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IBTEX No. 203 of 2018 October 03, 2018

USD 73.10| EUR 84.71 | GBP 95.03 | JPY 0.64

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
22087	46200	**80.82**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
21930	45872	**80.25**

International Futures Price

NY ICE USD Cents/lb (Dec 2018)	76.31
ZCE Cotton: Yuan/MT (Jan 2019)	15,645
ZCE Cotton: USD Cents/lb	**87.82**
Cotlook A Index – Physical	**88.05**

Cotton Guide: Indian markets were closed on Tuesday due to Gandhi Jayanti. However, US ICE cotton continued to trade. The market was sideways to slightly lower. December settled at 76.19, down 12 points from previous day. That was December 5th consecutive loss and its 12th lower close in the last 16 sessions for a net loss of 766 points.

Trading volume was 19,677 contracts, less than half of previous day's volume of 47,770 contracts. Open interest began at 250,220 contracts, up 2,539 contracts. Open interest hit its 2018 low last Thursday at 247,226 contracts. Also adding no flavor, China is on holiday all week. Their ZCE futures market is closed. The other commodities-Metals, grains, coffee, sugar, cocoa and the US DOW (DJIA) were all higher today.

However, cotton continued to trade higher. We think maybe it's the ongoing trade war with China and Turkey, which were the 2nd and 3rd biggest US customers last year. Also it could be possible that the US has sold enough cotton for now. Plus price ideas between buyers and sellers are even wider than usual. Many sellers prefer to wait to see what qualities they receive before putting more commitments on the books.

Technically, the market took a breather as it holds near 76 cents. Yesterday's low was at 7537, as building a base above that level would be the likely first step in forming a bottom. The work is negative enough that a meaningful rally is unlikely in the short term. The present support is 7600+/– 7500+ and 7400. Resistance is roughly 7800, 7960 and 8000+. Daily momentum is still a little oversold.

On the domestic front the new crop cotton is seen trading steady to weak below Rs. 46000 per candy ex-gin. The arrivals of new crops have increased considerably. As per market source it has gone above 40 to 50K bales across the country. We think the trend may remain weighed down. Also ICE cotton future trading lower is further pulling Indian cotton price lower. On the futures front Indian MCX Cotton made a low of Rs. 21690 per bale but ended the session higher at Rs. 21930 per bale. We think the marginal rebounding in the price is mere short covering where in selling on rise is still recommended. For the day trading range would be Rs. 21800 to Rs. 22200 per bale.

Currency Guide:

Indian rupee has opened weaker by 0.5% to hit a fresh record low level of 73.3475 against the US dollar. Rupee is pressurized by rising crude oil price and choppiness in equity market. Brent crude trades near 4-year high supported by falling Iran supply. Equity markets are choppy amid concerns about China and Italy budget crisis. Italy has passed a budget deficit target higher than acceptable under EU rules.

Disappointing Chinese economic data has also added to concerns about health of the economy. The US dollar is generally on a strong footing due to Fed's rate hike stance and Italy's budget crisis. Rupee is also under pressure as market players position for RBI monetary policy meeting this week. As per Bloomberg survey, RBI is expected to raise interest rate by 0.25% to 6.75% on Friday. Rupee may remain under pressure due to higher crude price. USDINR may trade in a range of 72.9-73.55 and bias may be on the upside.

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

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INTERNATIONAL NEWS

Updated Trade Agreement with Mexico and Canada Good for U.S. Cotton

The establishment of the new U.S.-Mexico-Canada Agreement (USMCA) is good news for the U.S. cotton industry.

"The National Cotton Council (NCC) is extremely appreciative of the Trump Administration's work to update and modernize the North American Free Trade Agreement, and our industry welcomes the conclusion of the negotiations," said NCC Chairman Ron Craft, a Plains, Texas, ginner.

According to the NCC, the USMCA will ensure continued duty-free access for U.S. cotton to Mexico and Canada, with Mexico representing a top five export market for U.S. raw cotton.

Both Canada and Mexico are top five export markets for cotton textile and apparel exports.

Craft said, "The NCC is pleased to see the addition of a textile and apparel chapter to the USMCA and inclusion of provisions to promote greater use of U.S. origin textile products, incentivize North American textile production, and strengthen customs enforcement in textile and apparel products.

"We look forward to continuing to work with the Administration in addressing other trade issues to grow exports of U.S. cotton and cotton products and enhance our market share and competitiveness in key markets," he added.

Source: cottongrower.com- Oct 02, 2018

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IMF Chief Says Global Growth Dimmed by Trade Disputes and Tariffs

The International Monetary Fund is poised to cut its forecast for global growth as Managing Director Christine Lagarde warns trade wars and tighter credit are darkening the outlook. Three months since predicting the world economy would grow 3.9 percent this year and next, Lagarde signaled in Washington that she is no longer quite so optimistic. The fund will update its World Economic Outlook on Oct. 9 ahead of opening its annual meeting in Bali, Indonesia.

“Six months ago, I pointed to clouds of risk on the horizon,” Lagarde said, according to her prepared remarks. “Today, some of those risks have begun to materialize.” While Lagarde acknowledged the global expansion is still the fastest in seven years, recent data suggest a cooling. Factory activity plunged from Asia to Europe in September, data showed on Monday.

Lagarde said protectionist rhetoric was turning into “actual trade barriers,” spreading uncertainty among businesses and consumers.

Lagarde has repeatedly warned that an all-out trade war could curb growth at a time when the world is enjoying the broadest upswing in years. But the U.S. and China aren’t backing down, leaving no end in sight to what could be a long and bruising dispute.

President Donald Trump slapped tariffs last month on $200 billion in Chinese goods, bringing the total to $250 billion. Beijing retaliated by imposing duties on $60 billion in U.S. products, raising its total to $110 billion. China also rejected a U.S. offer to hold another round of formal negotiations.

The U.S. at the same time is moving forward with new trading agreements. A deal to revise the U.S.’s trilateral trade pact with Canada and Mexico was announced on Sunday after Trump last week signed a revised trade agreement with South Korea.

Source: reuters.com- Oct 02, 2018

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Trump Reaches New NAFTA Deal With Canada and Mexico

The ongoing saga of the North American Free Trade Agreement renegotiations seems to have finally come to an end.

On Monday, President Trump announced a new trade deal with the United States' North American trading partners. The agreement formerly known as NAFTA will now be called the United States-Mexico-Canada Agreement, or USMCA.

To experts already weighing in, the trade deal appears to be a marriage between the existing NAFTA and provisions of the defunct Trans-Pacific Partnership, which the U.S. negotiated with 11 other nations before Trump pulled the nation out as one of his first presidential orders of business.

In a White House statement Monday, Trump said, "USMCA is a great deal for all three countries, solves the many deficiencies and mistakes in NAFTA, greatly opens markets to our farmers and manufacturers, reduces trade barriers to the U.S. and will bring all three Great Nations together in competition with the rest of the world."

