



Speech By
SHRI T. RAJKUMAR
Chairman

AT THE

**62nd ANNUAL
GENERAL
MEETING**
ON MONDAY, 28th SEPTEMBER 2020

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

**CHAIRMAN'S SPEECH
AT THE
62nd ANNUAL GENERAL MEETING OF CITI
ON 28TH SEPTEMBER 2020**

Good Evening Friends!

Before we start the meeting, as a mark of paying respect to the deceased members of CITI, let us all observe 1 minute silence in honour of

**Late Shri D L Sharma Ji, Deputy Chairman, CITI and
Late Former CITI then ICMF Chairman, Shri
Rohitbhai C Mehta Ji**

Respected Shri Ravi Capoor Ji, (IAS), Secretary, Textiles, Ministry of Textiles, Government of India, Shri P D Patodia Ji, Chairman, Standing Committee of Cotton, CITI CDRA, Shri S. K. Khandelwala Ji, Vice Chairman, CITI, Past Chairmen of CITI, Esteemed members of the Committee of CITI, Representatives of the Member Associations, Associate Members of CITI, Senior Industrialists from Indian textile & clothing industry, invitees, representatives of the media, distinguished guests, ladies and gentlemen.

It is with proud privilege and honour, that I welcome Shri Ravi Capoor Ji, (IAS), Secretary, Textiles, Ministry of Textiles and express our sincere thanks to Hon'ble Secretary for taking out time from his busy schedule to inaugurate and deliver the key-note address at the 62nd Annual General Meeting of CITI and 50th Annual General Meeting of CITI-CDRA. I, on behalf of the CITI Committee extend a warm welcome to you Sir.

It gives me a great pleasure in welcoming you all to the 62nd Annual General Meeting of Confederation of Indian Textile Industry (CITI). I express my sincere thanks to all of you for attending our AGM today and for your continuous support throughout the year. The current year has witnessed one of the severest pandemics of century i.e. Covid-19, which has brought everything to a grinding halt around the globe and has already claimed millions of lives across the globe. Lockdown implemented by various countries to contain Covid-19 infection has affected their economy with many countries finding it difficult to overcome this economic crisis and are on the verge of economic collapse.

Our Hon'ble Prime Minister Shri Narendra Modi Ji had set an economic vision of achieving US\$ 5 trillion economy by 2024-25 but the present pandemic has pushed back the economic reforms and it will take almost about 1-2 years to overcome the present crisis and attain normalcy in business environment again.

With lockdown relaxations given from time to time, industrial activities are again reaching back to normal levels. At the same time, the Indian Textiles and Apparel (T&A) industry is still facing disruptions in terms of demand, logistics and availability of manpower. Certain segments such as under garments, leisure wear and home textiles have seen a surge in demand in recent months while other sectors such as woven fabrics and formal wear are still lagging behind.

At the same time, it is pleasing to know that India's total imports from China during April–July 2020 has fallen to US\$ 16.6 billion against US\$ 23.45 billion during April–July 2019. This has resulted in lowering of trade deficit between them in favour of India to US\$ 9.3 billion from US\$ 17.9 billion in the corresponding period of last year. It is because of the result of the corrective measures which Government has taken to reduce its import dependency on China and support domestic manufacturing which is part of its Make In India and Atmanirbhar Bharat initiatives.

The T&C industry is extremely thankful to the Government and our Hon'ble Prime Minister, Shri Narendra Modi Ji for extending all the possible support to the Industry which helped it to bounce back from the lockdowns of Covid-19 pandemic. We highly appreciate and thank Hon'ble Union Minister of Textiles, Secretary-Textiles and entire team in the Ministry of Textiles for aggressively addressing various issues confronting the Textiles & Clothing industry during Covid-19 pandemic period and also for taking various proactive measures to make the industry globally competitive. Because of the concerted efforts of the Government and T&C Industry, we proved to the world that our industry is second to none and can sustain and overcome unprecedented challenges like Covid-19 Pandemic also. Under the guidance of Hon'ble Union Minister of Textiles Smt. Smriti Irani Ji, Indian Textile & Apparel industry have converted this Covid-19 crisis into an opportunity and India, which used to be an importer of PPE and other protective equipment from other countries, emerged as the second largest manufacturer of same within few months of the crisis and today India is exporting PPEs to different parts of the world.

I highly appreciate the unique and concerted efforts taken by the Government especially the Hon'ble Union Minister of Textiles and Textile Secretary to revive the performance of the Indian Textiles and Clothing industry, grab the market space vacated by China and enable rapid growth. It is heartening to note that several product lines such as hosiery, home textiles and medical textiles have already recovered while the gradual recovery is visible in all other product lines. With the removal of anti dumping duty on PTA, rejecting the proposed ADD on PSF and MEG and thereby creating a level playing field, the polyester segment is growing rapidly.

I profusely thank Hon'ble Union Minister of Textiles and Textile Secretary for the bold, proactive and historical initiatives taken on MMF front including nylon, viscose staple fibre that would enable the industry to grab the

emerging global opportunities. At this juncture, I wholeheartedly thank the various national level associations and export promotion councils representing the entire textile value chain for joining hands with CITI and making a joint representation to the Hon'ble Prime Minister of India and Hon'ble Union Ministers for Textiles, Commerce and Finance in appealing to remove the ADD levied on viscose staple fibre.

