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IBTEX No. 162 of 2017 August 05, 2017

USD 63.68 | EUR 74.97 | GBP 83.08 | JPY 0.58

Cotton Market (04/08/2017)

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

Rs./Bale	Rs./Candy	USD Cent/lb
19959	41750	**82.77**

Domestic Futures Price (Ex. Gin), July

Rs./Bale	Rs./Candy	USD Cent/lb
20390	42651	**84.56**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	70.16
ZCE Cotton: Yuan/MT (Sept 2017)	15,015
ZCE Cotton: USD Cents/lb	**86.13**
Cotlook A Index – Physical	**79.5**

Cotton & currency guide: Cotton for December future at ICE traded steady on Thursday's trading session to make minor change closed the session at 70.16 cents/lb. This is now second consecutive day's cotton has posted a close above 50-day moving average indicating the room to trade higher towards 71+ cents in the near term is still likely.

Now the objective for the market is to achieve near the 100-day moving average of 71.57. However, we have emphasized on our previous day report how the overbought phase of the market on daily chart should soon make a pause and create a reversal.

Nonetheless, until then the scenario may remain upbeat.

Currency Guide:

Rupee appreciated by 0.05% to trade near 63.66 levels as against previous close of 63.6937. Supporting rupee is continuing investor inflows in Indian markets.

As per reports, Global funds bought 51.6 billion rupees or $803.5 million of shares in July. The US dollar is also pressurized by mixed economic data and concerns about Trump administration.

However, weighing on rupee is choppiness in global equity markets. We expect USDINR to trade with a negative bias and possible trading range is 63.45-63.85.

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

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INTERNATIONAL NEWS

U.S. Trade Deficit Declines but Shortfalls with China, EU Increase

The U.S. monthly trade deficit in goods and services fell again in June, down 5.8 percent to $43.6 billion. Exports were up 1.3 percent to $194.4 billion and imports slipped 0.2 percent to $238.0 billion. However, for the year to date the U.S. trade deficit is up 10.7 percent over the same period in 2016 as imports (6.9 percent) have risen faster than exports (6.0 percent).

Country/region	Deficit	% Change	Surplus	% Change
China	$31.3 billion	+4.0		
European Union	$12.5 billion	+16.8		
Germany	$5.6 billion	+19.1		
Mexico	$5.5 billion	-19.1		
Japan	$5.5 billion	-14.1		
Italy	$2.7 billion	+12.5		
India	$1.9 billion	-5.0		
South Korea	$1.8 billion	+125		
Taiwan	$1.7 billion	Unchanged		
France	$1.1 billion	-35.3		
Canada	$1.0 billion	-50.0		
Saudi Arabia	less than $0.1 billion	n/a		
Hong Kong			$2.9 billion	+26.1
South/Central America			$2.6 billion	+8.3
Singapore			$0.9 billion	+12.5
Brazil			$0.5 billion	-37.5
United Kingdom			$0.2 billion	-71.4

According to Commerce Department statistics, the politically sensitive deficit in goods trade fell 3.1 percent in June to $65.2 billion. Imports of goods were down 0.2 percent to $194.3 billion, including decreases of $1.4 billion in crude oil and $900 million in cell phones and other household goods as well as a $1.3 billion increase in passenger cars.

Exports of goods were up 1.3 percent to $129.0 billion, including increases of $800 billion in capital goods, $600 million in soybeans, and $400 million in automobiles and auto parts as well as a $400 million decrease in pharmaceutical preparations.

The services surplus was up 2.9 percent to $21.6 billion. Imports were nearly unchanged at $43.8 billion and exports were up 0.9 percent to $65.4 billion.

Source: strtrade.com- Aug 05, 2017

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Indonesia working on bilateral agreement with US to boost textile exports

The Indonesian government is seeking a bilateral agreement with the United States to boost its volume of textile exports. As currently, the US imposes a 12.5 percent import duty for their textiles, while it imposes zero percent for Vietnamese textiles because they already have a bilateral agreement, said Industry Minister Airlangga Hartarto in Jakarta on Thursday.

