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US 71.42| EUR 79.39 | GBP 93.65| JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19043	39800	**70.99**

Domestic Futures Price (Ex. Warehouse Rajkot), January

Rs./Bale	Rs./Candy	USD Cent/lb
19780	41340	**73.74**

International Futures Price

NY ICE USD Cents/lb (March 2020)	69.96
ZCE Cotton: Yuan/MT (May 2020)	14,150
ZCE Cotton: USD Cents/lb	92.42
Cotlook A Index – Physical	**78.50**

Cotton Guide- The Market yesterday was steady with no major changes. Both ICE and MCX were almost saturated. It seems that the market is looking out for further reports which will be released this week.

The ICE March future settled at 69.96 cents per pound with a change of +13 points. The ICE May Future settled at 71.10 cents per pound also with a change of +13 points. Volumes were again in the 30K range at 36,756 contracts. Total open interest continues to rise and was last reported at 236,605 contracts which is a high since mid-November, up 3,427 from the previous session. March 2020 and May 2020 interest increased by 955 and 878 contracts, respectively, to 126,964 and 52,449 [source cotlook].

On the Domestic front, the prices of MCX were almost unchanged with small increments for the most active contract. The MCX January contract settled at 19,780 Rs per Bale with a change of +20 Rs. The MCX February contract settled unchanged at 20,040 Rs per Bale. The MCX January contract grabbed the majority of the volumes at 1259 lots and the MCX February contract grabbed 512 lots.

While speaking about the procurement centres in India, at present 390 out of 426 centres across India are seen to be operational. The total procurement by CCI until now is seen at 30 lakh bales. Last year this figure was seen to be at 10 lakh bales. The CCI is set to procure good amount of cotton this marketing year. Out of the 30.18 lakh Bales, 16.97 lakh bales were procured from Telangana with Maharashtra at 4.64 lakh, Gujarat at 1.74 lakh, Haryana at 1.47 lakh, Punjab at 1.42 lakh, Rajasthan at 1.21 lakh.

The cotlook Index A is at 78.50 cents per pound at +25 points. The prices of Shankar 6 are at 39,800 Rs per Candy.

On the fundamental front, expect marginal increases in both ICE and MCX. On the Geopolitical front, US President briefed that he US Troops have not been harmed in Iraq. This means that serious military escalations are unlikely to happen. This has sent Crude Oil prices tumbling down at 60 $ per Barrel from 63$ per Barrel. This would have a negative impact on cotton prices.

On the technical front, in daily chart, ICE Cotton March price are at the support of the lower end of an upward sloping channel. Along with the support of 9 day EMA at 69.19, which is followed by 50% Fibonacci extension level at 68.44. The momentum indicator RSI at 62, having retrace from around overbought zone, implies some correction in price. The immediate resistance for the price is the previous high (70.25) & the 76.4% Fibonacci extension level (70.94). Thus for the day we expect price to trade in the range of 69.30-70.50 with a sideways bias. In MCX Jan Cotton, we expect the price to trade within the range of 19500-19880 with a sideways bias. Only a sustained move above 19900, price would rise further towards 20100.

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

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INTERNATIONAL NEWS

China's manufacturing exodus set to continue in 2020, despite prospect of trade war deal

Weeks after switching on the machines of a new production line near Bangkok, veteran manufacturer Larry Sloven has a quip for the stream of companies leaving China: "Elvis has left the building."

After three decades of building up manufacturing bases in China, Sloven helped Capstone International Hong Kong, of which he is managing director, wind one down. Costs were rising before the trade war , but a 25 per cent tariff on the lighting products the company exports back to the United States helped accelerate a shift that was set in motion 18 months ago – moving its production base to Thailand.

Now, despite the fact that lead time to hit the shelves in US stores can take up to 40 days from Thailand, almost twice as long as from China, few retailers are willing to pay the premium price that needs to be charged to keep production in Guangdong.

"Even if the tariffs went away tomorrow, most people are not coming back," he said. "But I do not believe that most retailers in America understand this process of what a supplier must go through. Nobody will pay the price."

This is a situation playing out in boardrooms around the world, as international companies accept the reality that the US-China phase one trade deal will not materially improve the lay of the land for their Chinese-based operations.

Rising labour and environmental costs, a head-spinning regulatory environment, the ever-looming threat of more and higher tariffs, along with a sharp increase in the perception of risk associated with living and working in China mean that the manufacturing exodus that began at the tail end of the last decade will continue well into this one.

There is acceptance that the "Goldilocks Zone" provided by China's industrial heartlands for the last 30 years – in which the mixture of costs, quality, human resources and infrastructure was just right – will not be matched in India, Indonesia, Malaysia, Mexico, Thailand, Vietnam or anywhere else.

"This is the right stepping stone, just the start," Sloven said of Thailand. "I believe that Vietnam is already full, it's like having a ticket at a bakery, you have to wait in line. Right now, there's no line in Thailand, but it will get full."

Click here for more details

Source: scmp.com - Jan 09, 2020

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Made in China Jeans Becoming More Scarce as Sourcing Slips

China's decline as a source of denim apparel manufacturing expanded in November, as companies look elsewhere to save costs and reduce risks.

For the third straight month since 15 percent tariffs on denim jeans and associated products imported into the U.S. from China took effect, shipments dropped significantly. At the same time, a diverse array of suppliers, from Vietnam, Pakistan and Cambodia to Egypt, Jordan and Nicaragua, have consistently posted gains in the year through November, according to the Commerce Department's Office of Textiles & Apparel (OTEXA).

U.S. jeans imports from China fell 24.35 percent to a value of $659.51 million for the year to date through November, according to OTEXA. This was an expansion of the erosion of sourcing from China for the category, after a 21.97 percent year-to-date decline was posted in October.

China's U.S. import market share tumbled 22.51 percent for the year through November to 19.33 percent. China had lost its top supplier spot to Mexico earlier this year, as the U.S.-China trade war cut into its U.S.-destined production.

Morris Goldfarb, chairman and CEO of G-III, told analysts last month that the company is accelerating "the efficient and effective diversification of our manufacturing base." "We estimate our China-based production will be approximately 50 percent by the end of this fiscal year from over 80 percent four years ago," Goldfarb said. "We are also reallocating some of our experienced personnel in China to other parts of the world."

Mexico's year-to-date shipments dipped 0.62 percent to $753.08 million. The country's market share slipped 0.37 percent for the 12-month period to 21.69 percent.

No. 3 supplier Bangladesh saw its imports to the U.S. rise 1.5 percent in the period to $544.3 million. The country's market share was up the same amount to 15.32 percent.

