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IBTEX No. 171 of 2017 August 21, 2017

USD 64.06 | EUR 75.29 | GBP 82.51 | JPY 0.59

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
19888	41600	**82.83**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18260	38196	**76.05**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	67.30
ZCE Cotton: Yuan/MT (Sept 2017)	15,290
ZCE Cotton: USD Cents/lb	**88.37**
Cotlook A Index – Physical	**77.40**

Cotton & currency guide: In the gone by week in India Cotton Advisory Board (CAB) emphasized and reviewed on the 2016-17 crop number in detailed while failed to discuss anything on the new crop season of 2017-18. During the season beginning October 1, production from the 2016-17 crops is placed at 34.5 million bales (170 kgs) and imports at 2.6 million. Consumption (including non-mill use) is estimated at 31.15 million, and exports at 6 million. The net result is a modest reduction in stocks, from 3.644 million bales at the start of the season to a projected 3.594 million by September 30, 2017.

No major discussion had happened for the new season crop.

From the price perspective, Interior asking rates for better quality Shankar-6 remained unchanged at an average of Rs. 42,750 per candy, ex-gin. At the prevailing exchange rate, the dollar equivalent price was around 85.05 US cents per pound.

Prices for Punjab J-34 have fallen again, to Rs. 4,420 per maund (approximately 83.80 cents per pound).

From the futures front the week ended with a negative note at Rs. 18260 per bale for October future down by Rs. 330 from the previous week's close.

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, Source: Reuters, MCX, Market source

Indicative Prices of Overseas Ring Spun Cotton Yarn in Chinese market:

Indicative Prices of Cotton Yarn in China Date: 21/08/2017 ***Prices in US$ FOB***		
Country	**20s Carded**	**30s Carded**
India	2.50	2.80
Indonesia	2.56	2.85
Pakistan	2.33	2.71
Turkey	2.95	3.15
Source: CCF Group		

China yarn

Yarn markets turned better this week. Cotton yarn price showed stable yet somewhat divergent. Polyester yarn and rayon yarn tracked the rise of feedstock. Polyester/cotton yarn and polyester/rayon yarn and rayon/cotton yarn price mainly showed stable.

International yarn

The cotton yarn market has lacked any new feature. Spinners in Pakistan continued to complain of narrow margins. Export demand has remained dull. Cotton yarn rates have softened in Bangladesh. Garment export earnings in July showed considerable improvement compared with the corresponding month in 2016. Cotton yarn futures was launched at Zhengzhou Commodity Exchange on August 18 in China.

Source: CCF Group

NEWS CLIPPINGS

INTERNATIONAL NEWS

Pakistan-Indonesia trade volume to grow to $2.5b this year

Bilateral trade between Indonesia and Pakistan is expected to reach $2.5 billion this year, said Indonesian Consul General in Karachi Dempo Awang Yuddie.

Speaking at a ceremony held to celebrate the 72nd anniversary of the Republic of Indonesia on Thursday, he said that the two countries had tried to improve both political and economic ties since 2015.

Resultantly, a number of Pakistan's parliamentarians, trade delegations and military personnel visited Indonesia recently to further enhance the bilateral relationship.

Trade between Pakistan and the Southeast Asian giant has been growing strongly for the last couple of years. The volume of bilateral trade grew from $700 million in 2010 to $2.3 billion in 2016, an increase of 229%.

Pakistan's major exports to Indonesia include textiles and clothing, vegetables and fruits (mainly oranges) while its major import item from Indonesia is palm oil.

With over $2 billion worth of imports, the balance of trade is in favour of Indonesia while the two countries are trying to strike a balance so that it can become a win-win situation for both the trading partners.

Indonesia imports over $650 million worth of fruits and $550 million worth of vegetables annually. Now that Pakistan is regaining its share in Indonesia's fruit imports, its exporters want to export more vegetables as well.

Speaking to the gathering, which included people from trade and business, diplomatic community and academia, Sindh Governor Mohammad Zubair said, "Pakistan wants to further strengthen its relationship with Indonesia, especially in trade and business."

He remarked that the recent economic rise of Indonesia was also an example for Pakistan to follow, especially because the two countries shared many similarities in their demographics.

To improve trade relations, the two countries signed the Preferential Trade Agreement (PTA) on February 3, 2012, which came into effect in September 2013 after many rounds of negotiations.

Under the PTA, Indonesia offers market access for 232 tariff lines, of which 103 are zero-rated. Items in the preferential trade list include fresh fruits, cotton yarn, cotton fabrics, readymade garments, fans, sports goods, leather goods and other industrial products.

Zero-rated market access is offered to kinnow (mandarin) and oranges from Pakistan, providing a level playing field to this product in the Indonesian market.

Pakistan's offer to Indonesia under the PTA covers 313 tariff lines that include items such as edible palm oil products, sugar confectionery, cocoa products, chemicals, kitchenware, rubber, wood, glassware and electronic products.

Pakistan has offered the same preferential treatment to edible palm oil products from Indonesia as provided to Malaysia under the Pakistan-Malaysia Free Trade Agreement (FTA).

Source: tribune.com.pk- Aug 19, 2017

HOME

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Intertextile Shanghai Home Textiles opens on August 23

Intertextile Shanghai Home Textiles, Asia's leading platform to meet quality suppliers from 30 countries and regions, is opening on August 23.

