Cotton Market

<table>
<thead>
<tr>
<th>Spot Price (Ex. Gin), 28.50-29 mm</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rs./Bale</strong></td>
<td><strong>Rs./Candy</strong></td>
</tr>
<tr>
<td>17951</td>
<td>37550</td>
</tr>
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</table>

Domestic Futures Price (Ex. Gin), October

<table>
<thead>
<tr>
<th><strong>Rs./Bale</strong></th>
<th><strong>Rs./Candy</strong></th>
<th><strong>USD Cent/lb</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>18250</td>
<td>38175</td>
<td>74.88</td>
</tr>
</tbody>
</table>

International Futures Price

| NY ICE USD Cents/lb (Dec 2017) | 68.07 |
| ZCE Cotton: Yuan/MT (Jan 2018)  | 15,205 |
| ZCE Cotton: USD Cents/lb        | 88.28 |
| Cotlook A Index – Physical      | 79.75 |

Cotton & currency guide: Cotton price gave up the gains on Tuesday. The December ICE future settled lower near 68.15 cents pound. The subsequent months also finished in red.

The main story is December roll over ahead of 1st notice period on 25th of this month. The open interest is declining on a daily basis. From over 1.4 million contracts the OI has declined to 0.93 million contract. Also trading volumes are rising. On Tuesday the trading volume was around 60000.

The roll of position from December to March keeping the former under pressure. Therefore the premium of March over December has increased from 10 points to about 40 points.
We believe going forward with long liquidation by the hedge funds, roll over of position to next contracts and upcoming USDA monthly report on supply demand scheduled on 9th of this month is likely to keep the market under stress.

Currently December future is trading around 68.15 cents and likely that market may trade on the weaker side. However, market continues to trade in the confined range. Nonetheless momentary decline towards 67.50 may be witnessed in today's trading session.

**Currency Guide:** Indian rupee depreciated by 0.2% to trade near 65.15 levels against the US dollar. Rupee weakened today after 0.5% depreciation in previous session. Rupee has come under pressure amid concerns about rising crude oil price.

Crude has risen to 2 ½ year high on expectations of OPEC’s production cut. Also weighing on rupee is choppiness in global equity market amid uncertainty about Trump’s tax plan, political uncertainty in Saudi Arabia and US stance on North Korea. With upbeat price outlook for crude oil prices, Indian rupee could depreciate more in the near term. USDINR may trade in a range of 64.95-65.3 and bias may be on the upside.

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

## INTERNATIONAL NEWS

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<th>Topics</th>
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## NATIONAL NEWS

<table>
<thead>
<tr>
<th>No</th>
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<tr>
<td>1</td>
<td>Assocham business delegation to visit Russia to boost trade and technology tie-ups</td>
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<tr>
<td>7</td>
<td>Maharashtra SEZ units to get more tax sops</td>
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INTERNATIONAL NEWS

USA: How Big Will On-Demand Manufacturing Actually be For Apparel Sourcing?

The apparel industry is inching closer to custom-made clothing with each technological advancement and increasingly taxing consumer demand. And though on-demand manufacturing won’t remedy all of the apparel industry’s speed to market ills, it stands to serve considerable purpose in automating the processes and products best suited to it.

The win with on-demand is two-fold: the customer gets exactly what they want, and the brand only has to make exactly what they want. That means little waste, no excess inventory and no accounts receivable risk.

“Companies are losing money because of inefficient supply chain processes and the consumer is changing its behavior,” said Marleen Vogelaar, founder and CEO of Ziel, an on-demand manufacturing company making private label activewear product. It’s retail as a service for smaller and midsize brands, as Vogelaar puts it.

Massive minimum order quantities lead brands to buy beyond what they need in order to make a sale. But that leads to excess inventory, which leads to markdowns, which leads to brand dilution. And no brand can really afford that.

The apparel industry is moving to smaller orders more often, and making closer to the customer for quicker deliveries—and that’s prime space for on-demand manufacturing to move in.

“What we see happening...is we see hyper-local offerings from flagship stores, we see testing of colors, we see buying 20 percent less than Asia so our clients can have a higher sell-through and we can supply them with the right color and quantity when it’s needed,” Vogelaar said speaking during a panel on innovations in technology at the Sourcing Journal Summit.

