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USD 64.39 | EUR 75.05 | GBP 83.94 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19744	41300	**81.88**

Domestic Futures Price (Ex. Gin), July

Rs./Bale	Rs./Candy	USD Cent/lb
20460	42798	**84.85**

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	**84.03**
Cotlook A Index – Physical	**83.7**

Cotton & currency guide: ICE cotton traded marginally negative on Monday's trading session to settle the December contract at 68.29. However, was trading within the trading range of previous day. We believe market is calm while only post the US session was closed the USDA planting report was released ended 24th July. It showed cotton 84 percent squaring, right on the 5-year average; and 43 percent setting bolls, ahead of the 5-year average of 41 percent. Crop conditions declined slightly.

The trading volume was only 13251 contracts while cleared on Friday were 22,905 contracts.

There was no major development related to market. Cash sales continued by sellers with remaining inventories or who were willing to sell more new crop cotton. That included US and other growths.

Overall, though, cotton continued in the summer pause. Cotlook reported the China National Cotton Reserves Corporation (CNCRC) will be offering an additional 414,000 tonnes of Xinjiang cotton for sale during September. Xinjiang cotton is typically China's most desirable cotton and normally it moves separately from the rest of China's crop.

That announcement seemed to raise the likelihood the current state reserve auction series will extend through September. Opinions vary on whether the extension is a market factor at all; and if so, which way. Sold on Monday's auction of Chinese state reserve cotton were approximately 78,069 bales. The turnover rate was 57.09 percent. Total sales to date: approximately 9.26 million bales. Remaining unsold reserve stock is estimated around 29.7 million bales.

This morning Chinese ZCE cotton is seen trading steady at 15070 Yuan/MT while the ICE December is up by 0.42% at 68.58 amid USD index is trading comfortably below 94 marks. We believe market would remain steady for the day. The trading range for the day would be 69 to 68.20 cents per pound for the mentioned future contract.

Indian rupee trades marginally lower near 64.37 levels against the US dollar. Weighing on rupee is choppiness in global equity markets amid mixed economic data and Trump concerns. Also weighing on rupee is lower bond yields which are near the lowest level since Feb. However, supporting rupee is economic optimism. IMF retained India's 2017 economic growth forecast at 7.2% citing strong government spending. Mixed factors may keep rupee rangebound but bias remains weak. The possible trading range for today is 64.2-64.5.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Pakistan: Textile exports disappoint yet again
2	Pakistan, Senegal agree to boost economic ties
3	Ethiopia aims for $30 bn forex from textiles by 2030
4	Business delegation from India visits Kazakhstan
5	Rwanda: Trade Experts Fault U.S. Over AGOA Review
6	Global growth to pick up in 2017 and 2018: IMF
7	US & Malaysia meet to strengthen trade relations
8	Country suffers as an apparel supplier
	NATIONAL NEWS
1	Irani terms GST as a 'great step towards transparency'
2	Govt extends deadline for GST composition scheme to Aug 16
3	Maharashtra leads under Skill India Mission
4	Odisha eyes new markets for exports
5	TEA urges Tamil Nadu govt to announce textile policy
6	Irani: Trade deficit with China an issue of concern: Govt
7	ITF forms consortium for cotton procurement
8	‘Enough political will to seal RCEP talks’
9	How denims have become basic western apparel for Indian customers
10	Grey market corners new GM hybrids as farmers look beyond Bt cotton

INTERNATIONAL NEWS

Pakistan: Textile exports disappoint yet again

The recently released textile export numbers paint a bleak picture of the sector. Even though there was an increase of 24 percent and 30 percent on a year-on-year and month-on-month basis respectively in June-17; overall textile exports remained almost stagnant showing a measly increase of 0.4 percent for FY17 over the previous year.

More alarming is the fact that the FY17 figure of $12.45 billion is 6 percent lower than the previous 3 year average number of $13.2 billion. The slide continues as all the prescriptive advice falls on deaf ears in policymaking quarters.

The value added garments sector and bedwear were the only areas that registered positive growth while cotton yarn, cotton cloth, knitwear, towels as well as the others segment registered negative or stagnant growth. The garments sector registered an increase in exports of 6 percent for FY17 on year-on-year basis.

The All Pakistan Textile Mills Association (APTMA) revealed in a recent presentation that Pakistan has lost its global textile export share by 23 percent which poses serious risks to the future sustainability and viability of the textile industry in the country.

It was also of the view that implementation of the PM's export package is yet too implemented in letter and spirit. For despite a shortfall of cotton there has been re-imposition of a 4 percent customs duty coupled with a 5 percent sales tax.

Source: brecorder.com- July 25, 2017

HOME

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Pakistan, Senegal agree to boost economic ties

Federal Minister for Commerce Khurram Dastgir Khan led the Pakistani delegation to participate in the inaugural session of the Joint Commission between Pakistan and Senegal, which was held in Dakar (Senegal), while Alioune Sarr, Minister for Commerce, Informal Sector, Consumption, Promotion of Local Products and SMEs led the Senegalese delegation. A delegation of private businessmen from the areas of textiles, agriculture and pharmaceuticals also held B2B meetings with Senegalese businessmen on the sidelines of the session.

