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IBTEX No. 235 of 2019 December 04, 2019

US 71.76 | EUR 79.48 | GBP 93.24| JPY 0.66

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
18947	39600	**70.32**

Domestic Futures Price (Ex. Warehouse Rajkot), December

Rs./Bale	Rs./Candy	USD Cent/lb
19060	39835	**70.74**

International Futures Price

NY ICE USD Cents/lb (March 2020)	64.05
ZCE Cotton: Yuan/MT (January 2020)	13,055
ZCE Cotton: USD Cents/lb	83.86
Cotlook A Index – Physical	**74.15**

Cotton Guide- Three days of downward movement. This is proving to be drastic for the Cotton Market. This has thus made it more difficult for exporters throughout the globe [especially the Indian Exporters]. Today fundamental and technical analysis doesn't seem to work anymore against the powerful tweets of President Trump.

In his latest comment, President Trump mentioned that he is not bound to any deadline [for a trade deal] and would therefore even wait until after the next US Presidential elections. Furthermore, USA is set to impose additional tariffs on December 15, 2019.

Yesterday, with the fall in prices at ICE, the prices have become attractive for buyers, but on the other hand have left the exporters to be uncompetitive. The Indian Basis has widened which is a big red signal for the Indian Exporters. The Basis is now at 850 on. The Country has seen Basis even touch 2000 on in the previous session. There were great hopes of good exports happening in 2019-2020 which now again look grim. We need to note that Last year Indian cotton was the most expensive cotton in the world [for particular grades], which was the major cause for declining exports. This year Indian Cotton is the cheapest, yet exports have not picked up. Following table of Cotlook Indices will shed clarity:

Growth	Cents per Pound
Indian Medium Grade	**71.25**
Brazilian	74.25
Memphis/Orleans/Texas	74.50
Memphis/Eastern	75.00
Ivory Coast BEMA	75.75

Another point to have an eye on is the export sales and shipments to China. If China starts cancellations of the numbers seen in the US export sales, then the prices of ICE March that we see today at 64 cents per pound can head even further down.

Therefore on the fundamental front, with the latest developments we are of the view that the latest range should be 62.50 to 65.50 cents per pound with a sideways trend to negative bias.

On the technical front, in daily chart, ICE Cotton March has completed its pullback towards the upward sloping channel & resumed its bearish bias. However, price is testing the support of 63.51, which is 38.2% Fibonacci retracement level of an intermediate up move. Meanwhile, price is below the daily EMA (5, 9) at 64.64, 64.91 with a negative crossover, along with the momentum indicator RSI is at 43, suggesting sideways to negative bias for the price. The immediate resistance for the price would be at 64.90 (9 day EMA). Thus for the day we expect price to trade in the range of 63.50-64.90 with sideways to negative bias. In MCX Dec Cotton, we expect the price to trade within the range of 18950-19100 with a sideways to negative bias.

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

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INTERNATIONAL NEWS

More Countries, More Tariffs: Trump Spares Few Allies With Slew of New Duties

Since Monday, the United States has restored steel and aluminum tariffs on Brazil and Argentina, threatened tariffs on popular products from France, and alluded to increasing European Union tariffs in light of a new World Trade Organization ruling Monday.

Taking to Twitter early Monday, President Trump said, "Brazil and Argentina have been presiding over a massive devaluation of their currencies. which is not good for our farmers. Therefore, effective immediately, I will restore the Tariffs on all Steel & Aluminum that is shipped into the U.S. from those countries."

The move commits Brazil and Argentina to the 25 percent tariff on steel and 10 percent on aluminum they were exempted from in March upon agreeing to duty-free quotas instead. Trump claims the weakened currencies—owed to sluggish economic growth—have made crops from the two countries cheaper than what the U.S. produces.

"This makes it very hard for our manufacturers & farmers to fairly export their goods," the president said in an ensuing tweet Monday.

By Monday evening, the tariff target was pointed squarely at France—and those duties could be levied at a rate as high as 100 percent.

Following the first segment of an investigation into France's Digital Services Tax (DST), which the U.S. claims discriminates against American companies (particularly Google, Apple, Facebook and Amazon) by being "unusually burdensome," the U.S. Trade Representative proposed additional tariffs of up to 100 percent on $2.4 billion worth of French goods. The DST, which was approved this summer, charges foreign entities 3 percent on the revenues they earn for providing digital services in France.

The list of targeted imports includes food stuffs like fresh cheese, butter and sparkling wine, popular holiday fare, but it also features 10 tariff codes of handbags, like those made of leather, plastics and textiles, meaning companies like LVMH could be hit hard if things progress.

What's more, the investigation findings have prompted USTR to look into other countries' digital taxes, which could mean tariffs for them, too.

"USTR is exploring whether to open Section 301 investigations into the digital service taxes of Austria, Italy and Turkey," U.S Trade Representative Robert Lighthizer said.