The four-day event will attract global industry players to Shanghai to capture the sought-after opportunities in the Chinese and Asian home textiles markets. Over 1,200 suppliers will display their latest products.

Wendy Wen, senior general manager of Messe Frankfurt (HK) expressed confidence towards the fair's outcome. "The Chinese economy is getting back on track recently, with the home textiles industry in particular regaining momentum with increasing exports to the US, European Union and Japanese markets. As the domestic industry continues to upgrade and offer more quality and competitive home textile products, we believe tha this edition will prove to be a fruitful one for all involved."

Intertextile Shanghai Home Textiles is widely regarded as the leading trade event in Asia for the home textiles industry, where the full spectrum of home textiles and accessories is on offer under one roof. This year, over 1,200 suppliers from 30 countries and regions are ready to demonstrate the finest and latest products across featured product zones throughout six halls. A number of industry elites including Alhambra, CASAMANCE and Designers Guild, will gather in the Editors Zone to parade a series of branded upholstery fabrics. What's more, worldwide upholstery fabrics suppliers like Aico Home, Culp and D Décor can also be found.

Other fine products at the fair include bedding and towelling and carpets and rugs, with visitors able to meet with international brands such as Advansa, Harlequin Morris & Co. and Sanderson by Mirtos, together with machine-made and handmade carpet producers from Afghanistan, China, India and Pakistan. To cater to the entire supply chain throughout the home textiles industry, the fair will also feature original textile design studios and digital printing solutions.

While domestic suppliers account for a large proportion of the exhibition, overseas exhibitors are also eager to tap into the strong potential in the Chinese and Asian markets, with seven country and region pavilions including Belgium, India, Korea, Morocco, Pakistan, Taiwan and Turkey featuring with their specialties. Four leading home textiles production regions in China –Haining, Shaoxing, Tongxiang and Yuhang – will also form pavilions to present their specialised products.

Intertextile Shanghai is far more than a business platform between exhibitors and visitors. The show aims to provide inspiration for the industry via a series of concurrent events. For the first time, the Andrew Martin International Interior Design Summit will be held throughout the first two show days, allowing experts from the interior design, architecture and art sectors to share and discuss their views on the transformation of design in the new information era. Visitors can also get to know more about these experts' perspectives on new home living styles through the Home Furnishing Crossover Exhibition.

The show also serves as an indicator of home textiles trends in China, as participants can find the latest styles from exhibitors' products displayed in the Trend Area under four trend themes for 2018/19. In addition, the Digital Printing Micro Factory will demonstrate the digital printing production line, and a series of seminars will feature industry leaders discussing the current market situation, technology development and applications of digital printing.

Source: fibre2fashion.com- Aug 20, 2017

HOME

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Bangladesh: Export earnings from US drops in last fiscal

Export earnings from the US witnessed a 6.01 per cent fall during last fiscal (2016-17) compared to the previous fiscal year (2015-16).

The fall is export earnings are due to inadequate performance of the RMG sector, reports UNB.

Bangladesh exports to the USA totalled $ 5,846.64 million during the last fiscal (2016-17) compared to $ 6,220.65 million during the corresponding period of the previous fiscal (2015-16).The amount represents 16.78 per cent of the country's total export earnings during the period.

According to the statistics compiled recently by the Export Promotion Bureau (EPB), the major exports to the US market during the last fiscal year were woven garment ($ 3,901.94 million), knitwear ($ 1,302.06 million), home textiles ($ 188.30 million) and cap ($ 136.48 million).

During the period, around 27.11 per cent of the country's total woven garment exports entered the US market, followed by knitwear 9.46 per cent and home textile 20.32 per cent.

Despite political unrest, Bangladesh's export earnings from the US in fiscal 2014-15 were impressive with $ 5.783 billion, up from $ 5.583 billion in fiscal 2013-14.

The export in fiscal 2012-13 was impressive with $ 5,419.60 million. In 2011-12, it was also laudable totalling $ 5,100.91 million, slightly down from $ 5,107.52 million in fiscal 2010-11.

The export earnings in fiscal 2009-10, however, totalled $ 3,950.47 million, down from $ 4,052.00 million in 2008-09, mostly because of the global economic recession. The 2009-10 fiscal marked the end of an ups-and-down period for Bangladesh exports to the US.

From the robust $ 2.5 billion during the 2000-01 fiscal, exports had fallen below $ 2 billion by 2003-04. Exports to the US rose steadily to cross the $ 3 billion mark in 2005-06, and peaked at nearly $ 3.6 billion during the 2007-08 fiscal.

The export earnings of Bangladesh in the last fiscal year (2016-17) totalled $ 34,835.09 million against the strategic target of $37,000 million which is also 5.85 percent short of the strategic target.

Source: thefinancialexpress-bd.com- Aug 20, 2017

HOME

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Denim production a sustainability issue across the globe

Denim, a fixture of the apparel industry and a wardrobe staple for millions around the world has become an area of concern linked to a number of sustainability issues. Water is extensively used in the supply chain, beginning in the fields where cotton, denim's raw component, is grown. It takes over 20,000 liters of water to produce a kilogram of cotton, roughly equivalent to just one T-shirt and a pair of jeans.

Denim production often involves the use of chemicals. Irresponsible use and disposal of dyes or chemicals used in the production process can have devastating environmental consequences.