During the discussions, both sides underlined the importance they attach to the development of partnership in all areas of common interest, including trade, pharmaceutical industries, investment, agriculture, textiles, higher education and vocational training, information technology, air transport and tourism. To address the difficulties of trade between the two countries, the Pakistani side has sought Senegal's support to establish a trade partnership with the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (WAEMU).

Both sides also agreed to sign "the Convention for the Avoidance of Double taxation and the Prevention of Fiscal Evasion" as soon as possible. With regards to technical cooperation, Pakistani side highlighted the low level of participation in capacity building programs offered by Pakistan in various disciplines under the auspices of Pakistan Technical Assistance Program (PTAP). The Senegalese side took note of this fact and expressed the desire to redirect the supply of training in line with Senegal's priority policies and programs.

Both sides also agreed to cooperate in order to facilitate and promote tourism between the two countries including presenting tourist attractions, facilitation of visa issuance as well as sharing data bank from travel and tourist agencies. Pakistani side offered restoration of historical sites in Senegal by Pakistani manpower. Senegalese side appreciated the offer and both sides agreed to exchange further details in this regard. Both sides also agreed to study ways and means for the establishment of air and sea links. In that respect, Pakistan side has proposed a Draft Air Services Agreement to the Senegalese side which agreed to respond on the proposed draft as soon as possible.

Both sides agreed to explore opportunities for cooperation between the Port of Dakar and Karachi Port (KPT) with a view to creating synergies and increasing the volume of trade between the two counties. Both sides also showed interest in exchange of experiences in maritime education and training and Technical Port Management.

Pakistan and Senegal signed the following agreements: “The Agreement on Cooperation in Combating the Illicit Trafficking of Narcotic Drugs, Psychotropic Substances and Precursor Chemicals” & “The memorandum of understanding between the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and the Union of Chambers of Commerce, Industry and Agriculture of Senegal.”

Besides JMC, Commerce Minister, Khurram Dastgir Khan had a meeting with President of Senegal Macky Sall and conveyed him special message of the PM of Pakistan & also reported on successful conclusion of 1st Pak-Senegal Joint Ministerial Commission.

The commerce minister also announced a gift of 1000 footballs made in Pakistan for the Senegalese football association and also announced to send special gift of premium basmati rice of Pakistan to the important dignitaries of Senegal.

Source: nation.com.pk- July 24, 2017

HOME

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Ethiopia aims for $30 bn forex from textiles by 2030

Ethiopia aims to generate $30 bn in foreign exchange earnings from the textiles and clothing sector by 2030, according to Ethiopian state minister of industry Bogale Feleke. Ethiopia, one of the fastest growing economies of Africa, is on the constant effort to increase its cotton production. In a year, Ethiopia produces around one lakh tonnes of cotton.

"We intend to increase our area of cotton production. At present, only 20 per cent of three million hectare is used for cotton production while we aim to increase to around 80 per cent," said Feleke.

Ethiopia has nearly 175 textile units. Now, it is seeking India's investment in its textiles industry. It is increasing investment scope with the provision of power and labour at an affordable price, said Feleke while speaking at the workshop on investment opportunities in Ethiopian textiles. The workshop was hosted by Ethiopian Investment Promotion and International Trade Centre and The Southern India Mills' Association.

With a workforce of more than forty-seven million, the country offers a large supply of valuable human resources at affordable wages. With the growing population, Ethiopia is striving hard to generate employment opportunities. By 2020, we intend to have around 150 companies in textiles, said Feleke adding that Ethiopia is in the process of developing 13 industrial parks.

After Vietnam, Ethiopia is the second largest country to attract foreign direct investment in textiles, according to World Investment report 2016.

Source: fibre2fashion.com- July 24, 2017

HOME

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Business delegation from India visits Kazakhstan

ALMATY (TCA) — A delegation of the Indian Federation of Chambers of Commerce and Industry arrived in Almaty to invite Kazakhstan entrepreneurs to expand cooperation, the Atameken National Chamber of Entrepreneurs of Kazakhstan reported on July 24.

Assistant Secretary-General of the Federation of Indian Chambers of Commerce and Industry Kunal Chowdhury said he is sure that Kazakhstani manufacturers will find their niche in the Indian market.

"The Indian market is huge. To meet its needs, Kazakh entrepreneurs can participate in various exhibitions. In September, we hold an annual food fair. Special interest is paid to agricultural products. We can talk with the organizers about giving discounts to participants from Kazakhstan," Kunal Chowdhury said.

The Indian delegation invited Kazakh entrepreneurs to take part in a large healthcare exhibition which will be held in October with the participation of the Prime Minister of India. The event will bring together representatives of all related industries: clinics, associations, and pharmaceutical companies.