For now, France remains the focus, and the USTR has invited public comments on these issues ahead of a public hearing scheduled for Jan. 7, which will determine what actions the U.S. takes on the matter. And with new tariffs taking effect either immediately or within weeks, a decision to levy the tariffs could have swift impact at the start of the year.

French Finance Minister Bruno Le Maire has already issued his comments on the matter, calling the move "unacceptable," while other French officials have promised a dispute.

Also on Monday, USTR reacted to a recent World Trade Organization (WTO) ruling on the European Union Airbus subsidies case that prompted the U.S. in October to impose new tariffs on $7.5 billion worth of goods from the region, including 25 percent tariffs to U.K.-originating sweaters and wool suits.

Now that another WTO panel—prompted by EU counterclaims—has found the EU's subsidies to Airbus did in fact harm the U.S. aerospace industry, the administration is considering upping the existing tariffs and potentially rolling out more.

"In light of today's report and the lack of progress in efforts to resolve this dispute, the United States is initiating a process to assess increasing the tariff rates and subjecting additional EU products to the tariffs," USTR said late Monday.

On Monday alone, the United States' moves on trade served to exacerbate what has become a damaging trend of weaponizing tariffs and leaving apparel and footwear businesses little time to plan for changes in what is already a pressured market.

Speaking specifically about the steel and aluminum tariff reissue, Edward Meir, a consultant at ED&F Man Capital Markets, told The Wall Street

Journal the latest action "underlines the whole malaise we're seeing on the trade front."

"We're looking at a very dicey situation in December…I don't have a good feeling about it," he said.

Source: sourcingjournal.com- Dec 03, 2019

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China's textile and apparel exports reach $21.23 billion in H1 2019

According to latest Chinese Customs Statistics from January to August 2019, China's exports of textiles and apparels to the US, during the first half of 2019, reached $21.23 billion, with growth slowing by 1.6 per cent year over year. Clothing accounts for 73 per cent of those exports, and textiles make up the other 27 per cent.

Growth of China's textile exports is higher than in the garment sector. This is mainly due to the incompleteness of supply chains of low-cost countries like Bangladesh and Cambodia. Shortage of raw materials and fabrics boosted China's textile exports as well. A survey conducted at last month's Sourcing Summit New York revealed 35 per cent attendees from major global apparel brands and retailers intend to reduce their China sourcing.

Those investments are going toward setups in places like Vietnam, Cambodia and Bangladesh, in order to retain an opportunity to serve US brands and retailers wherever they're headed, and to avoid the tariffs that are making things tricky in China, however, many still rely on inputs from China.

For some products with complex procedures, the delivery time in Southeast Asia is at least one month slower than in China. Therefore, brands with fast-fashion items that need to be replenished quickly are still better off staying in China.

Source: .fashionatingworld.com- Dec 02, 2019

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”China-Pakistan Free Trade Agreement” likely to damage India’s cotton exports

In a significant progress, 313 Pakistani products have been granted tax-free access in China as the implementation of the ”China-Pakistan Free Trade Agreement” starts today. The trade agreement was signed by Prime Minister Imran Khan on his last visit to China and is expected to further strengthen ties between both friend countries.

Previously, Advisor to Prime Minister on Commerce, Razak Dawood, informed that the second phase of FTA (free trade agreement) with China will start from December 1st.

“The phase-II is going to facilitate the access of 313 top export items into the Chinese market,” Dawood said while speaking at the world fashion convention.
“After this agreement, all the major exports of the country especially value-added textile items would have better excess into the Chinese market.”

Source: blog.siasat.pk- Dec 03, 2019

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Dumping by China? Singapore imports surge under the scanner

This level of annual spike in imports from Singapore has been unheard of despite the existence of the FTA for around 14 years now.

An unusual 118% spurt in India’s merchandise imports from Singapore to a record $16.3 billion in 2018-19 has alarmed customs officials and puzzled the commerce ministry, which has asked for a closer scrutiny of the inflows, a senior government official told FE.

The move comes amid growing fears that Chinese exporters may be diverting supplies to India through Singapore, taking undue advantage of New Delhi’s duty concessions to the island city-state under a free trade agreement (FTA), as Beijing’s trade war with Washington continues unabated. New Delhi, too, has been mounting pressure on Beijing to trim the massive trade imbalance.

"The scrutiny of any potential violation of the rules of origin (of the imported products) is being tightened," said another source. This level of annual spike in imports from Singapore has been unheard of despite the existence of the FTA for around 14 years now. In fact, at 64%, the highest annual surge in imports from Singapore in recent memory was witnessed in 2006-07, a year after the FTA — formally called the Comprehensive Economic Co-operation Agreement — was signed on June 29, 2005.

Consequently, India's trade balance with Singapore exacerbated dramatically, from a surplus of $2.7 billion in 2017-18 to a deficit of $4.7 billion last fiscal, showed the DGCIS data.

