IBTEX No. 100 of 2017 May 19, 2017

USD 64.82 | EUR 72.14 | GBP 84.00 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20007	41850	**82.44**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
21300	44555	**87.77**

International Futures Price

NY ICE USD Cents/lb (May 2017)	79.24
ZCE Cotton: Yuan/MT (July 2017)	15,625
ZCE Cotton: USD Cents/lb	**91.35**
Cotlook A Index – Physical	**89.65**

Cotton guide:

Cotton price has finally come back to the average level where the rally had actually started from. Cotton for ICE July contract ended the Thursday at 79.24 cents per pound.

Major action that took place at glance:

1. The US net export sales dropped to 285.80K bales down by 22K bales from the previous week. The rumor of cancellation of exports is still in the market believed the coming week export sales figure would suffice the logic.

2. The unfixed on call sales figure for the week ending 12th May was released on Thursday which shows a marginal decline to 112,230 contracts vs. 113,144 contracts inCTN7 the previous week. Unfixed call sales for July dropped by 4960 contracts to 41,255 contracts while for December the same rose by 1235 contracts to 32,437.

The detailed analysis is available in our daily Report.

Compiled By Kotak Commodities Research Desk , contact us :
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Source: Reuters, MCX, Market source

NEWS CLIPPINGS

INTERNATIONAL NEWS

Report on the Current Situation of Cotton Textile Market in China

Recently, China Cotton Textile Association has sent a total of 25 people, composed of 12 research groups, respectively, to visit 74 cotton textile enterprises and nine cotton textile industry clusters in eight provinces and regions, including Jiangsu, Zhejiang, Shandong, Henan, Fujian, Jiangxi, Hubei, and Xinjiang, from six topics of general situation of industry clusters and enterprises, raw material security, market situation, comprehensive cost and efficiency, transformation and upgrading, as well as brand building.

Orders to increase with a good start after the Spring Festival

The investigated enterprises involved in 18.67 million pieces of spinning spindles and 22 thousand units of looms. According to business reflection, the first quarter of 2017 started better, and the survey showed that the rate of operation was nearly 100% of 93% enterprises on the eighth day after the Spring Festival.

After the holiday, the production situation is stable, and most companies were more optimistic about it. Many enterprises have adapted to the market demands for single and small order, and shortness of delivery cycle, so the inventory presented a low level and risk of bad debts has decreased. The orders has increased by 5% - 10% form a year earlier, which can realize continuous production for 2 or 3 months; meanwhile, orders of some yarn-dyed fabric can be scheduled until August. While in home textile and garment industry, the superior enterprises with more completed industry chains gained sustainable orders.

Investment with prudence & Expansion with rationality

Under the sluggish market demand, enterprises were prudent to invest in the scale of production capacity, and more rational in production expansion, of which 28% had investment intention, and 20% have already or planned to carry out industrial transfer. The enthusiasm of investment promotion for spinning enterprises was still rising in Xinjiang Province.

Some enterprises with financial pressure, indicated that based on stable production scale, they would put more energy and funds on product research and development to increase the variety of products and meet customer needs, so as to improve market competitiveness of products.

Raw material inventory were low & non-cotton fiber was popular

Currently, enterprises adopted the principle of hand-to-mouth buying, and there wasn't large inventory no matter in cotton or in non-cotton fiber. The main reason was to avoid the risk of price fluctuations, and reduce the funds occupancy to ensure the liquidity of funds. For the procurement and inventory of raw materials, there are some main factors as following.

The number of enterprises to use non-cotton fiber showed a growing trend. The usage amount of non-cotton fiber in 2016 was flat with the year before last year, with the amount of 12.63 million tons. More and more enterprises were trying to use non-cotton fiber. It was learned from the research that the number of enterprises with proportion of using various non-cotton fibers more than 50% showed a rising trend. Most enterprises pointed out that they would continue to increase the use of non-cotton fibers. Also, some enterprises, who adhered to the production of cotton products, would follow the market trend and try to use differentiated fibers to achieve diversification of yarn fiber.

Reserve cotton was put in a stable market and the voice to raise quota was high. The national cotton output in 2016 reached 4.94 million tons, while Xinjiang accounted for about 80% with the yield of 3.95 million tons. At present, the textile enterprises mainly used Xinjiang cotton or the released reserve cotton, as well as a small amount of imported cotton. The release of reserve cotton played a positive role in maintaining the stability of cotton market. It was understood that the amount of yarn in Xinjiang achieved 1.1 million tons in 2016, of which cotton blended yarn or chemical fiber was around 20%. Cotton conversion rate has increased to 20% in 2016 form 15% in 2015. Since the pilot implementation of Xinjiang cotton target price, the gap between foreign and domestic cotton prices has decreased. While due to the prominent structural contradiction of cotton, enterprises were eager to increase the issuance of cotton import quotas.