Director of the Chamber of Entrepreneurs of Almaty Yuri Tleumuratov expressed the opinion that participation in such exhibitions should involve not only businesspeople from Almaty, but also from other regions of Kazakhstan, especially those who are engaged in the production of food.

"According to the regional business development map in Almaty, one of the niches is the pharmaceutical industry. In the Alatau district there is an industrial zone where we invite Indian investors to cooperate. Projects on wool processing would be interesting. Everyone knows how the textile industry is actively developing in your country," Tleumuratov said to the Indian delegation.

Kazakhstan is India's main trading partner in Central Asia, with Kazakhstan exporting more than importing.

Source: timesca.com- July 25, 2017

HOME

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Rwanda: Trade Experts Fault U.S. Over AGOA Review

The American government has been faulted by trade and economic experts for the out-of-cycle review of the American Growth and Opportunities Act (AGOA) which could see Rwanda and East African countries barred from duty-free access to the US market.

The review which began on July 13, is a response to a move by Rwanda and fellow East African Community countries to phase out and eventually ban importation of second hand clothes.

This is aimed to develop local and regional textile industries as well as promote the dignity of the East African citizens.

The United Nations Conference on Trade and Development Secretary-General Dr Mukhisa Kituyi told The New Times that as one of those who was involved in negotiating the act, there was no clause that EAC would have to import second hand clothes.

He added that the decision by the American government was politically and morally wrong and the region should not be bullied.

"As UNCTAD, "we can express an opinion about the principles on such an element, when I was the minister of trade and industry of Kenya, I helped negotiate AGOA, it was about how we can build the capacities of local traders to be able to export many products in the American Market," he explained.

He said that the move by the American government to review the decision following the region's move to develop their industries can be interpreted as de-campaigning progress.

"When America says that because a few exporters of second hand clothes want to continue having access to the African market, they will refuse to give access to their markets, what they are saying is that people of East Africa should make new clothes, export them to America and after they are done with them, they can export them back. Politically and morally it is wrong, the leadership of Rwanda and East Africa is right and should not lose sight of the bigger picture they have in mind," he said.

Former African Development Bank President Dr Donald Kaberuka said that EAC should remain firm on doing the right thing which is to develop their textile industries and their value chains despite the threats.

Trade experts have downplayed the impact of the review saying that the volume of exports has been considerably low given that EAC is not a resource rich region.

Dr Abdalla Hamdok the acting executive secretary of the United Nations Economic Commission for Africa said that AGOA has little impact on countries like Rwanda which do not export oil and minerals.

"If you look closer at finer details, yes it provides for free access to the American market but 80 per cent of what was going into their market was oil and minerals. It did not have much impact for countries that did not have such products," he said.

Exports from Rwanda, Tanzania and Uganda through the act totaled $43 million in 2016, whereas US exports into Rwanda, Tanzania and Uganda totaled $281 million in 2016.

Source: allafrica.com- July 22, 2017

HOME

****

Global growth to pick up in 2017 and 2018: IMF

The pickup in global growth anticipated in the April World Economic Outlook (WEO) remains on track, with global output projected to grow by 3.5 per cent in 2017 and 3.6 per cent in 2018, International Monetary Fund (IMF) has said in its July Update of WEO.

Growth in India too is forecast to pick up further in 2017 and 2018, in line with April 2017 forecast.

“Growth outturns in the first quarter of 2017 were higher than the April WEO forecasts in large emerging and developing economies such as Brazil, China, and Mexico, and in several advanced economies including Canada, France, Germany, Italy, and Spain,” the latest update said.

Economic activity in both advanced economies and emerging and developing economies is forecast to accelerate in 2017, to 2 per cent and 4.6 per cent respectively.

The growth forecast for 2018 is 1.9 per cent for advanced economies, 0.1 percentage point below the April 2017 WEO, and 4.8 per cent for emerging and developing economies, the same as in the spring. The revisions reflect primarily the macroeconomic implications of changes in policy assumptions for the world's two largest economies, the United States and China.

Emerging and developing economies are projected to see a sustained pickup in activity, with growth rising from 4.3 per cent in 2016 to 4.6 per cent in 2017 and 4.8 per cent in 2018. China's growth is expected to remain at 6.7 per cent in 2017, the same level as in 2016, and to decline only modestly in 2018 to 6.4 per cent.

In India, while activity slowed following the currency exchange initiative, growth for 2016––at 7.1 percent––was higher than anticipated due to strong government spending and data revisions that show stronger momentum in the first part of the year, the update mentions.

With a pickup in global trade and strengthening domestic demand, growth in the ASEAN-5 economies is projected to remain robust at around 5 per cent, the IMF further said.

