Cotton Market

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

<table>
<thead>
<tr>
<th></th>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19935</td>
<td>41700</td>
<td>83.13</td>
</tr>
</tbody>
</table>

Domestic Futures Price (Ex. Gin), October

<table>
<thead>
<tr>
<th></th>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18760</td>
<td>39242</td>
<td>78.23</td>
</tr>
</tbody>
</table>

International Futures Price

<table>
<thead>
<tr>
<th></th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td>NY ICE USD Cents/lb (Dec 2017)</td>
<td>71.88</td>
</tr>
<tr>
<td>ZCE Cotton: Yuan/MT (Sept 2017)</td>
<td>15,710</td>
</tr>
<tr>
<td>ZCE Cotton: USD Cents/lb</td>
<td>92.36</td>
</tr>
<tr>
<td>Cotlook A Index – Physical</td>
<td>80.9</td>
</tr>
</tbody>
</table>

Cotton guide: US Markets are closed today because of Labor Day holiday. In the week gone by, Cotton price advanced sharply to close at 71.88 cents per pound for December future at ICE platform. The gains were excessive up by 360+ points from the previous week’s close. The largest gain is in the price in 60 weeks.

The major reason for price rise is the disruption of crop loss in the US due to Hurricane Harvey. Approximately more than 650K bales of crop loss in South Texas and reduction in yield in the mid-south. In the meanwhile, the West Texas crop has the potential to get larger if heat units and dry weather continue. In addition, worries about the cold fronts and an early frost are also out there. The another major concern that we may probably get to face this year is the US quality cotton in 2017 may not be as good as witnessed in 2016.
Regarding the USDA estimates most likely to get changed however, the weekly survey has not been conducted so well especially in the Texas region. We will have to keep a strong watch in the next week on the likely revision in the crop status or perhaps the September USDA monthly report may not give much clearer picture.

With the price rise straight from 66 cents to almost 72 cents indicates market dynamics either changing shape which can take the ICE December above 72+ cents or bears who are still hopeful about large crop from India may again pull cotton price down. Broadly now we expect cotton to trade in the range of 73 to 67 cents. At this juncture we expect 66 cents is current in place as strong support level. Nonetheless, from the technical front above 72 is the major turnaround to look at which may drive price to 73+ cents. Since the US is closed today due to Labor holiday we would not remote chance of price movement across the globe. However, Chinese markets have moved up already substantially this morning of the effect of this morning from the last week’s ICE performance. ZCE cotton for January 2018 is seen trading at 15860 Yuan/MT up by 545 points from the previous close.

Coming to domestic market in India last week old crop traded near Rs. 43K per candy. However, price for new crop Shankar- 6 delivering in November and December traded around Rs. 38K/Candy ex-gin. At the prevailing domestic exchange rate against one USD quoted at 75.75 cents per pound. To some extend the impact was felt on the futures price. The October contract ended the week at Rs. 18760 per bale while November ended at Rs. 18350 per bale. The gains in new crop contracts are now apparent visible to turn positive. The November future was up around Rs. 200 per bale in the last week.

For today we expect cotton price to trade sideways to positive trend. However, the trading range may be limited. For October contract is to trade today in the range of Rs. 19K to Rs. 18500 per bale while November may trade in the range of Rs. 18170 to Rs. 18500 per bale.

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

### INTERNATIONAL NEWS

<table>
<thead>
<tr>
<th>No</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China: Notice on relevant matters about 2017 China state cotton auction during Sep 3-29, 2017</td>
</tr>
<tr>
<td>2</td>
<td>Honduras 2020 aims $7.4 bn textile exports to US, EU</td>
</tr>
<tr>
<td>3</td>
<td>China: BRICS made up 47% of global online retail sales in 2016</td>
</tr>
<tr>
<td>4</td>
<td>Polish Polcotton to build textile complex in Uzbekistan</td>
</tr>
<tr>
<td>5</td>
<td>Japan, US mull UNSC sanctions on North Korean garments</td>
</tr>
<tr>
<td>6</td>
<td>Taiwanese textile sector shows recovery signals in July</td>
</tr>
<tr>
<td>7</td>
<td>Economic reforms in Saudi Arabia: A challenging road ahead</td>
</tr>
<tr>
<td>8</td>
<td>Pakistan: Commodities: Listless trading on cotton market</td>
</tr>
<tr>
<td>9</td>
<td>World cotton stocks to be stable</td>
</tr>
</tbody>
</table>

### NATIONAL NEWS

<table>
<thead>
<tr>
<th>No</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>More jobs, FDI, exports to be priority</td>
</tr>
<tr>
<td>2</td>
<td>GST Woes Are Adding to India’s Export Slump</td>
</tr>
<tr>
<td>3</td>
<td>Production falls in Indian apparel sector in Q1 2017-18</td>
</tr>
<tr>
<td>4</td>
<td>Rains lessen threat of pest attack on cotton, good output expected</td>
</tr>
<tr>
<td>5</td>
<td>GST levy on job work striking carpet and apparel industry: FIEO</td>
</tr>
<tr>
<td>6</td>
<td>Cotton Extends Steady Trend in Central India in Lean Trade</td>
</tr>
<tr>
<td>7</td>
<td>Varanasi handloom weavers need design support for survival</td>
</tr>
<tr>
<td>8</td>
<td>All-out joint war on pink boll worm to save Bt Cotton</td>
</tr>
<tr>
<td>9</td>
<td>How e-commerce companies like Amazon, Flipkart help stores locate new spending cities</td>
</tr>
<tr>
<td>10</td>
<td>Textile companies see profit revival in second quarter</td>
</tr>
<tr>
<td>11</td>
<td>For BRICS, Indian textile merchants in China can be an example of economic cooperation</td>
</tr>
</tbody>
</table>
INTERNATIONAL NEWS

China: Notice on relevant matters about 2017 China state cotton auction during Sep 3-29, 2017

To meet cotton textile companies' demand for cotton and regulate the trading order of state cotton auction, the China National Cotton Exchange and China National Cotton Reserves Corporation announces several matters during Sep 4-29 as follows on Sep 3:

1. During the transactions of reserved cotton during Sep 4-29, only cotton textile companies are allowed to take part in the auction, and non-cotton textile companies are not allowed. If non-cotton textile companies take part in the auction, the results are invalid and the companies will have no qualification to take part in the auction in the future. Relative information will be published on ChinaCredit.Gov.Cn.

