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IBTEX No. 247 of 2018 December 05, 2018

USD 70.60| EUR 79.94 | GBP 89.60 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20963	43850	**79.38**
Domestic Futures Price (Ex. Gin), November		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21900	45810	**82.93**

International Futures Price	
NY ICE USD Cents/lb (Dec 2018)	79.81
ZCE Cotton: Yuan/MT (Jan 2019)	14,655
ZCE Cotton: USD Cents/lb	**82.09**
Cotlook A Index – Physical	**85.55**

Cotton Guide: The majority of US financial markets will be closed on Wednesday. Banks, cotton and other agricultural markets will be open.

Cotton futures ended mostly lower across the board with marginal change. Growing confusion over the G20 meeting between Trump and China's Xi caused more pessimism than optimism in markets Tuesday. US equities were hit particularly hard.

March settled at 7981, down 14 points. It gained 104 points previous day. The other months settled from unchanged to 14 points lower except the Oct-19 which ended 15 points higher. Volume was 23,342 contracts.

Cleared yesterday were 45,884 contracts. March open interests were at 134,797 contracts, up 1,370 contracts previous day. That's the highest open interest March has had to date. March first notice day is February 22nd, leaving 53 sessions until then.

US equities stole the show for markets. The 3 major indices dropped over 3%. Concerns the trade war might be getting worse was the hottest topic. Worries of a recession followed. Likewise, ZCE cotton also traded down by 1% on Tuesday.

Technically, the market closed slightly lower and slightly below the midpoint. March also filled the gap that was opened yesterday but then rallied rather than continuing lower. In other words, the market didn't perform that well, but it didn't collapse either.

The work is mixed, but there is some 'up' in the shorter-term indicators that we monitor. Longer term, the daily modern work is mostly down, and prices remain within the 11-week trading range from 7650 to 8200. Basically, any trade 'here' is a high-risk trade. Anyone who doesn't need to participate should probably stand aside and await resolution of the trading range.

There are no major developments while events ahead this week scheduled as USDA weekly export sales number on Thursday followed by CFTC On-call report on Friday. Next week we have the USDA_WASDE World Supply-Demand Report.

On the domestic front the spot price of S-6 variety has declined marginally on Tuesday to Rs. 44,650 per candy ex-gin and Punjab J-34 traded at Rs. 4420 per maund. The all India arrivals have stood 154,000 lint equivalent bales which includes 40,000 in GJ and MH, 26000 in Northern zone. The futures price had corrected down to end the December at Rs. 21900 down by Rs. 150 from the previous close. Market was sideways and expected to trade in the range of Rs. 21800 to Rs. 22100 per bale for the day.

FX Guide:

Indian rupee has opened weaker by 0.25% to trade near 70.72 levels against the US dollar. Rupee has depreciated amid weakness in global equity market amid uncertainty about US-China trade deal and increasing concerns about inverting US Treasury yield curve. Asian equity markets trade largely lower after a sharp 3.1% decline in US market yesterday.

Concerns about US-China trade deal rose as US President Donald Trump on Tuesday held out the possibility of an extension of the 90-day trade truce with China, but warned he would revert to tariffs if the two sides could not resolve their differences.

China's Commerce Ministry on Wednesday said that trade negotiations will proceed based on a timetable and that the country will implement specific items as soon as possible but did not give any details.

Concerns about inversion of US yield curve rose as 3-year bond yields moved to a premium to 5-year yield. Inverting yield curve has historically been seen as an early sign of recession. We are also seeing positioning ahead of RBI meeting today.

The central bank is expected to keep interest rate unchanged at 6.5% but focus will be on future stance. Some market players believe that central bank may abandon its stance of calibrated tightening in favour of a neutral position as lower crude oil price has eased inflation concerns. Also in focus will be RBI's forecast on growth and inflation.

Rupee may remain under pressure amid weaker risk sentiment. USDINR may trade in a range of 70.5-70.85 and bias may be on the upside.

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

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INTERNATIONAL NEWS

`Tariff Man' Trump Says He May Extend Truce in China Trade War

Donald Trump suggested Tuesday that he could extend a 90-day truce in his trade war with China, while his top White House economic adviser backtracked from the president's announcement that Beijing had agreed to reduce tariffs on U.S.-made cars.

The developments again called into question the extent of a trade agreement the White House said Trump had struck with Chinese President Xi Jinping over dinner at the Group of 20 summit on Saturday.

Trump said in a series of tweets on Tuesday that "unless extended," negotiations with China over economic policies the U.S. has long considered objectionable would end in 90 days. If the talks fail, Trump said he'd be happy to maintain tariffs on Chinese imports.

The director of the National Economic Council, Larry Kudlow, meanwhile said that an agreement Trump said he had secured from China to reduce or eliminate tariffs on U.S.-made cars isn't final, backtracking from Trump's announcement just two days earlier.

"I think it's coming, OK," adviser Larry Kudlow said on Fox News Tuesday. "It hasn't been signed and sealed and delivered yet."

Market confusion

Markets on Monday cheered the temporary trade-war cease-fire following Trump's dinner with Xi in Buenos Aires. But stocks gave up a chunk of those gains on Tuesday as the details of any agreement remained unclear.

The two sides didn't issue a joint statement after the dinner. Instead, the White House and Beijing offered separate interpretations of the talks. The uncertainty was compounded by Trump's tweet on Sunday saying China had agreed to cut tariffs on U.S. car imports, a commitment that Beijing didn't confirm.