Source: fibre2fashion.com- July 25, 2017

HOME

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US & Malaysia meet to strengthen trade relations

The US and Malaysia recently met under their Trade and Investment Framework Agreement (TIFA) to discuss ways to further strengthen trade relations and promote free, fair and balanced trade.

The US is holding talks with key trading partners across Asia, reflecting the priority Trump administration places on deepening trade ties with countries in the region.

During the meeting, the US and Malaysia agreed to work together to address outstanding issues, including by establishing working groups related to goods, intellectual property, financial services, labour, and the environment.

In addition, US officials met with US stakeholders in Penang and Kuala Lumpur, Malaysia.
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The meetings were chaired by assistant US trade representative Barbara Weisel and ministry of international trade and industry secretary general J Jayasiri. Additionally, the delegation for the US included officials from USTR and the departments of state and commerce. US officials also met with Bank Negara Malaysia.

In 2016, the US had a nearly $25 billion goods trade deficit with Malaysia. US good exports totalled $11.8 billion, and its goods imports from Malaysia totalled $36.6 billon.

In 2015, US services exports to Malaysia were $2.9 billion and US services imports were $1.8 billion.

Source: fibre2fashion.com - July 24, 2017

HOME

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Bangladesh: Country suffers as an apparel supplier

Bangladesh's relegation as an exporter of fashion wear to the United States of America to the seventh position this year from the fifth the previous year does not augur well for the country. Intriguingly, the study titled '2017 Fashion Study Benchmarking Study' finds Bangladesh most competitive in terms of price. But this advantage has been more than negated by the high risks involved in trade compliance.

The result is that the US-based fashion companies have started turning their back to Bangladesh as a source. Still 61 per cent of those companies have so far sourced their apparel from this country but this percentage is down from the 70 per cent the previous year. If the trend continues, Bangladesh's hope of grabbing the high-end apparel market will receive a serious blow.

True, Bangladesh's weakness to have a strong presence at the upmarket of readymade garments (RMG) is well known. It has just started making a sortie and along with India, it is a top supplier of only two categories whereas Vietnam is credited with the top spot for supplying as many as five categories. So the predominance of the compliance issue is going to cost the RMG sector quite a price this time. Like Bangladesh, India and Cambodia are also high risk destinations in terms of non-compliance.

But Vietnam and Sri Lanka are not. The sector in Bangladesh is likely to be a further loser in terms of increasing prices of raw materials and slightly higher fees for shipping. Remediation under the prescription of the Alliance and Accord, associations of importers from America and Europe, has already made production of RMG articles costlier. At this transition period, Bangladesh garments factories are absorbing more shocks than they can possibly do.

In a situation like this, it is better to follow the methods Sri Lanka and Vietnam have made their plus points. Vietnam, in particular, has adapted well with the strict business regime of North America, notwithstanding the fact that it is a late entrant to this business. Bangladesh needs more transparency in maintaining factory environment and employer-employee relations.

Remediation has taken care of only infrastructural matters but workers' aptitude and skills, along with their welfare, are still grey areas where greater attention is needed. Some of the non-compliance risks are certainly related to workers' unrest in Ashulia. It is not for nothing that factories have been compelled to reappoint sacked workers there.

By all accounts, Bangladesh's relegation by two notches as a supplier of fashion wear will prove costly for the country in terms of export earning. After all, RMG is its top earner of foreign currency. Now there is a need to get over the reversal. In order to do that, there is a need for collective effort towards improving the status of compliance.

Working environment in some of the reputed factories can compete with the best in the world. So the examples are there within the country. There is a need to follow in the footsteps of those factories and give a good account of all others as well.

Source: thefinancialexpress-bd.com - July 24, 2017

HOME

****

NATIONAL NEWS

Irani terms GST as a 'great step towards transparency'

Union textiles minister Smriti Irani has termed the Goods and Services Tax (GST) as a “great step towards transparency”. She said that implementation of GST is a historic event and added that “We are proud to be a witness of such historic event.” She said that all parties came on a single platform in GST Council for its successful implementation.

No one can harass a person who wants to come into formal economy through GST, Irani said at a seminar on ‘GST – a Tool for Inclusive Growth’ organised in Ahmedabad last week. She assured the traders and businessmen that past transactions would not to be checked under the GST. “There will be no punishment for being honest,” she added.

The minister said if government agencies or officers ask about past transactions or harasses anyone, direct action will be taken against them. She asked traders and business persons to draw attention of MPs and Central ministries, if any such incidents occur.

She said that GST is not just ‘Good and Simple Tax’ but it also a ‘great step towards transparency’. “Beauty of the GST is it is a destination tax and it gives money back through tax credit,” she added.

The minister said that no one wants to be a tax evader, if the system is transparent and simple. “Government has taken a number of pro poor steps in its three years, to make system more transparent and simpler through Jan Dhan Yojana, Mudra Yojana, Direct Benefit Transfer etc and GST is also a part of this,” she added.