It also helped drive up India's trade deficit with all Asean members substantially to $21.8 billion in 2018-19 from just $12.9 billion a year before.

Although the imports from Singapore have dropped 6.4% year-on-year in the April- October period of the current fiscal to $8.7 billion, they were still more than a double of what India imported from the city-state in the same period in 2017-18 and way above the usual trend in recent years. Interestingly, in addition to Singapore, India's trade balance with Hong Kong — widely considered a proxy for Beijing — went haywire last fiscal and turned negative for the first time in at least two decades even as its trade deficit with China eased by $9.5 billion to $53.6 billion. This has raised questions about the actual reduction in India's effective trade deficit with China.

India last month pulled out of the China-backed Regional Comprehensive Economic Partnership (RCEP) deal, as it feared, among other things, massive dumping by China and some others. So it wanted effective safeguard mechanisms and strict rules of origin to protect its industry but couldn't get others to agree to. In fact, New Delhi was pushing for "sufficient value addition" of at least 35% in the country of exports for a product to be eligible for its tariff concession under RCEP pact, while others wanted to settle for just
minimal value addition. India's existing FTAs with Asean, Singapore, Japan and South Korea already link duty concession to a 35% value addition to prevent unscrupulous elements in other countries from taking advantage of the low or zero-duty regimes, according to analysts.

What reinforced suspicion of a potential diversion of some Chinese supplies was the fact that, among the high-value segments, the maximum jump in imports from Singapore in 2018-19 was noticed in electrical machinery and parts, sound recorders and TV images etc (158% rise year-on-year to $3.1 billion), followed by a 142% surge in certain capital goods (nuclear reactors, boilers, machinery and mechanical appliances and parts) to $2.7 billion. Similarly, imports of some petroleum products jumped 209% to $1.6 billion, while those of organic chemicals rose 20% to $1.8 billion and plastics and products by 32% to $1.2 billion. Imports of iron and steel and such articles from Singapore witnessed an over three fold rise to $638 million and even rubber and articles by 263% to $306 million.

China is the dominant exporter of most of these products.

Although such goods used to be imported from Singapore earlier as well, what raised eyebrows was the unusual spike in such inflows in one year, when there was an escalating trade war between China and the US.

Source: Financial Express,- Dec 04, 2019

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Pakistan: Govt Releases Rs81.132 Million For Textile Industry Sector Development Projects

The Ministry of Planning Development and Reforms has so far given the authorization to release Rs81.132 million for various Textile Industry sector development projects under its Public Sector Development Program (PSDP) for the financial year 2019-20 as against the total allocation of Rs 202.828 million.

According to the data PSDP releases , issued by the Planning Commission of Pakistan, the authorities concerned had given the authorization of release of Rs2.828 million for the overall developmental projects of Faisalabad Garments City Traning Centre, Faisalabad under its PSDP 2019-20 as against the total allocation of Rs2.828 million.

The authorities concerned had also given the authorization of release Rs78.304 million for 1000 Industrial Stitching Units (All over Pakistan), as against the total allocation of Rs100 million in order to water conservation.

The Federal government has so far released Rs297.278 billion for various ongoing and new social sector uplift projects under its Public Sector Development Programme (PSDP) 2019-20, as against the total allocation of Rs701 billion.

Source: urdupoint.com- Dec 03, 2019

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Pakistan: Hafeez Shaikh tasks FBR to ease tax related process of textile industry

Adviser to Prime Minister on Finance and Revenue Dr Abdul Hafeez Shaikh has directed the FBR to take input and suggestions from the textile exporters and simplify the H-Form within a week to ease and expedite the processing and payment of Sales Tax (ST) refunds to textile exporters.

He gave the instruction during a meeting with the office-bearers and members of All Pakistan Textile Mills Association (APTMA). Adviser to Prime Minister on Institutional Reforms & Austerity Dr Ishrat Hussain, Adviser to Prime Minister on Commerce, Textile, Industry and Production Abdul Razak Dawood, Chairman Task Force on Textile Ali Habib, FBR Chairman Syed Shabbar Zaidi, former finance minister Shaukat Tareen and Secretary Finance Naveed Kamran Baloch were also present among others.

Dr Abdul Hafeez Shaikh told the exporters that the government was not at all interested in keeping their money held up for any length of time and the government was willing to listen to and accommodate any solution or recommendations from the exporters to simplify the H-Form and ensure a prompt payment of sales tax refunds to them.

He also directed the FBR to expedite the payment of nearly Rs10 billion worth of customs duty drawback to the exporters. Shabbar Zaidi told the meeting that FBR had so far received claims for sales tax refunds to the tune of Rs10.14 billion pertaining to the period from July to October 2019 and cases amounting to Rs8.02 billion had already been processed for payment out of which 1604 cases has been accepted for payment which would be made at the earliest.