Recently, a commercial dialogue--a forum has also been established that encourages the private sector to explore investment and trade opportunities in both countries.

The ministry's industrial resilience and international access director general, Harjanto, said that Indonesia had discussed various issues with the US through the Trade Investment Council (TIC) forum.

The TIC consisted of four working groups on industrial and agricultural products, illegal logging and associated trade, intellectual property rights, and investment.

Currently, the dialogue focuses on several issues, including investment climate, trade expansion, small and medium enterprises, entrepreneurship, clean energy and industrial cooperation.

Source: yarnsandfibers.com- Aug 04, 2017

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China to launch cotton yarn futures

China will soon launch a new commodity futures contract as the country pushes for development of its commodity derivatives market.

Starting from Aug. 18, cotton yarn futures will be trading on the Zhengzhou Commodity Exchange, with preparation work for the launch already completed, said the China Securities Regulatory Commission in a statement Friday.

Trading tests will take place on Aug. 5 and 12.

Futures contracts obligate investors to buy or sell underlying assets at a predetermined price at a specified time, helping investors mitigate risks of price volatilities.

In an earlier note the CSRC said cotton yarn futures together with cotton futures, which are already traded, would help companies in the industry to hedge against and improve the management of risk.

Large and frequent fluctuations in cotton yarn prices have had a negative impact on related industries in the past few years, and the launch of the cotton yarn futures will be an answer to market demand, the CSRC said.

China has been developing its commodity derivatives market and plans to gradually open it up to foreign investors. Earlier in April, the country launched white sugar options, the second commodity options after soybean meal.

Source: xinhuanet.com- Aug 04, 2017

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Bangladesh to dedicate SEZ to Japanese garment firms

Japanese investors can now set up readymade garment units in a special economic zone (SEZ) dedicated to Japan, Bangladesh commerce minister Tofail Ahmed has said.

The statement came after his recent meeting with Japanese ambassador to Bangladesh Masato Watanabe in Dhaka. Japan has promised to invest around $6 billion in Bangladesh, Ahmed said.

Japan International Cooperation Agency (JICA) is working closely with Bangladesh Economic Zones Authority (BEZA) for the dedicated SEZ, which will be set up soon, Watanabe said. Commerce secretary Shubhashish Bose and senior officials of the ministry were present at the meeting, according to Bangladesh media reports.

The number of Japanese firms investing in Bangladesh witnessed a ten-fold rise from 35 ten years ago to around 350 now, Ahmed said.

Bangladesh is developing 100 SEZs across the country. About 350 Japanese firms, including RMG and backward-linkage factories, are operating at present in the various export processing zones.

Source: fibre2fashion.com - Aug 04, 2017

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Bangladesh, Vietnam to push global cotton demand up next year

The global demand for cotton next year is expected to inch up three per cent over this year as yarn-spinning mills in Bangladesh and Vietnam up their production and China continues on a steady course as the world's largest textile manufacturer, the USDA reports.

In the last four years, global demand has grown between 1.0 per cent and 1.5 per cent a year. With supply outpacing demand, cotton prices are expected to remain at around the 70-cents-a-pound mark in the near future and perhaps fall later in the year.

Last year, cotton went as high as 82 cents a pound. "In the last couple of years, prices have remained softer," said Karin Malmstrom, director, Cotton Council International, for China and Northeast Asia, who recently gave a webinar on the cotton supply-chain situation.

"Since last year, the prices have remained firm, which is not a bad thing. In the last few years, the cotton market had a huge roller coaster, which makes it hard to plan and make commitments."

China, the world's largest cotton consumer and the second-largest cotton producer, has gradually been selling off its huge stock of cotton it started warehousing in 2011 to support its farmers with premium prices.

At that time, world cotton prices eventually hit $2.27 a pound, the highest it had been since the US Civil War.

But cotton can't be hoarded forever because it starts to deteriorate after a few years. So in late 2013, China started selling off its vast reserves, which peaked at 68 million bales and is now down to about 40 million bales, but that is still about twice the annual production seen in the United States.

"We see this as a stabilizing factor," Malmstrom said. "In the past, we've had two different balance sheets—one for China and one for the rest of the world. In the next couple of years, we may be working off of one balance sheet."

