



IBTEX No. 7 of 2019

January 09, 2019

USD 70.44 | EUR 80.71 | GBP 89.73 | JPY 0.65

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
20622	43100	78.07
Domestic Futures Price (Ex. Warehouse Rajkot), January		
Rs./Bale	Rs./Candy	USD Cent/lb
20890	43660	79.09
International Futures Price		
NY ICE USD Cents/lb (March 2019)		71.67
ZCE Cotton: Yuan/MT (May 2019)		15,025
ZCE Cotton: USD Cents/lb		99.45
Cotlook A Index – Physical		81.90
<p>Cotton Guide: It seems that both the US and Chinese representatives want the deal to happen as quickly as possible. The talks between the two sides were scheduled for a couple of days starting Monday but the representatives of both the countries still could not concur with each other's proposals and consequently the talks will be continued into the third day, i.e. today.</p> <p>We should expect some kind of favorable news for the cotton market today. On the other hand, whatever the outcome may be, the final verdict will be in the hands of President Trump; so market participants have to wait and watch for the aftermaths which will undoubtedly have a cascading effect on either price direction.</p>		

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The optimism about positive trade talks made the markets to soar near 74 cents/lb. The ICE March Contract touched a high of 73.85 cents/lb but soon lost ground and settled toward the low figure at 71.67 cents/lb. The change was amounted to (-108) for ICE March.

The change for the ICE may contract was (-103) points which settled at 73.07. All the other ICE contracts were in the negative territory before ICE could wind up for the day. The total open interest increased for a seventh consecutive day, an increase of 2,578 contracts was witnessed to sum up at 224,146 contracts. The March and May contracts increased by 1314 and 601 contracts respectively to 128,184 and 39,689 contracts.

With the global Macro (geopolitical) factors the domestic cotton price especially future contracts have corrected down side at the MCX platform. The most active January future ended the session at Rs. 20890 down by Rs.50 from previous close.

The other contracts have also declined. For the day we expect the January contract to trade in the range of 20920 and 21200 Rs/Bale with a bias towards the positive side.

Arrival figures in India are estimated at around 155,000 lint equivalent bales (source cotlook). The prices of Shankar 6 cotton are still in the range of 43,000 to 43,500 Rs/Candy with an average price of around 43,300 which amounts to 78.58 cents/lb (Ex.Gin).

Prices of Punjab J-34 are at 4,440 Rs/Maund. Cotlook Index A has had a further readjustment with +0.40 change to 81.90 Cents/lb CFR main Far Easter Ports.

While I am writing this report, WTI crude is sailing at 50.50 USD/Barrel. This could further revive the upward movement of prices for cotton. Along with the aforementioned factors, the market is also viewing at the developments on US government shutdown, Chinese economic slowdown and Brexit vote which may cause volatility.

On the technical front ICE March cotton prices made a bullish pattern (Morning star) accompanied with the RSI above 30 suggest a short term pullback in the price. Sustainable trades below 70.50 will only resume the downtrend while the immediate resistance is at around 74.50. From the above we expect prices to trade in the range of 71.50-74.60 with sideways to positive bias.

Currency Guide

Indian rupee may trade with a weaker bias against the US dollar. Weighing on rupee is continuing gains in crude oil price. Brent crude trades higher above \$59 per barrel supported by sharp decline in US crude oil stocks and US-China trade talks optimism. Also weighing on price is recovery in US dollar against major currencies. The US dollar index trades mixed today after a 0.3% gain yesterday.

The US dollar recovered amid higher bond yields and disappointing European economic data. However, supporting rupee is firmness in US and global equity market amid progress in US-China trade talks. As per reports, US-China will continue trade talks for an unscheduled third day on Wednesday. Reports also noted that US President Donald Trump is eager to strike a deal to boost financial markets.

The US dollar will also remain pressurized by mixed US economic data, continuing partial government shutdown and Fed's patient stance on interest rate hikes. Rupee may witness choppy trade amid mixed cues but bias may be on the weaker side owing to gains in crude oil price. USDINR may trade in a range of 69.8-70.35 and bias may be on the upside.

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INTERNATIONAL NEWS

USA: Cargo Imports Level Off After Rush to Beat Tariffs

Retail cargo imports at major U.S. container ports have slowed after a fall rush to beat increased tariffs on goods from China, according to the monthly Global Port Tracker report released Tuesday by the National Retail Federation and Hackett Associates.

U.S. ports covered by Global Port Tracker handled 1.81 million twenty-foot equivalent units (TEU) in November, a 2.5 percent year over year increase, but an 11.4 percent decline from the record 2.04 million TEU set in October. A TEU is one 20-foot-long cargo container or its equivalent.

“With the holiday season behind us, the immediate pressure to stock up on merchandise has passed, but retailers remain concerned about tariffs and their impact on the nation’s economy,” said Jonathan Gold, vice president for supply chain and customs policy at the NRF.

“Retailers have also brought in much of their spring merchandise early to protect consumers against higher prices that will eventually come with tariffs.”