The imported cotton yarn has reduced year on year, while domestic yarn has advantage in quality. The average difference in cotton prices was around 1,500 yuan per ton, and the difference of cotton yarn prices was 300 yuan per ton, even upside down in a period, so the imported cotton yarn presented a decreasing trend. The annual imports of cotton yarn was 1.97 million tons in 2016, despite a reduction of 16%, the quantity was still large, equivalent to the production capacity of more than 10 million spindles. The domestic weaving enterprises put forward that when the difference between domestic and foreign yarns was less than 500 yuan per ton, they would purchase domestic yarns, in consideration of order cycle and quality stability.

Market for better stability while price transmission was poor

From the aggregated data of enterprises whose total capacity accounted for 50% of the industry in 2016, main business income of cotton textile enterprises increased 4.4% year on year, and total profits rose by 7.1%. The survived enterprises has made a better performance by timely transition, improved R&D capacity, as well as increased comprehensive competitiveness. The small and medium enterprises reflected that the profits has increased with a limitation, and the growth rate was lower than that of sales revenue.

Although the sales was relatively smooth, the profit was meager. Market situation was still fragile, and some enterprises suffered losses. The rising price of raw material wasn't the pull of demands. The growth rate of cotton yarn price was less than materials, and prices of cloth didn't follow up, so the product prices transmission was poor. Recently, when the price of viscose staple fiber decreased, the declines of viscose yarn was more than that of materials.

Cost difference & financing difficulty

In general, costs of raw material of spinning and weaving industry respectively accounted for 72% and 65% of the total, and costs of labor and electricity for about 10%.

For labor costs, the difference between coastal and central areas could reach more than 500 yuan per ton. For electricity cost, electricity charge was at a range of 0.28 – 0.72 yuan per kilowatt in the research area. For other costs, due to the large investment in fixed assets and high requirement of financial liquidity in cotton textile enterprises, the current financial environment made it difficult to loan and financing. It was more difficult for enterprises to profit due to lending rate floating up 10% to 20%.

Transformation and upgrading with new look

The main modes of transformation and upgrading were equipment replacement, technological transformation, production innovation and quality improvement. Most enterprises were willing to eliminate backward equipment (equipment before 2007), and introduce intelligent equipment with high efficiency, high equality and labor saving.

Technical transformation and energy conservation continued to deepen. Old-fashioned gripper loom, rapier loom, and dyeing and finishing equipment with high-energy consumption have been gradually eliminated.

In the internal management, many high-quality enterprises speeded up to carry out the work of ERP information management system and integration of information technology and industrialization. Electricity business platform came into being. The online and offline trading business model has played a role to promote the formation of new logistics.

To adjust product structure & increase brand awareness

The products were various in the research area. The proportion of non-cotton products has improved, and products level tended to middle-and-high end. The enterprises has changed their ideas of development from the pursuit of quantity to the pursuit of high value-added. They believed that although gauze products were the intermediate products, the brand effect was still able to enhance the added value for enterprises.

In the weaving enterprises investigated, cotton fabrics still occupied an absolute advantage, and the application of new materials and new technology was more and more wide. Some enterprises with less advantages in pure cotton products, were more inclined to comply with market trends and increase the difference of products as many as 100 species.

Climate index report of China cotton textile industry in March 2017

Climate index of China cotton textile industry was 49.13 in March, 2017, with 0.29 higher than February. With the arrival of peak season, textile enterprises has accelerated the production rhythm. In March, cotton spinning enterprises run better with stable production, but slowed down in late March, however the overall situation was better than the same period last year.

The purchasing price index of raw materials was 50.5, 0.1 higher than February. Before the release of reserve cotton, there was lack of momentum for the rising of domestic cotton price. On March 6th, when reserve cotton was released, some cotton spinning enterprises adopted replenishment strategy, and the average price was 15,476 yuan/ton, with turnover rate of 100%, making cotton prices rise rapidly.

In March, raw material inventory index was 48.46, increasing 1.45 compared with last month. In the first week after the release, the average price was 15,145 yuan/ton, with turnover rate of 98%, and the trading volume of textile enterprises accounted for 56.87% of the total. In the sixth week, the average price was 14,738 yuan/ton, down by 2.69% compared with the first week, and the turnover rate was 81%, down by 17 percentage points.

The production index was 50.04, with 0.11 higher than last month. The operating rate of over 90% enterprises reached 100%. By the end of March, the prices of chemical fiber, staple fiber and yarn have fallen, and the sales slowed down, while the production hasn't been greatly affected. On the whole, the production of enterprises presented a good state in March.