Source: fibre2fashion.com- July 24, 2017

HOME

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Govt extends deadline for GST composition scheme to Aug 16

The Government on India has extended the deadline for small businesses to opt for the composition scheme in the goods and services tax (GST) regime. To opt for composition scheme, the taxpayer can now apply up to August 16. After logging into the GST portal, he/she needs to fill up Form GST CMP-01 'Application to opt for the Composition Scheme'.

"Extension of time limit for filing intimation for composition levy under subrule (1) of rule 3 of the CGST Rules, 2017 In exercise of the powers conferred by section 168 of the Central Goods and Services Tax Act, 2017, the Board hereby extends the period for filing an intimation in FORM GST CMP-01 under sub-rule (1) of rule 3 of the Central Goods and Services Tax Rules, 2017 up to 16th August, 2017," the Central Board of Excise and Customs (CBEC) said in an order.

Traders and manufacturers with an annual turnover of Rs 20 lakh to Rs 75 lakh can opt for the 'composition scheme' and pay tax at one per cent and two per cent respectively. Businesses opting for the scheme have a lesser compliance burden as they have to file returns only once in a quarter as against monthly returns to be filed by other businesses.

The scheme exempts tax payers with an aggregate turnover in a financial year up to Rs 20 lakh — Rs 10 lakh in North-East and special category states — from GST. An entity whose aggregate turnover in the preceding financial year is less than Rs 75 lakh can opt for a simplified 'composition scheme' where tax will be payable at a concessional rate on the turnover in a state.

Source: fibre2fashion.com- July 24, 2017

HOME

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Maharashtra leads under Skill India Mission

Leading the charts, Maharashtra has emerged as one of the most dynamic states contributing towards skill development in the country.

According to the data for various programmes managed by National Skill Development Corporation (NSDC), as on June 30, Maharashtra has trained over 10 lakh people across 40 sectors since 2011.

"Skill India mission is a positive step towards creating a skilled and employable workforce, providing better career opportunities to the youth across India. In a recent trend analysis, Maharashtra has emerged as a hub for skill training," NSDC Managing Director and CEO Manish Kumar said.

Maharashtra government has planned to equip 4.5 crore people with employable skills by 2022, as a part of the overall plan of the government.

According to figures, Maharashtra is leading with cumulative training of over 10 lakh employable workforce in the age group of 15-59 years.

Textile and apparels, banking and finance, IT and ITES, textiles, electronics, hardware, beauty and wellness, telecom, gems and jewellery were amongst the top sectors in the state to train for skilling.

Complying with the National Skills Qualification Framework (NSQF), these trainings were executed by private institutions affiliated under the Skill India Mission.

Bridging the skill gap, 75 per cent of the trainings were imparted by partners funded by NSDC, it added.

In the last one year, nearly three lakh people have been trained and 45 per cent have received employments, it revealed.

The data also showed a positive sign of development in the state, with women comprising 60 per cent of the skill trained.

Further, it said Uttar Pradesh and Tamil Nadu are the other two prominent states, which have contributed significantly to skilling people across the country.

More than 8.5 lakh people were trained in Uttar Pradesh followed by Tamil Nadu, which has empowered 8.45 lakh people with skill training, across over 1,900 job roles, based on the industry defined standards.

Source: business-standard.com- July 24, 2017

HOME

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Odisha eyes new markets for exports

BHUBANESWAR: Odisha, which currently stands at the 13th spot among exporting States in the country, is looking to diversify its global market base and reach out to new countries to attain its goal of ` one lakh crore exports by 2025. The draft Odisha Export Policy 2017, which has been prepared by Federation of Indian Export Organisations (FIEO), looks at expanding the export presence.

Currently, the State has export presence in 61 out of 99 commodity chapters as classified by Director General of Commercial Intelligence and Statistics. Out of them, the draft document says, some products occupy a larger share of exports which need attention.

Designated as focus areas, these sectors - marine, mineral and metals, chemicals and textiles - constituted 95 per cent in the exports basket in 2015 with a total value of about `20,000 crore.

The FIEO has taken into account the global export trends in different sectors and how India can fit into the scheme of the importing countries.

In marine sector, it is looking at Spain, Italy and South Korea as next destinations. Denmark, UK, Germany, Sweden, Australia and Switzerland are also on its radar.

For the mineral sector, the policy wants to look away from China and Iran which happen to be big importers from India and the State enjoys a fair share.

“It is observed that the focus sectors of the State have a strong presence in some of the conventional markets like USA, UK, UAE and China.

However, it is important to pursue market diversification strategies to expand in other markets where the import trend has been encouraging like Germany, Italy, Spain, Canada and Russian Federation," says the document.

It wants to tap the markets of Japan, Germany, Saudi Arabia, Canada, Qatar, Turkey, USA, South Korea for ores, slag and ash; Germany, Spain and France for ferro-chromium carbon; Germany, Turkey, Italy, Holland and Belgium for aluminium and USA, Russian Federation, Canada, Italy, France, China, Chinese Taipei for ceramic products.