Indian Textile Industry is extremely thankful to Hon'ble Union Minister of Textiles and Textile Secretary for supporting to remove ADD on import of VSF, facilitating coastal movement of textile goods, providing transshipment facilities for raw cotton in all the major ports especially Tuticorin and Kochi, reduction of hank yarn obligation from 40% to 30%. All these decisions are laudable and will help industry a lot.

For making Atmanirbhar Bharat Mission a reality, Government is holding consultations with the major economies of the world like USA, European Union, Japan, UK, South Korea, etc, and inviting them to come and invest in India and take advantage of the resources available in India. Government is taking all important measures to facilitate the growth of the Indian manufacturing sector and domestic industry to grow. For that, also facilitating availability of raw materials for the downstream industry at internationally competitive prices.

We are happy that the Government is implementing various policy initiatives and schemes for supporting the development of textile sector. These schemes and initiatives promote technology upgradation, helps creation of infrastructure, skill development and sectoral development in the textile sector, create a conducive environment for investment and provide enabling conditions for textile manufacturing in the country. The DPIIT has included textiles in the list of 24 key sectors and have asked the respective ministries to work on an action plan with a view to boost domestic manufacturing and make India a self-reliant country. The identified sectors

have the potential to become global winners and make India a strong manufacturing hub. Promoting manufacturing would help create more jobs and push India's dwindling exports.

As you all are aware that CITI's AGM have traditionally been providing a forum for evaluating the overall scenario of the World and Indian economy and how Textile Industry, especially the Indian Textile Industry has performed in the last one year. Today, our Textile industry is going through the worst phase owing to the pandemic of Covid-19 which has resulted not in lower domestic demand but decline in exports as well which has led many textile units to cut down their production. CITI from time to time has represented the various issues and challenges of the industry to various concerned bodies in the ministry and we are extremely hopeful that Government will provide various policy reforms for the revival of industry from the current crisis of Covid-19.

At the same time, I appeal to all the T&C stakeholders to have a united approach, have a win-win strategy, enhancing global competitiveness with less dependency on Government policies, give thrust for MMF value added products manufacturing and capture the global market opportunities apart from import substitution in a cost effective manner.

Apart from the industrial scenario, let me also present you in brief the major activities which CITI has undertaken during this period.

Friends, the Annual Report and Audited Accounts of CITI and CITI CDRA along with the Auditor's Report for the year ended 31st March 2020 are already with you.

With your permission, I take them as read.

The Economy

- Amid the current atmosphere of uncertainty and unpredictability due the ongoing crisis of Covid-19, the situation of the global economy is getting worse day by day and has led to the global recession due to closing down of many industries and businesses.
- In the World Economic Outlook Update, June 2020, Global Economy is estimated at (-) 4.9% for the year 2020. Covid-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast.
- Due to the Covid-19 lockdown, USA which is also a major market for Indian Textile products has suffered its biggest economic decline since the government began recording the index after World War II
- While almost all the nations are showing a decline in GDP with India reported a GDP growth of - 23.9% during Q1 of FY 2020-21, China's exceptionally posted a GDP growth of 3.2% in April-June quarter 2020 from a year earlier as per the data released by the China's National Bureau of Statistics.
- As per the data released by the Asian Development Bank (ADB), India's economy is expected to shrink by 9% during the current financial year which is due to month's long strict lockdown implemented to control the crisis but impacted the economy severely.

- India has witnessed such a slowdown in growth of economy for the first time during the last four decades. However, ADB also forecasted India's GDP to grow by 8% during the next financial year as mobility and business activities will resume nationwide.
- Pandemic has also resulted in increasing public and private debt levels which will ultimately affect technology and infrastructure investment and will also result in rising non-performing loans caused which will further weaken the financial sector and its ability to support economic growth.
- With India witnessing the highest number of daily Covid-19 cases the future growth prospects remains highly vulnerable for the coming time as well. However, government and various rating agencies are highly optimistic about India's economy and expects economic growth to remain about 10% during financial year 2021-22.

Key Announcement by Government to fight Covid-19

- Government of India under the dynamic leadership of the Hon'ble Prime Minister, Shri Narendra Modi Ji has announced an economic package of Rs. 20 Lakh crores which is equivalent to 10% of India's GDP to "Make in India -Self-Reliant or Atmanirbhar Bharat".
- Package announced is at par with the packages released by the developed economies like of the USA and is aimed to make bold reforms across sectors which will drive the country towards "Make in India Self-Reliant or Atmanirbhar Bharat".
- The package announced by India focussed on five basic pillars which drives the growth engine of the Textile & Clothing Sector i.e. Labour, Corporate Laws, Liquidity, Investments and MSME.
- Government of India extended the moratorium of loans till 30th August 2020 to deal with the cash crunch arisen due to the Covid-19 breakout.
- 10% additional working capital, reduction of repo rates, deferment of ESI, EPF and power bills, etc. were some of the additional measures announced by the Government to tackle the situation.
- Revised the definition of Micro Small and Medium Enterprises (MSME) was also a welcome step by Government. Earlier, the MSMEs classification was solely based on the basis of investments put in, now the revised definitions will also include turnover of the company. Also, determination of investment in plant and machinery or equipment

based on the previous year's income tax return and in the case of new units, based on self-declaration is a welcome move.