The deal was reached with Canada Sunday night—just before the midnight deadline for settling an agreement on trade—and will be added into the deal already reached with Mexico.

USMCA will shift rules of origin to require 75 percent of auto manufacturing inputs to be produced in North America, American dairy products will gain better access to Canada, a "high-standard" chapter adds strong protection and enforcement of intellectual property rights, and the new deal "contains the strongest measures on digital trade of any agreement," according to the White House statement.

With the details of the trade deal still under review, it's early yet to tell just how the changes will impact apparel, footwear and textile supply chains, but American Apparel & Footwear Association(AAFA) President and CEO Rick Helfenbein said the organization intends to "remind the administration of the need to seamlessly implement this new agreement so that companies are able to adjust to the new trading rules."

Last year, the value of shipments for U.S. textiles and apparel was $77.9 billion, and U.S. exports of fiber, textiles and apparel were $28.6 billion, according to data from the National Council of Textile Organizations (NCTO).

When it comes to textiles, the agreement may prioritize textile manufacturing in a way that NAFTA might not have.

"Unlike the original NAFTA, the new agreement includes a separate textile and apparel chapter," NCTO president and CEO Auggie Tantillo said in a statement Monday. "This outcome is a tangible recognition by all three parties of the importance of textile manufacturing to the regional economy."

Source: sourcingjournal.com- Oct 02, 2018

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Developing countries may not be able to count on some of their basic assumptions about international trade

Imagine a world in which the annual meetings of the International Monetary Fund were more client-driven. Ahead of the gathering—this year's will take place in Indonesia in October—the IMF would solicit from its 189 member countries three key policy issues on which to focus, not only in official discussions, but also in the numerous seminars that are held in parallel. The result would be an agenda that responded better to the continued anxiety that a growing number of policymakers—and populations—are feeling.

For much of the decade since the global financial crisis erupted, countries worldwide have been subject to what London Business School's Hélène Rey and others have called "the global factor": A set of external influences that countries cannot manage or control, but that play an important role in determining key domestic variables.

This has generated economic and financial volatility that has complicated internal policy management, fuelled political polarisation, and exacerbated social divisions. US president Donald Trump's "America First" approach has tended to amplify international feelings of uncertainty and insecurity, especially in Asia.

Now, beyond having to cope with big changes in capital flows, interest rates, and currency movements, these countries must adjust to the reality that they may not even be able to count on some of their basic, long-standing assumptions about international trade. But this is not just an emerging-economy problem. Despite attempts to boost resilience, including through both micro- and macro-prudential measures, much of the world remains vulnerable to the global factor. Of course, countries with existing domestic economic and financial vulnerabilities are generally the first to face disruptions.

But even in better-managed economies, external factors are affecting local financial conditions in ways that can have little to do with domestic fundamentals. In Switzerland, for example, the major economic-management challenges of the last few years have had more to do with spillovers from the eurozone than homegrown problems.

In confronting these challenges, the authorities have been forced to implement some distortionary measures—most notably, highly negative interest rates. Some of these destabilising dynamics could well intensify over the next few months, for two reasons. Firstly, central banks will remain on the path toward monetary-policy normalisation—albeit at different speeds—after many years of ultra-loose measures focused on repressing financial volatility.

As a result, financial conditions for much of the emerging world are likely to become tighter and more unpredictable. Secondly, advanced economies' performance is diverging, with growth in the United States accelerating, and Europe and Japan losing economic momentum.

This will place even greater pressure on interest-rate differentials, already at historical highs, and fuel exchange-rate volatility. Beyond their economic consequences, these trends are likely to exacerbate political and social tensions.

After all, the effects of both trends can be difficult to grasp without a decent understanding of quite complicated market structure and technical factors. This will make the monumental challenges ahead difficult to communicate to the public, leaving many feeling confused, insecure, and frustrated.

The IMF can and should help its members address these challenges by assuming a larger role in providing analysis and leading more effectively discussion in pivotal areas. In such a world, the Fund's agenda would emphasise bolder action in three areas.

Firstly, at the country level, in addition to focusing on general questions of economic resilience, the IMF would examine the scope for effective "sand-in-the-gears" measures to be implemented during the more extreme stages of global liquidity cycles, including to counter disruptive technical forces. Such an approach would be a natural extension of the work that has been done on micro- (institution-focused) and macro- (system-focused) prudential measures.

Secondly, at the institutional level, the IMF would continue to push hard for measures to track and address spillovers and spillbacks, including the incorporation and expansion of financial linkages that are superior in terms of monitoring, programme design, and early-warning mechanisms. This would prevent the tail of obscure financial instabilities from wagging the dog of the real economy.

The importance of such measures was highlighted earlier this year in Argentina, where a traditionally well-designed programme was effectively derailed in just weeks by unanticipated technical developments.

Thirdly, at the multilateral level, there is a need for more frank, genuine, and cooperative discussion about the cross-border effects of individual countries' policies. Such discussion must acknowledge the failure of past efforts to address the issue, as well as the costs of deepening fragmentation of the international monetary system. This will inevitably raise issues of fair representation and governance in multilateral institutions, as well as the persistent bias in the system's response to large imbalances and to divergence in economic and policy performance.

Without progress in these three areas, the unsettling puzzles and disruptive policy challenges facing many countries around the world will remain largely unresolved. This will raise the risk that countries will implement policies that not only conflict with those of their neighbours, but that may also end up being sub-optimal at home.

The IMF is the body best suited to serve as a trusted adviser and an effective conductor of the global policy orchestra. If it is to fulfill that role, however, it must strengthen its credibility as a responsive and effective leader. That means listening better to its members and then helping them more effectively to iterate more harmonious policies.

Source: financialexpress.com- Oct 02, 2018

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China – U.K. Trade Ties Now Extend to Fashion Industry

China has found a new trade partner in the form of the British Fashion Council. The new China Partnership Strategy recently confirmed an improved partnership with the British fashion sector. This new partnership will bring together partners and investors covering several sectors including licensing, investment, communications, property, manufacturing, and retail. These Chinese sectors are expected to lend support to various British fashion designers.

The latest initiative was launched in Shanghai by the British Fashion Council's ambassadorial president David Beckham along with BFC chair Stephanie Phair and BFC chief executive Caroline Rush.

The recent event has put together £500,000 worth of deals. Among these deals include the co-sponsorship of BFC-GQ Designer Men's Wear Fund by JD.com and Ruyi, a Chinese textile and clothing company. The event also showed support for the British Department of International Trade.

Apart from the business deals made during the event, the British Fashion Council said that it will continue to find facets of innovation along with its partner, VIP.com and Fung Retailing Group.

During the event, Mr. Beckham said that among his priorities is to promote the British fashion industry in China, an important market that poses a lot of untapped potentials not only in fashion but in other industry as well.

As the core of the recently established China Partnership Program is the mission to make the Chinese market easier for British designer industry to access.