2. The reserved cotton that is purchased by cotton textile companies can only be used by the company itself, and it is not allowed to be resold, or the companies will have no qualification to take part in the auction in the future. Relative information will be published on ChinaCredit.Gov.Cn.

Source: ccfgroup.com - Sep 04, 2017

Honduras 2020 aims $7.4 bn textile exports to US, EU

Under the framework of the Economic Development Programme, Honduras 2020, the Central American country is aiming to become textile export leader in the Americas, exporting $7.4 billion of products to the US and Europe. This will be achieved through a textile hub with world class talent that pushes the frontier of knowledge in textile sustainable development.

Honduras is the new destination for textile and apparel investment, announces Honduras 2020, a solid platform of facilities and benefits articulated with the purpose of promoting foreign investment and ventures with outstanding conditions that are strengthened every day.
The existing textile and apparel industry infrastructure in Honduras has outstanding conditions for investment and expansion opportunities. There are 18 industrial parks that together have a construction area of more than 1.8 million square metres, and advantages like availability of airports, ports, highways, telephones, water and electrical supply, customs paperwork, low working costs, machinery and logistics.

Owing to the competitive advantage, Honduras's textile industry has recently attracted an investment of $78 million in a synthetic yarn plant, which is expected to manufacture 20,000 tons annually.

In the last few years, the largest roof solar panel installation in Latin America has been implemented in Honduras. It has an installed capacity of 7.5 megawatts of clean energy. The textile and apparel industry has the capacity of biomass production as well as wastewater management technologies allowing high productivity in a sustainable manner.

According to the Honduran Manufacturers Association (AHM), the current investment in the country’s fabric and clothing manufacturing is estimated to be around $7.8 billion. Focused on corporate social responsibility, AHM also promotes training initiatives, housing access opportunities, safety and occupational health standards, and also a new pilot project of child care centres. This provides residential areas with security, stability and comfort for textile and garment sector employees and their families.

Source: fibre2fashion.com- Sep 01, 2017

***************

**China: BRICS made up 47% of global online retail sales in 2016**

With 1.46 billion Internet users and 720 million online shoppers, the online retail sales of BRICS nations surpassed $876 billion in 2016, accounting for 47 per cent of the global total, says a report by the Ali Research Institute affiliated to Chinese firm Alibaba.

The figure may reach 59 per cent by 2022 as the five nations have great e-commerce potential.
Of the 2016 figure of 1.46 billion Internet users in the BRICS nations — Brazil, Russia, India, China and South Africa — China accounted for 731 million and India 432 million. The report was released ahead of the BRICS summit in Xiamen next week. China holds the BRICS presidency this year.

Indian handicrafts and spices, Russian candy and cookies, Brazilian nuts and propolis and South African grapefruit and wine were best sellers on China’s e-commerce platforms, according to a Chinese news agency, which quoted the report.

Among made-in-China products, BRICS customers favoured the most clothes, accessories, mobile phones and electronic products, according to AliExpress, Alibaba’s e-commerce site for cross-border exports.

"Increasing disposable income, wide use of the Internet and improved payment and logistics services have driven the sustained and rapid development of e-commerce in the five countries," said Ouyang Cheng from the Ali Research Institute.

Source: fibre2fashion.com- Sep 02, 2017

Polish Polcotton to build textile complex in Uzbekistan

Poland-based global trading and production company Polcotton will invest about $60 million in the construction of a textile complex for the processing of cotton fibre in Uzbekistan. The proposed factory will have a capacity of 10,000 tonnes of finished products per year and create employment for around 1200, according to the Uzbek foreign ministry.

Uzbekistan, which produces 1.1 million tonnes of cotton fibre annually, ranks sixth in world cotton fibre production and fifth in exports. Around 3,500 tonnes of raw cotton are produced in the country every year.

Polish textile workers are ready to enlarge their ties with Uzbekistan in exporting textile products from the republic, Polcotton general director Alois Schonberger, who is also vice president of the European Committee of the Cotton and Textile Industry, was quoted as saying by a Uzbek government news agency.
Japan, US mull UNSC sanctions on North Korean garments

Japan and the United States are mulling over a proposal to include export restrictions on North Korean textile products in a new UN Security Council sanctions resolution, a Japanese news agency reported recently. The planned move aims at cutting off the communist state’s sources of foreign currency as textile goods are one of its major exports.

This follows Pyongyang’s firing of a ballistic missile over northern Japan on August 29. The apparent size of the North Korean textiles business makes it a potential target for future sanctions, experts say.

Analysts feel the current sanctions on North Korean coal, iron ore and seafood imply garments would make up a larger share of trade between the two countries.

The exports of North Korean textile products, believed mostly to China, was $752 million last year, about 30 per cent of its total exports, according to the Korea Trade-Investment Promotion Agency, a South Korean Government organization. China reportedly accounts for about nine-tenths of North Korea's foreign trade.

Chinese companies are stepping up their use of North Korean factories to make clothes that are then stamped as ‘Made in China’ and exported overseas, as per a report by a top global news wire. Garments are produced by joint ventures involving both sides or by North Korean companies under contract to Chinese firms.

Source: fibre2fashion.com- Sep 04, 2017
Taiwanese textile sector shows recovery signals in July

Taiwan’s textile exports demonstrated sound recovery signals in July amid improving industry sentiment, according to the Taiwan Textile Federation, which offered a positive outlook for the remaining months this year, saying the country’s textile and fabric makers may benefit from rising demand ahead of next year’s FIFA World Cup in Russia.

Some fabric makers, such as Shinkong Synthetic Fibers Corp and Far Eastern New Century Corp, are expected to secure large orders of sports apparel from global brands, a leading Taiwanese daily reported quoting the federation.

Several other top manufacturers, including Eclat Textile Co and Makalot Industrial Co, expressed optimism about revenue and earnings picking up in the second half of this year.

The average selling price increased from $4.3 to $4.73 in July and textile exports rose 0.73 percent year-on-year to $814.7 million from the same month last year, according to the federation. The 0.05 percent year-on-year increase in the first seven months is an improvement from a 0.04 percent annual decline in the first six months this year.

