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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 135 of 2017 July 01, 2017

USD 64.61 | EUR 73.81 | GBP 85.13 | JPY 0.58

Cotton Market (30.06.2017)

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

Rs./Bale	Rs./Candy	USD Cent/lb
20055	41950	**82.83**

Domestic Futures Price (Ex. Gin), July

Rs./Bale	Rs./Candy	USD Cent/lb
19920	41668	**82.27**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.97
ZCE Cotton: Yuan/MT (Sept 2017)	15,625
ZCE Cotton: USD Cents/lb	**83.06**
Cotlook A Index – Physical	**83**

Cotton & currency guide:

Thursday was a dull day for Cotton traded in an inside range to settle the most active December contract at 67.24 down 41 points from the previous close.

Despite a dismal USDA Weekly export sales figure which stood at 584,200 bales making two consecutive weeks exports higher at 12,36, 500 bales had meager impact on Cotton price. Sometime these sorts of data already discount the market which we may say so by seeing a negative price trend for cotton. However, at times we get to see some reaction in the market with the surprise export sales figure.

The strategy for cotton as spread is to take short in near month contract July and Buy the October future with the spread of around 1600+. The target would be less than 800 in the near term. There should be a stop loss for the spread which should be above 2000 on a daily closed basis. Lastly trading range for the day would be 19800 to 20100 for July MCX future.
Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, Source: Reuters, MCX, Market source

NEWS CLIPPINGS

INTERNATIONAL NEWS

Polyester yarn price jumps in China

In China, offers for 32s polyester yarn in Shengze moved up US cents 1-2 a kg in the second week of June. In Zhejiang, 32s weaving yarn prices were also up US cent 1 a kg on the week.

Polyester spun yarn market in Shengze was stable to slightly higher as PSF prices rebounded somewhat in recent weeks. However, mills were cautious to replenish PSF as polyester market enters the traditional period in late June, when sentiment will remain stalemated.

In India, polyester yarn prices remained unchanged after the hike two weeks ago following hike in PSF prices then.

In Pakistan, polyester spinners were confronted by lack of export orders, in line with the rapid decline of overall exports. A slight rise in demand was however reported during the week as buyers tried to cover their prompt needs ahead of Eid holidays.

Source: yarnsandfibers.com- June 30, 2017

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FENC counts on its Vietnamese plant to create a complete supply chain

Taiwanese based textile maker Far Eastern New Century Corp (FENC) to reduce reliance on its two major production bases, Taiwan and China has taken up capacity expansion project at its Vietnamese plant which will be completed in 2020, yesterday said it expects Vietnam to become its third-largest production base.

The capacity expansion is aimed at creating a complete supply chain for fabrics and garments in Southeast Asia, and is projected to cost more than US$700 million, it said.

Revenue generated at the Vietnamese plant is likely to take up 30 percent of the firm's total sales over the next three years, up from less than 5 percent at present.

Taipei-headquartered FENC reported NT$132.4 billion (US$4.36 billion) in revenue last year, down 0.4 percent from 2015. Revenue from Taiwanese plants takes up nearly 60 percent of the firm's total sales, while the Chinese plants contributes 40 percent, company data showed.

Aided by expanded capacity in Vietnam, revenue generated in Taiwan is expected to account for 40 percent of total sales in 2020, with sales from China taking up 30 percent, FENC said.

The company, which manufactures a wide range of petrochemical and textile products, has an annual production capacity of nearly 2 million dozen garments in Vietnam, company's data showed.

As part of the expansion plan, a new plant that makes knitted fabrics began operations this quarter, while several new factories making polyester garments are set to start production by the end of next year, it said.

FENC is considering expanding production capacity of several nylon products used to manufacture car airbags and seatbelts as it eyes the growing automotive safety components market, the company official said.

It is also planning to raise the capacity of polyester staple fiber for diapers and sanitary products at its Taiwanese and Chinese plants. The polyester and textiles businesses accounted for 28 percent of the firm's total assets last year.

The 66-year-old company also expects that the launch of several high-end products could drive sales growth in the near term.

