TEXTILE INTELLIGENCE CENTRE
iBtex.
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 89 of 2018 May 02, 2018

USD 66.79| EUR 80.11 | GBP 90.83 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19505	40800	**78.05**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
20790	43488	**83.19**

International Futures Price

NY ICE USD Cents/lb (July 2018)	84.48
ZCE Cotton: Yuan/MT (May 2018)	14,895
ZCE Cotton: USD Cents/lb	**90.63**
Cotlook A Index – Physical	**90.7**

Cotton guide: 1st May was a holiday (Labor Day) in many countries and not in the US. The cotton market has been very slow in last few weeks though having no effect from the holiday.

The April ended the cotton with a net gain of 2.90% from the previous month.

On Tuesday the ICE cotton for July ended marginally positive by 0.80% at 84.48 cents per pound. There are no major triggers in the market hence the aggregate trading volumes are steady around 20K contract at ICE and the open interest are also making no major change.

The minimal gains that is being seen on the price since past one week or so is majorly due to strong demand of US fiber and an expanding drought type condition in Texas.

As of 29th of April sowing of cotton in US is around 2% lower than the previous year same period reported by USDA. Although there is expectation that few light showers toward end of this week and the moisture will miss most main growing areas. More to continue…access our report.

Currency Guide:

Indian rupee trades little changed near 66.68 levels against the US dollar. Indian markets have reopened after four day holidays.

The US dollar remains supported by higher yields, optimism about US economy and expectations of faster rate hikes by Fed. Also weighing on rupee are concerns about impact of higher crude oil price on trade deficit and inflation.

Higher US yields have also fuelled concerns about investor outflows. Rupee has fallen sharply in last few days and we could see some choppiness unless fresh factors emerge but overall bias remains weak given the general strength in US dollar. USD INR may trade in a range of 66.5-66.9 and bias may be on the upside.

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

NEWS CLIPPINGS

No	Topics
	INTERNATIONAL NEWS
1	China's once-booming textile and clothing industry faces tough times
2	China, India Could Become Key Drivers of Global Demand
3	Indonesia hopes to triple textile exports
4	Amazon Struggles With European Apparel, Footwear Sales
5	Chinese garment firm helps promote "Made in Rwanda"
6	Switzerland: E-commerce helps MSMEs become competitive: Report
7	Vietnam enjoys trade surplus of 3.1 billion USD as of mid-April
8	Pakistan: High production cost: Lacking competitiveness, Faisalabad's weaving industry collapsing
9	Drop in customs revenue from garment imports worries Nepal
10	Highest tariff by Bangladesh to the US market
11	Cambodia gets GSP renewed
12	Pakistan: Textile sector, apparel market may suffer in Pakistan for long term
13	Japan shows interest in Indonesia's textile sector
	NATIONAL NEWS
1	India must focus on manufacturing turnaround at RCEP talks in Singapore
2	Double whammy! GST rollout: Surat textile units claim loss of 4 lakh jobs
3	GST revenue collection grows; exceeds Rs 1 trillion mark in April
4	Maharashtra to release Rs 1,100 crore to farmers for crop damage in pest attack
5	Arunachal seeks textiles industry
6	Centre seeks states' cooperation for textiles sector growth
7	Amul-like cooperative model advocated for cotton farming sector
8	Have fresh jobs really been created?
9	In Panipat, the world's 'castoff capital', business hangs by a thread
10	AD duty on Chinese flax yarn may harm domestic industry
11	Act East Policy: A boom or doom for local traders?
12	Labour pains: Not pushing labour reforms a mistake, but still not too late
13	India's Gujarat to set up 12 sheds for apparel units

INTERNATIONAL NEWS

China's once-booming textile and clothing industry faces tough times

At the bustling Canton Fair in southern China, second-generation textile manufacturer Pan Jing has drastically marked down her prices.

The sign at her booth says it all: "Stock very cheap, factory for sale ... stock clearance."

It wasn't an easy decision for Pan's family to sell the 32-year-old cotton mill started by her father in 1986, a time when China was emerging as the global centre for textile and clothing production.

For years, they have been making household cotton products – from pot holders and oven mitts to dishcloths and towels – and exporting them to the United States and Europe.

More recently they tried to upgrade their product lines at the 40,000 sq m factory in the southern Guangxi region, adding recycled cotton shopping bags and pillows in the shape of emojis in a bid to bring in more customers.

But rising labor costs and slow growth in overseas demand left Pan with no choice but to sell the business to a bigger textile manufacturer with a domestic focus, in the hope that new capital can keep it afloat.

"I don't see a future in continuing to sell these low-value goods," said Pan, who has been attending the Guangzhou fair for over a decade. The trade fair, which runs until May 5, is the country's oldest and biggest export-oriented event.

China's textile and apparel makers are going through a painful industrial restructuring. While the country is still the world's largest clothing exporter with enormous production capacity, oversupply at home, high labour costs, and rising global protectionism have all eroded its competitiveness.

Pan's company brochures for the trade fair over the years reflect the changes in the industry.

Six years ago, the tag line was "To be proud of Made-in-China", while last year's was "Low-carbon and environmentally friendly cyclical development". This year they just had a flier made to advertise the stock clearance.

China's market share by value in the global textile and clothing industry fell from 38.6 per cent in 2015 to 35.8 per cent in 2016, with a downward trend in major apparel importing regions such as the US, European Union and Japan.

Since 2014, exports of Chinese textiles and clothing have declined sharply from about US$236 billion in 2014 to US$206 billion in 2016, according to the World Trade Organisation.

Chinese customs data showed exports of clothes and accessories fell by 0.4 per cent last year from 2016, while textiles exports saw annual growth of 4.5 per cent last year.

Meanwhile, labour costs in China have been rising steadily. The minimum wage in the southern boomtown of Shenzhen is now about US$336 per month – more than double the rate in some Southeast Asian countries.

Hit by the industry restructuring, some of the big clothing brands have struggled to make a profit and secure finance. Revenues have been sliding at Fuguiniao, a Hong Kong-listed menswear and shoe manufacturer based in Fujian province, since 2015. The company had a net loss of 10 million yuan (US$1.57 million) in the first half of last year, a bond default this year, and it has racked up debts of at least 3 billion yuan.

Although analysts say Chinese textile and clothing makers are at low risk from the looming trade war between China and the US, given that they export so little to America compared to other sectors, US brands are starting to diversify their sourcing.

A survey of 34 executives from leading US fashion companies last year found that, for the first time, fewer US brands were looking to China for products, even though the country remains the top sourcing destination for the industry worldwide.

"US fashion companies are not 'putting all their eggs in one basket', and the most common sourcing model is shifting from 'China plus many' to 'China plus Vietnam plus many,'" according to the US Fashion Industry Association, which conducted the survey.

For many US brands, a third of their products now come from China, a third from Vietnam, and the rest is from other countries, the survey found.

But Sheng Lu, assistant professor of fashion and apparel studies at the University of Delaware, said "made in China" products were not losing their price competitiveness because of the overall supply chain efficiency.

"It is also important to recognise that China is playing an increasingly important role as a textile supplier for apparel exporting countries in Asia," Sheng said.

According to Sheng's research, Bangladesh's textile imports from China, measured by value, rose from 39 per cent in 2005 to 47 per cent in 2015, and similar trends could be seen in Cambodia, Vietnam, Malaysia and other developing countries in Asia.

"A meaningful indicator to watch in the future is the value of "made in China" goods within other Asian countries' clothing exports to the world," he said.

Source: cnbc.com- Apr 30, 2018

HOME

****

China, India Could Become Key Drivers of Global Demand

Trust is an economic variable sounded like an echo swirling around Wuhan's East Lake in China as President Xi Jinping was hosting last Friday and Saturday Indian Prime Minister Narendra Modi for an "informal", "heart-to-heart" summit.

References to the two countries' cultures and civilizations, and metaphors about the sacred Yangtze and Ganges rivers, were abundantly used to underscore the importance of trust and mutual understanding for the strategic partnership of Asian neighbors who account for 35% of humanity and a quarter of the world economy, CNBC reported.

That exalted talk may have been the proper mood music for the occasion, but an economic technician could have thought how simple and easy it would be for the two countries to solve one of their key bilateral issues. For example, India's relatively small $40 billion savings-investment gap could be easily closed by China's $165 billion of excess savings looking for foreign portfolio and direct investments.

Opt for a Win-Win Deal

Risks are plentiful along an unresolved Sino-Indian land border that stretches more than 2,000 miles. There is also a China-financed $50 billion Pakistani economic corridor passing through the contested part of Kashmir. Beijing is viewed with suspicion for its intrusions into India's traditional spheres of influence (Sri Lanka, Bangladesh, Nepal and the Maldives), while China apparently believes India is a geopolitical swing state.