Source: fibre2fashion.com - Sep 04, 2017
Economic reforms in Saudi Arabia: A challenging road ahead

Economic diversification is defined by the UN as a strategy to transform the economy from one source of income to multiple sources across different sectors, and with the participation of large segments of the population. In this context, economic diversification can be measured by determining how different sectors contribute to the gross domestic product (GDP), the concentration of exports, the extent to which the country relies on certain commodities, and the share of labor across different industries. However, export concentration is still widely used as a measure of economic diversification.

The World Bank has classified the various factors affecting economic diversification into three categories. The first is economic reform, which can include trade liberalization, investment promotion, cutting red tape, and providing financial credit lines for small- and medium-sized enterprises (SMEs). The second area involves structural factors such as demographics, human capital, institutional development, infrastructure and quality of education. Then there are the macroeconomic variables, such as the real exchange rate, inflation, net foreign direct investment inflows and terms of trade.

In addition, there are factors such as competition, monopolies, the distance between markets, and the size of markets.

International examples show that diversifying the economy away from oil is a difficult and time-consuming strategy that may take at least two decades. The International Monetary Fund (IMF) cites three countries — Malaysia, Indonesia and Mexico — as among the best examples of those that have successfully diversified their economies away from oil or natural resources.

All the countries that have, to some extent, succeeded in diversifying their economies or exports have enjoyed three main advantages: The availability of cheap labor, which has supported labor-intensive industries such as agro-industries and textiles; a domestic political framework, featuring political consensus, power sharing or democratic transition; and a regional or international environment that encourages further diversification.
Saudi Arabia lacks some advantages that have facilitated economic diversification elsewhere, such as cheap labor, favorable regional or international conditions and, most importantly, the implementation of economic reforms before the decline in oil prices.

Although numerous international institutions — including the IMF, World Bank, and credit-rating agencies — have welcomed economic reforms in Saudi Arabia, many agree that it is a long, difficult, and challenging road ahead. Others are even more pessimistic and argue that economic reforms will eventually not succeed.

Certainly, government-led plans cannot achieve everything, particularly given the Kingdom’s economy, which has relied heavily on oil exports for nearly eight decades. In addition, the Saudi government is dealing with complex and changing issues such as private-sector development, restructuring the education system, and addressing the imbalance in demographics and labor market, which will take years to reform.

Moreover, there are no economic reforms free of pain. There are winners and losers. Here lies the role of the Saudi government in developing an effective social safety net that relieves the burden on low-income groups or those in need of governmental support, such as SMEs.

Thus, the coming years will be the most critical in the reform process, as goals are translated into policies, responding to the changing local or regional economic and political environment, and dealing with people’s shifting expectations. Importantly, there is a need for an efficient, independent, credible, and transparent administrative agency or institutions that have the necessary tools to move forward with economic reforms.

Importantly, the reforms in Saudi Arabia will be implemented under different conditions compared to most global examples of economic diversification. Riyadh is racing against time and is up against an unfavorable external environment that includes low oil prices, weak global growth, escalation of protectionist measures and a volatile regional order.

All these conditions, if they persist, are likely to dampen economic growth and ultimately affect the implementation of reforms in Saudi Arabia. It is certainly a long and difficult road ahead — and the policymakers in
Riyadh need to clarify this matter to citizens in a transparent and frank manner.

Source: arabnews.com - Sep 03, 2017

Pakistan: Commodities: Listless trading on cotton market

Lacklustre conditions prevailed at the cotton market on Thursday, with trading activity dwindling down to its lowest due to heavy downpour which paralysed the city.

Officially, no deals were reported on ready counter.

Barring a few small deals coming late in the evening from needy spinners, most buyers preferred to defer trading till after Eidul Azha, brokers said. However, cotton prices remained steady, indicating that there is demand for the commodity.

The Karachi Cotton Association (KCA) spot rates closed firm at overnight level.

Apart from rains, many buyers also avoided to enter into deals as freight charges have been considerably raised by transporters who busy in the haulage of sacrificial animals.

Cotton analysts believe that the current spell of rains is harmful for standing crop which is mostly at picking stage in Sindh. In Punjab the situation is slightly better because the crop is mostly at maturing stage, experts added.

However, high content of moisture due to prolonged rains could intensify pest attack.

On Thursday, All Pakistan Textile Mills Association, reacting over Punjab secretary for agriculture’s demand for banning cotton imports, urged the government to stop yarn imports from India. The world leading cotton markets closed steady except New York cotton which rose further by four
US cents to 71 cents per lb on reports of heavy damage to cotton crop in Texas by Hurricane Harvey.

Source: dawn.net - Sep 04, 2017

******************

World cotton stocks to be stable

World cotton stocks are projected to remain stable by the end of 2017-18 and stock-to-use ratio is expected to be essentially unchanged at about 75 per cent or nine months of mill use. China’s cotton stocks are forecast to decrease another 16 per cent, which would account for 48 per cent of world stocks. Ending stocks held outside of China are expected to increase by 22 per cent.

World cotton area is projected to expand by nine per cent. With output projected to increase by four per cent, India will remain the world’s largest cotton producer. After four seasons of decline, China’s cotton production is expected to rise by seven per cent. Cotton production in the United States is forecast to increase by 20 per cent. Pakistan’s cotton production is projected to increase by 17 per cent.

After falling two per cent in 2015-16, global cotton consumption rose by one per cent in 2016-17 as world economic growth strengthened. In 2017-18, world cotton mill use is projected to increase by two per cent. Mill use in China is expected to grow by one per cent while India’s cotton consumption is projected to recover by three per cent. Mill use in Bangladesh is projected to remain stable.

Source: fashionatingworld.com- Sep 02, 2017
NATIONAL NEWS

More jobs, FDI, exports to be priority

Suresh Prabhu said on Sunday that his priorities as the new commerce and industry minister will include backing measures to generate more jobs, particularly in the manufacturing sector, helping India attract more Foreign Direct Investments (FDI), and increasing India’s share in global exports.

Mr. Prabhu, who had offered to resign as the Railways Minister last month following two train derailments in four days, will have his task cut out in his new assignment — especially to ensure greater job creation and investments under the NDA government’s flagship ‘Make In India’ (MII) initiative to boost local manufacturing.

‘Will increase share’

He told reporters that measures would be taken to increase the share of manufacturing in India’s GDP and in turn, to boost the GDP as well. “We will accelerate the pace of MII, Startup India and Ease of Doing Business initiatives. We will take measures to generate more employment in manufacturing and other economic activities,” he said. A Parliamentary panel had recently sought an assessment on how the MII initiative had helped the country’s small- and medium-sized firms, and added that dedicated steps should be taken to ensure that FDI helps such firms. The panel had also sought details on whether the MII initiative has seized the opportunity of India's demographic dividend.