Fourth-place supplier Vietnam saw its shipments climb 22.61 percent to $339.91 million. Amid concerns of the country's production reaching capacity, its market share grew 22.73 percent to 9.58 percent.

The Top 10 supplier countries posting significant gains incl Nicaragua, with shipments increasing 19.84 percent to $120.95 million; Egypt, with imports up 15.37 percent to $161.85 million; and Cambodia, with an increase of 7.7 percent to $115.17 million.

In addition to China and Mexico, Indonesia also lost ground, with shipments declining 15.59 to $65.30 million in the period. Overall imports from the world were down 3.05 percent year-to-date to $3.48 billion.

Source: sourcingjournal.com - Jan 08, 2020

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USA: December Traffic Data Is In. How Did Retail Fare?

Traffic data suggests December retail sales might not have been merry and bright, signaling potential trouble for merchants' fourth-quarter margins as well as darkening clouds on the consumer spending front.

Sales for the week ended Dec. 27 were up just 0.1 percent, and that just happens to have been the best week for the entire month. A U.S. retail traffic roundup from Cowen & Co. shows footfall in the first week in December dipped 3.9 percent. Traffic slowed even further in subsequent weeks, dropping 9.0 percent and 10.7 percent for weeks two and three, respectively.

Despite promotions post-Christmas, and given lackluster traffic trends, "holiday sales may come in a touch light of retailers' expectations," Morgan Stanley equity analyst Kimberly Greenberger said.

The analyst's store checks indicates more promotions than clearance sales. Although e-commerce strength may partially offset in-store holiday sales shortcomings, "our biggest concern across our coverage universe remain [fourth quarter] gross margin deterioration, as January is historically the month with the most margin risk," Greenberger said.

Because inventory levels had been elevated, and warmer weather dampened demand for seasonal apparel sales, Greenberger believes retailers could increase promotion and clearance levels in the coming weeks to clear out seasonal inventory. Doing so could come at the "expense of [fourth quarter] gross margin," she said.

And while traffic at the mall could have been better, December's retail sales could be down for other reasons as well, like falling consumer goods imports. Since August, imports declined 10.5 percent.

"Domestic production of consumer goods is also falling amidst a modest rise in retail inventories," UBS economist Seth Carpenter said.

While U.S. consumers can't buy goods that aren't available, the fall in imports of consumers goods without U.S. firms ramping up production indicates the industry should reconsider the "near-term pace of consumption," Carpenter said, revising his forecast for December core retail sales to a negative 0.15 percent from a positive 0.25 percent.

That's in line with the most recent consumer confidence survey from The Conference Board last week.

While many economists believe the economy is still on solid footing due to a strong labor market, respondents in the latest survey believe jobs will be harder to secure in the next six months, an indication that there was little to suggest that growth–in particular consumer spending–would gain momentum in early 2020. Furthermore, the number of respondents who said their short-term income prospects will improve fell slightly to 21.1 percent from 22.9 percent, while those who said they expect a decrease rose to 7.7 percent from 6.2 percent.

Source: sourcingjournal.com - Jan 08, 2020

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USA: Home Textiles Are Where the Real Material Innovation Is Happening

Apparel may be a bit of a laggard when it comes to incorporating innovative raw materials, but home textiles appear to be leading the charge.

With sustainability the biggest focus for soft goods, Heimtextil's dedicated Future Materials Lab brought to light the latest developments in inputs for interiors.

Today's waste may just be tomorrow's raw material, as overconsumption of already scarce natural resources is driving brands and retailers "to rethink and reclaim waste materials," a banner in the lab read.

"It's no longer enough to talk about what's new and what's next," Amy Radcliffe, insight editor for material futures firm Franklin Till said Wednesday at a lecture during Heimtextil show in Frankfurt, Germany. "Instead, we need to talk about where our materials come from, what we do with them and where they end up at the end of their lives."

Textile waste, Radcliffe rightly pointed out, isn't just a fashion industry issue—it's also coming from the home goods category, which has seen its own version of "fast fashion," with shortcut fixes for furniture and fabrics contributing to the waste problem, too.

But, she added, "We are beginning to see alternatives...from living and growing materials to creating fabrics from biological and human waste."

There are four key areas in future fabrics where the innovation is taking place: remade materials, biological products, natural assets and living materials.

Remade materials

More and more, conscious makers are studying how to do what they do with less, and in some cases even alleviating an environmental problem in the process.

Hong Kong-based Recyc Leather, for one, is tackling waste in the leather sector by using offcuts from the glove industry and binding them together with natural rubber to form large sheets used to make bags, backpacks, sneakers and other accessories.

British designer Christopher Raeburn is turning landfill-bound goods into new collections garnering great attention for both their style and mission. The Raemade line includes items like the Off-Cut Insulation Puffa made from recycled nylon parachutes and insulated with recycled offcuts. Everything else on the jacket comes from other existing surplus materials and artifacts, making each piece its own.

While textile waste has often been repurposed for carpet linings and insulation, France's Circular Fibres expects to do more with it. Designer Charlotte Cazals is making 100 percent recycled cotton/polyester upholstery, wall hangings and blankets with it, quilting the products for durability and embroidering them for style.

"Designers are intercepting waste, paper and textiles before they reach landfill," Radcliffe said.

Biological products

With more humans consuming more food and a population that's steadily rising, innovators in the textile sector are exploring ways to harness ever increasing waste—even human waste.

Noting that the world's population is expected to exceed nine billion by 2050, Radcliffe said things like human hair are "showing new promise" as raw material for textiles.

Material researcher and designer Sanne Visser has taken human hair clippings gathered from salons to make an alternative to synthetic nylons that can be used for things like ropes, cords and netting. The hair is spun into yarn using traditional techniques, and Visser hopes to create open-source machinery that would allow manufacturers the world over to replicate the process for a "universally scalable and sustainable raw material," according to the Future Materials Lab.

At Studio Sarmite, it's about using the pine bark often discarded when trees are felled for timber and turning them into Pineskins, a leather-like material that can be used for rugs, bags and baskets. The Netherlands-based company treats the bark with natural waxes to preserve its softness and enhance its "leathery" qualities.

In Mexico, Totomoxtle is using corn husks and ancient Mayan techniques to make a veneer material for furniture finishes. Material designer Fernando Laposse leads the project, where local women harvest the husks, flatten them and add paper or textile backings to produce the items.