The president tweets on Tuesday added to the uncertainty, as he hinted at the possibility of extending a tariff truce.

Trump said Robert Lighthizer, his trade czar, would lead negotiations in the coming months to try and determine what sort of deal was possible.

“The negotiations with China have already started. Unless extended, they will end 90 days from the date of our wonderful and very warm dinner with President Xi in Argentina,” Trump said.

Real deal

The talks would focus on “whether or not a REAL deal with China is actually possible”, Trump said. “If it is, we will get it done. China is supposed to start buying Agricultural product and more immediately. President Xi and I want this deal to happen, and it probably will.”

The U.S. and China said following Saturday’s dinner that Trump had agreed to suspend a planned increase Jan. 1 to 25 percent from the 10 percent tariffs imposed on $200 billion in imports from China in September. But the remaining details of what was agreed at the dinner remain murky.

China’s government isn’t yet able to formulate its response to the summit on trade with Trump as senior officials are still out of the country with Xi, according to three officials who were briefed but declined to be named as the matter isn’t public.

In brief statements following the meeting, the U.S. and China emphasized different results, with the split highlighting the wide gap they must overcome over the next three months.

Officials in Beijing declined to comment on Trump’s auto tweet and haven’t confirmed such an agreement. Kudlow told reporters at the White House that he believes the president expects China will reduce its car tariffs to zero.

Source: sourcingjournal.com- Dec 05, 2018

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Colombiatex 2019 Invites the Textiles and Apparel Industry to Connect Knowledge and Enhance the Senses

Colombiatex 2019, opens the business calendar of the textile sector in Latin America from Jan. 22 to 24, in Medellin-Colombia. With the concept "Connect Knowledge" – "Conecta Saberes," companies from the United States, Europe, Canada and South America are invited to find the common point between sciences, disciplines and professions that make up the fashion system.

Colombiatex 2019 will launch the path to sustainability, which aims to highlight the best practices of 25 companies that are committed to this subject with innovation, social and environmental responsibility.

The second day of the trade show will honor the denim apparel category, one of the most dynamic ones in the country, with its traditional "denim day," inviting all the attendees to use their best denim looks that day and pay tribute to this textile and its different innovations, increasingly valued by the final consumer.

In addition, Colombiatex will continue its initiative to promote textile design and fashion illustration with "Mercado Gráfico," the space in which Colombian graphic and visual artists expose the latest trends in textile illustration. A project between Inexmoda, Artextil and Estudio Agite, that aims to connect buyers with independent Colombian artists.

Students, designers, entrepreneurs, academics and fans of the world of textile and apparel will be able to access the Inexmoda-UPB knowledge Pavilion, a free space that enhances knowledge in Latin America, also available in real time on www.colombiatex.com and the Inexmoda app.

Latin America's most important trade show for textiles, raw materials, chemicals and machinery will connect approximately 600 national and international exhibitors, with close to 13,000 national buyers and 1,800 international buyers from approximately 60 countries.

Top export companies such as Enka, Lafayette, Fabricato, Coltejer, Textilia, Primatela, Eka, Jordao, Sutex, John Uribe, Toptex, Coats and Eliot, will participate in this global event, representing 50 percent of the total Colombian exports of textiles, fibers and yarns.

During Colombiatex 2019, ProColombia, the Colombian government trade office, will host a business matchmaking event with more than 100 exporters offering full package and finished products in swimsuits, sportswear, shapewear, men's and women's outerwear, underwear and uniforms.

A team from ProColombia will be assisting companies interested in sourcing in the country, giving personalized advice in foreign trade, taxes and free trade agreements.

Source: sourcingjournal.com- Dec 04, 2018

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No beneficiaries of the US-China trade dispute

As the US trade dispute with China gains momentum, experts analyse which countries would benefit most from the dispute. Asian countries like Taiwan, Thailand and Malaysia are luring electronics and computer companies to their shores while Cambodia, Philippines and Bangladesh are seeking more opportunities to increase their market share in apparel and footwear segment. Similarly, Thailand and Vietnam plan to explore the global household consumer goods market like washing machines and refrigerators.

Fewer opportunities outside China

A study by American Chamber of Commerce South China (AmCham South China) published on October 29, 2018, surveyed 219 companies for the impact of US and China tariffs. Less than one per cent indicated any plans to relocate their manufacturing to North America. Similarly in a joint study of 430 firms by AmCham China and AmCham Shanghai in September 2019, only 6 per cent respondents indicated any plans to relocate production to the US.

There are limitations on how much production can be moved out of China. The country, over the years, has nurtured a highly trained, skilled and disciplined workforce. Its infrastructure, roads, ports and integrated logistical support is best in terms of its ability to handle the volume of goods produced.

Furthermore, its workforce is more than double that of all Southeast Asia combined. So, the limitations of other counties to takeover China's capacity nullify the cost benefits they offer of moving production out of China.

Trade disputes impact on Asian countries

A recently released Purchasing Managers Index (PMI) by various Asian countries suggests which countries could be benefiting from the US-China tradeNo beneficiaries of the US China trade dispute 002 dispute at the moment. The monthly Purchasing Managers Index (PMI) of the Singapore Institute of Purchasing and Materials Management (SIPMM) published on November 2 was below the 52.2 forecast of economists polled by Bloomberg.