On exports, Mr. Prabhu said, “We will increase the share of exports in India’s GDP and India’s share in global exports. We will look for new markets, in addition to finding niche areas in developed country markets,” he said. He said steps would be taken to ensure greater FDI inflow. Incidentally, the government is considering proposals to relax norms in sectors such as retail, construction and print media.

In December, Mr. Prabhu will be representing India at the World Trade Organisation’s Ministerial Conference (or MC – the WTO’s highest decision-making body) at Buenos Aires, Argentina. His appointment comes at a time when India and China have jointly submitted a proposal to the
WTO demanding that developed nations should eliminate their “trade-distorting” farm subsidies. Besides, he will have to ensure broad support for India’s proposal at the WTO for an agreement on Trade Facilitation in Services, to boost global services trade by eliminating barriers including those curbing the movement of professionals and skilled workers across borders for short-term work.

However, Mr. Prabhu is no stranger to international trade-related issues as he was the Indian Sherpa to the G-20. Mr. Prabhu will also have to provide leadership to ensure that a ‘future-ready’ Industrial Policy is brought out in October — as assured by the commerce and industry ministry last month.

His experience as Railways Minister will come in handy as the commerce department is slated to be the nodal body at the central level for transport-related issues across modes with a view to boost India’s foreign trade.

Source: thehindu.com- Sept, 03, 2017

*******************

GST Woes Are Adding to India’s Export Slump

Prime Minister Narendra Modi, during the launch of the goods and services tax (GST) regime, described it as a “good and simple tax” that would end harassment of traders and small businesses and integrate India into one market with one tax rate.

However, it has not turned out that way at all, at least as far as exporters are concerned. Indian exporters are already feeling pressure on their margins because of rupee which has appreciated by nearly 7% this year. GST issues could add to their woes.

Exporters, especially small ones, are having a tough time complying with the new indirect tax regime. Not only that, they also fear a loss of competitiveness due to higher working capital requirements and tedious documentation work.

Latest export data from July, which paints a lacklustre picture, has only deepened this fear. While Bangladesh reported annual growth of 26.54% in
its July exports, driven by the robust performance of its ready-made garment sector, India’s export growth slowed to 3.94% from 4.39% in June. Exports from labour-intensive industries like garments, leather and gems and jewellery, dominated by micro, small and medium enterprises, either showed outright declines or reported anaemic growth.

This trend might continue in August as confusion over GST compliance has not cleared up, say exporters.

Not only exporters, small vendors too are finding it difficult to comply with the new tax regime and consequently, the entire supply chain is getting affected, said a company with manufacturing facility in Udyog Vihar, Gurgaon.

At a time when large corporate houses are reeling under debts and reluctant to make a fresh investment, the slowdown in exports spells more trouble for the manufacturing and the GDP growth which lost further momentum in the April-June 2017 quarter and slowed to a three-year low of 5.7%.

Exporters said that post-GST, their flexibility to recover input tax has reduced. They are also gripped by a lurking fear that their input suppliers might collect tax from them but fail to deposit on time. In such a situation, the tax department could delay disbursement of input credit, which would lead to an increase in working capital requirement.

Further, the sharp reduction in drawback rates, from 11% to 3%, threatens to dent competitiveness of Indian exporters and slow export growth, said industry sources.

Exporters say their problem started right from the stage of registration on GST portal and still continues.

They first struggled to get clarity over GST rates and then to understand how to prepare invoices for sales during the transition period and self-invoices for purchases made from small vendors outside the ambit of GST. Now as the September 5 deadline for filing sales returns looms, they are feeling nervous.
Small exporters are disadvantaged vis-a-vis big players like those with coveted star trading house tag as they are being asked to furnish bonds and Letter of Undertaking (LUT) to local commissioners unlike the latter.

What is more, exporters are running between the offices of customs commissioners and assistant customs commissioners who have been officially delegated powers to accept bonds and LUT but are reluctant to use the new authority for some reason, industry sources said.

India’s export of gems and jewellery contracted by nearly 23% in July. Exports of readymade garments (including those made of cotton, man-made and other fibres) registered 15% drop during the month, according to data compiled by Coimbatore based Indian Texpreneurs’ Federation (ITF).

The 15% drop in apparel exports is a disappointing trend, especially because Bangladesh’s garment exports increased by 18% in the same period, ITF said in its analysis.

Textile exports down

During the month, exports of man-made fibre (MMF) textiles, including yarn, fabrics and made-ups but excluding garments, also fell by 4%.

The growth in leather and leather exports was positive but anaemic at 1.73% during the month.

India’s apparel exports continue to remain volatile and tepid with the global apparel trade not showing any signs of uptick amid subdued demand trends in the key importing countries. The latest trends point towards a third consecutive year of decline in global apparel trade, credit rating agency ICRA said in a recent report.

“Although we have witnessed brief phases of growth in the past 18 months, the trend has been unsustainable and has failed to instil confidence. In such a scenario, sustained growth in India’s apparel exports remains challenging.

The challenges have been further augmented by the appreciation of Indian rupee in recent months which has reduced the competitiveness of Indian
exporters vis-a-vis global counterparts,” said Says Jayanta Roy, senior vice-president and group head, corporate sector ratings, ICRA, in a statement.

India’s gems and jewellery, leather and leather products and textile industries are highly labour intensive and key sources of blue-collar jobs.

For example, India’s textiles and apparel sector alone contributes about 10% to manufacturing production, 2% to the GDP and 15% to the country’s total exports earnings. The sector is the second largest employment provider in the country, employing about 5.1 crore people directly and 6.8 crore people indirectly in FY 2015-16.

The apparel and garment sector provides employment to 1.23 crore people as per data compiled for 2016-17.

At a time when big corporate houses are shedding jobs, these export-oriented sectors have been quite resilient. But the precipitous drop in India’s traditional exports, where it enjoys labour cost advantage, does not augur well for job growth.

Source: thewire.in- Sept 04, 2017

Production falls in Indian apparel sector in Q1 2017-18

Temporary disruptions resulting from demonetisation and transition to the goods and services tax (GST) regime have made India’s apparel and fabric industry reel under pressure, says a report by ICRA.