The group pointed out three particular areas on which they will pin the most focus on. These areas are: putting up partnerships that will handle fashion weeks in order to stimulate demand; creating a sustainable network of local influencers, investors, retailers, creative, and media partners, and notable individuals that can be tapped as partners with British designer sector; and the need to supply the demand using retail partners both in China and the United Kingdom.

Ms. Phair said that China has always been a market for British designs and emerging businesses. She also highlighted that the local Chinese fashion has developed a taste for British fashion. Many observers said that this growing appetite can be traced back to China's decision to slowly open up its market to the international business.

Among the key partners that attended the event were JD International Fashion President Xia Ding, Trinity Group President and Executive Director Paul David Haouzi, Yoox Net-A-Porter General Manager for China Claire Chung, Tsang Group Chairman Patrick Tsang, and China Farfetch Managing Director Judy Liu.

Source: businesstimes.cn- Oct 02, 2018

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Vietnam exports up 17 per cent

For the first nine months of 2018, Vietnam's exports increased 17.5 per cent year-on-year, higher than the 15 per cent jump posted in the first quarter.

The domestic sector's positive export performance contributed to a yearly rise of 15.4 per cent in the country's nine-month export turnover, nearly double the growth target set for the whole year.

In the period, the US remained Vietnam's biggest export market, with spending up 13 per cent year-on-year, followed by the EU (up ten per cent) and China (up 27 per cent).

Export of 26 commodities made up 90.3 per cent of the country's total export revenue.

The country's import value of commodities in the period saw a modest surge of 12 per cent. Of the sum, the foreign-invested sector's contribution was up 12 per cent while the domestic sector's contribution was up 11.7 per cent.

Key import items included electronics, computers and components, equipment and machinery, telephones and components, fabric, iron, steel, plastics, oil and gas, metal, footwear, chemicals, and garment and textile materials.

China was Vietnam's largest exporter during the period with the turnover up 12.5 per cent year-on-year. South Korea's turnover was up 1.4 per cent year-on-year while Asean countries' turnover was up 13 per cent.

Source: fashionatingworld.com- Oct 02, 2018

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Apparel Brands Call for End to Forced Labor in Turkmenistan Cotton Fields

A dozen apparel companies and global investors opposed to Turkmenistan's use of state-sponsored forced labor in its cotton sector have expressed their disapproval as Turkmen president Gurbanguly Berdimuhamedow attends the United Nations General Assembly in New York.

Brands and retailers—including Adidas, Columbia Sportswear Company, Designworks Clothing Company, Gap Inc., H&M Group, M&S, Nike Inc., Rowlinson Knitwear Limited, Royal Bermuda, Sears Holdings, Varner Retail and VF Corp.—have signed the Responsible Sourcing Network's (RSN) Turkmen Cotton Pledge, committing to not source cotton from Turkmenistan until forced labor in the sector has been eliminated.

The companies said they will maintain their stance, per the pledge, "Until the elimination of this practice is independently verified by the International Labor Organization, as well as determined by the Cotton Campaign."

Turkmenistan is the among the top 10 producers and exporters of cotton in the world, according to the World Atlas.

The U.S. imported only a negligible amount of cotton from the country, roughly $1.06 million worth in the year through July, according to the U.S. Commerce Department's Office of Textiles and Apparel.

RSN, which is dedicated to ending human rights abuses and forced labor associated with the raw materials, said the country's cotton industry is completely controlled by the government. Turkmenistan compels farmers to grow cotton and determines the quotas farmers must fulfill. In order to meet these quotas, RSN alleges, tens of thousands of citizens are forced to harvest cotton each fall.

The government owns all of the land in Turkmenistan, which enables it to force farmers to grow annual quotas of cotton or lose their land, according to RSN. Farmers are often significantly underpaid for their crops, and the state has a monopoly on all purchasing and sales.

What's more, all public service workers, including teachers, doctors, nurses and government staff, must pick cotton to meet their own harvesting quotas, under threat of dismissal, shortened work hours and/or salary deductions. If they don't want to pick, they must pay a daily fee. Businesses also are forced to contribute labor under the threat of being shuttered.

Children as young as elementary school age also are sent into the fields, sometimes replacing their parents who must keep their jobs. Children miss school to complete the strenuous work in harsh conditions, and if students are not working in the fields, their teachers are. The cotton harvest is prioritized over everything, even the education and well-being of future generations.

Turkmenistan exports the majority of its raw cotton to Turkey, Pakistan, India and China, where the cotton eventually makes its way into many apparel products and home goods that are shipped around the world, including to the United States, RSN noted.

U.S. Customs law prohibits the importation of goods mined, produced or manufactured, wholly or in part, in any foreign country by forced labor, including convict labor, forced child labor and indentured labor. If any imports are suspected to be made under such conditions, CBP can refuse the goods entry, seize them and even follow up with a criminal investigation of the importer.

To help curb the problem, U.S. Customs and Border Protection issued a "Withhold Release Order" in May stating the importation of "all Turkmenistan cotton or products produced in whole or in part with Turkmenistan cotton" could be stopped from entering the United States over concerns that the products were being produced with forced labor. The order required the detention of such goods at all U.S. ports of entry.

RSN said it hopes the pressure will lead to change in Turkmenistan as it did in Uzbekistan. The Uzbek Cotton Pledge, created seven years ago by RSN to unite the international community in refusing to source cotton harvested with slave labor, eventually led to a commitment by the government of Uzbekistan to change its "antiquated and abusive system," said Patricia Jurewicz, vice president and founder of RSN. The changes include an end to the use of child labor, steps to stop overall forced labor and increased awareness of fundamental labor rights in the cotton fields.

According to an International Labor Organization report to the World Bank published in February, the systematic use of child labor in Uzbekistan's cotton harvest has ended, and the ILO reported it found concrete measures being taken to stop the use of forced labor.

RSN said 42 institutional investors, including banks, insurance companies and investment advisors, have signed a statement urging global home goods and apparel brands and retailers to take action addressing exposure to grave human rights abuses in the cotton fields of Turkmenistan.

In addition to apparel companies signing the pledge, investors are asking them to support RSN's initiative YESS: Yarn Ethically & Sustainably Sourced, a due diligence verification system for yarn spinners that purchase raw cotton, to prevent and avoid cotton harvested with forced labor.

RSN is a project of As You Sow, which aims to promote environmental and social corporate responsibility through shareholder advocacy, coalition building and innovative legal strategies.

Source: sourcingjournal.com- Oct 02, 2018

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Bangladesh: Home textile exporters in a tight corner

At a time when home textiles, especially terry towels, promise both enhanced earnings and diversity to Bangladesh's export basket, many mills are shutting down unable to compete at international markets.

At least 10 small and medium factories have shuttered in the past two years while another three to five are struggling to survive, according to data from the Bangladesh Terry Towel & Linen Manufacturers & Exporters Association.

All in all, there are some 90 factories currently in operation.

“Our factory was closed six months ago as we were in trouble due to pressure from international buyers to reduce the price,” said Rubel Hossain, a senior official of Mark Terry, which was established in Ashulia in 2000.