Natural assets

Whether companies have caught onto the need to innovate when it comes to raw materials if there's any hope of sustaining the business without adding to the environment's existing damage, what's at least clear is that traditional raw materials may grow increasingly scarce.

"We need to be more flexible and agile in our sourcing of raw materials," Radcliffe said. "We are slowly realizing that modern production methods are not necessarily the most sustainable."

In Uganda, innovators are making Barktex, cloth made from the bark of the east African Mutuba, or Natal, fig tree, which, according to the Future Materials Lab, is among "the most ancient textiles known to man."

Small-scale farmers can harvest the bark every year without harming the trees, which makes the material "infinitely sustainable." The resulting fabric, which can range from leather-like to fleecy, finds its way into wall coverings, furniture surfaces and fashion accessories.

Hey Jute is using the second-most-cultivated textile fiber in the world, according to the lab, to make more than sacking. The Belgium-based business has developed a needle felting technique that preserves the fibers length and luster, using the resulting material to make cushions and wall hangings.

Seaweed is the natural raw material of choice for Sea Me. Netherlands' Nienke Hoogvliet started the project by making a handmade rug out of seaweed yarn, and is now using the naturally abundant material as yarn as well as a natural dyestuff.

Living materials

Before long, textiles won't be found where they are now.

"One day," Radcliffe said, "We'll talk about growing textiles rather than making textiles."

Ty Syml, an experimental studio in the U.K., is using mycelium (the vegetative part of a fungus) and combining it with waste substrates including hemp, woodchips and sawdust. After five to 10 days, the mycelium binds to the other material, resulting in a "strong, light composite material" so far used in lampshades, furniture and wall panels.

Waste coconut water is working its way into home textiles, too. In India, Malai allows the natural nutrient to ferment, which yields "a sheet of cellulose jelly," according to the lab.

The company enriches the product with natural fibers, gums and resins, then air dries, softens and finishes it with a water-resistant application. The result is a biodegradable textile that feels like paper or leather and can be used for wallets, purses and bags.

At Interwoven, German artist Diana Scherer is training oat and wheat plant roots to grow around intricate templates buried in the soil. The geometric structure that emerges resembles a textile or tapestry, though it lasts just a few weeks before "shriveling harmlessly away." Despite its brief lifespan, Scherer is experimenting with the process to make rugs and potentially grow clothing underground.

Source: sourcingjournal.com - Jan 08, 2020

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Bangladesh: 84 RMG units lose right to duty-free import of fabrics

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday cut the right of 84 garment factories to duty-free import of fabrics due to poor compliance and safety standards.

The BGMEA suspended the units' Utilisation Declaration (UD), which is a certification determining how much inputs and packaging materials will be used by a factory in manufacturing exportable products.

The garment makers' platform issues the certification, which is vital for duty-free import of fabrics.

Another 54 member factories have been given time to show progress so that they can continue availing their certification as their business record is better than that of the 84, said Rubana Huq, president of BGMEA.

The managements of the 54 were asked to attend a BGMEA meeting this month to inform of their current compliance and safety standards before taking any upgradation measures, Huq said.

There are another 35 factories which closed on failing to generate business, for which they need not face the suspension, she said.

The BGMEA took the decisions on the 173 as per a January 5 recommendation of the Department of Inspection for Factories and Establishments (DIFE).

“Factories, which haven't been able to comply with the basic requirements even after six years of Rana Plaza tragedy, don't qualify to be reconsidered. Suspension of the UD is the first step,” Huq told The Daily Star.

The DIFE had recommended cancelling the UD of the factories as their conditions were very vulnerable, said Shibnath Roy, inspector general of the department.

“Although we have asked those units several times to remediate their safety measures, they did not pay heed to our concerns.”

Now, if any accident takes place in those factories, the DIFE will not be held responsible, said Roy.

The DIFE also recommended cancelling UD of over 40 garment factories which were members of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), he also said.

Financial problems were not barring the factories from upgrading the compliance and safety standards, he said.

“Rather, I noticed that they lack interest. They like to operate their factories without upgrading the compliance and safety standards.”

Only when the BGMEA, BKMEA and the DIFE are satisfied with improvements in compliance and safety standards will the UD certification be issued anew, he said.

The suspended factories are not members of the Accord and Alliance, two foreign factory inspection agencies.

This is why the DIFE engineers under a national initiative monitored and inspected those factories to ensure electrical, fire and structural safety at workplaces.

Talking to The Daily Star, owner of one of the 35 factories said he had closed down his unit one year ago for being unable to make profits.

He used to export $2 million-worth sweaters employing 350 workers in the city’s Demra.

“So, I do not have any problem whether the UD of my factory has been suspended or not,” the owner said asking not to be named.

The cost of production increased a lot over the years for different reasons, but at the same time the prices of the garment items have been squeezing every year, he said.

“However, I have a plan to set up a new factory in future if the prices of garment items rebound again.”

Source: thedailystar.net - Jan 09, 2020

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Expert: Bangladesh's Garment Factories Must Shore Up Sustainability to Compete

Garment factories in Bangladesh must continue to invest in sustainable improvements if they seek to remain competitive with the rival manufacturing hubs of Cambodia, Indonesia and Vietnam, a leading data-analytics firm warned Tuesday.

While nearly 70 factories in the South Asian nation have adopted the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) certification, which rates buildings based on energy and water efficiency, carbon dioxide emissions and other eco-friendly performance measures, more "need to get on board."

Eight factories in Bangladesh are certified LEED Platinum, which is the highest achievable level. (Other tiers in the program are certified, Silver and Gold.)

"Bangladesh factory owners are growing increasingly concerned they are losing business to competitor sourcing countries," Hannah Abdulla, apparel correspondent at GlobalData, said in a statement. "Where buyers were previously concerned with mass-produced, cheap goods, the focus is now on better quality and sustainably sourced (value-added) items."

Already, Bangladesh, the world's second-largest exporter of clothing after China, plans to increase its garment exports from $34 billion in the financial year ending in 2019 to $50 billion in 2021.

If Bangladesh wants to increase investments, however, it needs to make more ambitious changes to attract additional businesses from higher-paying customers.

With eco-credentials playing a greater role in how consumers today shop, Abdulla said, green factories have an "edge" that sets them apart.

“While change has happened at several factories, this needs to be scaled up. More factories need to get on board if Bangladesh is going to convince global players it remains a worthy contender in the readymade garment space,” she added. “For the national industry to be viewed as one that is an environmentally sustainable apparel sector with an international reputation for good practice, it needs to move beyond a minority of factories implementing sustainable measures.”