Chinese textile factories have been buying up this older cotton and mixing it with new cotton to improve the cotton reserves' quality, said Meyer of the USDA.

Even with millions of cotton bales sitting in warehouses, China is expected to up its cotton harvest next year—primarily in the western Chinese province of Xinjiang—by 5 percent to 8.0 per cent.

With China supplying most of its own cotton in the last few years, the two biggest export markets for US cotton have been Bangladesh and Vietnam as those countries increase yarn production.

"About 80 per cent of the spinning capacity in Vietnam has Chinese investment or is Chinese-owned," Malmstrom said.

"The large companies in Vietnam spin that cotton into yarn and export it back to China."

Chinese investors entered the Vietnamese market because they expected Vietnam would become a member of the Trans-Pacific Partnership, a free-trade pact between the United States and 11 other Pacific Rim countries.

That would have made it possible to export yarn and even fabric from Vietnam to the United States free of duty.

But even though the United States dropped out of the Trans-Pacific Partnership, China is still strong in Vietnam because China is the largest textile producer in the world and will continue to be for some time, according to a report

Source: thefinancialexpress-bd.com - Aug 04, 2017

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Pakistan offers incentives textiles sector

Pakistan is offering incentives for the modernisation and development of textile sector. The aim is to reduce the cost of doing business, leading to a boost in trade and commercial activities.

Import of textile machinery will be made easier to enhance the capacity of textile sector. About 16 new varieties of cotton have been introduced.

The high cost of energy has hit the textile industry. Gas and electricity tariffs in Pakistan are around 30 per cent higher compared with regional countries', rendering

Pakistan's exports uncompetitive in the global market. The industry is also facing a severe liquidity crunch due to delay in payment of sales tax refunds.

The trade deficit for last financial year was recorded at an all-time high of $32.58 billion with exports of $20.45 billion, the lowest since 2009-10.

Between fiscal year 2016 and 2017 Pakistan's exports of textile products fell two per cent. Although raw cotton, cotton yarn and cotton cloth registered a decline in exports, there was an increase in shipments of knitwear, bed wear and readymade garments.

Exports to the US fell one per cent. Exports to China fell 15 per cent and to the UK 0.6 per cent. On the other hand, exports to Germany, Belgium and the Netherlands rose.

Source: fashionatingworld.com - Aug 04, 2017

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Tough times for Hong Kong clothing sector with global competition

Hong Kong's clothing exports saw 10 per cent decline year-on-year in the first five months of 2017, when re-exports fell by 10 per cent and domestic exports by 46 per cent.

In January-May 2017, Hong Kong's clothing exports to the US and EU, the two largest markets that accounted for more than 60 per cent of the total, fell by 9 per cent and 12 per cent, respectively.

The clothing industry is a major manufacturing sector of Hong Kong. It is the fourth largest manufacturing employer, with 657 establishments hiring 4,763 workers as of March 2017.

The major reason for declining exports is relocation of production facilities offshore. In a major upheaval, developed markets, such as the US, the EU and Japan, have started sourcing proudcts from countries, including ASEAN and Bangladesh, thereby hampering the competitiveness of Hong Kong and mainland manufacturers. Rising labour costs and stricter environmental regulations on the Chinese mainland have fueled this trend.

Export trends

Hong Kong's clothing exports to the US decreased by 9 per cent in the first five months of 2017, while exports to EU registered 12 per cent decline.

EU markets including the UK, Germany, France and Italy witnessed 13-33 per cent de-growth. As a sigh of relief, clothing exports to the Netherlands rose by 7 per cent.

Hong Kong's exports of woven wear fell by 9 per cent year-on-year in the first five months of 2017. Exports of knitwear decreased 10 per cent, whereas clothing accessories and other apparel articles declined 9 per cent and 10 per cent, respectively.

Online shopping gaining might

Online shopping is gaining prominence across the globe and that's true for Hong Kong as well with major clothing markets, including the mainland China registering 467 million online shoppers in 2016.