Chemicals that have not been properly treated before disposal can lead to serious pollution problems. Rivers in China have turned blue due to wastewater from dyeing being dumped directly into the water.

Denim has also been associated with labor injustices along the entire supply chain. On the production floor, sandblasting—a process used to make denim look more worn and faded—can seriously damage workers' health and lead to silicosis, a potentially lethal pulmonary disease.

This risk becomes even greater when sandblasting is performed without proper equipment. While Turkey banned the practice in 2009, sandblasting has since moved to less regulated countries such as Bangladesh, China, Pakistan, and Egypt.

Source: fashionatingworld.com- Aug 19, 2017

HOME

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GSP hasn't helped Sri Lanka' exports much

The EU is Sri Lanka's biggest export destination, absorbing some 36 per cent of total shipments. The EU has reinstated GSP benefits for Lanka. But even then Sri Lanka's apparel exports to the EU fell 5.8 per cent in the first five months of 2017 compared with the same period in 2016.

Production and labor costs in Sri Lanka remain high compared to many of its competitors'. It's doubtful if the country will be able to meet its goal of doubling exports by 2020.

Wages in Sri Lanka are typically higher than in Bangladesh and Vietnam, making the country better suited to producing high-end garments such as swimwear, trousers and underwear, including lingerie for top brands such as Victoria's Secret.

The minimum monthly wage in Sri Lanka is $120 compared with $70 in Bangladesh. Sri Lankan labor laws also limit factory workers to 57.5 hours per week, with fixed weekly holidays. This compares with Bangladesh's working limit of 60 hours and Vietnam's 64 hours.

Sri Lanka needs to do more to catch up with countries such as Bangladesh, which is now the world's second largest clothing exporter after China. Bangladesh accounts for 6.4 per cent of global clothing exports compared with Sri Lanka's 1.2 per cent.

Source: fashionatingworld.com- Aug 19, 2017

HOME

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S. Korea's Key Industries to Lose Global Market Share in Decade

Most of South Korea's key industries, except for some industries including semiconductor, are highly likely to shrink dramatically in 10 years.

According to a report titled "future vision and development strategy of South Korea's key industries" released by the Korea Institute for Industrial Economics & Trade (KIET) on August 20, production and exports of the nation's major industries such as automobile, shipbuilding, textile and communication equipment will decrease starting from 2025. South Korea's economy has already entered an era of slower growth after 2011 and its key industries are slowing down.

The KIET expected that South Korea would see its major industries' market share rapidly drop when the industries continuously show the downward trend. It said the nation's market share of the shipbuilding industry will decline from 36.2 percent in 2015 to 20 percent in 2025, while that of the communication equipment industry will decrease from 24.2 percent to 20.5 percent, automobile from 5.2 percent to 3.8 percent, petrochemical from 5.4 percent to 4.7 percent, home appliances from 3.1 percent to 2.5 percent and textile from 2 percent to 1.2 percent over the same period.

However, the market share of the semiconductor industry will increase from 16.5 percent in 2015 to 18.2 percent in 2025, while that of general machinery will rise from 2.8 percent to 2.9 percent and defense industry from 2.4 percent to 2.7 percent.

Cho Chul, a senior researcher at the KIET, said, "Even if the automobile, shipbuilding, petrochemical, textile, home appliances and communication equipment industries have advanced, their global market share objectives in 2025 will fall far short of their market share in 2015. The nation's industrial growth will be limited by high labor costs, limited domestic market, sluggish exports caused by the continuing global economic downturn and China's advanced industrial structure."

Since Chinese industries and companies are advancing and securing the competitiveness, South Korea's key industries will shrink without innovation.

Source: businesskorea.co.kr- Aug 21, 2017

HOME

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Bangladesh: Govt changes incentive structure for exports

The government has brought some major changes to the incentive structure for exports in order to achieve a higher overseas sales target set for the current fiscal year.

Bangladesh Bank on Thursday released an incentive structure for 2017-18, granting stimulus to five sectors for the first time and increasing existing rates for four.

With the new additions, 27 sectors will receive 2 to 20 percent incentive on the price of the goods. The number of sectors entitled for the benefit was 22 in the last fiscal year.

The five new sectors which were awarded higher incentives are IT-enabled services and hardware (10 percent), shoes made of synthetic and fabrics (15 percent), active pharmaceuticals ingredients (20 percent), accumulator battery (15 percent), and goods produced from coconut fibre (20 percent).

The incentive for export of crust and finished leather has been doubled to 10 percent from existing 5 percent if the tanneries at Hazaribagh relocate to Savar, according to the BB circular.

Exporters will receive a 10 percent incentive for selling locally produced paper and paper products from existing 5 percent.

The incentive for handmade products, hogla, hey, and sugarcane fibre has been increased to 20 percent from 15 percent now, while the stimulus for export of potato has been raised to 20 percent from 10 percent.

The export benefit for finished products from jute goods has gone up to 10 percent from 7.5 percent. The government has set aside Tk 4,500 crore for export subsidies in the current fiscal year, of which Tk 500 crore would go for jute goods. The export target for 2017-18 has been set at $37.2 billion, up 8.2 percent from that of the last fiscal year. Bangladesh earned $34.65 billion in exports in 2016-17 against a target of $37 billion.

Green Transformation Fund

The BB has more than halved the interest rate on loans from the green transformation fund. The rate of interest on loans for export-oriented textile, textile products and leather manufacturing industry has been lowered to six-month LIBOR plus 1 percent from the existing six-month LIBOR plus 2.25 percent.