Those were some of the key topics Xi and Modi discussed last week in an attempt to establish a stable and predictable bilateral relationship that would support a world order based on globalization, multilateralism and peaceful coexistence.

That might be a big challenge, though. India's fiscal policy looks a bit stretched with a consolidated public sector budget deficit of about 6% of GDP, and the gross public debt of 69% of GDP. The same is true of the monetary policy, where the real short-term interest rate of 1.7% is too low for this phase of the business cycle.

Such an expansionary policy mix is likely to pose problems at a time when the consumer and wholesale prices are projected to accelerate considerably in the months ahead.

China Should Recycle Trade Surplus to India

The strong consumer-led domestic demand will also widen India's trade gap—one of the key issues discussed with China during the Wuhan summit.

On current evidence, that's happening already. In the course of the first quarter of this year, India's merchandise trade deficit shot up 8%. During all of last year, the deficit on goods and services trade (the current account) more than tripled.

China, India's largest trade partner, can definitely help with all that by buying more from India to cut down last year's trade surplus of $51.7 billion, which was an increase of 8.5% from 2016.

China is doing some of that. India's exports to China last year increased 39.1% to $16.3 billion. But there is still a long way to go because China takes only about 4% of India's exports, while, incredibly, the European Union remains Delhi's main export market, absorbing nearly 20% of Indian sales abroad.

Diamonds, copper, iron ore, organic chemicals and cotton yarn have been among India's bestsellers to China. Delhi could also try to sell software and other IT products. Tourism is another potentially hot-selling product of India's vast hospitality industry. At the moment, India says it is getting only 1% of some 150 million Chinese traveling overseas.

India may also wish to join China's Belt and Road infrastructure projects.

And then there are those 35,000 kilometers of highways and rail lines India wants to build over the next five years. Some India analysts are apparently wondering how to finance all that at an estimated cost equivalent to 3.4% of GDP.

That should be easy because the cost is just a little more than what China takes as a one-year trade surplus with India. So, China can recycle that money back to India to build modern infrastructure that would set the foundation for India's sustainable, faster and balanced growth.

Indeed, China trade should not be a drag on India's economic growth. It should be a golden opportunity to solve India's key problems of social welfare and a means of stopping and reversing the growth of the country's net international liabilities amounting to $430 billion at the end of 2017.

A broader question is that $84.4 billion in Sino-Indian bilateral trade last year is much too low. That number does not reflect the potential of an economic engagement of countries with a combined population of about 2.7 billion.

Investment Thoughts

There have been many false starts to establish stronger and more confident ties between China and India. The summit last week seems to have been different because the international context and the bilateral conditions were conducive to a strategic rapprochement of leaders who realize that there are no alternatives to cooperation.

China and India are now also bound by closer relations within the Shanghai Cooperation Organization—a political, economic and security institution whose membership includes Russia, Pakistan and a number of smaller post-Soviet Central Asian countries. The Xi-Modi meeting last week can be considered as a preparation for the June SCO summit in the Chinese city of Qingdao.

Trust and mutual understanding among nation states are fragile and elusive concepts. It seems, however, that Beijing and Delhi have decided to try that—after they explored other options. It seems the stage is set for a new Sino-Indian chapter of the world economy.

Source: financialtribune.com- May 01, 2018

HOME

****

Indonesia hopes to triple textile exports

Indonesia hopes to triple textile and textile product exports in the next five years.

If this happens, this sector will be Indonesia's largest non-oil export contributor and create jobs for six million people.

Indonesia's exports in 2017 went up six per cent compared to exports in 2016. Apparel exports rose from 7.21 billion dollars in 2016 to 7.93 billion dollars last year, while textile exports stagnated at 4.66 billion dollars.

In 2016, apparel exports from this southeast Asian nation decreased 3.2 per cent due to several challenges including high logistics costs and gas and power tariffs being higher than other competitor countries.

At present, the US is the largest clothing importer from Indonesia. If the country were to lobby with the US to expand its Generalised System of Preferences to include more Indonesian apparel and accessories, this would facilitate the entry of more Indonesian products into the US at lower tariffs.

A small 0.62 per cent year on year growth was detected in Indonesia's textile exports in the first half of 2017. This modest growth was supported by a 20.4 per cent year on year rise in knitwear exports.

Indonesia is one of the world's largest textile manufacturers and exporters (although trailing far behind China).

Source: fashionatingworld.com- Apr 30, 2018

HOME

****

Amazon Struggles With European Apparel, Footwear Sales

Amazon is having a tough go of it in Europe, even though it has been in the region for twenty years.

According to a report in The Wall Street Journal, Amazon is still struggling in Europe to gain traction hawking shoes and apparel. According to retail executives and analysts, the reason for Amazon's struggles in Europe is that it lacks top fashion, doesn't have a website that is optimized to browse for clothes and is operating in a market that is fragmented with fierce competition.

In the U.S., Amazon has close to 50 percent market share of online sales, reported The Wall Street Journal, citing Euromonitor International data. It controls 35 percent of the U.S. market for apparel and footwear and is in the first place position.

In Western Europe, however, it has a market share of 22 percent overall but just 8 percent market share in footwear and apparel. To boost that, the paper noted, Amazon is expanding its offering and is encouraging merchants in the U.S. to ship internationally. It also launched three clothing brands in Europe, noted the report.

While Amazon doesn't break out sales, in Europe last year its overall international business sales were $54.3 billion, which was up 23 percent year over year. It had an operating loss of $3.06 billion, reported the WSJ. To combat Amazon in Europe, European players have added more fashion brands via partnerships in which the brands are provided with more data on the shoppers.

"Major fashion players in Europe, of course, don't want to underestimate the threat of Amazon, because Amazon seems to be able to do anything," Marguerite Le Rolland, a Euromonitor analyst, said in the report. "However, our clients still feel relatively safe. They feel [Amazon] hasn't convinced consumers yet on its fashion credentials."

When it comes to hawking fashion the aesthetics of a website are important — and this is an area where European retail executives said Amazon is falling short. They likened Amazon to online department stores that don't offer much control over how the brand is presented.

Other fashion-focused apparel sites are designed to give brands more control over the presentation, and as a result have a more sleek look and feel that is attractive to European consumers.

The paper noted that U.S. brands have also complained about the presentation on Amazon, but that hasn't stopped brands such as Nike from selling products directly on the Amazon website.

Source: pymnts.com- May 01, 2018

HOME

****

Chinese garment firm helps promote "Made in Rwanda"

On a Friday morning, a 1,500-square-meter workshop in Rwanda's Kigali Special Economic Zone was busy churning out different styles of clothes.

About 400 Rwandan workers of C&H Garments Ltd were cutting fabric, operating sewing machines or checking finished products, some of whom wearing uniforms with a mark that reads "Made in Rwanda."

Uniforms of the Rwandan military, police, immigration department and schools are made in this Chinese-owned factory, located in Rwanda's capital Kigali. Besides the uniforms, it also produces safety warning clothes and African style fashion clothes.

As the Rwandan government seeks to encourage domestic production of certain goods currently imported and promote export diversification through a "Made in Rwanda" campaign, C&H has contributed to Rwanda's local production.

As orders increase, the workshop established in 2015 cannot meet demands so that C&H set up a new workshop in 2017 close to the first one, said Anna An, factory manager.

Currently, C&H has 1,200 workers in Rwanda, all of whom are Rwandan, said An.

The company's first workshop has five production lines and the new workshop is planning to increase to 16, said An, adding that one production line presently has capacity of producing over 1,000 pieces of clothes per day.

According to her, 20 percent of clothes made by the factory are sold in Rwanda while 80 percent are sold to Europe and the United States.

In the factory, Rwandan workers were working independently. "All the workers of C&H knew nothing about garment making, but now they can make clothes by themselves after being trained by the factory," said An.

At the beginning of its establishment in Rwanda, C&H bought over 10 containers of cloth to train Rwandan workers who didn't have any knowledge on garment making, An explained.

Our workers now are able to make all styles of clothes except the formal suit, one of the most difficult styles to be made, she said. Group leaders of the workers have the ability to design production processes, plan production procedure and arrange manpower, she added.

Besides training workers, the company also has been teaching 36 Rwandans to learn embroidery for two years, she said.

In January, a market manager of the factory resigned and established his own garment factory. C&H introduced its technicians to work in his factory.

"Our purpose of coming here is to train locals and help them. Since he wants do his own business, we can give him some support," she said.

"When I came here, I don't know anything about this (garment making), that's why I decide to work hard. Madam Anna is a good teacher and told me everything. she also motivates me," said Ericson Ndagijimana, human resources manager of C&H.