Recent a PwC survey indicated Chinese consumers are most inclined to online clothing shopping, with more than 72 per cent of the Chinese respondents saying that they prefer buying clothes through the Internet.

The growing variety of online shopping sites such as Taobao in China and ASOS Marketplace in the UK, plus the bloom of group shopping and mobile retailing, is expected to boost online shopping and sales further.

The continuous improvement of third party payment such as Alipay by Alibaba Group and WeChat Pay by Tencent also aids in enhanced online shopping. It is estimated that global retail e-commerce sales will more than double from the current level and exceed US$4 trillion by 2020.

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Growth regions

Rapid expansion in China's economy has attracted both Hong Kong and foreign clothing companies. Foreign players including C&A, Uniqlo and H&M are looking to expand in smaller cities, those which are not yet present on mainland are working hard to establish their presence. For instance, Victoria's Secret is set to open a flagship store in Causeway Bay, leveraging Hong Kong as a springboard to go across the border.

As per latest Cotton Incorporated Lifestyle Monitor Survey, 73 per cent of US consumers believed better quality garments are made from natural fibres and 65 per cent of were willing to pay more for it. Besides, most fashion brands are adopting green techniques/designs to increase efficiency and reduce waste in the production process.

For instance, H&M has initiated 'H&M Conscious', promising more efficient use of natural resources and adoption of 3Rs principle in production while fashion brand G-Star RAW has invented and used in its collections Bionic Yarn, an eco-friendly fabric made of fibers derived from recycled plastic bottles found in the ocean.

Source: fashionatingworld.com - Aug 04, 2017

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NATIONAL NEWS

GST Council may finalise e-way rules today

The Goods and Services Tax (GST) Council is likely to lower tax rate on Saturday on job works making fabric to garments to 5 per cent and put in place a mechanism for online registration of goods above a certain value before they can be transported. The Council, headed by Finance Minister Arun Jaitley, will also review at its meeting the implementation of the GST regime since July 1 and may finalise a mechanism to operationalise anti-profiteering provision to protect consumer interest.

Central Board of Excise and Customs (CBEC) Chairperson Vanaja Sarna said the movement of goods between states has smoothened with 25 out of 29 states abolishing check posts.

"About 25 states have removed those check posts. So far, it has been going all right," she told PTI.

This would further smoothen after e-way bill in GST that requires any goods more than Rs 50,000 in value to be pre- registered online before it can be moved is implemented.

"As the e-way bill process for the whole of India gets panned out, we should be able to do something which will be better," Sarna said.

She, however, declined to comment on whether the threshold in the e-way bill will be retained at Rs 50,000 amid demands from various quarters to raise it.

Officials said rules for the e-way bill will be decided tomorrow. This GST provision requires any goods more than Rs 50,000 in value to be pre-registered online before it can be moved.

As per the draft provision, GST Network (GSTN) would generate e-way bills that will be valid for 1-20 days, depending on distance to be travelled -- one day for 100 km, 3 days (100 to less than 300 km), 5 days (300-less than 500 km) and 10 days (500- less than 1,000 km).

The information technology platform for the e-way bill system is being developed by the National Informatics Centre.

Earlier this week, Finance Minister Arun Jaitley had said it would be mandatory for manufacturers to pass on benefits of reduction in taxes post GST to consumers.

"What if input tax benefit is not transferred to consumers? ...We are meeting a few days from now... In a short while, we are going to finalise the entire mechanism as far as anti-profiteering is concerned," he had said in Parliament.

The Council is also likely to tomorrow consider lowering of tax rates for job works for making garments to 5 per cent from 18 per cent, an official said.

Currently, services by way of job work in relation to textile yarns — other than man-made fibre/filament — and textile fabrics attract 5 per cent GST. Other job works in relation to garments attract an 18 per cent levy.

The official said the Council may look at streamlining it and bring all job works, including for making garments from fabric, under the 5 per cent slab.

Apart from reviewing the rollout of the GST regime, the 19th meeting of the Council may on Saturday take a look at streamlining the anomalies raised by the industry over the past one month, said an official, who did not want to be named.