The buyers had the upper hand as they had competitive prices of Pakistan as a second option, he said. “Before the closure we used to export terry towels worth $2 million a month,” he added.

A production unit of Alltex Group faced the same fate in November last year failing to keep up with international competition, said a senior official of the group asking not to be named.

“At least 70,000 workers lost their jobs due to the closure of those factories,” said M Shahadat Hossain, the association chairman. The sector was just starting to grow, bolstered with some Tk 2,000 crore in investments, he said.

In fiscal 2017-18, export of Bangladesh's home textiles, including terry towels, bedsheets, linen, curtains and pillow covers, grew 9.95 percent year-on-year to reach $878.68 million.

However, terry towel export declined 4.40 percent year-on-year to $42.35 million last fiscal year, according to data from the Export Promotion Bureau.

The sector's growth started to witness a decline from January 2014, when the European Union (EU) allowed zero-duty benefit to Pakistan under it GSP Plus scheme, on export of home textiles and some other products.

The EU imported over $6.86 billion-worth home textiles in 2016, according to data from Euratex, the European apparel and textile confederation.

Of it, China accounted for 33 percent, Pakistan 25 percent, Turkey 16 percent and India 11 percent. Bangladesh's share was 7-8 percent.

The EU's data shows that its preferential import of textiles and clothing from Pakistan increased 82 percent year-on-year in 2014 (from 2 billion euros to 3.7 billion euros).

Bangladesh previously enjoyed 9.6 percent duty privilege over Pakistan as a least developed country in the EU, its main export destination, Hossain said.

With a trade advantage of nearly 15 percent, including 6 percent cash incentive, the sector in Bangladesh, especially terry towels, was performing well even amidst high yarn prices in the local markets, he said.

Yarn is the main ingredient in the production of home textiles, accounting for 70 percent of the cost, while the remaining 30 percent went behind chemicals, such as dyes, he said. Pakistan is faring fine as it also has its own cotton, machinery and comparatively better transport infrastructure, said Hossain.

Another factor behind the closure is the high price of yarn in the local market.

The widely consumed 16 carded yarn, which is used in manufacturing terry towels, is currently being traded at $2.25-$2.30 a kilogramme whereas it was around $1.80-$2 in June and July last year, shows the association data.

Furthermore, a 26 percent devaluation of the Pakistani rupee against the US dollar in the last three years also aided their performance. Bangladeshi taka devalued 8 percent.

Md Shahidullah Chowdhury, executive director of Noman Group, which caters to retail giants like IKEA, H&M, Kmart, Walmart and Carrefour, acknowledged that Bangladesh's home textile business was struggling for buyers' pressure to lower prices.

He said new buyers were placing fewer work orders here for home textiles and opting for Pakistan. However, China remains a preferred destination for long for sourcing home textiles as it has a lot of variety, he said.

The chief of the group, which alone exports home textiles worth $320 million per year, also blamed an upward trend in cotton prices, saying it led to higher prices for yarn in the local markets.

The price of cotton per pound in the international market rose to nearly 93 cents at present. It was selling at 65 cents even a year ago.

The global retail value of home textiles was estimated to be about $107.24 billion in 2014. Industry insiders expect it to reach $131.50 billion by 2020.

Source: thedailystar.net- Oct 02, 2018

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Tunisia focuses on textile exports

The textile and clothing sector in Tunisia accounts for 35 per cent of the country's GDP and offers 161,425 jobs.

Also 95 per cent of Tunisia's textile and clothing exports are aimed at Europe. Similarly, 82.7 per cent of companies located in Tunisia are totally exporting.

Tunisia was the first country along the southern coast of the Mediterranean to have achieved free trade with the European Union. In the 1990s, Tunisia signed a free trade agreement with the EU to facilitate economic exchanges between the two shores of the Mediterranean.

The textile and clothing industry in Tunisia plays a critical role in the socio-economic development of the country.

Tunisia is among the top 15 garment suppliers in the world, and has the advantage of being close to the European market.

It is the fifth largest supplier to the European Union as well as the leading trouser supplier to the EU. Other important products are work wear and lingerie.

The main foreign investors in the apparel sector in Tunisia are France, Germany, Belgium and Italy.

EU countries are the main customers of Tunisia for textiles with 36 per cent for France, 32 per cent in Italy, 10 per cent in Germany; followed by Belgium, the Netherlands, the UK and Spain.

Source: fashionatingworld.com- Oct 02, 2018

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Refashioning the fashion industry

The world has been taking a beating from environmental abuse by industries, particularly where waste management is concerned. In a traditional economy, mainly dominated by a linear model of take-make-and-dispose, not much consideration is given to the material's end-of-life. Resources or inputs are harvested from the environment, manufactured into materials, and channelled into the industrial process to make products. Consumers then buy these products, which are then disposed of either in landfills or in incinerators.

This is particularly true when it comes to the fashion industry, especially due to the new phenomenon of fast fashion, a term used to describe high speed and cost-effective catwalk-to-store delivery of high-fashion trends. The disposable nature of new fashion, alongside a growing disposable income, are key drivers of the doubling of clothing production in the last 15 years. Around the world, the US$1.3 trillion clothing industry employs more than 300 million people along the value chain.

However, the quick turnaround of new style in the fashion industry is fast becoming one of the main drivers of pollution by the industry. A study by the Ellen MacArthur Foundation entitled 'A new textiles economy: Redesigning fashion's future' estimated that more than half of fast fashion produced is disposed off in under a year. Over the last 15 years, clothing utilisation or the average number of times a garment is worn has decreased by 36 percent. This can be seen in the United States (US), where clothes are only used for a quarter of the global average, and in China, where clothing utilisation has decreased by 70 percent.

There has been a fresh movement from within the fashion industry to counter the fast fashion phenomenon. A study by the Global Fashion Agenda and The Boston Consulting Group on the sustainability of fashion has shown that across the industry globally, progress has been made to improve the environmental and social performance, especially from small and medium companies in the mid-price segment. Using a performance scoring mechanism called the 'Pulse Score' the study found that, overall, 75 percent of fashion companies surveyed improved their sustainability score compared to last year.

Southeast Asia's frontrunner

The textile and clothing industries continue to be the backbone of Cambodia's export-driven economy, employing 800,000 people around the country, which is 86 percent of all its factory workers, and contributing 40 percent to the nation's gross domestic product (GDP). The country is also home to Sustainability Champion, Tonlé, one of the frontrunners in processing pre-consumer waste.

Tonlé's sustainability strategy forms the core of its operations by rerouting and reusing materials which are part of the waste generated by the clothing industry that is usually dumped in landfills or burned. Through this strategy, the fashion company reduces the massive CO_2 emissions, as well as reduces consumption of water, pesticide used in agriculture, and chemicals used to dye fabrics.

"Most of the fabric we source is actually cut waste and quality control failure – so it is very much actual waste and not simply planned waste. We have also pioneered a zero waste design processes to eliminate any waste from our own production and, we are working on some initiatives to help customers deal with the end of life of their garments," the company's website stated.