Earlier, the APTMA leaders and members told the Adviser they were happyand satisfied with the documentation drive of the government and wanted to process their claims for Sales Tax refunds through the newly-introduced Form-H. They had formulated recommendations to simplify the Form-H in view of certain problems being faced by them in filling out the form.

Source: thenews.com.pk- Dec 04, 2019

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Russian technical textiles on the rise

Production of technical textiles including innovative textiles products has more than doubled in Russia over the past seven years, and continues to grow, according to recent statements from Andrei Razbrodin, head of the Russian Association of Textile and Light Industry Producers (Soyzlegprom), a public association, which unites leading Russian textiles and technical textiles enterprises.

Razbrodin told Innovation in Textiles that this year the growth of production will not be less than +10%, and comparable to the figures of the previous four years. This is mainly due to the ever-growing domestic demand for technical textiles and innovative textile products and their consumption in the local market.

According to data from Soyzlegprom, in general the production of technical and innovative textiles in Russia almost doubled during the period of 2011-2018 and exceeded RUB 76 billion (US$1.18 billion) in value terms last year, a record figure in the modern history of Russia.

Soyzlegprom predicts that this year the share is expected to reach 40% of the entire market, compared to 33-35% at the beginning of 2010s.

According to expectations of Razbrodin, in the case of maintaining of the current growth rates of the market and a further growth of the local demand, domestic manufacturers will be able to occupy at least two thirds of the national market for technical textiles and nonwoven materials already by the mid-2020s.

Analysts also said the number of projects, which involve the production high-tech textiles products in Russia has significantly increased in recent months.

One such project involves the production of Russia's first innovative production of polymer-coated multilayer technical textile materials. It is implemented on the basis of the Ivanovoiskozh enterprise in the Ivanovo Region, a centre of the Russian technical textile production, while the volume of investments in its commissioning amounted to 630 million rubles (US$10 million). Analysts at Soyzlegprom believe future output of the enterprise will be in high demand among local customers.

The list of other promising projects in the field of technical textile, which are currently being implemented in Russia involves the production of technical filtration fabrics on the basis of the local INPC TLC.

In addition, several months ago a large-scale project for the manufacture of antimicrobial textile materials and products has been recently commissioned by the Perm-based IDILIO LLC enterprises, is jointly implemented with the Russian Special Textiles Association (Shuya). According to Razbrodin, scientific support is provided by scientists of the Kh.R. Krestov Institute of Chemical Engineering,

Analysts believe the Russian technical textiles industry will continue its growth in years to come, while a particular attention will be paid to the increase of the production of health-saving textile materials, including those, which contain nano, bio and modified chemical fibres new generation heaters and heat-insulating fireproof nonwoven materials. That will involve the conduction of more active R&D activities in this field.

Next year scientists of Kosygin Moscow State University of Design and Technologies and the First Moscow State Medical University, the oldest medical school in Russia, plan to accelerate R&D activities for the design and production of bactericidal and bacteriostatic textile materials as well as products from synthetic fibers, which are modified with silver nanoparticles.

Source: innovationintextiles.com- Dec 03, 2019

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Vietnam: Textile-garment industry expands 7.55 percent in 2019

Vietnam's textile and garment industry is estimated to grow about 7.55 percent this year, according to President of the Vietnam Textile and Apprarel Association (VITAS) Vu Duc Giang.

The sector has maintained healthy growth in spite of economic slowdown and trade tensions between major economies, like the US and China, Giang told a press conference to provide an update on the industry this year and announce the VITAS's 20th anniversary celebration ceremony.

The textile-garment export value is estimated at 39 billion USD this year, below the 40-billion-USD target, he said.

The industry's import turnover is estimated to expand 2.21 percent year on year to 22.38 billion USD.

The sector enjoys a trade surplus of 16.62 billion USD, up 2.25 billion USD and 15.7 percentage points from a year earlier.

The VITAS President said the US remains Vietnam's largest buyer which imported 15.2 billion USD worth of textile-garment products, or 38.97 percent of the total export, up 8.9 percent against last year.

It is followed by the EU which spent 4.4 billion USD on Vietnamese textiles and garment, accounting for 11.28 percent of the total export and up 2.23 percent.

He also announced that a ceremony will be held in Hanoi on December 13 – 14 to celebrate the VITAS's 20th founding anniversary. The event is expected to see 500 local and foreign guests.

Source: vietnamplus.vn- Dec 03, 2019

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NATIONAL NEWS

Progress in growth of Indian textile parks slow: minister

Under the Scheme for Integrated Textile Parks (SITP) approved during the 10th Five Year Plan in 2005, the ministry of textiles sanctioned 59 textile parks, out of which only 22 have been completed while the rest are under various stages of construction, textiles minister Smriti Irani informed parliament lower house recently. Progress in SITP's growth has been slow, she said.