Similarly, Indonesia's PMI last month declined to 50.5 from 50.7 the previous month, Malaysia's was lower at 49.2 compared with 51.5 a month earlier, Taiwan, 48.7 from 50.8, Thailand 48.9 from 50, Hong Kong 47.9 from 48.5, South Korea 51.0 from 51.3. China saw a minute increase from 50.0 the prior month to 50.1 last month and in the Philippines the same 0.1 point increase to 52.0.

Vietnam saw largest gain among major Asian economies reaching 53.9 from 51.3 in the previous month. This is not surprising considering Vietnam has been consistently identified by certain US companies as the preferred location in Southeast Asia.

Advantage India

India gained 0.9 points from a month ago to 53. If it puts its strategies in place, India might play a major part in the re-shaped global supply chain. A study by India's Department of Commerce recently identified about 100 products where India can replace US exports to China due to higher import tariffs imposed by China on US farm products. These include corn, grain sorghum, oranges, cotton, almonds and durum wheat.

Another report by the Confederation of Indian Industry (CII) concluded with concerted effort, India can increase its exports of products like pumps, parts of taps, parts for the defence and aerospace industry, vehicles, automobile parts and engineering goods among others.

At the moment, this is still an aspiration. These figures indicate that in general no one gains from the trade gain which will have a negative impact not only in the US and China but also on various industries, companies and countries.

Source: fashionatingworld.com- Dec 04, 2018

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Tariffs changing global denim sourcing strategy

Denim and jeans manufacturers are finding their way through the sourcing complexities created by the US-China trade war. They are shifting their sourcing strategies to counter the trade climate. But production development has never been more at the forefront to meet new consumer challenges and sustainability requirements.

What's happened as a result of the trade war and actual and threatened tariffs is that China has lost jeans market share mostly to other Asian nations.

However, a lot of Chinese fabrics are now being exported to countries like Vietnam and Cambodia to make apparel, since they don't have a textile base.

Changes are also taking place in the market thanks to smaller companies being able to make an impact with the growth of direct-to-consumer channels. These brands are working directly with fabric mills to develop materials to meet their customers' needs.

Brands have a sustainability strategy now that is built into their raw material buying plan. They want a certain percentage of sustainable cotton. They want a percentage of recycled polyester and they want reused materials.

They want an aesthetic, but it has to include a sustainable or ecological element to meet their company goals and to be able to tell a brand story.

Source: fashionatingworld.com- Dec 04, 2018

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Global jeans market to see four per cent growth in five years

The global jeans retail market is expected to grow by 4.9 per cent in the next five years. Particularly strong growth is expected in developing markets.

South America is in the lead with a 12.1 per cent growth rate, while the rest of the world (all markets excluding North America, Europe, Turkey, Asia and South America) is set to increase in value by 19.7 per cent during the period.

The US is predicted to maintain its position as the largest jeans market globally, with China following in second place. Nearly half of China's jeans production stays inside the country, marking a significant increase from data collected five years prior.

Around 22 per cent of the jeans manufactured in China are traded outside of traditional retail markets in exchange for goods or services rather than currency.

The global jeans market benefits from its unique position as a category that has surpassed trends, allowing consumers to buy any jean style they prefer without being out of step with fashion.

Denim jeans are trousers typically made from denim fabric and are a very popular article of casual dress around the world. They come in many styles and colors.

Although denim jeans are mostly known as a fashion garment, they are still worn as protective garments by some individuals, such as motorcycle riders, due to their high durability as compared to other common fabrics.

Source: fashionatingworld.com- Dec 03, 2018

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2019 Cotton Outlook: Big Crop, Start Marketing Now

Expectations are that the 2019 cotton crop is going to be big--just as big as the one in 2018 and maybe bigger.

Farmers are likely to seed 14 million acres of the crop across the Cotton Belt areas of Texas, the South and Southeast, according to John Robinson, Professor and Extension Economist-Cotton Marketing with Texas A&M AgriLife.

“We have a really good chance of having a 21-million-bale crop,” Robinson predicts, adding that he anticipates having 4.3 million bales from 2018 to carry over into the new year.

“That means we’ll have at least a 25-million-bale supply, and I think that’s low,” he notes. “It’ll probably be more like 26 million, and that would be a large, large supply.”

By comparison, the National Cotton Council estimates the 2018 U.S. crop will total 19.8 million bales. Mill use is forecast at 3.4 million bales, while exports are forecast to be 15 million bales. The estimated total offtake stands at 18.9 million bales.

With beginning stocks of 4.3 million bales, this would result in U.S. ending stocks of 5.0 million bales on July 31, 2019, and a stocks-to-use ratio of 26.5 percent.

Robinson says two key factors are likely to contribute to a big 2019 crop: poor prices for corn, soybeans and peanuts, which will drive farmers to plant more cotton, and abundant rainfall, thanks to the forecast of El Niño conditions by the NOAA (National Oceanic and Atmospheric Administration).

The NOAA predicts a 70% chance of wetter-than-normal conditions this winter that could extend through next spring and up to early July.

“The planting and establishment periods will have plenty of moisture, meaning everything will come up and get off to a great start,” Robinson says.

Strong early-season growth next spring means farmers will be less likely to abandon cotton acres. Between 12% and 15% abandonment is common in the South and Southeast, and 40% to 50% abandonment in Texas is not unusual, Robinson says. With more than adequate moisture predicted, he anticipates that total abandoned cotton acres next year will likely be in the neighborhood of only 10%

The expectation for a big crop signals the likelihood of weaker prices in the year ahead, which could impact the futures market as early as April or May when WASDE numbers are confirmed by USDA.