The fashion company has diverted more than 16,000 kilograms (kg) of materials from landfills, reduced 495,000 kg of CO_2 from entering the atmosphere – which is equivalent to keeping almost 33,000 cars off the road for a day, reduced consumption of almost 200 million litres of water, and reduced pesticide consumption by almost 12 kg.

The commitment and action by companies like Tonlé goes a long way to not only affecting real contributions, but also driving awareness on sustainable fashion further. The rest of the industry would do well to follow its lead. Active collaboration between various industry players is key to keeping this drive going. The industry needs to start prioritising long-term impact on the environment and communities where it operates and where its products are consumed.

Source: theaseanpost.com- Oct 01, 2018

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Pakistan: Aptma proposes new six-year duty drawback plan

The government has been proposed a new six-year duty drawback plan by All Pakistan Textile Mills Association to increase exports of textile sector, garments and made-ups. Sources said that the plan was proposed to Finance Minister Asad Umar by the textile sector while making a presentation to him on export-led growth for the textile and clothing industry of the country.

According to the proposed duty drawback scheme by the textile sector, it has been proposed to gradually increase the duty drawback, ranging between 6 to 12 percent, for garments and made-ups from 2018-19 to 2023-24.

Textile industry has pleaded its case to extend duty drawback scheme for six years to exports using indigenously produced materials and restore previous duty drawback scheme for gradual increase in drawback for garments and made ups.

Industry has also proposed to withdraw customs duty/sales tax on the import of raw materials i.e. cotton and polyester short in supply for industrial consumption. Textile industry has also strongly proposed the government to liquidate all textile industry refunds of sales tax and income tax, policy and package initiatives.

Duty drawback on cotton yarn in 2018-19 has been proposed at 4 percent; 3 percent in 2019-20; 2 percent in 2020-21; 1 percent in 2021-22; and zero percent in 2022-23 and 2023-24.

Duty drawback on greige fabric has been proposed at 4 percent in 2018-19; 3 percent in 2019-20; 2 percent in 2020-21; 1 percent in 2021-22; and zero percent in 2022-23 and 2023-24.

Duty drawback on processed fabric has been proposed at 5 percent in 2018-19; 4 percent in 2019-20; 3 percent in 2020-21; 2 percent in 2021-22; 1 percent in 2022-23; and zero percent in 2023-24.

Duty drawback on textile made-ups during 2018-19 has been proposed at 6 percent; 7 percent in 2019-20; 8 percent in 2020-21; 9 percent in 2021-22; 10 percent in 2022-23; and 11 percent in 2023-24.

Duty drawback on textile garments during 2018-19 has been proposed at 7 percent; 8 percent in 2019-20; 9 percent in 2020-21; 10 percent in 2021-22; 11 percent in 2022-23; and 12 percent in 2023-24.

Source: fp.brecorder.com- Oct 02, 2018

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Pakistan: Cotton maintains falling trend

The slide in cotton prices continued unabated on Tuesday under the influence of world leading cotton markets as many spinners availed the opportunity to replenishing their stocks at lower rates.

The rapid fall in New York cotton prices is taking its toll over international markets including Pakistan where prices moved lower by Rs200 to Rs300 per maund.

Trading activity gained momentum as textile mills moved in to cover their positions at higher volume because of attractive prices. Overall undertone remained easy and outlook uncertain.

Market reports suggest that many transactions were recorded under compensation and were quoted as below as Rs7,100 per maund. The sluggish performance of cotton yarn and fabric markets were other factor which have dampened sentiments.

Phutti (seed cotton) prices also came under renewed pressure and were quoted at Rs3,400-3,650 per 40kg for Punjab, Rs3,400-3,600 for Sindh variety and Rs3,600-3,800 for Balochis-tan phutti.

On the international front it has been reported that so far around 1.4 million bales from India were contracted by Chinese importers.

The Karachi Cotton Asso-cia--tion (KCA) spot rates were steady at overnight level.

The following deals were reported to have changed hands on ready counter: 2,000 bales, station Shah-dadpur, at Rs7,500-7,550; 2,000 bales, Tando Adam, at Rs7,500-7,550; 3,000 bales, Nawabshah, at Rs7,700-7,725; 3,000 bales, Khairpur, at Rs7,750-7,850; 2,000 bales, Rohri, at Rs7,750-7,900; 1,600 bales, Saleh Pat, at Rs7,850-8,000; 200 bales, Bakhar, at Rs7,800; 600 bales, Faqirwali, at Rs7,500-7,575; 600 bales, Garah Mor, at Rs7,600-7,700; and 600 bales, Burewala, at Rs7,600-7,700.

Source: dawn.com- Oct 02, 2018

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NATIONAL NEWS

Galvanise trade within South Asia

Apart from being mutually beneficial, it will help India counter China and hang on to its pre-eminence in the region

Try to imagine this scenario: the entire South Asian region stretching from Afghanistan down to Sri Lanka and the Maldives is a free-trade zone with only marginal controls and a few items that can't be traded. Indian automobiles made in Bangladesh are being imported back into West Bengal, Assam and other markets in eastern India.

Looking westward, textiles and auto components are arriving in India from Pakistan. And there are frequent daily flights touching down in New Delhi, Mumbai and other smaller Indian cities from Dhaka, Kathmandu, Colombo and, yes, even Lahore and Karachi.

Now, snap back to reality. Intra-regional trade in South Asia is negligible — a mere 5 per cent of the region's total trade, according to a recent World Bank study 'A Glass Half Full'.

That makes South Asia, in trading terms, one of the world's most disconnected regions. It even comes in behind Sub-Saharan Africa. Don't even bother to compare it with the EU, the US-Mexico-Canada free-trade zone or the Asean region.

But intra-regional trade could be an idea whose time has come. India's always been the out-sized giant of South Asia and assumed it was the sub-continent's regional power, challenged only by Pakistan. Today, this comfortable notion of being the regional top dog is being aggressively challenged by the Chinese who possess vast foreign exchange resources we can't possibly match and top-notch infrastructure-building skills. India can't even start to compete with China's gargantuan Belt and Road Initiative.

Is there a way to counter the Chinese? One possible solution is to encourage trade and industry between South Asia's nations. We already have Safta (the South Asia Free Trade Area), but that's been a flop because each country, including India, has a long list of trading restrictions.

In fact, in South Asia, protection is greater in the case of imports from within the region than from the rest of the world. The question is how much can India look at lifting these curbs and galvanising intra-regional trade?

There has been some glacial movement showing just what might be possible.

Bangladesh booming

For instance, the Bangladesh economy has been booming in recent years and is transforming into a market well worth looking at for Indian manufacturers. India’s already selling power to Bangladesh and building a railway line through the country that will cut the distance to our north-eastern States. We also sell them large quantities of pharmaceuticals. And local border markets, encouraged by India and Bangladesh, are bolstering cross-border trade between communities and spurring mutual trust.