"Now I know everything about this factory," said Ndagijimana, who joined C&H in 2015 after graduating from a technical school.

Before becoming a member of the top management of the factory, he took roles of helper, recorder and production controller successively.

"This factory is very important to Rwanda... no one knew this (kind of garment making) before. This is a modern way in Rwanda, which is new," he said.

With an aim of helping Rwanda promote "Made in Rwanda", "we have so many styles that we are producing for Rwandans...we teach Rwandans to be confident that they can make and produce garments," he said.

Production manager Valens Muvara also didn't know garment making before joining in the company in 2015. He was jobless, but now "controls production per day, check everywhere in the factory, and arrange jobs for day."

"We have confidence that C&H will become 'Made in Rwanda' as our country needs," he said.

However, C&H is currently experiencing some difficulties, but An believes that the company can overcome them.

Potential withdrawal of the African Growth and Opportunity Act (AGOA) benefits from Rwanda has affected C&H's business, said An. "Many U.S. companies has stopped giving us orders," she said.

U.S. President Donald Trump in March said he will suspend the application of duty-free treatment to all the AGOA-eligible goods in the apparel sector for Rwanda in 60 days.

This follows a decision by East African countries to raise tariffs on second-hand clothing imports, in order to promote local manufacturing capacity in garment and other industries.

The relatively high transportation cost in a landlocked country has influence on the business, she added.

"We are still providing our workers with free lunch... We have now trying to get orders from Rwanda and Europe, we believe that we can overcome the difficulties by attracting more orders from Rwanda and other areas," An said.

Source: xinhuanet.com - May 01, 2018

HOME

****

Switzerland: E-commerce helps MSMEs become competitive: Report

Cross-border e-commerce increasingly helps micro, small and medium-sized enterprises (MSMEs) to become more competitive in international markets, says a recent report. For companies to realise that potential, they need more and better market intelligence on e-commerce. The report suggests that e-commerce tends to focus on higher value-added products.

A new publication from the International Trade Centre (ITC) and AliResearch, What Sells in E-commerce: New Evidence from Asian LDCs, uses market data from Alibaba.com, the world's largest online business-to-business (B2B) marketplace.

It gauges demand trends by identifying which products from five Asian least developed countries – Bangladesh, Cambodia, Lao People's Democratic Republic, Myanmar and Nepal – are attracting the most purchase inquiries from abroad.

E-commerce helps countries to diversify their export base, says the report. Apparel and clothing account for around 86 per cent of Bangladesh's total exports, but only 47 per cent of online demand. MSMEs are increasingly using e-commerce to export. According to data extracted from Alibaba.com, the number of sellers from the five Asian least developed countries grew by more 30 per cent annually in the past two years.

Data also shows changes in the competitiveness of a variety of sectors. For example, demand for textiles and leather products from Lao People's Democratic Republic increased rapidly in the past two years, suggesting a rapid increase in business competitiveness.

'What Sells in E-commerce: New Evidence from Asian LDCs' is ITC's first publication using proprietary e-commerce data to provide market intelligence for MSMEs to identify demand for their products in international markets.

Source: fibre2fashion.com- Apr 28, 2018

HOME

****

Vietnam enjoys trade surplus of 3.1 billion USD as of mid-April

Vietnam recorded a trade surplus of 3.1 billion USD as of April 15, 2018, according to the latest statistics of the General Department of Vietnam Customs.

The country's total import-export turnover rose 17 percent to 125.7 billion USD. Of the figure, 64.4 billion USD came from exports, a year-on-year rise of 22.8 percent.

Vietnam's major export staples include mobile phones and components, garments-textiles, computers and electronic components, machines and equipment, footwear, transport vehicles and accessories, timber and wooden products, aquatic products, coffee, and iron and steel.

As of mid-April, foreign direct investment (FDI) businesses posted a trade surplus of 9.4 billion USD.

FDI firms raked in 45.9 billion USD from exports, up 24.3 percent against the same period last year, making up 71.3 percent of the nation's total export turnover.

Meanwhile, FDI enterprises imported 36.5 billion USD worth of goods.

Vietnam's export-import turnover hit 400 billion USD in 2017, representing a fourfold increase in ten years.

The country first achieved 100 billion USD in foreign trade value in 2007, the year it joined the World Trade Organisation (WTO). The figure rose to 200 billion USD in 2011, and 300 billion USD in 2015.

According to the WTO, in 2006, Vietnam's total export and import turnover ranked 50th and 44th in the world. In 2015, the nation jumped 23 and 16 steps, occupying 27th and 28th positions, respectively.

At present, Vietnam has 30 export groups with an annual turnover of at least 1 billion each, including textiles, leather, footwear, coal and crude oil.

Vietnam has trade relations with more than 200 countries and territories around the world, gradually moving import-export markets from Asia to Europe and America.

Source: vietnamnews.vn- Apr 26, 2018

HOME

****

Pakistan: High production cost: Lacking competitiveness, Faisalabad's weaving industry collapsing

As textile exports start picking up gradually, the weaving sector of Faisalabad has not yet recovered from the deep wounds inflicted by the high cost of doing business in the wake of scores of taxes imposed over the five-year tenure of the current government.

Weaving industrial units are still closing in Pakistan's third largest city – Faisalabad – with the industry hoping that the government will provide some remedy, say industry stakeholders.

These grey fabric manufacturers, who run small and medium-sized units, have been working on very thin margins. However, power looms are collapsing rapidly now as millers are compelled to sell their machinery to scrap dealers.

Machinery belonging to approximately 50,000 power looms had been sold to scrap dealers to avoid further losses, claimed industrialists. Thousands of workers had become jobless because of the high cost of production, they said.

A weaving factory owner, Kamran Khalid, told The Express Tribune that the Pakistan Muslim League-Nawaz (PML-N) government was destroying the weaving sector.

"Once there was a time the sector had got bulk of the orders and grey fabric also had a great demand in the international market, but the situation has changed altogether," he said.

"Now the sector is not even able to compete in the domestic market because imported grey fabric, which is cheaper than Pakistani fabric, has taken its place because of the high cost of doing business here."

The industrialists associated with the weaving sector have demanded relief measures, particularly the removal of surcharges from electricity bills, to prop up the collapsing industrial units.

They called on the government to withdraw the additional Rs2.4 per unit worth of surcharges, including the tariff rationalisation surcharge, financing cost surcharge and Neelum-Jhelum surcharge, from electricity bills.

The government has also imposed anti-dumping duty on cotton and yarn imports that has jacked up the production cost.

Domestically produced cotton and yarn is expensive than imports. On the other hand, smuggled fabric is freely available in the market.

In the budget announced on Friday last week for fiscal year 2018-19, the government announced some soothing measures for the textile industry.

It promised the release of billions of rupees worth of tax refund claims over the next 12 months and kept in place the zero-rated sales tax regime for five major export industries.

It also maintained the reduced mark-up under the long-term financing and export refinance facilities.

Council of Loom Owners Association Chairman Waheed Khaliq Ramay suggested that the government should frame such policies that could support domestic industries. He called financial year 2017-18 worst for the weaving industry.

He emphasised that textile weavers were running small and medium-sized industrial units that could not afford big losses.

Ramay revealed that power looms were being sold in Faisalabad at Rs40 per kilogramme to scrap dealers.

“There is nobody that can buy a loss-laden running factory; loom owners have sunk and are declaring bankruptcy as they are unable to repay loans,” he said.

He pointed out that they had raised the issue and held protest to draw attention of the government towards the apathy of power loom owners, but nobody paid any heed.

Citing an example, Ramay said in every country the government would support the domestic manufacturers by setting low electricity and gas prices, maintaining a balance between imports and exports and keeping the production cost low.

However, the Ministry of Commerce claimed that exports had started picking up pace as they rose 24.2% – a four-year high – in March. It voiced hope that the trend would continue in coming months which would provide a sigh of relief for the industrialists.

Source: tribune.com.pk- May 02, 2018

HOME

****

Drop in customs revenue from garment imports worries Nepal

The drop in customs revenue from import of readymade garments (RMG) and its raw materials in the first eight months of the current fiscal, which ends on July 15, is a major concern for government officials in Nepal, which has set an overall revenue growth target of 25 per cent in 2017-18. Revenue from import of RMG fell by 10 per cent to Rs 1.69 billion.

From July 15 last year to February 15 this year, garment imports increased by a whopping 91 per cent to Rs 11.44 billion over figures during the same period of the last fiscal. However, its imports saw a sharp fall in the eighth month of the current fiscal to Rs 1.2 billion from Rs 2.3 billion in the seventh month, according to a Nepalese newspaper report.

Officials believe many traders might have stopped ordering garments after finance minister Yuba Raj Khatiwada announced in February curbing under-invoicing at the customs points.

