industry

- The government has to support the Textile Research Associations and Centres of Excellence for development of medical textiles, mechanical processing, chemical processing, green technologies, high performance textiles and nano technology. Unless the funding support is given by the Ministry, it will be of no use.

- Indian textile industry is competitive till fabric stage, but at garment stage it is expensive. By taking this into account, the Ministry of Textiles announced the SAMARTH scheme, to focus on

productivity, quality and cost control measures to enhance the competitiveness in the garment and made-up segments.

- Government need to set up industrial parks for textile machinery suppliers, accessories, technology development; textile product accessories including zippers, trimmings, buttons, embroidery, labels, laces etc.
- Hon'ble Union Minister of Textiles has advised Secretary (Textiles) to visit 10 countries in 30 days to attract FDIs in mega textile clusters. Accordingly, a delegation of entrepreneurs need to accompany Secretary (Textiles) and explore the possibilities of joint venture projects, either with the new customers or with the existing customers.

Highlights of Special Addresses

- The textile industry has the best combination of Hon'ble Union Textile Minister and Secretary (Textiles), which the industry has never seen in the past 35 years. For all the benefits announced the Union Budgets, the credit goes to the Hon'ble Union Textile Minister and Secretary (Textiles). The last three months, because of the efforts of Secretary (Textiles), a delegation to USA has been arranged and eight manufacturers are ready to go with the Secretary (Textiles) to bring investments into India as joint venture projects.
- MSME description could be brought on the basis of turnover so that it will be beneficial for both domestic and export segments.
- Industry should not go on asking for something from the government rather it has to find solution. The Government would facilitate the industry to do the business. Government was thanked for the outlay of Rs.1480 crores for establishment of National Technical Textiles Mission. In the manmade fibre exports, India's share is very negligible. With the removal of Anti-Dumping Duty on PTA, there is tremendous export opportunity as far as India is concerned, This will help to create employment and revenue growth, import duty will go down.
- RoDTEP should be implemented at the earliest most probably from 1st April 2020.
- The government, instead of MSP on cotton, should consider giving the subsidy to the farmers through Direct Benefit Transfer.
- Enhance the subsidy for converting the power-loom to rapier loom to Rs.1.00 lakh per loom;
- Include modernization kits like modified control panel including online quality and production monitoring systems to the electronic jacquard, electronic drop box, energy efficiency motor, etc
- Enhance A-TUFS capital subsidy for power-loom sector from 10% to 30% for shuttleless looms; Only 30% of the looms have been

upgraded. Action should be taken for the balance 70% in the next four years so that the quality can be improved.

- Encourage forming SPV with 500 looms in each cluster and extend yarn bank credit limit upto Rs.10 crores per SPV ;
- Release pending subsidies under Powertex and TUFs;
- Include fabrics under all export benefits especially under proposed RoDTEP
- Major problem faced by the power-loom sector is the proposed Anti-Dumping Duty on Viscose yarn.
- Whenever they adopt import price parity, it increases the costs of production for the entire textile value chain. Now, proposal are there for levying Anti-Dumping Duty on MEG, linen fibre, nylon filament, etc.
- If the apparel is imported from Bangladesh, there is no duty or quantitative restriction, whereas Indian textile manufacturers are made to pay more.
- Thousands of power-looms are functioning in India, but most of the yarn are imported from Indonesia and other countries. Since the raw materials are expensive, foreigners are reluctant to invest in India. The Indian textile industry is uncompetitive and is facing competition from Bangladesh.
- The target of 350 billion USD size can be achieved only through value addition. Every segment of the value chain is competitive and have level playing field. But duties and anti-dumping duties add cost to the fabric. Inverted duty structure also adds cost to the product.
- India largely exports fibre and yarn. But it should export value added products like made-ups and garments.
- Duty on wood pulp raw material for viscose fibre should be reduced. Fibre should be made available at international price.
- China has over capacity and they have two months stock and it can sell at throw away price.

Highlights of interaction with Textile Associations' Representatives

- The CCI's unfair pricing policy, which is more than the open market causes problem to the small scale spinning mills and affects the entire textile value chain. As a result, not only private

mills, even the government mills and NTC mills are also worst affected. CCI purchased 55 lakh bales in the season. When the market price is prevalent at Rs.40,500 per candy, the cotton price of CCI is Rs.46,500/- per candy. This policy of CCI is neither helpful to the farmer nor the spinning sector. Therefore, CCI should be advised to follow right trade practice. They should not hoard cotton.

- Direct benefit system to the farmers should be introduced for transfer of subsidy.
- Help to modernize the current production capacity.
- Interest rate on term loan should be reduced.
- Term loan should be given without demand any additional security.
- Hank yarn obligation should be reduced to 15%.
- Purchase of power below 1 MW should be allowed and encouraged
- Mostly 90% of the MSME printing units are doing job work in nature. They keep on upgrading their units by investing in the latest technology printing machines either from abroad or from India
- Since the ATUF guidelines specify the printing units (job work), it has to be applied under MC-02 – in Sl.No.40 – PLC Controlled Fully Automatic Flat bed Printing machines with pneumatic blanket control. It is learnt that the garmenting printing machine send for garments are not covered under MC-02 as such, they are not considering the claim. In pursuance of para 3.9 of the revised guideline "machinery eligible for one segment is eligble for other segment(s)/ activity (ies) also unless its eligibility is specifically restricted for a particular segment / activity". Therefore, the knit printers changed the machinery category under MC-02 to MC04 and restrict their claim to 10%. Therefore, TXC may be instructed to consider the change over JIT request and further order for the inclusion of printing machine (MC-04 -113) in the MC 02 category
- For uploading returns in the Textile Commissioner's website, there are problems and therefore, TxC office should be instructed to set right this.
- In terms of TXC office, not only they should release the TUF subsidies in time, but also expedite the process of fresh applications.
- There is communication gap between the bankers and the TUFS Cell, resulting in timely disbursement of subsidy. Due to the mistakes of bankers, industry is suffering a lot.
- Textile industry should get involved in the activities of CITI CDRA. The technology should reach the cotton farmer level.


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- In the proposed RoDTEP scheme, whole textile value chain should be included. Yarn and fabrics should also be included.
- Inverted duty structure in the MMF sector, people doing job work stand to lose significantly. This issue should be looked into.
- Entire textile value chain is under fund crunch. Unfortunately, export to China is affected due to Coronavirus.
- Tirupur cluster as a whole is yet to receive government subsidy nearly Rs.1310 crores. Release the dues to make the industry healthier.
- Address the problems in sourcing open access power.
- Remove import duty on spandex yarn, as imported yarn will be cheaper if the duty is removed.
- Without FTA with leading countries, the industry cannot survive. With Bangladesh, Turkey, Vietnam, we are not competitive. All the Chinese goods are coming through Bangladesh into India and it should be banned.
- Open end mills save environment by recycling PET bottles. They face shortage of raw material viz., comber noil. The comber noil, which is a cotton waste, is priced at Rs.90/- per kg whereas the cotton yarn price rules around Rs.110/- per kg. Therefore, they are unable to get the raw material at reasonable price. Therefore, export duty should be levied on comber noil to make it available for the domestic manufacturers.
- Guntur is the epicenter of Andhra Pradesh spinning mills. CCI's unfair trade practice has affected the mills. Instructions should be given to CCI to sell the cotton in the market price. Because of this, many mills are becoming NPAs.
- Extend the moratorium on all loans
- Lot of new State policies sometime hampering the existing industry
- The clusters of Tirupur and other western parts of Tamil Nadu strictly follow zero liquid discharge, but they are not getting green building certificates, whereas the Bangladesh is getting the same. With large sustainability, 100% renewal energy, the Ministry should take up the sustainability branding to help this region.

- The processing units face inverted duty structure problems. While for the raw material processing units pay input tax in the range of 12% to 18%, their output tax is only 5% resulting in accumulated inverted duty.
- In Coimbatore, export discharge obligation certificate is not being issued. Lot of money in the form of guarantee is with bank. They are not releasing the bank guarantee because of the export discharge guarantee.
- Hosiery mills are no way connected with hank yarn obligation and therefore, it should be abolished in total
- Weaving is under tremendous pressure. It has to be saved. There is a proposal of levying anti-dumping duty on viscose yarn. If it is levied, the weaving segment will be dead.
- GST refund is accumulated to the tune of Rs.200 crores for the dyeing units.
- Viscose staple fibre manufacturers are also affected for the past six years due to the surge in imports of Chinese VSF and they are dumping in the market. The domestic manufacturers have two months stock of fibre and yarn with them. Hence, they are ready to support the entire textile value chain.

Highlights of the Response from Shri Ravi Capoor, IAS, Secretary (Textiles)

The Government and the Ministry of Textiles are completely aware of the problems of the industry. But the government has certain priorities which should be taken first. There are major similar issues faced by the industry.

Restructuring of loans

One of the problems faced by the industry is the finance. So, they demand extension of moratorium and restructuring of loans and converting working capital into loan. The Ministry is ceased of the matter. Ministry has already taken up the issue with the Finance Ministry and will further follow up.

Go for value added textile products

The Ministry will try to ensure that the manmade fibre is made available at the world prices. As long as, the industry remains only in cotton, the

profitability is under great stress. The industry needs to focus on higher value-added products. If this is done, half of the industry's problem will be over.