Still on the table is President Trump’s threat of 25 percent tariffs on apparel and footwear imports from China. Negotiators from the two countries are meeting in Beijing this week to try to iron out a compromise.

“Our industry is hoping the talks currently under way will bring an end to this ill-advised trade war and result in a more appropriate way of responding to China’s trade abuses that won’t force American consumers, workers and businesses to pay the price,” Gold said.

December retail cargo imports were estimated at 1.79 million TEU, a 3.7 percent year-over-year increase. That would bring 2018 to a total of 21.6 million TEU, an increase of 5.3 percent over 2017’s record 20.5 million TEU.

But January shipments are forecast at 1.75 million TEU, down 0.9 percent from a year earlier, and February imports are seen falling 0.9 percent year-over-year to 1.67 million TEU.

Looking further ahead, cargo imports are projected to be up 0.6 percent in March to 1.55 million TEU, increase 3.7 percent in April to 1.69 million TEU and then drop 1.3 percent in May to 1.8 million TEU. February and March are typically two of the slowest months of the year for imports because of the post-holiday drop in demand and the Lunar New Year factory shutdowns in Asia.

“There have been record-high levels of imports over the past several months, primarily due to raised inventories ahead of expected tariff increases,” Hackett Associates founder Ben Hackett said. “But we are projecting declining volumes in the coming months and an overall weakness in imports for the first half of the year.”

Source: sourcingjournal.com - Jan 08, 2019

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Factory Deflation Looms in China, Posing Risk to Global Prices

China’s producer prices are set to weaken on soft demand and lower commodity costs, adding another headwind to policymakers already struggling with trade tensions and a deteriorating growth outlook.

“Upstream prices fell much more significantly, which means year-over-year producer-price inflation is likely to be lower than consumer inflation for the first time in eight quarters and may enter negative territory very soon,” Song Yu, chief China economist at Beijing Gao Hua Securities Co., Goldman Sachs Group Inc.’s mainland joint-venture partner, wrote in a recent note.

December’s PPI index is estimated to slow to 1.6 percent, the slowest pace since 2016, according to the median forecast of economists ahead of data due Thursday. Jiang Chao from Haitong Securities Co. says the turning point could come in January as steel and coal prices drop and oil prices remain low.

Sliding factory prices will further erode industrial profits, weakening China’s highly-indebted companies’ ability to repay their loans. There’s also a clear link between China’s factory and export prices, meaning the PPI slide could act as a drag on the global price outlook too.

The country experienced a 4 1/2 year streak of factory deflation from 2012 to 2016, compounding its debt problems and adding to the world's deflationary challenge. Lower factory prices increase the real interest rate for related companies.

Source: sourcingjournal.com- Jan 08, 2019

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Turkey launches safeguard investigation on nylon yarn

The Government of Turkey has initiated a safeguard investigation on yarn of nylon or other polyamides. A safeguard investigation seeks to determine whether increased imports of a product are causing, or is threatening to cause, serious injury to a domestic industry.

Turkey has also notified the WTO's Committee on Safeguards about the investigation.

As per a notification issued by the WTO, Turkey had initiated the safeguard investigation on December 30, 2018.

The product under investigation 'yarn of nylon' are currently classified in the Turkish Customs Tariff Schedule under the customs tariff codes 5402.31, 5402.32.00.00.00, 5402.45, 5402.51 and 5402.61.

The investigation was initiated upon an evaluation of a safeguard petition from the domestic Turkish textile industry and on the basis of the evidence and the information contained therein.

"The information currently available indicates that there has been an increase in imports of yarns of nylon both in absolute terms, and relative to domestic production. During the period analysed, there has been a negative trend in certain economic indicators, such as production, domestic sales and employment, of producers of the like product.

Furthermore, imported products undercut the prices of the domestic products. Overall, the information currently available shows that there has been a deterioration in the situation of the domestic industry," the Turkish government said while initiating the safeguard investigation.

During a safeguard investigation, importers, exporters and other interested parties may present evidence and views and respond to the presentations of other parties.

A WTO member may take a safeguard action (i.e. restrict imports of a product temporarily) only if the increased imports of the product are found to be causing, or threatening to cause, serious injury.

Source: fibre2fashion.com- Jan 08, 2019

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Heimtextil 2019 growing with new concepts

Adopting several new concepts, Heimtextil 2019 is seeing a rise in the number of exhibitors. Heimtextil has thus brought the progressive themes of trends, textile design and digital printing together, creating an area full of inspiration and future technologies. The ongoing trade show with more than 3,000 exhibitors will conclude on January 11.

"Despite the economic downturn, Heimtextil is continuing its extremely positive development. With 3,025 exhibitors from 65 countries, Heimtextil has a stronger and more international slant than it has had for 15 years. It is thus further consolidating its position as the world's leading trade fair for home and contract textiles," said Detlef Braun, member of the executive board of Messe Frankfurt, fair organiser.

"As part of the fundamentally revised concept, we have combined themes and product segments in an even better way for specific target groups. Visitors can thus benefit from new synergies, shorter distances and lots of furnishing inspiration," added Braun.