Adding to that, she said, “And the great thing about on-demand manufacturing and some of the things that’s changing in the market, is you have to meet where the consumer actually is. And that consumer hangs out online, they hang out on Instagram, on the mobile phone, they hang out at
concerts and fitness things. You have to meet them where they are in the moment and not just in a store. And buy going on demand you can connect that.”

According to Vogelaar, roughly 20 percent of apparel that’s currently being made could be done with on-demand.

XRC Labs, a consumer goods and retail accelerator focused on finding and helping fund the future movers in the space, invested in Ziel because it believes in the model. A model, XRC Labs founder and managing director Pano Anthos likens to Starbucks.

“We look at the Starbucks model for coffee and Starbucks does not command 100 percent of all coffee sales, right? But when you go into a Starbucks, you get whatever Starbucks coffee you want at a ridiculous margin,” Anthos said. “Who else has turned a commodity into a $5 liquid, literally? But it’s because you get what you want, it’s a language that you understand, and it’s on demand.”

How on-demand works at Ziel

At Ziel, on-demand orders are fulfilled in quick rotation, with no minimum order quantities and with a lead time under 10 days. In another four years, Vogelaar said that 10 days will shrink down to two.

“If you look at how long it really takes to make a garment...let’s say five hours to give it really, really a lot of time,” she said. “But what you see with most of these processes if you analyze the supply chain on average, most of the time things are in rest.”

Ziel doesn’t have to leave things lingering and eating up precious speed to market. The company receives orders and sends them out to their production partners on a daily basis. And if all of a sudden production orders were being sent to production on an hourly basis, that change in speed to market would be radical.

On-demand manufacturing will mean a shorter, more local supply chain, and it will mean cutting costs too.
“The fundamental issue with on-demand in all of these concepts is labor. The U.S. doesn’t have enough seamstresses, they cost too much, and so we have to go to China to make this or Asia, or something like that,” said Pete Santora, chief commercial officer for Softwear Automation, purveyor of the sewbots Adidas has enlisted to make 800,000 T-shirts a day in its humanless Arkansas factory, starting next year. It’s labor costs that have driven companies to source in far reaching corners of the world, with executives racking up airline miles and hotel loyalty points to visit their suppliers.

But Ziel doesn’t have to stretch across the world to produce its product.

“The most important thing is that we bring the cutting and the dying in house with the sewing. In order to do that we will need to have a few different factories over the U.S.,” Vogelaar said. “Then you make it in the U.S…and then you can start giving people a stable margin and quicker rotation.”

Where on-demand will work best

On-demand, according to Vogelaar, will be best for smaller companies that don’t have the skill or the scale, but also for bigger brands that don’t yet know how to get out of their own way.

“Even for larger brands who are very well known, they want to have hyper local store offerings, they want to be able to test products before they do a lot of things, they want to do collaborations with artists and influencers...but they have supply chains that take eight to 10 months and they can’t do that,” she said. “For things with shorter shelf life and things with higher emotional value for the consumer, and where the collections are smaller, on-demand starts becoming an opportunity.”

And when it comes to speed in the supply chain, 10 days can hardly yet be beat.

“From a customer perspective it’s slow, but as a brand to get something in 10 days from a vendor, it’s really great,” Vogelaar said. “We have to move toward fulfilling the consumer expectations there and it’s possible because the technology is not that complicated. It’s really about changing the supply chain.”
Will we ever see on-demand at scale?

As Vogelaar has explained, on-demand isn’t for all apparel, but for the trendy items, the smaller runs and replenishments, it could drastically improve supply chain speed and flexibility.

When Amazon was granted the patent for its on-demand apparel manufacturing system in April, naturally, more players started paying closer attention to the option. Amazon’s system would be able to start producing apparel promptly upon processing a consumer’s order. Based on what’s ordered, the custom-clothing manufacturing system would create a tech pack, print patterns and assembly instructions, then arrange those panels for a textile printer to print before moving on to cutting and assembly.

“Once various textile products are printed, cut, and assembled according to the orders, they can be processed through a quality check, photographed for placement in an electronic commerce system, shipped to customers, and/or stored in a materials handling facility for order fulfillment,” Amazon’s patent says. “By aggregating orders from various geographic locations and coordinating apparel assembly processes on a large scale, the embodiments provide new ways to increase efficiency in apparel manufacturing.”

The question for most brands and retailers that aren’t made of Amazon money is: when will the investments necessary for on-demand balance out with the benefits, from a cost perspective?

According to Vogelaar, it’s already there.