Investigation is under way into the reasons behind the significant drop in revenue and security agencies have beefed up inspection at border points and nearby areas to curb smuggling of goods from India.

With below-target revenue collection, the government has been forced to continue internal borrowing to arrange funds for its spending, said the report.

Source: fibre2fashion.com- May 02, 2018

HOME

****

Highest tariff by Bangladesh to the US market

As per Pew Research Center study, Bangladesh, Cambodia, Sri Lanka, Pakistan, Vietnam, and other such nations pay highest import duties in the US market, due to their substantial trade in clothing and footwear.

Amongst them Bangladesh paid the highest tariff of 15.2 per cent of the value of its shipments. In 2017, Bangladesh's exports to the US totaled $5.7 billion; 95 per cent of these included clothes, shoes, headgear, and related items.

As the US is Bangladesh's single largest export destination, about 20 per cent of country's export receipts come from the US. ITC database shows, the reason for such high tariffs is protectionism.

The average American tariff for knitwear or crocheted clothing is 18.7 per cent and 15.8 per cent for non-knitted clothing, the two highest average rates out of 98 broad import categories.

Footwear is close behind with the average tariff rate of 11.9 per cent.

Source: fashionatingworld.com- May 02, 2018

HOME

****

Cambodia gets GSP renewed

The US has renewed GSP for Cambodia.This allows Cambodian exporters access to duty-free privileges.

The renewal is retroactive, allowing exporters from beneficiary nations to claim refunds for transactions made after the GSP scheme expired last year. Eligible GSP merchandise entering the US between December 31, 2017, and the effective date of the extension, April 22, will be eligible for refunds of duty.

However, refunds will not be automatic. The law stipulates that importers need to file a refund request.

Cambodia is one of 120 nations included in the US's GSP program, which was established in 1974 with the aim of promoting economic growth in the developing world.

Cambodia feels the program needs to be extended to products like garments and footwear following improvements in working conditions and the protection of labor rights made in recent years.

In July last year, the US granted duty-free benefits to Cambodian travel goods, including suitcases, backpacks, handbags and wallets.

Cambodia's exports of travel goods increased from 53 million dollars in 2015 to 100 million dollars in 2016.

The country expects purchasing orders in the garment sector in 2018 to be higher than in 2017.

Foreign purchasers appear to be satisfied with what Cambodia has achieved when it comes to worker welfare. There is now a stable environment, a good relation between players in the industry.

Source: fashionatingworld.com- Apr 30, 2018

HOME

****

Pakistan: Textile sector, apparel market may suffer in Pakistan for long term

Roubina Ather, Member, National Tariff, has said that Pakistan should not be over-concerned on the on-going global trade war mainly between China and the US, Pakistan is not so much integrated in the global value chain and international market.

Ms Roubina was speaking at a special seminar on “Where does Pakistan stand in global trade war?’ organised here by Sustainable Development Policy Institute (SDPI). Ms Roubina said that protectionism is the real threat in any trade war which in turn shrinks the global trade volume. She said that if the trade war goes further, our textile sector and the apparel market may suffer in the long term. She asked Foreign Office to play its role to handle the existing geo-political situation and economic challenges.

Dr Vaqar Ahmed, Joint Executive Director, SDPI, said that the on-going trade war between China and the US may cause a rise in the cost of production and raw material in developing countries which in turn could bring about inflation and threaten the global economic recovery. He said that as trade declines and output falls, it may result in lower wages and unemployment.

For a developing country's diaspora working in US, this could have negative implications. Unfortunately, the trade wars are taking place at a time when global investors are also nervous regarding the post-Brexit UK and EU trade negotiations. In the short run, it is expected that trade between UK and its trading partners could decline, he added.

Dr Vaqar said that the other advanced economies can also step up protectionism and start making foreign imports more expensive through tariffs, para-tariffs and non-tariff barriers. He said this will hurt the decade-long efforts of trying to revive a more liberal trade regime and save multilateralism.

He said that Pakistan is an importer of iron, steel and aluminium from China and US, the trade war maybe a good omen if both economic giants end up having an abundant supply glut in turn brining global prices of metals down.

He advised the public and private sector stakeholders to evaluate which commodities may face short term shortage due to hike in tariffs on Chinese goods and if some such goods can be supplied to the US by Pakistan.

Source: dailytimes.com.pk- Apr 30, 2018

HOME

****

Japan shows interest in Indonesia's textile sector

Japan textile industry have expressed willingness to invest for a number of unique fabrics of their innovation to Indonesia.

Director General of Small and Medium Industries (IKM) of Ministry of Industry, Gati Wibawanings says that several Japanese textile industries have come to him and expressed his desire to invest in Indonesian sector.

He further added that a message from a Japanese company from Usawa was received that expressed their desire to build a cotton textile industry with silk quality.

They claim to want to produce fiber (fiber), yarn as well as fabric made from cotton. The technology they found with merebushancurkan cotton was able to produce fiber and yarn and even fabric with silk-like quality when made from cotton.

Usawa company representatives view Indonesia as very suitable for cotton plants because it only has 2 seasons. At present they are ready to build the innovative textile industry to Indonesia.

Gati mentioned that, other companies interested in developing fabric / textiles made from hemp. They are planting hemp on 2 hectares of land in Malang, and if successful, they declare will build fabric fabrics factory in Indonesia.

Source: fashionatingworld.com - Apr 30, 2018

HOME

****

NATIONAL NEWS

India must focus on manufacturing turnaround at RCEP talks in Singapore

Successive governments have failed to make agriculture and manufacturing competitive

For much of the first week of May, countries engaged in the negotiations for formalizing the Regional Comprehensive Economic Partnership (RCEP) will meet in Singapore for their 22nd round of negotiations. The Singapore meeting is significant, for several participants in RCEP are keen to wrap up the negotiations quickly, especially since the negotiations have gone well beyond the original deadline of end-2015.

In the recent weeks, Japan, Korea and China concluded their trilateral meeting on trade, with a message to recognize the importance of deepening regional economic cooperation and to realize the trade and investment liberalization and facilitation in East Asia through RCEP.

China seems to be particularly intent in pushing RCEP towards its conclusion; perhaps President Trump's recent warming towards the Trans-Pacific Partnership (TPP) is acting as a trigger for China to make that extra effort in RCEP and to its imprint on the mega-regional alliance.

India is the only major economy seemingly distant from this talk of getting RCEP over the line. A reluctant participant from the very beginning, India finds that its own interests are almost entirely at a variance with that of the principal proponents of RCEP. India drew its own divergent line in the tariff negotiations, when most countries spoke of undertaking trade liberalization in both agricultural and industrial products.

India's major concern was the presence of China, and was therefore reluctant to offer lower tariffs on too many goods to its northern neighbour. The concern was not without basis: even without preferential tariffs, India's imports from China had increased nearly 11-fold (from $7.1 billion to $76.2 billion) between 2004-05 and 2017-18. During the same period, increase in India's exports to China was relatively modest, from $5.6 billion to $13.3 billion, resulting in steep increase in trade deficit vis-à-vis China, from $1.5 billion to $63 billion.

Adding to this is India's none-too-happy experience implementing the three FTAs with Asean, Japan and Korea. India had agreed to eliminate tariffs on about 80% of its products in each of these agreements and the outcome was quite similar—consistently rising trade deficits. The implementation of these agreements shows that while India lowered its tariffs to allow easier market access to its partner countries, Indian entities were unable to secure enhanced market access using the lower tariffs offered by the FTA partners.

An official endorsement of the lack of gains from the FTAs with Asean, Japan and Korea came from the former foreign secretary S. Jaishankar, who had submitted before the Department-Related Parliamentary Standing Committee on Commerce that "a lot of our agreements have not served as well as they could have". Ambassador Jaishankar had sounded a note of caution "about the manner in which such arrangements (FTAs) work out in respect of our imports as well as on our efforts to increase the share of manufacturing sector in our economy".

This assessment was entirely correct as successive governments have failed to make agriculture and manufacturing competitive. Since mid-2000s, each government undertook for reviving the manufacturing sector, starting with the National Manufacturing Strategy (2006), National Manufacturing Policy (2011), Make in India (2014) and the proposed industrial policy, but India's manufacturing sector has, by and large, been unable to measure up to global competition.

One way of looking at the state of the manufacturing sector is to analyse the trends in the manufacturing balance of trade. In 1991, there was a deficit of $3.4 billion, which remained below $10 billion until 2003. But once tariffs began to drop rapidly, the weaknesses of the individual sectors were crudely exposed. In 2016, the deficit had increased to nearly $80 billion. What is particularly disconcerting is that among the large manufacturing sectors, only four registered trade surpluses in 2016, namely, pharmaceuticals, textile and clothing, iron and steel products and automobiles.

