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USD 65.44 | EUR 76.77 | GBP 85.53 | JPY 0.58

Cotton Market (6/10/2017)		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18143	37950	**74.14**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18180	38028	**74.29**

International Futures Price	
NY ICE USD Cents/lb (Dec 2017)	68.27
ZCE Cotton: Yuan/MT (Jan 2018)	15,150
ZCE Cotton: USD Cents/lb	**87.80**
Cotlook A Index – Physical	**77.7**

Cotton & currency guide: The range of 67 to 70 for December future ICE cotton seems to be more confined. Cotton that was trading close to 70 cents has given up its most of gains and ended the session lower on Thursday at 6827 down by 53 points.

The major reason to attribute price correction is the flow of Tropical storm "Nate" shifting base to West away from cotton growing region. This has discouraged buyers to fresh buying in the market.

On the other hand selling near 70 cents looks very much inevitable amid expectation that the broad supplies to pull cotton price lower.

Interestingly the trading volumes were near daily average of 20000 contracts however almost half of previous day's volume.

In the meanwhile the weekly US export sales data was released which remained mostly stable. The total sales for the week ended 28th September were 213,200 bales and the shipments were 119,800 bales. Sales are 2.2 million bales ahead of last year and 43-1/2 weeks remain in the 2017/18 season.

However, trade talk continued that prices have to go lower. Cash sales and inquiries have been limited. Crop uncertainties have kept sellers from being too motivated and lower price expectations have kept buyers from being too eager. Further after the close of market the CFTC On-Call Cotton report for the week ended September 29th showed a 5th consecutive week of record unfixed on-call sales. Today's report at 136,123 contracts.

Total on-call purchases were 37,150 contracts. For comparison, total on-call positions one year ago were: 80,282 contracts in sales; and 24,961 contracts in purchases. This morning ICE cotton is seen trading slightly down at 68.17. The trading range for the day would be 67.60 to 68.50 cents per pound.

Coming to domestic market price for new crop Shankar-6, December delivery, are steady at Rs.38,000 per candy, ex-gin. At the prevailing exchange rate, equivalent value is approximately 74.35 US cents per pound. However, better quality old crop S-6 is almost unchanged at an average price of Rs. 39,000 per candy, ex- gin (76.30 cents per lb), maintaining the differential between new and old crop prices at just below 2 US cents per pound. Quotes for new crop Punjab J-34 are firm again, at Rs. 3,845 per maund or71.70 US cents per pound.

On the futures front market has been quite volatile. During the day November future had moved to Rs. 18480 which ended the session at Rs. 18310 per bale. Likewise, December also moved volatile to end at Rs. 18220 per bale.

The difference between November and December continues to maintain near Rs. 90 to Rs. 100 per bale. Overall we expect sideways trend and the trading range for November future on today's trading session would be Rs. 18070 to Rs. 18350 per bale

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

EU, India dust off promise for a trade deal

EU and India leaders promised to take their trade relationship 'to the next level' as they met during a summit in New Delhi on Friday (6 October) – but with some strings attached.

"It is high time for a Free Trade Agreement between India and the EU," said European Commission President Jean-Claude Juncker. But he insisted: "Once the conditions are right – and only once the conditions are right – we will resume."

Chief negotiators will next sit down in November to chart a way forward, Juncker added.

India and the EU have been negotiating a bilateral free trade and investment agreement (BTIA) since June 2007 and have missed several deadlines to conclude the talks, due to unresolved issues mostly related to market access.

The EU is India's largest trading partner with bilateral exchanges amounting to over €100 billion, accounting for 13.7% of India's overall trade, ahead of China (11%) and the United States (9.6%)

Major EU exports to India include engineering goods (37.3%), gems and jewellery (19%) and chemical and allied products (10.7%). The primary EU imports include textiles and clothing (19.8%), chemical and allied products (15%) and engineering goods (15%).

Bilateral trade in commercial services – mostly business, ICT and travel services – has almost tripled over the past decade, increasing from €10.5 billion in 2005 to €28.4 billion in 2016.

"When it comes to trade, we are not starting from scratch – far from it," added Juncker. "The trading of goods is almost perfectly balanced with exports and imports almost equal on both sides," he stressed, underlying that this will remain true also beyond 2019, when the UK is supposed to leave the European Union.

A trade agreement would create one of the world's largest free-trade zones in terms of population – covering 1.8 billion, or nearly a quarter of the world's people.

Germany has this year already called on India to get its act together in opening its domestic market and lowering tariffs for foreign goods. Beyond the free flow of goods and services, the EU also wants to step up work to ensure the free flow of personal data.

Indian companies have specialised in offering back office and IT services to European companies. Many of these services – and the jobs that go with them – depend on the exchange of data.

"If India's standards of data protection are converging with those of the European Union, the European Union will be in a position to recognise the adequacy of India's rules. This is a precondition for exchanging personal data freely and securely," Juncker stressed.

Brexit, a boon for closer relationship

With the UK leaving the EU, India is keen to adapt to the new realities of Europe and move forward with a stronger strategic partnership.

The two partners agreed a number of initiatives on combatting terrorism, clean energy and climate change; and smart and sustainable urbanisation.
Partners in democracy

"We are the world's two largest democracies. We are two of the world's biggest economies. We share the same values and the belief that freedom, equality, tolerance and the rule of law. Working together with a like-minded partner like India simply makes sense. It is natural", said Juncker.

Some MEPs have urged EU leaders to tie human rights to trade negotiations. "Freedom of conscience is a human right enshrined in the Indian Constitution. However, this constitutional provision is often ignored and six Indian states, including Gujarat during the tenure of current Prime Minister Narendra Modi, at the time Chief Minister, have enacted laws that severely restrict or prevent the exercise of freedom of thought, conscience and religion," MEP Lars Adaktusson wrote in an op-ed on EURACTIV.

Source: euractiv.com- Oct 06, 2017

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Brexit: Both India and UK will gain

When Manmohan Singh told parliament that Indians "must get rid of the illusion that we are still fighting the East India Company", it was seen as the proclamation of a brave new world in which complexes and inhibitions would no longer suppress buoyant trade. Logically, therefore, India should welcome Brexit and the opportunity of a new and separate free trade agreement with a country with which we have close historical links at every level. Yet, when all's said and done, India is not a trading nation in the way China is. Perhaps because of its East India Company experience, independent India sees trade as an instrument to achieve political or social objectives.

Hence the unfruitful decade-long FTA negotiations with the European Union. Negotiations between India and the United Kingdom might be even more tortuous because New Delhi links buying and selling with visas. The external affairs ministry is more than a little disgruntled because of Theresa May's decision as home secretary restricting the rights of Indian students to continue living in the UK after graduation. They now have four months to gain practical experience while an ordinary tourist visa for a Chinese is valid for two years.