- In order to boost the liquidity in hard hit business houses, Government also announced Rs 3 lakh crores collateral-free automatic loans for businesses, including MSMEs for which borrowers with up to Rs.25 crore outstanding and Rs.100 crore turnover are eligible and loans will have 4-year tenor with moratorium of 12 months on Principal repayment.
- Government of India also facilitated Rs 20,000 crore for subordinate debt for stressed MSMEs and Rs 50,000 cr Equity Infusion through fund of funds, both of which are likely to benefit two lakh MSMEs including many T&A sector MSMEs.
- Reduced rate of interest, 5% interest subvention for exports, loan restructuring facility, refund of 24% EPF contribution, etc., have greatly benefited several thousands of MSME T&C units
- Government has also given many other attractive benefits but they cannot be utilised by mid-size companies or large corporates but are very helpful for several thousands of MSME Textile and Apparel Units.

In view of the above historic decisions, the Government has embarked on a series of stimulus measures aimed at bolstering growth and to overcome the economic backdrop created due to month long lockdown which was implemented to control the Covid-19 crisis.

Formation of Kamath Committee to minimize after effects of Covid-19

- Indian Textile sector is one of the worst hit sectors due to the pandemic of Covid-19. CITI from time to time have raised several industrial issues with the concerned authorities to be able to fight the current situation. One-time loan restructuring is one of the most important demands of the industry.
- Reserve Bank of India (RBI) has formed a Committee under the Chairmanship of Shri K.V. Kamath for finalizing the financial parameters for one-time loan restructuring of the companies which were doing fine and have undergone severe financial constraints after the outbreak of Covid-19 Pandemic
- CITI has requested the Hon'ble Prime Minister, Shri Narendra Modi Ji and other concerned Ministries for including the Textile Sector for one-time loan restructuring and listening to our requests, Kamath Committee has included Textile Sector to be considered for one-time loan restructuring.
- The firms that were repaying loans before Covid-19 can look forward to easier terms of repayment. The Committee has recommended a segmented approach of mild, moderate and severely stressed accounts with simplified restructuring procedures.
- As the T&C industry has been continuously facing severe financial stress, the Hon'ble Union Minister of Textiles had already recommended for two-year moratorium for the repayment of all loans during November 2019. We appeal to the Government to extend the restructuring and other financial relief measures irrespective of the status of the accounts for the T&C industry.

Aatma Nirbhar Bharat – Futuristic Vision for Indian Industries

- As cited earlier, during the Covid-19 outbreak Hon'ble Prime Minister, Shri Narendra Modi Ji put forward to a vision of “Aatma Nirbhar Bharat” to decrease the dependency of India on imports.
- Indian Textile Industry is the first industrial sector to move in this direction and under the guidance of Hon'ble Union Minister of Textiles, Smt Smriti Zubin Irani, India which used to be an importer of PPE kits during early 2020, within lesser than two months' time evolved as the 2nd largest PPE manufacturer in the world and today we are exporting Indian made PPE kits and masks to the world.
- Further to boost self-dependency in this sector, Indian Government is set to launch the Focused Product Investment Scheme to attract investments in the Manmade fibre segment and is in the advanced stage of finalising setting up of integrated mega textile parks and creating national textile fund that would also enable us to improve our global competitiveness.

Minimum Government and Maximum Governance

- In order to achieve the government's vision of “Minimum Government and Maximum Governance”, the Ministry of Textiles has abolished several boards such as All India Handloom Board, All India Handicrafts Board, All India Powerloom Board, Cotton Advisory Board and Jute Advisory Board. They have also upgraded the eight Textile Research Associations from “affiliated bodies” to “approved bodies”. At this juncture, I appeal to the Government to revamp the

Hank Yarn Obligation by reducing the obligation from 30% to 15% and also reduce the number of items covered under Handloom Reservation Act from 11 to 3 or 4 in the short run and scrap the same to enable Ease of Doing Business.

New Labour laws

- Government of India recently combines 44 central labour Acts into four codes:
 - The Industrial Relations Code Bill, 2020,
 - Code on Social Security Bill, 2020,
 - Occupational Safety, Health and Working Conditions Code Bill, 2020.
- Indian T&A industry often from time to time receives criticism from various NGOs due to the violations of labour laws by few stray cases especially the issues relating to employment of child labour, forced labour and women employment.
- The new labour codes would not just simplify India's labour laws but will also facilitate Ease of Doing Business and flexibility in service conditions creating win-win strategy both for the employers and employees.
- Since India is also facing issues of difference in minimum wages from State to State and hence the Central Government is also trying to bring in the National Minimum Wages which will be the base line for all States.
- CITI is committed to disseminate the information relating to the proposed labour codes among the member mills and will facilitate the industry to adopt the new labour codes without any problem.