In the chemicals sector including inorganic chemicals, organic and inorganic compounds of precious metals, rare-earth metals, radioactive elements, the policy document looks at Russian Federation, Canada, Norway, Iceland, Bahrain and Qatar as the destinations. For textiles and cotton, South Korea and Mexico are being targeted.

The draft says that certain product groups hold immense export potential but their current export value is very low. "Such items may help the State diversify its export basket and boost overall volume. The tie and dye handloom, handicrafts, silver filigree, rubber, coconut, vegetables, cereals, and spices like ginger, turmeric and pepper are being projected as potential sectors. Software is another area that carries huge potential.

Source: newindianexpress.com- July 24, 2017

HOME

****

TEA urges Tamil Nadu govt to announce textile policy

The Tiruppur Exporters' Association (TEA) has urged the state government of Tamil Nadu for the announcement of textile policy for the state. The policy will boost investment and will help in the growth of the textile industry including exports, said the association in a representation made to Tamil Nadu chief minister Edappadi K Palaniswami.

States such as Gujarat, Maharashtra, Karnataka, Madhya Pradesh, Andhra Pradesh and Rajasthan and Odisha already have the policy and are attracting investments.

The state textile policy should provide 8 per cent interest subsidy/10 per cent capital subsidy to modernisation or expansion of garment units, said TEA in a statement. Tamil Nadu government should also give incentives for setting up of technical textiles units in the state. It has also sought for the support of the textile department of the state for development of the technical textiles units.

TEA has asked for announcement of 25 per cent capital subsidy for setting up of Common Effluent Treatment Plant (CETP) and also Individual Effluent Treatment Plant (IETP) in the state. Further, they have also requested for power subsidy at 25 per cent to reduce the cost of treatment and processing charges for ETP. Further, the government should also install a separate power station in Tiruppur for the growth of the knitwear sector. The state government should help the Centre in the setting up new textile parks and textile processing parks.

With Tamil Nadu Knitwear contributing 60 per cent of the country's knitwear production, the association has urged for Knitwear Board which can act as a catalyst for growth of this industrial segment.

The association has also requested the state government for reduction of GST rate for job work operations to 5 per cent from 18 per cent and 12 per cent rate on manmade fibres instead of 18 per cent.

Source: fibre2fashion.com- July 24, 2017

HOME

****

Irani: Trade deficit with China an issue of concern: Govt

The trade deficit with China is a matter of concern and the government is working for greater access of Indian goods and services in the Chinese market, the Lok Sabha was informed on Monday.

“The trade deficit with China is a matter of concern. We are discussing the issue with China for greater access for Indian products and services in the Chinese market," Commerce Minister Nirmala Sitharaman said during Question Hour.

The Minister said Prime Minister Narendra Modi had raised the issue of trade deficit with the Chinese authorities at the highest level and the government was working to reduce it.

The minister said China topped the list of 25 countries with which India has had a trade deficit in the past three years. The other countries include Russia, Australia, Saudi Arabia, Japan and South Korea, among others.

The countries with which India has a favourable trade balance include the US, the United Arab Emirates, Bangladesh and the UK, besides others.

Sitharaman said the government has taken a number of steps to overcome the trade deficit, which includes a New Foreign Trade Policy (2015-20), Merchandise Exports From India Scheme, the Services Exports from India Scheme and Niryat Bandhu Scheme.

She said India has exported merchandise and services worth $230.36 billion between December 2016 and May 2017 to various countries.

Of the total exports, in May alone, India exported merchandise and services valued at $37.44 billion, which is 4.40 per cent more than the previous month (April), she said.

Crude petroleum tops the list of 25 commodities in which India has a trade deficit, which includes gold, silver, pulses, vegetable oils, electronic components and telecom instruments, among others.

Source: thehindubusinessline.com - July 25, 2017

HOME

****

ITF forms consortium for cotton procurement

Indian Texpreneurs Federation's (ITF) Cotton Team has over the past 12 months partnered with over 50 ginners in Telangana, Maharashtra and Karnataka for procuring cotton on behalf of its members.

The exercise, according to Prabhu Dhamodharan, Convenor, ITF, has paid off as the member mills (35 out of ITF's 400 members) were able to get timely supply of quality raw material at prices they would not have been able to procure as individual units.

Procurement costs

Raw material accounts for 60-70 per cent of the total manufacturing cost. Even a one per cent saving by way of timely supply of quality fibre at affordable rates would go a long way in reducing the manufacturing cost, he added.

ITF Cotton Team had procured 2 lakh bales last year, and is looking to double the volume in the upcoming cotton year.

The 35 mills consume about 11 lakh bales a year. (The current purchase by the consortium is only 2 lakh bales).

Ginners' visit

Meanwhile, to understand the user industry's need, trade dynamics and the mill sector's purchase plans for the coming season, 25 ginners from Maharashtra and Telangana visited 12 member units in and around this region.