Factory safety is another ongoing concern for Bangladesh’s manufacturing industry, which was rocked in recent months by a series of disasters, including a boiler explosion that killed a woman outside the capital of Dhaka in December. The same month, a blaze at an illegal plastics factory, also on the outskirts of Dhaka, killed eight people and injured two dozen others.

Experts from the Bangladesh University of Engineering and Technology and Nirapon, the safety monitoring organization meant to succeed the retired Alliance for Bangladesh Worker Safety but has been suspended by the Bangladesh High Court, recently held a meeting to discuss the newly drafted Bangladesh National Building Code (BNBC).

“Stakeholders from the private and public sectors agreed that the fire section of the BNBC needed to be further strengthened,” Nirapon noted, adding that recommendations will be forthcoming.

Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, a trade group of factory owners, previously said that the revised BNBC will help Bangladesh factories escape “suppression” from Western prescriptions from organizations like the Alliance and the Accord for Fire and Building Safety in Bangladesh, which is phasing out in favor of a Readymade Garment Sustainability Council.

She also said that Bangladesh factories have been forced into pouring large amounts of time and money into remediation efforts that don’t work or are inappropriate for their purpose.

Source: sourcingjournal.com- Jan 07, 2020

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NATIONAL NEWS

India exploring the option of individual trade pacts with RCEP members

India is looking at the possibility of entering into individual free trade pacts with some member-countries that are negotiating the Regional Comprehensive Economic Partnership (RCEP) as getting back into talks with the entire bloc remains a difficult proposition given the presence of China, a government official said.

“The idea of getting into RCEP-type agreements with some individual member countries is being considered by India but a final decision is yet to be taken. Discussions have been held with some countries like Japan and South Korea,” the official told BusinessLine.

India decided to exit the RCEP negotiations in November 2019 at the Leaders’ Summit in Bangkok as it had several unresolved concerns in the areas of market access and rules of origin, especially in the context of China, while all other members including the 10-member ASEAN, China, South Korea, Japan, Australia and NewZealand were ready to conclude the text-based negotiations for the pact.

The RCEP, scheduled to be ratified and implemented in 2020, covers goods, services, investments, e-commerce, competition, government procurement, standards, intellectual property and Customs procedures, economic and technical cooperation, and dispute settlement.

Risk of Chinese goods

“Since India decided to exit RCEP, a number of members including Japan, South Korea, New Zealand and Australia have had interactions with the government and Indian industry trying to persuade the country to come back to the negotiating table.

But that seems difficult as the risk of India’s market being flooded with Chinese goods once tariffs become nil is very real. The only alternative seems to be individual pacts with interested countries,” the official said.

Commerce Ministry officials discussed it with their Japanese counterparts when a team visited New Delhi last month. "The Japanese side listened to India's proposal of getting into a bilateral agreement but it did not give any commitment," a person aware of the details of the meeting said.

As India already has free trade agreements with a number of RCEP members including Japan, South Korea and the ASEAN, the scope of the new pacts will have to go beyond the existing ones and include all aspects of the RCEP.

Source: thehindubusinessline.com - Jan 09, 2020

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Now, World Bank lowers India's FY20 growth estimate to 5%

Blames lingering weakness in credit from NBFCs for the slowdown

The World Bank on Wednesday lowered its growth estimate for India to 5 per cent for the current fiscal from the earlier projection of 6 per cent.

This is in line with the RBI's and the government's latest projection of 5 per cent growth rate for 2019-20. The multilateral agency has forecast global economic growth at 2.5 per cent in 2020.

"India, where weakness in credit from non-bank financial companies is expected to linger, growth is projected to slow to 5 per cent in FY 2019-20, which ends March 31 and recover to 5.8 per cent the following fiscal year," the World Bank said in its January report of '2020 Global Economic Prospects'.

It may be noted that the government's Statistics Office on Tuesday released the first advance estimate and pegged real GDP growth at 5 per cent which is a 11-year low. Nominal growth rate is projected at 7.5 per cent, which is the lowest in nearly four decades.

About neighbouring countries, the World Bank said that Pakistan's growth is expected to rise to 3 per cent in the next fiscal year after bottoming out at 2.4 per cent in FY20, which ends on June 30.

Bangladesh, a bright spot

In Bangladesh, growth is expected to ease to 7.2 per cent in 2019-20, which ends on June 30, and edge up to 7.3 per cent the following fiscal year.

Growth in Sri Lanka is forecast to rise to 3.3 per cent.

For South Asia, the World Bank said that growth in the region is expected to rise to 5.5 per cent in 2020, assuming a modest rebound in domestic demand and as economic activity benefits from policy accommodation in India and Sri Lanka and improved business confidence and support from infrastructure investments in Afghanistan, Bangladesh, and Pakistan.

According to the World Bank, global economic growth is estimated to inch up to 2.5 per cent in 2020 as investment and trade gradually recover from last year's significant weakness but downward risks persist.

Growth among advanced economies as a group is anticipated to slip to 1.4 per cent in 2020 in part due to continued softness in manufacturing.

Growth in emerging market and developing economies is expected to accelerate this year to 4.1 per cent.

This rebound is not broad-based; instead, it assumes the improved performance of a small group of large economies, some of which are emerging from a period of substantial weakness. About a third of emerging market and developing economies are projected to decelerate this year due to weaker-than-expected exports and investment.

"With growth in emerging and developing economies likely to remain slow, policymakers should seize the opportunity to undertake structural reforms that boost broad-based growth, which is essential to poverty reduction," said Ceyla Pazarbasioglu, World Bank Group Vice-President for Equitable Growth, Finance and Institutions.

Further, she said that steps to improve the business climate, the rule of law, debt management, and productivity can help achieve sustained growth.

Source: thehindubusinessline.com - Jan 09, 2020

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India's cotton exports gain pace as overseas price rise, rupee weakens

Rising exports from India could put pressure on global prices for cotton, which are trading near their highest in eight months, and hurt shipments from rivals such as the United States and Brazil to key Asian buyers.

Cotton exports from India have gained momentum due to a depreciation in the rupee and as prices have rallied in overseas markets, prompting Asian buyers such as China, Bangladesh and Vietnam to raise Indian purchases, dealers said.

Rising exports from India could put pressure on global prices for cotton, which are trading near their highest in eight months, and hurt shipments from rivals such as the United States and Brazil to key Asian buyers.

"In the last fortnight very good business happened. China was making purchases for prompt shipment," Arun Sekhsaria, managing director of exporter D.D. Cotton, said.