"The slow progress in the implementation of the textile parks under the SITP has been attributed primarily to delay in obtaining land and other statutory clearances from state government and slow fund mobilisation by the textile parks," the minister was quoted as saying by a news aqgency.

The SITP provides support for creating good textile infrastructure, with the government granting up to 40 per cent of the project cost. The government grants up to 90 per cent of the project cost for first two projects each in the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim, Himachal Pradesh, Uttarakhand and Jammu and Kashmir, with a ceiling limit of ₹40 crore for each textile park.

Source: apparelviews.com – Dec 03, 2019

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FM: More reforms to make India better investment destination

Finance minister Nirmala Sitharaman on Tuesday said the government is open to further reforms for making India a more attractive investment destination.

The government has taken various steps, including reduction of corporate tax, she said at the India-Sweden Business Summit here.

"I only can invite and assure that the government of India is committed for further reforms in various sectors — whether it is banking, mining or insurance and so on," she said.

Sitharaman, in a surprise move, had on September 20 slashed the corporate tax rate to 22% from 30% sans any exemptions and holidays and to 15% for new manufacturing entities to spur investments into the country.

She said India plans to spend Rs 100 lakh crore on building and upgrading public infrastructure over the next five years and invited Swedish companies to participate in various greenfield and brownfield projects.

"We are looking at building more smart cities where Swedish businesses can contribute," FM said, adding that the government has appointed a task force to track the pipeline of big-ticket projects.

Sitharaman said India has a decisive leadership, which has undertaken radical structural reforms in various sectors of the economy.

The country is determined to further improve the ease of doing business, she added. India moved 14 places to be 63rd among 190 nations in the World Bank's ease of doing business ranking on the back of multiple reforms.

The minister said the country offers a huge market with a large middle-class, which is aspirational and has real purchasing power.

"This offers immense opportunities for businesses," said Sitharaman.

India and Sweden have seen concrete outcomes in life sciences and other sectors, which have benefited both the countries, she said.

Source: economictimes.indiatimes.com– Dec 03, 2019

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Sitharaman to meet state FMs today: Steps to boost GST revenue on agenda

Given that a shortfall in Goods and Service Tax (GST) collections is threatening to upset the budget maths of both the Centre and states and the former has even started defaulting on paying the constitutionally guaranteed compensation amounts to the latter, the GST Council's next session on December 18 might see hikes in tax rates on a host of items and a pruning of the 156-strong list of exempt items.

Besides, the compensation cess, now levied on all the 34 items in the highest tax bracket of 28%, could be hiked and may also be imposed on a clutch of items in the lower slabs.

The Council might also formulate alternatives to compensate states as the source fund has proved to be inadequate. However, the GST slabs as such might not see a revision at this juncture, as this requires a comprehensive policy review.

Since the GST's July 2017 launch, there have been several rounds of rate cuts, acceding to the demands from specific industries and in conformity with the government's intent to boost consumption.

This is despite the fact that GST rates to start with were generally lower than the combined incidence of Central and state levies on most items.

It is seen that the Centre GST (CGST) revenue for FY20 might be about Rs 30,000 crore lower than Rs 5.28 lakh crore estimated in the Budget. Also, the compensation kitty might fall considerably short, when it comes to meeting the collection estimate of Rs 55,900 crore/month required to meet the assured annual SGST growth of 14% . Given the SGST collections in April-November period, compensation requirement for the period is nearly Rs 69,000 crore while the cess proceeds were only Rs 64,500 crore. This deficit is likely to get worse over the rest of the fiscal.

The GST Council wrote to state GST commissioners on November 27: "…lower GST and compensation cess collections have been a matter of concern in the last few months. The compensation requirements have increased significantly and are unlikely to be met from the compensation cess being collected." It also sought the states' inputs on review of tax/cess rates and list of exemptions.

Finance ministers of five states — West Bengal, Kerala, Punjab and Rajasthan and Delhi — recently raised an alarm over the delayed compensation payment from the Centre for the August-September period, and claimed that they were facing acute fiscal pressures as a result. "A delegation of state FMs will meet Union FM tomorrow morning to discuss GST Compensation dispute," Kerala finance minister Thomas Isaac tweeted on Tuesday. He had tweeted on Sunday: "GST Council must be convened at the earliest to discuss Compensation Payment dispute between Centre and States. Central government has defaulted on the payment. Law says that Compensation must be paid in bi-monthly installments. Today we enter the fourth month without payment".

While the Centre disbursed over Rs 47,000 crore in compensation to states for the April-July period, the bimonthly payment for August and September, which traditionally happens in the subsequent month, has been delayed.

Although states tacitly acknowledge that the guaranteed growth is steep specially when the economy is facing a consumption slump, they refused to buy into the suggestion of Finance Commission to pare it down.

After the GST revenue collection fell short by nearly Rs 1.5 lakh crore from the budget estimate last fiscal, the Union government in its budget this fiscal kept a rather conservative growth projection of only 1%.