It will be the first full-fledged meeting of the GST Council, also comprising representatives of all the 29 states, after the rollout of the new indirect tax reform on July 1. The Council had on July 17 discussed, via video conferencing, hiking cess on cigarettes as there was some anomaly in the rate fixed earlier.

After the July 1 rollout, the textile sector had protested, demanding a rollback of 5 per cent GST on fabrics. Jaitley, however, had ruled out cutting tax rates for the textiles sector, saying a zero per cent GST on fabrics will break the input tax credit chain for the domestic industry and make imported items cheaper.

According to the rates decided by the Council, in the textiles category, silk and jute fibre have been exempted, while cotton and natural fibre and all kinds of yarns will be levied a 5 per cent GST. Man-made fibre and yarn will, however, attract an 18 per cent tax rate.

All categories of fabric attract a 5 per cent rate. Man- made apparel up to Rs 1,000 will attract a 5 per cent tax and those above Rs 1,000 will attract 12 per cent.

Source: business-standard.com- Aug 05, 2017

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Exempt handloom, textiles from GST, MP urges PM

Kurnool MP Butta Renuka called on Prime Minister Narendra Modi in New Delhi on Friday and urged him to exempt the textile and handloom sector from the purview of GST to extend relief to manufacturers, traders, retailers and consumers.

Accompanied by her husband Neelakantham, Ms. Renuka met the Prime Minister and urged him to exempt handloom products, especially products reserved under the Handlooms Reservation Act, 1985, from GST.

The government levied 5% GST on cotton fibre, yarn and fabric against nil taxation and placed silk and jute in the nil tax category, but 18% GST was levied on synthetic fibre yarn and it would adversely impact the industry.

GST of 12% was levied on apparels as against 6 to 7% tax in the past and apparels costing below ₹1,000 would attract 5% GST. Eighteen per cent GST was levied on hand-made yarn and fabric made from it would be taxed with 5%GST, the MP said.

The textile industry provided direct employment to 4.50 crore persons and generated indirect employment to six crore persons and handloom sector provided employment to 50 lakh persons, she said.

Source: firstpost.com- Aug 03, 2017

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India's textile and garments exports show 3.2% CAGR rise in 3 years

India's export of textiles and garments showed a CAGR increase of 3.2 per cent in the last three years from Rs 2,47,546 crore in fiscal 2014-15 to Rs 2,63,494 crore in 2016-17. The foreign direct investment (FDI) equity inflow in the sector rose by 169 per cent from $230.13 million in 2015-16 to $618.95 million in 2016-17, says the ministry of textiles.

To enhance investment, production and export in the textile sector, the government has launched a special package for the apparel and made-ups segments of the industry, minister of state for textiles Ajay Tamta informed the lower house of Parliament.

The package includes enhanced duty drawback coverage, rebate of state levies on export of garments and made-ups, additional incentives under Amended Technology Upgradation Fund Scheme (ATUFS) and Scheme for Production and Employment Linked Support for Garmenting Units, Pradhan Mantri Paridhan Rojgar Protsahan Yojana (PMPRPY) and incentives under the Income Tax Act, the ministry said in a press release.

The FDI equity inflow in this sector in April-May in the current fiscal was $ 21.41 million, he said.

The export of readymade garments increased from $16,216 million in 2014-15 to $17,091 million in 2016-17, whereas in the same period the export of cotton textiles, man-made textiles, silk, wool and woollen textiles, and handloom and jute products witnessed a decline.

Source: fibre2fashion.com- Aug 04, 2017

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Special facility for handling raw cotton at VOC Port

A special storage facility for handling raw cotton at Dakshin Bharat Gateway Container Terminal at V.O. Chidambaranar Port Trust was inaugurated by Chairman S. Anantha Chandra Bose on Friday.

As part of its 'Ease of doing business' initiative, VOC Port has planned to accommodate around 500 units of 40 foot container in the custom-bonded area of Dakshin Bharat Gateway Container Terminal to store raw cotton.

The raw cotton can be stocked for a period of 30 days at no cost. The Department of Customs has also issued necessary guidelines for handling imported raw cotton and storage in the facility.