The sales index was 49.72, with 0.18 higher than last month. In March, textile industry headed into peak season, but affected by the release of reserve cotton, the overall market of pure cotton yarn gradually tended to be slow from a strong situation. In early March, the prices of domestic and foreign cotton yarn was positive, while in late March, the price has slowed down. With the influence of yarn price, the price of terminal weaving products presented a stable trend after a slight rising.

The product inventory index was 46.91, increasing by 0.25 compared with February. According to data of traced enterprises from China Cotton Textile Association, the yarn inventory increased 5.11%, while the gray fabric inventory decreased by 3.00%.

The business index was 49.14, down by 0.54. in March, the market of textile industry was relatively stable, and domestic cotton price as well. The release of reserve cotton narrowed the gap between domestic and foreign cotton prices, so the international competitiveness of domestic yarn has improved, which made the majority of entrepreneurs optimistic about the development of the industry in 2017.

Source: cntex2006.com- May 18, 2017

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Pakistan: PYMA urges govt to save polyester fabric industry

Pakistan Yarn Merchants Association (PYMA) urge government to save polyester filament fabric industry from further disaster. In this regard, PYMA has issued an SOS (distress call) to Prime Minister Nawaz Sharif, Finance Minister Ishaq Dar, Commerce Minister Khurram Dastgir Khan and Special Assistant to Prime Minister for Revenue Haroon Akhter.

Danish Hanif, chairman PYMA (Sindh-Balochistan Zone), in the 'SOS' stated that around 300,000 looms and knitting machines have suspended operations during the last five years, resulting in directly and indirectly affecting a total of around 5 million people.

The inefficient and outdated domestic polyester filament yarn (PFY) industry does not meet even 25 percent of the total demand of Pakistan. The PFY attracts 12 percent custom duty versus polyester fibre, which attracts only 7 percent custom duty whereas the raw material and the quantity input to produce both are exactly the same.

According to the statement, polyester fiber is consumed by corporate sector versus polyester yarn in small and medium enterprises (SME) sector. In addition, local polyester staple fibre (PSF) production is enough to suffice Pakistan's requirement, whereas production of polyester yarn is only 25 percent of the required quantity for Pakistan, still import duty of the PFY is at 12 percent compared to polyester fiber at 7 percent.

They appeal to the concerned authorities to reduce custom duty on polyester filament yarns (P-FDY and P-DTY) (Chapter 54) from 12 percent to 7 percent and impose no further duty in any form.

PYMA added that the ongoing Anti-Dumping Investigation on polyester filament yarn (PFDY/PDTY), which is a basic raw material for the polyester fabric is totally unjustified. The user industry would be unnecessarily penalized even for those products, which are not produced by the domestic industry. As a result, the cost for the end user would increase substantially and that would affect the weaving and knitting industry.

Source: yarnsandfibers.com- May 18, 2017

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Bangladesh seeks US investment in high-end garment sector

Bangladesh has called for US investment in the high-end garment sector during the third round of talks under the Trade and Investment Cooperation Forum Agreement (Ticfa). The issue of Bangladeshi garments attracting high duty in the US markets was also raised. However, US reinstatement of GSP privileges to Bangladesh was not discussed in the meeting.

“We have not discussed the GSP issue,” said Bangladesh acting commerce secretary at the post-meeting briefing in Dhaka. However, Bangladesh raised the issue of high duty on its garment shipments to the US.

Readymade garments from Bangladesh currently attract 15.62 per cent duty while entering the US, which reduces competitiveness of these products in the US market.
In his briefing, Bose said that Bangladesh has sought US investment in some sectors, including the high-end garment sector, telecom and energy sectors. Fair prices of goods, technology transfer and infrastructure development were also discussed in the meeting.

The 15-member US delegation was led by Mark Linscott, assistant US trade representative, at the meeting held to promote expanded bilateral trade and investment in goods and services.

"Both governments pledged their commitment to deepen their engagement and increase their trade and economic ties. The United States particularly noted its interest in addressing specific market access barriers to trade and concerns on overall labour reform," the US Embassy in Dhaka said in a press release.

In 2016, the two-way trade between Bangladesh and the US was $6.8 billion.

Source: fibre2fashion.com- May 18, 2017

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Germany to provide €7m for RMG remediation in Bangladesh

The government of Germany will provide €7 million to Bangladesh to help with the remediation work of the country's readymade garment sector. As per an agreement signed between German Embassy in Bangladesh and the Economic Relations Division, the grants will help enhance the capacity of some of the commercial banks to address the funding needs of the sector.

The agreement was signed by additional secretary of the Economic Relations Division, Muhammad Alkama Siddiqui, and German ambassador Thomas Prinz under the project 'Financing of Environment and Safety Retrofits in the Bangladesh Ready Made Garments (RMG) sector'.