Volatility in apparel exports continues with global trade not showing any signs of improvement amid subdued demand trends in key importing countries, it said.

Moody’s is the largest shareholder in investment information and credit rating agency ICRA Ltd, set up in 1991.

Production declined by 1 per cent in the first quarter of fiscal 2017-18 in the highly fragmented fabric segment, which witnessed a de-growth — a phase
of planned and equitable economic contraction — of 2 per cent in the previous fiscal.

Apart from demand pressures, high cost of raw material and currency movements also continue to affect the industry’s performance, which reflects in the profits of manufacturers over the last three quarters, according to a news agency that quoted the report.

ICRA expects the financial risk profiles of Indian apparel exporters as well as manufacturers focussed on the domestic market to remain steady in the near term.

Source: fibre2fashion.com - Sep 02, 2017

Rains lessen threat of pest attack on cotton, good output expected

Rains have washed off worries of Malwa farmers whose cotton crop was under imminent threat from whitefly. However, while the threat of pest attack has receded, farmers are worried that excess precipitation might also damage the crop nearing maturity in the fields.

According to the India Meteorological Department (IMD), 38 mm rain was recorded in Bathinda on Friday and more is expected in the region in the coming days.

Economic threshold level (ETL)—pest population level or extent of crop damage at which the value of the crop destroyed exceeds the cost of controlling the pest—had gone beyond the permissible limit of six adults per leaf on cotton plant at many places in Bathinda, Mansa, Muktsar and Fazilka in early August due to hot and humid conditions. The Punjab agriculture department too was worried over spread of pest due to such weather.

Farmer Baldev Singh of Sangat village in Bathinda said till the mid of August they were worried about the pest attack. "Now the situation has improved to some extent and we hope that our crop will be safe," he said.
Agriculture director J S Bains said, "Rains in the last few days have lessened the probability of pest attack. The ETL level, which had gone up to 10 adults per leaf, has been controlled. Now, there is hope of good crop but we are not taking any chances. Our officials are on their toes to ensure the crop doesn't have any pest attack."

Cotton, which is Punjab's biggest kharif crop after rice, has been sown over 3.82 lakh hectares in Punjab as against 2.57 lakh hectares in 2016. In 2015, acreage of the fibre crop was 4.50 out of which more than 60% was damaged due to rampant whitefly attack.

Traders and analysts are hopeful of cotton yield of more than eight quintals per acre and expect the total arrivals at 12 lakh bales (1 bale=170kg) this season. Last year, the raw cotton arrivals were around nine lakh bales.

Meanwhile, the early-sown crop has started arriving in the markets in some pockets of Malwa. Till Thursday, nearly 1,500 bales had arrived in the markets.

Vardhman textiles' director (raw materials) I J Dhuria said, "The scenario of cotton this season seems bright as fear of pest attack seems to be over. We expect over 12 lakh bales to arrive in the Punjab markets. Presently, cotton is fetching Rs 4,550 to 4,650 per quintal and prices may go up in future."

Bathinda branch manager of government-run Cotton Corporation of India (CCI) Brajesh Kasana said, "We feel that fear of pest attack has subsided and good crop is expected this time. Cotton has started arriving in small quantities but it will pick up pace by September end."

Trade body Indian Cotton Association Limited (ICAL) secretary Jatinder Singh said on an average 250 bales were arriving in mandis in the past few days. He said last season raw cotton prices had touched Rs 6,000 per quintal in January-February 2017.

Source: timesofindia.com- Sep 02, 2017
GST levy on job work striking carpet and apparel industry: FIEO

Carpet and apparel sectors are feeling the stress, especially because of the GST levy on job work, which translates into a higher tax incidence, informed Ganesh Kumar Gupta, President, Federation of Indian Export Organisations (FIEO) on Friday.

Gupta, however, hoped that GST will help this industry in the long run to get more competitive in both the global and domestic markets and create opportunities for sustainable, long-term growth.

The GST council has levied 5 percent GST on job work in textile sector such as cutting, embroidery, finishing, washing or pressing, packing, bleaching, dyeing, printing, knitting, and colouring. Earlier, there was no tax for these works.

Gupta was addressing a seminar on "Implication of GST & Foreign Trade Policy" organized by FIEO a premier export promotion organization jointly with Exim Bank of India, Eastern UP Exporters Association (EUPEA)& State Bank of India in Varanasi.

The FIEO Chief said that the event focuses on educating exporters of this extremely important Varanasi Region, which holds India's thriving textile industry, on issues relating GST.

The FIEO Chief also informed that FIEO's proposal to the Government for introduction of e-wallet for exporters is under consideration and if it is accepted the problem of liquidity will be solved as exporters may use it like a running account where money will be debited from e-wallet when duty paid supplies have to be undertaken and the amount is credited when the proof of exports is made available. Appreciating the Government's support in addressing various issues of exporters taken up by him, G K Gupta advised the exporters to assess the challenges which they have come across during the last two months at ground level.

Speaking on the occasion Dr Ajay Sahai, Director General & CEO, FIEO said that while he appreciate the problem of liquidity under the GST Regime, on logistic part lot of improvements are expected.
Dr Sahai also informed that a request has already been made to the authorities either to put zero GST Rate on sale/ transfer of scrips or put it at 5%, hoping that GST Council may consider it.

As regard cases of embedded tax on supplies, he appraised that the issue has already been referred to the Drawback Committee to look into such cases and provide a refund of duties through Duty Drawback mechanism. He advised the exporters to do their own calculations before opting for higher drawback rates as in certain cases the lower drawback rates with refund of IGST benefits or ITC refund or CGST/IGST may be more than higher drawback rates.

Earlier, addressing the Seminar Vasudhara Sinha, IAS, Additional Director General of Foreign Trade, said that GST is a well needed reform and any transition have its difficulties and need some adjustments.

"We should take a positive approach towards this transition. She further stated that the FTP Schemers will keep using to respond to the needs of the EXIM Community with some changes," she added.

Source: smetimes.in - Sep 02, 2017

Cotton Extends Steady Trend in Central India in Lean Trade

Demand exhibited lethargy as buying inquires settled down with most local mills adopting wait and watch approach amid stocked up inventories to meet their near term requirements. Earlier in the week, some active buying was reported in Gujarat however it gradually faded as the buyers were procuring to meet their immediate requirements.