India has shipped 1 million cotton bales since the 2019/20 marketing year started on Oct. 1 and another 700,000 bales have been contracted for shipment in January and February, five exporters told Reuters.

Until few weeks ago, Indian traders had been struggling to sign export contracts as local prices exceeded global prices after New Delhi raised the minimum buying price to support farmers.

India has raised the minimum raw cotton buying price by 38% in two years, to 5,550 Indian rupees per 100 kg.

But a rebound in global prices and a fall in the rupee has made Indian cotton competitive in the world market, Sekhsaria said.

Bangladesh and China were active buyers, while Vietnam and Indonesia are making small purchases, said a Mumbai-based dealer with a global trading firm.

Indian cotton was sold at around 75 cents per pound on a cost and freight basis (C&F) to China and 76 cents to Bangladesh for shipments in January, dealers said.

India's cotton production in 2019/20 is likely to jump 13.6% to 35.5 million bales due to a bigger cultivated area and a boost to yields from above-average monsoon rains, a leading trade body has forecast.

New Delhi's exports in 2019/20 could rise 19% from a year ago to 5 million bales if global prices remain firm in the rest of the season, said a New Delhi-based dealer whose firm trades globally.

"Right now, Indian cotton is 3 to 4 cents cheaper than the supplies from Brazil and the United States. There is good demand," the dealer said.
But Pakistan, usually a leading buyer of Indian cotton, has not been making purchases due to tensions between the nuclear-armed nations over disputed the Kashmir region, exporters said.

Indian cotton is cheaper for Pakistani buyers, but they cannot purchase due to restrictions imposed by Islamabad, a New Delhi-based dealer said.

Source: moneycontrol.com - Jan 08, 2020

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61% cotton already in Punjab, Haryana, Rajasthan markets

Four months into cotton picking, over 61% of the crop has arrived in markets of Punjab, Haryana and Rajasthan. Against the expected arrival of over 69 lakh bales(1 bale=170 kilogram), 42.34 lakh bales had arrived in the markets of the three states till December 31, as per data collected by cotton trading agency Indian Cotton Association Limited (ICAL).

Rajasthan is at the top of arrivals, with 67% of its crop, or 21.5 lakh bales, reaching markets. The state was expecting arrival of 32.14 lakh bales of cotton in this time period. In Haryana, 15.27 lakh bales of the targeted 25.87 lakh bales have arrived in markets. The arrival is 60%.

Punjab recorded 50% arrival of cotton till December 31. Of the expected 11 lakh bales, 5.5 lakh bales had arrived in mandis till December 31.

Total cotton production in the three states is expected to rise to 69.1 lakh bales, up from 61.78 lakh bales produced in the previous season. The rise in production is mainly due to increase in area under the crop. Area has increased by 2.96 lakh hectares this season in the three states, rising from 14.45 lakh hectares to 17.41 lakh hectares.

The cotton crop is being sold between Rs 5,100 and Rs 5,250 in the open market. During the same period last year, the arrival of cotton in the three states was 39.19 lakh bales.

Area under the crop has increased from 94.96 lakh hectares to 96.46 lakh hectares in Rajasthan, 6.65 lakh hectares to 7 lakh hectares in Haryana, and 2.84 lakh hectares to 3.94 lakh hectares in Punjab. “The cotton crop’s scenario in north India is relatively enthused. The three states are doing better than south and central zones, as cotton arrival has not yet crossed 60% there,” said ICAL president Mahesh Sharda.

“In three months, at least five lakh bales of cotton have been exported. We feel good that there is demand from China and Bangladesh due to less output in Pakistan. India is expected to produce 354 lakh bales this season,” he said.

Source: timesofindia.com - Jan 09, 2020

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Release cotton seed stock in market says industry to Cotton Corporation of India

The cotton industry is concerned that the huge cotton seed stock available with the state-run Cotton Corporation of India (CCI) may result in an increase of cotton oil as well as animal feed prices.

For the 2019-20 season beginning October, the agency has procured 3.1 million tonnes of cotton bales of 170 kg each till date and aims to procure 10 million tonnes of the commodity this season.

From the cotton procured by the CCI, the agency has extracted more than 200,000 tonnes of cotton seed. About 20 per cent has not been sold in the market by the agency at a time when the season is at its peak. This has led to prices touching Rs 2,750 a quintal in a few markets in December followed by slow buying by main buyers.

“Cotton seed prices have rallied since December with low supplies in the market. The major buying this cotton season has been done by the CCI, which, unlike in previous years, is not selling cotton seed but holding it,” said Prerana Desai, head of research at Edelweiss Agri Services & Credit.

“This has distorted the market. With a lower production, firm edible oil prices and good demand, we expect prices to remain high in the short term till the new mustard crop arrives in the market.”

Cotton seed prices have risen to Rs 2700-2750 a quintal of 100 kg each from Rs 2400 a quintal in December in Akola market. Similarly, in the spot market, cottonseed oil cake has seen an increase of 7 per cent.

Desai said that in the past two-three days, weak demand and profit booking across the counter had weighed on cotton seed oil and cake prices and were coming back to the minimum levels at Rs 2400-2500 a quintal.

Since November 2019, the CCI has been buying 10-12 per cent of cotton arriving in the market at the minimum support price of Rs 5,550 per quintal across all major cotton producing states except Tamil Nadu and Odisha, said officials.

“We are ensuring that farmers get remunerative rates and we are selling cotton seed by auction,” said an official, who did not wish to be identified.
The All India Cottonseed Crushers Association (AICOSCA) said cotton seed supplies were improving. “The CCI is now holding auctions to sell cotton seed.

Small and medium mills are continuously buying due to low supplies. Also, high prices of imported oil are helping local mills crush more this season. Prices have rallied and now we expect the rise and fall to be limited to 1-2 per cent,” said Sandeep Bajoria, chairman, AICOSCA.

Cotton ginners said 15 million bales of cotton had arrived in the market so far and that the CCI had procured 20 per cent of the stock. This year the industry is expecting cotton production to be 34.5 million bales.

Source: economictimes.com - Jan 08, 2020

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Redefining MSMEs will give the sector a boost

A turnover-based classification will allow MSMEs to investment more in tech. This will help improve their competitiveness

Micro small and medium enterprises (MSMEs) have always been vital in the socio-economic development of India. Spread across both urban and rural areas, MSMEs produce a diverse range of products and services and provide large-scale employment at low capital cost. They not only support in industrialisation of rural and backward areas, but also help in reducing regional imbalances and assuring equitable distribution of national income and wealth.