The funding is expected to ensure effective usage of credit, improve environment standards and promote safety of workers in the RMG sector, the German embassy said in a statement.
The project will help in bridging the knowledge gap in investments and remediation upgrades as well as in the implementation of the investments, added the embassy.

Germany is expected to provide €4 million through KfW and €3 million through GIZ.

Source: fibre2fashion.com- May 18, 2017

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Empowering the Nigerian Textile Industry

Nigeria's textile and apparel industry covers the entire clothing value chain, and has a strong potential for growth due to availability of cotton and the country's large market-size represented by over 170 million inhabitants, who provide a natural market for textiles and apparels. Moreover, there is also the scope to export Nigerian textiles and apparels to other markets, especially to the USA under the African Growth and Opportunity Act (AGOA).

The decline of the industry, which started from 2003, has resulted in Nigeria spending over $2 billion annually on imported textiles. However, with the Federal Government Intervention Fund of N100 billion for the cotton, textile and garment industry introduced in 2010, the sector has started picking up. Recent figures from the Manufacturers Association of Nigeria (MAN) revealed that the capacity utilisation in the sector has increased tremendously from 29.10 per cent in 2010 to 49.7 per cent in 2011 and currently put at 50.2 per cent.

The industry is dominated by foreigners, though it harbours various classes of players, individual investors, partnerships and government involvement in the industry. Several bigger mills swathe all the sectors while some smaller mills survive by servicing and feeding the bigger players. Some of the players are from Hong Kong, India, UK, China, Japan and even Colombia. However, the sector lacks the presence of a virile garment making industry.

To help solve this problem, the Nigerian Export Promotion Council (NEPC) established its fashion training facility, the Human Capital Development Centre (HCDC) in 2006. The centre is located in Apapa, Lagos, and has over 150 sewing machines, pattern making and cutting tables. It has the primary objective of promoting garment making skills, creating job opportunities and upgrading the technical skills to improve quality, productivity and efficiency level of the garment industry. It also supports the goal to establish the garment manufacturing industry as valuable with the hopes of boosting non-oil exports.

On May 12, the HCDC saw its second set of students officially end training classes; 64 students, of which 16 are industrial pattern makers and 48 are sewing machine operators, successfully completed the intensive eight week training session.

The classes were facilitated by Style House Files, a fashion business development agency, in partnership with the Nigerian Export Promotion Council (NEPC) and Vlisco Nigeria, the Dutch wax and design brand.

The programme experienced a higher success rate in comparison to previous editions with a five per cent dropout rate and 98 per cent daily attendance. In a remarkable feat, 100 per cent of the students proceeded into the industrial training phase where they produced a ready-to-wear collection.
The top five students from the training – Grace Ogwu, Simon Nneamaka, Bolaji Busari, Bukola Kumolu and Anu Akinrinwa – will be presented with machines and the best student will also get a cash prize from Vlisco as part of its ongoing support to the apparel production sector.

The HCDC is part of the NEPC efforts to develop capacity for the garment sector. It was in February 2016 it engaged Style House Files to manage the centre. Under the arrangement, Style House Files will manage the HCDC and run training programmes that meet international standards for developing the skills of practitioners in the garment-making sector to meet the requirements of the fashion industry for exports.

Speaking with journalists during a tour of the facility in 2016, the Executive Director/CEO of NEPC, Mr. Olusegun Awolowo said, "Nigeria is awash with creative talents in the fashion industry, whose designs can compete anywhere globally. However, there is a wide gap in production and finishing, which affects the marketability of garments made in Nigeria at the international market. Nigeria needs to participate more in the global market for garments, which was about $800 billion in 2015 and expected to reach $1trillion by 2020. The purpose of this centre is to build capacity of Nigerian garment producers in apparel production for local but particularly the export market."

In her remarks, Founder of Style House Files, Mrs. Omoyemi Akerele, said, "We are excited about this opportunity to partner with the NEPC on developing capacity for the garment sector. We will bring our experience and knowledge of the industry to bear on the management of the Centre. Our testimonial speaks of successfully creating a revolution in the Nigerian

Fashion Industry by using our powerful knowledge to brainstorm truly innovative concepts and execute them professionally with enthusiasm that is yet to be surpassed."

NEPC recently relocated the Human Capital Development Centre to its office complex at Apapa, Lagos. The Centre was originally set up over 10 years ago in Ikoyi, as the AGOA Human Capital Development Centre, in partnership with the United States Agency for International Development (USAID).

NEPC intends to reach out to national and international development partners to support funding requirements for training at the Centre. Already, the United Nations Industrial Development Organisation (UNIDO) is in talks with NEPC to collaborate on the Centre.

NEPC is Nigeria's apex agency for the promotion of non-oil exports. It promotes the development and diversification of Nigeria's export trade; assists in promoting the development of export-oriented industries and plays a leading role in the creation of export incentives.