Source: yarnsandfibers.com- June 30, 2017

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VN apparel industry lacks 'supplier punch'

At its annual general meeting on Thursday, the Viet Nam National Garment and Textile Group (Vinatex), said it expects combined pre-tax profits of VND749 billion (US$33 million) this year, up 9.6 per cent year-on-year. It estimates total revenues at VND16 trillion, down 3.1 per cent from last year. Revenues of the parent company alone are set at VND1.8 trillion and pre-tax profits at VND345.9 billion this year, respectively up 37.9 per cent and 22 per cent year-on-year.

The group expects to pay a dividend of 6 per cent this year.

Last year was a difficult one for Viet Nam's apparel industry with its main markets like the United States, European Union and Japan all experiencing lower import growth.

The Brexit vote and the US Presidential election also had negative impacts on the country's apparel exports, said Vinatex general director Le Tien Truong.

He said annual apparel imports of the United States decreased 4.8 per cent last year, and that of Japan and South Korea dropped by 1.7 per cent and 4 per cent, respectively.

In addition, major textile exporting countries devalued their currencies at a high rate (about 10 per cent), while the Vietnamese dong depreciated by just 1 per cent, which made the country's garment products more expensive than those of its rivals.

Many foreign investors who invested in production in Viet Nam with the hope of reaping Trans-Pacific Partnership (TPP) benefits began to cut orders and move back to their factories.

The pressure to find new customers and alternative orders at Vietnamese enterprises was huge last year, Truong said.

Despite these troubles, Viet Nam's textile exports saw an annual expansion of 5.42 per cent in 2016, the highest among the apparel exporting countries. Growth rates in major markets remained positive, including the Unites States (5.03 per cent), EU (5.78 per cent) and Japan (4.9 per cent).

Vinatex reported total 2016 revenues of more than VND16.5 trillion, up 1.1 per cent year-on-year, while the group's pre-tax profit was VND683.5 billion, up 0.9 per cent over the previous year.

Not proactive

Truong also pointed out shortcomings and weaknesses among the Vietnamese garment companies, saying they were not proactive in searching of new customers and markets.

Local businesses were mainly signing contracts with intermediary agents without directly contacting big customers, he said.

More importantly, Vietnamese companies are unable to exercise any 'supplier power' to influence the decision of buyers, and are easily be replaced by other suppliers, he added.

Weak corporate governance and business links among local manufacturers have also reduced the country's strength in international markets.

Truong said Vinatex's first-half business was "similar to 2016" but did not give specific numbers.

Vinatex has registered with the Ministry of Industry and Trade an export growth rate of 10 per cent, equivalent to a turnover of $30 billion, this year
He said the Government has agreed to continue reducing State holdings in the group and will eventually transfer Vinatex to the State Capital Investment Corporation (SCIC) or to a newly-established committee.

Source: vietnamnet.vn- June 30, 2017

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Pakistan: PHMA concerned over constant decline in textile exports

LAHORE - Pakistan Hosiery Manufacturers and Exporters Association (PHMA) Chairman Adil Butt has expressed deep concern over decline in textile exports, which have decreased by 1.98 percent during the first eleven months of the current fiscal, widening trade deficit by 42.12 percent or about $30 billion as compared to $21.1 billion deficit of same period of last fiscal year.

He said that the govt is responsible for the constant decline in textile exports because of its delay in refunds to exporters, demanding the government to immediately release all pending Sales Tax Refunds, Custom Rebate claims, DLTL claims and Withholding Tax claims to provide relief to the textile exporters so that they could focus on increasing their exports.

He said that the drop in textile exports comes during a turbulent period for textile manufacturers, where they await the promised incentives by the government, including disbursement of the Rs180b export package and recovery of sales tax refunds.

He said that the PBS data revealed declining textile exports across all major categories, including towels down 18.1pc YoY, cotton cloth down 15.7pc YoY, bed wear down 15.5pc YoY, readymade garments down 7.2pc YoY and cotton yarn down 3.1pc YoY. He said that the government is no more business-friendly, which it once claimed to be, as the country's exports are not among the government's priorities and even the textile ministry is still being run without a minister.

He said that textile industry had proposed a number of measures for the FY18 budget which was not implemented by the government. In fact, the government increased the turnover tax from 1pc to 1.25pc and sales tax on retail sales was increased from 5pc to 6pc. The government also raised the minimum wage by Rs1000 to Rs15000.