“I believe we’ll have futures falling all the way into the 60s, if that happens,” Robinson says. Future prices were in the mid-70s as Farm Journal went to print, and Robinson, concerned that prices will fall, was urging cotton growers to start locking in prices for a portion of their crop.

“It has been a while since we’ve had futures below 70 cents, but I at least want to remind farmers of the possibility of downside price risk,” he says. “My stump speech is do some pricing, some hedging early, like now.”

O.A. Cleveland professor emeritus, agricultural economics, Mississippi State University, takes an even stronger stance on marketing.

“A December 2018 futures price at 80 cents and/or a December 2019 futures price above 80 cents both plead with you to begin or add to your price fixing.

If one has not fixed any 2018 crop, then it is time to price at least 50 percent of expected production. Ditto the 2019 crop!”

Source: agprofessional.com- Dec 04, 2018

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Cambodia sees improvements in working conditions of garment industry

Cambodia has seen remarkable improvements in labor standards in the garment and footwear industry, said an International Labor Organization (ILO) report released on Tuesday.

Assessed on 464 factories, the report found that the overall number of violations on 21 critical issues fell from 811 in 2014 to 631 this year, the ILO's Better Factories Cambodia Program said in a press release.

Over the same time, the proportion of factories in compliance with all publicly reported issues rose from 32 percent to 41 percent, the release said.

However, the report noted that not all areas have shown progress. While critical issues relating to such areas as emergency preparedness, discrimination, child labor and payment of wages and allowances have shown steady gains, other areas are stable and some have declined in rates of compliance.

"Continued effort from all partners to drive sustainable change in the industry is still required," said Esther Germans, ILO's Better Factories Cambodia program manager.

Garment and footwear industry is the largest foreign exchange earner for the Southeast Asian nation. According to government figures, the country earned 4.1 billion U.S. dollars from garment and footwear exports in the first six months of 2018, accounting for over 70 percent of the kingdom's total export.

The industry consists of about 1,100 factories with more than 740,000 workers, mostly females.

Source: xinhuanet.com- Dec 04, 2018

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Korea, China, Japan to hold FTA talks in Beijing

South Korea, China and Japan will hold their 14th round of negotiations for a free trade agreement to boost trade and investment between the Asian neighbors, Seoul's trade ministry said Wednesday.

Senior trade officials of the three nations will gather in Beijing on Thursday and Friday to discuss ways to open goods and services markets and lower other trade barriers, the Ministry of Trade, Industry and Energy said.

The talks come at a time when China is seeking to strike trade pacts with other nations amid rising pressure from the United States, but the trio has made little progress since the first negotiation in 2012.

The three Northeast Asian nations are members of the Regional Comprehensive Economic Partnership, a mega trade deal involving 16 Asian nations.

RCEP is, in essence, a massive regional trade deal between the 10 members of the Association of Southeast Asian Nations and the six countries with which ASEAN has free trade agreements -- South Korea, China, Japan, India, Australia and New Zealand.

Negotiations for their deal are expected to be completed by the end of the year.

Yoo Myung-hee, South Korea's deputy minister for trade negotiations, will call for a higher-level FTA than RCEP by lowering barriers in goods, service and investment sector, the ministry said.

Source: koreaherald.com- Dec 05, 2018

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Global sports brands thrive in China

China offers great prospects for sports brands. Adidas has more than 11,000 retail outlets across China. It is also expanding operations in China, with some 1000 new store openings a year. Adidas saw a year-on-year sales growth of 29 per cent in 2017 in China. It also saw sales grow by 26 per cent on an annual basis in the third quarter this year.

Decathlon, a France-based sporting goods and equipment retailer, had 267 stores in China by the end of 2017. The rapid growth of overseas sports brands in China has been spurred by increased spending on sporting goods, whether sportswear and active wear, fitness facilities or products like protein powers for body builders.

Consumers are spending more and more on sports products as they pursue more outdoor hobbies like diving, kayaking and paragliding. They are buying outdoor gear like clothes, shoes, professional watches, socks and so forth.

Overseas sports brands are flourishing at a time when many other overseas brands are facing a tough time with Chinese consumers, due to the country's economic downward pressure, fiercer competition from domestic brands, and tough global trade environment.

Source: fashionatingworld.com- Dec 04, 2018

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Pakistan: Cotton prices go up on strong demand

Cotton prices moved higher on Tuesday amid increased demand from some leading textile spinners as they replenished their stocks from the local market, fearing costly imports.

The low cotton production figures released by the ginners association earlier also had some negative impact on the market.

The country has produced less cotton up to Dec 1, at 9.366 million bales as against 10.132m bales produced in the corresponding period of last season. This means that cotton crop is short by 0.765m or 7.55 per cent over the last year.

According to private estimates, the textile industry needs around 15m bales but the country is expected to produce no more than 10.5m bales, which means that around 4-4.5m bales would have to be imported.

However, slow offtake of cotton yarn in the domestic and world market continues to negatively impact cotton trading and until it does not improve, the spinning industry would not build their stocks, the brokers said.

Trading on ready counter witnessed upward trend in cotton prices as quality cotton was traded at higher prices. The Karachi Cotton Association spot rates were also revised upward by Rs100 to Rs8,800 per maund.