Inverted duty structure

The other problem is inverted duty structure. In the next GST Council Meeting, the Ministry will take up this matter.

Free Trade Agreements

As far as FTAs with other countries are concerned, the complaint that Bangladesh apparels are coming into India putting our domestic units under stress because Bangladesh has duty free access to Indian markets. This is because of SAFTA. Bangladesh being the friendly neighbor, there is no scope in reviewing the SAFTA. A delegation including the Secretary (Textiles) visited Bangladesh. There was interaction with the Bangladesh Textile Minister and Textile Secretary. It was suggested to Bangladesh that when they export their apparels to USA, please ensure that Bangladesh buys all the raw material from India. It is to be noted that import of apparels from Bangladesh stands at US $ 500 million, whereas India's total textile exports stands at US $ 10 billion. The Government is looking forward for enter into FTAs with UK, USA and EU. FTA with Bangladesh is very much on the cards of the Ministry.

TUFS

From the year 2000, the Government given Rs.30,000 crores under various TUF schemes. The spinning sector has mostly benefited and become world-class. But the TUFS has not helped to upgrade the other segments. In many cases, second hand and third hand machineries are being imported under TUFS. In spite of spending Rs.30,000 crores, India is not able to get the State-of-the-art technology machines. The industry's cost of operation should come down. TUFS is plagued with lot of bad practices. If the bankers do not do the uploading, the industry should take the call.

Ministry is in the process of coming up with new Textile Policy. Government is thinking that whether the TUFS should be continued in the present form or to encourage machinery manufacturers coming with the state-of-the-art technology in India and make the fund available to them.

Export benefits

With regard to MEIS, RoSL benefits, at no point of time, Government ever said that any arrears will be given. It was only industry's anticipation.

The demand that RoSL should be extended to yarn and fabrics, there is strong view that two segments which generate maximum employment should be given the benefit. The Government has identified apparel and garment sectors for this purpose. The other view is that India should export value added products.

Definition of MSME

Change in the definition of MSME is not within the purview of textile industry.

Powerloom sector

Though there are 25 lakh power-looms, the airjet looms and rapier looms are less in numbers. All the existing power-looms works on a technology of 60s and 70s with low efficiency, low energy efficiency and productivity. Therefore, all these power-looms are to be converted into either airjet looms or rapier looms. This will be addressed in the new Textile Policy.

If India has to move into the manmade sector in a big way, then we have to necessarily upgrade the power-loom from the present level. The government is ceased of the matter.

Master weavers play the vital role in the power-loom sector. Treat them in five or ten disciplines, such as marketing, sales, interacting, etc. If that happens the powerloom sector would grow.

Fabric duty

Government will consider increasing the customs duty on fabric imported from China.

Hank Yarn Obligation

The Government is examining the matter for further reduction

Cotton Corporation of India

There have been regular suggestions that CCI should sell the cotton at international price. The government in its wisdom declares minimum support price to protect the interest of the farmers. Therefore, if the price is low, the government pays more so that farmers' interest is protected. The

government is not there to subsidize the industry. If CCI suffers, again the government has to pump money. The issue will be looked into. The Direct Benefit Transfer system implemented in Madhya Pradesh failed. The Committee will fix up the price at every 15 days. Each farmer has to sell through mandi. So long as the MSP is there, this problem will continue. The government wants the market forces to decide. Anyhow, the government is examining the matter and will talk to CMD, CCI on how it can reduce the prices.

Tirupur Sustainable Fabric Cluster

Tirupur is perhaps the only center in the country which has won zero liquidity discharge and also running on solar power. This is a good story but we have not been able to build a story. Tirupur has the potential to market itself as a sustainable fabric producer cluster of the country and perhaps in the world. Since this industry works on a wafer-thin margin, half of the problems of margin will move away because your value realization would be at least 15 – 20% plus on the basis of sustainability. The Tirupur Exporters' Association should take the lead and develop the brand, for example, 'Tirupur Sustainable Fabric Cluster' and sell it in the same in international market. Tirupur will follow the labelers, environmental standards, safety standards, child labour standards, packaging standards, etc. This will command a premium price in the global market and the Ministry of Textiles will also help market the brand internationally. It will also help you beat Bangladesh because your products will fetch you premium price on the basis of sustainability factor.

Cross Subsidy

Secretary (Textiles) has written to the Secretary, Ministry of Power with regard to surcharge on open access stating that it defeats the whole purpose of cheap power. The Ministry would put pressure on the Power Ministry. Secretary (Textiles) suggested to knock at the doors of Power Ministry to find a solution to the problem.

Viscose

Why should the pulps be imported from Indonesia and other countries? Instead, pulps using bamboo and jute could be produced within India.

Textile Policy

The present Textile Policy is of the year 2000 and the Government has been working on to announce new Textile Policy.In the last meeting, the Secretary (Textiles) personally interacted with the stakeholders and the Hon'ble Minister also interacted with the stakeholders. The textile industry is the only industry with inclusive growth as from fibre to finished products, all are produced here itself. Similarly, it is the only industry doing the whole process here itself. The Government will come out with new Textile Policy soon.

Cotton

Cotton productivity in India is 415 kgs per acre as against 2000 kgs per acre in other countries. The government is having series of discussions with the agricultural department for increasing growth in terms of yield.

Technical Textiles

The Government has announced National Technical Textiles Mission with budget outlay with intention that it has huge global market. Germany's 55% textile production comes from Technical Textiles. But whereas India is struggling even for single digit.

For Personal Protection Equipment, there is no manufacturer in India. In the eventuality like Corona Virus, personal protection equipment produced out of technical textiles will be helpful. Not only in technical textiles, government is ready to support medical textiles also. If the industry is prepared to support, the government is ready to set up a technical textiles park in Coimbatore.

India has to move into the scale to meet the requirements

The government is trying to set up 10 megal textile parks. All in one place including machinery manufacturers in the park. This park will be near the ports. This will be with zero liquid discharge with the state-of-the-art technology. The entrepreneur should just pay the rent and start the units. Immediately, the government would ensure establishment of three parks.

Supporting RAs and COEs

The government is concentrating on centres for advance research in textiles. Countries like Bangladesh has six textile research centres. The Government is trying to convert Sardar Vallabhbhai Patel Institute into a research institute.

BUDGET HIGHLIGHTS

THE HON'BLE UNION FINANCE MINISTER MRS. NIRMALA SITHARAMAN TODAY PRESENTED HER SECOND UNION BUDGET 2020-21 FOCUSING ON ASPIRATIONAL INDIA, ECONOMIC DEVELOPMENT AND A CARING SOCIETY, WHICH WILL GIVE THE MUCH NEEDED IMPETUS TO THE INDIAN ECONOMY.

HIGHLIGHTS OF BUDGET ARE AS FOLLOWS:

Industry, Commerce and Investment

1. **Rs. 27,300 crore allocated for 2020-21 for development and promotion of Industry and Commerce.**
1. **Investment Clearance Cell proposed to be set up:**

- To provide "end to end" facilitation and support.
- To work through a portal.
- **Dividend Distribution Tax DDT removed making India a more attractive investment destination.**
- **Companies Act to be amended to build into statues, criminal liability for certain acts that are civil in nature.**
- Other laws with such provisions are to be corrected after examination.

1. **National Technical Textiles Mission**

- Proposed the National Technical Textiles Mission at an estimated outlay of Rs.1480 crore from 2020 21 to 2023 24 to position India as a global leader in Technical Textiles.

1. Scheme for Revision of duties and taxes on exported products to be launched.

- RoDTEP will released soon including such as electricity duties and VAT on fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism at the earliest.
- **Abolition of Anti-Dumping Duty (ADD) on PTA**
- **Stricter Rules of Origin and Free Trade Agreements (FTA) to curtail cheap imports from other countries**
- **New scheme NIRVIK to be launched to achieve higher export credit disbursement, which provides for:**
- Higher insurance coverage
- Reduction in premium for small exporters
- Simplified procedure for claim settlements.

1. **All Ministries to issue quality standard orders as per PM's vision of "Zero Defect-Zero Effect" manufacturing.**

Infrastructure

- **Rs.100 lakh crore to be invested on infrastructure over the next 5 years.**
- **Rs.1.7 lakh crore proposed for transport infrastructure in 2020-21.**
- **A National Logistics Policy to be released soon:**
- To clarify roles of the Union Government, State Governments and key regulators.
- A single window e-logistics market to be created
- Focus to be on generation of employment, skills and making MSMEs competitive.

MSME

Window for MSME's debt restructuring by RBI to be extended by one year till March 31, 2021.

- More than five lakh MSMEs have already been benefitted.
- An app-based invoice financing loans product for MSMEs to be launched.
- To prevent the problem of delayed payments and consequential cash flows mismatches.

Export promotion of MSMEs:

- For selected sector such as pharmaceuticals, auto components and others.
- An Rs 1000 crore scheme anchored by EXIM Bank together with SIDBI.
- Hand holding support for technology upgradations, R&D, business strategy etc.