“If you lose your 20 percent write-offs, if you lost your 40 percent excessive marking down, if you lose that and you don’t have that problem and you actually have the ability to sell 10 percent more because you can actually sell exactly what the customer wants,” she said.

“And yes, [the products are] more expensive from a cost of goods made perspective than if you make it in Asia, but because my client does not have those write-offs and markdowns, they actually have stable margins. Every time they sell something, they know what they’re going to earn. And it’s a good margin.”
Brazil: Textile companies to seek raw materials in Egypt

Three Brazilian enterprises will be involved in a textile industry purchasing project carried out by the government of Egypt. Textiles maker Fiama, yarn maker Círculo and elastic band manufacturer Damenny have been invited to see Egyptian-made raw materials, in an action backed on the Brazilian side by the Arab Brazilian Chamber of Commerce and the Consulate of Egypt in São Paulo.

The event will take place during Destination Africa, a textile industry show slated for November 11 and 12 at the Nile Ritz Carlton Hotel in Cairo, the capital of Egypt. The expo will feature 100 companies from 15 African countries and over 300 international buyers, according to its website.

“Egypt has invited lots of buyers from several countries, including Brazil, since our main focus is on big countries that import large amounts of textiles and clothing items.

Brazil is a key partner for Egypt, and we will work on having more Brazilian companies in upcoming editions of Destination Africa,” Egypt’s commercial consul to São Paulo Mohamed Elkhatib told ANBA.

Egypt is a major cotton-producing country, and the quality of its cotton and cotton products is world-renowned. Through September this year, 1,300 tons of Egyptian cotton and yarn were imported to Brazil, with sales amounting to USD 6 million, according to the Foreign Trade Secretariat (Secex) of the Brazilian Ministry of Industry, Foreign Trade and Services.

In September, a Mercosur-Egypt free-trade agreement entered into force that covers cotton and textiles. “I believe there’s a good chance that imports of cotton, fabric, textiles, clothing and bedding items to Brazil from Egypt will increase in the wake of this event, especially as the Egypt-Mercosur free-trade treaty becomes effective,” Elkhatib said.
Personnel from the Brazilian companies will travel alongside the Arab Chamber's International Business executive Fernanda Baltazar. At the expo, they will be able to see product by all exhibitors. They'll also sit down for business discussions with Egyptian executives in prescheduled meetings, as well as make technical visits and engage in cultural activities.

Exhibitors in Destination Africa will include major Egyptian textile industry players such as Elkotb Textiles, which specializes in products including warp knitting items, sports clothing fabric, lingerie and Velcro; and Spinalex, one of the national industry leaders, which makes Egyptian and American yarn for export.

Travel and accommodation costs for the Brazilian businesses involved will be covered by the Egyptian government. In addition to products and services, Destination Africa will feature a conference on November 12. The Arab Chamber’s Fernanda Baltazar will assist the Brazilian executives in their activities in Egypt.

Source: anba.com.br - Nov 07, 2017

USA: Chinese textile giant to open cotton yarn unit in Arkansas

The Shandong Ruyi Technology Group (Ruyi) of China recently announced plans to open its first North American factory in Forrest City, Arkansas.

The new unit will create 800 jobs, and Ruyi will invest $410 million to renovate a former Sanyo manufacturing centre in the city. It plans to spin more than 200,000 tonnes of Arkansas cotton annually into yarn.

The textile giant is scheduled to open in mid-2018.

Arkansas is the fifth-largest cotton producing US state. Ruyi is likely to absorb almost all the cotton produced by Arkansas annually, according to a report by the Bureau of International Information Programs of the US Department of State.
Mike Preston, director of the Arkansas Economic Development Commission, says Ruyi’s decision means “the largest single job-creation announcement in the history of the Arkansas Delta” region.

Forrest City’s East Arkansas Community College will help train new factory hires. Ruyi will, therefore, have an initial workforce as well as a long-term source of skilled workers, says Kay Brockwell, the city’s economic development consultant. Ruyi is the third company from China’s Shandong province after Sun Paper and Pet Won Pet Products to announce plans to locate operations in Arkansas.

Source: fibre2fashion.com- Nov 07, 2017

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Brazilian textile companies to seek Egyptian cotton

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Source: yarnsandfibers.com - Nov 07, 2017

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Pakistan: Cotton arrival at ginneries cross 8 mn bales: PCGA

Over 8.134 million bales of cotton have arrived in 2017-18 season at various ginneries in Pakistan, as on November 1, 2017, up 17.07 per cent over arrival of 6.948 million bales during the corresponding period of last season, according to the latest fortnightly report on cotton arrivals, released by Pakistan Cotton Ginners’ Association (PCGA).