He said the Rs180 billion package, which was announced in January 2017, could go some way in making the textile sector competitive internationally. However, five months after the announcement of the package, only Rs4 billion has so far been released by the government versus claims of Rs24 billion, he added.

Quoting the data, he said that textile exports during July-May (2016-17) were recorded at $11,234.885 million compared to the exports of $11,461.497 million recorded during July-May (2015-16). The textile products that contributed in the negative growth included cotton yarn, the trade of which decreased by 3.64 percent by going down from the exports of $1,176.999 million last year to $1,134.191 million during the current year. The exports of cotton cloth also decreased from $2,065.794 million to $1,945.670 million, showing negative growth of 5.81 percent while the exports of raw cotton decreased by 47.14 percent, from $75.996 million to $40.169 million. The exports of yarn (other than cotton yarn) decreased by 27.32 percent by falling from $30.648 million to $22.274 million while the exports of knitwear decreased by 1.84 percent from $2,146.744 million to $2,107.612 million.

Exports of towels decreased from $739.986 million to $704.702 million, a decline of 4.77 million while the exports of arts, silk and synthetic textile decreased by 32.99 percent, from $267.035 million last year to $259.127 million during the ongoing fiscal year.

Source:nation.com.pk- July 01, 2017

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Bangladesh govt reduces RMG corporate tax to 12%

Corporate tax for the readymade garment (RMG) industry of Bangladesh has been reduced from 15 per cent to 12 per cent and the same has gone down to 10 per cent from 14 per cent for green RMG factories, as per the Finance Bill for 2017-18 that has been approved in the country's Parliament. It is expected to encourage the sector to expand investment.

The Dhaka Chamber of Commerce and Industry (DCCI) has welcomed the amendments made in the proposed budget through approving Finance Bill 2017- deferring the plan to enforce the VAT and SD Act 2012 for another two years and reinstating the existing VAT Act 1991 keeping the multi-stage VAT rates replacing proposed uniform 15 per cent VAT.

DCCI feels the Finance Bill approved in Parliament with postponement of the uniform 15 per cent VAT will encourage business and private investment downplaying the apprehension of steep price hike for wide ranges of products and services along with inflationary stress on the economy.

Amid the pro-growth amendments of the Finance Bill for FY 2017-18, DCCI feels that the Budget for FY 2017-18 will accelerate growth and stimulate private sector investment, driving the country to the league of middle income country by the year 2021 envisioned by the government.

Reduction of corporate tax from the 20 per cent to 15 per cent for the country's RMG export sector was proposed in Budget 2017-18 presented in Bangladeshi Parliament. For RMG companies possessing internationally recognised green building certification, the Budget has proposed reduction of tax rate to 14 per cent. (KD)

Source: fibre2fashion.com - June 30, 2017

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U.S. 2017 cotton acreage highest since 2012

Cool, wet weather may have kept growers from planting as much cotton as they could have, soybeans much higher.

Dozens of round modules grace the edge of a cotton field near Portland, Ark., in 2016.

U.S. cotton farmers appear to have planted 12.1 million acres of cotton in 2017, 20 percent more than in 2016 and the highest acreage since 2012, according to USDA's National Agricultural Statistics Service.

The increase is not quite as high as USDA-NASS was forecasting in its March Planting Intentions Report when it placed 2017 U.S. cotton plantings at 12.2 million acres. A cool, wet spring in the Mid-South may have limited the increase.

In other highlights of the June Acreage Report, USDA-NASS estimated a record high 89.5 million acres of soybeans planted in the U.S. for 2017, based on its surveys of growers across the soybean-planting regions. More attractive soybean prices at harvest apparently led growers to switch out of corn and into soybeans.
USDA-NASS said producers planted 94 percent of the soybean acreage to herbicide-resistant seed varieties, meaning the GMO-planted soybean acreage was basically unchanged from 2016.

Much of the increase in soybeans came from corn acres, which USDA estimates are down 3 percent from 2016 to 90.9 million acres. Compared with last year, planted acres are down or unchanged in 38 of the 48 estimating states.

Some analysts had been speculating that soybean acres might exceed those of corn in the U.S. for the first time.