The central bank issued a circular in this regard last week.

Source: thedailystar.net- Aug 20, 2017

HOME

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NATIONAL NEWS

Trade policy review may look to help exporters with GST blues

The mid-term review of the Foreign Trade Policy (FTP) — likely next month — may provide relief to exporters reeling under the impact of the new Goods and Services Tax (GST) regime, with the Centre examining if some lost benefits could be restored.

The Commerce Ministry is in talks with the Finance Ministry and the GST Council to expand the scope of the popular 'Advance Authorisation' scheme to allow Integrated GST (IGST) exemption on imported inputs, in addition to basic customs duty, a government official told *BusinessLine*.

Changes are also likely to rules on supplies to export-oriented units (EOUs) from the domestic tariff area (DTA), which are currently not being treated as 'deemed exports'.

"Exporters have been complaining that by restricting exemptions in the advance authorisation to only the basic customs duties on inputs, the scheme has become unattractive and that many may opt out if IGST is also not exempted," the official said.

It is accepted international practice — in countries where GST and VAT exist — to give exemptions to exporters from such taxes on imported inputs, he added.

Under the GST regime, DTA manufacturers supplying to EOUs are not allowed to import the inputs without payment of duty under Advance Authorisation. "The DTA suppliers have to pay the basic customs duty, cesses and IGST for imported inputs. They are entitled to input tax credit of only IGST. Basic customs duty and cesses thereon are cost to them," points out the Engineering Export Promotion Council.

The mid-term review of the FTP (2015-2020), likely next month, will try to sort out some of the problems faced by exporters if the GST Council gives its consent.

"There is nothing that the Commerce Ministry can do without the approval from the GST Council. It is being hoped that all issues being faced by exporters, which can be sorted out by the Centre, will get resolved in the review. If not, efforts in the direction would continue," the official said.

India's exports have been growing consistently for the past eleven months, but the pace of growth has slackened. Exports in 2016-17 grew 4.71 per cent to $274.64 billion compared with the previous fiscal, it was after two years of continuous decline.

Source: thehindubusinessline.com- Aug 20, 2017

HOME

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Losing to Chinese imports: Why Surat textile traders are unhappy with GST

On a rainy July evening in the busy and sprawling Surat Textile Market, Rangnath Sarda received a call from a client, a distributor in Tamil Nadu, to discuss billing details under the new GST regime. Since Sarda did not have a Goods and Services Tax (GST) number, his client would have to figure out how to bill him, transport the goods and pay agents' commissions.

Business owners across thousands of Surat's small-scale trading, weaving and dyeing units, which together churn out around 40 million metres of fabric each day, were asking and answering similar questions up and down their supply chains.

Ever since the Government of India introduced the GST regime on July 1, 2017, with the aim of creating a one-tax, one-market nation, Surat's textile traders have been up in arms–they say GST has struck the death knell for their informal business channels that work largely on cash and afford tiny profit margins.

The traders fear that GST, with its emphasis on formalising businesses by making them register for a GST number–thereby introducing transparency and widening the tax net–will lead to business going to larger, organised traders. They also believe it will increase paperwork and make it difficult to maintain accounting books without hiring accountants, an additional burden for cash-strapped businesses that work on thin profit margins.

Sarda said he had applied for a GST number, grudgingly. With Ganesh Chaturthi round the corner, the festive season would continue well into October and November with Durga Puja, Diwali and Chhath. “Where is the time to protest? We stand to lose business,” Sarda told IndiaSpend, adding that the government was well aware that traders would be in a bind.

Surat’s traders had gone on strike on July 1, 2017, but had called it off after 18 days on Finance Minister Arun Jaitley’s assurance that the GST Council would consider their demands at its meeting on August 5, 2017. Jaitley had refused to remove the tax altogether saying that would break the input tax credit chain.

The council reduced the tax rate for ‘job work’–third-party services such as stitching and embroidery–to 5% from the earlier 18%, but traders were unhappy that it had not addressed many other concerns. There are rumours they might resume their strike.

While there have been protests in textile hubs across the country–in Punjab, Rajasthan, West Bengal and Maharashtra–Surat has become the epicentre of the fight against GST. IndiaSpend set out to the port city to understand why.

A historic trade hub

Located 270 km south of Ahmedabad, the commercial capital of Gujarat, and a similar distance north of Mumbai, India’s financial capital, Surat has a rich history of trade and a long-running tradition of textiles manufacturing.

In the 1980s, the city saw a transition from cotton to synthetic fabrics. Today, Surat produces 40% of all manmade fabric made in India, as per data available on the 2017 Vibrant Gujarat Summit website.

The communities that dominate the business today are the Kathiawaris, who hail from Gujarat’s seaward Saurashtra region, and the Marwaris who trace their roots to the desert region of Marwar in Rajasthan. The business acumen of these traders is legendary, and the two communities have produced such household names as the Ambanis and the Birlas.

Government support

A supportive policy structure has played a significant role in the success of Surat's textiles industry.

Mahendra Ramoliya, a tall, heavyset Kathiawari who runs a powerloom in Sachin GIDC (Gujarat Industrial Development Corporation) on the outskirts of Surat, credited his success to the subsidies and tax breaks offered between 2004 and 2009 when Gujarat's Shankersinh Vaghela was the textiles minister in the central government.