Others

- **Rs.22, 000 crore proposed for power and renewable energy sector in 2020-21.**
- **Turnover of Government e-Marketplace (GeM) proposed to be taken to Rs 3 lakh crore.**
- **Rs. 99,300 crore for education sector and Rs. 3000 crore for skill development in 2020-21.**
- **Policy to enable private sector to build Data Centre parks throughout the country to be brought out soon.**
- **New Education Policy to be announced soon.**

ADVERTISEMENT RELEASED BY CONFEDERATION OF INDIAN TEXTILE INDUSTRY (CITI) IN ECONOMIC TIMES AND TIMES OF INDIA ON FEBRUARY 3, 2020

Shri Narendra Modi
Hon'ble Prime Minister of India

Smt. Smriti Zubin Irani
Hon'ble Union Minister of Textiles

THANK YOU HON'BLE PRIME MINISTER FOR GROWTH ORIENTED BUDGET 2020-21

We profusely thank **Hon'ble Prime Minister** and **Hon'ble Union Minister of Textiles** for the bold and proactive historical policy measure of:

Abolishing Anti-Dumping Duty on PTA to create level playing field

and also;

- **Announcing National Technical Textile Mission with an outlay of Rs. 1480 Cr. to make India a global leader in Technical Textiles;**
- **Reversion of Duties and Taxes on Export Products and NIRVIK for export credit & insurance to boost exports;**
- **Safeguard measures to curb cheaper imports from FTA countries;**
- **Addressing GST inverted duty structure issues, etc.**

CITI

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EXCERPTS FROM

ECONOMIC SURVEY

TEXTILE AND APPARELS

Textiles contributed 18.0 per cent of manufacturing and 2.0 per cent of GDP in 2017-18. The share of textiles and clothing in India's total exports was 12 per cent in 2018-19. The sector is the biggest employer after agriculture and it employs 4.5 crore people directly and 6 crore people in allied sectors. Estimated man-made fibre and filament yarn production increased by 4 per cent and 8 per cent, respectively, during April-August 2019. Estimated cloth production by mill sector declined by about 4 per cent during April-August 2019 **(Table 7)**. Exports of textile and clothing products including handicrafts from India have increased to US$40.4 billion in 2018-19 from US$ 39.2 billion in 2017-18 registering a growth of 3 per cent **(Table 8).**

Table 7: Estimated Production of man-made fibre, filament yarn, spun yarn and cloth

Period	Man Made Fibre	Man Made Filament Yarn	Cotton Yarn	Blended & 100% Non-Cotton Yarn	Total Spun Yarn	Cloth		
						Mill Sector*	Decentralized Sector**	Grand Total (Excluding Khadi Wool& Silk)
	Kg	Kg	Kg	Kg	Kg	Sq. mtr	Sq.mtr	Sq.mtr
2015-16	1347	1164	4138	1527	5665	2315	62269	64584
2016-17	1364	1159	4055	1604	5659	2264	61216	63480
2017-18	1319	1187	4064	1616	5680	2157	64688	66845
2018-19	1443	1159	4182	1680	5862	2012	68034	70046
2018-19*	603	476	1758	695	2453	873	27938	28811
2019-20(P)*	629	512	1677	710	2387	837	28209	29046
Variation 2019-20 Over 2018-19 (per cent)#	4.3	7.6	-4.6	2.2	-2.7	-4.1	1	0.8

Source: Ministry of Textiles

*Note: (P) - Provisional, *- Based on statistical data received from units,*
*** - Based on set of conversion ratio of yarn to fabric, #- (April-August).*

Table 8: Exports of textile and clothing products including handicrafts from India (Million US$)

	2015-16	2016-17	2017-18	2018-19
Textile & Apparel	35,995	35,372	35,666	36,627
Handicrafts	3,293	3,639	3,573	3,804
Total textile & clothing including Handicrafts	39,288	39,011	39,239	40,431
India's overall exports	2,62,290	2,75,852	3,03,376	3,29,536
Share of textile & clothing exports in overall exports (in per cent)	15	14	13	12

Source: Ministry of Textiles

HIGHLIGHTS

OF THE MEETING ON

SETTING UP MEGA TEXTILE PARKS

HELD UNDER THE CHAIRMANSHIP OF SHRI RAVI CAPOOR, SECRETARY (TEXTILES)

on 17th February, 2020 in Udyog Bhawan, New Delhi

Secretary (Textiles), Shri Ravi Capoor held an interactive meeting with the industry stakeholders and the officials of the State Governments on 17th February 2020 to formulate a scheme for Mega Textile Park. The Ministry of Textiles would soon prepare a cabinet note and get clearance to develop at least 10 such parks across the country on a fast track mode to encourage scale of operation, attract FDI / joint venture projects, etc. Secretary Generals of CITI, SIMA and NITMA attended the meeting.

The highlights of the meeting are as follows: -

- The park will have a minimum of 1000 acres of land and the Government is contemplating to extend maximum benefit for the creation of infrastructure facilities benchmarking international cost. Land will be free of cost from the State Governments.
- The vision of the project is to attract FDI/ private investment (Rs 3000-5000 crore), generate employment (about 60,000) and promote exports.
- Leading Indian players can plan for joint venture projects or their own green projects as vertically integrated manufacturing facilities (fibre to finishing goods).
- At the meeting convened by Hon'ble Union Minister of Textiles on 10th February 2020 with around 50 global international textile brands, the global brands stated that they are compelled to export due to volume and price advantage for marketing the goods within India. Hence, the proposed track would ensure necessary eco system by locating the parks closer to the major ports so that the exports could be not only competitive, but also deliver the goods in a short span of time.
- The State governments were advised to extend necessary support by designating a dedicated senior official of the rank of Principal Secretary or Special Secretary to implement the project on a fast track.
- The Ministry of Textiles is prepared to mark the project in different countries and facilitate the State government and the industries to attract FDI and joint venture projects.
- The park would have integrated value chain and support services, water supply (say 50 MLD desalination plant), common effluent treatment plant, 100% renewable energy (solar / wind mills) at an international competitive rate, road connectivity to port, railways, airport, etc. The park would primarily aims at fulfilling sustainability and developing the same as the brand by encouraging recycling environment protection, non-conventional energy, common compliance code for labour and other Statutes, etc. The park will also have Centre of Excellence for skilling, product development, studios, testing labs, etc.
- The services offered by the SPV w.r.t inputs like water, power, steam will be priced on a subsidized price and Government will give a commitment for a 5-year fixed rate for these utility prices.
- The State Governments have been requested to come out with a proposal by allotting the land (free from any encumbrance, litigation) preferably closer to the ports. The State officials from Telangana, Tamilnadu, Odisha, Maharashtra, Haryana and few other States showed interest in the project. The State Governments were advised to send their proposals within a week.
- SPVs will be formed by the State and Central Governments initially and later identify the master developers and promote another SPV with Government SPV as a stakeholder to implement the project on a fast track and monitor the same.

CITI-CDRA KISAN MELA AT SAILANA

(RATLAM DIST., MADHYA PRADESH) ON 18-2-2020

The CITI CDRA, concerned with the mismatch between the demand and supply of Extra Long Staple cotton in the country, warranting imports of such cottons at high prices, embarked upon a Project to develop tribal cotton growing areas from Ratlam, Dhar, Jhabua and Alirajpur districts of Madhya Pradesh as an integrated cotton zone for promoting such cottons. It decided to replicate the success of the Cotton Collaborative Project in Rajasthan while implementing the project in Madhya Pradesh.

To begin with the Project was taken up in Ratlam district in 2017-18 with the joint efforts of the CITI CDRA and Bayer Corp Science and extended to Dhar and Jhabua districts from 2018-19 with the financial support from Vardhman Textile Mills. The collective efforts of the CITI CDRA, BCS, District Agriculture Department from the concerned districts and the Scientists from KVKs during the past two/three years have created a favourable climate for effective implementation of the Project. To give boost to these efforts and to create mass awareness, it was decided to organize a Kisan Mela at Sailana Agriculture Produce Market.

Accordingly The CITI CDRA organised Kisan Mela at Sailana (Ratlam district-M.P.) on18th February 2020. Shri V. K. Singh, Additional Secretary and Chief Financial Adviser in the Ministry of Textiles, Government of India was the Chief Guest at the event.

Shri P. D. Patodia, Chairman, CITI Standing Committee on cotton felicitating Shri V. K. Singh, Additional Secretary and Chief Financial Adviser in the Ministry of Textiles at CITI-CDRA Kisan Mela At Sailana (Ratlam Dist., Madhya Pradesh)

Shri P. D. Patodia, Chairman, CITI Standing Committee on cotton, Shri Prem Malik, past Chairman, CITI, Shri Amit Ruparelia, past Chairman of TEXPROCIL Shri Akhilesh Rathi, Chairman, M.P.T.M.A, Dr. Sunanda, Secretary General, CITI and Shri Lalit Mahajan, Vice President, Vardhman Textiles were present at event.

About 2000 cotton farmers participated in the Mela. Besides, the district Agriculture Officers from Ratlam, Dhar and Jhabua districts, Scientists from KVKs from those districts, cotton traders, representatives of ginning and pressing factories, commission agents and other cotton interests were present in a large number.

The function was organised in two sessions, the first one being the Technical Session covering various aspects of cotton cultivation was addressed by Agriculture Officers and KVK Scientists while the second session formed the Kisan Mela.