They were here to evaluate a strategy to focus more on contamination-controlled cotton. With a requirement of more than 1 crore bales of cotton by the mills in Tamil Nadu, there is a need for stronger partnership with cotton-growing States, said Dhamodharan.

Source: thehindubusinessline.com - July 25, 2017

HOME

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'Enough political will to seal RCEP talks'

India is 'fully committed' to taking forward the negotiations for a mega Free Trade Agreement (FTA) called the Regional Comprehensive Economic Partnership (RCEP), to ensure that it is a 'balanced' pact that benefits all the 16 Asia-Pacific nations including itself that are participating in the talks, according to commerce secretary Rita Teaotia.

The senior official, in effect, dismissed speculations that the India-China border standoff will have an adverse impact on the trade talks.

While the RCEP negotiations — aiming to liberalise norms in the 16 countries including India and China to boost trade and investment in the Asia-Pacific region — are underway behind closed doors at the Hyderabad International Convention Centre, several people's groups from across the country held demonstrations demanding a halt to the talks.

They claimed that the mega-regional FTA will, among other things, adversely impact not only farmers' rights but also access to affordable medicines, besides threatening the protections to India's digital industry.

Surge feared

However, the commerce secretary told *The Hindu* that "all the 16 countries, including India, have expressed willingness to constructively engage in the talks and have put forward revised offers in goods and services to negotiate a mutually beneficial outcome."

Amid fears that the FTA will result in a surge in inflow of cheap goods into India from these countries including China, in turn impacting the Indian industry and farmers, the senior official said the Indian negotiating team is confident that they can "protect India's interests and ensure that the FTA is not unfair to India."

"We are going to have more frequent rounds of negotiations. There will also be a Ministerial meeting in September," she said, indicating that there is enough political will to expedite the conclusion of the talks.

This is the 19th Round of the RCEP Trade Negotiating Committee meeting at the technical level. In addition to this, so far there have been four Ministerial Meetings and three 'Inter-sessional Ministerial Meetings'.

India Inc. is learnt to have reservations against India undertaking any binding commitment to immediately eliminate duties on most traded goods, as part of the FTA.

However, Ms. Teaotia said "one should not underestimate India's strengths in various sectors." She added that FTA negotiations are always on the basis of "give and take" and that there will be "gains for India" from the pact.

India is pushing for liberalisation of services, including easing norms for movement of professionals across borders for short-term work. However, the slow progress of the services negotiations has been worrying India.

The sources said though there are demands from some RCEP countries to open up the public procurement segment, India is not willing to undertake any binding commitment on that.

According to the government, procurement of common use goods and services required by the Central and state Government agencies and departments as well as state-owned companies in India is estimated to be worth over ₹5 lakh crore annually.

The government is keen to retain its policy space to ensure development of local industry and the social sector using the public procurement process.

Source: thehindu.com - July 24, 2017

HOME

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How denims have become basic western apparel for Indian customers

Denim has become a basic western apparel for Indian consumers and this fact has contributed to the sustained growth of the category. The denim market in India stood at Rs 171 million in retail value sales in 2016 and grew at CAGR of 13.6% between 2011-16.

Smaller towns and cities are increasingly contributing to the sales of denim, and especially of Indian brands where consumer preferences for western wear have evolved.

In addition, branded store expansion in tier II and tier III cities over the last five years has also fuelled the growth of the overall denim category.

Online retail has been another growth driver and has attracted price conscious small town consumers towards the branded market. Affordability is a major factor for consumers in smaller towns and Indian brands offer this to the aspirational consumer segment.

Consumers can buy a pair of branded denims in the price range of Rs 700-1,500. While metro consumers spend on denims throughout the year, consumers from smaller towns plan their purchases typically around the festive sale season.

Brands like FBB, Killer, Park Avenue and Pantaloons among others are seizing the first-mover advantage by developing their retail presence and driving promotions in these markets. The main push in smaller towns for Indian brands is from the 14-32 years age group, as older consumers perceive denim to be suitable for the youth and instead opt for cotton trousers.

The young demographic is slowly warming up to online retailing. The growth potential for Indian brands in smaller towns lies with the middle income groups and typically teenagers, college students and youngsters entering the workforce.

Simultaneously, there is competition from the unbranded sector. Jeans also has a market amongst lower income groups; typically these consumers are not really brand conscious and want affordable, long-lasting jeans.

This segment will take time to graduate to the branded market based on their rising disposable incomes. Indian brands, thus, have an opportunity to capture this market by offering affordable prices.

Currently, several local brands do not have offline presence in key towns and cities. It is also increasingly becoming important for local Indian brands to establish a clear brand identity to set themselves apart from rivals.

Competition is expected to increase over the next few years from international brands as they look to serve the Indian market away from metros and bigger cities.