Despite flattering New Delhi by choosing India to launch her international economic diplomacy as Britain's first post-Brexit prime minister, Mrs May is seen as viscerally opposed to immigration, especially from South Asia. Her decision on student visas rankles deeply. The Indian side says there has been a marked decrease in the number of Indian students at UK universities since then, something that the British deny. Whatever the truth, trade remains hostage to travel.

"If India has an FTA with the UK post-Brexit they are both going to gain," says Dr Rashmi Banga, adviser and head of trade competitiveness at the Commonwealth Secretariat. "It's going to be a win-win situation." She claims that her study titled "Brexit: Opportunities for India" identifies "the specific opportunities of a bilateral agreement for India and the UK to boost trade in goods as well as services, benefiting both their national economies."

The report argues that an FTA would increase bilateral trade by 25 per cent. If implemented post-Brexit, British exports to India – particularly cars, beverages and spirits — would increase by 50 per cent, from $5.2 billion to $7.8 billion, according to research estimates. The Commonwealth study also predicts a 12 per cent annual increase in India's exports to the UK, especially of 13 identified products, including textiles and clothing, footwear, turbojets and transmission shafts, compression-ignition internal combustion piston engines and taps, cocks and valves.

The current value of these Indian exports to the UK is around $404 million which could go up to $2.1 billion, an increase of $1.7 billion. Trade in commercial services, construction services and financial services will also experience a boost. But many believe that clothing will take pride of place once trade is streamlined and rationalised. Britain's relatively new, relatively low priced high street shops like Primark and Matalan are proving extremely popular, and augur well for Indian exports.

But Rita Teotia, the Union government's commerce secretary, may not have stated the whole truth when she said at the meeting where the report was presented, "Brexit has induced a degree of uncertainty. We have already chosen to engage, look at the opportunities and to deepen our relationship and to explore the opportunities that both countries offer to each other." It may be quite true, as she said, that "India provides both on the goods side and on the services side, win-win situations for its partner countries" in the health sector. But this is to overlook well-reported flaws in quality control as well as notoriously unattractive packaging.

Delving into history, Ms Teotia might also have mentioned that the concept of "import substitution" soared above its obvious economic advantages to become a patriotic creed whose resilience is another disincentive for free trade. Prohibitive duties on motor cars, for instance, were expected to serve a social and cultural purpose that was identified with the national ethic and was quite distinct from the mundane objective of conserving foreign exchange.

Of course, "the UK has a very very robust and very strong national health service" as she also pointed out. But it doesn't follow that the UK would benefit from relying on what the commerce secretary called India's "world class pharmaceutical generics industry." First, Western governments complain that the Indian drugs industry's reverse engineering infringes their patents.

Second, many Indians would not use domestically manufactured drugs if they did not live in a protected environment. The appeal and effectiveness of Indian medicines can be judged properly only in a free market with full choice. Both sides complain of tariffs that are high because of the absence of any substantial agreement between India and Britain and other EU states. British exports to India must surmount an average tariff wall of 14.8 per cent, while Britain imposes an average tariff of 8.4 per cent on Indian imports.

So far as the EU is concerned, Brussels is quite clear that Germany is the group's largest trade partner with India. Indeed, in 2015 Germany ranked as India's sixth biggest trading partner, while despite its historic advantages, the UK lagged behind in the 18th position. What's more, the UK has the largest trade deficit of any EU state with India, while Germany posts a trade surplus with it. In any case, Mrs May is far too busy trying to cope with turbulent juniors like Boris Johnson, the foreign secretary she dare not sack, and other ambitious colleagues, to spend much time or thought on an FTA with India.

However significant Britain's political and cultural ties with India may be, she must first work out her divorce settlement with the EU and ensure that she will be in Number Ten to push it through. Playing for time, her recent speech in Florence gave little clue to the kind of agreement London and Brussels would both find acceptable. But, then, London doesn't even know as yet what Edinburgh and Belfast – capitals of Scotland and Northern Ireland — really want.

The former has inspired the possibility of a trade deal with Scotland – or the EU rather than the UK acting for Scotland – to facilitate exports of Scotch whisky to India which is regarded as the world's largest market for the drink. If it happens – which is unlikely — that would be the supreme irony for a country where the BJP has, if anything, improved on the old Congress craze for desi.

But if the hallmark of India's Gandhian austerity was the crippling import duty on Scotch, the ease with which quantities of the liquor was smuggled into the country and openly sold, to say nothing of the flourishing industry in bogus Scotch, demonstrated that the spirit of free trade will never be quenched. There is hope after all for an India-UK FTA ultimately emerging.

Source: freepressjournal.in- Oct 07, 2017

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Ethiopia displays textile prowess at African trade expo

Ethiopia is hosting Africa's main trade show for cotton, textile, apparel, home and technology industries this year.

The African Sourcing and Fashion Week from 3 to 6 October at Addis Abba offered the country an opportunity to showcase its prowess in textile and garment industry to some 230 international producers and exporters from 25 countries.

According to the organizers Trade and Fairs East Africa and Messe Frankfurt, the participating countries include India, Turkey, the United Arabic Emirates, Tanzania, Sri Lanka, Bangladesh, Italy and Germany, African news media reported.

Ethiopia has earned about $90 million from the textile and garment sector during fiscal 2016-2017 that ended on 7 July, largely from industries installed in new industrial parks across the country.

Source: fibre2fashion.com- Oct 06, 2017

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Pakistan: Cotton committee discusses restructuring plan

The first meeting of the restructuring committee of the Pakistan Central Cotton Committee (PCCC) was held and discussed the restructuring plan of PCCC to improve its working capacities for the development of the cotton crop in the country.

The committee met with Member National Assembly Chaudhry Asad-ur-Rahman in the chair and take stock of improvement of varietal improvement and production technology for bringing significant per acre crop yield.

The committee was appraised about the development of new areas and situation of existing crop, besides the measures being taken so far for expending the outreach of activities and extension services, said Cotton Commissioner Dr Khalid Abdullah.

Talking to APP on Friday, he said the ministry of textile industry had constituted a committee for restructuring PCCC, in order to enhance the performance of the body. The restructuring committee will comprise four members of the National Assembly, including Chaudhry Asad-ur-Rahman, Chaudhry Iftikhar Nazir, Sheikh Fayyaz-ud-din and Sajid Mehdi.

Secretary ministry of textile industry and two members of the All Pakistan Textile Mills Association (Aptma) would be the members of the restructuring committee, he added. The committee discussed about ginning, fibre improvement and technical research aspects to produce quality products to attract the international markets.

It stressed the need on technology transfer by activating the applied research and development departments, as well as enhancing the outreach of services departments for marketing, he added.