Chief Guest of the event Shri V. K. Singh, Additional Secretary and Chief Financial Adviser, Ministry of Textiles, inaugurating at CITI-CDRA Kisan Mela At Sailana (Ratlam Dist., Madhya Pradesh)

Shri V. K. Singh, Additional Secretary and Chief Financial Adviser in the Ministry of Textiles addressing at CITI-CDRA Kisan Mela At Sailana (Ratlam Dist., Madhya Pradesh)

Ten stalls by various organizations like KVK, Seed Companies, Fertilizer Companies, Department of Agriculture, Pesticides companies, etc. were put up at the venue for the benefit of the cotton farmers.

Nine tribal cotton farmer couples were honoured at the hands of the Chief Guest by awarding them with CASH Prize, CERTIFICATE of APPRECIATION and Kapas Plucking Machines. Similarly, Four District Agriculture Officers and Four KVK Scientists were also felicited at the hands of the Chief Guest awarding them with CERTIFICATES OF RECOGNITION for their cooperation and assistance in disseminating the latest production, plant protection and nutrient management technologies in the project areas.

The Cotton Corporation of India made available 27 Kapas plucking machines for distribution among project farmers.

Shri P. D. Patodia in his welcome address dealt at length with the CITI CDRA's cotton development activities in Rajasthan during the past 12 years and resultant turnaround in cotton yield and production in Rajasthan as the result of the project efforts. He particularly mentioned that the project in Madhya Pradesh was intended to replicate Rajasthan experience in so far as it was concerned with improving the production and yield of ELS cotton in Tribal cotton growing areas of Ratlam, Dhar and Jhabua districts.

Shri Akhilesh Rathi, Chairman, M.P.T.M.A addressing the gathering said that the CITI CDRA cotton development activities in Madhya Pradesh during the past two years have gathered momentum and cotton farmers growing ELS cotton from Ratlam belt will benefit in improving their yield and production, on the lines of Rajasthan cotton farmers.

The Chief Guest Shri V. K. Singh while addressing the gathering expressed his happiness about the improvements in cotton yield reported during the past two years as the result of the CITI CDRA 's cotton development activities and hoped that in years to come farmers will benefit from technologies being disseminated under the Project. He particularly referred to the shortage of ELS cotton in the country and their imports from Egypt and USA even when the Country was ranked first in cotton production in the world and was exporting sizeable quantities of cotton every year. He therefore stressed that Indian cotton farmers were capable of producing all the required ELS cotton domestically and do away with imports of such cotton. He congratulated the farmers who were felicited at the event for their better performance in achieving higher yields and expressed the hope that other farmers would get inspired from them to achieve higher yields and earn more by improving production.

Shri Prem Malik while proposing a vote of thanks dealt at length at changed cotton scenario in the country during the past decade in general and the improvements in cotton production and yield in Rajasthan as the result of the CITI CDRA's efforts during the past 12 years in particular. He complemented all the Project Staff for bringing improvements in yield and expressed hope that the farmers would take full advantage of the CITI CDRA's cotton development activities for further improvement in yield and production.

NOTE ON NON WOVENS, MASKS

Shri Shailesh Kaushik
Managing Committee Member, TAI Delhi
Honorary Secretary, NISTI

Non Wovens & Masks....keeping in mind coronavirus (Covid19) situation in particular and pollution and other virus s which keep on recurring every year, we have to work out short, medium & long term strategy.

SMS , SMMS non woven fabrics (S-Spun Bond, M-Melt blown) are normally used in making of masks. Melt-blown fabric as on now is in short supply (china exporting masks& fabric at this point), so-

i) In the immediate/short term we have to import melt blown non woven fabric from all countries, which are allowing it. If none, masks have to be imported from immediate future, OFB (Ordnance Factory Board) etc could be nodal body, to avoid hoarding, the goods so imported from china etc could be quarantined/kept in cooling period for 14 days or as per medical experts advise (so that Covid19 virus, on any surface, is dead/ineffective by then) but process has to begin **NOW.**

In immediate/short term import duty on above should be reduced/abolished. Similar consideration for mask manufacturing machine, till indigenous machines developed.

Further government s institutional buying support for melt blown, mainly used in masks, similar PPE, should also be there, so that industry s supply and demand are balanced and they make investment in Melt Blown non woven production.

Once there is equilibrium in production and demand, import duty on above could be reconsidered

ii) The ideal mask is N95 , with BFE % between 95 to 99% , there are other non woven/masks options available with BEF & other parameter being slightly less (say around 89 to 92% , Suggest use of such non woven /masks to be allowed by the government . It may not be best option, but a good option; which is better than no option.

With reference to benchmarking of same, some technical information is available with some persons. For sake of uniformity, minimum acceptable standards for above should be made public immediately by the government. If some manufacturers can exceed /improve on such standards, welcome, they can brand themselves accordingly.

iii) Nano Scale Non Woven- while above are the steps to be taken in referred order of priority. Simultaneously a Govt.(OFB?), IIT, Medical institute consortium should work on prototype development, testing and benchmarking of masks with Nano Non woven sandwich in between, SMS or SMMS or even in between two normal non wovens , with such design the BFE could be further enhanced.

iv) Test reports are available on use of zinc &/micro nano silver based chemicals, plasma activation on other textile products -to make them anti bacterial, anti fungal, anti microbial. The above consortium should test , validate and set standards, if above functionalities can be added to masks, also to check if these inhibits coronavirus too.If above testing, validation is successful, license production to be allowed to both public & private sector manufacturers.

RBI THROWS IN THE KITCHEN SINK

UNLEASHES A SLEW OF BOLD MEASURES TO HELP THE ECONOMY TIDE OVER PREVAILING CRISIS

Shri Abhishek Goenka
Founder & CEO, IFA Global

The RBI today unleashed a slew of measures to complement the fiscal measures announced by the government yesterday. The measures are likely to help the banking system and economy tide over what is likely to be a protracted period of weak growth.

Rates

The RBI cut the repo rate by 75bps and Reverse repo rate by 90bps. The bigger cut in reverse repo is intended to disincentivize banks from parking funds with the RBI and to incentivize them to lend to the real economy instead. The RBI also increased the MSF limit to 3% of deposits from current 2%

Liquidity

The RBI cut the CRR by 1% which is likely to free up 135000 cr for the banking system. It has also lowered the daily compliance requirement of CRR maintenance for banks to 80% from 90%

The RBI announced it would conduct another Rs 100000 cr LTRO with a floating rate linked to the policy repo rate. This would be a targeted LTRO i.e. the banks would be required to invest proceeds in investment grade corporate bonds.

FX

In an unprecedented move, the RBI permitted international banking units of Indian banks to participate in the NDF market from 1st June 2020. This would help in reducing the transmission from offshore to onshore.

The RBI intervened aggressively in OTC and on the exchange today to ward off a speculative atttack. The RBI has shown a lot of intent and has done an excellent job of managing the Rupee so far.

Other measures

The RBI has pushed NSFR implementation for banks by 6 months

It has allowed banks to allow a moratorium on interest payments for 3m on EMIs on loans outstanding as on 1st March 2020.

Impact on Bonds, Equities, Currency

The HDFC 2y bond which was yielding 8.5% yesterday, yielded 7.25% post the anouncement. The 10y benchmark bond yield had dropped to 6% but rose subsequently to end the session at 6.14%. The equity markets lost ground during the session as global equities turned negative. The Nifty ended the session almost flat (+18pts at 8660). It was an extremely volatile session for the Rupee. USDINR opened at 74.60 and printed a low of 74.36. The Rupee weakened thereafter to 75.40 after which the RBI intervened aggressively simultaneously in exchange and OTC to get it to close at 74.86. The April futures on the exchange was 90p higher than OTC at one point.

Above steps are really bold and were desparately needed. The RBI has not held itself back and has thrown in the kitchen sink to help the banking and financial system and the economy tide over this period of crisis. The governor also added that these measures need to be complimented further by fiscal measures which implicitly means the RBI may stand ready to do further OMOs as well.

Textile INNOVATIONS

.....NEXT BIG THING AHEAD.....

IIT DELHI DEVELOPS INFECTION-PROOF FABRIC

Fabiosys Innovations, a start-up incubated at Indian Institute of Technology (IIT), Delhi, has developed an "infection-proof fabric" for hospital use. This has been done with an aim to prevent hospital-acquired infections (HAIs).

The Fabiosys Innovations team has been working on the project for over a year. The team has been aided by the Department of Science and Technology. As per government the Ministry of Health and Family Welfare data, for every 100 hospitalised patients in developing countries, 10 acquire HAIs and the risk is even higher at the time in the present situation. According to an NDTV report, the Fabiosys Innovations team claims to have developed an affordable, novel textile-processing technology and this converts regular cotton fabric into the infection-proof fabric. The team further announced that they take rolls of cotton fabric and treat it with a set of proprietary-developed chemicals under a set of particular reaction conditions.

For this, they use the machinery already commonly available in textile industries.

"The fabric, after undergoing these processes, gains the powerful antimicrobial functionality," reported NDTV quoting Samrat Mukhopadhyay, a professor at the Department of Textile and Fibre Engineering in IIT-Delhi.

Mukhopadhyay also informed that the apex technology institute has collaborated with the All India Institute of Medical Sciences (AIIMS) for a pilot run of the product.

The institute is currently in the process of conducting large-scale manufacturing trials in the Delhi-NCR region.