The prime objective is to facilitate international cotton traders to bring cotton and store it in the Port yards and sell the cotton either to mills in India and to have the leverage of selling it to other countries as well. It is pertinent to note that the above facility will aid textile mills to get cotton at the international price within a short span of one week, thereby increasing yarn production in Tamil Nadu.

The facility would have a rippling effect by strengthening the textile value chain particularly knitting, weaving, garmenting, textile processing, apparel sector etc. and through providing employment opportunities for more than one lakh people of Tamil Nadu.

In addition, it will also lead to parity in cotton price at the Indian market. In order to give impetus to the import of containerised raw cotton, V.O. Chidambaranar Port has also agreed to levy nominal rent on the containers carrying raw cotton handled at the Port by the traders.

In the second phase, a Free Trade Warehousing Zone (FGTWZ) will be established in the Port Estate with the creation of world-class infrastructure for warehousing of raw cotton, state-of-the-art equipment, transportation and handling facilities, commercial office-space, water, power, communications and connectivity, with one-stop clearance of import and export formality to support the integrated zones as 'international trading hubs.'

V.O. Chidambaranar Port has already identified 52.40 hectares of land in the Port area for establishing FGTWZ and the Port is in the process of finalising the detailed project report for the same.

Commissioner of Customs, Thoothukudi, K.V.V.G. Diwakar, Deputy Chairman, V.O. Chidambaranar Port Trust S. Natarajan, Chairman, the Southern India Mills' Association (SIMA), M. Senthil Kumar and senior officials of the port were present.

Source: thehindu.com- Aug 04, 2017

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Demand for cotton yarn to be subdued in 2017-18

Output of cotton yarn was weak in the financial year 2016-17. Production declined by 1.8 per cent to 4.1 million tonnes due to poor domestic demand following the demonetisation of high denomination notes and a decrease in exports to China.

Exports, which comprise a third of the country's cotton yarn output, fell by 7.9 per cent to 1.2 million tonnes in 2016-17. This was due to a 22.7 per cent fall in exports to China. China is India's largest cotton yarn export market.

Demand for overseas cotton yarn in China was weak amid auctioning of China's cotton reserves which resulted in improved local spinning mills usage in their country. Chinese fabric manufacturers purchased local cotton yarn instead of importing yarn from other countries.

Nevertheless, a 4.1 per cent increase in exports to countries other than China restricted the fall in total Indian cotton yarn exports.

The demonetisation drive carried out by the government also affected production of cotton yarn in the previous financial year. The textile industry is highly unorganised and cash transactions are largely prevalent to pay wages.

Due to the cash crunch in the country, manufacturers were unable to pay wages which resulted in labourers not reporting to work. Demonetisation also curtailed consumer spending, resulting in a dip in the sale of apparels and other end-products of the textile industry. This led to a constraint in demand for the entire value-chain.

An increase in prices of the industry's main raw material, cotton, also caused problems for the industry. Lower crop output in cotton season (October-September) 2015-16 and a drop in sowing for cotton season 2016-17 increased the prices of cotton in the domestic market in 2016-17. Annual average prices of medium staple cotton were up 19 per cent y-o-y.

Spinning mills were pushed into losses as the rise in raw material prices could not be fully transferred onto the customers. This pushed cotton yarn manufacturers into losses. Hence, yarn manufacturers cut down on production in order to minimise their losses.

In 2017-18, we expect production of cotton yarn to increase by a mere 1.5 per cent. During the first few months of the year, demand for cotton yarn is likely to be tepid on account of the implementation of the goods and services tax (GST). Apparel manufacturers looked to lower their inventory levels before the implementation of the GST as their old stock was not eligible for full input credit.

Thus, demand for cloth was low from apparel manufacturers and in turn demand for cotton yarn was also low. Moreover, textile traders all over the country conducted strikes opposing the five per cent GST on fabrics.

Textile traders in Gujarat, a major textile market, went on a three week long strike from 27 June 2017 opposing the GST on fabrics. This almost brought the textile industry in the state to a standstill.