In addition to a globally unique design show with international market leaders, a high-calibre event programme with notable guests and renowned industry experts is supporting the four-day trade fair.

The international trade event is presenting solutions for textile contract furnishing that are individual, sustainable and functional, from textiles with acoustic function or special abrasion properties to modular carpets, sun protection and innovative wall coverings.

Heimtextil is also combining the world's largest and most international range in this segment, thus creating the best order options for buyers from the upholstery industry, textiles editeurs and home textiles dealers.

Source: fibre2fashion.com- Jan 08, 2019

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Vietnam: CPTPP to raise national GDP

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is expected to help raise Việt Nam's gross domestic product (GDP) by 1.3 per cent, according to an official from the Ministry of Planning and Investment (MPI).

The number may amount to 2.1 per cent if there are more open policies for services, Trần Toàn Thắng, director of the National Centre for Socio-Economic Information and Forecast (NICF)'s World Economy Department, said in an interview with the Vietnam News Agency.

Under the agreement, Việt Nam will find it easier to access markets with lower tariffs as well as markets with which Việt Nam has yet to sign free trade agreements like Canada, Mexico and Peru, he said.

Thắng cited NICF's forecast that exports will rise by about four per cent while imports will expand close to 3.8 per cent.

He said garment-textile and leather-footwear will benefit most from the deal, with export of the garment-textile sector projected to increase by between 8.3 and 10.8 per cent as the result of price competition.

The agreement will also help light and labour-intensive industries grow 4-5 per cent, and their exports climb 8.7-9.6 per cent, Thắng added.

Moreover, the inflows of foreign direct investment (FDI) in Việt Nam will spur the development of the support industry in the country, thus reducing its trade deficit with China.

On the contrary, due to impacts of the CPTPP, sectors such as animal husbandry, food processing and insurance services may grow slowly, he said, noting that with its weak competitiveness, the animal husbandry sector will be affected most.

The agreement will lead to fierce competition at home and in other member countries at the levels of product, business and country, Thăng said, suggesting firms learn more about the deal to optimise its advantages. If domestic enterprises fail to bring into full play export opportunities, they will suffer from adverse impacts, he said.

The 11-member CPTPP officially came into force on December 30, 2018. It will cut tariffs on agricultural and industrial products, ease investment regulations and enhance protection of intellectual property.

It is one of the most comprehensive trade deals ever concluded and strips 98 per cent of tariffs for the 11 member countries with a combined GDP of more than US\$13.5 trillion and close to 500 million consumers. The agreement is expected to promote economic growth and poverty reduction, create more jobs and improve the living condition for the member nations.

The trade deal was signed by 11 member states, namely Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Việt Nam in Santiago in March 2018.

Source: vietnamnews.vn- Jan 09, 2019

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Woven fabrics can reap dividends for Bangladesh

Bangladesh has the opening for fresh investment in woven fabrics production. Currently, local spinners can supply 85 per cent of the raw materials to the export-oriented knitwear sector and 35 per cent to 40 per cent to the woven sector.

There is scope for investments in the primary textile sector over the next five years as demand for locally made fabrics has been rising in both domestic and international markets.

Bangladesh garment makers use 12 billion meters of fabrics a year for making export-oriented garment items. Of the quantity, domestic weavers can supply three billion meters of fabrics, with the rest imported from India and China.

If local weavers can supply 60 per cent of the requirement for woven fabrics in the next five years, that will reduce the dependence on imports. In the last one year, entrepreneurs set up 19 spinning mills, 23 fabrics mills and two dyeing printing mills.

The main impediments for the sector are land and energy. Supply of energy and industrial land at a reasonable price can encourage spinners and weavers to invest in the sector.

The listed textile mills have been unable to give dividends for years mainly due to higher bank interest rate, high energy prices and other operational costs.

Source: fashionatingworld.com- Jan 08, 2019

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Pakistan: ECC seeks revenue impact of withdrawal of duties on cotton imports

As the government is already facing a revenue shortfall of Rs125 billion during the past six months due to the relaxation of taxes in income, mobile and other sectors, the Economic Coordination Committee of the Cabinet (ECC) has sought revenue impact of the relaxation of taxes on cotton imports.

The meeting of ECC which was chaired by the Finance Minister Asad Umar here on Tuesday discussed the proposal of Textile Division regarding withdrawal of customs duty, additional customs duty and sales tax on import of cotton in details.

The textile division had forwarded the proposal of slashing taxes to facilitate the import of cotton to bridge the demand and supply gap in the country, thereby helping out the textile industry, especially the export segment.

The committee noted that detailed trade and revenue related data was required, which was not made part of the proposal. The relevant ministries were directed to fill the data gaps so that an informed decision could be taken in the matter.

As per the available documents, the textile industry has to meet this shortage from the import of cotton from other countries.

The impact of duties is induced in the price of demesne cotton, resulting in an increase in the cost of doing business for the entire textiles value chain especially for export-oriented sectors in highly competitive international markets.