Source: thisdaylive.com- May 19, 2017

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New crop cause of sellers, buyers dispute in Brazil

With the development of cotton crops in the 2016/17 season coming to an end, Brazil's Centre for Advanced Studies on Applied Economics has noted that nearness of the new crop increases dispute between purchasers and sellers. The harvesting period is approaching in many regions of the country. Liquidity, however, was low in the first fortnight of May.

While sellers were willing to trade the remaining batches from the 2015/16 season at firmer prices, purchasers were retracted, working with the product previously purchased, the centre said.

The development of crops has been satisfactory in almost all Brazilian regions and a good or excellent crop is expected. Thus, purchasers believe the entry of the new crop in the second semester may push down quotes. Sellers aim at selling a higher percentage of the output through contracts.

Between April 28 and May 15, the CEPEA/ESALQ Index, 8-day payment terms, for cotton type 41-4, delivered in São Paulo, increased a slight 0.14 per, closing at 2.7679 BRL (US $ 0.8906) per pound on May 15.

In April, 30.9 thousand tonnes of cotton were exported (Secex data), 4 per cent lower than in March/17 and 24.4 per cent down compared to the volume shipped in April/16.

From August/16 to April/17, exported shipments totaled 554.5 thousand tonnes, 36.3 per cent lower than that in the same period last season (between August/15 and April/16).
As for importations, Brazil purchased 4.8 thousand tonnes of cotton in April, 43.1 per cent lower than in March/17. However, from August/16 to April/17, the volume reached 29.5 thousand tonnes, much larger than 3.8 thousand tonnes from August/15 to April/16.

Source: fibre2fashion.com- May 18, 2017

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Vietnam:Textile and clothing firms reluctant to implement Industry 4.0 practices

Chairman of the Vietnam Textile and Apparel Association (Vitas), Vu Duc Giang said that, in the past a factory with 30,000 spindles for making thread required up to 450 labourers.
In the wake of Industry 4.0, a factory of comparable size now requires only 30 labourers maximum.

A worker of old could only run two machines simultaneously. Now, one worker can operate 8-10 machines or even up to 12 machines at once. Therefore, when the spectre of Industry 4.0 sweeps across, a huge volume of workers will become superfluous.

Industry experts and sector insiders assume that Industry 4.0 will only affect specific sections of the value system, having little to no effect on activities higher up on the value chain – such as the design phase.

Pham Xuan Hong, chairman of the Ho Chi Minh City Association of Garment- Textile- Embroidery- Knitting (AGTEK), told VIR that some of their member units have invested in state-of-the-art equipment, but investment volumes remain modest.

For instance, Viet Tien Garment Corporation has bought automatic equipment for certain stages of their shirt production process, and Hoa Tho Corporation spent a large sum to modernize their suit production facilities.

Hong argued that about 50-100 steps are involved in making garment items, thus businesses will gradually automate their production processes ad hoc.

"The top concern of textile and garment firms at present is to ensure stable production and incomes for labourers," Hong said.
Echoing his view, a source from French lingerie maker Scavi said that it is nearly impossible to automate the design process, as it caters to ever-changing fashion trends and customer tastes.

The company has invested heavily in new equipment and technologies in the past, but mainly for specific parts of production.
A recent International Labour Organization report shows that Industry 4.0 might make redundant 65 per cent of labourers in the textile, garment, and footwear industries in Indonesia, 86% in Vietnam, and 88% in Cambodia.

Vinatas' deputy chairman Truong Van Cam said that the consequences might not be so serious, and the automation rate varies based on the production stage.

Experts, however, warned that textile and garment firms must find suitable growth paths for themselves.

Hong from AGTEK suggests making full use of current production capacity to increase accumulation and prepare resources for technology innovations.

"Two essential factors for businesses in the sector are investment capital and labourer skills," Hong said, adding that most textile and garment businesses are concentrating on changing their business management methods. Additionally, they are also paying more attention to increasing sales in the domestic market.

Source: vietnamnet.vn- May 18, 2017

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NATIONAL NEWS

GST now a step closer to July deadline: Council clears all 9 rules to push tax reform

The Goods and Services Tax council has approved the final set of rules for the new tax framework. The GST Council on Thursday finalised tax rates on 80-90% of goods and services under the four-slab structure with essential items of daily use being kept in the lowest bracket of 5%. Official sources said that 80-90% of the items have been fitted in 5, 12, 18 or 28% brackets.

Tariffs for about 1150 items was finalised at the meeting.

The nine rules deal with registration, return, refund, composition, transition, invoice, payment, input tax credit, valuation have been cleared.

The two-day meeting began here in Srinagar to finalise the nuts and bolts of the new tax framework, proposed to be rolled out from July.