The committee directed to take appropriate measures for addressing the emerging issues in cotton crop, including pest, diseases, soil, water and nutrition. Technology transfer and outreach services department of PCCC was asked to prepare a training modules of various levels, audience, duration and topics of cotton, he added.

Source: thenews.com.pk - Oct 07, 2017

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Bangladesh upgrades garment units

Bangladesh is modernising 208 readymade garment factories across the country into international standard green buildings. The facilities will have safer working conditions. After the collapse of Rana Plaza in 2013, the country has taken multiple initiatives. The initiatives include safe building and fire safety arrangements to ensure a sound and congenial working atmosphere in the country's garment industry.

Since 2011, 67 Bangladeshi readymade garment factories have received LEED Certification from the US Green Building Council, one of the top global green buildings rating systems.

Bangladesh's garment export earnings have been increasing day-by-day, yet to achieve 50 billion dollar target by 2021, overall productivity needs to be upgraded. The textile industry employs around four million citizens.

The industry registered $28.14 billion in export earnings in the recently concluded 2016-17 fiscal year. The readymade garment sector is the country's largest source for export earnings. Readymade garments exported from Bangladesh represent around six per cent of the global clothing market.

The country is the world's second largest readymade garment exporter with advantages like a low labor cost, favorable business climate, and well-established transport facility. International fashion brands like Zara, H&M, Gap and Levi's manufacture and import clothes from Bangladesh.

Source: fashionatingworld.com- Oct 06, 2017

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Turkish home textile makers looking for faces to market their products

Turkey's home textile makers are hiring people to represent their brands in other countries, to help market their products better and increase sales.

One of the biggest problems Turkey's mill owners face when doing business abroad is not knowing the language and culture of particular regions. Brand ambassadors are expected to smoothen the interface.

In terms of business, Turkey feels the bad days are over in terms of exports and that reaching double digits in home textile exports to Europe is a promising improvement.

The industry has the necessary infrastructure and raw materials. Each kilogram of home textile product is priced around $12, making it more profitable than the automotive sector.

Eighty per cent of the value produced in the automotive comes from abroad, while in the case of home textiles it is only 25 per cent. The rest is processed in Turkey.

The Russian crisis has forced Turkish exporters to enter new markets as far as the Far East. Turkey mostly exports towels to the US and upholstery fabric and curtains to the EU and China.

China's growing number of wealthy wants Turkish fabric on their furniture. The home textile industry is seeking permanent markets in order to be able to expand in other countries.

Source: fashionatingworld.com- Oct 06, 2017

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Pakistan: Federal govt to disburse Rs162b for boosting textile exports

The Federal government will disburse Rs 162 billion for boosting textile sector through prime minister "Trade Enhancement Package" during the current fiscal year across the country.

SAARC Chamber Vice President and United Business Group Chairman Iftikhar Ali Malik while chairing a core committee meeting of the group here on Friday said that Commerce and Textile Federal Minister Muhammad Pervaiz Malik assured him on the occasion of 5th export trophy award ceremony of Federation of Pakistan Chamber of Commerce and Industry in Karachi.

He said, "We have also been assured by the minister of timely payments to textile exporters." He said the government has accorded top priority to the textile sector and helping it to gain competitiveness to enhance exports.

He said new government under the leadership of PM Shahid Khaqan Abbasi is committed to restoring the confidence of business community and exporters with a special focus on textile exporters.

Source: pakistantoday.com.pk- Oct 07, 2017

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NATIONAL NEWS

FDI in textiles rose 3 times in last 2 years: Smriti Irani

Foreign direct investment into the country's textile sector has gone up three times in the last one-and-a-half to two years, resonating the confidence of foreign investors in the industry, Union Minister Smriti Irani said today. The textile minister asserted that the country's man-made fibre sector can soon look forward to "good news" as an inter- ministerial group (IMG)has been formed to suggest measures to maximise its potential. However, she did not elaborate on the details.

"For the first time…there is an IMG on how to leverage our potential in MMF (man-made fibre), how to make rates competitive, and I think you will hear good news very very soon," Irani said while participating in a discussion at the India Economic Summit here. The summit is organised by the World Economic Forum in partnership with CII

Source: financialexpress.com- Oct 07, 2017

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Big GST relief for small businesses, tax rates on 27 items cut: Here's the full list of what got cheaper

Three months after the Goods and Services Tax (GST) was rolled out, the government has now announced a significant revamp to the new indirect tax regime to ease the concerns of traders, exporters and small business while reducing the rates on 27 items of common consumption, including roti, sliced dried mango, khakra, namkeens, stationery, man-made yarn -- with most of them brought to five per cent category.

At its 22nd meeting, the Council, of which all states Finance Ministers are member, took several decisions to facilitate ease of doing business. From now on, businesses with annual turnover of up to Rs 1.5 crore, which constitute 90 per cent of the taxpayer base but pay only 5-6 per cent of total tax, have been allowed to file quarterly income returns and pay tax instead of the current provision of monthly filings.

"Traders having Rs 1.5 crore turnover, which are approximately 90 per of assessees outside Composition Scheme, can now file quarterly return," Finance Minister Arun Jaitley said after the meeting. This came just two days after Prime Minister Narendra Modi promised to remove the shortcoming in the new indirect tax regime and to ease woes of traders.

Also, the turnover threshold for businesses to avail of the composition scheme that allows them to pay 1-5 per cent tax without going through tedious formalities, was raised to Rs 1 crore from current Rs 75 lakh.

HERE'S ALL YOU NEED TO KNOW:

Tax rate on man made yarn was reduced to 12 per cent from the current 18 per cent, which is expected to provide relief to the textile industry. Moreover, tax rate on unbranded namkeen, unbranded ayurvedic medicine, e-waste, paper waste, rubber waste, plastic waste was reduced to 5 per cent.

#Taking stock of the exporters' working capital that was getting blocked under GST affecting their cash liquidity, the Council has decided to disburse their refunds through cheques for July and August from October 10 and October 18 onwards respectively.

#A new electronic system of e-wallet is being created for exporters, which will be implemented from April 1, 2018. The exporters will receive some notional credit in their e-wallet as advance. They will pay their tax and the refund will get offset within the wallet. A technology company will be allotted the task to develop e-wallets for exporters. Till then, exporters will have to pay nominal GST of 0.1 per cent for procuring goods from domestic suppliers for export.

#The Council decided to form a group of finance ministers (GOM) to discuss issues including, allowing inter-state traders under composition scheme, reducing GST on restaurants and exempting zero rated goods in calculation of turnover. The GOM will have to submit its report within a period of two weeks.

#E-way bill, which allows for seamless movement of goods worth over Rs 50,000, is likely to be implemented from April 1, 2018.

#The system shall be introduced in a staggered manner with effect from January 1, 2018 and shall be rolled out nationwide with effect from April 1, in order to give trade and industry more time to acclimatise itself.