According to Cotton Crop Assessment Committee (CCAC), the cotton crop for the year 2018-19 is expected to be around 10.78 million bales of 170 kilograms, a decrease of 9.7 per cent compared to last year and a decrease of 24 per cent against the initially fixed target of 14.37 million bales. Further, 9.62 million bales have already arrived in the ginning factories as of December 15, 2018.

As per the summary of textile division, to encourage value addition, reduce the cost of doing business and fill the gap between production and consumption as of January 1, 2019, more than 95 per cent of the cotton will be lifted from the farmers, it is proposed that similar to last two years' decision; customs duty, additional customs duty and sales tax on imported cotton may be withdrawn immediately.

According to the summary, justifying the relaxation in taxes, the textile division in the proposal claimed that import of cotton has remained duty-free till the slab of 0 per cent was abolished in 2014-15 and customs duty of 1 per cent was imposed along with the 5 per cent sales tax.

Later on, a 1 per cent slab was raised to 2 per cent and then 3 per cent along with the 2 per cent additional duty to make it 5 per cent. Currently, cotton is subject to 3 per cent customs duty, 2 per cent additional customs duty and 5 per cent sales tax.

According to the documents, Prime Minister's Package of incentives for exporters was announced on January 10, 2017, wherein, textile sector was provided number of facilitations including withdrawal of customs duty and

sales tax on imported cotton effective from January 16, 2017. However, customs duty and sales tax on imported cotton were re-imposed from July 15, 2017, in view of domestic cotton arrival.

The customs duty and sales tax were withdrawn again effective January 8, 2018, vide a summary to ECC of the cabinet moved by this division. The customs duty and sales tax were re-imposed w.e.f July 15, 2018, vide a Summary moved by Ministry of National Food Security and Research (MNFSR) on May 31 2018.

Sources said that on the one side, cotton production has been decreasing and on the other hand, the government had imposed taxes on cotton import which is why export has not been increasing. If industry will not get raw material than how can the export enhanced.

All Pakistan Textile Mills Association (APTMA) was demanding for the last many months to withdrawn this duty and government can bear Rs4 billion loss in revenue if the country imports 1 million bales cotton.

Sources said that Ministry of National Food Security and Research can oppose this move as they have a point of view that farmers could be affected due to withdrawn of taxes on import of cotton.

The textile industry of Pakistan consumes around 12 to 15 million bales per annum and sustainability and viability of spinning industry are totally dependent on the performance of the domestic crop.

It is pertinent to mention here that Pakistan Tehreek-e-Insaf (PTI) government is struggling to enhance exports which are stagnant to around \$24 billion currently.

Source: pakistantoday.com.pk- Jan 08, 2019

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Pakistan: Cotton market caught in uncertainty

The cotton market was unable to ward off uncertainty and lack of confidence as buyers stayed away and trading activity dipped down to rock bottom.

The entire cotton economy is currently faced with adverse domestic and world factors, inhibiting textile spinners to build up their stocks.

Despite short crop, the textile industry seems reluctant to replenish stocks which is worrying, observed a leading cotton broker.

The Indian cotton crop is also reported to be much short than anticipated earlier, says the Cotton Association of India (CAI).

However, it is encouraging to see that a large number of Pakistani textile producers of home and contracted textiles are participating in the four-day international trade fair, Heimtextil in Frankfurt from Jan 8-11, which is the world's biggest display of textile goods.

According to Trade Development Authority of Pakistan, around 222 leading Pakistani textile producers are participating.

Meanwhile, trading on ready counter was extremely negligible as big buyers were conspicuous by their absence and the market remained devoid of much needed activity.

The Karachi Cotton Association spot rates were firm at weekend level at Rs8,700 per maund.

The entire cotton economy cycle seems to have come to a standstill because at each stage the stakeholders are currently in a fix and unable to clear dues of each other on holding huge stocks of unsold phutti (seed-cotton), cotton and cotton yarn and this having a spillover impact up to the value-added sector.

Source: dawn.com- Jan 08, 2019

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NATIONAL NEWS

Textile exports continue their growth momentum

Textile and apparel exports, which recovered in the middle of last year following the sharp depreciation of the rupee, witnessed a surge of 14% year-on-year (y-o-y) to Rs 18,965 crore in November, according to quick estimates by DGCI&S (Directorate General of Commercial Intelligence and Statistics).

Apparel exports surged 21% y-o-y to Rs 8,112 crore, data showed. Exports of cotton yarn, fabric and handlooms, however, advanced at a modest 5% to Rs 5,968 crore during the month.

Manmade yarn, fabric and made-up exports increased 8% y-o-y to Rs 2,664 crore, data showed. The growth in textile exports has been higher than the increase seen in other commodity-linked sectors.

“Demand is picking up and we are seeing buoyancy in the market,” said Raja M Shanmugham, president, Tirupur Exporters’ Association. “Export orders placed in China has come down. The trade war between US and China is a shot in the arm for us.

Orders diverted from China are being shared by multiple competitors including India,” he said. The sustained depreciation of the rupee against the US dollar in the weeks preceding November also helped in increasing exports, industry officials said.

“The sudden sharp depreciation of the rupee boosted exports. Some orders have come to us due to the ongoing trade war between US and China,” said P Nataraj, chairman, Southern India Mills’ Association.