Growers surveyed by USDA-NASS said they had either planted or intended to seed 2.56 million acres of rice, an 18.6-percent decline from 2016. Low rice prices in relation to other crops and flooding in north Central Arkansas each contributed to the decline.

Today's Acreage and Grain Stocks reports and all other NASS reports are available online at www.nass.usda.gov.

Source: Forrest Laws, Delta Farm Press - June 30, 2017

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NATIONAL NEWS

Time to script success story in textile exports, says Modi

Gandhinagar: Prime Minister Narendra Modi today urged the textile industry to increase exports in a big way by concentrating on innovation and research.

Claiming that India has one of the most liberal policies for investment in textiles, he said the country was one of the largest producers of cotton and jute and the second largest producer of man-made fibres. He said India also had the advantage of labour availability at reasonable rates.

On the second day of his two-day visit to his home state, he inaugurated the three-day first-ever mega textiles trade fair "Textiles India-2017". Addressing a gathering at Mahatma Mandir here, he said the textile industry was being infused with the mantras of "skill, scale and speed" and "zero-defect, zero-effect" under the Make in India initiative. He said the sector offered significant employment opportunities becoming the second largest employer after agriculture.

He expressed hope that the mega exhibition would help in familiarising global and the domestic textile manufacturers with India's enabling policy environment, strengths and vast opportunities.

Pointing out that an "integrated skill development scheme" was being implemented to meet the shortage of skilled manpower, he said in the last few years India had witnessed very healthy competition among various states to attract investment and industry.

Earlier in the morning, Modi inaugurated a Rs 552-crore Narmada water-based drinking water supply scheme in the tribal dominated Aravalli district of north Gujarat.

Before returning to Delhi in the evening, he also inaugurated a Rs 525-crore stadium in Ahmedabad and announced his intention to launch on a massive scale "Khele India" initiative on the lines of "Khele Gujarat".

Source: tribuneindia.com- July 01, 2017

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Time to weave a success story around textiles exports: PM Modi

Prime Minister Narendra Modi today said the time is right for India to focus on textiles exports in a big way, and urged states to take steps to promote clothing diversity in the global market.

"I think, the time has now come for us to concentrate on textiles exports in a big way. India is a country with diverse culture, fashion and traditions. This diversity is clearly reflected in the (variety of) clothing culture present in different regions," he said.

He was speaking after inaugurating the 'Textiles India 2017' seminar at Mahatma Mandir here.

"We should catalogue and map our clothing diversity and clearly earmark strengths and specialities of each state or region. Each state should appoint nodal officers dedicated to a few well-known products, who would facilitate producers and traders across the value chain," Modi said.

He said the intervention should start from production level right through to the export of garments and should meet specific requirements of domestic as well as export markets.

"We should formulate an action plan to study and map the requirements of people in large global markets and monitor new trends in fashion and textiles in these areas on a real time basis," the prime minister said.

He stressed on innovation and research in textiles for the industry to grow and tap new markets.

The NDA government has taken several steps to boost textiles industry, which is the second largest employment generating sector after agriculture. "Ours is a nation of aspirational youth, who wish to spend on textiles, apparel, and handcrafted lifestyle products," Modi said.

"The domestic market for apparel and lifestyle products, currently estimated at USD 85 billion, is expected to reach USD 160 billion by 2025. This growth will be driven by the rising middle class," he said.

He also said that the government's industry-friendly initiatives like repealing of 1,200 "outdated laws" and carrying out 7,000 reforms have resulted in India becoming a preferred investment destination.

"India has moved up by 32 places in the last two years in the Global Competitiveness Index of the World Economic Forum. This is the highest for any country. India moved up 19 places on the World Bank Logistics Performance Index of 2016.

"We have also moved up 16 places on the Global Innovation Index of the World Intellectual Property Organisation in 2016. We are third among the top 10 FDI destinations listed by the United Nations Conference on Trade and Development," he said.

"The textiles industry has a pivotal position in the Indian economy. It is strong and competitive across the value chain. India has an abundant supply of raw material like wool, cotton, silk, jute and man-made fibre. In fact, it is the world's largest producer of cotton and jute, and second largest producer of silk and man-made fibre," the PM said.

"This provides us the distinct advantage of backward integration, which many other countries may not have. In addition, India has strong spinning, weaving, knitting and apparel manufacturing capacities. Young, skilled labour is available at a reasonable cost," he added.