Initiatives taken by Ministry of Textiles

The Union Minister of Textiles, Hon'ble Smt. Smriti Zubin Irani Ji, after taking charge as the Cabinet minister for textiles for the second term has been addressing all issues concerning the sector and strives to bring out policies and programmes to improve the growth and competitiveness of this important labour intensive sector, which have about 80% of its units under the MSMEs segment and having a total employment of more than 110 million people, directly and indirectly, next only to agriculture sector. Under the able leadership of Hon'ble Union Minister of Textiles and Secretary, Textiles, Shri Ravi Capoor, IAS, the Ministry of Textiles Team has been undertaking a host of initiatives to assist and support to attract new investment opportunities in the entire textile value chain including Cotton, Synthetics, Speciality fabrics, Fabric processing for all kind of natural and synthetic textiles, Technical textiles, Garments and Retail brands. CITI has been extending wholehearted support for the success of all the programmes and schemes of the Ministry of textiles and encourage CITI members to get maximum benefit from them.

We are happy to note that the government has initiated a slew of special measures to help ameliorate the conditions in textile sector due to Covid pandemic and to boost production, marketing and job opportunities in this sector as the impact of the pandemic is most severe in the Textiles sector as it has a higher share of unorganized activities.

- We appreciate the Government initiative to finalize a list of potential export products and against which exports of textile and apparel can be enhanced being arrived at in a meeting with

stakeholders and EPCs. The list of potential export products were shared with the Indian Mission abroad for identification of potential buyers in the respective countries. This will help Textile exports grow.

- Attaining competitiveness is the most important factor for excelling in Textiles. We welcome the move to make the textile sector competitive by rebating all taxes/levies in international market by continuing the RoSCTL (Rebate of State and Central Taxes and Levies) scheme until such time the RoSCTL scheme is merged with Remission of Duties and Taxes on Exported Products (RoDTEP) scheme. We are happy that Government has approved adhoc allocation of Rs. 7398 crore for FY 2020-21 for issuance of duty credit scrips under RoSCTL scheme. We expect the government will announce an inclusive RoDPET scheme benefiting the entire textile value chain including the Yarn and Fabrics segments, considering it as value addition processes.
- We are happy to know that Ministry of Textiles is also focussing on the development of 10 integrated textile parks across the country, near to the ports, of more than 1000 acres, which will provide world class state of the art infrastructure facilities to meet international environmental and social standards, which now a days have become a mandatory clause for working with many international clients.
- 11 testing Laboratories have been notified who are equipped to conduct testing and certification of Synthetic Blood Penetration Resistance Test required for Body-Coveralls for COVID-19 (one at SITRA- Coimbatore, one of DRDO at Delhi

and 6 labs of Ordnance Factories distributed all over the country, two Textiles Committee, Mumbai and one at Northern India Textile Research Association, Ghaziabad).

- Ministry of Textiles is working with MoHFW for supply of PPE Body Coveralls and N-95 Masks required for use of health professional in Government Hospitals.
- **Formulation of a Committee on Cotton Production and Consumption (COCPC) for estimation of data on production, supply, demand, export and closing stock of cotton etc.**

Ministry of Textiles, Government of India vide its Resolution No. 1/23/2014-Cotton dated 03.08.2020 has abolished Cotton Advisory Board in consonance with the Government of India vision of 'Minimum Government and Maximum Governance' and further formulated a Committee on Cotton Production and Consumption (COCPC) on 14th September 2020. The first meeting of COCPC was held on 21.09.2020 under the Chairpersonship of Smt Roop Rashi, Textile Commissioner, Ministry of Textiles, Government of India and I could present State wise cotton production estimates made by CITI for the season 2019-20 & 2020-21. The Cotton Balance Sheet disclosed by Textile Commissioner's office shows that because of the increase in cotton supply and reduction in cotton demand, the total closing stock of cotton increased from 44.41 lakh bales in 2018-19 to 105.55 lakh bales (of 170 kg. each) in 2019-20.

- Technology development and Upgradation are most critical for Textiles sector's growth and Competitiveness. To alleviate the difficulties of beneficiaries under Amended Technology Upgradation Funds (ATUFS) a special measure was initiated by MOT during the COVID pandemic. Under this measure, an option has been extended to the applicants, where the physical examination of the machineries by Joint Inspection Team (JIT) has been completed, to avail their subsidies released on submission of Bank Guarantee. The advance release of subsidy against bank guarantee is met from the regular budget allocation under ATUFS.
- We welcome the initiative for creation of National Technical Textiles Mission with total outlay of Rs 1480 Crore. Technical textiles are textiles which are used for their functional properties, which are used in important applications such as agriculture, health and hygiene, medical applications, soil and water conservation, roads and highway, railways, airports, sea-ports, defence, protection of personnel in military, para-military, petrochemical/chemical industries, safety of fireman etc. The aim of the Mission is to position India as a major producer, consumer and exporter of technical textile products in the world map, therefore boosting its economy and technological capability.
- We are happy that the Government is implementing various policy initiatives and schemes for supporting the development of textile sector. These schemes and initiatives which promote technology upgradation, creation of infrastructure, skill development and sectoral development in the textile sector, create a conducive environment and provide enabling conditions for textile manufacturing in the country and helps in boosting textile sector through its various schemes.

- There are views that due to a host of factors including rising wages in China, Japan is encouraging its units to come out of China, many labour-intensive Textiles and garment sector may be moving out of China. This may be a great opportunity for India as a next wave of investments in Textiles sector. This can be realized, provided we should be ready with an attractive and encouraging FDI and investment policy, which should be a coherent and holistic national policy, encouraging investments. Otherwise, we run the risk of losing them to countries like Vietnam.