#The reverse charge mechanism has been deferred till August 31, 2018. Under it, if a registered trader buys goods from unregistered supplier, the compliance of the unregistered buyer is the responsibility of the registered trader. "The reverse charge mechanism will be reviewed by a committee of experts. This will benefit small businesses and substantially reduce compliance costs," Jaitley said.

#Presently, anyone making inter-state taxable supplies, except inter-state job workers, is compulsorily required to register, irrespective of turnover. It has now been decided to exempt those service providers whose annual aggregate turnover is less than Rs 20 lakh from obtaining registration even if they are making inter-state taxable supplies of services. This measure is expected to significantly reduce the compliance cost of small service providers.

#After assessing the readiness of the trade, industry and government departments, it has been decided that registration and operationalisation of TDS/TCS provisions shall be postponed till March 31, 2018.

. Changes in 51 to 60th Chapter

S.No.	Description of goods	HSN Code	Rate before amendment	Rate after amendment
1.	Corduroy fabric	5801	12%	5%
2.	Saree fall	5808	12%	5%
3.	Khadi fabric, sold through Khadi and Village Industries Commission(KVIC) and KVIC certified institutions/ outlets	50 to 55	5%	NIL

Source: indiatvnews.com- Oct 07, 2017

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Goods & Services Tax Tries To Be Better & Simpler

The Narendra Modi government on Friday made sweeping changes to the Goods and Services Tax (GST) to provide relief to small & medium businesses and exporters — both facing difficulties because of some complexities in the three-month-old national indirect tax — and cut rates on as many as 27 common use items.

The GST Council, headed by Union Finance Minister Arun Jaitley, raised the turnover threshold for a composition scheme from Rs 75 lakh to Rs 1 crore. The scheme allows traders to pay 1 to 5 per cent tax without going through tedious formalities.

Briefing reporters after a marathon eight-hour meeting, Jaitley said that businesses with turnover of up to Rs 1.5 crore — which constitute 90 per cent of the taxpayer base but pay only 5-6 per cent of the total tax — are now allowed to file quarterly returns as against monthly filings.

Exporters will start getting refunds of their input credit for July from October 10, and for August from 18th of this month. Exporters will have e-wallets from April 1, 2018, for refunds.

Small and medium enterprises are crucial to the government's plans to create jobs, which has emerged as a major challenge amid a growth slowdown. Exporters have also been facing working capital squeeze due to delayed tax refunds. Exports account for nearly 20 per cent of India's GDP.

The announcements come two days after PM Modi said that the government will graciously accept criticism on the economic front, and will review GST procedures and remove all bottlenecks. GST was launched in July as India's biggest tax reform since Independence to turn all states and UTs into a single market.

Jaitley said that items, including, khakhra, plain chapati, food packets, used in the Integrated Child Development Services scheme, and unbranded namkeen will now be taxed at 5 per cent instead of 18 per cent.

GST rates on unbranded medicines have also been reduced from 12 per cent to 5 per cent. Tax on parts of diesel engine has been reduced from 28 to 18 per cent. To contain the cost of irrigation schemes, involving high amount of labour, GST rate has been brought down to 5 per cent.

PM Modi had said last week that traders across the country are "positive" about GST and accepting the new tax, but they need "handholding", and asked officers to ensure they adapt to the new system.

The Finance Minister said, the GST Council has formed a Group of state Finance Ministers to look into other issues. The Council also constituted a panel to consider rationalising GST rate for restaurants.

The decisions also came in the run-up to the elections in Gujarat, where trading classes are an influential voting bloc. The Centre was facing attacks from the Opposition over their plight.

The government expects that the decisions will address the primary concerns of traders, more so the textile industry, which is quite influential in poll-bound Gujarat. GST rate has also been brought down for Gujarati dishes like khakhra.

The business community has been a traditional vote bank for the BJP and there has been inputs that it was upset with certain GST provisions.

Last Saturday, RSS chief Mohan Bhagwat had asked the government to not allow informal sectors such as small and medium enterprises, self-employing cottage industries, and agriculture to suffer.

RELIEF FOR SMALL BIZ

- Turnover threshold for SMEs raised to Rs 1 crore to avail of composition scheme. Previous limit was Rs 75 lakh

- Businesses with turnover of up to Rs 1.5 crore allowed to file quarterly returns as against monthly filings

- Panel formed to consider rationalising of 18% GST on AC restaurants with turnover of more than Rs 1 cr

RELIEF FOR EXPORTS

- e-wallet for each exporter and notional amount as advance refund will be given. To start on April 1, 2018

- For July, refund cheques to be processed by Oct 10 and for Aug exports, the same will be done by Oct 18

GST RATE REDUCED ON

- Some stationery items, diesel engine parts. From 28% to 18%
- Unbranded ayurvedic drugs. From 12% to 5%
- Food items like sliced dry mangoes, khakra and chapatti. From 12% to 5%

Source: dnaindia.com- Oct 07, 2017

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Synthetic textile industry divided over GST rate revision

The synthetic textile industry is divided in its reactions to the latest revision in the goods and services tax (GST) rates announced by the country's finance minister, Arun Jaitley, on Friday.

The GST Council on Friday announced a reduction in tax rates on man-made yarn from 18 per cent to 12 per cent, while slashing GST levy on job work of zari (embroidery) to 5 per cent, from the previously agreed upon rate of 12 per cent.

The GST Council also announced a slew of other measures related to the new tax regime that has completed two months now.

Further, small and medium enterprises (SMEs) with an annual turnover of up to Rs 1.5 crore have been allowed to file quarterly income returns and pay tax, instead of the current provision of monthly filings.

However, while the spinning and weaving segment of the industry has welcomed the move, the trading community is livid.

"This is sheer lollipop for traders. We had made 14 specific demands, of which our primary plea was to keep the trading community out of the tax net until a turnover of Rs 2 crore was realised. These have not been met. If our demands are not met, we will have to go on a strike again," said Tarachand Kasat of the Surat-based GST Sangharsh Samiti. There are roughly around 65,000-75,000 traders in the Rs 50,000-crore synthetic textile industry in Surat.

On the other hand, the weaving community has welcomed the tax rate revision, along with the extension of the reverse charge mechanism (RCM) till March 2018.

Commenting on the same, Ashish Gujarati, president of Pandesara Weavers Association in Surat said: "Quarterly returns for entities with a turnover of up to Rs 1.5 crore is welcome. However, this provision should have been for the entire MSME industry, irrespective of their turnover amounts."

Textile mills stated that the reduced rate of GST would benefit the spinning and power loom sector further.