The council has begun discussion on the list of items that will attract 0 per cent GST. Most states have pitched for keeping items sensitive to their states out of the list. For example Uttar Pradesh wants Puja material out of tax net. Some other states want cotton yarn and silk yarn out.

The Centre is keen on keeping the list small as a large list of exemptions would hurt the objective of base expansion. Exemption of essential services will also be discussed. The Council also discussed exemptions and items in the 5% slab. All raw food items, including foodgrains to be exempt.

Processed food of daily needs to be in the 5% slab.

1.What's so good about the new tax?
Those 17 or more state and federal levies on everything from electricity to Gucci handbags complicate efforts to sell products to India's population of 1.3 billion (about four times bigger than the U.S.). Under the current system, a product will be taxed multiple times and at different rates. Every day, for instance, more than 20,000 truck drivers wait in queues up to three kilometers (1.8 miles) long to pay an entry fee at the New Delhi checkpoints, with food rotting, tempers fraying and costs rising. In another change, the GST will apply to goods at the point of consumption, rather

than where they are produced. That will reduce the cascading effect of taxes, allowing producers to easily claim credits and minimising the opportunity for corruption.

2. What gets taxed, and at what rate?
The tax will comprise four basic rates: 5 percent, 12 percent, 18 percent and 28 percent. While officials are yet to reveal final details of what will fall into each bracket, Finance Minister Arun Jaitley has said 50 percent of items in the retail inflation basket won't be taxed in order to protect consumers from price rises on basics such as food grains. As well as those four rates, there'll be higher rates for tobacco products (65 percent) and luxury goods.

3. Is there a downside to so many rates?
Most countries use a single rate applied to virtually all goods. Critics say this complex system increases the chances of companies and consumers trying to game the system, as well as adding to the workload of bureaucrats.

4. Will the tax impact the economy?
Citigroup's economists say countries like Canada, Australia and New Zealand experienced a one-time bump in inflation after introducing GST but that prices soon normalised. Looking at the wider economy, the GST could lift growth by as much as 2 percentage points, according to Jaitley. Greater tax compliance and efficiency has the potential to increase government revenue, helping narrow Asia's widest budget deficit and freeing up funds for schools and highways. And by streamlining the process of buying and selling stuff, the government is betting on a boost to Modi's "Make in India" manufacturing push.

5. What about the businesses themselves?
Companies will have to overhaul their accounting systems, which may involve one-time investment costs. Logistics firms stand to gain as it becomes easier to ferry goods across India. Other winners and losers will be determined by those rulings on which goods belong in which tax bracket -- and by any exemptions included in the fine print.

6. Do many other countries use this type of tax?
India will join 160 nations that have a value-added tax, including Poland, Canada and Japan. At the top rate, India's GST will be among the highest. And with 29 states, 22 official languages and 9 million businesses, the

logistics of overhauling India's tax system are likely to make any tax changes by U.S. President Donald Trump look easy by comparison.

Source:economictimes.indiatimes.com- May 18, 2017

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Indian economy entering productive growth phase: Report

The gross domestic product (GDP) growth of India is expected to rise to 7.9 per cent by the end of this year, according to a recent report. The growth could be driven by improving balance sheets of corporate companies, private capex recovery and favourable external demand. The economy of India is entering a 'productive growth phase', says the report.

The research conducted by Morgan Stanley states that the GDP growth could accelerate by almost 1 per cent point in the next three quarters to touch 7.9 per cent from the current growth rate of 7 per cent. The growth is likely to pick up in the second quarter of this year.

The report also adds that the implementation of the Goods and Services Tax (GST) is not likely to affect the GDP growth trajectory.

"From a medium-term perspective, the implementation of GST should lead to efficiency gains through better allocation of factors of production. Estimates suggest that medium term gains to GDP growth could be to the tune of 50 bps," says the report.

Source: fibre2fashion.com- May 18, 2017

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Entrepreneurs heap praises on CM for Jharkhand's land policy

RANCHI: The entrepreneurs attending the ground-breaking ceremony on Thursday heaped praises on the Raghubar Das government for its prompt facilitation of land and clearances to proposed investments inked during the Momentum Jharkhand Global Investors' Summit (GIS).

Gurgaon-based Orientcraft got the nod to set up a Rs 200-crore textile park in Ranchi. Its managing director Sudhir Kumar Dhingra termed Thursday's ceremony a significant day for the textile industry in eastern India.

"When we met the chief minister last year, he wanted a labour intensive industrial sector which can stop the migration of state's unemployed youth," Dhingra said. Drawing comparison to the textile industry of Bangladesh, Dhingra said the industry, if nurtured well, can give competition to Bangladesh.