Performance of the Indian Textile industry

- Area under cotton cultivation increased marginally to 133.73 lakh hectare in 2019-20 compared to 126.14 lakh hectare in 2018-19. Similarly, the yield is projected to increase to 453.82 kg per hectare in 2019-20 from 444.74 kg per hectare in 2018-19.
- Production of cotton has been estimated at 357 lakh bales during the year 2019-20 as against 330 lakh bales in 2018-19.
- For the upcoming season 2020-21, cabinet approves an increase of Rs 260 per quintal in MSP of medium staple cotton to reach Rs 5,515 per quintal from Rs 5,255 per quintal last year. Similarly, MSP for long staple cotton for 2020-21 has been increased to Rs 5,825 per quintal from Rs 5,550 during 2019-20.
- The production of man-made fibres and filaments during Apr-Jan 2019-20 is expected to be about 1,603 and 1,426 million kgs respectively as compared to 1,204 and 960 million kgs respectively during the same time period of 2018-19.
- Production of cotton yarn and Blended & 100%

non-cotton yarn stood at 3,332 and 1,431 million kg respectively during Apr-Jan 2019-20 as compared to 3,509 and 1,401 million kg respectively during Apr-Jan 2018-19.

- Total Spun yarn production during the Apr-Jan 2019-20 declined to 4,762 million kgs from 4,910 million kgs during the same time period of 2018-19.
- Total Fabric production increased to 63,348 million sq. m. in Apr-Jan 2019-20 compared to 58,184 million sq. m. during same time period of previous year.
- During 2019, India further slipped to 6th position from 2nd position in 2017 and 5th position in 2018 in terms of world textile & apparel exports. India's textile sector is one of the largest contributors to India's exports. During 2019-20, India's T&A exports stood at US\$ 34.2 bn and had a share of about 11 % in India's total exports. During the April-June 2020, India's exports of T&A sector witnessed a downfall of about -55.7% mainly due to the lockdown imposed in various countries to tackle the Covid-19.
- During 2019-20, India's imports of T&A increased to US\$ 8.2 billion as compared to US\$ 7.4 billion in 2018-19. During Apr-June 2020, India's imports of T&A declined by about 49% due to the lockdown which has resulted in low domestic demand and decline in exports.

Policy Initiatives taken by Confederation of Indian Textile Industry (CITI)

Interactive Meeting with Hon'ble Prime Minister Shri Narendra Modi Ji

I am pleased to inform you all that for the first time, our Hon'ble Prime Minister, Shri Narendra Modi Ji had invited CITI and SIMA as part of a textile Industry delegation to have a detailed direct interaction regarding the policy initiatives that could help Indian Textile & Apparel Industry to become a global leader. CITI, in discussion with other partner Associations and Trade Bodies had submitted a comprehensive proposal to the Hon'ble Prime Minister to improve the global competitiveness of the T&A industry.

National Committee on Textile and Clothing Industry (NCTC)

During the last one year, CITI under the aegis of National Committee on Textile and Clothing Industry (NCTC) brought all the national level organisations representing the entire T&C industry value chain on a common platform and addressed various textile and clothing industry issues in a single voice. We had many very fruitful interactive meetings with Hon'ble Union Minister of Textiles, Hon'ble Union Minister of Finance, Hon'ble Union Minister of Commerce and Industry and their concerned Secretaries.

NCTC in association with E&Y also completed the “Study on improving Competitiveness of Indian T & C Sector” and the report is ready for submission. I am sure that the inputs derived from the study would greatly benefit not only the entire textile industry but the Government as well in taking the appropriate policy decisions.

Removal of ADD from MMF Raw Materials

- Committee is aware that CITI had been taking up the issue of Anti-Dumping Duty (ADD) on PTA/MEG and various other MMF raw materials which was a key barrier in the growth of MMF sector in India as raw materials were not available on internationally competitive prices.
- During the budget announcement in February 2020, Hon'ble Union Finance Minister Smt. Nirmala Sitharaman announced the historic and bold decision of removing ADD from PTA/MEG. This decision had a positive impact on the MMF downstream industry.
- Owing to the growing consumer awareness about the benefits of cellulosic fibre, the demand for viscose based T&A products continues to grow. However, VSF is still given undue protection by way of ADD that affects the entire viscose staple fibre textile value chain. VSF attracts ADD of USD 0.103 to USD 0.512 per kg for imports, even from the countries like Indonesia. Due to this, viscose fibre prices in India are much higher than international prices with a difference of around Rs 20 to Rs 23/kg due to which the fabric sectors opt for imported viscose spun yarn to compete in the international market; as a result of which imports of VSF spun yarn has increased over 27 times during 2019-20 compared to 2016-17 (Pre-GST period). Also import of the same had increased by 44% during February 2020 to June 2020.
- In order to alleviate this, CITI has been opposing the anti-dumping duty on Viscose Staple Fibre (VSF) which is in place for more than 10 years.

CITI held discussion with various Textile Associations and VSF value chain stakeholders on the issue and on the basis of comments received from the industry, CITI submitted a joint representation to the Hon'ble Prime of India making an appeal for the removal of Anti-Dumping Duty on Import of Viscose Staple Fibre (VSF) to achieve global competitiveness. The copy of the Joint Representation was also submitted to the Hon'ble Union Ministers of Finance, Commerce and Textiles and their respective Secretaries and Additional Secretary, Prime Minister's Office.