The following deals were reported to have changed hands on ready counter: 800 bales from Tando Adam were done at Rs8,250 to Rs8,300; 2,000 bales, Rohri, at Rs8,800 to Rs8,825; 1,600 bales, Saleh Pat, at Rs8,700; 2,000 bales, Khairpur Mir-us, at Rs8,550 to Rs8,750; 3,000 bales, Sadiqabad, at Rs9,000 to Rs9,050; 1,000 bales, Rahimyar Khan, at Rs9,000; 1,600 bales, Fort Abbas, at Rs8,350 to Rs8,550; 1,400 bales, Haro-on-abad, at Rs7,900 to Rs8,400 and 600 bales from Bahawalpur were done at Rs8,300.

Source: dawn.com- Dec 05, 2018

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Pakistan, Italy sign MoU to expand economic, trade cooperation

Pakistan and Italy Tuesday signed a Memorandum of Understanding (MoU) for enhancing economic and trade cooperation in different sectors.

Federal Secretary for Commerce Mohammad Younus Dhaga while addressing as chief guest at the MoU signing ceremony between ICE, Italian Trade Agency and Trade Development Authority of Pakistan here, informed both countries agreed to extend the cooperation in infrastructure and construction, energy, logistics, transport, telecoms, water, machinery and equipment for manufacturing marble and stones, textile, clothing, leather, shoes, rubber, metal and chemical products.

Both sides also agreed to increase cooperation in agriculture and food equipment, machinery and equipment for health and pharmaceutical sector, automotive, consumer goods, food, furniture, clothing and apparel, he added.

Dhaga said Italy and Pakistan had excellent bilateral political and trade relationship rooted in history.

He said Italy was among the top ten trading partners of Pakistan in the world and third largest in context of trade with European Union (EU) and there was trade potential in both the countries, which need to be tapped in near future.

He further said Italy had helped Pakistan while acquiring Generalized Scheme of Preferences (GSP-Plus) with EU countries for increasing Pakistan's exports with them.

He said Pakistan had increased the trade with EU countries by 14% after getting GSP- Plus and overall revenue impact was 38%. Dhaga said Italy would extend cooperation for value addition of different sectors to boost exports

He said after this MoU both of the parties agreed to enhance cooperation aimed at promoting Foreign Direct Investment in Pakistan and Italy.

Addressing the MoU ceremony, Ambassador of Italy to Pakistan, Stefano Pontecorvo said both of the countries had decided to create a long term strategic relationship for increasing cooperation in different sectors.

After signing the MoU direct contact would be established between the business communities of both of the countries. He said MoU between Pakistan and Italy would be result in industrial cooperation between both sides.

While Trade Commissioner to UAE, Oman and Pakistan , Gianpaolo Bruno , Director General Trade Development Authority of Pakistan Rafeo Bashir Shah and Trade Counselor, embassy of Italy in Pakistan, Francesco Gargano highlighted the issues of economic and trade relations between the countries.

Source: brecorder.com- Dec 05, 2018

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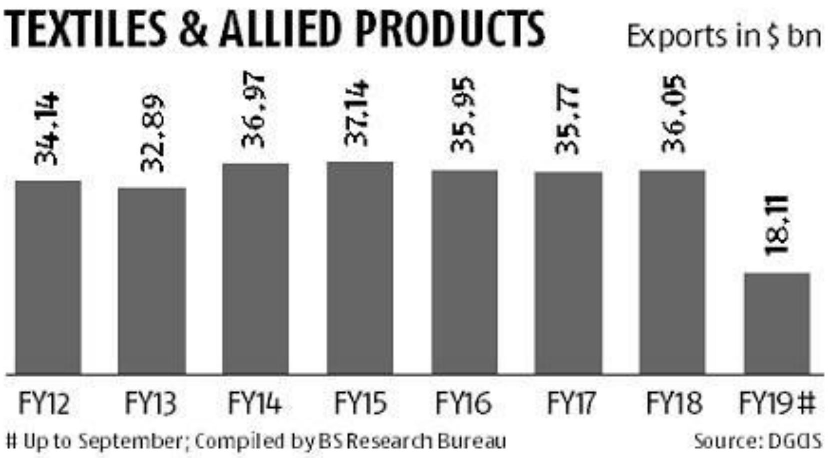
NATIONAL NEWS

Textile ministry to replace export incentives with WTO-compatible schemes

Appoints a group of experts in WTO matters; report to be submitted by next week

The Union textile ministry is working on a way to harmonise its export incentives with the World Trade Organization (WTO) guidelines.

Currently, the government offers incentives of two to four per cent under the Merchandise Exports from India Scheme (MEIS). In addition to production incentives such as interest subvention and the Technology Upgradation Fund Scheme.



These incentives have been challenged at the WTO by the American government. One contention of critics is that India's $3 trillion economy is quite unlike those of smaller countries in this region, such as Bangladesh, Vietnam or Pakistan, that require external incentives to compete in global markets. A WTO committee is reportedly examining the issue.

"The government is in the process of putting in place alternative schemes to promote export, which will improve the competitiveness of Indian products. These will replace schemes such as MEIS, the Export Promotion Capital Goods scheme, 100 per cent export oriented units, Special Economic Zones, etc.

We have been given to understand that the level of support will not in any way be lowered in the alternative scheme," said Ujwal Lahoti, chairman, Lahoti Overseas.