However, each of these industries has its own problems. Pharmaceutical industry depends on imported bulk drugs; textiles and clothing faces challenges in a subsidy-free environment as export subsidies have been challenged in the World Trade Organization (WTO); and iron and steel industry has been struggling of late.

The automobile industry has been among the largest exporters, but it needs tariff protection to overcome its disadvantages, including several policy-induced ones, in order to be competitive. But RCEP negotiations, which are threatening to eliminate tariffs on 90-92% of the tariff lines, may pose existential challenges to sectors like the automobiles.

In 1997, India joined the Information Technology agreement of the WTO and eliminated tariffs on electronic goods, dealing a fatal blow to the fledgling domestic industry. Two decades later, the government should desist from walking down the same path, allowing RCEP to hollow out the manufacturing sector. What it should do instead is to negotiate the policy space that is imperative for supporting the turnaround of domestic manufacturing.

Source: livemint.com- May 01, 2018

HOME

****

Double whammy! GST rollout: Surat textile units claim loss of 4 lakh jobs

Post demonetisation and GST, about 30-35% workers have lost their jobs while the rest have seen erosion in their wages.

Glitches in implementation of the Goods and Services Tax (GST) have paralysed the once-booming Surat-based textile industry. The Federation of Surat Textile Traders Association (FOSTTA) claims that after the rollout of the new tax structure, over 4 lakh jobs have been lost with many of the textile units in the city running far below their installed capacity.

FOSTTA claims that daily production has declined from 4 crore metres a day to 2.5 crore metres. Moreover, the past 18 months have seen sales slump by about 30-40 % and payments getting delayed.

The city's textile industry provides employment to about 1.3 million workers. After demonetisation and GST, about 30-35% workers have lost their jobs while the rest have seen erosion of their wages.

"Two major changes — demonetisation and GST — have affected the textile trade in Surat and as a result production has fallen by nearly 40%," said Champalal Bothra, secretary of FOSTTA.

In view of the grim scenario, the association had recently written to Union textile minister Smriti Irani, apprising her about the crisis and urged government intervention and support. According to FOSTTA, textile and affiliated industries like power looms, embroidery and artisans have been losing jobs.

FOSTTA president Manoj Agarwal said, "Most of the textile and associated industrial units are small and unorganised. They are not able to understand and implement the complex structure of the new tax and this has led to many problems like fall in production and demand.

Local artisans of embroidery have lost their jobs as they do not have enough work. Similarly, labourers in textile units are leaving to their home states for the same reasons ."

After GST, exports have decreased sharply from Surat. As the exporters have not received refund in time, several export orders have been canceled. Textile traders are also facing working capital shortage due to delay in payment from exporters and domestic buyers. FOSTTA estimates that exports have fallen by 60% post GST.

Rajesh Agrawal, director of Geeta Polyfab, said, "Export orders are constantly declining due to refund issue and this has directly affected the Surat textile industry. Most of the units are working on single shift in current season time."

"The crisis in Surat textile units will worsen if corrective actions are not taken by the government," warns Agarwal.

Source: financialexpress.com- May 01, 2018

HOME

****

GST revenue collection grows; exceeds Rs 1 trillion mark in April

A total of 6.047 million GSTR 3B returns were filed for the month of March, as on April 30, as against 8.712 million

The Centre on Tuesday stated that the revenue collected towards Goods and Services Tax (GST) for the month of April 2018, surpassed the Rs trillion mark.

According to the Ministry of Finance, the total gross GST revenue collected in the month of April stood at Rs 1.03 trillion, consisting of Central GST (CGST) worth Rs 186 billion, State GST (SGST) of Rs 257 billion, Integrated GST (IGST) of Rs 505 billion (including 212 billion collected on imports) and cess of Rs 85.54 billion (including Rs 7.02 billion collected on imports).

Furthermore, the ministry noted that a total of 6.047 million GSTR 3B returns were filed for the month of March, as on April 30, as against 8.712 million, who are eligible to file returns for March, thus accounting for 69.5 per cent of the eligible proportion.

Meanwhile, out of 1.931 million composition dealers, the ministry said 1.147 million filed their quarterly return (GSTR 4) (59.40 per cent) and paid a total tax of Rs 5.79 billion, which is included in the aforementioned figure of total GST collected.

"The buoyancy in the tax revenue of GST reflects the upswing in the economy and better compliance.

However, it is usually noticed that in the last month of the financial year, people also try to pay arrears of some of the previous months. Therefore, this month's revenue cannot be taken as a trend for the future" the ministry clarified.

The department further noted that the Central and State Governments earned a total revenue of Rs 324.93 billion for CGST and Rs 402.57 billion for the SGST respectively, after settlement in the month of April.

Last week, the Finance Ministry said Rs.7.19 trillion was mobilised from the GST during the period of August 2017 to March 2018. This includes Rs 1.19 trillion of CGST, Rs 1.72 trillion of SGST, Rs 3.66 trillion of IGST, including Rs 1.73 trillion on exports, and Rs 620.21 billion of cess, including Rs 57.02 billion on imports.

Source: business-standard.com- May 01, 2018

HOME

****

Maharashtra to release Rs 1,100 crore to farmers for crop damage in pest attack

Under fire from the opposition over delay in financial aid to farmers for crops damaged by pests, the Maharashtra government is set to release Rs 1,100 crore for cultivators in the next few days, an official said.

Bijay Kumar, the principal secretary, agriculture, said today that a sum of Rs 1,100 crore will be released in the coming week to provide relief to the affected farmers.

The details will be announced soon as April 30 and May 1 are government holidays and banks would not be functioning on those days, he said.

"The state government has prepared a detailed list of the beneficiary farmers and their bank accounts. The money will be disbursed into their accounts only," a senior official from the state relief and rehabilitation department said.

As per the state government's primary survey, the pink bollworm and other pests last year affected cotton crop on 34 lakh hectares of land as against the total cultivation on 43 lakh hectares.

Many of the areas in eastern parts of Vidarbha were affected by other pests which damaged the rice and other kharif crops.

This prompted the government to increase its coverage of compensation.

Subsequently, on March 17, the state government made changes into its compensation policy and submitted a proposal of Rs 3,373 crore to the Centre, and is awaiting response.

"The state government, however, decided to go ahead and disburse its share in the financial assistance to farmers, instead of waiting for the Centre to release its contribution. The state is going to disburse Rs 1,100 crore to farmers," the relief and rehabilitation department official said.

The funds will be given to district collectors who will further transfer the amount into the accounts of farmers, he said.

The beneficiary farmers' land records, cultivation crop entries on revenue document and bank accounts will be verified before the transfer of funds, the official added.

Source: moneycontrol.com- Apr 29, 2018

HOME

****

Arunachal seeks textiles industry

Arunachal Pradesh Textiles Minister Tamiyo Tagahas urged the Centre to encourage textiles industry in the state, official sources said today.

Taga requested Union Textiles Minister Smriti Irani during a textiles ministers' meeting in New Delhi yesterday to set up hosiery and apparel manufacturing units in every district of Arunachal Pradesh

He also sought establishment of power looms, yarn dyeing processing units, raw material banks, silk spinning mills and crafts villages with modern wayside amenities in each district, besides a one-time grant of infrastructure development fund and a one-time fund for installment of improved technology inputs, an official release said here today.

Taga apprised Irani of the pending schemes in the textile ministry which are assured but not yet approved.

The Union Minister said that some schemes are drafted slowly due to new guidelines and rules but assured that all the schemes would be sanctioned soon, the release added.

Source: business-standard.com- Apr 27, 2018

HOME

****

Centre seeks states' cooperation for textiles sector growth

The Union government Thursday sought cooperation of the state governments for growth of the textile sector in the country.

Speaking in a meeting of State Textiles Ministers was held in New Delhi, Union Minister of Textiles and Information & Broadcasting Smriti Zubin Irani appealed to State Ministers and representatives to play a pivotal role in decision making for the growth of the textiles sector.

Underlining the need for all-round development of weavers and artisans, the Minister requested officials at the Centre and the States to ensure that the benefits of all Government of India schemes, like Ujjwala Yojana, Swachhta Abhiyan, reach the beneficiaries along with Textiles Ministry initiatives. She said that India Handloom Brand is a bridge between weavers, manufacturers and consumers, ensuring increased earnings for weavers and quality products for consumers.

The Minister urged everyone present at the meeting to encourage stakeholders to register their products with India Handloom Brand.

She also requested State Ministers to set targets and regularly review activities at Handloom and Handicraft clusters.

She emphasized the need for educating weavers and artisans and their families by encouraging them to enroll with NIOS and IGNOU through initiatives taken by the Ministry of Textiles. The meeting was held for taking comprehensive view on the schemes of the Centre for handloom and handicraft sectors.