Once the industry gets accustomed to GST and it returns to normalcy, production is expected to rise.
This will be supported by a higher offtake by domestic fabric weavers given the festive season ahead and the little pent-up demand following a decrease in production due to demonetisation and implementation of the GST. Thus, production of cotton yarn for the domestic market is likely to increase by 1.7 per cent.

Favourable weather conditions and higher acreage are expected to improve the cotton supply situation in India. Cotton production is expected to be up by 10 per cent in 2017-18. This will keep the cotton prices low and help spinners improve their profitability, which augurs well for the industry.

There does not seem to be much hope for cotton yarn manufacturers in terms of exports. China has auctioned cotton from its reserves this year as well. Till, 21 July 2017, two million tonnes of cotton have been sold. With one more month of the auction left, the sale is expected to be similar to the year-ago level of 2.6 million tonnes.

Thus, the export situation of cotton yarn to China does not seem to be rosy this year as well. But, cotton yarn exports to Bangladesh, Pakistan and Vietnam are expected to improve, which may partially offset the fall in exports to China. Cotton yarn exports are expected to increase by one per cent during the year.

Source: industryoutlook.cmie.com- Aug 04, 2017

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FIEO seeks new textile policy to boost trade

The Federation of Indian Export Organisation (FIEO) representing various industries, has appealed to the Tamil Nadu government to set up a Textile Promotion Board and also formulate a new textile policy.

The textile industry is fully dependent on the overseas market and a Textile Export Promotion Board should be formed with an objective to provide better linkage facilities and for marketing of finished products, FIEO regional chairman A Sakthivel said.

The textile industry is one of the oldest in the country and accounts for four per cent of the GDP (Gross Domestic Product). The trade employs nearly 35 million people and offers huge potential, he said in a statement here.

Stating that the United States and Europe constituted the major market for textiles, he said today India faces serious challenges from Bangladesh, Sri Lanka and Vietnam.

Urging the state government to announce a new textile policy to help boost trade, he said a textile park in Tamil Nadu may be set up.

Sakthivel said Tamil Nadu textile industry generates business to the tune of Rs 50,000 crore every year and it was expected to reach Rs 75,000 crore by 2020.

"With proper policy direction from the government, the state can become a top textile producer and exporter".

Source: business-standard.com- Aug 04, 2017

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Spinners hail transhipment facility provided for storing

Southern India Mills Association today welcomed the transhipment facility provided for storing cotton at Tuticorin port.

In a statement, SIMA Chairman M Senthilkumar lauded the "proactive initiatives" taken by the NDA government especially the Ministry of Shipping, Tuticorin Port Authorities and Customs Commissionerate as a part of Ease of Doing Business.

The port has been provided with the transhipment facility to start with for storing around 250 containers of cotton for a period up to 30 days free of cost and another 60 days at a discount charge with freedom to sell cotton either in India or any other country depending on the demand,he said.

The transhipment facility of international cotton would largely benefit the country, bring stability in cotton prices as the imported cotton would be available at demand and also help the mills prevent losses due to price volatility and also currency fluctuations, Senthilkumar said.

Tamil Nadu Textile Industry accounts for one-third of cotton textile business and 47 per cent spinning capacity of the country and spinning mills in the state annually needs around 120 lakh bales of cotton (170 kgs per bale).

But, Tamil Nadu produces only around five lakh bales of cotton per year and therefore, around 80 per cent of the cotton is procured from states like Gujarat, Maharashtra, Telangana, Senthilkumar said.

The state also imports around 15 per cent of the cotton from African countries, US and Australia, he said.

Source: indiatoday.in- Aug 04, 2017

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Age of Cobots: Adoption on the fast track among Indian firms

From putting tiles in your house and painting walls to helping film producers shoot dangerous scenes in bollywood - 'Co-bots' - human assisted robots, are entering the Indian market. The textile industry in Surat, top IITs and electronics manufacturers have all begun purchasing them.

Cobots are already helping the Real Estate sector in Singapore to enhance the quality of construction. In India, a few real estate firms are already in discussion with companies like Universal Robots.