FiberSort LAUNCHES TO REVOLUTIONISE RECYCLING OF POST-CONSUMER TEXTILES

Today, the Netherlands based Fibersort consortium is launching its market ready Fibersort machine, a cutting-edge automated sorting technology that aims to revolutionise textile-to-textile recycling of post-consumer textiles. Fibersort, a Near Infrared (NIR) based technology, is able to categorise textiles in 45 different fractions based on their fibre composition and colour. The machine can sort approximately 900 kg of post-consumer textiles per hour, enabling a closed loop textiles solution.

Although the Fibersort machine will be officially launched on the 12th of March, the in-person Final Symposium has been cancelled today due to the current of the COVID-19 situation. Therefore, instead of an in-person event, the consortium will be hosting an online webinar to explore key project outcomes, share experiences of the collectors, sorters, recyclers, brands, and other stakeholders that made this possible and learn more about how each one of us can contribute to closing the textiles loop.

CITI ACTIVITIES

Shri Ravi Capoor, (IAS) Secretary Textiles, addressing the Interactive Meeting of All Southern India Textile Associations held in Coimbatore on February 12, 2020

Chairman CITI, Shri T. Rajkumar addressing the Interactive Meeting of All Southern India Textile Associations held in Coimbatore on February 12, 2020

Shri V. K. Singh, Additional Secretary and Chief Financial Adviser, Ministry of Textiles, viewing the exhibition at CITI-CDRA Kisan Mela At Sailana (Ratlam Dist., Madhya Pradesh)

CITI Secretary General, Dr. S. Sunanda signing MoU with India Factoring and Finance Solutions Pvt. Ltd.

CITI ACTIVITIES

Chairman CITI, Shri T. Rajkumar addressing the CITI Committee Meeting held in Coimbatore on 12th February 2020

Shri Ravi Capoor, (IAS) Secretary Textiles, addressing the CITI Committee Meeting held in Coimbatore on 12th February 2020

CITI Committee Meeting held in Coimbatore on 12th February 2020

CITI HAILS THE DECISIONS OF THE HON'BLE PRIME MINISTER TO STABILISE INDIAN ECONOMY AMID OUTBREAK OF COVID-19 PANDEMIC

New Delhi, Friday, 27th March 2020: Confederation of Indian Textile Industry's (CITI) Chairman, Shri T. Rajkumar thanked and appreciated the Central Government and State Governments for the efforts undertaken under the dynamic leadership of the Hon'ble Prime Minister, Shri Narendra Modi Ji, to contain and minimize the effects of unprecedented outbreak of deadly Coronavirus (COVID-19). He further stated that the Hon'ble Prime Minister's decision to impose lockdown on the whole nation till 14th April 2020 is bold and proactive to safeguard the lives of 130 crore citizens of India and assured full support and cooperation from the textile and clothing industry.

CITI Chairman thanked the Hon'ble Union Minister of Textiles, Smt. Smriti Zubin Irani, for standing with the textile and clothing industry in this tough situation and hoped that the International buyers will respond positively to her appeal of "Commerce with Compassion" by not cancelling even a single order which are already placed with the Indian Textile & Apparel manufacturers amid the CoVid-19 outbreak.

Shri Rajkumar thanked the Hon'ble Union Minister of Finance, Smt. Nirmala Sitharaman for announcing Rs 1.70 Lakh Crore relief package under Pradhan Mantri Garib Kalyan Yojana for the poorer sections of the society to help them fight the battle against Corona Virus. He also appreciated the decision of extending Rs.50 lakh medical insurance to the each health staff who are risking their own lives to safeguard the lives of those who are suffering from this deadly virus.

CITI Chairman appreciated the Hon'ble Union Minister of Commerce & Industry, Shri Piyush Goyal, for setting up a Control Room in DPIIT to monitor the issues of internal trade, manufacturing, delivery and logistics of essential commodities during the lockdown period and for assuring that the Ministry of Commerce & Industry is working 24X7 for extending all kind of possible help to the exporters at this juncture.

Shri Rajkumar thanked the RBI Governor, Shri Shaktikanta Das, for addressing the industry's immediate concerns of liquidity by taking a number of commendable steps. Three months moratorium extended for the term loans and working capital interest and also exempting the moratorium period for asset re-classification and credit rating would help the industry, said Mr Rajkumar. He hailed the steps of recalculating the drawing power to avail additional working capital and substantially reducing the Repo rates and thereby reduce the bank interest rate.

CITI Chairman stated that though three months moratorium had been extended for term loans and working capital interest, an immediate clarification from RBI was essential to extend moratorium for term loan interest payment as the financial year ending is fast approaching. He opined that textile industry being power intensive, at least 25% working capital without any collateral or margin money would be required for the T&C industry to make salaries and wages to the employees and meet other standing charges. Mr Rajkumar also hoped that the Government would closely monitor the gravity of the problems and take appropriate steps to tide over the crisis by taking suitable policy measures.

Mr Rajkumar appealed to the Hon'ble Chief Ministers and Power Ministers of all the State Governments to extend the relief measures by deferring the current consumption charges for three months and waive off the demand charges for the lock-down period in line with the steps already initiated by few State Governments. He said that power cost accounts around 40% of the conversion cost for the textile mills and therefore, power bill payment deferral would be an essential relief measure by the State Government in the wake of COVID-19 and lockdown action across the country.

TEXTILE INDUSTRY SEEKS RELIEF PACKAGE TO MITIGATE ILL-EFFECTS OF COVID-19 PANDEMIC: CITI

Tuesday, March 17, 2020, New Delhi: Shri T. Rajkumar, Chairman, Confederation of Indian Textile Industry (CITI) thanked the Hon'ble Prime Minister of India, Shri Narendra Modi Ji, for taking several war-footing measures to protect the people of India and also calling upon SAARC nations to fight together the deadly pandemic COVID-19. He further stated that India is confident that under the dynamic leadership of the Hon'ble Prime Minister of India, the economy would soon overcome the worst ever historical crisis faced by India.

Shri Rajkumar pointed out that the demand for the textile products and also the domestic sales have come down to a grinding halt due to the panic situation created by the outbreak of COVID-19 which was first reported in China and which later got spread to EU and USA as well which are the final destinations for the textile products manufactured in India.

CITI Chairman further stated that understanding the gravity of the Pandemic and with a view to control the situation at an early stage, Government of India has issued directions to close all the malls and retail outlets so that people do not further get infected and this decision of the Government has resulted in the substantial reduction in the sales of the domestic textiles & clothing.

CITI Chairman informed that he has requested to the Hon'ble Prime Minister of India to immediately announce a relief package for the Textile and Apparel Sector to mitigate the crisis being faced by the highly-capital and labour-intensive Textile Industry which runs on wafer-thin margin. The Industry seeks the following support from the Government of India:

1. Moratorium for repayment of Principal and Interest Amount to the banks for four quarters (1st April 2020 to 31st March 2021);
2. Exempt all raw materials, dyes & chemicals, intermediaries, spares, accessories, etc., from anti-dumping duty and basic customs duty;
3. Include cotton yarn and fabrics under RoSCTL, IES & MEIS benefits with immediate effect to prevent job losses for lakhs of people in the handloom, powerloom and spinning sectors;
4. Extend soft loan equivalent to Government dues pending in the books of individual textile units that could be adjusted soon as the Government clears the dues (TUF subsidy, RoSCTL, MEIS, GST refund, etc.);
5. Enhance IES benefit for all textiles and clothing exports to 5%; and
6. Reduce the bank interest rate by 3%.

CITI Chairman observed that several countries across the world have extended liberal packages to mitigate the COVID-19 crisis. For instance, Germany has announced a financial package of Half Trillion Euros for companies impacted by the crisis to boost their liquidity. Under this Scheme, any German company hit during this crisis can borrow as much as necessary by them for a longer duration with zero interest rate till such time they completely recover; they do not have to pay back.

CITI Chairman concluded by saying that the relief package is urgently required to ensure the survival of the Textile & Clothing Industry that employs over 105 million people and also earn around US$ 40 billion forex, apart from substantial revenue under GST and other taxes.

CITI WELCOMES CCI'S MOVE TO INTRODUCE BULK QUANTITY DISCOUNT SCHEME FOR COTTON SALE

New Delhi, Tuesday, 03 March 2020: Shri T. Rajkumar, Chairman, Confederation of Indian Textile Industry (CITI), an apex industry chamber of the Textile & Clothing Industry of India welcomed the move of The Cotton Corporation of India Ltd. (CCI) for introducing today the Bulk Quantity Discount Scheme for the sale of Cotton procured during 2018-19. He further stated that the decision will give a much-needed boost to the already raw cotton starved Indian Cotton Industry which has been reeling under severe pressure due to the high raw cotton prices and declining export of cotton yarn. CITI Chairman also stated that this move will really give an impetus to Indian cotton Industry to regain and increase its share of exports in international trade.

Mr. T Rajkumar thanked the Hon'ble Union Minister of Textiles, Smt Smriti Zubin Irani for her intervention for enabling CCI to offer volume based bulk discounts for its 2018-19 cotton and protecting the interests of MSME spinning mills by

offering the discounts. He appreciated the attractive scheme, which offers an attractive discount of Rs 4400 per candy on purchase of 10000 bales a day and also Rs 3200 per candy even for a small quantity of 500 bales. Whereas, MSME, KVIC and Cooperative Mills would be entitled to a minimum discount of Rs 3200 per candy even purchase of one lot a day.