"The move would greatly benefit the spinning and power loom sector, besides improving on global competitiveness. It will also help in ensuring that the country's poor are clothed at an affordable cost. We also welcome the announcement of processing refund cheques for July exports by October 10 and August exports by October 18, along with the decision for refunding a notional amount for the remaining months and later adjust the amount in the e-Wallet that is slated to be implemented from April 1, 2018," said P Nataraj, Chairman, the Southern India Mills Association (SIMA).

Meanwhile, the industry is still seeking refunds for the accumulated input tax credit at the fabric stage, especially for processed fabrics, besides mandating the duty drawback committee to recommend appropriate duty drawback rates and RoSL rates to sustain export performance.

"We hope the government would extend the transitional provision of giving the pre-GST duty drawback and RoSL rates for another three months or till the new rates are announced," Nataraj further commented.

Source: business-standard.com- Oct 07, 2017

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Exporters relieved as government moves to lower GST burden

Exporters are breathing a sigh of relief with the government on Friday announcing a series of steps to reduce the payment and compliance burden of goods and services tax (GST).

The GST Council has approved the creation of an e-wallet for each exporter with a notional advance refund amount. E-wallet for exporters is to be implemented by April 1, 2018, till then a nominal 0.1% GST will be applicable to exports.

While most exporters see their liquidity and cash crunch issues getting resolved due to easier procedural requirements, others are looking forward to a further reduction in GST rates.

“The move is a welcome one and shows that the government is listening to and acting on our concern,” said Rakesh Kumar, executive director, Export Promotion Council for Handicraft.

Kumar said handicraft exports will get a big boost as they have declined 29% in the July-September quarter on account of GST-related concerns.

Moreover, exporters will continue to get the pre-GST exemptions under the Advance Authorisation and EPCG schemes while importing goods for the purpose of exports.

Similarly, Friday’s announcement to begin giving GST refunds for July by October 10 and of August by October 18 will address the liquidity concerns of the exporters.

“The problem of working capital blockage will now be resolved. Moreover, the increase in threshold limit and quarterly returns will augur well for small exporters and job workers as they can focus on business and not procedures,” said Amit Goyal, managing director of Mumbai-based Sarju International, a medium-sized company.

Exporters had said that Rs 65,000 crore could get stuck in the July-October period if the current mechanism of refunds for GST continues.

Welcoming the move, Ganesh Kumar Gupta, president, Federation of Indian Export Organisations, said: “The government has also resolved the problem of merchant exporters by putting a duty of 0.1% on any supply from manufacturing to merchant.”

Similarly, the reverse charge mechanism for transactions between registered and unregistered businesses has been deferred till March 31, 2018. On the compliance front, the GST Council has allowed SMEs with a turnover of up to Rs 1.5 crore to file quarterly returns instead of monthly filings.

“The announcements will bring confidence in exporters who could not invest in their business. The idea of a nominal 0.1% GST is innovative and the concept of e-wallet is a good move in the digital direction," said Dr Siddhartha Rajagopal, Executive Director, TEXPROCIL.

The breather has come at a time when exporters were faced with a 20% decline in the order-booking position from October and Christmas and New Year exports were affected. Calling the decisions ‘pragmatic,” Gupta said they will impart the much-needed competitiveness to exports.

India’s exports rose 10.3% on year in August on the back of pre-GST contracts, the composite duty drawback facility available till September 30 and low base effect.

Source: economictimes.com- Oct 07, 2017

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Maharashtra govt to come out with textile policy for 2017-22 soon

The Maharashtra government is working out a new textile policy for the period 2017-22, and has invited inputs from all the stake holders in this regard.

"We are working on the new textile policy for year 2017-2022, and have invited suggestions from industry members for consideration," Maharashtra Cooperation, Marketing and Textiles Minister Subhash Deshmukh said at CII Conference on Achieving Sustainable Growth in Textile and Apparel Industry through Manufacturing Excellence.

The textile policy for year 2017-2022, will be out soon, he added.

Textile Commissioner Kavita Gupta, who was present on the occasion, said the government is focussed on value added garments and technical textiles.

"We see huge potential in value added products and technical textiles. Going forward we are going to focus on these two segments, which will benefit the industry as a whole," she added.

Reliance Industries' President (polyester chain) R D Udeshi emphasised that today's textile and apparel sector is at the cusp of some major structural changes.

"The demand pattern is governed by the economic growth of regions, which indicates a slowdown in developed countries while strong growth in China and India.

Source: moneycontrol.com- Oct 07, 2017

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Manikam Ramaswami — man with the solidity of old world, enthusiasm of new

A gentleman who always “took the long term view”, “hugely ethical”, one who “never compromised on quality”, “a rare human being”... This is how those who knew Manikam Ramaswami, Chairman and Managing Director, Loyal Textiles Group, describe him.

The death on Monday of the industrialist has left his peers and associates devastated. They were unanimous that his demise was as much a personal loss to each of them, as it was to the business community.

Gopal Srinivasan, Chairman and Managing Director, TVS Capital Funds, recalls working with Ramaswami in the CII Tamil Nadu State Council and says, “...I can feel Ramu’s razor-sharp mind, thoughts and speech straight as an arrow, a fearless adherence to duly felt convictions, and an awe inspiring discipline in terms of preparedness.” He said Ramaswami had this never-ending quest to set right public policy issues, especially those relating to the textile industry.

An impatience for results and a sense of perfection made him a powerful force at work and public policy matters. Also, Ramaswami had a deep interest in culture, values and art, which made him the “truly quintessential gentleman”, he said.

P Ravichandran, President, Danfoss Industries, and Chairman, CII – Tamil Nadu State Council, who had known Ramaswami over the last several years, described him as a “holistic person with the solidity of the old generation and the enthusiasm of the new,” always willing to innovate. He was also a philanthropist, keen on social causes, particularly education.

As an industry representative and closely associated with the CII, Ramaswami always focussed on measures that would deliver sustainable benefits, he said.

RG Chandramogan, Chairman and Managing Director, Hatsun Agro Product Ltd, said Ramaswami was a “rare human being in business” whose loss will be felt by all. “ Ramaswami was an exemplary businessman to whom values and ethics were at the core. He had a no-nonsense approach to business and never compromised on quality,” Chandramogan said.

CK Ranganathan, Chairman, Cavinkare, felt the industry and the country had lost a person who always kept the cause of general good ahead of individual profit.

A person who when needed spoke out against policies that were adverse to industry, set an example by always passing on the benefit of cost to his customers ,and was “hugely ethical and value-oriented”.

Ramaswami was the third generation of his family at the helm of the Loyal Group. The flagship Loyal Textile Mills is a BSE-listed ₹1,100-crore company with a wide product range spanning yarn, fabric, garments and home textiles. The Loyal Group includes the 168-year-old watch retail company P Orr & Sons. Ramaswami took over the family business in 1976 when the business was about Rs. ₹2.5 crore. Today, it is worth about ₹1,500 crore.