The textile industry has also stabilised from the adverse effects that followed the implementation of GST and demonetisation, officials said. “The industry is stabilising now,” Raja Shanmugham said.

But the industry needs more support from the government to fully utilise the opportunities arising out of the diversion of orders from China, the world’s largest producer and exporter of textile products, officials said.

Incidentally, the IIP (index of industrial production) for textile and apparel saw a robust improvement in October. Textile and apparel registered a y-o-y growth of 6.2% and 28% respectively during the month.

As per RBI's 'Financial Stability Report', the stressed advances ratio for textile industry has been improving continuously. The stressed advances ratio of the textile industry has come down to 18.7% in September 2018 compared to 23.7% in the same month the previous year.

Source: timesofindia.com- Jan 09, 2019

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Centre, states, industry to discuss ways to boost export on January 10

States have been advised to formulate their export policies and appoint export commissioners

In the wake of growing protectionism globally, centre, state governments and industry representatives will meet on January 10 to discuss ways to boost the country's exports.

The issues would be deliberated upon in the fourth meeting of the Council for Trade Development and Promotion, which will be chaired by the Commerce and Industry Minister Suresh Prabhu.

Trade ministers from different states including Uttar Pradesh, Punjab, Haryana and Karnataka are expected to attend the meeting, the official added.

The council was constituted in July 2015 to promote India's overseas shipments. The meeting assumes significance as states play a proactive role in promoting outbound shipments.

The commerce ministry has advised all the states to formulate their export policies and appoint export commissioners.

The issues which are likely to figure in the meeting include ways to enhance export competitiveness, quality and standards of products.

The council acts as a platform to develop partnership with states with an aim to boost international trade.

Besides trade/commerce ministers of states and union territories, 14 secretaries of the central government, including commerce, revenue, shipping, civil aviation, agriculture, food processing and economic affairs are the members of the council.

The council also provides a platform to state governments and Union Territories (UTs) for articulating their perspective on trade policy to help them develop and pursue export strategies in line with the national foreign trade policy.

Federation of Indian Export Organisations (FIEO) President Ganesh Kumar Gupta said issues related to credit and modern infrastructure need to be resolved to push the exports.

Since 2011-12, India's exports have been hovering at around \$300 billion. During 2017-18, the shipments grew by about 10 per cent to \$303 billion.

Experts have cautioned that growing trade tensions between the US and China could impact global trade growth.

Imposition of high import duties by the US this year on certain steel and aluminium products have triggered a trade war kind of situation.

The World Trade Organisation (WTO) too has stated that escalating trade tensions and tighter credit market conditions in important markets will slow trade growth in 2019.

During April-November 2018-19, the country's exports grew 11.58 per cent to \$217.52 billion.

Source: timesofindia.com- Jan 08, 2019

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Monsanto allowed to claim patent on GM cotton seeds

Shares of Monsanto India Ltd climb as much as to Rs 2,669, their highest since Sept. 26

The Supreme Court on Tuesday allowed Monsanto Technology to claim patent on its genetically-modified cotton seeds, giving a boost to firms developing new seed technologies.

The ruling overturned an order of a Division Bench of the Delhi High Court last year which invalidated the patent granted to Monsanto — acquired by German firm Bayer AG — saying the gene sequence responsible for the Bt trait that eradicates pests afflicting cotton plants is a part of the seed, and hence, cannot be patented under Section 3(j) of the Patents Act, 1970.

“The order of the Division Bench is set aside. The order of the single judge dated March 28, 2017, is restored and the suit is remanded to the learned single judge for disposal in accordance with law,” Justices Rohinton Fali Nariman and Navin Sinha said in their judgment on Tuesday.

The court’s order came in a case filed in 2015 by Monsanto, through its Indian subsidiary Monsanto Mahyco Biotechnology Ltd, against Nuziveedu Seeds and its subsidiaries for selling Bt cotton seeds using its patented technology despite termination of a licence agreement. In its appeal in the apex court, Monsanto argued that the HC order would be an impediment to the entry of new technology in the farm sector as technology developers will lose pricing freedom.

“We welcome the judgment. We will study the same in detail,” said a Bayer spokesperson.

Meanwhile, the Swadeshi Jagran Manch has said it would ask the government to amend the patent laws to forbid companies like Monsanto from charging a royalty.

A consortium of seed companies, on the other hand, welcomed the verdict.

Source: thehindubusinessline.com- Jan 08, 2019

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FTAs with EU, Australia, Canada, Britain to help garment exports: CITI

Confederation of Indian Textile Industry (CITI) has said that free trade agreements with the European Union, Australia, Canada and Britain will help Indian exports of garments and made ups, at par with its competitors such as Vietnam and Bangladesh.

CITI chairman Sanjay Jain said besides FTAs, a reduction of import duty on Indian cotton yarn and fabrics by China, is “the biggest game changer that can transform the Indian textile and clothing industry”.

The made-ups sector, which includes products such as towels and bedsheets, is the second-largest employer in the textile sector after apparel.