Traders in Madhya Pradesh were gearing up for the ‘All India Cotton Conference’ to be held on September 7 and were busy in preparation for the same.

Yarn market continued to exhibit gloomy sentiment which weighed on the cotton bales purchasing sentiment of various spinning mills.
Sluggish activity at the retail counter of the textile value chain has impacted procurement of cotton and man made yarn in large volumes. Various fabric manufacturers have ample volume of yarn in their inventories while others were still in process of obtaining their GST numbers.

Many traders expected a revival in the yarn market after August 15 but were disappointed with no interested buyers. Spinners were interested in offloading their piled-up yarn inventories at a discount however only need based buyers were procuring on a hand to mouth basis.

Further, news of various default in payments of previously committed deals have instilled caution to other traders. Some mills were offloading their yarn at buyer’s bid rates, however in small volume, in order to keep their operation running which was the major reason behind incorrect or differential in market rates of various yarn counts. (Tentative Yarn Quotes)

Unless, yarn market witnesses major revival, cotton prices will hover around the same levels with marginal oscillations on both sides. Some spinners have cut down their operations to a maximum of five out of the seven days of the week.

Meanwhile, heavy to very heavy rains were reported across Gujarat, Maharashtra and Madhya Pradesh in the last 24 hours as per the latest readings from Indian Meteorological Department(IMD). The heavy spell of rains is more beneficial for cotton yield as Central India may likely witness bumper crops for the 2017/18 season.

For the bumper crop hopes to turn into reality, weather needs to also exhibit hot and sunny conditions on a timely basis as cotton crop does not handle high moisture levels very well.

There were some rumors floating of the new supply in 10-15 days, however we need to observe the weather conditions for the next few weeks to reach a conclusion, if heavy rains persist.

Usually, raw cotton supply commences from mid-October in small quantity after which arrival picks up pace gradually to reach its full potential during November.
Meanwhile, The benchmark MCX October futures is trading (12:30 IST) down Rs 40 to Rs 18,680/bale while the benchmark ICE December futures declined 0.23 cents and is trading at 70.62 cents/lb.

Source: commoditiescontrol.com- Sep 02, 2017

*****************

Varanasi handloom weavers need design support for survival

The geographical indication (GI) certification that the handloom Benarasi sarees from Varanasi enjoy since 2009 is an advantage that has not been fully tapped, feel many experts.

“The Indian government should proactively promote GI certification for Varanasi handloom to weed out fake products. Besides marginalised weavers, it will also help consumers,” points out Dr Rajnikant Diwedi, a retired BHU professor who runs an NGO Human Welfare Association in Varanasi to support weavers, handicraft artisans and marginal farmers through various developmental initiatives, for over two decades.

Even though there are 115 registered users of the GI certification for Benarasi handloom, so far there have been no cases filed on infringement of intellectual property.

The Uttar Pradesh government, meanwhile, is trying to connect handloom weavers in Varanasi with designers to help them create intellectual property. “We are trying to create linkages with private partners for handloom and khadi and tying up with premier institutions such as NIFT and IIT-Kanpur for design development and product diversification.

Curriculum is being developed for vocational education in the areas of design, dyeing and weaving for skill development at the it is,” says Nitesh Dhawan, assistant commissioner, handloom & textile department of Uttar Pradesh.

He adds that the goods & services tax (GST) may not have much of an impact on individual weavers but co-operative societies and large traders would come under its net and those with businesses in other states.
“However, the secretary, ministry of textiles visited Varanasi last week and spoke to large sections of handloom weavers and other stakeholders. He has taken note of their concerns on GST including the need for too much paperwork and we can expect some steps to be taken soon.”

One of the recent initiatives taken up by the UP government recently that would help handloom weavers in the state was increasing the money amount for weavers’ annual awards and adding other product categories in the list of awardees.

Source: economictimes.com- Sep 02, 2017

***************

All-out joint war on pink boll worm to save Bt Cotton

With the dreaded pink boll worm attack looming over the current seasons Bt Cotton crop across 11 states, an aggressive communication campaign #SecureFarmer2SecureIndia has been launched with the involvement of a number of stakeholders, including public and private sector establishments.

Over the years, Bt Cotton’s resistance to pink boll worm (PBW) has reduced and during the last season alone the pest has caused 20-25 per cent loss to the crop across the states. This year, the loss could go up, which could lead to a major agrarian crisis, experts say.

To overcome this problem, the union government has recommended a unique RIB (Refugia In Bag) concept, wherein 25 grams of non-Bt Cotton seed is mixed with 450 grams of Bt Cotton seeds. This enables planting non-BT cotton which can host PBW wild insects and prevent resistance build-up in PBW.

Earlier, farmers generally ignored this process and cotton crop fell victim to pink boll worm attack. During the current season, however, the National Seeds Association of India (NSAI) has taken up the issue on a war footing and revived the RIB concept.

"The field staff of various seed companies have been working proactively to impress upon the farmers the need to go for RIB and save their main crop," said National Seeds Association of India (NSAI) President P. Prabhakar.
Rao, who is also Chairman and Managing Director of Nuziveedu Seeds Limited, the largest cotton seed company in the country.

"We are also working very closely with several state agricultural universities who, too, have come to the aid of farmers and we are happy that the efforts have begun to yield positive results," Rao said. "This is part of our multi-prong campaign #SecureFarmer2SecureIndia and we have made a beginning with cotton."

"Compared to last year, the awareness levels are higher now and farmers are managing this problem much better. They are using pheromone traps to detect the presence of pink boll worms early in the season... spraying required agrochemicals as preventive action," said NSAI General Secretary and seed technologist A.S.N. Reddy.

Several seed and pesticide companies have also begun to distribute pheromone traps as part of their CSR projects. More than 100,000 traps have already been pressed into service both by public and private sector establishments for early detection of PBW attack, NSAI said.

NSAI has also represented to the Union Agriculture Ministry to popularise the Integrated Pest Management (IPM) programme which involves crop rotation of cotton with other crops, biological control of insects with the help of insects and parasites that devour pink boll worms and destroying crop residue and trash in the field.

As per government statistics, cotton is grown on 10.5 million to 12.5 million hectares (or 25-30 million acres) across 11 major growing states of Maharashtra, Gujarat, Telangana, Andhra Pradesh, Karnataka, Punjab, Haryana, Madhya Pradesh, Rajasthan, Odisha and Tamil Nadu. In peak years, the cultivated area may touch 12 mha.