"Co-bots or collaborative robots work along human workers and help them with a variety of tasks. Since they are affordable and plug-and-play, small and medium-sized enterprises (SMEs) are eager to adopt this technology in India," says Pradeep S D PE, India representative of Bengaluru-based firm Universal Robots.

The global collaborative robots market is estimated to grow at a compounded annual growth rate (CAGR) of 50.88 percent to 2019, according to TechNavio, a British market research firm. Firms like Universal Robots are expanding business in South Asian countries.

In India, they are emerging as a major player to help companies like TVS and Bajaj produce better quality two wheelers. Fast Moving Consumer Goods (FMCG) industries, along with Real Estate, Textiles and automobiles, are adopting the technology.

Pradeep says as against the popular belief that Co-bots take away human jobs, there are instance in India where jobs were created. "Oro Labs, the contact lens makers in Madurai, installed Cobots to meet growing demand.

But, they had to push for more jobs (sales executives, logistics people to be employed and also in ancillary services like transportation) that only humans can do," says Pradeep.

The cost of purchasing a cobot for SMEs is still prohibitive at Rs 15-25 Lakh, but the company is confident that it will come down, with fasters adoption by real estate and FMCG sectors.

Source: newindianexpress.com- Aug 05, 2017

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Apparel retailer Lifestyle to add six more stores

Apparel retailer Lifestyle plans to open six more stores during this fiscal, a top company official said today.

The company will open stores across the country, including in Chennai, Mysuru, Bengaluru and Pune in this financial year, with an investment of Rs 10 crore each, Lifestyle's president - retail operations N Sathiyanarayanan told reporters here.

Sathiyanarayanan, here in connection with the inaugural of Lifestyle's second store, at Prozone Mall, said the company at present had 62 stores and would have 68 by the end of this fiscal and work for the same had already started.

Asked how GST had affected the business, he said, "It is helping us."

The company, part of Dubai-based retail and hospital conglomerate, The Landmark group, has not revised prices in view of the GST.

"As customers are benefited, we are not going to hike prices," he said.

Source: business-standard.com- Aug 03, 2017

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US concerned over weak demand for American goods in India

Indian market is not as globally linked as China's, says trade report

The US has said that the Indian market is not spurring enough demand for its imports compared to China. Blaming the slowdown in the country's GDP during financial year 2016-17 compared to the year before, the US said India has been unable to create effective linkages like what China has achieved.

USITC review report

"India's economic growth also slowed, decreasing from 7.9 per cent in 2015 to 6.8 per cent in 2016. Although it still had one of the highest growth rates in the world in 2016, India has notably fewer linkages to the global economy than China does... As a result, India's economy does not spur strong demand for imports," stated a 2016 Annual Trade Review Report by the US International Trade Commission (USITC) released recently.

The report said this is because India's services sector accounts for much of its growth, and it has a relatively small manufacturing sector and a per capita income of $6,590 in 2016.

USITC is an independent, quasi-judicial Federal agency with broad investigative responsibilities on matters of trade.

This comes in the backdrop of the Trump administration getting vociferous against India for its rising trade deficit of around $24.3 billion.

Top trading partner

The USITC said that in 2016 India emerged as its top trading partner with which it has its largest services trade deficit, largely due to import of computer services.

"Although India was again the US' seventh-largest single-country services trading partner, based on two-way trade, it continued to be the only top trading partner with which the US has a services trade deficit," it said.

In 2016, US exports again rose slightly more than its imports of services, which resulted in a 1.6 per cent decline in the services trade deficit to $6.8 billion. Total US services trade with India grew 10.3 per cent to $46.7 billion in 2016, the report said.

It also highlighted the need to relax local-sourcing requirements in single-brand retail trade to boost investments from the US into India's services sector.

Still in priority list

It also noted that India remained on the Priority Watch List in the 2016 Special 301 Report due to concerns about weak protection and enforcement of intellectual property rights (IPR).

"Of concern are inadequate trade secret protection, the production, domestic distribution, and export of counterfeit pharmaceuticals and online piracy," it said.

India has been on USTR's Priority Watch List or has been designated a priority foreign country since 1989.

Source: thehindubusinessline.com- Aug 05, 2017

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