Besides Modi, Union Minister of Textiles Smriti Irani, Union Minister of State for Textiles Ajay Tamta, Arvind Ltd CMD Sanjay Lalbhai, Raymonds Chairman Gautam Singhania, US Polo CEO David Cummins, among others, were present at the event.

Modi said India's high economic growth has resulted in higher disposable income which has resulted in more people willing to spend on products like textiles, apparel and handcrafted products.

"Our high economic growth has resulted in higher disposable income. The resulting higher demand for products offers a huge domestic market."

Earlier, Modi inaugurated India's biggest textile fair at Gadhinagar exhibition ground in the presence of Andhra Pradesh Chief Minister Chandrababu Naidu.

Source: moneycontrol.com- June 30, 2017

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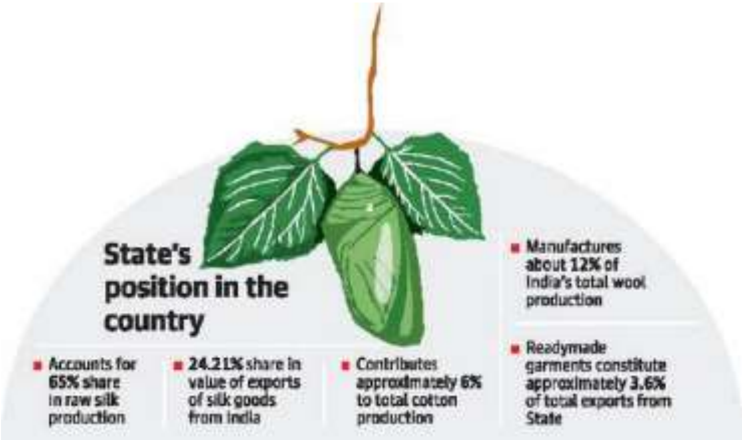
5% GST on job work to hit textile sector

Job work include cutting, embroidery, washing, bleaching, and packing



Imposition of 5% GST on job work in the textile sector is expected to badly hit the industry across India, especially States like Karnataka that has a large number of garment and textile units.

Though some garment units work out of a single factory floor in places like Bengaluru, job work or outsourcing of services constitute a significant part of the industry. Karnataka contributes 20% to the country's apparel production.

Several textile shops in Bengaluru remained shut in protest against the new tax regime on Friday. Cloth markets in major cities in Gujarat too were shut. Earlier, the GST council had clamped 18% tax on job work but reduced it to 5% following protests.

Textile job works such as cutting, embroidery, finishing, washing or pressing, packing, bleaching, dyeing, printing, knitting, and colouring has been brought under the 5% GST slab. Earlier, there was no tax for these works.

Hanumanthe Gowda, KASSIA vice-president, who also runs a silk textile unit in Bengaluru, said the council has imposed 5% tax irrespective of the quantum of work. Powerloom and handloom units across the State and in particular in Ballari, Doddaballapur, Kanakapura, Ramanagaram, Chennapatna, Hubballi-Dharwad, Belagavi, and Vijayapura will face severe difficulties. "About 90% job work people are uneducated and will unable to file tax online," Mr. Gowda said. Manufacturers who do not have integrated units to complete embroidery, printing and finishing would suffer great loss, KASSIA secretary B. Praveen said. Industry representatives have decided to meet Textile Minister Smriti Irani seeking tax exemption for the sector, Mr. Gowda said.

Source: thehindu.com- July 01, 2017

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GST leaves textile sector worried

VIJAYAWADA: With a clear 'No' to plea for GST exemption on textiles from the GST Council, all the stakeholders in the textile industry are the most unhappy lot in the country. Man-made synthetic yarn has been levied a tax of 18 per cent. Man-made fabric has been taxed 5 per cent. The Central government has also imposed 5 per cent tax on cotton yarn and fabric, which is likely to hit small non-integrated textile companies which buy fibre to weave fabric. Though the non-integrated textile firms make up more than 80 per cent of the textile industry, they are at a disadvantaged position since they will not get the refund of excess GST on input.

Since every aspect involved in textile sector, from production of yarn to production of fabric, from sale of cloth to sale of readymade garments, people involved in every level of textile business have hit the streets in protest across the country, including Andhra Pradesh.