The Medicant Group of Hospital (Bokaro Sewa Trust) got land to set up a 500-bed hospital in Bokaro at a net worth of Rs 150 crore. Its managing director Majid said, "We have hospitals in New Delhi, NCR and Jammu & Kashmir. But unlike other states we got everything here on a single plate. What surprised us was the pace at which roads were built here to improve connectivity between cities."

Entrepreneurs from the food processing sector also sounded upbeat. Uttar Pradesh-based rice bran oil manufacturer Chandra Prakash Agarwal said, "Investors with smaller capitals are always looked down in other states. However in Jharkhand, the chief minister himself took the initiative of laying the foundation stone of our plant (in Ranchi). In other states, CMs only lay foundation stones of public-sector projects."

The positive feedback from the entrepreneurs will help the state government to build on its new image of an investor-friendly state in future, officers of the state industries department said. "The ground-breaking ceremony was hosted with the objective of assuring investors that the government is committed to promises it made at the summit," an officer said.

The ground-breaking ceremony was envisaged by the Das government as a confidence building measure among the investors who inked memoranda of understanding (MOU) worth Rs 3.1 lakh crore. The Das government went into overdrive soon after completion of the summit.

The CM directed senior officers of the department to provide land and environmental clearances to several projects within six months. Senior officers went around hunting for land in the outskirts of Ranchi and zeroed in on 150 acres of land in Oremanjhi, Nagri and Tupudana areas.

Source: timesofindia.indiatimes.com- May 19, 2017

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India's March spun yarn exports decline

India's spun yarn exports in March 2017 declined 47.6 per cent in volume terms and 39.3 per cent in value terms. In March 2017, 83 countries imported spun yarn from India, with Bangladesh at the top, accounting for 20.24 per cent of the total value, with imports plunging 41 per cent in terms of volume year on year and 32 per cent in value year on year. China was the second largest importer of spun yarns and accounted for around 17 per cent of all spun yarn exported from India. Exports to China were down 65 per cent in volume and 59 per cent lower in value.

Pakistan was the third largest importer of spun yarns, which saw volume rising 3.1 per cent and value rising 4.6 per cent. These three top importers together accounted for around 44 per cent of all spun yarns exported from India in March. Cotton yarn was exported to 71 countries with Bangladesh as the largest importer from India in March, followed by China and Pakistan. The top three together accounted for more than 49.35 per cent of cotton yarn exported from India.

Brazil, Dominican Republic, United Arab Emirates, Jordan and Madagascar were among the fastest growing markets for cotton yarn, and accounted for 3.47 per cent of total cotton yarn export value. Eleven new destinations were added for cotton yarn export, of which North Korea, Chile, Oman and Austria were the major ones.

Source:fashionatingworld.com - May 17, 2017

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Despite global demand, handloom sector struggles

Thiruvananthapuram: Want designer gowns woven in handloom, dyed with ayurvedic medicinal plants and decorated with beads? Head to Balaramapuram near here and be ready to shell out Rs 3.5 lakh for a single piece. The gowns crafted by handloom specialists of this small town with a rich heritage of weaving are commissioned by fashion designers in the US and Italy. Despite the huge demand for value added products abroad, Kerala's traditional handloom sector is struggling for survival.

Though the state had set aside Rs 300 crore for handloom promotion with a proposal for procuring school uniforms made of handloom, many people claiming as weavers are scheming to supply uniforms with China-made cheap cloth at Rs 10 per meter, according to the Kerala Handloom Protection Forum (KHPF).

"The state had planned to provide two pairs of uniforms to school students free of cost. For that, 6.5 crore meter cloth will be required and it will provide jobs to 2.5 lakh weavers for a year. It will also help re-open the 26 defunct spinning mills and ensure jobs for another 25,000. It will also ensure functioning of 600 dyeing units and offer permanent jobs for 1,000 members and job security to over a lakh members in stitching the uniforms," said KHPF member K Satheesh Kumar. With only few days to go for the new academic years, quacks are set to supply uniforms from Chinese made cloth.

A proposal to promote ayurvedic handloom products under the brand Ayurvastra submitted by the KHPF is still awaiting state government nod. The forum, three years ago, had also submitted a proposal to the Centre led by Prime Minister Narendra Modi for an ayurveda handloom village. The pilot project with an estimate of Rs 17 crore is yet to see the light of day. To realise such a village, 20 more spinning mills need to be set up with dyeing units. There should also be increased cultivation of organic cotton yarn and medicinal herbs said K Satheesh Kumar, expert member, KGPF.

Around 20 lakh families spread across Kasaragod, Kannur, Thrissur, Kollam, Palakkad and Thiruvanthapuram are dependent on handloom sector for livelihood. Many handloom spinning mills are defunct and the weavers have left due to low wages and bad working conditions.