Shri T. Rajkumar further pointed out that during the current financial year 2019-20, the export of cotton yarn declined by more than 30% due to which there was a very limited demand of raw cotton in the cotton industry which discouraged not only the cotton spinners but also CCI, which could not sell the cotton procured in the 2018-19 season to the tune of nine lakh bales due to drop in cotton prices.

He further stated that in the current season, CCI has already procured over 60 lakh bales of cotton under MSP, the cost of which is much higher than the market price. Hence, CCI has been quoting higher prices than the market price and practically there was no off-take of cotton from the already cash-starved cotton yarn industry due to the low demand in domestic as well as global market.

Mr. Rajkumar also stated that the cotton industry has been continuously pleading with the Ministry of Textiles to sell the CCI procured cotton at market driven prices so as to have stability in the cotton market and protect the interests of the spinning mills as well and its downstream powerloom and handloom sectors who are largely dependent on the domestically manufactured cotton yarn.

Mr. Rajkumar hoped that this move will stimulate the demand for the Indian cotton in domestic as well as global market. He also opined that this would support the Government to reduce the losses on account of MSP as CCI is all set to procure around 90-110 lakh bales of cotton during the current cotton season.

CITI HAILS PROPOSED MEGA TEXTILE PARKS SCHEME

New Delhi, Thursday, February 20, 2020: The Ministry of Textiles, Government of India, under the dynamic leadership of Hon'ble Union Minister of Textiles, Smt. Smriti Zubin Irani, is in the process of formulating the new Textile Policy and it is likely to be announced in 2020. The Ministry has been conducting series of meetings for each segment and is in the process of drafting the Policy with a sole objective of making Indian textile industry a true global leader by improving its competitiveness, bridging the technology gap, encouraging sustainability and creating global brands for Indian textile and clothing products. In this endeavor, the Ministry of Textiles has started a bold initiative of mitigating the major challenge of Scale of Operation through the proposed Mega Textile Parks. In this connection, Secretary (Textiles), Shri Ravi Capoor convened a meeting with the industry stakeholders and the senior officials of various State Governments on 17.02.2020 and gathered necessary inputs to frame the scheme.

Mr. T. Rajkumar, Chairman, Confederation of Indian Textile Industry (CITI) thanked the Hon'ble Union Minister of Textiles and Secretary (Textiles) and appreciated the unique initiative of the Ministry of Textiles for encouraging Scale of Operation through Mega Textile Parks Scheme. He stated that the flagship programme of TUF Scheme had attracted over Rs.4 lakh crores during the last two decades, the Scheme for Integrated Textile Parks, enabled the Powerloom Sector and a few other decentralized sectors to consolidate in different clusters and go for modern technology. In addition to this, a few large players also could take advantage of SITP.

Chairman CITI pointed out that the country has been suffering with the issue of Scale of Operation and the new entrants like Bangladesh, Vietnam, etc., grabbed the space vacated by China due to Scale of Operation and cost competitiveness. He further stated that at the global brands meeting chaired by the Hon'ble Union Minister of Textiles, most of the brands having retails in India, had stated that they had to import from countries like China, Bangladesh and Sri Lanka due to volume and cost advantage as India does not have large players to meet their demands.

Mr. Rajkumar also stated that the Central Government is making concerted efforts to attract FDI, joint venture projects and also encouraging large vertically integrated textile giants in the country to make investments in the proposed Mega Textile Parks by setting up large scale vertically integrated textile manufacturing units. He further stated that the Government is contemplating to extend maximum support for the infrastructure facilities including land by the State Governments, water, power, road connectivity, special priority in the port, relaxation in labour laws, etc., and the Government is planning to market the Scheme in different countries to attract FDI and joint venture projects jointly with the State Governments. CITI Chairman concluded by saying that he is very optimistic that the proposed Mega Textile Parks Scheme would throw more opportunities for the textile industry to cater to domestic as well as international markets.

DIVERSIFY TO POLYESTER TEXTILE PRODUCTS – ADVISES SECRETARY (TEXTILES)

New Delhi, Thursday, 13th February 2020: Confederation of Indian Textile Industry (CITI), the National apex body for the textiles & clothing industry across the Nation, organized an interactive meeting with Shri Ravi Capoor, Secretary, Ministry of Textiles, Government of India with the office-bearers of 48 textile Associations in South India representing the entire textile value chain, on 12th February 2020, in Hotel Le-Meridien, Coimbatore, Tamil Nadu. The office-bearers / representatives of other National apex bodies such as AEPC, TEXPROCIL, PDEXCIL, SRTEPC, AMFII also participated in the above interactive meeting. Mr. Nihar Ranjan Dash, Joint Secretary (SAMARTH) also participated in the interactive meeting.

The Indian textile & clothing industry has been facing severe challenges in the aftermath of demonetization, GST implementation, global economic slowdown, US-China trade war and recently, the Coronavirus outbreak in China. Though, there has been a steady growth in the domestic market, the exports have got stagnated, rather there is 4% negative growth during the last four years. China has not only cut down its production of textile products but has also started outsourcing thus created a huge space in the international market. This opportunity has been fully exploited by small countries like Bangladesh, Vietnam, etc., and has pushed back India into the 5th position in the global textile trade from the 2nd position that it had been retaining for several years.

The global textile market of cotton and man-made fibre is in the ratio of 30:70 while it is reverse in India. In the total Indian textile exports, cotton textiles accounts for 80% due to the price advantage of the home-grown cotton, while it is only 20% in the manmade fibre segment due to expensive raw material price. The indigenous man-made fibres especially polyester fibre, the future engine of growth have been expensive due to the anti-dumping duty levied on basic raw materials especially Purified Terephthalic Acid (PTA). In the recent Union Budget announcement, the Government took a bold step and abolished anti-dumping duty on PTA thus, creating a level playing field for the MMF Sector. PTA accounts for 70% of the raw material to produce the polyester fibre. Anti-dumping duty on PTA varies from US$ 27 to US$160 per metric tonne.

Mr. T. Rajkumar, Chairman, CITI stated that around 200 industrialists representing the entire textile value chain from Southern India and the members of the National Committee for Textiles & Clothing (NCTC) attended the above interactive meeting. Mr. Rajkumar thanked the Hon'ble Prime Minister of India, Hon'ble Union Minister for Textiles and the Secretary (Textiles) for the bold decision of removing anti-dumping duty levied on PTA. He said that this initiative has enabled the indigenous fibre and filament manufacturers to reduce the price considerably. Mr. Rajkumar also stated that the country has been suffering with surplus production capacities across the value chain created during the last four years with huge investments that could be utilized for polyester textile manufacturers.

The Secretary (Textiles) in his address strongly advised the textile industry of Tamil Nadu to grab the opportunities by diversifying into polyester segment to boost exports. He appreciated the sustainable initiatives taken by the Tirupur and Coimbatore by implementing zero liquid discharge to protect the environment, predominantly using non-conventional energy to avoid carbon foot print, apart from complying with various labour and other social statutes. He advised Tirupur Knitwear Cluster to brand its garments and products under sustainable programme that might fetch them larger margin globally and the Government would extend all necessary support to promote the brand.

The Secretary (Textiles) also indicated that the Government would address all the structural issues in its new National Textile Policy that might be announced in a couple of months by making the basic raw materials available at international price, encourage scale of operation by developing 10 mega textile parks with over 1000 acres of land closer to the ports, giving plug and play facilities including the necessary safeguard measures in the labour laws. The Secretary (Textiles) also indicated addressing the power cost, credit cost and its availability.

The government would also make efforts to expedite conclusion of FTAs with EU, UK and Bangladesh along with other countries to boost the exports.

Mr. T. Rajkumar stated that the Government has identified the textile industry as the thrust area and in real terms encourages "Make in India" initiative as without any imports right from fibre to finished goods, ensures inclusive growth by providing jobs to all skill levels especially the rural masses and women folks. Mr. Rajkumar observed that the Government would also announce a Scheme to set up dedicated textile parks for technical textiles, textile machinery manufacturing with the state-of-the-art technology spares, accessories, parts to promote import substitution thereby reducing the capital cost substantially as India is currently depending on imported technology barring spinning sector. He has said that the Government is also exploring the possibilities of setting up R & D centres with the State-of-the-art facilities for each segment of the textile industry.

On behalf of national apex bodies, Padmashree Dr. A. Sakthivel, Mr. Prem Malik, Mr. M. Senthil Kumar, Mr. Rakesh Mehra and Mr. Ajay Sardana participated in the Interactive Meeting. Mr. D.L. Sharma, Deputy Chairman, CITI, proposed the Vote of Thanks.

UNION BUDGET 2020-21 GIVES IMPETUS TO THE TEXTILE INDUSTRY – CITI

New Delhi, Saturday, 1st February 2020: The Hon'ble Union Finance Minister Mrs. Nirmala Sitharaman today presented her second Union Budget 2020-21 in the Lok Sabha after NDA Government returned to the power for the second term.

Shri T. Rajkumar, Chairman, CITI congratulates the Hon'ble Prime Minister of India, Finance Minister, Textile Minister and Commerce Minister for bringing out the Union Budget 2020-21 focusing on Aspirational India, Economic Development and a Caring Society, which will give the much needed impetus to the Indian economy.