Boll worms are still the most dangerous pests of cotton, as they thrive on boll or fruit of cotton which contains Kapas or fibre, thereby causing severe economic damage, said Dr S.B. Patil, Professor in the Department of Agricultural Entomology, University of Agricultural Sciences, Dharwad.

"Efforts are being made to contain the pest growth at the egg stage itself by deploying pheromone traps for early detection and our university is also actively educating farmers," he said.
Entomologist B. Rosaiah, former Associate Director of Research at N.G. Ranga Agriculture University, Guntur, Andhra Pradesh, said the pest is a problem in all cotton-growing countries and in India its attack is proven to be severe in late sown cotton crop -- in July and harvested in November-December.

Nuziveedu Seeds Limited is also bringing in a new Bt trait which is a two-gene trait combination. They expect regulatory approvals in two years. This trait is showing good results in bio-assays conducted in their labs, said its Director of Research Sateesh Kumar P.

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

How e-commerce companies like Amazon, Flipkart help stores locate new spending cities

Increasing e-commerce penetration into India’s semi-rural hinterland has spawned unique expansion opportunities for a completely different industry from an earlier generation – brick-and mortar fashion stores.

Strategists at India’s organized fashion chains are now combing the end-user address lists of Web commerce companies to analyze whether it might be worth their while to open large-format stores in, say, Siliguri, Amroha, Moga, or Gaya.

As a brand, we reached 22,000 PIN codes today, purely thanks to e-commerce and they have helped us reach our products to the oddest of places,” said Manish Mandhana from Mandhana Retail, which markets Salman Khan’s Being Human label.

Mandhana says Being Human plans to open about 100 stores in the next two-three years and 60% of them will come in tier 2-3 cities. Similarly, US Polo plans to open 60 outlets this year and half of those would come up in smaller towns.

Ethnic wear brand Biba has about 100 outlets in smaller cities and plans to add 40 more. Similar are the plans at Lifestyle, Puma, and Tommy Hilfiger.
Companies such as Arvind Lifestyle Brands have started to assess the sales of their brands on various e-commerce platforms besides looking at the usual parameters of demography and prosperity of a region before opening a store. Many e-commerce companies, including Amazon, Flipkart, or Myntra, say more than 50% of their sales are now generated in smaller towns.

“We also crosscheck our sales from online partners such as Myntra for proposed locations,” said Alok Dubey, CEO Lifestyle Brands at Arvind Lifestyle Brands. Retailers say there is latent demand in smaller consumer centres due to the Internet penetration and increased awareness. Furthermore, the supply of better retailing infrastructure is now allowing brands to add outlets in smaller towns.

People are coming up with malls in Patna, Siliguri, Guwahati, Jamshedpur, and Baroda. They are on an average 300,000-350,000 sq ft and all built by local entrepreneurs,” said Vivek Kaul, head of retail at consultancy firm CBRE. The rentals at malls in non-metro towns are available at reasonable rates and the economics work, Dubey added.

“There are 400+ small towns in India with immense potential. All these places have a certain section of people with aspirations to buy brands and they are in enough numbers for a brand to survive,” said Sanjay Vakharia, COO Spykar Lifestyle. The brand has presence in 110 cities, of which about 40 are in smaller towns such as Gaya in Bihar, Abohar and Moga in Punjab, Akola in Maharashtra, and Rewa and Katni in Madhya Pradesh.

Mandhana of Being Human said tier 2-3 markets looked more lucrative in the last couple of years. “That has been the strategy for the last two years, and we find the aspiration for our brand is way higher in tier 2-3 cities. These are the new spending cities in India if you ask me,” he said. “We see business in those markets getting bigger. The consumer in the 50th or 51st city wants the same offerings as she gets to see in Delhi, Mumbai or overseas,” said a top executive of a premium foreign brand. “An affluent consumer in Mysore, say, must get quality service. Else, she would shop abroad.”
Mandhana of Being Human said global brands such as Zara, H&M, and Forever 21 have made it very competitive for various brands. “Zara and H&M are metro-centric. Hence, they give the opportunity to Indian brands to penetrate into the hinterland,” he said.

Source: economictimes.com- Sep 04, 2017

Textile companies see profit revival in second quarter

<table>
<thead>
<tr>
<th>(₹ crore)</th>
<th>Net sales</th>
<th>Net profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1FY16</td>
<td>Q1FY17</td>
</tr>
<tr>
<td>Vardhman Textiles</td>
<td>1,400.10</td>
<td>1,479.79</td>
</tr>
<tr>
<td>Welspun India</td>
<td>1,386.46</td>
<td>1,291.15</td>
</tr>
<tr>
<td>SRF</td>
<td>1,195.08</td>
<td>1,272.66</td>
</tr>
<tr>
<td>Arvind Ltd</td>
<td>2,104.13</td>
<td>2,475.03</td>
</tr>
<tr>
<td>Indo Count Inds.</td>
<td>476.68</td>
<td>399.42</td>
</tr>
<tr>
<td>Sheela Foam</td>
<td>380.54</td>
<td>419.47</td>
</tr>
<tr>
<td>Sutlej Textiles</td>
<td>552.66</td>
<td>651.99</td>
</tr>
<tr>
<td>Kitex Garments</td>
<td>119.31</td>
<td>130.15</td>
</tr>
<tr>
<td>S P Apparels</td>
<td>162.21</td>
<td>150.61</td>
</tr>
<tr>
<td>Vardhman Acrylic</td>
<td>105.24</td>
<td>67.69</td>
</tr>
</tbody>
</table>

Source: Capitaline

Textile companies are expecting a revival in their fortunes in July-September on a rebound in customer footfalls and restocking by traders following GST (goods and services tax) compliance.

Profit margins of textile firms remained under pressure in the first quarter of the current financial year due to traders’ destocking ahead of the GST implementation effective July 1. Primary textile players had stocks returned to them amid fears of the GST’s burden on unsold inventory.

Not only small players but large ones, too, saw profits being squeezed in the quarter ended June. The net profit of Vardhman Textiles and Welspun Industries declined by 7.19 per cent and 38.39 per cent, respectively, during April-June.
Grasim Industries reported a 9.48 per cent rise in its net profit, which according to a Motilal Oswal report, was driven by improvement in realisation from the VST segment. Overall volume growth from the textile business remained flat for Grasim Industries, the report said.