MSMEs are part of the larger industrial ecosystem and act as ancillary units for large enterprises. They cater to the needs of local markets as well as to national and international value chains. As per present estimates, the Indian MSME sector, including khadi, village and coir industries, consists of 51 million units and provides employment to over 117 million persons.

The sector contributes 7 per cent to India's GDP while accounting for 45 per cent of the total manufacturing output and 40 per cent of the exports from India.

While the role of MSMEs is often highlighted in the context of their contribution to employment, economic growth and balanced regional development, it is important that these enterprises are sustainable and can deliver scale Even though contributing significantly to exports, Indian MSMEs are still not regarded as a force to reckon with in the international markets. Looking ahead, the challenges are in building the next generation of MSMEs that can function as the powerhouse of the economy.

With intense competition at the global level and the demands arising from globalisation, it is now imperative for Indian MSMEs to demonstrate greater competitiveness, position themselves strategically and leverage their engagement in global value chains (GVCs).

A heterogeneous group

However, the MSMEs in India are heterogeneous and varied in nature in terms of the size and structure of the units, variety of products and services, scale of production, and application of technology. A considerable number of them are in the unorganised sector.

In accordance with the provision of the MSMED Act, 2006, the classification of MSMEs is defined in terms of investment in plant and machinery for the manufacturing enterprises and equipment for the services enterprises. However, since 2006, there has been a major transition in the Indian economy.

Increasing domestic and global competition, technological obsolescence, change in manufacturing strategies, lack of access to infrastructure and logistic facilities, fund shortages and inadequate linkages to domestic and international markets together with uncertainty are key challenges for MSMEs. This necessitates redefinition of the small enterprise in a way that will foster their global competitiveness.

The MSMED Act provides the first-ever legal framework for recognition of the concept of "enterprise" which comprises both manufacturing and service entities and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium.

stablishment of specific funds for the promotion, development and enhancing competitiveness of these enterprises, progressive credit policies and practices, preference in government procurements to products and services of the micro and small enterprises, and assurance of a scheme for easing the closure of business by these enterprises are some of the other features of the Act.

It is essential for India's entrepreneurial talent to be global in outlook and adopt innovation, develop world-class technologies and build new skills on a continual basis.

The new definition needs to consider domestic imperatives, examine evolution of key business sectors of the economy and evaluate global MSME policies across developing and developed economies.

It also needs to consider the global context and benchmarks and the emerging opportunities in the top industry sectors, together with India's socio-economic imperatives by rewarding growth, innovation, productivity and participation in global markets.

Based on wide-ranging discussions with relevant stakeholders, CII recommends a turnover-based criterion to define an MSME. The turnover for the last year as on March 31 can be a deciding factor for the size of the enterprise.

The benefits of turnover-based classification are many. This is a transparent, objective and non-discretionary criterion. It will not restrict investments in technology, encouraging MSMEs to invest in improving their competitiveness.

Reducing transaction costs of unnecessary inspections to determine the classification of the enterprise would be another positive in this definition.

While CII has also studied whether the number of employees hired by an enterprise can be included as an additional criterion to make the definition robust, discussions with MSME members and government authorities have suggested that this might pose a threat to employment creation.

Enterprises, in order to utilise the benefit provided to MSMEs, may engage in shedding employees or resort to engaging in temporary and seasonal employment.

Such a turnover-based definition of Indian enterprises will best encourage available incentives to flow in the right direction, thereby enabling the sector to effectively boost its contribution to growth, employment and exports.

Source: thehindubusinessline.com - Jan 08, 2020

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Small entrepreneurs key to India's urban future, job creation, and growth revival

For developing countries as a group, more than half of all jobs still remain in the informal sector. Early views of industrialisation leading to an inexorable pull of the rural population into urban areas saw urbanisation and formalisation as being the same thing. Later views of rural-urban migration, as leading to a translation of rural poverty into urban poverty, coincided with caution on urbanisation, and greater support for rural development.

We now find ourselves at a conjuncture where urbanisation is being promoted as an integral part of our growth strategy, but concerns about the informal sector have been folded with the black economy, congestion costs, and a threat to law and order and social cohesion. The "undermining of social cohesion and law and order" bears a familiar resemblance to concerns of colonial regulators about activities that were "on the other side" of the dual economy divide. These concerns run counter to our understanding that the informal sector remains an integral part of India's structural transformation and young demographics (bit.ly/36CwEiu).

The growth dynamics of the formal and informal sectors are very different. These differences can be seen in their spatial location, the pace at which they create jobs, their contribution to traded and non-tradable activities, and their impact on networking and gender equality. These differences are enormous. But informal and formal sectors remain friends, not foes.

India's urban transformation is taking place at a 100-times faster pace than what developed countries have experienced. India is also the youngest country in the world, riding a wave of youth bulge that will continue to add 10 million additional workers to the labor force every year for decades to come. Urbanisation and informal sectors have the potential to complement each other, and absorb this youth bulge and promote shared prosperity. Policy makers should not worry about slow pace of formalisation.

Trends in urbanisation and formalisation

India's informal manufacturing sector is large, no matter which definition we use, enterprise or employment. While India's overall manufacturing sector has become more urbanised, the differences in the spatial development of the formal and informal sectors are striking. The formal sector is de-urbanising rapidly and moving from urban to rural locations to remain cost competitive. India is one of the most densely populated countries in the world, and the high population density of a city makes large-scale manufacturing less competitive, and forces them to move to a rural setting. On the other hand, the informal sector is urbanising rapidly to benefit from a better physical infrastructure.

The urbanisation of the informal sector and the de-urbanisation of the formal sector can't be explained by changing definition of urbanisation, as the definition of an urban setting in India has been mostly stable since the 1961 census. India uses a more demanding set of criteria than most countries to define what is 'urban'. For example, substantial parts of the US metropolitan areas like Atlanta or Phoenix would be classified as rural in Indian statistical analyses because their population densities fall below 1,000 persons per square mile.

India's employment growth in the manufacturing sector during the last two decades has occurred largely in the urban areas. Job growth has been concentrated in the informal sector. Informal sector jobs have expanded in the traded sector and contracted in the non-tradable sector. So, growth in traded industries is not due to plants achieving larger economies of scale, as was expected from reforms implemented in the early 1990s. The rapid urbanisation of the informal sector appears to be the most important factor.

Informal sectors conform much more closely to the overall contours of India's economic geography than formal sectors. Not all jobs in the informal economy yield paltry incomes. Many self-employed earn more than unskilled or low-skilled workers in the formal economy. A diverse and large number of entrepreneurs in garment industry in New York have made it much more competitive compared to Pittsburgh with one large and vertically integrated steel factory, which has now become a ghost town.