“Another major issue which can enhance the export competitiveness of the Indian textile products is refund of all duties and taxes on exports across the value chain, as in principle, a country should not be exporting any types of taxes or duties,” said Jain.

CITI has highlighted rising imports of textile products as a key area of concern, which needs immediate attention.

India’s exports of textiles and apparel rose 14% on year in November 2018, at Rs 18,965 crore compared with Rs 16,707 crore in November 2017. Apparel exports grew 21% in the same time period.

Source: economictimes.com- Jan 08, 2019

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Tough days for MMF sector due to govt apathy: FIASWI

Government's apathy in resolving issues related to Goods and Service Tax (GST), disbursement of subsidy under Amended Technology Upgradation Fund Scheme (ATUFS) and failure in capping cheap import of polyester and silk fabrics from China, Vietnam and Bangladesh has made it tough for man-made fibre (MMF) sector in the country.

Industry leaders from MMF clusters in Surat, Bhiwandi, Ichhalkaranji and Mumbai attended the 41st annual general meeting (AGM) of Federation of Indian Art Silk Weaving Industry (FIASWI) here on Saturday.

Surat Art Silk Cloth Manufacturers' Association (SASCMA) chairman Jayvadan Bodawala said, "The MMF sector, especially the power loom sector, is passing through a tough phase due to non-cooperation of central government.

Small-time weavers, unable to sustain the onslaught, are selling their power loom machines in scrap. Weavers are unable to pay their bank instalments on new machinery as the government is yet to release ATUFS subsidy."

Bodawala added, "Sensing the pitiable situation of the MMF sector in India, fabric manufacturers from China, Vietnam and Bangladesh are dumping their cheap fabrics here. But the government remains a mute spectator despite the fact that SASCMA and FIASWI have been making repeated representations for imposing safety guard duty of 10% on cheap imported fabrics."

FIASWI chairman Bharat Gandhi said, "This has cast a dark shadow on MMF sector. It is high time that fabric manufacturers produce fabric as per international taste. At present, there is huge scope in sport and yoga wear in the country."

He said MMF share in the international market is 60%, while that of cotton's is 40%. However, the scenario is totally reverse when it comes to consumption pattern in Indian market. People prefer cotton fabrics than polyester fabrics here.

Gandhi said, “The industry will have to take innovative measures like 3D printing of fabrics. The textile research associations (TRAs) in Surat and Mumbai are already doing research on 3D printing which is going to be the next big thing in the textile sector.”

Source: timesofindia.com - Jan 09, 2019

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Textile sector on revival path: CITI

The stressed advance ratio of the textile sub-sector has been improving continuously. As per Reserve Bank of India (RBI)’s financial stability report, the ratio has improved from 23.70% in September 2017 to 18.70% in September 2018.

Based on quick estimates data, the export of textiles and apparels stood higher at Rs 18,965 crore in November 2018, against Rs 16,707 crore in November 2017, registering a 14% growth, said Confederation of Indian Textile Industry (CITI) on Tuesday. Over the same period, apparel exports have grown at a remarkable 21%, it added.

Sanjay Jain, chairman, CITI, said it was interesting to note the positive Index of Industrial Production (IIP) data. It is pertinent to mention here that the IIP data for textile & clothing (T&C) also witnessed robust year-on-year growth during October 2018 versus October 2017. Textiles and apparel have registered a growth of 6.2% and 28%, respectively, during October 2018.

The positive trend in the entire textile value chain has been the result of pragmatic approach shown by the Union finance and commerce ministries over the past few years.

The Centre’s support to the sector includes disbursement of Rs 1,300 crore for the Samarth Scheme, Rs 6,000 crore for apparel & made-ups package along with various state incentives; resolution of goods and services tax (GST)-related issues and increase in import duty on various textile and apparel commodities.

Made-ups are articles manufactured or stitched from any type of cloth, other than a garment such as bed-sheets, cushion covers and lamp-shades.

The timely policy support and intervention should be considered as an important step when the industry was under severe stress, especially after the implementation of GST, Jain pointed out.

Source: financialexpress.com - Jan 09, 2019

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Mumbai to host textile technology show GTTES 2019

The second edition of the global textile technology and engineering show, GTTES 2019, will be held from January 18-20, 2019, in Mumbai. GTTES 2019, organised by India ITME Society, is ready to start a new successful business year with new optimism, opportunities, and prospects for the textile industry with more than 400 exhibitors from around 48 countries.

GTTES has grown in size and numbers and has achieved 26 per cent growth rate attracting about 168 companies as first time participants who have never participated in any ITME events.

This is a remarkable response to the second edition of GTTES, indicating that this event has achieved its place as a reliable international business platform for both domestic and overseas companies. It is very attractive for start-ups and small, medium companies from non-metro cities due to its low cost participation charges and focused exhibit chapters, according to a press release on the event.

First time participation from Sri Lanka & Slovenia and countries like Belgium, China, France, Germany, Italy, Japan, Spain, Turkey, UK, USA, Taiwan, Algeria, Djibouti, Kuwait, Azerbaijan, Kyrgyzstan, and Senegal, is a testimony to global reach of GTTES as a trusted opportunity for business and gateway to India.