The 700-hectare Sachin GIDC houses 2,250 industrial units, including 1,750 textile units, 70 dyeing and printing mills, and 40 dyes and chemicals units. It is estimated to employ around 350,000 people.

Surat has nine such GIDC estates, where the government provides enabling infrastructure and fiscal support, which Surati traders have been aggressive in safeguarding. Ramoliya told IndiaSpend that in the late 1990s when the powerloom industry went on a strike against rising electricity prices, the government had to capitulate and offer a subsidy.

When a central value-added tax (Cenvat) was imposed on the industry in April 2003, textile traders again struck work until, months later, a new government was formed that rolled back Cenvat imposition on powerlooms.

Except for this brief period from April 2003 to July 2004, the textiles industry has been largely exempt from taxation.

Enter GST

As with most sectors of the economy, Surat's textiles businesses are confused about how GST will impact the supply chain, whether it will increase costs and prices, and whether it will complicate or simplify processes.

Most of all, there is concern about maintaining accounts. The common refrain in Surat is that most textile traders are uneducated.

“Yeh chopre ke chakkar me phass jayenge,” many told IndiaSpend, protesting that they would get entangled in accounting books. Yet, educated or not, everyone understands the language of trade in Surat–no conversation goes without mention of ‘taka’ or percentages.

Larger businesses, on the contrary, say small manufacturers and traders are only trying to avoid having to pay tax. “People are worried because there won’t be any tax evasion once they come on this system,” Sanjay Sudrania, who has run Kirtida Silk Mills in Sachin GIDC for a decade, told IndiaSpend.

The extent of evaded tax is what many traders claim is their only profit margin, given stiff competition from cheap Chinese imports. “We’re not competing against Indian fabrics only, we need to stand against cheap Chinese fabrics as well. If costs increase we lose that battle,” Kamran Hussain, a mill supervisor, told IndiaSpend.

Sudrania said dyeing and printing units have always been taxed, unlike traders and weavers, who were exempted. GST will hit mostly the latter–the approximately 60,000 weaving units, 65,000 traders and 50,000 embroidery units–Sudrania said. Nevertheless, he added, the transition to GST would increase costs only marginally.

Ramoliya, the powerloom owner, disagreed. He said the majority of businesses work on cash. “I used to work mostly with RR [rokda, or cash]. Only 20% went on a pucca bill. Now, if we’ll have to pay taxes on all processes, in addition to income tax, we’ll be forced to count our profits only after tax,” he said, adding that this would force businesses to increase prices considerably.

Chinese competition

India imported $2.62 billion worth of textiles and apparels from China in 2014-15, a 60% share of India’s total textiles and apparels imports from its top-10 trading-partner countries, according to data from the Ministry of Textiles.

Sudrania said there should be anti-dumping duty on Chinese imports. In May 2016, the Federation of Surat Textile Traders Association (FOSTTA) had written to the central textiles minister seeking an anti-dumping duty on imported Chinese fabrics, complaining that nearly 50% of the manmade fabric sector in Surat had had to shut down for a month due to cheap Chinese imports and lack of demand.

Two months later, textiles commissioner Kavita Gupta had rejected the claim that Surat's powerlooms were losing business to under-invoiced imported Chinese fabrics.

A separate petition by Mitsubishi Chemical Corporation and Reliance Industries had led to a government investigation into allegations of dumping of purified terephthalic acid (PTA), a byproduct of petroleum refining used to manufacture polyester fibre, into India.

In April 2014, right before the general election, anti-dumping duty was imposed on PTA imports from China, European Union, South Korea and Thailand. In July 2016, the anti-dumping duty order was amended and duty was imposed on China, Iran, Taiwan, Indonesia and Malaysia.

This led to allegations that the anti-dumping duty was designed to benefit only "the largest and integrated polyester player"–Reliance Industries–and would hurt competition.

In 2013-14, Reliance Industries Ltd accounted for 60-65% of domestic PTA production, with a capacity of 4.4 MMTPA (million metric tonnes per annum). Materials Chemicals and Performance Industries (formerly Mitsubishi Chemical Corporation) and Indian Oil Corporation produce PTA as well.

A Reliance spokesperson did not answer queries from IndiaSpend.

The duty was extended in 2015 and 2016, and still exists.

Targeting small businesses?

"I loved Modi. But look what he has done to the people who supported him. No one has backed Modi as we [traders] have," a powerloom unit owner told IndiaSpend, requesting not to be named.

Ramoliya, the powerloom owner, is more dismissive: "Yeh advertise ki sarkar hai."

The trader who did not wish to be named told IndiaSpend that instead of protesting against GST, textile traders should have stopped purchasing Reliance yarns. "They [Reliance] would have sorted the entire issue for us," he said.

Small traders fear GST will encourage vertical integration so that big fish like Reliance will set up more composite units that produce both yarn and sarees, as such units will not have to pay tax for every activity involved at every stage of making a saree.

Informal jobs at stake

Surat's textiles industry–its powerloom units, dyeing and printing mills, and traders–employ 1 million workers directly or indirectly, in formal as well as informal jobs. Many of these workers had to leave the city during the 18-day strike when there was no work.

The value-addition stage of a saree (embroidery, etc.) operates largely in an informal setup. A trader purchases dyed fabric, and sends it to hundreds of embroidery units scattered across the city. There is much back and forth involving middlemen who collect sarees and distribute them among hundreds of women workers who work part-time from their homes.