It is unlikely that rapid urbanisation and technological changes will lead to the demise of the informal sector. Remaining small is a rational response to high urban density. Technological changes have enabled entrepreneurs to operate at a smaller scale, and benefit much more from networking and agglomeration economies associated with urbanisation. The growth benefits of urbanisation come from agglomeration economies, which are much stronger in India compared to the US. It is even stronger in the informal sectors.

Tax reforms, demonetisation and financial stress

While the goal of Goods and Service Tax reform is commendable, its hasty implementation has adversely impacted small entrepreneurs in the informal sector. It has broken the link between formal and informal sectors. Large enterprises that outsource a lot of tasks to small enterprises are now less inclined to outsource it to the informal sector that barely come under the GST net. The informal sector has been badly affected by the economic slowdown and much of this may not be captured in official statistics.

Insolvency and bankruptcy reforms are important and needed for more efficient resource allocation. But it is not of a great consequence to the informal sector. There is mounting evidence that economic shocks that worsen infrastructure affect informal sectors by reducing their access to markets and basic services.

There is rising concern that demonetisation has also adversely impacted the informal sector more than the formal sector. Hundreds of millions of small enterprises that operate in the informal sector, and which are cash dependent, have suffered losses and lost their jobs. India may have experienced a potential reversal in structural transformation, as more than 2 million people have migrated back to villages from cities. But the backbone of the informal sector is not broken, as India's urbanisation will continue to expand the informal sector.

Policy agenda

India's favorable structural trends and young demographics will revive growth, with urbanisation and informal sector playing a key role in job creation.

First, the FM could explicitly recognise the role of informal sector as an important driver of growth and job creation in the next Budget. Second, while the agenda on smart cities has caught the attention of policy makers, it needs to be made more inclusionary by integrating the informal sector into city planning, budgeting and financing.

Third, technological revolution has made the informal sector as partners in development. Smartphones have become the key tool for women entrepreneurs, putting instant information about safety alerts, traffic, tourism, health services, and community news into millions of hands. India's urban future is in the informal sector.

Source: financialexpress.com - Jan 09, 2020

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Indian economy may grow to $7 trn by 2030: Deutsche Bank

India's economy is likely to grow two and half times to $7 trillion by 2030 from about $3 trillion now, making India the world's third largest economy, according to a research report titled 'Imagine 2030' by Deutsche Bank, which said this implies nominal gross domestic product (GDP) growth is likely to average just over 10 per cent through the next decade.

The sharp slowdown in recent years, despite Indian economy's promise over the last decade, is not indicative of what is in the store for the next decade, the bank said.

"Despite its promise over the last decade, the Indian economy has slowed down sharply in recent years. That has led some to predict the decade ahead will be one of lower growth and frustration that India's enormous potential will, yet again, go unfulfilled," the report said.

As far as India's economic growth is concerned, it may remain below potential in the near term. However, ongoing government measures will give major push to its potential in the future, it said.

"For starters, to offset the demand slowdown, the government took the bold decision in September (2019) to meaningfully cut the corporate tax rate. This will likely incentivise greater foreign direct investment flow into the country and support private investment in the economy, which has remained weak over the last eight years," the report said.

Additionally, the Reserve Bank of India's decision to cut the key lending rate by 135 basis points in calendar 2019 will revive growth, it said. "Apart from these stimulus measures, reforms initiated in the last few years, should also improve the medium term outlook," it added.

“As economies with significantly higher informal sector employment, such as India, typically have lower per capita income, policies which are aimed at the greater formalisation of the economy should help to accelerate per capita income levels," the report said.

Reforms such as demonetisation and roll out of the goods and services tax (GST) are likely to play major role in formalisation of the economy and will bear fruits in the next decade, the report said.

While demonetisation has resulted in incentivising a faster pace of digitisation, GST, by the very nature of its design, will expedite formalisation of the economy, and will consequently improve the fiscal and growth dynamics of the country, it added.

Demonetisation and GST apart, India’s bankruptcy law that came into force in 2017 will also help drive growth in the upcoming decade. Even the Reserve Bank’s move to adopt inflation targeting and establish positive real interest rates in the economy will boost growth in the next decade.

Source: fibre2fashion.com - Jan 08, 2020

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Don't paint all exporters with same brush: FIEO

Reacting to the report published in some of the Newspapers on 6th January, 2020, FIEO President Sharad Kumar Saraf said that it is very unfortunate that exporters have been singled out for GST frauds.

Like any other section of the society, observed Mr Saraf, there could a fraction of exporters who might have misused the GST refund facility. It will be very unfair to subject the entire exporting community for serious checks and investigation based on alleged misuse by limited few, Saraf said.

The FIEO Chief said that exporters have Import Export Code Number based on PAN and Bank Accounts. They have obtained GST Registration through KYC cross verifying their email and Mobile number. The status holders have submitted the CA certificate certifying the specified exports while claiming the coveted status. Due diligence has been done by all the authorities issuing such documents.

If an exporter is not found at his Registered address, then the possibility is that he would have changed his place of business and records may not have been updated. He offered his services to help the Authorities to locate the exporter and helped them in the investigation, he added.

He said that there are many instances where actual payment of GST to government is very low as compared to IGST refund since while few goods are subject low GST, many services used by exporters have high GST.

Therefore, if a merchant exporter has taken goods at 5% and services at 18%, he has sufficient ITC at his credit to pay for 5% IGST at the time of exports. He may not either pay IGST in cash or pay only a fraction of that while claiming complete refund of IGST, he added.

Saraf added that such news also makes our international buyers jittery as they consider Status holders much creditable since the scheme is in operation for over 50 years and helped in establishing the reputation of such exporters in India as well as abroad.

The Report wrongly paints the status holders, who contribute to over 60% of the country's exports, he added.

Saraf admitted that exporters were critical of the GST Scheme as, in the initial stages, the refund process for GST faced numerous challenges. The GST refund has affected the liquidity of exporters since there is a time lag between the payment of ITC and its refund at the time of exports.

Unfortunately, the Scheme of e-wallet, which has been recommended by the GST Council as early as 6th October 2017, which was expected to be put into operation in April 2018 and then deferred to October 2018, has not yet been rolled out, he said.

The Scheme may have helped in easing the liquidity problem of exporters. However, he admitted that GST has imparted much needed competitiveness to exports, he added.

The FIEO President has written to the Government requesting the authorities to discuss the issue across the table and explore solutions to minimize, if not avoid, the revenue leakage all together.