Chairman, CITI stated that the good thing is that the fundamentals of the economy are very strong and provides the macro-economic stability to the country. Even, the Government has estimated the nominal growth of GDP pegged at 10% for the year 2020-21 on the basis of trends available. He further pointed out that India is the fifth largest economy of the world and India's foreign direct investment has got elevated to the level of US$ 284 billion during 2014.19 from US$ 190 billion during 2009.14.

Chairman, CITI expressed happiness over abolition of Anti-Dumping Duty (ADD) on PTA which is a basic raw material of the MMF Segment. He pointed out that if Indian textile industry has to achieve the market size of US$ 350 billion by 2025, it couldn't have been done by without making our raw material available at an internationally competitive price. Hence, the above decision is a very welcome step in the right direction as it will help the downstream textile value chain to strengthen its position in the textile world map.

CITI Chairman, thanked the Government for proposing the National Technical Textiles Mission at an estimated outlay of Rs.1480 crore from 2020.21 to 2023.24 as India imports significant quantity of technical textiles worth US$ 16 billion every year with an aim to reverse this trend and to position India as a global leader in Technical Textiles.

Mr. Rajkumar stated that the decision of the Government to digitally refund duties and taxes levied at the Central, State and local levels under RoDTEP to the exporters, such as electricity duties and VAT on fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism at the earliest will help the exporters resurrect their position in the international market.

CITI Chairman also thanked the Government for considering our long standing plea to review Rules of Origin and Free Trade Agreements (FTA) to curtail cheap imports from other countries and boost our exports. The above decision will help the Indian T&C Industry in the long run since its counterparts are already enjoying FTAs benefits with the EU and USA which are the major export destinations of textile products.

Chairman, CITI also thanked the Hon'ble Union Finance Minister for considering extension of the debt restructuring window by another one year for more than 5 lakh MSMEs. Government e.Marketplace (GeM) for creating a Unified Procurement System in the country for providing a single platform for procurement of goods, services and works will offer a great opportunity for MSMEs. He also thanked

the Finance Minister for removing Dividend Distribution Tax (DDT) and decriminalise the civil offences under Companies Act.

On the fund allocations for the textile sector for 2020-21, Mr. Rajkumar commented that this year, the Government has given special emphasis on Infrastructure, Research & Capacity Building and A-TUFS by enhancing allocations by 98.1%, 79.8% and 54.1%, respectively as compared to last year.

Mr. Rajkumar also pointed out that stable and predictable business environment is key for the government. The proposed Investment Clearance Cell will provide “end to end” facilitation and support to the new investors. He also commended the launch of new scheme, NIRVIK which will provide for higher insurance coverage, reduction in premium for small exporters and simplified procedure for claim settlements and development of each District as an export hub. Further, an investment of 103 lakh crore on infrastructure development and the National Logistics Policy will create a single window e.logistics market and focus on generation of employment, skills and making MSMEs competitive.

CITI Chairman concluded by saying that New Education Policy and 'Skill India' emphasis government's commitment to provide relevant skill training to the youth in the country which can be a sourcing hub of human resources to the world in near future.

India's Textile and Apparel Exports (In US Million)

Description	Jan '19	Jan'20	% change	Apr'18-Jan'19	Apr'19-Jan'20	% Change	% share of total Apr'18-Jan'19	% share of total Apr'19-Jan'20
Textiles and Made-ups								
Cotton								
COTTON RAW INCLD. WASTE	217	261	20%	1721	790	-54%	5%	3%
COTTON YARN	278	284	2%	3256	2280	-30%	10%	8%
COTTON FABRICS, MADEUPS ETC.	498	526	5.68%	4899	5063	3%	16%	17%
	993	**1,072**	**8%**	**9,876**	**8,133**	**-18%**	**31%**	**27%**
Jute								
JUTE, RAW	1	1	0%	12	12	3%	0%	0%
JUTE YARN	1	1	-1%	13	13	-1%	0%	0%
JUTE HESSIAN	9	8	-17%	96	89	-8%	0%	0%
OTHER JUTE MANUFACTURES	10	15	48%	126	131	5%	0%	0%
FLOOR CVRNG OF JUTE	5	7	39%	43	59	37%	0%	0%
	27	**32**	**19%**	**291**	**305**	**5%**	**1%**	**1%**
Silk								
SILK,RAW	0	0		0	0	-10%	0%	0%
SILK WASTE	2	1	-22%	16	12	-26%	0%	0%
NATRL SILK YARN,FABRICS,MADEUP	5	6	19%	49	50	2%	0%	0%
SILK CARPET	1	2		14	19	36%	0%	0%
	7	**9**	**18%**	**79**	**80**	2%	**0%**	**0%**
Wool								
WOOL, RAW	0	0		1	0	-92%	0%	0%
WOLLEN YARN,FABRICS,MADEUPSETC	19	16	-17%	175	155	-11%	1%	1%
	19	**16**	**-17%**	**176**	**155**	**-12%**	**1%**	**1%**
Manmade								
MANMADE STAPLE FIBRE	45	33	-25%	476	423	-11%	2%	1%
MANMADE YARN,FABRICS,MADEUPS	421	449	7%	4126	4041	-2%	13%	14%
	466	**482**	**4%**	**4,603**	**4,465**	**-3%**	**15%**	**15%**
Others								
CARPET(EXCL. SILK) HANDMADE	124	117	-6%	1230	1158	-6%	4%	4%
COIR AND COIR MANUFACTURES	32	35	9%	254	263	4%	1%	1%
HANDCRFS(EXCL.HANDMADE CRPTS)	161	149	-8%	1516	1505	-1%	5%	5%
HANDLOOM PRODUCTS	29	26	-13%	283	277	-1.90%	1%	1%
OTH TXTL YRN, FBRIC MDUP ARTCL	41	40	0%	379	407	8%	1%	1%
	387	**367**	**-5%**	**3,661**	**3,610**	**-1%**	**12%**	**12%**
Total Textiles and Made-ups	**1,898**	**1,978**	**4%**	**18,685**	**16,748**	**-10%**	**59%**	**56%**
Apparel								
RMG COTTON INCL ACCESSORIES	855	826	-3%	6914	7218	4%	22%	24%
RMG MANMADE FIBRES	356	319	-11%	3048	2929	-3.91%	10%	10%
RMG OF OTHR TEXTLE MATRL	289	286	-1%	2612	2509	-4%	8%	8%
RMG SILK	16	10	-36%	132	101	-24%	0%	0%
RMG WOOL	10	10	-2%	171	139	-19%	1%	0%
Total Apparel	**1,527**	**1,451**	**-5%**	**12,877**	**12,895**	**0%**	**41%**	**44%**
Grand Total	**3,425**	**3,429**	**0.09%**	**31,561**	**29,643**	**-6%**	**1**	**100%**
Data Source: CITI Analysis based on DGCI&S data extracted on 09 March 2020								

India's Textile and Apparel Imports (In US$ Million)

Description	Jan'19	Jan'20	% change	Apr'18-Jan'19	Apr'19-Jan'20	% Change	% share of total Apr'18-Jan'19	% share of total Apr'19-Jan'20
Textiles and Made-ups								
Cotton								
COTTON RAW INCLD. WASTE	34	35	5%	541	1254	132%	8%	17%
COTTON YARN	1	1	-1%	18	16	-10%	0.3%	0.2%
COTTON FABRICS, MADEUPS ETC.	44	48	8%	422	485	15%	7%	7%
	80	**85**	**6%**	**981**	**1,755**	**79%**	**15%**	**24%**
Jute								
JUTE, RAW	3	5	64%	29	44	51%	0%	1%
JUTE YARN	4	6	41%	35	48	40%	1%	1%
JUTE HESSIAN	3	3	3%	20	27	35%	0%	0%
OTHER JUTE MANUFACTURES	7	11	59%	52	83	59%	1%	1%
FLOOR CVRNG OF JUTE	0	0	-98%	1	1	-45%	0%	0%
	18	**25**	**43%**	**138**	**204**	**48%**	**2%**	**3%**
Silk								
SILK,RAW	15	16	9%	128	140	9%	2%	2%
SILK WASTE	0	0	83%	2	2	-8%	0%	0%
NATRL SILK YARN,FABRICS,MADEUP	4	5	25%	42	41	-3%	1%	1%
SILK CARPET	0.002			0	0		0%	0%
	19.0	**21.4**	**13%**	**172.4**	**183.2**	**6%**	**3%**	**2%**
Wool								
WOOL, RAW	21	23	7%	278	198	-29%	4%	3%
WOLLEN YARN,FABRICS,MADEUPSETC	11	9	-20%	98	94	-4%	2%	1%
	32	**31**	**-2%**	**376**	**291**	**-23%**	**6%**	**4%**
Manmade								
MANMADE STAPLE FIBRE	39	43	12%	395	424	8%	6%	6%
MANMADE YARN,FABRICS,MADEUPS	194	195	0.3%	1859	1907	3%	29%	26%
	233	**238**	**2%**	**2,254**	**2,332**	**3%**	**35%**	**32%**
Others								
CARPET(EXCL. SILK) HANDMADE	10	12	20%	86	103	20%	1%	1%
COIR AND COIR MANUFACTURES	0	1	169%	3	6	63%	0%	0%
HANDCRFS(EXCL.HANDMADE CRPTS)	69	63	-10%	663	686	3.49%	10%	9%
HANDLOOM PRODUCTS	1	1	-20%	13	9	-32%	0%	0%
OTH TXTL YRN, FBRIC MDUP ARTCL	82	85	3.70%	780	763	-2%	12%	10%
	163	**161**	**-1%**	**1,545**	**1,568**	**1.44%**	**24%**	**21%**
Total Textiles and Made-ups	**544**	**562**	**3%**	**5,467**	**6,333**	**16%**	**85%**	**86%**
Apparel								
RMG COTTON INCL ACCESSORIES	56	57	3%	458	456	-0.3%	7%	6%
RMG MANMADE FIBRES	25	28	11%	277	319	15%	4%	4%
RMG OF OTHR TEXTLE MATRL	19	21	12%	176	210	20%	3%	3%
RMG SILK	0	0	-42%	9	5	-39%	0%	0%
RMG WOOL	2	1	-18%	14	15	4%	0%	0%
Total Apparel	**101**	**108**	**6%**	**933**	**1,006**	8%	15%	14%
Grand Total	**645**	**670**	**4%**	**6,400**	**7,338**	**15%**	**100%**	**100%**