Tata Motors has just launched its Nexon SUV in Bangladesh and also has a joint venture to assemble pick-up trucks. It aims to start manufacturing the pick-ups in Bangladesh by 2020 and, to meet that target, 25 per cent of the components must be made locally. The Tatas already control a sizeable chunk of the Bangladesh commercial vehicle market.

Ashok Leyland, too, has an assembly unit in Bangladesh. It’s a similar success story for two-wheelers with Hero MotoCorp and Bajaj Auto out in front on Bangladesh roads. Two-wheeler sales have soared by almost 50 per cent to 360,000 vehicles in 2017 from a year earlier and Hero has put up a manufacturing unit in Jessore with a capacity of 150,000.

Shifting south to Sri Lanka, the great success story is aviation and tourism. The Sri Lankans smartly offered Indian visitors visas on arrival and that’s had a huge impact on the island nation’s tourism industry. Some years ago, Indians were ninth on the list of tourist arrivals but they zoomed rapidly to the top.

Sri Lanka wisely did not demand reciprocal visa on entry rights, which a more security-conscious India might have been reluctant to grant. According to the World Bank study, both sides operated 147 flights a week to 11 Indian destinations in 2017. That compared to only 67 from Bangladesh. And now, Sri Lanka’s said to be considering visa-free entry for Indians and Chinese in the near future.

Tourism, in fact, is a hot growth area within the South Asian region in contrast to past decades when it was scant. Now, 25 per cent of all tourists to India come from other South Asian countries. Large numbers of medical tourists also arrive here from Bangladesh and play a role in keeping the hospitals full. Bangladeshis account for a large chunk of medical revenues, especially in Kolkata.

At another level, we're buying hydroelectric power from Bhutan and looking at similar arrangements with Nepal, which, as an added benefit, could allow us to substitute more fossil fuels with cleaner hydro-power. India-Nepal relationship has always been fairly open, but in the last three years it has soured. Interestingly, more Indian tourists go to Sri Lanka than to Nepal. But overall, connectivity among South Asian countries, even for capital cities, remains very limited and this deters trade.

And Pakistan is, of course, the wild-card in the pack for India. The World Bank study puts India-Pakistan trade at a paltry $2 billion, but says it could be $37 billion without artificial barriers. Small quantities of cement and agri-products already cross the border into India. The Pakistanis make tractors and also have a large two-wheeler and auto-components market.

But India, which has a highly developed auto-components industry, contends Pakistani auto-components are of inferior quality and shouldn't be allowed in for now. Tariffs would, of course, need to be harmonised for large-scale trade to take place and there would be strong lobbies against that.

Political climate

The troubled political climate in the region also deters Indian investors from looking closely at our neighbours. Says one trade expert: "Investment decisions are not easy to make. You're raising a stake in a foreign territory." Also, in Bangladesh, for instance, there are other foreign rivals. Indian auto manufacturers face competition from the Japanese who sell refurbished vehicles in the country.

For all our neighbours, though, the big underlying worry is India's vast size and industrial base. They fret we'd always be running a trade surplus and would have little to purchase from them in exchange. On the other hand, the advantage of India's size is that if countries like Bangladesh and even

Pakistan were able to export to us, they wouldn't need much else by way of trade.

Says another trade expert: "We'll always have to look beyond South Asia. But if these countries had good access to the Indian market they wouldn't have to look anywhere else."

Bottomline, there's no question India will have to build up its defences if it wants to hang on to its premier regional position. Trade could be a key way forward if we just seize the possibilities. But we better move quickly.

Source: thehindubusinessline.com- Oct 02, 2018

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India's lamented & lacklustre export record can change; this sector may hold the key

India has a lamented and lacklustre export record; how to attempt a change.

Do you recall the 2015 midterm FTP review aiming at $900 billion of goods and services exports from India, to garner 3.5% share of world exports by 2020? That target appears to be a mirage. After a brief interregnum of stagnant exports, India registered just 10% growth in 2017-18, to $302.8 billion, against expectations of $325 billion, and also a 45% jump in trade deficit at $157 billion, the highest in last five years. As RBI data reveals, the country's merchandise exports, having peaked at 17% of GDP in 2013-14, dropped to around 12% in 2016-17. India has underperformed even amidst robust global trade growth.

In 2017, the world merchandise trade (the average of exports and imports) registered strongest growth in six years, by 11% in value terms. Global merchandise exports include more than 70% share of manufactured goods, which rose from $16.03 trillion in 2016 to $17.73 trillion in 2017, over 80% of it emanating from top-10 exporting countries—China commanded 12.8% share ($2,263 billion), followed by the US with 8.7% share ($1,547 billion), Germany (8.2% share; $1,448 billion), Japan (3.9%; $698 billion), and then the Netherlands, South Korea, Hong Kong, France, Italy and the UK.

India's share was just 1.7%, at $298 billion. Sixty years ago, India's share in world exports was higher than China's; by 2013, its exports fell to less than 15% of China's. Historically, world merchandise trade volumes have grown 1.5 times faster than world real GDP at market exchange rates—they rose more than twice in the 1990s. Asia recorded the highest increase in trade value with growth of 8.1% in 2017, also the highest growth in volume (6.7% for exports and 9.6% imports). Growth in developing economies was strongest; imports in developed economies too strengthened in H2-2017 to 4.3% versus 2.3% in H1-2017.

World exports can broadly be put in five categories: (1) energy and resource-intensive goods such as fuels and mining products, iron and steel, paper, etc, aggregating about 30% of total global exports; (2) sunrise industrial goods largely in the electronics and telecom sectors, accounting for 25%; (3) automotive products, machinery, chemicals, pharmaceuticals, etc, another 25%; (4) agricultural products, 10%; and (5) labour-intensive tradeables such as textiles, clothing, leather goods, and miscellaneous manufactures, another 10%.

Indian export basket includes around 60% of manufactured goods (in addition to petroleum, oil and lubricants products, agricultural and allied products, and others), within which there has been a shift from labour-intensive categories such as textiles and leather to engineering products—iron & steel, auto parts, capital goods.

India has remained a peripheral player in industrial sectors that command a lion's share in global trade, and its export thrust is confined largely to sectors that account for less than one-fourth of global exports. Globally, agricultural products exports in 2017 comprised of processed products (chocolate, processed coffee; 44% share), semi-processed products (oilseed cake, vegetable oils; 27% share), primary bulk products (wheat, coffee beans; 16% share), and horticulture products (13% share).

Among the top-10 exporters of agri-products, accounting for three-fourths of total world exports in this sector, India is at the ninth spot ($39 billion), behind the EU ($647 billion), the US ($170 billion), Brazil ($88 billion), China ($79 billion), Canada ($67 billion), Indonesia ($49 billion), Thailand ($43 billion) and Australia ($40 billion).

The top-10 exporters of automotive products accounted for 95% share of world exports in 2017 in this segment. With an export amount of $738 billion, the EU was at the top, followed by Japan ($150 billion), the US ($135 billion), Mexico ($109 billion), South Korea ($64 billion), Canada ($63 billion), China ($54 billion), Thailand ($29 billion), Turkey ($24 billion) and Brazil ($15 billion). Whereas Brazil recorded a 32% increase, and Turkey 22%, India dropped from 10th position to 11th.