“Following the disruption due to demonetisation, the imminent introduction of the GST dampened demand during this quarter. The implementation of the GST has disrupted the unorganised sector, which has been demanding its removal on fabrics and resolution of the inverted duty structure,” said C S Nopany, chairman, Sutlej Textiles and Industries. The government announced demonetisation of Rs 500 and Rs 1,000 notes in November, which caused the cash business to come to a standstill.

Textile traders, especially those dealing in fabric and yarn, went on a 40-day strike in May after the announcement of a five per cent GST levy on them. With the government firm on the levy, traders resumed business after compliance with the new tax norms in July.

Analysts said business would become normal with a resumption in demand from the domestic and export markets. Apart from that, cotton prices, which remained elevated last year on low output, are expected to decline this year on expectations of a bumper crop.

“Adverse rupee movement against the Chinese yuan is affecting textile players. In addition, high cotton prices have posed a challenge. With supplies likely to rise in the upcoming season, cotton prices are expected to moderate by 5-10 per cent,” Sumant Kumar, an analyst with Emkay Global Financial Services, said in a report.

The Cotton Advisory Board estimated India’s cotton output at 34.5 million bales in 2016-17. The output is likely to be higher in 2017-18 on an increase in acreage. Analysts said textile companies with low debt and a better product mix were likely to perform better.

Source: business-standard.com- Sep 04, 2017
For BRICS, Indian textile merchants in China can be an example of economic cooperation

The relationship between China and India, as an Indian Ambassador recently pointed out, "Is tangled, complex and fraught." It has been so ever since the Nehru days, with the first prime minister of India expressing faith over India's robust democratic polity, which he considered to be a more significant achievement than the fast pace of economic development in China.

While the timbre of India-China bilateral dialogue fluctuated between sombre to shrill over the next 70 years amidst war, recurrent border disputes, and economic competitiveness, the average Indian Joe, however, remained consistently enamoured in Chinese food, played with Chinese toys and flaunted Chinese cell phones.

Though the popularity of spicy hot Hakka noodles remained ubiquitous in all restaurants from Chennai to Kolkata, the lingering coldness between the two countries directly impacted the number of Chinese living in the country. With only 2000 Chinese descendants living in the city, Kolkata is a faint reminiscence of a city with a bustling Chinese community of 20,000.

Though the Chinatown still stands with its colourful rooftops, temples and festoons, the ownerships of most Chinese eateries are no more in the hands of Chinese. As the young generations have moved away to Canada, US, and Australia, the mecca of Chinese food in Kolkata - Tengra - lacks both the energy and the capital to boost the social and economic presence of the community in India.

However, though the physical presence of Chinese is dwindling both in Kolkata and Mumbai, which once had a flourishing trade relation with China, the number of Indians in China is rising over the years. Unlike the IT sector, which is drawing increasing number of educated Indians to the foreign shores, in case of China, it is the textile trade.

Keqiao, located in the eastern Zhejiang Province, is called the Chinese textile city. Rising out of poverty and underdevelopment which plagued Keqiao in the 1970s, the city has turned out to be the largest fabrics export centre of China. With the opening up of opportunities that came at the
backdrop of China's open policy, more than 5000 Indian middleman traders have come to settle down in the textile town of Keqiao.

It was in 1998 that the first Indian came to open a trading office in Keqiao. The first wave of Indian migrants to the city coincided with its exponential growth of fabric exports in the early 2000s. The enterprising cloth traders from India made full use of the institutional support that the local government gave to make Keqiao, 'a Textile Silicon Valley'. With the moving in of the Indian merchants, Keqiao transformed from a local Chinese textile market to an international textile export centre. Even Chinese traders operating from the region recognise the fact that the arrival of many Indian traders drastically transformed the local trade landscape.

Most of the Indians working as the middleman in the cloth trade are Sindhis. Traditionally a business community, the Sindhis were severely impacted by the partitioning of the sub-continent. In a search for a better fortune, they started spreading across the globe. People in the clothing trade moved to Dubai.

When the competition of the fabric middleman business became very keen in the 1990s, they shifted their business base to Taiwan and South Korea. After the South Korean market was badly hit by the Asian Financial Crisis, Sindhi merchants moved to Keqiao in China.

In Keqiao, Sindhis came to know that it was indeed easier to find more kinds of fabrics at cheaper prices than anywhere else as the textile factories and shops are highly centralised. Sindhis, as well as other Indian cloth merchants, started setting up trading offices in Keqiao.

Unlike the Pakistani merchants in the region, most Indian businessmen come with start-up capital to start the new venture. They tend to employ their compatriots work for them. Most of these employees are in their late 20s and early 30s but have left their home at a very early age, they have years of work experience.

Currently, there are around 1000 Indian companies located in Kenqiao. The long-term business relationships that they have in place with their buyers and suppliers have helped them to prosper unlike any other business communities operating out of the region. Evidently, the India-run companies outnumber by far the Chinese and Korean-run companies.
It is not only the numbers that give Indian merchants at Kenqiao an edge over others but the negotiation skills and in-depth knowledge that they have acquired in the business through their years of experience. One of the Chinese merchants pointed out to Ka-Kin Cheuk, who has been researching the Indian mercantile community, "Indians are the key middlemen in Keqiao. I don't like to do business with them. They are cunning. But only Indian middlemen can give us big orders. Chinese traders find it 'too risky' to do business directly with overseas buyers. Evidently, the Chinese look at Indian traders with mixed feelings of apprehension and appreciation. So, just the like the relationship between the two states, at the individual level too, the relationship is complex, fraught and tangled.

But just as the Indian traders need China to fulfil their economic aspirations, to build up their social and economic capital, similarly the Chinese need the Indian merchants to sell their products in Europe, North America and the Middle East.

Without the Indian network, developed through years of painstaking work during the Cold War, Chinese textiles would not have reached Russia and Eastern European countries. In Dubai too which acts as the entry-point of Chinese goods for the Middle Eastern and African countries, it is the Sindhi mercantile network that carries Chinese textile around.

So, both India and China may take up a jingoistic posture at each other but this small community of Indian merchants along with their Chinese compatriots will together be representing the global south to the world market. This could well be a lesson for BRICS leaders as how to rise above political quibble to build a platform of economic cooperation. This is what the future needs to be, not isolation and acrimony.

Source: wionews.com- Sept 04, 2017

***************