"It is a matter of bread and butter for us. Naturally, we have to protest to safeguard our interests. The new GST regime, apart from increasing the prices of the final product, makes it mandatory to change the entire system, how the sector functions and it may render many jobless," said Andhra Pradesh Textile Federation president Busireddy Malleswar Reddy.

The APTF has been opposing the levy of 5 per cent tax on textiles for a very long time. M Srinivas, owner of Sai Baba Textile Agency in Vastralatha Market Complex, wanted to know when taxes are already being levied on yarn, dyes, at the processing stage, on painting and embroidery, what is the point of imposing tax on the finished product (textiles) separately.

Unlike other businesses, textile sector is more dependent on capital, rather systematic cash transactions. Textile businessmen have to arrange their own capital for business. They do not have any security or an assurance of a pension unlike salaried employees. They don’t have a fixed salary and their remuneration is completely based on their sales.

Under the new tax regime, every transaction, be it at wholesale level or the saree business done by housewives for extra family income has to be accounted and transaction records need to be produced. As most of the people employed in the sector are ignorant of all these rules and several uneducated in bookkeeping, the new system puts them at severe disadvantage. “It will render many jobless, which is not good for the textile sector as a whole,” said Vastralatha general secretary B Narasimha Rao.

While people from economically weaker sections buy cloth for garments, the upper class goes for readymade products. If the textiles are taxed it will directly affect people from lower and middle classes. “The government says ‘Roti Kapada Aur Makaan’. What will the poor people wear if you tax textiles?” questioned Srinivas When asked if the shops in Vastralatha complex are giving any discounts to clear the stock before the GST rollout, Singh, owner of Rekha Silks, said none of the shops are doing that.

Situation is no different in other cloth and readymade shops in One Town. However, it is entirely a different story in mid-to-high end shopping malls in two town area of Vijayawada. Fashion retailers like Lee, Reebok, Levi’s, United Colours of Benetton, Pantaloons and FBB are giving attractive discounts on apparels which a shopaholic is unlikely to miss. Denim companies Levi’s and Lee are both giving similar yet lucrative offers - Buy 2, get 2 free. United Colours of Benetton and Reebok are offering up to 50 per cent discount. The offer which Pepe Jeans has in store for its customers is ‘Buy 3, get 3’.

Source: newindianexpress.com- July 01, 2017

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15% subsidy demanded on handloom yarn to face GST

Srikakulam: Hand loom cloth industry and weavers are about to face tough times with imposition of 5 percent GST. At present plight of hand looms is not satisfactory as they have no sufficient market and demand but needs hard work and more labour. In addition to this, power looms are dominating the market as handloom cloth is costlier than powerloom.

Highlights:

- In Srikakulam district a total of 36 handlooms and weavers associations are producing handloom cloth
- A total of 5,000 weavers are depending directly on the industry and another 2,000 workers are depending on it indirectly

Actually handloom cotton cloth (khadi) has good quality and has better durability than powerloom but customers are attracted towards powerloom than hand loom as power loom available at cheaper price than handloom.

At present government is providing 10percent subsidy to hand looms on yarn purchase. With imposition of GST hand looms would bear five percent cost on yarn and cost of the cloth will also be enhanced which would dampen even the existing demand.

In Srikakulam district a total of 36 handlooms and weavers associations are producing handloom cloth. A total of 5,000 weavers are depending directly on the industry and another 2,000 workers are depending on it indirectly. When state government is trying to protect handloom industry by providing facilities GST will cause damage to the industry, it is felt.

'Handloom industry and cloth will slowly disappear as present generation is not interested to produce the cloth due to hard labour and least earning. With the five percent GST cost of the cloth will be increased and demand for it will fall down automatically' said Ponduru Khadi Sangham (PKS) President, Guntuku Kameswara Prasad expressing serious concern.

'Imposition of five percent GST on yarn is not good and it will be another burden on handlooms' said PKS secretary, Danda Venkata Ramana echoing the same feeling.

'Government is providing 10 percent subsidy on yarn purchase to handlooms and it needs to be enhanced to 15 percent to avoid GST burden then only handlooms will be in existence by competing with powerlooms' Assistant Director (AD) for handlooms and textiles, Gutti Raja Rao opined.