Around half of world trade now happens through global value chains. As much as 48% of exports of developing economies in value-added terms involve global value chains (OECD-WTO). The EU carmakers, especially German companies, have relocated some steps in the automotive production process to East Europe, whose value added in EU exports of motor vehicles increased from 3% in 2000 to 7.5% in 2014.

Non-EU economies contribute more and more to production and exports of EU motor vehicles, and their value-added share in EU automotive exports increased from 14.8% in 2000 to 21.8% in 2014; the share of China alone rose from 0.5% to 2%. In the office and telecom products, China (exports of $592 billion) topped the top-10 exporters, followed by the EU ($359 billion), Hong Kong ($281 billion), the US ($145 billion), South Korea ($136 billion), Singapore ($121 billion), Taiwan ($119 billion), Mexico ($67 billion), Malaysia ($66 billion) and Vietnam ($66 billion). With $972 billion worth of exports in 2017, the EU accounted for 49% of world chemical products exports, followed by the US ($206 billion; 10%) and China ($142 billion; 7%).

India's exports of $41 billion trailed behind Switzerland's ($100 billion), Japan's ($71 billion), South Korea's ($70 billion) and Singapore's ($50 billion). Representing almost 85% share of 2017 world iron and steel exports, the top-10 exporters included the EU at $156 billion (38% market share), China ($56 billion), Japan ($29 billion), South Korea ($26 billion), Russia ($20 billion), the US ($16 billion), India ($14 billion), Brazil ($11 billion), Taiwan ($11 billion) and Turkey ($10 billion).

India had only a 3.4% share, although it recorded highest growth (69%), ahead of Russia (39%) and Brazil (37%); China registered just 1% growth rate. Notwithstanding India being reckoned as the third top exporter of textiles in 2017 at $17 billion (5.8% of world textile exports), it lagged far behind the top-two exporters: China at $110 billion (37.1% of world exports), and the EU at $69 billion (23.4%).

The similar is the story of clothing exports—while India ($18 billion; 4.1% share in 2017) was fifth among top-10 world clothing exporters, China was way ahead ($158 billion; 34.9% share), ahead of the EU ($130 billion; 28.6%).

India trailed far behind Bangladesh ($29 billion; 6.5%) and Vietnam ($27 billion; 5.9%). India's textiles and apparel exports grew from $30 billion in 2011 to $34 billion in 2016, while those of Vietnam jumped from $20 billion to $32 billion, and Bangladesh's from $19 billion to $28 billion.

With $187 billion, the EU is the largest clothing importer (38.5% share), followed by the US ($88 billion; 18.2%) and Japan ($28 billion; 5.8%). The aggregate export growth in labour-intensive sectors—textiles, leather, gems and jewellery, electronics and agricultural products—has remained anaemic.

The share of leather sector in India's exports dropped from 7.1% in FY92 to 4.4% in FY02 and 1.9% in FY17; of textiles and readymade garments from 26.3% in FY92 to 23.3% in FY02 and 12.3% in FY17.

The petroleum, oil and lubricants products' share rose from 2.3% in FY92 to 11.4% in FY17; and of engineering goods doubled (from 12.5% in FY92 to 23% in FY17). The services sector may play to India's strength. Its services exports, having risen from 30% to 40% during 2003-08, have plateaued.

Even after Make-in-India, the services sector has been an attractive FDI destination, drawing 61% of total FDI inflows in the last fiscal. The CSO's provisional estimates with regards to gross value added in 2016-17 indicate a year-on-year 7.74% growth of the services sector, at Rs 21.43 trillion ($333 billion).

Contributing almost 55% of gross value addition to the country's economy, the services sector—logistics, hospitality, insurance, financing, communication, personal, business, social services, real estate and construction—is a key driver of India's economic growth.

Source: financialexpress.com- Oct 02, 2018

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Extend IGST exemption to exporting units in DTA: TEA

The Tiruppur Exporters Association (TEA) has requested the Central Board of Indirect Taxes and Customs (CBIC) to extend the benefit of exemption of integrated goods and services tax (IGST) to other exporting units in the Domestic Tariff Area (DTA) after the board recently announced that export-oriented units will be exempt from IGST from October 1, 2018, to April 1, 2019.

According to TEA president Raja M Shanmugham, the notification exempting exporting units from IGST while importing machinery under the Export Promotion of Capital Goods (EPCG) scheme is valid till September 30 this year and, if not extended, such units have to pay IGST upfront, which will be an additional burden.

Upfront IGST payment will also affect the working capital of the exporting units in Tiruppur, most of which are micro, small and medium enterprises, as GST refund through input tax credit (ITC) route takes time, according to a TEA press release.

Source: fibre2fashion.com- Oct 02, 2018

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NIFT-TEA to offer employability skill training in knitwear sector

AIC-NIFTTEA Incubation Centre for Textiles and Apparels has signed a memorandum of understanding (MoU) with the Avinashilingam University for employability skill training in knitwear sector.

The centre, which had already inked a pact with VLB Janakiammal College of Arts and Science for the same programme, also has plans to join hands with the Periyar University and colleges affiliated to the Anna University in this regard.

"The idea is to absorb students, who are interested to know about the knitwear industry, enhance their employability and train them to come up with innovative ideas to support the industry," said R Periyasamy, chief executive officer, AIC-NIFTTEA Incubation Centre for Textiles and

Apparels. “Before taking in such virtual incubatees, we will conduct boot camps in respective institutions and prepare them to join us, if they are interested.”

First, we would help them understand problems existing in different sectors of knitwear industry and find out their root causes and probable solutions, which may be technical, managerial discipline or labour-oriented issues, he said. “For instance, dyeing sector faces the issue of coming up with apt colour recipes, which match to the colour of sample given by buyers. Incubatees will be exposed to such puzzles.”

Periyasamy said they would purchase special machines, including body mapping sportswear producing machine, jean knitting and flat knitting machines, which are new to the industry. “Students, who pursue textile courses, will be exposed to these machines and trained to come up with innovative ideas. In future, engineering students will be asked to share innovative ideas on smart factory concepts.”

The centre would also support the incubatees to market innovative products, if they were to come up with any.

Source: timesofindia.com- Oct 03, 2018

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Manufacturing PMI rises to 52.2 in September

New orders boost productivity; export growth highest since the start of the year

Factory production improved a tad as September’s Purchasing Manager Index (PMI) rose to 52.2 per cent from 1.7 per cent of August. This is the 14th consecutive month of expansion.

This index, better known as the Nikkei India Manufacturing Purchasing Managers’ Index, is based on the survey conducted among purchasing executives in over 400 companies. These companies are divided into eight broad categories: Basic Metals, Chemicals & Plastics, Electrical & Optical, Food & Drink, Mechanical Engineering, Textiles & Clothing, Timber & Paper and Transport.