After two months of contraction, GST revenue grew 6% in November 2019 (concerning mostly October transactions), to report the third-largest monthly mop-up of Rs 1.03 lakh crore since the tax's launch in July 2017. A pick-up in consumption during the festive season seems to have contributed to the increase in mop-up, rather than any incipient economic recovery.

GST mop-up in October — concerning mostly September transactions — came in at Rs 95,380 crore, 5.29% lower than in the year-ago month. The September GST collections were just Rs 91,916 crore, a 19-month low and 2.7% lower than the year-ago month.

While technically the Centre has the option of dipping into the Consolidated Fund of India to make good the cess shortfall, it is unlikely to do so, given the fiscal constraints. According to officials, the law doesn't prohibit levying the cess on items other than those in the 28% slab.

Earlier, the Council had set up a group of ministers and a committee of officers to suggest revenue augmentation measures.

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Source: financialexpress.com– Dec 04, 2019

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Maharashtra cotton prices improve but remain below MSP

Cotton Corporation of India (CCI), which has commenced procurement operations in the state, is paying farmers the MSP price.

Wholesale cotton prices in Maharashtra continue to remain below Minimum Support Price (MSP) levels even as the moisture content in cotton has reduced over time and winter has begun to set in.

Cotton prices improved to Rs 4,500-5,100 per quintal, according to industry people. The prices were Rs 3,500-4,000 per quintal a week ago.

Cotton Corporation of India (CCI), which has commenced procurement operations in the state, is paying farmers the MSP price.

The MSP of cotton for the 2019-20 season is Rs 5,550 per quintal as against Rs 5,450 per quintal in the previous year. According to Pradeep Jain, president, Khandesh Cotton Ginners Association, arrivals have picked up to around 50,000 bales and CCI purchases around 50% of this.

He expects prices to remain on the lower side this season as the arrivals pick up and attributes the low prices to the lack of demand in the market. Prices have improved to Rs 4,500-5,100 per quintal for traders and there is little demand in the market, Jain said.

Not much is happening on the import-export front and the market is functioning on local demand, he added.

Jain expects cotton prices to remain below MSP for a better part of the season with arrivals picking up as the season progresses. Cotton prices are currently in the Rs 4,500-5,100 per quintal range. Last year same time, prices were at Rs 6,000 per quintal, he pointed out.

Meanwhile, the Corporation has procured around 6 lakh bales of cotton in the current season that commenced in October, CCI CMD P Alli Rani said.

The Corporation has procured around 40% of the daily arrivals on Tuesday as moisture levels have reduced, she said. In Maharashtra, the procurement is being done through the Maharashtra State Cotton Growers Federation (MSCGF), a sub-agent of the Corporation.

The Federation has established cotton purchase centres at Dharangaon, Parola, Amalner, Yaval, Dhule, and Malegaon in Nashik. CCI is setting up purchase centres at Jalgaon, Erandol, Pachora, Jamner, Chopda, Bhusaval, Shahda and Nandurbar.

As the weather largely remains sunny in the cotton growing areas, the moisture content in cotton is expected to further reduce. CCI purchases FAQ quality of not less than 12% moisture content levels in cotton. Last year, CCI had procured 10.70 lakh bales under MSP.

Cotton prices were down below the minimum support price (MSP) fixed by government in September and therefore CCI had to intervene to purchase in Punjab, Haryana, Gujarat and Rajasthan. The cotton crop in Maharashtra has been delayed, as unseasonal rains damaged around 19 lakh bales in the state. as per market reports.

Source: financialexpress.com- Dec 04, 2019

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Industrialists' unending wait for capital subsidy reimbursement

Industrialists continue to wait for the reimbursement of capital subsidy for border districts withheld as per the Industrial Policy 2003-2007.

The issue and others related to the industry were taken up at a meeting of the Punjab Pradesh Beopar Mandal (PPBM). Members of the PPBM said only 21 industrialists were to be released subsidy less than Rs 4 crore. As many as 121 textile industrialists had taken Rs 12 crore capital subsidy loan under the Industrial Policy of 2003.

They demanded increase in budgetary allocation to industry to Rs 2,500 crore, pension and medical insurance for MSME operators. The setting up of MSME Development Institute in the city catering to all border districts to boost industrialisation will ultimately generate employment and check drug menace among youth, they opined.

The MSME sector is facing multiple problems while filing the GST returns, maintaining of accounts and keeping other records. So they sought its simplification.

They regretted that the state government has not declared any textile policy since 2006. They called upon the government to follow the Gujarat pattern which announced 6 per cent of interest subsidy over and above the Central government scheme.

Upgradation of curriculum of textile courses in the ITIs and Polytechnics. Before this, they sought training of teachers on latest technologies to enable them to train the students in the right perspective.

Against the promised Rs 5 per unit power supply to the industry it was costing Rs 9.25 per unit to it. They demanded delivery of promised power tariff at the final billing stage.