In the major cotton producing province of Punjab, total cotton arrivals increased by 18.77 per cent year-on-year to 4.658 million bales, according to the report prepared by PCGA, in joint cooperation with All Pakistan Textile Mills Association (APTMA) and the Karachi Cotton Association (KCA). While in Sindh province, cotton arrivals increased 14.86 per cent to
3.476 million bales as on November 1 during the ongoing cotton season 2017-18.

Of the total arrival of 8.134 million bales at various ginneries in Pakistan, 6.743 million bales were pressed by ginners, of which 6.182 million bales were sold, leaving an unsold stock of 561,085 bales with the ginners, as on November 1, according to the data.

The textile mills in Pakistan consumed 5.984 million bales, while another 198,299 bales of cotton were sold to exporters, according to the data. The Trading Corporation of Pakistan (TCP) has not procured any bale of cotton so far this season.

As of November 1, a total of 723 ginning factories were operational in Punjab compared to 735 ginneries that were operational during the same time last season. Similarly, 294 ginning units were operational in the Sindh region, compared to 272 operating units during the corresponding period last year.

Source: fibre2fashion.com - Nov 08, 2017

Where Bangladesh stands vis a vis India in RMG exports

Bangladesh’s export earnings from the apparel industry saw only a 0.20 per cent rise 2016-17. While India’s earnings from apparel exports rose by 12 per cent in 2016-17. In the last fiscal, garment shipments from Bangladesh to India were down 4.85 per cent year-on-year.

The value of the taka against the dollar, poor infrastructure and shortage of power and gas are the key challenges for the export oriented readymade garment sector in Bangladesh. Garment buyers are shifting to India from Bangladesh due to the inefficient port facility and the extra lead time.

Garment production cost has increased near 18.01 per cent in the last two years in Bangladesh. Similar costs are also increasing in competing countries but the rate of increment is much higher in Bangladesh.
With continuous increase in salaries, gas and electricity price, system losses, Bangladeshi apparel manufacturers are struggling to retain their advantage over major competing countries.

India has allowed global apparel brands to open stores in India with a clause that at least 30 per cent of their products are made in India. This policy helps the apparel manufacturing industry of India as it can manufacture global brands in its domestic factories.

Source: fashionatingworld.com- Nov 07, 2017

Bangladesh: Non compliance to Accord, Alliance leads to dip in RMG orders

The recent business accord has sent shivers among Bangladesh clothing manufacturers with most either getting termination order or registering a fall business. Global fashion brands and retailers detached business ties with them on their failure to comply and latest data reflects the total number of factories with which platforms — Accord on Fire and Building Safety and Alliance for Bangladesh Worker Safety — cut ties reached 238. Of them, the Alliance terminated ties with 162 RMG units, and the Accord with 76.

Manufacturers in a fix

Retailers and signatory brands covered under the Accord and the Alliance sent a letter urging them not to continue business with such factories. As MG Fattah, MD, Sincere Knit Garments points out after termination of business by buyers’ platforms, it is difficult for them to establish contact with buyers and get work orders. With buyers backtracking on agreements signed with producers, it resulted in a downward spiral in overall production capacity of the country’s apparel industry.

Manufacturers need to work hard to find new buyers and to keep the wheels of the business moving after the stringent laws enforced on them. Another manufacturer cited insufficient number of orders after retailers under the Accord cut ties. Taking advantage of the termination, buyers who are not affiliated to the platform are offering lower prices.
In such a situation, companies have to incur massive losses as orders declined substantially. It would have been better had the Accord allowed them to continue production in existing factory for a few more months and to give them leeway in adhering to compliance with all safety rules.

Mozammel Haque, MD, Deshone Apparels says he had an order from a Polish buyer that was supposed to be in effect until February 2018. But following the termination, the buyer wants the deal to be revoked by the end of this year. He has already withdrawn orders for products supposed to be produced between January and February. Even after asking for some more time, the buyer is in no mood to change his mind.

**Should the government take onus**

Industry feels the Bangladesh government and Bangladesh Garment Manufacturers and Exporters Association (BGMEA) should be blamed for the losses as they have been unable to negotiate terms with buyers and manufacturers have to borne the burden. They argue how did Bangladesh accept this despite being a sovereign country? Recent data on RMG sector reveals no recent record of accidents in factories. Nevertheless, these two platforms keep labeling factories dangerous. It is high time they informed foreign buyers their RMG factories have already become the safest in the world.