Data Source: CITI Analysis based on DGCI&S, As extracted on 09th March 2020

MONTHLY EXPORT UPDATE ON TEXTILE AND CLOTHING (JANUARY 2020)

- India's textile and clothing exports were down by **-3.92%** from US$ **2639.55** mn. in January 2019 to US$ **2536.02** mn. in January 2020. All commodity exports of India were also down by **- 0.34%** in January 2020 over the same month of previous year. Also, the share of textile and clothing in India's total exports declined by 0.36% in January 2020 on YoY basis.
- Cumulative textile and clothing exports during April'18- January 2019 was to the tune of USD **22188.94** mn. as against USD **23190.82** mn. in April'19 – January 2020 indicating a decrease of **-4.32%.** During the April'19 - January 2020 textile exports decreased by **-8.05%** while clothing (excluding textiles) increased by 0.63%.
- During April'19 – January 2020, the exports of three T&A subsectors have registered negative growth as compared to April'19–January 2019:
  - Cotton Yarn/fabric/made-ups, Handloom Products etc by **-11.60%**
  - Man-made Yarn/fabric/made-ups etc. by **-4.71%**
  - Carpets by **-5.28%**
- While export of other subsectors have increased:
  - Handicrafts excl. handmade carpet by 0.85%
  - Apparel by 0.63%
  - Jute Mfg. including Floor Covering by 1.86%

Monthly Export Updates of Textile and Clothing (Value in USD Mn.)

Export catagory	Jan-19	Jan-19	% Change	Cumulative (Apr'18-Jan'19)	Cumulative (Apr'19-Jan'20)	% Change
Cotton Yarn/Fabs./made-ups, Handloom Products etc.	831.22	800.86	-3.65%	7511.05	6639.52	-11.60%
Man-made Yarn/Fabs./made-ups etc.	371	382.21	3.02%	3293.03	3137.92	-4.71%
Jute Mfg. including Floor Covering	28.33	28.33	0.00%	222.02	226.14	1.86%
Carpet	134.11	127.43	-4.98%	985.56	933.54	-5.28%
Handicrafts excl. handmade carpet	145.39	141.37	-2.76%	1203.78	1213.97	0.85%
Sub-Total Textiles	**1510.05**	**1480.2**	**-1.98%**	**13215.44**	**12151.09**	**-8.05%**
Apparel	**1129.5**	**1055.82**	**-6.52%**	**9975.38**	**10037.85**	**0.63%**
Textile and Clothing	**2639.55**	**2536.02**	**-3.92%**	**23190.82**	**22188.94**	**-4.32%**
All Commodity	**26071.56**	**25981.86**	**-0.34%**	**216226.55**	**211932.84**	**-1.99%**
% of T&C in Total Exports	**10.12%**	**9.76%**		**10.73%**	**10.47%**	

Source: DGCI&S

QUICK ESTIMATES OF IIP FOR TEXTILE AND CLOTHING SECTOR (T&C): DECEMBER 2019

T&C in Index of Industrial Production (IIP): Growth Rates (%, Y-o-Y)

Sector	December-18	December-19	April – December 2019
Textiles	-1.6%	-1.4	-3.4
Wearing apparel	24.6%	-9.9	6.6
*T&C Sector**	6.7%	-4.53%	-0.1%

Source: Ministry of Statistics Planning & Implementation

- The General Index for the month of December 2019 is **0.3** percent higher as compared to the level in the month of December 2018. The cumulative growth for the period April-December 2018-19 over the corresponding period of the previous year stands at 0.5 percent.
- Textiles (excluding apparels) were down by (-) **1.4** percent, Wearing Apparel was up by (-) **9.9** percent in December 2019 over the same month previous year.
- Cumulative change for April- December 2019 for textiles was down by (-) **3.4** percent and wearing apparel was up by (+) **6.6** percent over the same period previous year.
- Textile and clothing industry, as a whole, was down by (-) **4.53** percent in December 2019 over the same month previous year while it was down by (-) **0.1** percent during cumulative period April-December 2019 over the same period previous year.

Skill India

TEXTILE SECTOR SKILL COUNCIL TSC PERFECTING SKILLS

Newsletter

N·S·D·C National Skill Development Corporation
Transforming the skill landscape

Textile Sector Skill Council (TSC) as of now in financial year 19-20 TSC has certified 37,282 candidates and in the month of January & February 2020 a total of 19,328 candidates were certified. This was made possible due to active participation of Handloom Societies under RPL Type-1 and various Best in Class Employer under RPL BICE. TSC hopes that in the current Financial Year all other regional associations will also participate in PMKVY and other schemes for the benefit of the industry.

TRAINING PARTNER WISE CERTIFICATION DATA

PARTICULARS	TOTAL CERTIFIED IN THE YEAR	NUMBER CERTIFIED IN JAN-20	NUMBER CERTIFIED IN FEB-19
No. of Persons Certified	**37,282**	**8,396**	**10,932**
Mill Sector:	**15,618**	**659**	**1,220**
Fresh:	3,275	364	97
RPL:	15,866	295	1,123
Handloom Sector:	**21,664**	**7,737**	**9,712**
Fresh:	4,517	705	420
RPL:	17,147	7,032	9,292
No. of Trainers Certified	**833**	**88**	**89**
No. of Training Partners (Affiliated)	**52**	**2**	**23**
No. of Assessors Certified	**492**	**18**	**209**
No. of Assessment Agency Accredited (DGT)	**6**	**-**	**-**

TRAINING PROVIDER	STATE	TOTAL CERTIFIED	
NSL Textiles Pvt Ltd	Andhra Pradesh	269	MILL SECTOR
PEE VEE Textiles Ltd	Maharashtra	335	MILL SECTOR
Jayavarma Textiles P Ltd	Tamil Nadu	231	MILL SECTOR
Arvind Ltd	Gujarat	1,368	MILL SECTOR
Arumugam Spinning Mills (P) Ltd	Tamil Nadu	219	MILL SECTOR
Bannari Amman Spinning Mills Ltd	Tamil Nadu	97	MILL SECTOR
Gimatex Industries Pvt. Ltd.	Maharashtra	260	MILL SECTOR
Loyal Textiles Mills Ltd	Tamil Nadu	429	MILL SECTOR
Vardhman Textiles Ltd	Himachal Pradesh	497	MILL SECTOR
Sutlej Textiles And Industries Limited	Rajasthan	144	MILL SECTOR
Sri Jayajothi & Company Limited	Tamil Nadu	194	MILL SECTOR
K B Philanthropy	Manipur	1327	HANDLOOM SECTOR
Sreeja Educational and Welfare Society	Karnataka	5476	HANDLOOM SECTOR
Valeur Fabtex	Assam/Meghalaya/Tripura	2303	HANDLOOM SECTOR
Surabhi Skills	Uttar Pradesh	3730	HANDLOOM SECTOR
Mothkaur-Handloom Weavers Coop Society Ltd	Telangana	1042	HANDLOOM SECTOR
Institute of Skill & Crafts	Andhra Pradesh	2815	HANDLOOM SECTOR
Guhan Tex Solutions	Tamil Nadu	3647	HANDLOOM SECTOR
Karjee Eduventures Private Limited	Bihar	473	HANDLOOM SECTOR
Choutuppal Handloom weavers Co-Op Society	Telangana	322	HANDLOOM SECTOR
Chanu Creations	Assam/Uttar Pradesh	939	HANDLOOM SECTOR

SNAPSHOT OF THE ACTIVITIES

PMKVY RPL Training Program SOFA, Odisha

PMKVY RPL Training program at Sreeja Educational & Welfare Society, Karnataka

PMKVY RPL Training program at Digi Venmanya, Tamil Nadu

PMKVY RPL Training at program Valeur Fabtex Private Limited, Meghalaya

PMKVY ToT at School of Fine Arts, Odisha

Textile Sector Skill Council

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N·S·D·C
National Skill Development Corporation
Transforming the skill landscape

TEXTILE SECTOR SKILL COUNCIL
TSC
PERFECTING SKILLS

Committed to certify complete workforce in Textile Sector

More than 98,000 workforce in Organised industry now possess skill certificates

More than 1,05,000 weavers have learned new skills and now possess skill certificates

More than 250 weavers are now working for export market

565 Training Partners affiliated

TEXTILE SECTOR SKILL COUNCIL

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