Index over 50 shows expansion while below 50 means contraction. The index is prepared by IHS Markit and released along with a detailed report.

The report noted improvement in growth during September amid firmer gains in new orders, output and employment. Sales rose from both domestic and foreign clients, whilst manufacturers raised their buying activity and bolstered stocks of purchases in anticipation of further growth.

On the price front, input costs rose at a stronger rate amid reports of higher prices for fuel and steel. Charges were subsequently increased at a slightly firmer pace. Manufacturers remain confident that output will increase over the coming year.

Cost pressure

Paul Smith, Economics Director at IHS Markit, said the manufacturing sector gained momentum during survey period, reflecting strengthening demand especially from foreign clients that helped drive export growth up to its highest level since the start of the year.

However, cost pressures reignited in September, exacerbated by a stronger US dollar which continues to raise the relative price faced by Indian manufacturers for goods such as steel and fuel.

Output charges increased subsequently, albeit at a rate that remains well below the equivalent measure for input prices. “Rising prices continued to weigh on sentiment, with confidence dropping a little to reach a three-month low. Nonetheless, on balance, firms remain confident that output will continue to rise, buoyed by recent new business wins and expectations this will continue over the next 12 months,” Smith said.

According to the report, export sales strengthened, with the net gain the best recorded since the start of the year. High product quality was noted as a factor supporting total new order book growth.

“Intermediate goods producers signalled a particularly strong increase in production, although growth was registered across all market groups.

Increase in new orders and increased production helped drive growth of buying activity during September. In turn, this helped manufacturers to build inventories of purchases. Although modest, growth in pre-production goods was the sharpest recorded," the report said.

Source: thehindubusinessline.com- Oct 01, 2018

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Duckback is coming back

The Bengali nationalist venture, acquired by financial consultant OP Saxena, is eyeing school supplies, men's garments

There was a time when the rains meant Duckback. The iconic brand could be found on gum-boots, raincoats, waterproof schoolbags, hot-water bags...

One of the most successful pre-Independence Bengali nationalist ventures, Bengal Waterproof Ltd, set up in 1920 by Surendra Mohan Bose and brothers, has changed hands. The company was acquired in 2014 by OP Saxena, a chartered accountant and once Bengal Waterproof's financial consultant. He renamed it Duckback Waterproof Works Pvt Ltd.

Bengal Waterproof, which was growing steadily till the mid-1990s, suddenly witnessed a slump in the early 2000s due to a sharp increase in rubber prices and a shift in consumer preferences.

Crippling labour trouble at its manufacturing unit in Panihati, a Kolkata suburb, and working capital shortage proved the final nail in its coffin. Production stopped in 2010. The company's Ranchi unit, Bihar Rubber Company, however, continued to operate.

The company then went through a corporate debt restructuring process in 2012. Subsequently, the West Bengal government granted 'relief undertaking' status to Duckback to keep small creditors from filing for liquidation.

According to Saxena, at the time of takeover, Bengal Waterproof had a debt of around ₹85 crore, and a labour liability of ₹17-18 crore.

"We settled the entire liability of Bengal Waterproof by investing around ₹100 crore and took over the company in 2014," he told BusinessLine.

Bengal Waterproof's eight- acre land at Panihati was sold to settle a part of the debt; the rest of the proceeds are being used for redevelopment and setting up of a warehouse.

"The Ranchi unit was also entangled in some financial and legal issues, and we resolved them," Saxena said.

Way forward

With Brand Duckback in its fold, the Saxena-led management is planning to expand the portfolio into school supplies such as notebooks, water bottles, and tiffin boxes, as also men's readymade garments.

"We have already launched readymade men's garments in Gujarat and hope to roll them out across India over the next three-four months," he said. Duckback plans to launch its school supplies range in the North-East.

The company will also focus on premiumisation of its soft-luggage category, which includes suitcases, office bags, and travel bags.

Around ₹10 crore has gone into setting up a manufacturing unit at Barasaat, 30 km from Kolkata. The plant is expected to be operational by January.

"Our target from the luggage business is ₹100 crore over the next one-two years," he said. The company is expecting a turnover of ₹75 crore by March 2019.

The company's last filing with the Ministry of Corporate Affairs reveals it had a turnover of ₹2.76 crore in 2016-17. It has around 25 exclusive outlets apart from a 550-dealer network. The company plans to scale up the number of standalone outlets to 100 by March.

Source: thehindubusinessline.com- Oct 02, 2018

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Krishnapatnam port to nearly double its container capacity

Krishnapatnam Port Co Ltd which runs a private port at Andhra Pradesh's Nellore district, is expanding the capacity of its container terminal to handle 2 million twenty-foot equivalent units (TEUs) from next year.

The container terminal, recently rebranded as Navayuga Container Terminal Pvt Ltd to reflect the name of the holding company, the Navayuga Group, can currently handle 1.2 million TEUs.

The terminal, earlier called Krishpatnam Port Container Terminal Pvt Ltd, recently started container transshipment operations. The expansion involves adding 250 metres of berth-length to the existing 650 metres and erecting three more quay cranes, Vinita Venkatesh, Director, Navayuga Container Terminal, told BusinessLine.

The terminal currently has five super-post panamax quay cranes. The twin-lift, 70-tonne ship-to-shore cranes can do 50 moves per hour, capable of servicing the biggest of container ships.

The berth extension and the commissioning of the three additional quay cranes will be completed by the second quarter of 2019, Venkatesh said without giving investment details.

The container terminal, which started operations in 2012, handled 4,81,408 TEUs in the year ended March 2018, clocking a growth of 88 per cent over the previous year. Krishnapatnam is one of India's deepest ports with a draft of 18.5 metres.

Venkatesh said the port company is "open" to inducting a global container terminal operating company as a strategic partner.

The port, with a transit storage area of 6,800 acres, has the country's largest waterfront area of 290 sq km.

Source: thehindubusinessline.com- Oct 02, 2018

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Govt raises loan limit for MSMEs to over ₹1 crore

The government has enhanced the loan limit for micro, small and medium entrepreneurs to over ₹1 crore under the Prime Minister Employment Generation programme.

Giriraj Singh, Minister, Micro, Small and Medium Enterprises, said the government was lending between ₹25 lakh and ₹1 crore to successful entrepreneurs at 15 per cent interest subsidy but such entrepreneurs can now apply for loan over and above the limit.

Inaugurating the Khadi Fest 2018 in Mumbai, he dedicated an online portal for entrepreneurs to seek financial assistance and emphasised on the government's aim to generate employment in rural India.

KVIC sales

Khadi and Village Industries Commission turnover last fiscal was up 34 per cent at ₹2,508 crore largely led by innovative initiatives taken by the government to promote khadi clothes and household articles.

KVIC has set sales target of ₹3,200 crore for this fiscal.It had organised 50 exhibition on the occasion of Gandhi Jayanti and plans to conduct 150 exhibition globally in the next two months.

Source: thehindubusinessline.com- Oct 02, 2018

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