Latest data shows 81 per cent of safety concerns identified in 1,620 Accord-inspected factories were addressed, and 84 per cent of highest priority risks and non-compliance issues addressed in 655 Alliance-inspected factories. During the inspection, only 2 per cent of total garment factories were found to be risky, which have already been shut.

Presenting other side of the story, Faruq Hassan, Senior-VP, BGMEA, says though the business termination has caused a decline in the number of work orders, foreign buyers will ultimately depend on Bangladesh as they sell quality products at affordable prices. A large number of owners are relocating factories in a bid to ensure workers’ safety and meet international standards.

Source: fashionatingworld.com- Nov 07, 2017
Cotton production grows in Azerbaijan

As of Nov. 7, 2017, 168,570 tons of cotton were harvested in Azerbaijan, which is 3.3 times more than in the same period of 2016, the Azerbaijani State Statistics Committee said in a message Nov. 7.

During the period, the biggest volume of cotton was harvested in Azerbaijan’s Saatli District.

In total, cotton has been sown on an area of 136,410 hectares this year, which is 2.7 times more than in 2016.

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<tr>
<th>Crop areas (in hectares)</th>
<th>Harvest in tons</th>
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<tr>
<td></td>
<td>2017</td>
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<tr>
<td>Throughout Azerbaijan</td>
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Source: trend.az- Nov 07, 2017
NATIONAL NEWS

Assocham business delegation to visit Russia to boost trade and technology tie-ups

Leading industry body Assocham would take a 17-member delegation to St Petersburg in Russia to boost trade and technology tie-ups between the two countries. The visit, supported by the MSME ministry, would take place between November 13 and 19 and is an initiative to support Indian business connect with global companies for technology, trade and partnership, director (east) of Assocham Perminder Jeet Kaur said in a statement. The event would include an exhibition, B2B & B2G meetings and panel discussions.

Two countries are committed to take India, Russia trade ties to reach US $30 billion by 2025. Display of Indian products at the exhibition is planned to show case our strength in herbal, ayurveda, textile, leather, jewellery and education. Assocham has seven MoUs with various chambers and export agencies in Russia.

Delegation members are from Kolkata, Delhi, Hyderabad, Bangalore and Ahmedabad, the statement added.

Source: financialexpress.com- Nov 07, 2017

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Rising crude oil price drives up cost of synthetic textile raw materials

Raw materials have become costlier by two to five per cent over the past month for synthetic textile manufactures, due to a sharp increase in crude oil prices.

Brent crude rose 15.2 per cent in a month to its current $64.12 a barrel for spot delivery. This followed developments in Saudi Arabia and a rise in US-North Korea geopolitical tension. Purified terephthalic acid (PTA) is a crude oil derivative and an input for polyester fibre.
It was $692 a tonne on Tuesday, a rise of 4.5 per cent in November alone. MEG (mono-ethylene glycol) has become costlier by 2.8 per cent in November, to $928 a tonne on Tuesday. Other raw materials have also become costlier.

“Prices of polyester staple fibre have risen by 10 per cent over the past two months to Rs 82 a kg, due to an increase in crude oil prices. China, a large producer for recycled polyester staple fibre produced from PET (polyethylene terephthalate) bottles, has stopped procurement of such bottles, resulting in a shortage of raw material for their fibre manufacturing plants. Hence, prices of recycled polyester staple fibre have gone up,” said S K Khandelia, president, Sutlej Textiles and Industries, largest manufacturer of coloured yarn in India.

Companies in plastics are also impacted. Indo Rama Synthetics, this country’s largest polyester-only manufacturer, had a net loss of Rs 17.7 crore in the September quarter, compared to a loss of Rs 14.7 crore for the same quarter a year before.

“GST (goods and services tax) rates on some products were cut from 18 per cent to 12 per cent, which came as a relief for us.

Raw material prices have jumped by two to five per cent, due to rising crude oil prices. We expect a further increase in prices of raw materials in the short term. But, with growing demand for polyester products, we were able to pass on the raw material price hike to consumers," said O P Lohia, chairman of Indo Rama.