"At completion of every stage the saree comes back to us. In all this back and forth, the government not only wants us to pay for the service but also wants us to make sure everyone files their returns," said Anil Jain, a trader in the New Textile Market. "Does the government expect all these individual workers to file returns online?"

The government has, in fact, exempted businesses with an annual turnover of less than Rs 20 lakh from having to obtain a GST number or file returns. A document on the Ministry of Textiles website clarified the concerns of the textiles industry specifically around input credit and assured payment within 180 days.

But traders claim they are confused or unaware.

“If I have a GST registration, I will not purchase from a guy who doesn’t have a GST,” Huzefa Nasikwala, founder, Nasikwala Law Office, Mumbai, explained. “There are these input credits that I have to take, so I will insist for a GST number [down the chain].”

According to Nasikwala, the textiles industry in and around Surat is used to dealing only in cash and the value chain, right from weaving onwards to small traders and migrant labour, is unorganised. No tax was being paid all along this chain. “Now, if you impose a tax regime the entire chain gets disturbed. This is the core issue they are facing. Some of the small players will be wiped off,” he said.

At the August 5, 2017, GST council meeting—where the tax on job work was placed uniformly at 5%—these issues were not addressed, textile association FOSTTA said. Traders, however, showed a reluctant acceptance of GST as a fait accompli.

“Bolenge toh karna hoga, par 50 taka business khatm ho jayega [If the government forces us, we’ll do it. But it’ll kill 50% of the business],” Ramoliya said.

Source: business-standard.com- Aug 18, 2017

HOME

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Telangana govt offers incentives to textiles industry

The Telangana government has announced a slew of sops, including capital subsidy, to boost the textiles and apparels sector in the state.

The sops are part of the Telangana Textile and Apparel Incentive Scheme 2017 announced by the TRS government with an aim to attract investments and generate job opportunities for the local population.

According to a government order (GO) issued last night, the capital and operational incentives for the textiles and apparels industry will be applicable for both new as well as existing units for the next five years.

"The incentives proposed hereunder shall be operative for a period of five years from the date of notification and will cover all new and existing units.

"While the government is keen to encourage industry with the primary objective of attracting investments and generating employment opportunities for the local population, it is hereby clarified that it expects the industry to provide a fair and decent wage to the workforce," the GO said.

The government said units not adequately compensating the workers will face action.

"If it is brought to the notice of the government that the workers are not being adequately compensated, or are exploited, then it shall have the right to terminate the approvals granted and recover the monetary value of the incentives accorded till then," the GO said.

It said VAT/CST/SGST reimbursement is available for tax collected on end product/intermediates within the entire value chain (from cotton to garment and made ups) to the extent of 100 per cent for a period of seven years from the date of commencement of commercial production. Or up to realisation of 100 per cent fixed capital investment the eligible fixed capital investment, whichever is earlier.

Existing units which undergo expansion/modernisation/ diversification will be entitled to get similar benefits under this clause, it added.

A capital subsidy of 25 per cent will be provided for conventional textile units and 35 per cent for technical ones involved in production of medical textiles, geotextiles, agrotextiles and protective clothing, among others.

For units established with an investment of Rs 200 crore or above or providing more than 1,000 jobs, the incentives will further be customised, the GO said.

Source: dnaindia.com- Aug 19, 2017

HOME

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Robotics and automation: threats and opportunities

The concept of robotics has been in existence for a long time, with Egyptians using automated water clocks to strike the hour bell and hydraulically operated statues that could gesture and speak in 400 BC. Subsequently, there have been many such instances of robotics in the history of mankind.

The first modern-day Industrial Revolution dates back to 1800s and had manufacturing processes for metals, chemicals, textiles and mining; leading to an increase in productivity and output. Robots have evolved tremendously over the years and are now being widely used in various sectors such as defence, disaster management, search and rescue operations, and the entertainment industry in the form of electronically operated toys.

Automation is an extension of robotics and can be termed as the next phase of industrial revolution. The present industrial revolution seeks to disrupt the existing processes and enhance them with programmable logic. While it is easy to identify a repetitive process or task, it is equally difficult to program such a code that can make a machine carry out this activity on a perpetual basis.

As technology has improved over time, robots and automated systems have made inroads into organizations where tasks may have been dangerous, impossible or just plain mundane for humans.

Since the dawn of computer programming, automation, also known as robotics, was available in the form of click-and-type macros. These would repeat keyboard and mouse operations, mimicking a human.

With the advent of advanced analytics and data sciences, as in artificial intelligence, it is now possible to automate complex tasks that can act intelligently like humans. Analytics are now being used to identify or avoid risks; for example, identifying a suspect fraudulent transaction on a credit card based on the customer’s regular spending pattern or studying a customer’s spending pattern on an online retail store and recommending products.

Use of sensors in everyday objects such as lights, air conditioners and televisions—which operate based on inputs like human gesture, speech or commands—is another example. Sensors are also being used to identify speeding cars or count the number of parking slots available in large parking spaces.

The latest application of robotics and automation can be seen in technologies such as autonomous or driverless cars, 3D printing and chat bots.

Data analytics forms the backbone of robotics and automation. Any task that can be programmed into a computer-readable code requires extensive amount of input data to be analysed and processed in real-time basis to provide enhancements.