“Manikam Ramaswami never hesitated to speak up, no matter who the opposition was,” reminisced Karumuttu T Kannan, his cousin and an industrialist.

Ramaswami worked closely with the State and Central agencies on policies related to textiles, foreign trade and ease of doing business.

Ramaswami's achievements include removing duty on yarn in the 1990s. He took up the issue with then Finance Minister P Chidambaram to do away with excise duty on yarn. Kannan said, "He was a severe critic of anti-dumping duty on polyester."

ME Manivannan, Senior Vice-President - Operations, Loyal Textile Mills, says: "He had this huge hunger for technology upgradation and automation. He was always the first to buy a new technology and test it out."

"For many companies in the technology space, Loyal was a gateway into market," he said.

TS Balaji, an ex-employee who had been with Loyal Textiles for more than two decades, said that "He was a fair employer and a mentor"

AL Rangarajan, another employee, recounts his time at P.Orr and Sons, where he was in charge of accounts and audit, as one of the best times. "He was sincere, man of perfection and hard working," Rangarajan said.

Ramaswami was the first to lend a helping hand when someone was in need, be it personal or professional.

Ramaswami, a mechanical engineer from IIT-Madras, is survived by his wife Valli Manikam Ramaswami and daughter Vishala Ramswami.

Source: thehindubusinessline.com- Oct 05, 2017

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Raymond launches 'Khadi Wool' with Woolmark

Raymond in association with The Woolmark Company has launched 'Khadi Wool'. The first of its kind collection is the exquisite range of pure wool and wool blended fabric from Raymond, offering the most intricate designs catering to the demands of the discerning consumers. The newly launched range will be available in selected stores November onwards.

"In partnership with KVIC, we at Raymond endeavour to take khadi – a true Indian fabric – from the villages of India to the international fashion ramps. Our association with KVIC is expected to generate 3 million additional man-hours of employment for khadi artisans annually on a sustained basis, an initiative that will empower artisans in rural India.

Taking this initiative ahead, we are now partnering with The Woolmark Company of Australia to create a pioneering khadi wool blended product line, to enhance the appeal of the fabric that is innate to the legacy of India," said Gautam Hari Singhania, chairman & managing director, Raymond Ltd during the launch ceremony at Australian High Commission.

Raymond is currently working with over 20 clusters in Rajasthan, Himachal Pradesh and J&K, to develop Raymond designs in pure merino wool and blended wool collections. As a part of the design intervention in more than 100 khadi clusters, Raymond also provides technical expertise to artisans to enhance the product quality.

"We aim to strengthen merino wool's position as a luxurious and versatile fibre in the market. Our collaboration with Raymond arises from the mutual belief we share on constant fabric innovation.

The Khadi Wool collection developed with Raymond demonstrates cutting-edge innovation, comfort and is also a part of our Grown in Australia, Made in India effort to successfully explore Merino wool's infinite potential in India.

As an eco-friendly fibre with biodegradable properties, Merino wool is the perfect addition to make this a modernised product and we're proud to be pioneering its phase of innovation in India," said The Woolmark Company country manager India, Arti Gudal.

"Through economic and fashion diplomacy we promote Australia's fashion industry globally, including our raw materials like Australian merino wool. Fashion connects our countries and cultures and it also creates jobs in both countries.

Our ambition is to Grow in Australia, Make in India, and then export to the world. This shows how mutual benefits can come through the collaboration between our two countries," said the acting Australian High Commissioner to India, Chris Elstoft.

Source: fibre2fashion.com- Oct 06, 2017

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Commerce Min to revisit $900 bn exports target

On April 1, 2015, the government announced a slew of incentives and new institutional mechanisms as part of the new Foreign Trade Policy (2015-2020) to nearly double country's goods and services exports to USD 900 billion by 2019-2020.

The commerce ministry today said it will revisit the USD 900 billion exports target by 2019-20 as the country's shipments are not able to show healthy growth rate in the first three years.

After holding over three-hour long meeting with exporters, Commerce Secretary Rita Teaotia said that certainly there is a need to revisit the export target because in the external world nobody calculated for the global commodity prices and currency fluctuations.

"We are certainly not going to aim for the same target because we have not been able to show that growth rate in the first three years," she told reporters here.

On April 1, 2015, the government announced a slew of incentives and new institutional mechanisms as part of the new Foreign Trade Policy (2015-2020) to nearly double country's goods and services exports to USD 900 billion by 2019-2020.

India exports goods worth around USD 300 billion per fiscal year, while services exports amounted to around USD 150 billion annually.

On whether the ministry would come out with the mid-term review of the foreign trade policy, she said Commerce and Industry Minister Suresh Prabhu would take a call after returning from Morocco, where he is going for a WTO (World Trade Organisation) meeting.

"Whether we will issue a formal statement of intent (on the policy), the minister has to take a view on that," she said.

However, she added that the mid-term review is on and some got addressed through the Goods and Services Tax (GST).

Speaking to reporters, Prabhu said that it was agreed in the meeting that each export promotion council (EPC) "is now going to prepare a concrete strategic action plan for what can be done in the foreseeable future" to boost exports.

He said the ministry would act on the suggestions made by the stakeholders today.

"We will together act on those inputs in the next two- three weeks and therefore we will also prepare a plan," he said adding most of the issues are related to the finance ministry and "we are going to take those issues with them".

People who participated in the meeting include leading exporters, EPCs, associations, industry chambers, spices board.

Minister for Textiles and Information and Broadcasting Smriti Zubin Irani also participated in the meeting.

Prabhu also stressed on the importance of export-led growth and called for enhancing competitiveness and integration with global value chain.

The deliberations flagged global and domestic challenges faced by exporters.

GST related issues regarding working capital blockage, delay in refunds and usability of Merchandise Exports from India Scheme and Service Exports from India Scheme scrips were raised by exporters.

In the context of mid-term review of the FTP, exporters requested inclusion of more products under these schemes and interest subsidy scheme and also increase in the rates of incentive.

The meeting also provided inputs for a new export strategy focusing on integrating India into the regional and global value chain, focus on high and medium technology sectors of exports and unleashing the potential of services such as tourism and e-commerce.

In a series of tweets, Prabhu said: "We must align our standards with global standards. Benchmarking will stimulate exports, ensure India's integration with global value chain".

"We are working on short, medium and long-term strategies. There can be short-term challenges but the future belongs to India," he added.

India's exports recorded a double-digit growth of 10.29 percent after a gap of three months to USD 23.81 billion in August, mainly on account of rise in shipments of chemicals, petroleum and engineering products.

Cumulative exports during April-August 2017-18 increased by 8.57 percent to USD 118.57 billion, while imports grew by 26.63 percent to USD 181.71 billion, leaving a trade deficit of USD 63.14 billion.