Source: business-standard.com- Nov 08, 2017

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**Arvind signs MoU for modern apparel plant in Gujarat**

India's denim major Arvind Ltd has signed a memorandum of understanding (MoU) with the government of western Indian state Gujarat enabling the manufacturer to set up a large state-of-the-art apparel unit that should be operational before March 2019.

Kulin Lalbhai, one of the two executive directors of Arvind Ltd, told just-
"This is an MoU we have signed with & help Gujarat to set up a major apparel factory in Dahegam, near Ahmedabad, which, over time, will employ 10,000 people."

There is political significance to this deal, given that Gujarat is the home state of Prime Minister Narendra Modi, and elections for a new state legislature will be held next month. The Modi government has been actively pushing the idea that India's clothing and textile sector supplies products from across the supply chain to global markets, having held; a major textile exhibition in Gandhinagar, Gujarat, in July to that end.

The Gujarat Government, run by Modi's Bharatiya Janata Party (BJP), also announced a new garments and apparel policy last month, which aims to encourage the use of cotton produced in the state through the entire value-chain of farm-to-fibre, fibre-to-fabric, fabric-to-fashion and fashion-to-foreign shores.

Explaining the underlying reason for the new policy, Gujarat Chief Minister, Vijay Rupani, said he wanted to see "new investments in garment making", adding that: "The state is the largest producer of cotton that is supplied to other [Indian] states. It is time to encourage our entrepreneurs to invest in garment making."

Arvind's Lalbhai added that the production at the proposed new facility will take two years to ramp up once it is opened. It will make all types of garments and not just denim lines. "Eventually we intend to produce 24m garments per annum there," he added.

The factory cost INR3bn (US$46.42m) to set up. Asked how the company proposes to finance the project Lalbhai replied: "Arvind Limited uses internal accruals for its capital expenditures and it will be the same in this case."

Since it will be a modern plant, it will be equipped with the best state-of-the art machinery and automation. Lalbhai added: "Our relationship with our global clients is getting strategic and close and we intend to strengthen this relationship with international [apparel] brands.

Source: cottonyarnmarket.net- Nov 08, 2017
Ban on coke may raise garment prices

Some 150 garment manufacturing plants in the Delhi-NCR have been hit by a Supreme Court order banning the use of petroleum coke and furnace oil. The ban on pet coke has come as a blow to the garment industry in the region at a time when it is already struggling with GST.

There are some 800 export hubs in Gurgaon and around 4,00,000 people are employed in these manufacturing units. Another 300 such units are there in Manesar.

These units send fabrics and garments to mills that use pet coke. Even though the processing will restart with the help of alternative fuel, prices will increase significantly by Rs 5 per meter resulting in a hike in garment prices by Rs 30. With thin margins, this additional cost will come as a dampener for the industry as a whole.

This is the peak season for the industry which has big orders to deliver. Due to the pet coke ban, things have come to a temporary halt, which is bound to delay orders. The combined effect of GST, demonetisation and now the pet coke ban might make manufacturing business an unattractive. The Delhi-NCR belt is one of the country’s top textile manufacturing hubs.

Source: fashionatingworld.com- Nov 07, 2017

Andhra Pradesh's Guntur expects 4.66 lakh tonnes cotton

The Andhra Pradesh agriculture department officials are expecting 4.66 lakh tonnes of cotton out of 1.82 lakh hectares of farm land in Guntur district, according to civil supplies minister P Pulla Rao, who held a review meeting recently with officials and asked them to ensure farmers get the minimum support price (MSP) set by the government for their crop.

The Cotton Corporation of India will set up 11 purchase centres in the district to purchase cotton from the farmers at the MSP, a report in a South Indian English-language daily quoted Rao as saying.
The state government’s marketing department will open 43 cotton purchase centres and install CCTV cameras to curb the menace of middlemen, marketing department commissioner S Anand Kumar said.

Source: fibre2fashion.com – Nov 07, 2017

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Textile hub Tirupur still reeling from demonetisation blow

“Employees Required” signboards used to be a common sight outside small garment-making units in Tirupur, the textile hub of Tamil Nadu. Now, they have been replaced by “To Let” boards.

Many garment units have shut in recent months, said K. Thangavel, a former Communist Party of India (Marxist) member of the state legislative assembly from Tirupur. That’s because they couldn’t overcome the impact of the cash crunch that followed the 8 November invalidation of high-value banknotes.