Source: tribuneindia.com- Dec 03, 2019

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State Ministers take part in textile fair

"Tamilnadu is emerging as a leading state in the country in attracting industrial investment, thanks to the government's long term vision, and industry-friendly policies. It is able to ensure availability of land, uninterrupted and quality power supply, skilled manpower for the industry," said Minister for School Education, Youth Welfare and Sports Development, Government of Tamilnadu, KA Sengottaiyan. "The textile industry should make use of these advantages. It should commit to protecting the environment for sustainable development by setting up effluent treatment plants."

He was providing the keynote address at the Valedictory Session of Weaves 2019, a textile fair, organized by Erode Textile Mall (Pvt) Ltd (Texvalley) in association with the Confederation of Indian Industry. According to a press release, the four-day exhibition cum conference attracted the participation of 250+ exhibitors and 5,500 visitors from across the country. Weaves 2019 had generated business worth of about Rs 900 crores, the release noted.

Minister for Electricity, Prohibition and Excise, Government of Tamilnadu P Thangamani, in his address during the event said that Tamilnadu is the largest producer of textile products. Minister for Environment and Pollution Control, Government of Tamilnadu KC Karuppannan, in his address, announced that the government is planning to set up seven common effluent treatment plants worth Rs 1,000 crore in Erode and neighbouring districts.

The event also saw the participation of IAS Principal Secretary to Government Department of Handlooms, Handicrafts, Textiles and Khadi Kumar Jayant, Chairman – CII Tamilnadu State Council and group president – finance and investment strategy, TAFE Ltd S Chandramohan, president Tirupur exporters association Raja Shanmugam, past chairman CII Erode zone and vice-chairman Erode Textile Mall (Pvt) Ltd (Texvalley) C Devarajan, managing director Erode Textile Mall (Pvt) Ltd (Texvalley) P Rajasekar and chairman, Erode Textile Mall (Pvt) Ltd (Texvalley) P Periyasamy, executive director Erode Textile Mall (Pvt) Ltd (Texvalley) DP Kumar.

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India's economic fundamentals are not weakening, they are unexploited: Aaditya Mattoo, World Bank

India has made that first transition to basic manufacturing but did not fully exploit its potential and that is where the biggest kick to growth comes and that is where the jobs are generated. It has in some sense, made a precautious transition to more advanced manufacturing in areas like automotive parts or pharmaceuticals or sophisticated services and that has delivered growth but that has not delivered the same level of employment, says Aaditya Mattoo, Chief Economist, World Bank. Excerpts from an interview with Ruchi Bhatia of ETNOW.

India's GDP growth rate is at a six-year low in the second quarter, coming in at 4.5% and for the whole year, we could be well below the 6% mark. We are still talking about how India has to reach the $5-trillion economy mark. How difficult is it for us to walk on that path given the current growth concerns coming in?
The world is witnessing a growth slowdown. It is witnessing the twin threats of trade protection and risk of automation which could undermine traditional growth models. India has tremendous potential and when you think of our report which is about global value chains, we can show how India has over-achieved in some ways and under-achieved in others. It is remedying those past choices and making the most of a tremendous potential that should occupy us more.

When you are saying that India has under-achieved in certain aspects, and over- achieved in some, which are the areas we should focus on to get to the $5-trillion economy mark?
In the report we talk about different transitions on the path to development and the first is from producing commodities -- whether it is cocoa or copper to more basic manufacturing, whether it is clothes or shirts and shoes and then onwards to more advanced manufacturing and services, and finally the more innovative cutting edge goods.

India has made that first transition to basic manufacturing but did not fully exploit its potential and that is where the biggest kick to growth comes. We have estimated that as much as 1% higher participation leads to 1% higher growth and that is where the jobs are generated because those are the most labour-intensive industries -- be it apparel or leather goods. It has in some sense, made a precautious transition to more advanced manufacturing in areas like automotive parts or pharmaceuticals or sophisticated services and that has delivered growth but that has not delivered the same level of employment. It is in a way deepening its engagement in that first stage of basic manufacturing while consolidating its achievements in the advanced stage that I think is the main challenge.

That is a very interesting point that you have raised. In India, we are talking about how very close to a recessionary trend with respect to our

manufacturing sector growth we are. Is that something that the Indian government should squarely focus on now?
The report speaks less about cyclical variations in country's economies and more about longer term development prospects and there is no doubt that the manufacturing sector is craving for reform whether it is in land, labour, logistics or choice of trade policy.

There is tremendous scope for reforms in all these dimensions as well as for international cooperation because that has dual benefit. On the one hand, it can spur domestic reforms and on the other hand, it can secure access to markets. The work is on all these dimensions to try and reform the domestic economy as well as to exploit the gains from international cooperation. There is no doubt that manufacturing would benefit from it.