Source: smetimes.in- Apr 27, 2018

HOME

****

Amul-like cooperative model advocated for cotton farming sector

Taking inspiration from Amul, the most famous cooperative model in India, the textile industry wants to implement a similar model in cotton farming. Gujarat Chamber of Commerce and Industry (GCCI) and over-a-century-old Maskati Cloth Market Mahajan (MCMM) are preparing a detailed report on it to submit to the central government. Both the trade bodies will also discuss it with the cotton farmers of the state.

According to GCCI and MCMM, India is the second-largest cotton producing country in the world but as compared to China, Australia and the United States, yield in the country is too small. Cooperative model in cotton farming will not only help the farmers to increase their income but it will also be beneficial for the entire textile sector's value chain.

"We have discussed about Amul like cooperative model in cotton farming sector with the textile sector and taken an initiative to explore opportunities in it. We are working on this idea and will suggest the government to implement it. Most of the farmers in India are small and marginal, their combined efforts shall help the farmers and entire value chain of textile sector," said Shailesh Patwari, president of GCCI.

GCCI and MCMM are going to organise three-days 'Farm to Fashion — Indian Textile Global Summit' at Ahmedabad from May 4-6. In this summit, experts will educate the cotton farmers of Gujarat about cooperative model and convince them to join the effort.

Gaurang Bhagat, president of MCMM said, "This global summit will be a forward looking event with discussion on present scenario, strength and future outlook of the industry. Farmers are the key part of textile industry. It is first necessary to make them understand about cooperative model as it is for them. Our experts will educate cotton farmers and convince them to join the drive."

Both the trade bodies are preparing a white paper to give a roadmap of India's future textile scenario. This white paper will be submitted to the central government's textile department which is preparing new textile policy. According to GCCI and MCMM, at present, each state has a different textile policy which is not good for the industry.

"As each state has its own textile policy, long term investment is not possible by the textile industry. One nation one policy is needed for stable investment. We will suggest the government for common policy."

"To sustain the business and improve farm income, we need to focus on quality value addition in the country and for that it is required to streamline farming process. Use of modern technology in farming and manufacturing will help to improve the quality and reduce the costs by 30-40%," said Saurin Parikh, secretary, All Gujarat Gilding Association.

Over 300 buyers from across the country are going to participate in the global summit. Besides, it will also have the attendance of traders, manufacturers and government officials from United Kingdom, Belgium, Sri Lanka, Indonesia and Bangladesh.

Source: financialexpress.com- Apr 28, 2018

HOME

****

Have fresh jobs really been created?

Rising EPFO registrations may not mean new jobs as savings and consumption data do not reveal any sharp uptick

Data provided on new registrations with the EPFO are useful insofar as being one of the indicators on employment. At present, getting authentic data on jobs is difficult because of the amorphous concept of employment, especially in the non-organised sector. In the corporate sector employment numbers are provided in annual reports.

The Central Government provides the same for its staff in various ministries in the Budget document, while the information on State governments and other government-related organisations are less transparent.

The Pay Commission provides numbers, but that would be for the past and are not contemporary. It is here that the EPFO data add value because if the number of new registrations is going up, there must be reason to believe that more jobs have been created. But is it really so?

The EPFO data however could be also indicative of people already in the workforce getting enrolled by their employers. There could be switches from private EPF funds to EPFO. Also, with GST coming in and smaller units being registered with the tax authorities the formalisation process has also meant that the employees get registered with the EPFO as all this would go into preparing their tax statements and claiming tax exemptions.

If these numbers are large, then the 4.7 lakh being added in February 2018 or six lakh in January may not be presenting an accurate picture of fresh employment. Typically, most employment in the organised sector takes place when students pass out from their institutes in March or April. High numbers towards the end of the calendar year would be more on account of shift in jobs or currently employed getting registered.

While this ambiguity will remain, a way to link these registrations with EPFO and job creation is to go back to some intuitive questions. Typically when more people are employed, there should be a reflection in higher income being earned in the country. This should mean that the money earned is either spent or saved.

Table 1

Mixed picture

Production of goods typically purchased by the new labour force (growth %)

Sep-Feb	Garments	Media players	Computers	Mobiles	TVs	ACs	Washing machines	Refrigerators	Cars	Two-wheelers
2017	1.42	16.8	-52.0	20.2	-9.8	-2.0	12.4	6.2	13.7	-0.2
2018	-3.71	9.9	24.2	-2.9	-10.0	22.7	11.3	5.9	1.2	20.1

Source: CSO

Therefore, it would be interesting to see how the production of goods has been during the period September 2017-February 2018 relative to past years for some goods which would typically be purchased by the new labour force. Table 1 lists some of them. The three time periods taken are September-February 2016, 2017 and 2018 and the growth rates are calculated accordingly.

The table is interesting as it presents a fairly uneven picture. Typically one would expect new workers to spend on mobile phones, where the rate of growth is in negative territory compared with 2017. The same holds for garments which is top on the purchase charts of youngsters. Computers are an indicator of corporate activity in general and could mean more employees.

However, this comes over a decline of 52 per cent last year and in value terms at ₹825 crore is still lower than that in 2016 when it was ₹1,384 crore.

Therefore, this does not look like growth due to employment. Two-wheelers is probably the more convincing indicator of higher growth with a qualification that the stagnation in 2017 was largely due to non-satiated demand due to demonetisation, which could have been recouped in 2017-18.

Another way of looking at higher employment would be whether or not they took loans for housing, vehicles, consumer goods, etc. Here too the answer is not very clear. Incremental retail credit in the period September-February is provided for the three time periods in Table 2.

Table 2

Not too significant

Incremental retail credit (₹ lakh crore)

	Sep'15-Feb 16	Sep'16-Feb'17	Sep'17-Feb'18
Incremental credit	1.42	0.83	1.68

Source: RBI

The table indicates that incremental credit was higher in the most recent period compared with 2017 with the number doubling. However, compared with 2015-16 there was an increase of 18.3 per cent.

The drop in 2016-17 was due to demonetisation. But these retail loans are dominated by the housing segment, which is normally not the preference for fresh employees.

Incremental auto loans had increased from ₹10,200 crore to ₹12,450 crore, which could be loans taken by new workers as there is a tendency to own a vehicle once employment is procured. But the numbers are not very high to point to large employment generation.

The logical question is that in case individuals were not spending their incomes, were they saving the same. Here the incremental deposits in the last three years can be compared during these months (Table 3). The closest alternative for deposits is mutual funds, which have been included in the table.

Table 3

No clear trend

Incremental deposits (₹ lakh crore)

	Sep'15-Feb 16	Sep'16-Feb'17	Sep'17-Feb'18
Incremental deposits	4.91	7.59	3.82
Incremental mutual funds	0.07	2.26	1.61

Source: RBI, SEBI

The incremental deposits in 2016-17 were distorted due to demonetisation and were high. But the amount in 2017-18 is much lower than that in 2015-16 too, meaning thereby that if a very high number of new jobs were created, the savings do not reflect the same. A similar picture is seen for mutual funds. The discussion on whether new registrations with EPFO are indicative of more jobs being created will be an ongoing one. Based on the use of income earned through employment, the available data on both consumption — as denoted by production of specific products which find favour among this group — as well as savings do not reveal any sharp uptick.

No conclusive proof

In that case, the question to be asked is what is happening to the money, which is being generated by these new jobs? Based on this analysis, there is a tilt towards the belief that these registrations may not be conclusive to show that jobs have been created. The fact that these months are not normally the recruiting season for companies is also significant.

Growth in value addition as per the GDP would provide broad indications of job creation. This would mean acceleration in the growth rate. The fact that GDP growth this year would be lower than that in FY17 would prima facie indicate that there cannot be acceleration in employment growth. The present array of GDP numbers under the new methodology is lower than those under the earlier one by at least 1-1.5 per cent. Growth has to be upwards of 8 per cent to convince that jobs are really being created. The EPFO data, though encouraging, do not look that assuring when analysed this way.

Source: timesofindia.com- Apr 30, 2018

HOME

****

In Panipat, the world's 'castoff capital', business hangs by a thread

For decades, the West's discarded winter wear has come here to be ripped apart and reborn as cheap, warm blankets. Now, a new type of Chinese fleece is threatening to make them obsolete.

WHY PANIPAT?

This town has a tradition of spinning yarn and weaving textiles, and access to cheap labour from across Haryana and neighbouring Bihar and Uttar Pradesh (UP).

NOT THE ORIGINAL CAPITAL

Panipat inherited the tag of cast-off capital of the world after a similar recycling hub in Prato, Italy, shut in the 1960s.