The textile industry used to directly employ around 500,000 workers and log yearly sales of around Rs40,000 crore. The cash crunch brought the industry, mainly comprising micro, small and medium enterprises (MSMEs), to a grinding halt. A year after the note ban, many small units are still struggling.

“There was no business for three to four months,” said Raja M. Shanmugham, president of the Tirupur Exporters’ Association (TEA). MSMEs just couldn’t withstand the impact of something like the note ban, which took out 86% of the currency in circulation by value.

Even as the textile industry struggled on, it was hit by another disruptive event: the goods and services tax (GST), which kicked in on 1 July. “The implementation of the GST without any dry run has led to a chaotic situation,” said Thangavel.

According to TEA, the textile industry of Tirupur had been expected to earn Rs30,000 crore from exports alone in the year that ended on 31 March. It ended with Rs26,000 crore in exports, besides Rs16,000 crore from domestic sales.
The December quarter of the year is the busiest time of the year for Tirupur’s textile industry because of Christmas and New Year demand from the European and US markets. Last year, because of the withdrawal of high-denomination currency, it was a “real testing time”, says R. Veni, who works at one of the garment units in the city.

Recalled a job worker who runs a small knitwear-cutting unit: “A worker who would earn Rs500-600 per day had to lose a day’s salary to stand in the queue to exchange a sum of Rs2,000.” He added that at least 30 garment units have shut down in his ward alone.

Garment units getting closed and new ones opening is part of an annual cycle in Tirupur. But no new units have sprung up in the past year, claim business owners here.

Note ban and GST have only aggravated the situation in Tirupur, which is a self-evolved business cluster that has been facing a slow decline over the years.

“In 2004, India was a global leader in knitwear, just next to China. With the growing global market in Bangladesh, Cambodia, Vietnam, Sri Lanka, Myanmar and Ethiopia, we are no longer in the top position and it is very difficult to sustain if there is no policy intervention from the government,” said TEA’s Shanmugham.

Source: livemint.com- Nov 07, 2017

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**Maharashtra SEZ units to get more tax sops**

The Maharashtra government has decided to offer more tax sops to SEZs and co-developers of industrial areas in the State. The exemption on stamp duty and registration fee in such areas has been extended from 10 to 25 years.

On the total cost of land, stamp duty is 5 per cent and registration fee is one per cent.
Cabinet decision

On Tuesday, the State Cabinet decided to extend the tenure of exemptions by 15 years in an attempt to give more impetus to the industrial development in the State.

A press statement issued by the Chief Minister’s Office said the Maharashtra government brought out an SEZ Policy in 2001 but only in 2007 it was decided to grant exemptions on stamp duty and registration fee for 10 years. The exemption will lapse this year and, therefore, the term of the exemptions has been extended.

It will benefit large multi-product SEZ projects, such as the Multi-Modal International Passenger and Hub Airport (MIHAN), Nagpur. The MIHAN project is being developed by Maharashtra Airport Development Company Ltd, which is a State government concern.

Marketing hurdles

A senior official at MADC said the task of acquiring land for the SEZ and equipping that land with infrastructure facilities had taken over 10 years, which hampered the marketing activities of the SEZ. Now with an additional incentive of stamp duty and registration fee, MADC hopes that more companies will set up their units at MIHAN.

The developers in such areas can get extended benefits on their first transactions but if the land is resold then the benefits will stop, the official said.

PTI adds: Maharashtra is looking at revamping its funding model so that bankers funding such projects will be covered by government, a senior State official said.

“Maharashtra is considering indemnifying bankers who fund infrastructure projects. This will form part of the agreement that they sign with the developers,” State PWD Principal Secretary Ashish Kumar Singh told a panel discussion at the Ficci-organised national banking summit here.

Noting that a lot of infrastructure projects are funded by the NBFCs with a short-term view, Singh underlined the need for long-term funding. The
official did not elaborate as the plan is yet to be approved by the State Cabinet.

**Capex spree**

The State is on capex spree with Mumbai alone having over Rs. ₹1 trillion investments in metro lines (seven under way) and a new international airport worth ₹18,000 crore (being developed by the GVK Group that also runs the city airport along with Cidco).

That apart, the government is also working on the over ₹18,000-crore Mumbai-Trans-Harbour Link that will connect the eastern periphery of the city with JNPT and Panvel, and a ₹15,000-crore coastal road project on the western waterfront, among others. The State is also planning an elevated fast line on the local train line between CST and Panvel.

Source: thehindubusinessline.com- Nov 08, 2017

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