The report says that economic fundamentals drive a country's participation in global value chains, but policies enhance participation. With India's economic fundamentals now weakening and a big policy uncertainty coming in, is that a double whammy for India?
I do not think India's economic fundamentals are weakening, they are unexploited. You know the point of the report is that your participation in global value chains is determined by what you have, how much labour, what type of labour, how much capital, how much technology, where you are, how big you are and what kinds of institutions you have. We also argue that you do not need to be a prisoner of what you inherit, you can shape your destiny by sensible policy choices.

For example, your location inadequacies can be remedied through policies that improve connectivity, liberalising transport, communication. Your markets size can be remedied by liberalising at home and giving your producer's access to the best inputs.

Do you think we have lost out the competitive edge that we could have had with respect to Bangladesh or Vietnam?
I do not think we have lost out, but we risk losing out because a country like Bangladesh perhaps was blessed because there was no textile industry to protect. They imported cloth focussed on what they are really good at -- cutting and stitching -- and now account for 7% of the global markets for apparel. They have been able to reduce poverty from 44% to 10%. They have been able to employ women on a scale that is remarkable and that means better educated children, better nourished children and its development

prospects have altered but Bangladesh is not the best story, Bangladesh is still stagnant.
You do not need to be a prisoner of what you inherit, you can shape your destiny by sensible policy choices.

The Indian government in the last several years has undertaken a lot of reforms like GST, IBC. What should the next reform leg look like if we have to make the best use of the global value chains and ensure that we are among the top few countries?
I agree India has taken remarkable steps to unify its own internal market as well as to improve the competitiveness of its economy. It is not for me to say what precisely India should do, but our report does suggest that policy matters but fundamentals matter profoundly and it is in that area that it is profoundly important that we remedy the distortions in the factor markets -- whether it is labour, land, capital or energy. These are the areas where I think India's competitiveness will be ultimately moulded.

That is a very interesting point but we have to talk about what is happening across the globe with respect to trade wars. That has become a real concern. How do you make the best use of the global value chains to attract investments in a protectionist environment?
I agree that protectionism is a serious concern. Already it is not just hurting the participants in this trade conflict, it has negative spillovers and uncertainty inhibits investment, slowing down growth everywhere. The question is what is the best response to this?

How do you navigate through it?
We have been looking at the kind of pay offs to countries in a no trade war or a trade war scenario and one thing that is relevant and beneficial in all states of the world is deeper domestic reforms. To some extent, deeper integration agreements can help and they are in a way spurring both reforms at home and securing access to markets. But for a country like India to think of the trade conflict as somehow exogenously independent of its own actions is not right. India is in a position to take the lead in global trade negotiations to revive multilateralism.

You are saying India should be able to take the lead in trade negotiations at a time when India walked out of the RCEP? The government has been defending its decision. Was that a wise choice that India made?

I am not trying to avoid a difficult question, but I simply do not know enough about what was on the table in RCEP. Sometimes you walk away because there are costs that an agreement inflicts that you are not immediately able to take advantage of. Let me respond to the RCEP question precisely. One of the advantages of trade agreements is that they can help to lend credibility to reforms. You do not have to liberalise immediately. You can say that my industry is not prepared to deal with competition from China today, but I will eliminate barriers and that commitment in a way gives industry time to adjust. It also means that you are not a hostage in perpetuity to the weakness of your industry. So, that is the RCEP question.

But if I can comeback before you ask this important question, I do think that India has always punched above its weight in international negotiations and it could do remarkable public service by also imaginatively shaping multilateral cooperation both by deepening traditional cooperation and not seeking refuge in special and differential treatment but also by leading the narrative and looking at cooperation beyond trade because taxation, competition policy, data flows and environment are all areas in which India has a big stake and which crave international cooperation and which has necessary in a way to reap the benefits from openness and trade.

In your report you have also spoken about the need for a simplified tax regime and widen cooperation. In India, we are talking about how there is a need to not just simplify the GST but also perhaps give more money in the hands of people so that they are able to buy more. What more can the Indian government do to attract the global value chains?
The steps India has taken through the GST to unify its domestic market encourages the emergence of deeper domestic value chains.. The corporate tax cuts perhaps make India a more attractive place for investment but the higher priority on the domestic front or the reforms enable India to more fully exploit its comparative advantage as a relatively well endowed country with less skilled workers but also carry out cutting edge work.

In a way, deepening engagement in manufacturing and implementing further reform and services seem to me to be a priority. On taxation,India has again been at the cutting edge of thinking of new ways to deal with the difficulties created by taxing and global value chains, especially where the intangibles -- trade and services or intellectual property are concerned. In terms of destination based taxation it is as if the whole world had a value added tax and no corporate taxes.

And everybody has been talking about it these days.
Those are remarkable ideas, There are new interesting challenges but that is the kind of imaginative leadership India is capable of and that is what I would like to see it bring to the trade agenda.

Source: economictimes.indiatimes.com- Dec 04, 2019

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