Apart from this, GTTES 2019 will facilitate interaction with all export promotion councils, which will help industry to know more about export opportunities, various government subsidies, market initiative schemes available for Indian manufacturers, and help gain information and develop new opportunities for exports from India.

The road shows are a very important part of visibility and one-to-one connect with textile hubs in various parts of the countries as well as globally. A total of 18 promotional activities has been conducted over the last six months in India and overseas. Visitor registration is much higher than the first edition GTTES and the number of countries sending the business delegates to attend the event has also increased.

As a trend setting exhibition organiser, India ITME Society takes care to address trending topics as well as the topics which needs attention. Conference sessions by Indian Technical Textiles Association Society on 'International Conference on Nonwoven Technical Textiles' & by Society of Dyers & Colourists International India on 'Educating the Technology Innovations in Textile Colouration', will be held on January 19 and 20, 2019.

There will also be industry interactive session on January 18, 2019 to facilitate government / industry interaction. Surina Rajan, IAS, director general, Bureau of Indian Standards (BIS) shall be available for open interaction with industry members. This shall help the industry in direct representation towards formulation of policy for standardisation, promoting exports / imports, control proliferation.

The main points of discussion will include, overview of standardisation work done by BIS in the field of textile machinery and accessories; issues related to noise emissions and safety aspects of textile machinery, and adoption of related ISO standards & inputs required for identified new subjects such as embroidery machines and baby diaper making machines.

Source: fibre2fashion.com - Jan 08, 2019

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Centre to help Solapur emerge hub for making uniforms

The central government will extend support to Solapur in Maharashtra to become a hub for making uniforms, said a top official on Tuesday.

"As Solapur has the potential to become a uniform hub of the country, we will extend all the support in achieving the goal set by Maharashtra," said Union Government's Director of Textiles Sushil Gaekwad at a trade event here.

Solapur is about 400 km southeast of Mumbai and 310 km from Hyderabad.

Unveiling the third edition of the Uniform, Garment and Fabric Manufacturers Fair 2019 here, Gaekwad said the Centre had made efforts with progressive policies for strengthening the textile sector to flourish.

"The textile sector at Solapur has proved our policies right by achieving high growth rate and generating thousands of jobs for the youth and women. We are committed to help the textile town in becoming the country's hub for uniforms," said Gaekwad.

Lauding the Solapur Garment Manufacturers Association for helping the stakeholders in developing the sector, the Director said modernizing the industry had helped them in generating jobs for youth and honing their skills.

The three-day fair at Prabhakar Kore Convention Centre in the city's northwest suburb is being held by the Association for the first time outside Solapur to promote its small, medium and large units for making uniforms for captive and retail markets across the country and overseas through exports.

"We have drawn cluster parks and textile parks for Solapur to help the industry become a hub for uniforms in the country and exports. The Fair will help create awareness of the town's potential," said Govidraj at the trade event.

Ahead of the event, Association President Darshan Kochar told IANS that Solapur would have about 2,000 units to become the world's largest uniform sourcing hub by 2022.

"There is a huge demand for our school uniforms, kids' garments and dresses for gents and ladies owing to their quality, durability, colour and texture," said Kochar.

The uniform manufacturing sector market size in India is estimated to be Rs 18,000 crore per annum, with Rs 10,000 crore from machinery and fabrics while Rs 8,000 crore is from sales supplying to local schools through retailers and institutions.

The Association has also set up a centre in 2017 to train free hundreds of women in stitching uniforms at Solapur and providing jobs for them in the cluster units.

"Mafatlal Industries has set up a garment manufacturing unit at Solapur to hire the trained women in hundreds for stitching uniforms," said Kochar.

About 100 stakeholders, including buyers from America, Dubai, Ghana, Malaysia, Nepal, Nigeria, Oman, Qatar, Senegal, Sri Lanka and Vietnam, are participating in the event, which will have business-to-business (B2B) sessions at the expo.

"Potential buyers from five southern states are at the Fair to inspect the fabrics and designs for placing orders at B2B meetings," added Kochar.

Reputed brands in uniform fabric making like Mafatlal, U Code, Valji, Qmax World, Sangam, Bombay Dyeing, Siyaram's Unicode, Sparsh Fab, Only Vimal (Reliance), Ranjit Fabs, Pushpa Textiles, J C Pacific Apparels, D.M. Hosiery, 10 Grams, Zoom Apparels and Wocky Tocky are showcasing their products and variety.

Source: business-standard.com- Jan 08, 2019

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FDI inflows hit six-month high

Foreign direct investment into India in October was at the highest level in six months as the rupee depreciated to a record low and the benchmark stock index declined.

Gross FDI inflows were \$6.54 billion in October, the highest since \$6.7 billion in April, according to data from the Reserve Bank of India.

"The high gross FDI inflows into India in September and particularly October are consistent with a couple of large corporate acquisition deals in the previous months and possibly some early IBC (Insolvency & Bankruptcy Code) resolutions," said Saugata Bhattacharya, chief economist at Axis Bank.