The Cotton Textile Export Promotion Council (TEXPROCIL) under the ministry of commerce has engaged a consultancy firm, Ikdhvaj Advisers, to study alternative schemes which could be recommended. A committee has been formed for this.

It has economist Veena Jha, Harsha Vardhana Singh (a former deputy director general at WTO and Jayant Dasgupta, a former ambassador to WTO. Their study will cover the entire value chain in the sector.

“The alternative scheme is set to address three broad areas. First, it should be linked with employment generation. Second, it should formalise the economy. Third, it should be a more acceptable concept than free-on-board value.

The committee is set to give its report by next week,” said Siddhartha Rajagopal, executive director at Texprocil. The idea is to devise schemes that cannot be challenged due to multiple interpretations by countries on the possible benefits to exporters.

World trade in textile and clothing grew in 2017 by nearly four per cent over the previous year, to $756 billion. The growth in 2018 is expected to be similar.

India registered 5.4 per cent growth in the sector last year, to $37.4 billion. Its share in world trade in textile and clothing this year is estimated at around five per cent.

Our export is a seventh of China’s.

Source: business-standard.com- Dec 04, 2018

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Cotton Textile export during April to September 2018 grow by 26.81 pct: TEXPROCIL

During the current year period April-September 2018, the exports of cotton textiles (Yarns, Fabrics, Made-up and Raw cotton) from India reported a growth of 26.81% reaching a level of USD 6.23 billion, stated Ujwal Lahoti, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL) at the 64th Annual General Meeting of the Council held on 29th of November 2018.

Shri Lahoti further stated that during this period (January-December 2017), India exported cotton textile products worth USD 10.82 billion reporting a growth of 3.54% over the previous year. Cotton made-ups (USD 5.26 billion) dominated the Indian cotton textiles basket with a share of 48.61%, followed by cotton yarns (USD 3.45 billion) achieving a share of 31.88% and cotton fabrics (USD 2.11 billion) recording a share of 19.51%.

GST -

Texprocil Chairman stated that there are some areas in GST, which need urgent attention of the policymakers. These are as follows:

• Refund of IGST on exports should be delinked from monthly returns (GSTR-1 & GSTR-3B).

• IGST refund should be given to exporters availing deemed exports benefit on domestic purchase under Advance Authorization and 100% EOU.

• Refund of Unutilized Input Tax Credit (Transitional Credits) should be allowed when goods are exported under LUT.

• Merchant exporters availing of benefit of concessional GST rate on purchase of export goods should be allowed IGST refund on exports.

• GST Commissionerates should strictly follow the guidelines issued by CBIC for a refund of Unutilized Input Tax Credit on exports under LUT/Bond.

• Further, during July 1, 2017 to September 31, 2017 higher Drawback rates were allowed as a transitional measure subject to non-availment of ITC.

However, many exporters erroneously availed of ITC and also higher rate of Drawback. As a result, they have not received IGST refund. Exporters subsequently, surrendered the difference between higher Drawback and lower Drawback. However, they are still waiting for IGST refund. The Chairman, TEXPROCIL urged the Govt to refund IGST to such exporters.

Dr. K. V. Srinivasan appointed as Chairman of TEXPROCIL

Dr. K.V. Srinivasan has been elected as Chairman of The Cotton Textile Export Promotion Council (TEXPROCIL) for the year 2018 - 2020 during 64th AGM of TEXPROCIL held on 29th November, 2019 at Mumbai.

Dr. K. V. Srinivasan is the Managing Director of Sree Narasimha Textiles Pvt. Ltd., Premier Mills Pvt. Ltd. & Premier Fine Linens Pvt. Ltd.

He earned his Doctorate from the University of Manchester. He is the vice president of International Textile Manufacturers Federation, Zurich (ITMF) from 2018. He is the Chairman of the South Indian Textile Research Association (SITRA), Coimbatore.

He was also Chairman of the Southern India Mills Association, (SIMA), Coimbatore from 2007 to 2009.

He was the Chairman of CII, Coimbatore Zone for 2015 - 16. Among other positions held is Trustee of Kasthuri Sreenivasan Trust, Coimbatore Golf Club Trust and PSG & Sons Charity Trust.

Source: business-standard.com- Dec 04, 2018

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Cotton Corpn buys 51,000 bales at MSP so far in the current season

Cotton Corporation of India (CCI) has procured about 51,000 bales at the minimum support price (MSP) in the current season till end-November in various States. So far, CCI has started MSP operations in five States — Telangana, Madhya Pradesh, Andhra Pradesh, Karnataka and Maharashtra — in a small way as market arrivals have been sluggish.

“The intensity of the MSP operation is low as kapas (raw cotton) prices are still ruling above the MSP in most growing States,” said P Alli Rani, Chairman and Managing Director, CCI. The Centre has announced an MSP of ₹5,450 per quintal for the long staple variety.

Till end-November, CCI had procured about 47,271 bales in Telangana, 1,554 in MP, 888 in AP, 620 in Karnataka, 70 in Maharashtra and 54 in Odisha.

“Looking at the current market scenario, it is felt that with the pressure of arrivals and money tightness in the market, kapas prices may be hovering around MSP rates. Therefore, the Corporation will procure at least 25 lakh bales under MSP,” Alli Rani said.

Besides helping protect the farmers’ interests, CCI also caters to the needs of its customers such as NTC, KVIC, State Textile Corporations, State Cooperative Mills and many regular private textile mills nationwide.