For instance, real-time data analytics plays a pivotal role in allowing a driverless vehicle to self-navigate from one point to another, without human intervention. Sensors and cameras provide real-time input of distance between vehicles, traffic conditions, and natural obstacles such as stones and dividers; which are then processed at high speeds to allow the vehicle to navigate at an optimum speed. Global Positioning System (GPS) provides navigation and route information for the destination. All these processes and sensors work simultaneously, processing large data sets to redefine the driving experience.

Chat bots too require complex understanding to simulate human behaviour for efficient customer service. Data analytics can provide significant value to chat bot technology by leveraging large data sets that form the basics to simulate human behaviour. With the help of artificial intelligence and machine learning, bots can be designed to continuously learn and evolve their responses to customer queries. Chat bots can also be used in help desk management systems where these are capable of resolving queries accurately and at a faster pace compared to their human counterparts.

While automation technologies like driverless cars and chat bots may disrupt our lives in the future, each one of these could potentially create avenues and opportunities for individuals and businesses. Here are some examples:

• The mass adoption of driverless cars could potentially have an adverse short-term impact in the form of job losses, but may also allow low-cost entry for small scale investors. These investors can set up a unit of driverless cabs and earn their livelihood without relying on third parties. Programming and data analytics for driverless cars would result in job creation in software engineering.

• Chat bots could possibly reduce the need for customer service representatives but on the other hand, complex programming requirements and artificial intelligence would lead to more job creation for data science analytics and service delivery to customers.

Every industrial revolution that has occurred in the past has opened a wide variety of prospects for individuals as well as organizations.

Market sentiments suggest that the job market does not stay static but changes constantly with innovation in technologies. Many tasks undertaken (manually) by humans about 20-30 years ago are no longer relevant. Gone are the days wherein one would need to feed a huge stack of chip cards to a large computer system.

Data entry has become more sophisticated and less manual. Similarly, today's jobs may not be that relevant 20-30 years in the future but there would be more and different opportunities.

With the increased use of remote connectivity, video conference and digital presence; the job scenario is expected to drive the future of work. Manual tasks would become increasingly automated for business efficiencies and scale. This will be key for organizations that want to stay ahead of the curve and outpace rivals in a highly competitive world.

Source: livemint.com- Aug 21, 2017

HOME

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India: Textiles Ministry revises, lowers export estimate to $45000 million

As per recent data released by the Union Textiles Ministry, textile and clothing industry has been seen a decline in exports. Exports fell marginally by 0.2 per cent to $36639.4 million (FY 2016-17) over the previous fiscal. In the exports segment, textiles and clothing accounts 13 per cent of the country's total exports in the last fiscal, where in 2015-16 and 2014-15, the sector accounted for 14 per cent and 12 per cent respectively.

Presently apparels are ruling the export basket with a 48 per cent stake in the total T&C exports with a growth of 6.6 per cent in 2016-17. After seeing this trend, the government has cut down export target to $45000 million for the current fiscal.

Country wise, the US is the largest export market for India. Exports to the US grew 1.1 per cent to $7604.38 million in the last fiscal, accounting for 21 per cent share in India's total T&C exports.

Apparel exports to the US totaled $3861.96 million, thereby accounting for 50 per cent share from the total T&C export to the US. Cotton exports to the US decreased by 5.5 per cent to $116.31 million in the last fiscal. Other large export markets are UAE, UK, Bangladesh, Germany, China, Spain, France, Italy and the Netherlands.

Cotton export trends

In FY 16-17, cotton exports registered a decline of 9.2 per cent to $6637.63 million as compared to the previous fiscal FY15-16. Bangladesh has taken up the spot of China by becoming the largest importer of Indian cotton owing to continued low demand from China.

Exports to Bangladesh were valued at $1602.53 million with a share of 24 per cent from the total cotton exports, while exports to China closed at $1348.43 million.

Though registering decline, Pakistan still managed to retain its third position while cotton exports to Vietnam registered growth of 7.5 per cent to $281.81 million.

Yarn exports

Overall cotton yarn exports witnessed negative growth of 7.15 per cent to $3350.2 million in FY 16-17. Though China was the top importer of Indian cotton yarns, volume reduced 29 per cent to $1048.83 million. If Bangladesh's demand catches up in the future, there are chances of Indian yarn exports registering an upswing again.

Apparel exports registered 6.6 per cent growth to $17478.97 million in 2016-17. In the apparels, woven apparels led the pack with 53 per cent share. In this section, women/girls suit, jacket, dresses, skirt, blazers etc., were the highest exported products from India, valued at $2422.02 million in the last fiscal.

Knitwear apparel exports also registered impressive growth of 7.8 per cent to $8266.95 million in the last fiscal year. UAE took over US as India's leading market for knitwear exports, totaling at $2131.66 million in 2016-17. The other top knitwear export markets are USA, UK, Germany, France, Spain, Italy, Saudi Arab, Netherland and Poland.

Man-made fibres

This segment has been registering negative growth for the past three years. In 2016-17, the MMF exports fell by 3.1 per cent to $ 1995.05 million compared to the previous year. The commodity accounts for 5 per cent share from the total T&C exports of the country.