Issues of Higher MSP of Cotton, CCI Cotton Policy and Other Cotton Issues

- We all know that availability of cotton at internationally competitive prices is pre-requisite to make Indian T&A sector international competitive. However, Government in order to increase farmers income is consistently increasing MSP of cotton as also told earlier.
- No doubt that the increase in MSP increases the farmers income but industry has to pay heavily for it in terms of increased price of final products and since Indian T&C industry operates at wafer thin margin so it ultimately results in lower demand of cotton by Industry and thus the entire process loses its basic meaning.
- CITI has been consistently pursuing with the Ministry of Textiles for introduction of Direct Benefit Transfer (DBT) Scheme for the Cotton Farmers for the last 2-3 years, in line with our policy.
- CITI has again requested the Secretary (Textiles) to consider our request favourably as the scheme would not only immensely benefit the Cotton Farmers but also the Government of India and especially CCI.

- Recently mills also experienced hedging in cotton prices due to bulk buying of CCI Cotton by large MNCs which affected the already hit T&A sector. CITI held various rounds of discussions with the Chairman-cum-Managing Director of the Cotton Corporation of India Ltd. (CCI) on the issue of non-availability of cotton for the spinning mills and the policy of CCI for releasing cotton in-the open market.
- CITI had made representations and requested CMD, CCI regarding non availability of cotton for the spinning mills at competitive prices as a result of which CCI immediately changed its policy and it benefitted a number of spinning mills.
- I would also like to bring to your kind notice that the closing stock for the cotton season 2019-20 has been estimated as 105 lakh bales. For the cotton season 2020-21, the acreage is likely to further increase and therefore, we might reach a record crop of 400 lakh bales in the coming season. However, under the current Covid-19 lockdown and pandemic situation, we might be in a position to reach the normal few more. The export demand would also be lesser as the world cotton stock position would also increase steeply. CCI would incur huge losses and we might carry a huge stock for a longer duration. Cotton being a bio-degradable material, the quality parameters like strength and grade would deteriorate over a period.
- Therefore, there is an urgent need to announce a special package for boosting cotton consumption by including all the cotton textile products under IES, MEIS and RoSCTL/RoDTEP and also announce a special export incentive of 4% for cotton yarn, 5% for fabric and 6% for garments and made-ups to boost exports and increase cotton consumption. In this

regard, we have already made a representation to the Hon'ble Union Minister of Textiles and therefore based on the recent estimate also the request made by the industry at the cotton stakeholders' meet, we request the Government to kindly make a recommendation to the Government in this regard.

Formation of Sub-Committee on TUFs Issues

We all are aware that almost all the mills which have taken benefit of TUFs are experiencing issues in the releasing of funds and benefits by the Ministry on account of non-conduct of JIT, delay from banks etc. CITI in order to take up the issue has recently formed a sub committee comprising of senior industrialist.

The committee is looking into the issues to be taken up with the Government to get them resolved.

Sir, Industry appreciates the concerted efforts taken by the Government to address various issues relating to TUFs and over Rs.10,000 crores of TUF subsidy under different Schemes got blocked due to the procedural issues. Sir, we also suggest that a major portion of the TUF subsidy could be released against bank guarantee and the balance could be released after the completion of JIT. Since JIT inspection has been stalled due to Covid-19 pandemic, the industry is not able to get the funds. As the volume of work for JIT is getting accumulated with the limited manpower, it would take years to complete the JIT and release the subsidies. Therefore, we request your good self to direct the concerned authorities to commence the JIT immediately with necessary precautions and also simplify the guidelines and protocols so that the scheme can become more industry-friendly. We are sure that your good self would soon address the issues relating to TUFs.

Other Industrial Issues Resolved due to CITI's intervention

- COVID financial relief measures by way of moratorium for repayment of loans and interest, reduced interest rate, additional working capital.
- Substantially enhanced MSME threshold criteria and related benefits.
- Persuading RBI, IBA, Ministry of Finance, PMO and Ministry of Textiles to direct banks to implement RBI relief measures and reduce the rate of interest.
- Release of ATUFS JIT recommended subsidies against bank guarantee.
- Release of RoSL, RoSCTL, MEIS and other export related benefits.

Other Key issues and suggestions to tackle Covid-19

- India is about to enter into festive mode and with the reopening of retails and malls the domestic demand of T&A products is expected to rise which will help the industry to revive during the 3rd quarter of FY 21. However, textile units which were in need of debt restructuring in the Pre-Covid-19 period are still carrying huge debt on account of stretched working capital and accrued interest. Longer receivable periods, crash in the valuation of inventory and high carrying cost are all factors which will cause financial stress to linger for a longer period.
- Due to the lockdown imposed to tackle rising cases of Covid-19, demand of fibre, yarn, fabric and apparel sectors in FY21 is expected to go down by 25-35% as compared to same time period of previous year and the industry is expected to attain full normalcy in the next financial year only.