Ironically, it was low-cost alternatives in the Indian subcontinent that contributed to Prato's decline. Recycling units here began to use the same machines to offer a competitive product at prices that were far lower, because of lower labour costs here.

Now, China's cheap fleece alternative is doing the same to Panipat, allowing new blankets to be made from virgin fibres that are softer and prettier, and cost less.

The industry in Panipat reached its peak in the late 1990s and early 2000s. Most shoddy makers there agree that the future now lies elsewhere.

HOW DOES IT WORK ANYWAY?

Woollen castoffs are first sorted into basic colour families.

Next, the buttons, zippers and linings are ripped out and sold to kabadiwalas.

The clothes are then shredded, conditioned, pulled apart in a carding machine, and finally twisted into yarn.

The yarn is sent to looms across Panipat and in Rajasthan, UP and Madhya Pradesh, to be turned into shoddy blankets.

Most of the blankets are exported, via the Red Cross, for use in disaster relief operations. Some are sold domestically, for use in northern states with severe winters.

The streets of Panipat are lined with cloth; trucks bursting with the stuff lumber along them. Step closer and the cloth turns out to be shredded woollen scrap, ready to be turned back into a type of yarn called shoddy.

This is the castoff capital of the world. Woollen clothing from the US, Canada, the UK, Western Europe, Japan and Korea is brought to this town in Haryana to be resold, recycled and reused.

Most of it is turned into shoddy yarn, and used to make coarse blankets that are sold very cheap but are exceptionally warm. At one point, Panipat accounted for 90% of the shoddy blankets used worldwide — most of it in disaster relief, some of it sold domestically, for use in rural UP, Bihar and Rajasthan, where the winters are fierce.

Ask for directions to Panipat's shoddy factories today, though, and you get confused frowns. "Factories to bandh ho rahe hein. Aap jaakar kya karoge," said one passerby. "The factories are closing. What's the point of going there?"

Soft landing

It's a fair point. The factories have dwindled in number from about 400 in the early 2000s to 100 today. Production is now at 300 tonnes of yarn a day, down 25% from 2008.

"There was a time when Panipat's roads used to be blocked by lines of trucks, carrying tonnes of clothes to the factories," says Pawan Garg, president of the All India Woollen & Shoddy Mills Association. “The trucks can still be seen, but they don’t cause traffic jams anymore.”

The falling numbers can be traced all the way to China, where a new type of artificial fleece is being used to churn out soft, new blankets from virgin polyester yarns.Where the blankets made from shoddy are rough, coarse and usually brown or grey — in addition to disaster relief, they are used by the Indian Railway and in government hospitals — the Chinese blankets are light, soft and come in a variety of colours. Worst of all, for Panipat, the Chinese blankets are cheaper.

Fleece blankets cost between Rs 80 and Rs 250 each; shoddy between Rs 70 and Rs 300.

“How can we compete with that?” says Ashwini Kumar, 59, co-owner of a 30-year-old shoddy mill in Panipat. “The moment you see and touch the Chinese fleece, the shoddy blankets fall short. They’re heavy, rough.”

Prato’s decline

The hundred factories are holding on because there is some demand from the disaster-relief segment. “But even aid organisations have started to reject our shoddy, saying it’s not soft enough or light enough,” says Garg. He believes the end is near.

It’s been more than 50 years since Panipat acquired the status of castoff capital. It was a tag held, before that, by Prato, an industrial city in Italy.

Ironically, it was low-cost alternatives in the Indian subcontinent that led to Prato’s decline. Recycling units here began to use the same machines to offer a competitive product at prices that were far lower, because of lower labour costs here.

Woollen clothes previously exported to Prato began to find their way to India, Pakistan and Bangladesh. “In India, as Panipat was a spinning centre with a history of working with woollen yarn, so the recycled clothes started coming here, via the Kandla port in Gujarat,” says Garg.

That’s the route they still take today, but with production falling, only half as many castoffs are being imported.

A walk through the 30-year-old Shankar Woollen Mill is a reminder of how thing used to be. Piles of mutilated woollen clothes stand 10 ft high across the 20,000-sq-metre space.

Most have already been sorted into the basic colour families of gray, red, blue, camel and green — the colour of most winter clothing in the West.

At each pile, five or six workers are ripping out zips, buttons and linings. Others are shredding the clothes with special slicers.

“The clothes are then put into rag-pulling machines, from where they emerge as uniformly coloured fluff; then soaked in oil for conditioning; re-conditioned; pulled apart in a carding machine, and finally twisted into yarn,” says Surender Gupta, 64, owner of the mill.

The constant activity, the hum of the machines can give you a false sense of success, he says.

“The reality is that in the last two years, our shoddy yarn business has fallen by half. Two years ago, we were importing 100 tonnes of clothes a month. Today, it has reduced to 50. The demand is less. We have also sold one of our three machine sets,” Gupta says.

Some factories are staying afloat by switching to the Chinese fleece. Birmi International, set up in 1992, was one of the first to make the move, in 2010.

“If you can get a better product at a lower price, why wouldn’t you buy it?” says owner Pankaj Bansal. “The shoddy industry is in the ICU because of product failure. It is basically of inferior quality. I think everyone will eventually switch to fleece. It is the future of our industry.”

Where he once bought used clothes and turned them into yarn, he now buys virgin polyester yarns and, using machines bought in China, turn them into fleece blankets.

The local fleece blanket industry also faces competition from imported Chinese blankets. “But as the quality is almost the same, the competition is healthy,” Bansal says. “We also don’t do year-round production any more. Our production cycle goes from August to January, to coincide with winter demand.”

Other units are trying to survive by diversifying into cotton yarn.

“There are now about 50 cotton yarn units in Panipat. They started coming up 10 years ago,” Garg says. “Cotton yarn is easier to produce; the capacity of each unit is more. The yarn in used in the handloom and home furnishing industries.”

Garg’s own factory, Swastika Spinning Mills, has also diversified into cotton yarns. “Cotton yarn is a logical step for us,” he adds. “The shoddy yarn industry has lost its sheen.”

The association had submitted a representation to the Centre on February 1, regarding the issue of fleece blankets affecting the business.

“I plan to take it up with the union minister and ensure something is done to make the environment feasible for the continued existence of the industry,” says Vipul Goel, state minister in charge of industries and commerce.

Meanwhile, it doesn’t help that production costs are rising, even as demand tanks. “Transportation and storage are becoming more expensive, so is power supply and labour,” says Kumar.

“Where five years ago, the yarn would cost about Rs 20 per kg to make, it now costs about Rs 30.

Little things like the paper tubes around which the yarn is wrapped and the bags in which it is transported have doubled in price. No one can save this industry.”

Source: hindustantimes.com- Apr 30, 2018

HOME

****

AD duty on Chinese flax yarn may harm domestic industry

There is a huge demand for linen fabrics in the Indian market, and the proposed imposition of anti-dumping duty on 'flax yarn' originating in or imported from China would harm small players in the domestic linen fabric industry. Most of the flax fibre is sent to China after scutching to be spun into yarn, which is then woven into linen fabric.

Linen is a very premium product, as flax is the third most expensive fibre after silk and cashmere. "Yet, there has been a three-fold increase in the consumption of linen in India in the last five years and is only going to continue growing, largely due to the efforts of brands like Linen Club, Linen Fiesta and Raymond that played a large role in bringing the fibre to India and developing the market for it," said a member of the newly formed India Flax Weavers Association.

The Directorate General of Anti-Dumping & Allied Duties (DGAD), ministry of commerce and industry, Government of India initiated an anti-dumping investigation in February this year concerning imports of 'flax yarn' of below 70 Lea count originating in or exported from China.

The period of investigation (POI) is from October 1, 2016 to September 30, 2017. However, for the purpose of analysing injury caused to the domestic industry, the data of previous three years, i.e. Apr'14-Mar'15, Apr'15-Mar'16, Apr'16-Mar'17 and the period of investigation will be considered, DGAD said.

"The consumption of linen in India has already crossed 20,000 metric tonnes per annum (mtpa) and is projected to cross 25,000 mtpa in the next two years. The current capacity for domestic linen spinning is less than 10,000 mtpa. Hence, Indian weavers will still need to source yarn from China in the short-term at much higher rates," according to the association which has started initially with just five members.

So, if there is a shortage of linen yarn (due to anti-dumping duty) in the short-term, foreign companies looking to source linen fabrics and garments will look outside India for alternatives and might even have to help develop this industry in other countries. Once developed, it'll be hard for Indian weavers and garmenters to bring them back, the association argues.