"Ayurvedic yoga mats are in demand in the US and Ayurvastra is sought after by the fashion designers from Italy, France, Germany and Japan. We have received Rs 100 crore worth dyeing work orders," he said. Now a museum for display of ayurvedic handloom is being constructed at a cost of Rs 3 crore with proceeds from KHPF. This will be the first of its kind in the world. But the government support is lacking," he said.

The Ayurvastra is organic cotton fabric dyed in natural herbs developed by traditional weavers at Balaramapuram-based Handloom Weavers' Development Society with help from ayurveda physicians. The initiative was launched by state handloom directorate a decade ago. Ayurvastra can be used for treatment for paralysis, rheumatism, hypertension, diabetes, psoriasis etc. This medicinal clothing is used as bed linens, mattresses, carpets, floors with satin, linen and silk textiles, said Dr KG Rajan, an ayurvedic physician.

Source: timesofindia.indiatimes.com- May 18, 2017

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Ind-Ra: Denim Industry Reels Under Cost Pressure; Credit Negative

The denim industry which represents below 10% of the textile market is likely to face deterioration in credit profile in the absence of improvements in realisations in FY18, says India Ratings and Research (Ind-Ra). The sectors operating margins are expected to fall to 10%-11% in FY18 (9MFY17; 12.6%) due to cost inflation amid surplus capacity in denim standard products which have low cotton content.

Ind-Ra estimates prices to moderate in 2HFY18, highlighted in the report 'Stable Input Prices, Fiscal Incentives to Support Textile and Cotton in FY18'. However the denim surplus situation and inventory losses are likely to pressurise margins. Moreover, the man-made industry demands a level playing field for the taxation of cotton, which is exempt from indirect taxation. If cotton is brought under the Goods and Services Tax (GST) then cotton fabrics including denim sector's profitability may come under pressure in the transitory period.

The agencies denim peer set average EBITDA margins deteriorated in 9MFY17 to 12.6% from FY16's 13.2%. The fall in margins is on account of players' inability to completely pass on the increase in cotton prices, on the back of high competitive pressure, similar to the situation in FY14. Raw cotton prices have increased by 32.8% yoy in March 2017 and Ind-Ra expects it to remain elevated until 1HFY18. For Denim manufacturers' cotton forms more than 35%-40% of the total raw material requirement.

The agency notes that for many of the basic denim fabric manufacturers catering to domestic consumption average realisations remained steady, despite higher cotton prices in 9MFY17. However, some of them have been able to increase realisations for 4QFY17 partly passing the cost inflation with a lag. Denim garments players are likely to perform better than fabric players, as the retail margins may sustain as fabric prices remain under pressure.

Ind-Ra expects the denim sector to post robust volume growth of over 10%-15% in line with the past trend along with rising disposable incomes, rapid growth of the retail sector, westernisation trend, young population demographics, and versatility of denim as a fabric. However, Ind-Ra views that the capacity addition is growing at a faster rate. Moreover, the existing capacities will face competition from new-age cost efficient plants.

The denim fabric industry is cyclical in nature and is characterised by periods of excess capacity followed by narrowing the demand-supply gap. The apparent short project pay-back has encouraged a number of denim fabric manufacturers to put up additional capacity, higher than the estimated demand growth. Further capacity additions are likely to keep the domestic competitive pressures heightened. As per CMIE data, a moderate level of new capacity ramp-up is underway in FY18. This includes capital expenditure for expansion and backward integration by a few companies namely, Nandan Denim Limited, Raymond Uco Denim Pvt Limited and RSWM Limited ('IND A+'/Stable).

Overall, the credit profile for most players has come under pressure also due to the stretched working capital cycle and debt-led capacity expansion in the backdrop of operating margin pressure. Aggregate peer set net leverage (Net Debt/EBITDA) increased to 4.59x in 1HFY17 compared to 2.83x in FY16. The working capital cycle has got stretched to 61 days in 1HFY17compared to 54 days in FY16, on account of the high credit period and inventory holding for the new capacity ramp-up. Increased competition in the international arena and higher receivable days will impact the exports profitability. However, Ind-Ra believes the credit profile of value-add export-oriented manufacturers will remain robust. Industry players with diversified revenue lines with a mix of man-made textile products are better placed than the pure denim players. Also, companies with strong liquidity, low leverage and short working capital cycle are better placed to face the challenging times.

Ind-Ra's rated portfolio includes Sangam (India) Ltd. (SIL; 'IND A+'/Stable), Aarvee Denims Limited, ('IND tA-'/Negative), RSWM Limited and Ultra Denim Private Ltd ('IND BB-'/Stable). Financials of Nandan Denim Ltd, Jindal Worldwide Limited and KG Denim Limited also formed part of the peer set for this study.

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

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