- T&A industry operates at wafer thin margin, so to deal with the problem of lower demand, CITI has further requested to the Governor, Reserve Bank of India (RBI) and Chairman, Indian Bank Association (IBA) and also to the Secretary Textiles for immediate financial relief package for the T&A Industry along with one-time debt restructuring of term loans. CITI has also requested to the heads of all the Public, Private and Regional Banks, including NBFCs, FIs, etc. to extend all the benefits to the T&A Industry which are being extended by RBI to them.

Pending Issues

With the support of Government, CITI, till now, has been able to address various Industrial issues from time to time as and when they arises. I thank the Government for the same, however, there are still some long pending issues which are yet to be released. Some of them are:

- Release of long pending subsidies amounting over Rs.12,500 crores under various TUF schemes by simplifying the TUF guidelines and enabling ease of doing business as per the objectives of TUFs.
- Announcement of New National Textile Policy.
- Technology Mission on Cotton in a revised format with a Mission-Mode approach.
- Implementation of Direct Benefit Transfer System to compensate farmers under MSP operations and allow market forces to determine prices
- Include entire textile value chain under the RoDTEP scheme.
- Remove Anti-Dumping Duty levied on Viscose Staple Fibre
- Remove inverted duty structure in MMF sector and slot the entire MMF value chain under 5% GST rate.

- Bring adequate safeguard measures to prevent cheaper imports.
- Extend the EPCG Export Obligation Period by another three years from the date on which the COVID lockdown is fully lifted.
- Refund benefits declared under Foreign Trade Policy in a time bound manner.
- Refund GST paid on services and capital goods.

Key Activities of CITI Post 61st AGM of CITI

Events organised by CITI serve as effective platforms for technology transfer, trend forecasting and business development. CITI has been instrumental in bringing together decision makers, thought leaders, influencers and policy makers on common platforms to pool in their intellectual resources for the welfare of entire textiles and clothing value chain.

CITI since its last AGM held on 16th September 2019 in Mumbai, organised various important activities, both online and with physical presence. Due to nationwide lockdown since March 2020, instead of physical activities, CITI undertook various activities through online process to continue the interaction with the T&C Industry on important issues. Brief details of the some of the important events organised by CITI during 2019-20 since 61st AGM of CITI are given below. For detailed information, CITI Annual Report for current year may be referred.

- **Interactive Video Conference with Edelweiss for a detailed discussion on the guidelines suggested by RBI Kamath Committee on One Time Loan Restructuring** was organised by CITI on Thursday, 17th September 2020.

- CITI in Association with MEX Exhibitions and Messe Frankfurt India organised Global e-Conference **“Rebooting the Textile & Apparel Industry”** on 24th July 2020.
- **Webinar on “The Future of the Textile and Apparel Sector – An Indo-African Perspective: Challenges & Opportunities” on Friday, 26th June 2020 was organised by** CITI in partnership with International Trade Centre (ITC) under the Support of Indian Trade and Investment for Africa initiative (SITA), the India International Textile Machinery Exhibitions Society, the Kenya Association of Manufacturers and the Ethiopia Textile and Garment Manufacturers Association.
- **CITI – Edelweiss Webinar on "Debt Restructuring" in Textile industry** on 5th May 2020.

CITI Skill Development Initiatives

CITI is also involved on the skill development front. We are happy to inform you that CITI has applied as an implementing agency under SAMARTH scheme, run by the Ministry of Textiles. The assessment of the scheme is under progress by the Ministry of Textiles and the result is awaited.

Key Activities of CITI CDRA

The year under review was the twelfth year of the Cotton Collaborative Project in rain dependent cotton growing areas of Lower Rajasthan, the fourth year in Maharashtra and the third year in Madhya Pradesh. The CITI CDRA implemented the Project in association with the concerned state agriculture departments, Bayer Crop Science and the Regional Textiles Mills Associations from Rajasthan, Maharashtra and Madhya Pradesh.

- The project was implemented in 114 villages from Wardha, Yavatmal and Nagpur districts of Maharashtra, 1423 villages from Ratlam, Dhar and Jhabua districts of Madhya Pradesh and 128 villages from Bhilwara and Rajsamand districts of Rajasthan.
- The project activities covered an estimated area of 102838 hectares involving about 86397 cotton farmers. Of these beneficiary farmers 59490 farmers or 68.85% of the farmers belonged to the weaker sections (SC/ST) of the Society.
- The CITI CDRA in association with the State Agriculture Departments, Bayer Crop Science and Madhya Pradesh Pradesh Textile Mills Association supported by Vardhman Group of Mills successfully implemented the Cotton Collaborative Project in Public Private Partnership (PPP) mode for improving Extra Long Staple cotton yield in the tribal districts of Ratlam, Dhar and Jhabua from Madhya Pradesh, particularly for meeting the increasing demand for Superior Fine Cottons (ELS) from the Textile Industry, which are in short supply in the country.

Madhya Pradesh

- A Kisan Mela was held at Sailana in Ratlam district of Madhya Pradesh in February 2020. Shri.V. K. Singh, Additional Secretary and Chief Financial Adviser to Ministry of Women and Child Welfare and Textiles, Government of India was the Chief Guest at the event.
- Nearly 2000 farmers from the Project districts participated in the function. Shri P D Patodia, Chairman, CITI Standing Committee on cotton presided over the function.
- Shri Prem Malik, Past Chairman, CITI and the Co- Chairman, CITI Standing Committee on Cotton, Shri Amit Ruparelia, Past Chairman, TEXPROCIL, Dr S Sunanda, Secretary General, CITI besides Deputy Directors of Agriculture from Ratlam and Jhabua districts, KVK Scientists from all the three districts and a large number of representatives of ginning and pressing factories, cotton traders and other cotton interests participated in the event.