Source: thehansindia.com- July 01, 2017

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'Achievements moderate despite unlimited scope'

AHMEDABAD: Addressing the state session, Andhra Pradesh chief minister Chandrababu Naidu highlighted the tremendous potential of the textile industry in India. However, he said that the achievements in the industry are still moderate.

Aaccording to him, smaller countries such as Bangladesh, Pakistan and Vietnam are doing better on the textile front than India.

"Technology is changing all sectors and even textiles and apparels has benefited from the change. It is endearing to see how khadi and handloom are emerging as trends in popular fashion. We are focusing on end-to-end approach in textiles i.e. from forest to fashion and making it sustainable at each stage," said Naidu, adding that the state government's focus is to create more employment in the sector and enable further exports too.

He encouraged the skill development and training programmes for women workers in the textile industry. Union minister of textile, Smriti Irani talked about empowering women, who make a major taskforce, behind the flourishing textile industry.

"Women form the backbone of the industry and there must be a focus on their training and skill development so that they contribute to the GDP of the country," said RCM Reddy, CEO, ILF&S.

Source: timesofindia.indiatimes.com- July 01, 2017

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India steps into GST era

President Pranab Mukherjee and Prime Minister Narendra Modi pressing the buzzer to launch the Goods & Service Tax (GST), in Central Hall of Parliament, in New Delhi, in the midnight of June 30- July 01, 2017

The revolutionary taxation system, the Goods and Services Tax (GST), often described as 'one nation, one tax' has been rolled out across India from the midnight of June 30-July 1, 2017. Speaking in the Central Hall of the Parliament just before midnight, Prime Minister Narendra Modi termed GST as "good and simple tax" for the citizens of India.

Describing the path breaking legislation, Modi said, "GST is the taxation system of New India; of the Digital India. It is not merely ease of doing business. It is demonstrating way of doing business. GST is not just a tax reform, but it is a landmark step towards economic reforms. Beyond the taxation revamp, it is also paving the way towards social reforms. It is a vouchment for corruption free taxation system."

Elaborating his concept of good and simple tax, he said, GST is "Good because it liberates us from layers of taxation, Simple because it is uniformly implemented pan India. There will be 'one nation, one tax' and tax system shall be executed in a standard manner in all the states." All states are slated to gain immensely as they shall now get equal opportunities of development.

"GST is the first of its kind system in the country when both Centre and states shall be putting consolidated efforts in the same direction. We shall be proud of this wonderful system for generations to come as GST is a landmark achievement which is bound to take the nation towards exponential growth.

"GST is a system that ends the imbalances in the country's trade. It also boosts the exports of the country. This system not only provides impetus to already developed states but also provides the opportunity to the backward states to develop. Our states are enriched with natural resources – look at Bihar, eastern UP, West Bengal, the north east, Odisha. They are all brimming with natural resources. When they will get a single tax regime I can see clearly that whatever deficiency is there those will be removed and this part of the country will move ahead. All the states of India will get equal opportunity for development," Modi said.

The biggest tax reform since independence, GST will benefit all the stakeholders namely industry, government and consumer. It will lower the cost of goods and services, give a boost to the economy and make the products and services globally competitive, giving a major boost to 'Make in India' initiative. Under the GST regime, exports will be zero-rated in entirety. GST will make India a common market with common tax rates and procedures and remove economic barriers. GST is largely technology driven and will reduce the human interface to a great extent. GST is expected to improve ease of doing business in India.

The GST Council, which decided the final structure of GST, has kept the threshold limit for exemption from levy of GST at Rs 20 lakh for the states except for the Special Category, where it is Rs 10 lakh. A four slab tax rate structure of 5 per cent, 12 per cent, 18 per cent and 28 per cent has been adopted for GST. The threshold for availing the Composition scheme is Rs 75 lakh except for special category states where it is Rs 50 lakh and they are required to file quarterly returns only. Certain categories of manufacturers, service providers (except restaurants) are out of the Composition Scheme.