Source: moneycontrol.com- Oct 06, 2017

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India's micro-spinning invention

UST back from a week in India to check out a small feature of their textile industry. India is a huge country with a huge population and is a subcontinent shared with Pakistan and Bangladesh.

Our interest as members of HABI: The Philippine Textile Council was to check out how they manage their small- and medium-scale textile businesses which have brought them both the domestic and the export markets as stable paying clients.

To begin with, because of their ancient culture and practices where garments as everyday wear, ceremonial and ritual accoutrements, as well as serving as identifying marks of caste and profession, they have perhaps one of the most varied and unique garment industries in the world. The materials are all indigenous or available in the environment – silk from cocoon farms, cotton from cotton crops.

While in ancient times, India had used handlooms, the immensity of the markets they service has led them to mechanize spinning and weaving and perhaps also planting and harvesting. What is interesting is that while mechanization helps do more and better, labor is not shunted aside but used all along, if not in the growing of the crops and harvesting, then in weaving and spinning.

The Indian textile industry today uses power looms that can produce their indigenous fabrics, i.e. Madras, white and colored cotton cloth, silk cloth for saris and other uses. They produce in quantity to meet market demand. HABI was particularly interested in the small textile businesses using power looms. So, from our jump-off point in Chennai (formerly Madras) we drove to Erode which is the textile center of South India.

There we saw a micro-spinning facility which converts raw cotton (after ginning) into spools of what they term “slivers,” which are eventually spun into whatever grades of thread are required, 20/2, 30/2, etc. in a few steps and readied for dyeing, which is also a mechanized process, done separately in another facility. All of the above are done on a small scale, like a village business. The micro-spinning facility uses minimal electricity, one-phase current like for a household. And electricity in India costs 6 rupees per kilowatt hour (less than P5).

We also saw a dyeing facility which was small but had modern equipment that could produce exact shades of color as specified by the market orders. And using natural dyes at that, which means utilizing the resources of the natural environment like Indian plants which make for lower costs.

What HABI was most interested in was the micro-spinning machine which can take a minimum of 65 kilograms of cotton a day and can ramp up to higher numbers, or as much as195 kg in 24 hours. This machine is the solution to a Third World need for small cotton harvests, where the presence of a nearby spinning facility will enable farmers to sell their cotton without incurring uneconomical transport costs. We do not have that here. A micro-spinning facility in the harvest area would give added value to the cotton and enable the farmer to command a higher price for the thread spun from it.

Moreover, the simplicity of the machine requires no complicated education or training and can be run by villagers who have been taught and practiced to do so. It is ideal for cotton farming communities, as it would mean saving on spinning, transport and labor costs. Indeed, India's engineering prowess honed by its famed engineering schools has addressed a good number of Third World problems and provided the country with Third World but adequate solutions. This means inexpensive, simple and easy to maintain machines that are not complicated or capital-intensive to operate.

The micro-spinning machine we saw was designed by an engineer graduate of the Indian Institute of Technology whom we met and who explained its operation to us. He and his wife are social entrepreneurs, educated Indians who give back to their country and fellow citizens.

Their invention helps the farmers get a better return for their work. There is no overdesign in this micro-spinning machine; it is made to spin quickly and efficiently at minimum cost, and optimum results relying on ordinary maintenance.

This is sorely needed in this country now that the Department of Agriculture is seriously promoting the growing of cotton, something which we had in great quantity in the past but was allowed to decline, resulting in the loss of this natural fiber that is in demand in our weaving industry. HABI, with the Department of Science and Technology, is seriously contemplating bringing in a micro-spinning machine and setting it up in Panay to service the cotton harvests there and be able to provide the thousands of Panay weavers a stable supply of cotton thread.

The agriculture department's policy of expanding cotton acreage would have a better chance of succeeding if there is a cotton spinning machine nearby.

Source: manilatimes.net- Oct 06, 2017

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Sector-specific plan to boost exports soon

The Commerce Ministry will prepare a sector-specific action plan in two-three weeks to boost export growth to a higher trajectory based on inputs received from various export promotion councils (EPC) and industry bodies.

“Each of the EPCs has been asked to prepare a concrete strategic action plan on what can be done in the forseeable future and middle term so that exports can be increased with a specific focus on specific product grades,” Commerce Minister Suresh Prabhu said at a press conference on Friday.

“The Commerce Ministry will sit together with the DIPP, DGFT and FIEO to act on whatever suggestion we have received and prepare a plan," he added. This will be done in two-three weeks time, Prabhu said, after a brainstorming session with exporters.

Based on the action plan, the Commerce Ministry will come up with a target of increasing exports to a specific level. “We will also commit that with all these inputs, exports are going to rise to a certain level,” the Minister said.

The target of increasing exports to $900 billion by 2020 is already out of the picture as external developments, including unfavourable movement of commodity prices and foreign exchange fluctuation, have hit performance, Commerce Secretary Rita Teaotia explained.

With exports lower than $300 billion in the last two years, a target of $500 billion, too, would need substantial efforts from the government.

The Finance Ministry will play a crucial role in the entire exercise. “Most of the issues also deal with the Ministry of Finance. We will take it up with them,” the Minister said. The meeting was jointly organised by the Commerce Ministry and the Federation of Indian Export Organisations.

Textiles Minister Smriti Irani, Minister of State for Commerce & Industry, CR Chaudhary, officials from the Directorate General of Foreign Trade (DGFT), and the Secretaries of Commerce and the Department of Industrial Policy & Promotion (DIPP) also attended the meeting.

Representatives from CII, FICCI, ASSOCHAM, MPEDA, Spices Board, Carpet EPC, Council of Leather Exports, Engineering EPC, EPC for EOUs & SEZs, Indian Oilseeds and Produce EPC, CHEMEXCIL, CAPEXCIL, Tobacco Board, Shellac EPC, EPC for Handicraft, Plastic EPC, Cotton and Textiles EPC, Silk EPC, Pharmaceutical EPC, Electronics and Computer Software EPC, Project EPC, Sports Goods EPC, Powerloom Development EPC, Federation of Indian Micro and Small & Medium Enterprises, Panipat Exporters Association, Tirupur Exporters Association and many other leading exporters participated in the discussions and raised sector-specific issues.

Source: thehindubusinessline.com- Oct 06, 2017

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Indian exports to China up by 40.69% in Jan-Aug period

India's exports to China, which have been showing signs of revival this year after years of slump, registered a 40.69 per cent rise year-on-year to reach $10.60 billion in the first seven months of 2017.

Fired by exports of zinc, iron ore and steel, total Indian exports to China registered a 38.6 per cent increase year-on-year in August this year totaling to $1.26 billion, the sharpest increase this year.

However, the trade deficit expanded to $44.51 billion in the first seven months despite surge in Indian exports as imports from China continue to increase.