Acknowledgements

- At the outset, I would like to thank Hon'ble Prime Minister of India, Shri Narendra Modi Ji, for the bold and historic decision of removing ADD on PTA/MEG and also for extending all the possible help to the Indian T&A industry to fight and overcome the crisis of Covid-19.

I would like to extend our sincere gratitude to Hon'ble Union Minister of Textiles, Smt. Smriti Zubin Irani for standing shoulder to shoulder with the textile industry and providing all necessary support and guidance during the Covid-19 time which has helped industry a lot to survive.

- I would also like to extend our gratitude to Secretary Textiles, Shri Ravi Capoor Ji and all senior officials and staff of Ministry of Textiles for their kind support.
- I would like to extend our sincere thanks to the Hon'ble Union Minister of Finance, Smt. Nirmala Sitharaman, State Minister of Finance and all the concerned officials of Finance Ministry, Customs Officials, tax administrators and GST Council members for addressing various Tax related issues of the industry.
- I would also like to convey our sincere thanks to Shri Piyush Goel, Hon'ble Union Minister of Commerce and Industry, State Ministers and other senior officials in the Ministry of Commerce for helping us in matters relating to business activities during the lockdown period.

- Let me also take this opportunity to thank Shri Rajiv Kumar, Vice Chairman, NITI Aayog, Shri Amitabh Kant, CEO, NITI Aayog and all concerned officials for their support in taking up T&A issues to PMO.
- I would like to thank former Textile Commissioner Shri Moloy Chandan Chakraborty for his support and welcome and thank the new Textile Commissioner Ms. Roop Rashi.
- I also thank, all political leaders, and individuals who directly and indirectly extended valuable cooperation and support in addressing various issues affecting the textile industry.
- During the difficult years, the guidance of our esteemed committee members has helped CITI in meeting some of the challenges in the best way possible. I would like to use this opportunity to express my deep gratitude to all of them.
- I would like to convey my sincere gratitude to Past Chairmen-CITI for their wholehearted support and guidance.
- I would also like to express my deep gratitude to CITI Office Bearers, late Shri D L Sharma Ji, Deputy Chairman, CITI and Shri S K Khandelwa Ji, Vice Chairman, CITI for sharing my responsibilities and extending their support and participation in discharging my duties as Chairman, CITI.
- Let me also take this opportunity to thank the Chairmen / Presidents and SGs of all Member Associations, Associate Members and Corporate Members of CITI as well as Chairmen and EDs of major Export Promotion Councils such as AEPC, TEXPROCIL, SRTEPC and PDEXCIL and other

textile associations. I sincerely thank all of them on behalf of CITI.

- I am extremely thankful to SIMA Chairman, Shri Ashwin Chandra and Secretary General, Dr K Selvaraju and SIMA Team for their wholehearted support and cooperation for CITI's endeavours.
- I would also like to express my deep gratitude to Shri P D Patodia Ji, Chairman, and Shri Prem Malik, Co-Chairman of Standing Committee of Cotton, CITI-CDRA and their Team for all their support and dedication for the cotton development activities of CITI.
- I would like to thank, NSDC Chairman, Shri A. M. Naik and his Team and Dr J V Rao, CEO, Textile Sector Skill Council (TSC) and his Team for their wholehearted support for the textile skill development activities of CITI.
- I would also like to convey my sincere thanks to the Chairmen and EDs of all our member associations of NCTC viz; AEPC, ASFI, CMAI, ITTA, PDEXCIL, SRTEPC and TEXPROCIL due to which textile and Clothing Industry could come together on a single platform to raise the industrial issues in a single voice.
- In raising up the issue of ADD on VSF, Apparel Export Promotion Council (AEPC), Bhiwandi Powerloom Weavers Federation Ltd. (BPWF), The Clothing Manufacturers Association of India (CMAI), Federation of Gujarat Weavers' Welfare Association (FGWWA), Handloom Export Promotion Council (HEPC), Indian Spinners Association (ISA), Ichalkaranji Shuttleless Looms Owners Association (ISLOA), Powerloom Development Export Promotion Council

(PDEXCIL) and Tamil Nadu Federation of Powerloom Associations (TNFPA) have joined hand with CITI. I express my sincere gratitude to all these associations for coming together and sharing their inputs.

- My sincere thanks also extends to Chairmen and Team Leaders of Textile Committees of Trade Bodies viz; ASSOCHAM, CII, FICCI, FIEO, etc also for their support and cooperation in addressing textile issues.
- On behalf of CITI and the industry at large, I thank both print and visual media for the support extended by them to us during my Chairmanship of CITI. The proper projection of our issues by them helped us immensely in seeking remedies to some of them.
- Finally, I would like to thank CITI Secretary General, Dr. S Sunanda and her team for all their hard work and dedication which they have shown throughout the year and also appreciate the Secretariat for handling every issue very effectively. I wish them success in their future endeavours also.

Notes

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