“The proximate reason might be opportunistic buying, leveraging on the weak rupee in those months and the fall in the equity markets.”

The rupee hit a record low of 74.48 a dollar on October 11, making it Asia’s worst-performing currency. However, this meant that a single dollar would have fetched more of the local currency, making sense for multinational companies to bring capital into India where they have units.

“FDIs come based on opportunity and availability of investible funds,” said Madan Sabnavis, chief economist at CARE Ratings. “India still is fast growing with hospitable FDI rules. With developed economies slowing, India offers better prospects, especially for the long term.”

The Ministry of Commerce & Industry released the e-commerce draft policy in August, aimed at promoting the sale of ‘Made in India’ goods through online retail platforms.

“Fundamentals of India remain strong, better than the sovereign credit ratings assigned by the global rating agencies,” said Joydeep Sen, a consultant with PhillipCapital India. “With improvement in ease of doing business and expected continuity in government at the Centre, FDI flows are expected to be positive.”

In November, the World Bank said India had climbed 23 positions in its Ease of Doing Business Index to 77th place, becoming the top-ranked country in South Asia for the first time and third among the BRICS nations.

“Sometimes, there are lumpiness in flows on deals like Rosneft-Essar or Walmart-Flipkart,” Sen said. “That apart, on a long-term basis, India offers sustainable growth.”

Source: economictimes.com- Jan 09, 2019

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Arvind Fashions hopeful of its power brands crossing ₹1,000-cr mark

We believe the company's revenue will grow to about ₹8,000-9,000 crore in the next five years

Post its demerger from the parent company Arvind Limited, leading branded apparel company Arvind Fashions Limited is now gearing up to be listed on the bourses in the next few weeks. Kulin Lalbhai, Executive Director, Arvind Limited, spoke to BusinessLine on the next phase of growth for Arvind Fashions, which houses prominent brands such as US Polo Assn, Arrow, Tommy Hilfiger, Calvin Klein, Flying Machine, Gap, Sephora among others. Excerpts:

Where will the next phase of growth for Arvind Fashions Ltd come from? What will be the role played by the company's core brands?

We believe our large scale brands, which we call the power brands, which include US Polo Assn., Arrow, Tommy Hilfiger and Flying Machine, will continue to contribute to the company's growth significantly. There is a huge potential to grow their distribution across all the channels, as the Indian market is far away from reaching the saturation point in terms of retail distribution.

At the same time, we are leveraging on the power brands' ability to expand into new categories, product lines and sub-brands.

For instance, we have expanded Flying Machine in the athleisure segment, while US Polo Assn. has made forays in the innerwear and shoes segment. Some of our power brands are either close to reaching the ₹500 crore mark or crossed the 500 crore-mark in revenues. We believe in the next five years, some of these power brands will cross the ₹1,000-crore mark. US Polo Assn. is our largest brand and is already a ₹1,000-crore brand and we believe it will emerge as one of the largest fashion brands in the country.

At the same time, there are brands in our portfolio such as Gap, Calvin Klein and Sephora, which are still in the early stages of their growth journey in India.

Many of them have crossed the ₹100 crore mark and have the potential of becoming multi-crore brands.

Our Value retail business Unlimited is now close to the ₹1,000-crore-mark in revenues and it also has a huge potential to be scaled up significantly.

What are the overall growth expectations for Arvind Fashions? Have you identified any gaps in the portfolio?

The company has been witnessing a growth rate in revenues of about 20 per cent year-on-year. We believe we will continue to grow in the vicinity of 20 per cent CAGR. So we believe the company's revenue will grow to about ₹8,000-9,000 crore in the next five years.

For us, it is not just about identifying gaps in our portfolio but also understanding the segments where we have "the right to win", given our expertise.

We are betting on categories such as kidswear, innerwear and cosmetics in the future. Given our brand portfolio, we are already one of the largest companies in the kidswear segment. We believe innerwear and cosmetics have the potential to become multi-crore businesses for us. Currently online sales contribute about 15 per cent to the company's revenues and we believe this share will grow to about 25 per cent.

Our digital transformation journey began five years ago. Firstly, when we talk about adopting an omni-channel strategy it is not just about having physical stores and opening a website.

Through the omni-channel strategy, we are focussing on a seamless integration of the offline and online channels. Personalisation is another key pillar of our digital transformation.

In the future we will accelerate this strategy further, with sharper focus on hyperpersonalised communication, promotions and offerings for our customers. The third key element of digital transformation for us ,has been about using the predictive analysis framework to improve our designs, for inventory management and to bring in efficiencies in our supply chain.

What are the challenges of expansion in smaller towns and cities with the lack of enough organised retail spaces?

Fashion aspiration is universal. With higher disposable incomes and technology proliferation, fashion trends have now become democratised.

However, due to lack of malls, smaller town and cities can first be served through the online channel and once the demand grows, it can be followed by opening of a store to enhance the customer experience.

Unlike metros, small towns in the country are expected to be dominated by high streets for some time to come, till they start witnessing the development of quality malls.

Source: pressreader.com - Jan 09, 2019

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