In theory, exporters could buy the yarn against an Advance Licence for exports and get it duty free, but in practice, it isn’t viable for small exporters to get the licence owing to all the paperwork and formalities involved in it. Atul Agarwal, director of Vrijesh Natural Fibre & Fabrics, said,

“The monopolistic market argument plays a role here too. Even in the long-term, if there are just a few big players controlling the supply chain, they’ll take a piece of the pie from smaller exporters, which will largely affect the entrepreneurial spirit and employment in the textile industry. This will also affect the ‘Make in India’ efforts that have been made in the industry.”

Many weavers in weaving clusters across India, including Surat, Bhiwandi, Erode, Bhagalpur, Champa and Varanasi are making sarees, shirting and furnishing fabrics out of linen now.

"An increase in price of the yarn and the monopolising of weaving will largely affect the handloom and powerloom weavers across India that are now exclusively weaving linen. This will eventually play a role in killing the dyeing art and tradition of handloom and powerloom weaving that has been passed through generations in India," added Agarwal.

While requesting the government to not to impose anti-dumping duty on flax yarn from China, the association said doing so would create a damaging shortage in the industry, promote a monopolistic market in an infant industry, make India uncompetitive in the export market, and help kill an art and tradition that has been in India for decades.

Source: fibre2fashion.com- Apr 30, 2018

HOME

****

Act East Policy: A boom or doom for local traders?

Erstwhile "Look East Policy" promised dream of free exchange of locally available goods and movement of people along the international border for both Manipur (India) and Myanmar. However, dreams of formal trade in non agriculture goods and infrastructural developments were left unfulfilled. The recent "Act East Policy" is expected to yield in spectacular change in the minds of people.

This article exclusively deals with impact of it on local traders. Look East policy during 1990s allowed only a few items under exchangeable items which are mainly agro-product only. Items out of this agro product also, are not permitted to trade under formal trade. But people living in both sides have diverse choices which were not collected and included among the permitted list.

However, people living in both sides along the international border have similar culture, tradition and food items. They are found to be interdependent on the various items available on both sides. Only political boundary makes it difficult to their movement and commodities legally. In order to acquire their needs, they will import the out listed items informally.

This is the main drawback of those government agencies to decide on list without proper understanding and consultancy with the local people. One of the most interesting points in that agreement is that both sides should not export and import those commodities originated from a third country apart from India and Myanmar.

For India, those commodities are very sensitive to production in Indian side. Myanmar, according to India's policy makers is seen a country through where commodities from industrialized east Asian countries like south Korea, Japan, China and Thailand had been found to transit.

These goods are mostly cloths and textile, electronic goods, commonly used day to day goods, etc. Such goods are produced in Indian side also and Indian policy makers keep them under sensitive list which are restricted heavily on their import.

Such goods are made in those countries after analyzing the per capita income and demand structures of a developing country like India. These goods are dumping goods in their nature of prices and hence, India needs to check the import of such goods. However, people in NER whose Per Capita GDP is low, have strong desire to acquire them because they could not buy relatively costlier Indian made goods.

My published paper on "Dumping Potential and Intensity: A Case Study of Indo-Myanmar Border Trade" shows dumping potentials of these goods. Now they have two options ahead of them – either they should not consume the country made goods due to lack of income or they consume the foreign goods by importing them informally. India has produced commodities which ranges from agro based to highly sophisticated engineering goods and capital goods. However, the government policies permit to export those goods only through major ports.

Exports of those goods are strictly restricted in such border trade. Some of such goods are highly demanded in Myanmar also. In real those goods should be allowed to their export to Myanmar. But these goods are available in Manipur which is the main gate of Indo- Myanmar Border Trade. Owing to heavy demand from the Burmese people, traders in Manipur feel to export it by hook or crook.

Hence, traders from Manipur get them legally in the name of their use and export it informally out of legal rules. The losers in such informal trade are central and state governments since they avoid of revenue which can be collected by levying in the form of import tariff. Gainers are informal traders, transporters and government servicemen who suppose to vigil on this informal trade.

Local traders are highly beneficial from trade since they need not register to DGFT (Director General of Foreign Trade) for their export and import. With small amount of capital they can export and import paying a little greasing money (penalty) to smoothen trade flows. Such avoidance of official procedures persuades local traders whereas it dissuades official traders.

Recently, central government has transformed erstwhile Look East Policy into Act East Policy with eye on better infrastructure along wider scope for formal trade. However, vision of formal trade remains ambiguous since it is considered that official traders who are engaging at national ports may have dissatisfaction with government policy on this policy. A wide range of India-ASEAN bilateral trade takes place at these ports. Shifting of export/import direction through border trade may hamper the volume at these ports since there is advantage of transport cost due to short root. State government will be benefitted from large revenue collection in the form of customs taxes. The big losers will be local traders since they have to register to DGFT for formal trade.

Too much official procedures may dissuade them in their export and import. They may not be able to compete with mainland traders who specialise in both capital as well as expertise in trade. There might be condition where these traders dumped their capital into local market to wipe out local traders which may be followed with exclusive monopoly in export/import.

Benefits in trade will take place when there is fitting of local traders in the supply chain between producers and final consumers. In order to reap maximum benefit, state government should constitute expert committee comprises scholars, beaurocrats and policy makers who can introspect for time being.

The committee should frame policies which can avail and galvanise the local traders in obtaining the maximum benefit from this border trade. One of the policies, they may frame is such that in the supply chain between producer and consumers in the state, only local traders should be allowed. This may keep mainland traders at bay from local demand and supply chain.

Government should construct special Economic Zones (SEZs) for the convenience of exporters and importers. At the same time, in order to remove xenophobic atmosphere which arises from the possible influx of non local people, government also should frame permit systems to check possible influx. These policies are not the last but least for border trade and government has to keep vigil for time being.

Source: thesangaiexpress.com- Apr 29, 2018

HOME

****

Labour pains: Not pushing labour reforms a mistake, but still not too late

Given how India is fast losing its competitive edge in exports, and enterprises at home are increasingly automating operations, it is unfortunate the government doesn't think it important enough to move on critical labour reforms. After four years of inaction, news reports suggest the government no longer wants to talk tough and would rather change those laws that placate the labour unions.

For instance, the Draft Code on Wages, 2017, which seeks to usher in the concept of a statutory minimum wage, and which was introduced in the Lok Sabha in August, 2017, could soon become law. This would suit both the government and the Opposition a year ahead of the general elections as would a universal social security scheme and changes that relate to more benefits for workers without hire-and-fire.

To be sure, the government has amended the Industrial Establishment (Standing Order) 1946, which allows fixed-term work workers across sectors—earlier, this option was available only to apparel manufacturers. This will no doubt give companies more leeway, but going by the limited traction in the textile sector—where less than 700 units have used the package since 2016 to create some 1.55 lakh jobs—the impact could be limited.

Watering down key legislations sends the wrong signals. The crucial Labour Code on Industrial Relations—already diluted to pacify labour unions—is now unlikely to see the light of day. The government had first sought to allow companies to lay off 300 workers without approval but later abandoned the idea saying it would stay with the current level of 100 workers. Ideally, the threshold should be 1,000 persons.

The government needs to understand that companies, even smaller establishments, need to be able to hire and fire, or they will simply stop relying on permanent work-forces. In fact, the Centre had also objected to proposals from Madhya Pradesh to exempt micro industries—those with an investment not exceeding Rs 25 lakh—from the purview of seven central laws, including the Contract Labour Act and the Factories Act, even though the state had pointed out that small factories were unduly subjected to harassment.

At a time when the economy has been slowing, the government should have made it easier for business enterprises to hire. The KLEMS India database shows a contraction in the workforce between 2013-14 and 2015-16, with about 1.2 million jobs being lost and the total employment down from 483.9 million to 482.7 million.

This ties in with the poor growth in sectors such as exports during this period. As has already been pointed out, countries with more practical labour laws such as Bangladesh have been growing their share in the global textile market at India's cost. The government may cite subscriber additions to the EPFO to claim millions of new jobs have been created but few are convinced.

Source: financialexpress.com- May 02, 2018

HOME

****

India's Gujarat to set up 12 sheds for apparel units

The Gujarat state government in India will create industrial sheds for the apparel industry at 12 locations. A need for 6.5 million square feet has been estimated after getting response to expression of interest issued by the state government and the Garment Manufacturers Association of India (GMAI). The multi-storey sheds will follow the 'plug and use' model.

The state feels this sector has the potential to generate jobs, especially in smaller cities and towns, according to a report in a top West Indian English-language daily.

Most demand for such sheds is from Ankleshwar, Surat, Bhavnagar, Bardoli and Kathwada, according to D Thara, vice chairman and managing director of Gujarat Industrial Development Corporation (GIDC).

In the 'plug and use' model units have to just bring in their machines and start operations. These will be open to all kinds of enterprises irrespective of size.

Source: fibre2fashion.com- Apr 30, 2018

HOME

****