It has opened procurement centres in Punjab, Haryana and Rajasthan. “MSP purchases will commence as soon as kapas prices touch the MSP level in these States. As per market reports, prices in these States are ruling above MSP,” she said.

According to the Cotton Advisory Board’s latest estimates, production for 2018-19 is pegged at 361 lakh bales for cotton season 201819, against 370 lakh last year.

Source: thehindubusinessline.com- Dec 05, 2018

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India wary of Chinese influx post RCEP

India has some reservations on the Regional Comprehensive Economic Partnership (RCEP). It is not prepared to let its domestic industry smothered by the deluge of cheap goods from the other members, particularly China.

The impact of Chinese imports has been such that India is threatened to become a country of importers and traders with domestic factories either cutting down their production or shutting down completely.

The annual year-on-year growth in Chinese imports was about nine per cent in 2014, which soared to 20 per cent in 2018.

The trade deficit with China constitutes more than 40 per cent of India's aggregate trade deficit. In quantum terms, Chinese goods constitute about one-sixth of all imports into India.

Countries in diverse stages of development, from Australia, China, Japan and India to the ten members of Asean, are part of the RCEP, besides South Korea and New Zealand.

Once wrapped up, RCEP would foster the largest regional trading bloc, making up 25 per cent of global GDP, 30 per cent of world trade and 26 per cent of cross-country foreign direct investment flows the world over.

A modern, comprehensive and mutually beneficial economic partnership agreement for an open trade and investment milieu in the Asia-Pacific region is the core objective of the Regional Comprehensive Economic Partnership.

Source: fashionatingworld.com- Dec 04, 2018

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GST returns: Rollout of new system only by FY20

The GST Council had to suspend the original triplicate forms in November last year after assessees complained of its cumbersome nature and glitch-prone functioning.

Even as the goods and services tax (GST) revenue is trailing, the long-delayed comprehensive returns-filing system won't come into effect even from January 1, the date announced for its launch after a high-level panel mooted a simplified format for such returns, but only from next fiscal.

The triplicate return forms — that include the summary return and forms for inward and outward supplies — will be rolled out only from April 1 2019, new revenue secretary Ajay Bhushan Pandey said on Tuesday.

Although the government is keen to implement a system that would be better at tracking evasion through matching of invoices, it is also wary of the repeat of earlier experience when the system would frequently break down due to glitches when it tried rolling out the triplicate-returns system.

The GST Council had to suspend the original triplicate forms in November last year after assessees complained of its cumbersome nature and glitch-prone functioning. Since then GST returns filing has been confined to the summary returns GSTR 3B (with which taxes are paid) and outward supply (GSTR-

1). In the absence of inward supply returns, the crucial anti-evasion requirement of invoices-matching is not being met. It is assumed this is one of the reasons for the continuing shortfall in GST collections.

As FE had reported in August, the government wanted to avoid implementation of the new system without completing the elaborate testing procedures to make the system foolproof.

The new system promises to generate monthly returns automatically based on supply data uploaded by an assessee.

Based on the Centre's budget estimates of CGST, IGST and compensation cess and assuming SGST to be equal to CGST minus budgeted compensation cess proceeds, the total GST collections required to meet the target is `12.57

lakh crore, or about `1.05 lakh crore a month. Against this, the average collection in April-November period was just `97,050 crore. This would mean that in the last four months of the fiscal, the total GST collections (Centre plus states) should be `4.8 lakh crore, or `1.2 lakh crore/month to meet the estimates.

However, there has been a surplus of about `4,160 crore a month in the compensation pool in the April-September period. Since the Centre can lay its hands on half of this surplus amount, a little over `2,000 crore a month it could get from this route (assuming the surplus generation will be at the same level for H2). That still leaves monthly GST collections of `1.18 lakh crore for the rest of the fiscal. It is another matter the states' shortfall (from 14% annual growth) will be bridged through the compensation mechanism.

"We are short by `4,000 crore this month (November). But we are confident that we will be able to achieve our target. Our monthly target has been around `1 lakh crore. This we want to increase to `1.1 lakh crore (for the last four months of 2018-19)," Pandey said. GST collection in November was `97,637 crore.

Source: financialexpress.com- Dec 05, 2018

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After GST, a five-fold surge in credit disbursal to MSME sector

Even as credit growth still remains in comfort territory, despite slowing down, the report said there is more concern over the slowdown in growth.

Credit growth to Micro & Small Enterprises (MSEs) has been quite stupendous after the implementation of GST. Incremental credit to this segment (under priority sector) in the 15-month period post-GST increased 5 times to ₹1.23 lakh crore, compared to ₹25,700 crore during the corresponding pre-GST period, according to a State Bank of India research report.

The jump in credit to MSE sector bodes well regarding the formalisation of the Indian economy and, hence, the ensuing benefits, said the bank's Ecowrap report.

Economic activity

The report observed that the deceleration in credit during the pre-GST period was partly due to the overall slowdown in economic activity, rising NPAs (non-performing assets), and reclassification of food and agro-processing units from the MSME (micro, small and medium enterprise) category to agriculture sector (as per the revised priority sector lending guidelines, 2015).

“According to International Finance Corporation (IFC) estimates, the potential demand for India’s MSME finance is about $370 billion, against the current credit supply of $139 billion, resulting in a finance gap of $230 billion. Hence, much needs to be done,” the report said.

Even as credit growth still remains in comfort territory, despite slowing down, the report said there is more concern over the slowdown in growth.