The India-China bilateral trade increased 18.34 per cent year-on-year to reach $55.11 billion from January to August this year, according to official data accessed by here.

India's exports to China increased by 40.69 per cent year-on-year to reach $10.60 billion during the seven months.

India's imports from China saw a year-on-year growth of 14.02 per cent to reach $44.50 billion. The cause for surge of Indian exports to China was a result of an exponential increase of 353.99 per cent of exports of zinc and related items, 248.19 per cent of iron and steel and 100.7 per cent increase in ores and slag and 151.17 per cent rise in copper.

India was the second largest exporter of diamonds to China totalling to $1.63 billion with a market share of 32.97 per cent after South Africa.

India was the second largest exporter of salt, sulphur, earths and stone, plastering materials, lime, and cement to China totalling to $692 million with 17.39 per cent market share after Turkey.

India's cotton exports, including yarn and woven fabric, to China showed a growth of 6.77 per cent to reach $844 million.

The country was the third largest exporter of cotton to China after Vietnam and the US accounting for 15.05 per cent share in the Chinese market.

India-China bilateral trade increased by 14.93 per cent year-on-year in August to reach $7.51 billion.

Despite the increase in Indian exports to China, Indian business and trade circles associated with bilateral trade however, advise caution as it is mostly led by iron ore and steel exports which started declining in 2013 due to a domestic crackdown on mines as well as China scaling down its steel production due to the global economic crisis.

The trade deficit began expanding ever since iron ore exports, the mainstay of Indian exports started declining.

Last year, the trade deficit climbed to $52 billion.

India has been pressing China to open up its pharmaceutical and IT software sectors to expand the base of Indian exports.

So far, there has been no major breakthrough in both areas, despite promises by China.

Source: economictimes.com- Oct 07, 2017

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Maharashtra to begin online cotton registration for MSP purchase

Although cotton prices have not touched the minimum support price (MSP) levels yet, Maharashtra cooperation minister Subhash Deshmukh has already directed the Agriculture Produce Market Committees (APMCs) to commence online registration of farmers for the purchase of cotton from October 18 for the season of 2017-18.

Cautioning farmers against distress sales, the minister said that no farmer should sell cotton below MSP levels. Prior to this, the Maharashtra State Marketing Federation (MSMF) will establish procurement centres for cotton purchase under the aegis of the Cotton Corporation of India (CCI), he said.

The federation shall open 60 centres and CCI may also open another 60 centres across the cotton-growing regions of the state, he said. Cotton MSP has been raised by Rs 160 per quintal to Rs 4,020 per quintal for medium staple cotton and Rs 4,320 per quintal for long staple cotton.

CCI and Nafed are the two agencies appointed by the government to extend the necessary marketing support to the cotton growers in selling their produce at most competitive prices in various market yards in all cotton-growing states. These in turn appoint sub-agencies to procure cotton at the local level as well.

CCI chief MM Chokalingam said that cotton prices have not reached the MSP levels and were ruling at Rs 4,320 per quintal. “Our officials are visiting mandis on a daily basis and are keeping a watch on the situation. Should the need arise, CCI shall intervene and begin cotton purchase,” he said.

The total production for the season of 2017-18 is likely to touch 370 lakh bales against 345 lakh bales for the previous season, he said.

Chokalingam said that the procurement centres will be ready in October when the season begins and a review will be taken to ascertain if there is any need for market intervention.

Normally, CCI opens some 341 procurement centres across the country. However, this season, another additional 20 centres are expected to be established, he said. Cotton arrivals have already begun in Punjab and prices are near the MSP levels, he said, adding that the prices in Andhra Pradesh and Karnataka are still above the MSP.

"Arrivals in other cotton-growing regions should begin from October 15 and we expect prices to fall once arrivals begin in full swing," he said. As per the Union ministry of agriculture, cotton had been sown on 111.55 lakh hectares till July 28, against 92.33 lakh hectares the same period last year.

Source: financialexpress.com- Oct 07, 2017

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Wazir Textile Index: Q1 reflects overall sales growth in T&A mill sector

The latest Wazir Textile Index (WTI) highlights that raw material prices increased in Q1 FY18 compared to Q1 FY17. On an average, raw cotton, viscose staple fibre and polyester staple fibre prices increased by 15 per cent, 10 per cent and 3 per cent respectively in Q1 FY18.

Cotton yarn and polyester viscose blended yarn prices grew at 10 per cent and 11 per cent respectively. However, polyester cotton blended yarn saw a decline of 9 per cent in Q1 FY18 compared to Q1 FY17 on an average.

The WTI shows that overall, Indian textile and apparel mill sector exhibited growth in sales during the first quarter of financial year 2017-18.

However, there has been tremendous pressure on margins due to increased input factor costs like raw material and manpower resulting in steep decline in EBIDTA levels.

Consolidated sales of top 10 selected companies was Rs 10,122 crores in Q1 FY18 compared to Rs 8,961 crores in Q1 FY16. The WTI EBITDA was calculated to be 77.7 in Q1 FY18. This reflects an overall decline of 25 per cent in EBITDA margin in Q1 FY18. EBITDA decreased significantly due to impact of increase in raw material cost and employee costs. Consolidated EBITDA margin of top selected companies was 12 per cent in Q1 FY18 declining from 16.6 per cent in Q1 FY17.

The WTI Cost for raw material (RM), manpower and others were 122.2, 130.5 & 112.9 in Q1 FY18. There was a significant increase in raw material prices, which resulted in overall cost, while manpower costs increased on the back of increasing labour wages. Consolidated RM cost constituted 54.9 per cent of sales in Q1 FY18, while consolidated manpower cost constituted 9.8 per cent of sales. The impact of the cost increase was visible in the declining EBITDA margin.

Growth in exports

Overall textiles and apparel exports in Q1 FY18 was $9.5 billion increasing at a healthy 8 per cent from previous year. Export of fibre, apparel, home textiles and filament has grown in Q1 FY18 as compared to Q1 FY17, fibre having the majority share. Highest growth was observed in exports of fibre growing at a rate of 48 per cent. Exports of yarn fell by 11 per cent in Q1 FY18. US and UAE were the largest export markets for India with a cumulative share of ~35 per cent. Share of UAE increased slightly in Q1 FY18.

Increased imports

The overall textiles and apparel imports in Q1 FY18 was around $1.7bn increasing significantly at 23 per cent from the previous year. Imports growth in Q1 FY18 was primarily due to a tremendous increase in fibre imports by 99 per cent over Q1 FY17. However, imports of other major categories yarn, home T&A declined significantly. China continues to be the largest import partner for India. Import share of USA increased significantly from 7 per cent to 13 per cent in Q1 FY18 while import share of Bangladesh declined from 10 per cent to 4 per cent in Q1 FY18.

Source: fashionatingworld.com- Oct 06, 2017

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