Under MMF section, synthetic filament yarn is the main commodity exported with value of $ 1041.34 million with growth of 10 per cent in the last fiscal. As per the statistics, Turkey is the biggest market for India's MMF exports. India has exported $256.18 million of MMF commodity to Turkey in 2016-17. Brazil, being the second largest model, witnessed 69.8 per cent growth to $201.46 million.

Import scenario

As far as imports are concerned, cotton imports ruled with 19 per cent share from the total T&C imports of the country. The cotton imports have witnessed a growth of 88.8 per cent to $ 1132.09 million in 2016-17.

India has imported most of the cotton from USA and Australia. India's imported cotton from US totaled $289.51 million in the last fiscal.

China stands at third position in the cotton imports of India, witnessing a negative growth of 4.2 per cent to $124.37 million.

Source: fashionatingworld.com- Aug 19, 2017

HOME

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India's cotton production may rise three per cent

Cotton production in India is likely to increase 3.76 per cent compared to the last year. Better yield is expected even though the area under cultivation has dropped significantly. The cotton marketing year runs from October to September. Production is also expected to increase as there were fewer pest attacks, including white fly in Punjab and Haryana and pink ball worms in Gujarat.

The area under indigenous variety has increased and the acreage under Bt cotton has slightly declined. Meanwhile the Indian Council of Agricultural Research has come up with more native varieties, which are equally good in yield.

Once they are commercialised in 2017-18, the area under the indigenous variety will grow even more. Total yield is estimated to grow by almost 20 per cent in 2016-17 from 2015-16. The yield is estimated to be better in almost all cotton producing regions, except Tamil Nadu, where it has declined significantly due to moisture stress.

Total exports are estimated to have declined to 60 lakh bales in 2016-17 from 69.07 lakh bales in 2015-16. Till May, shipment to Bangladesh was 40 per cent of total exports while it has shrunk drastically to Pakistan, which witnessed a bumper crop.

Source: fashionatingworld.com- Aug 19, 2017

HOME

****

Growing demand for textile machinery in India

Indian textile machinery industry has tremendous growth potential buoyed by growing domestic and global demand. The only need is to identify untapped opportunities. The size of the domestic textile machinery industry is expected to touch Rs 35,000 crores in the next five years from the present Rs 22,000 crores.

Global textile machinery market is witnessing tremendous growth and is forecasted to grow at a CAGR of 14.02 per cent till 2018. Major manufacturers are: Germany, Italy, Japan, Switzerland, France and China. One of the major trends in the global textile machinery market is the growing number of technological innovations.

India is a major importer of textiles machinery. Demonetisation affected the entire textile chain. Textile machinery suppliers faced the immediate impact as orders were badly hit for a month. Bigger companies had a lighter impact on the topline as they were already under the organised sector and payments were effected through banks. The most affected was the unorganised sector which took some time to change to digital cash or online transactions. Demand reverted to normal within next the few months with an improvement in liquidity.

The textile sector is one of the largest contributors to India's exports, accounting for approximately 11 per cent of total outbound shipments.

Source: fashionatingworld.com- Aug 19, 2017

HOME

****

Homegrown cotton seed replacing Bt variety

COTTON BALANCE SHEET
(in million bales)

Particulars	2015-16	2016-17 (P)
SUPPLY		
Opening stock	6.6	3.64
Crop	33.2	34.5
Import	2.28	2.6
Total supply	**42.08**	**40.74**
DEMAND		
Mill consumption	27.02	26.70
SSI consumption	2.71	2.7
Non-textile consumption	1.8	1.7
Export	6.9	6.0
Total demand	**38.44**	**37.15**
Closing stock	3.64	3.59

P: Projected '1 bale = 170 kgs
Source: Cotton Advisory Board

The home-grown variety of Indian cotton seed is replacing the genetically modified or Bt one in the current season, claims the Union textile commissioner.

Developed by the Central Institute for Cotton Research (CICR), Nagpur, the desi variety has potential for higher yield than Bt cotton and also on weed and pest resistance, she said. Introduced early this century, Bt cotton has witnessed intermittant pest attacks; these damaged the crop in a significant way in Punjab and Haryana in 2015-16.

"Also, the desi variety is longer-staple in nature, which might replace some quantity of long-staple cotton. Thus, the desi variety offers better realisation than Bt and other conventional varieties. Consequently, farmers are aggressively adopting the desi variety of cotton seeds," says Kavita Gupta, the textile commissioner. She was speaking on the sidelines of the second Cotton Advisory Board (CAB) meeting here on Friday. She gave no figures, however, in this regard.

In 2015-16 and the current season, whitefly attacks have been reported in Punjab and Haryana, in addition to pink bollworm attacks in Gujarat, Maharashtra, Madhya Pradesh. Andhra Pradesh and Telangana.

Even so, output for the crop year 2017-18 (October to September) is estimated to increase in double digits, due to a sharp increase in sowing. Official data estimates an 18 per cent rise.

The CAB in its second Advanced Estimates projected India's cotton output at 34.5 million bales (a bale is 170 kg) for 2016-17, despite a 11 per cent decline in sowing to 10.84 million hectares. For 2017-18, Gupta estimates the area at 11.9 million ha.

Bangladesh has replaced Pakistan in terms of cotton import from India, with over 40 per cent of market share so far this year. China is likely to remain India's second largest cotton destination in 2016-17.

Our cotton export is likely to decline this year to six million bales, compared to 6.9 million for 2015-16.

Source: business-standard.com- Aug 20, 2017

HOME

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