The report has cut its FY19 GDP forecast for FY19 to 7.2 per cent from 7.4 per cent earlier

Source: thehindubusinessline.com- Dec 03, 2018

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Startup disrupts men's apparel retail industry with its S. L. I. M Model

Majority of men struggle to get sizes that match their body shape/structure in existing readymade brands. One of the reasons is that the existing brands offer only 4 or 5 sizes (see below table).

A study by IIT, Delhi textile department says over 80% of men don't wear a size that matches their body shape/structure because their correct size isn't available in the market and are forced to compromise.

To help men get their perfect-for-you size in READYMADE pants & shirts, TOUCAN (www.toucanindia.com), a men's apparel brand has introduced a direct2consumer model with a new concept READYMADE 2.0 that comes with in-between sizes, improved garment design to match Indian men's body shape, 2 rise in each pant size, new full sleeves variants & lot more advantages.

This direct2consumer approach & a smaller format tech-enabled MINI store translates to affordable prices, superior products, better sizes, large merchandise options and fast fashion for consumers.

If these many sizes were to be offered in a traditional retail store, the prices of each shirt/pant may go up anywhere between Rs 6000 to Rs 9000, which is unaffordable to the majority of men.

To offer Readymade 2.0 at mid-market pricing (product prices start at just Rs 995), they have pioneered a new concept in retailing called as Retail 2.0 - It's a tech-enabled physical MINI store with S.L.I.M supply chain concept (S.L.I.M - Super Light Inventory Management).

Commenting on the direct benefit of this S.L.I.M model to a consumer, Anup, Co-Founder & CEO of TOUCAN said, "Regular readymade brands that sell through a traditional retail outlet price Egyptian Giza Cotton products (world's best cotton) at Rs 2500 and above.

By introducing this S.L.I.M model, consumers can get a perfect-for-you sizes in world's best Egyptian Giza cotton shirts starting at Rs just 1495 onwards, thereby getting a direct saving of Rs 1000 and above."

In this MINI store, men can try out newly introduced Readymade 2.0 sizes & select the products that are displayed. If their readymade 2.0 size is available at the store, customers can buy just like a regular store. But, if the selected products' size is not available at the MINI store, the order can be placed (with size, variants & product ID) by the store associate, through an in-store commerce app.

The products are shipped & delivered for FREE to customers within 24-48 hours. For a hassle-free, shopping experience, customers can pay at the time of delivery, either through card or through cash. All the products come with 30 days easy exchange policy.

Source: business-standard.com- Dec 04, 2018

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Manufacturing PMI jumps to 11-month high of 54 in November on strong demand

Robust order inflow boosts companies to lift production, input buying

Factory production accelerated further in November as the manufacturing purchasing managers' index (PMI) rose to 54 against 53.1 in October. This index is prepared on the basis of a survey which is conducted among purchasing executives in over 400 companies.

These companies are divided into 8 broad categories: Basic Metals, Chemicals & Plastics, Electrical & Optical, Food & Drink, Mechanical Engineering, Textiles & Clothing, Timber & Paper and Transport. Index over 50 shows expansion while below 50 mean contraction. The index is prepared by IHS Markit and released along with a detailed report. This index is widely quoted to explain the latest industrial situation.

According to the report, manufacturing conditions strengthened for the third successive month in November, as healthier inflow of new orders encouraged companies to lift production and input buying to a greater extent than in October. Cost inflation moderated, but the revival in demand translated into improved pricing power among producers who raised their charges at a quicker rate. Elsewhere, job creation was sustained while the sentiment picked up.

The latest figure signalled strongest improvement in the health of the sector in almost one year. Buoyed by strong demand conditions and higher sales, manufacturers increased production at the second-fastest pace since October 2016. The rise was led by intermediate goods firms, although robust growth was also seen in the consumer and capital goods categories.

Pollyanna De Lima, Principal Economist at IHS Markit, said that the Indian manufacturing sector continued to recover from the ground lost in August, with November seeing the headline PMI climb to an 11-month high. Relatively weak demand environment seen earlier in the year showed signs of abating, with clients unfazed by another round of increase in output prices and placing more orders regardless. Correspondingly, goods producers rebuilt raw material stocks to guard against possible delivery delays and fulfil contracts.

Manufacturers further drew down their finished goods stocks to meet demand. This, coupled with improved business sentiment, should ensure that production continues to rise at a robust clip as the country heads towards 2019.

“Signs of rising confidence in the upturn were also provided by the trend for employment, which continued to grow at one of the quickest rates seen in six years. Supply-chain pressures remained weak, which, however, supported a softer rise in input prices,” she said.

The survey highlighted better employment scenario. Job creation was sustained in November, which panel members linked to strong inflows of new work. Despite easing slightly from October, the pace of employment expansion was among the strongest registered in the past six years. The sharpest rise was noted in consumer goods, followed by capital and then intermediate goods.

The report mentioned that production growth in India jumped to over two-year high. According to panelists, the upturn was supported by improved demand and better market conditions. Rates of increase accelerated in the consumer and intermediate goods categories, while a marginal slowdown was noted in capital goods sector. As was the case for production, new businesses rose at the second-fastest pace since October 2016.

Anecdotal evidence highlighted successful marketing campaigns and stronger underlying demand as the key factors boosting sales. For the fifth month in a row, growth was noted in each of the three monitored sectors and led by intermediate goods makers.

Source: thehindubusinessline.com- Dec 03, 2018

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