Source: financialexpress.com - July 25, 2017

HOME

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Grey market corners new GM hybrids as farmers look beyond Bt cotton

The cultivation of genetically modified (GM) crops with new transgenic traits such as herbicide tolerance (HT) is spreading fast in cotton growing states even though no license or approval has been granted by authorities such as GEAC or ICAR for growing them in India.

Farmers are swayed by the multiple benefits of these GM varieties, which are being sold illegally, as they offer the twin advantage of bollworm resistance and herbicide tolerance. In comparison, the approved Bt variety (Bollgard I and Bollgard II) is only bollworm-resistant.

The new GM varieties are being sold at half the price of approved hybrid cotton seeds by the grey market players, who seem to be outsmarting regulatory officials by operating directly in remote parts without any valid licenses.

"During a recent field visit, I tried to sensitise a group of farmers about the risk involved in buying the cotton seed without an invoice. What they told me was this:

We understand the risk in the event of a crop failure. But we have only seen the benefits so far and the yields are also better," N Kumara Swamy, deputy director, in-charge of Seed Cell at the Agriculture Commissionerate of Telangana government, told Business Standard.

According to Swamy, farmers often keep the information under wraps fearing that they could be sent to jail if they were found cultivating the illegal GM cotton varieties.

The National Seed Association of India (NSAI), an industry body of seed companies, believes that the unapproved transgenic cotton seed varieties that carry a combination of HT and IT (insect tolerant) traits are being cultivated in about 15-20 per cent of the total cotton crop area in the country. It was estimated that cotton is cultivated in about 12 million hectares in India.

"According to our information, the cultivation of these GM cotton hybrids is happening in all the major cotton growing states. To that extent the cotton seed market has shrunk for the licensed seed companies," said M Prabhakara Rao, president of NSAI, who is also the chairman of Hyderabad-based Nuziveedu Seeds Limited.

Seed companies cannot produce or sell these new GM traits in their proprietary hybrids because the Genetic Engineering Appraisal Committee (GEAC) has not granted approval for commercial cultivation of the HT GM trait in cotton despite allowing the field trials long ago. Apparently no evaluation is undertaken on the environmental impact, or other implications, if any, from herbicide tolerant cotton being cultivated in violation of law since 2013-14.

The DNA Fingerprinting and Transgenic Crops Monitoring Lab (DFTCM Lab) in Hyderabad had established the presence of a GM cotton event called 1445 with a single gene copy of HT trait in a test conducted on samples about 4 years ago. A recent lab test on three samples of seed seized from a bus-stand in Guntur by the DFTCM Lab (the one which is now under the AP government's control), also found that the samples belong to the same unapproved 1445 event, which have been cultivated in countries like Australia and the US, according to the lab officials. A test report issued as recently as on July 3, 2017 by Telangana DFTCM Lab on a seed sample collected in Rangareddy district also confirmed that the sample contains herbicide tolerant traits.

It is not fully known about the network of the unorganised, grey market operators who not only laid their hands on these unapproved GM cotton traits but also manage the breeding and production for development of several new HT varieties for their illegal sale across the country.

"Both Monsanto and Bayer had conducted field trials on GM cotton with HT trait containing a single gene copy in 2007, 2008 and 2009 in India. But we do not have the traceability to tell whether the seed samples seized in Guntur belong to one of these GM cotton hybrids that had undergone field trials in Gujarat," K M V Prasad Reddy, additional director of DFTCM Lab (AP) says. However it's easy to establish through certain molecular tests its same event and gene that was tested or not, according to experts.

The problem of unauthorized GM cotton has got further aggravated this year with grey market players allegedly selling the unauthorized Round-up Ready Flex (RRFlex) GM seed to farmers in several parts of the country, including AP and Telangana, in a big way. This is the same GM cotton trait that Mahyco Monsanto, the Indian subsidiary of global seed company Monsanto, had withdrawn from seeking approval for commercial use in August, 2016 in an act of protest.

"We understand the sale of such seeds is happening in remote places of the state like, for example, Asifabad region, Mahadevpur region, Kamalapur to Kothagudem etc by agents who are not even having seed license. The farmers are getting attracted to purchase such seeds since they are available at very low prices at Rs 400-450 per packet and also due to the fact that cultivation of such varieties enables them to use broad spectrum herbicides based on glyphosate to control weeds thereby reducing the efforts and costs in weed maintenance," Hyderabad-based Seedsmen Association has informed Telangana government in a recent letter while seeking close monitoring and sampling of the sale of such seeds for testing for unapproved GM traits.

In its letter the association also proposed to work within Indian IPR laws in collaboration of state agriculture university to obtain GEAC approval for various new GM traits available in the farmers' fields to develop new cotton hybrids and varieties. This was suggested to remove grey market operators and make approved traits and hybrids available to farmers so that quality regulation of seeds doesn't go out of hand thereby benefiting farmers, according to Seedsmen Association president A S N Reddy.

Source: business-standard.com - July 25, 2017

HOME

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