Other important feature of GST is that it envisages all transactions and processes to be done only through electronic mode, to achieve non-intrusive administration. This will minimise tax payers' physical interaction with the tax officials. GST provides for the facility of auto-populated monthly returns and annual return. It also facilitates the taxpayers by prescribing grant of refund within 60 days, and provisional release of 90 per cent refund to exporters within 7 days. Further facilitation measures include interest payment if refund is not sanctioned in time, and refund to be directly credited to bank accounts. There are also comprehensive transitional provisions for ensuring smooth transition of existing taxpayers to GST regime, credit for available stocks, etc.

Source: fibre2fashion.com- July 01, 2017

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India's cotton spinning output to witness a downturn

Withstanding price pressures, Cotton spinners in India are resorting to production cuts in the current financial year to sustain profit margins. Experts estimate an average production cut of 15 per cent for fiscal 2017-18, if the current scenario continues.

A recent study by Care Ratings estimates India's cotton yarn production at 3,936 million kg for financial year 2016-17, nearly five per cent lower than 4,138 million kg output reported in the previous financial year. For the past few years, cotton yarn production has increased by 3-3.5 per cent to meet domestic demand and exports.

India's cotton-spinning industry has been struggling with profitability for over two years due to a sharp decline in yarn exports following a slump in Chinese demand. Chinese textiles mills, which used to manufacture fabric after importing yarn from India, have now slowed down following the government's policy of discouraging energy-intensive industries. This has hit India's cotton yarn manufacturers hard.

While cotton prices have risen by eight per cent since January 2017 with the benchmark Shankar 6 varietycurrently trading at Rs 12,035 a quintal, overall costof production has also gone up by 8-10 per cent. Over 5 per cent appreciation in the rupee over the past three months has also impacted exporters' receivables proportionately.

A recent Care Ratings report, however, estimates a five per cent decline in India's cotton yarn production for 2016-17 at 3,936 million kg as compared to 4,138 million kg for 2015-16. After declining by 10 per cent in 2011-12, cotton yarn production rose by over 14 per cent y-o-y to 3,583 million kg in 2012-13.

In 2013-14, production was up by about 10 per cent to 3,928 million kg. High cotton prices and easy availability of MMF (man-made fibres) at competitive rates led to slower growth of cotton yarn production, the report said.

Production volumes

Cotton yarn demand in India grew at a healthy pace in 2015-16, supported by domestic demand and yarn exports. In 2016-17, demand is expected to be sluggish as derived demand and direct yarn exports will be under pressure. Also, with alternatives being explored for crude oil such as shale, prices of crude oil are largely expected to be stable during the year. Hence, demand for cotton yarn is set to face stiff competition from its easily available substitute - man-made fibres (synthetic yarns).

The domestic spinning industry remains highly dependent upon exports, with a third of India's cotton yarn having been exported during the past five years. Further, high dependence on exports to China and the resulting sensitivity of India's exports to China's policy on reserve cotton stock warrant a cautious outlook on India's yarn exports, until Chinese cotton stock levels subside to historical average, points out Jayanta Roy, Senior Vice-President, and Group Head, Icra.

The research agency said that as overall yarn demand is expected to remain tepid, spinners may have to sacrifice capacity utilisation or contribution, and hence profitability is likely to remain under pressure. In addition to demand pressures, the spinners continue to face challenges on account of the high cotton prices.

Source: thedailynewnation.com- July 01, 2017

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Manipur to export yarn by 2020, says Minister

IMPHAL, June 30 - Manipur Commerce and Industry Minister Thongam Biswajit on Thursday said that the State will export cotton and synthetic yarn to other parts of the country by 2020. Two cotton plants at Moreh and Jiribam will be taken up soon as pilot projects, he added while addressing the launching function of Handloom and Handicrafts Delivery Scheme here on Thursday.

The State has the highest number of 2.04 lakh weavers and 1.9 lakh loom owners in the country, the Minister informed. The scheme aims to enhance the income and productivity of the weavers.

Altogether 1,612 weavers and artisans have been registered under this scheme. Solar home lighting systems were also distributed to weavers on the occasion. Funded by Ministry of Energy and Renewable Resources, the scheme in the first phase will provide solar lamps to 7,078 beneficiaries.

The main target of the Industry department is to generate employment for 25,000 youth, the Minister said adding that paper work is almost finished for reviving the Spinning Mill at Loitang Khunou.

Source: assamtribune.com - July 01, 2017

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