Source: smetimes.in - Jan 08, 2020

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Indian team grows brown cotton to suit textile mills' need

A team of four researchers at the BM College of Agriculture in Khandwa, Madhya Pradesh, have developed four shades of brown cotton grown through the conventional method by mixing different wild varieties of cotton collected from across the country. They are now working on making it commercially viable by means of increased yield, strength and better size.

Traditionally, white cotton is used but there are coloured varieties that are not cultivated by farmers as their yield less and have poor fibre strength and length. The team is working on enhancing the characteristics of the coloured variety so that they can be commercially used, Devendra Kumar Shrivastava, plant breeder of the project, told an English-language daily.

The college had developed a variety of dark brown cotton known as JCC1 around five years ago, but it is not in use due to poor yields and short fibre length, making it unacceptable by textile mills.

The fibre length of coloured cotton is around 26 mm while textile mills demand at least 28-30 mm. Poor yields and chances of contamination with white cotton makes it unviable for farmers, Shrivastava said.

The latest coloured variety of cotton developed by the college has yielded 8 to 14 quintals per hectare while the fibre length has grown to 28-32 mm.

Source: fibre2fashion.com - Jan 09, 2020

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Bengaluru to host apparel sourcing expo

The three-day International Apparel Sourcing Show will be held between February 20 and 22 at Hotel Sheraton Grand at Whitefield in Bengaluru.

Organised by Apparel Resources, the event is expected to be a platform curated on the three pillars — opportunity, knowledge and inspiration.

Deepak Mohindra, Chairman, Apparel Sourcing Week (ASW) told BusinessLine that sourcing specialists from India and abroad have been invited as it will provide them an opportunity to evaluate global manufacturers, hand-picked for their focus on creativity, quality, deliver commitment and compliance.

“Despite being the third largest fashion exporter with a growing fashion retail market, India did not have an international sourcing event till the last edition of ASW. The enthusiastic response at ASW’19 has instilled confidence among fashion retailers. The country has since established itself as a sourcing base for international buyers. Over 1,500 international brands have already established their offices in India.”

“Incidentally, India is also emerging as a fashion consumption market. Fashion retail market is estimated at around $50 billion at present and projected to grow at a CAGR of 9.7 per cent to reach $115 billion by 2026,” Mohindra said.

“There will be a session on circular economy, where in the discussions would hover around reuse, reduce, recycle and repair) and another on sustainability practices. These would be the focus points for discussion among others,” he said.

Source: thehindubusinessline.com- Jan 08, 2020

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Dr A Sakthivel takes over as new AEPC Chairman

Assuming the office of Chairman of Apparel Export Promotion Council (AEPC), Dr A Sakthivel shared the concern that for the past three years the industry has been struggling to survive and the growth of apparel exports has been stagnant.

However, he assured the Members of the Council that he will work with full commitment and dedication to bring forth positive growth in apparel exports.

He promised that he will put efforts to find new and potential markets for India's garment exports. He further assured that he will convince the senior officials of the Central Government to get the required incentives and benefits thereby reviving growth of the sector and overall exports.

Sakthivel was first elected to the board of Directors of Apparel Export Promotion Council in the year 1982 thus serving the council for almost four decades. He is also the first person in the history of AEPC, who sworn-in for the fourth time as Chairman of the AEPC. His diligence has played a vital role in the growth of the Council and gradually led to the improvement of exports at the national level. Dr A Sakthivel has not only contributed his time and work to the Council, but also served as Managing Committee Member of Federation of Indian Exporters organisation (FIEO) for more than a decade. He was also the President and Regional Chairman of FIEO, Southern Region.

He along with some exporters had established Tirupur Exporters Association in 1990 widely known as TEA. He was the first President of TEA and with his dynamism, he held the post continuously for a period of 27 years. During his tenure as President of TEA, he toiled hard to develop the industry as well as Tirupur. During his tenure as President TEA, the export turnover of Tirupur Industry increased to a whopping Rs 27000 crores in 2016-17 from Rs 270 Crores in 1990.

Government of India recognised his unparalleled service to export sector specifically to apparel Sector and knitting industry, creation of infrastructure such as industrial parks, ICDs and his contribution to the society with regard to education, drinking water, sanitation and drainage etc., by honouring him with one of the country's most prestigious and esteemed Civilian Award Padmashri in 2009 being the first in the overall textile industry. Besides being privileged with many honours and accolades, Dr A Sakthivel was also conferred with Doctor of Literature (Honoris Causa) in 2011.

Source: millenniumpost.in - Jan 08, 2020

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Demand for corporation status

At a time when the State government is creating new districts and taluks, expectations are running high among residents of Karur over upgrading the 145-year-old Karur municipality as corporation.

It is one of the oldest municipalities in the State. It was made as municipality in 1874 during the British rule. It was upgraded as special grade municipality about 30 years ago. In 2004, the State government established Inam Karur and Thanthonimalai as third grade municipalities, located on the periphery of Karur.

Few areas of Karur were made as part of Inam Karur and Thanthonimalai municipalities. It evoked strong reaction from residents of Karur. Due to administrative reasons and a policy change, they were subsequently merged with the Karur municipality again.

According to 2011 statistics, the population of Karur Municipality is 2.12 lakh excluding Sanapiratti and Andankoil. Of them, Sanapiratti panchayat was merged with the Karur Municipality in the delimitation process in 2011. With this, the number of wards went up to 48 from 36.

According to a rough estimate, the present population of Karur is said to be inching to 3 lakh. Unlike several other bigger towns and corporations, Karur is vibrant in economic activities. It is one of the major textile centres in the State producing five major goods such as bed, kitchen, toilet, table linens and wall hangings.

It generates around ₹ 7,000 crores in terms of foreign exchange through direct and indirect exports. The town and its peripheries employ around 3 lakh people. But the State continues to treat Karur as municipality.

Residents say it is time to upgrade Karur as a corporation. The demand was not new. The clamour for corporation began to surface about 15 years ago. It grew stronger since 2011 delimitation. At least three resolutions were passed in the Karur municipality urging the government to upgrade Karur as corporation.

“We are lagging behind in terms of various civic infrastructure despite generating huge foreign direct investment. If it is a corporation, Karur will receive higher allotment of funds under various categories from the State and Central governments,” said K. Manoharan, a textile manufacturer of Sengunthapuram in Karur.

He said it would enable the town to create new urban infrastructural projects. It could aim for tapping funds under the Smart City Mission.

Source: thehindu.com- Jan 08, 2020

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