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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX TEXTILE INTELLIGENCE CENTRE
INFORMATION BUREAU TEXPROCIL

IBTEX No. 176 of 2019 — September 09, 2019

US 71.60| EUR 78.95 | GBP 87.82| JPY 0.67

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19904	41600	**74.06**

Domestic Futures Price (Ex. Warehouse Rajkot), October

Rs./Bale	Rs./Candy	USD Cent/lb
19430	40609	**72.29**

International Futures Price

NY ICE USD Cents/lb (December 2019)	58.58
ZCE Cotton: Yuan/MT (January 2020)	12,940
ZCE Cotton: USD Cents/lb	82.49
Cotlook A Index – Physical	**70.65**

Cotton Guide: Markets settled lower for all the ICE contracts on Friday. In fact last week was totally consolidated with pries going nowhere. The prices across the week did not show much volatility. Overall, the prices have remained almost static after the breach of the 60 mark figure downwards.

Let's have a look at all the settlement figures for the previous week:

The ICE December contract settled at 58.58 cents per pound with a change of -54 points, whereas the ICE March 2020 contract settled at 59.31 cents per pound with a change of -51 points. The total volumes were seen to be at 25,711 contracts for Friday.

Date	ICE December
3rd September 2019	57.86
4th September 2019	58.21
5th September 2019	59.12
6th September 2019	58.58

Table 1, Prices are in cents per pound

On the Domestic Front, MCX futures, as predicted, are on a continuous downtrend. The MCX October contract settled at 19,430 Rs per bale with a change of -50 Rs whereas the MCX November contract settled at 19,210 Rs per bale with a change of -20 Rs. The volumes however were lower at 662 lots.
Below are the MCX settlement prices for the previous week:

Physical-

Date	MCX October	MCX November
3rd September 2019	19,460	19,200
4th September 2019	19,420	19,200
5th September 2019	19,480	19,230
6th September 2019	19,430	19,210

Table 2, Prices are in Rupees per Bale

The Cotlook Index A has been updated at 70.65 cents per pound with a change of +1.00. The prices of Shankar 6 are at 41,600 Rs per Candy. Arrivals of Cotton have begun and the all India Arrival figure is at 3,000 Bales.

Overall Perspective-

On the international front-

1. The cyclone Dorian passed the US Coast without any relevant damage to any standing crop (Bearish)

2. Demand concerns seam unshakable (Bearish)

3. Although Net sales seen in the US Export sales data was better (Neutral)

4. New Surveys predict that Consumption of Cotton is seen to decline (Bearish)

5. World Cotton Production is set for an increase (Bearish)

6. China US trade spat still on (Bearish)

7. A Recessionary trend looms ahead (Bearish)

On the National Front-

1. Cotton acreage in India is set for an increase (Bearish)

2. Cotton prices are prevailing below the Minimum Support Price (MSP) which would mandate the Government Body Cotton Corporation of India to start procurement soon (Bearish)

3. India has received sufficient downpours for the cotton crop (Bearish)

4. Export Competitiveness of the Indian Crop still remains negative. The Basis is still wide which is detrimental for exports (Bearish)

5. Mills have suffered losses due to lack of Demand (Bearish)

6. Crop infestations noticed in many parts of India (Bullish)

Country	Net Sales in Running Bales
Vietnam	42,100
Pakistan	22,400
Mexico	16,400
South Korea	15,000
Indonesia	12,300
Table 3, Total Net sales for 2019/2020 amounted to 162,800 RB	
Country	Net Sales in Running Bales
Mexico	180,000
Japan	22,400
Table 4, Total Net Sales for 2020/2021 amounted to 198,200 RB	

Reductions were reported for China (4,600 RB) and Portugal (300 RB).

Country	Exports in Running Bales
Vietnam	61,800
Indonesia	29,300
Turkey	23,600
Bangladesh	22,100
India	16,000
Table 5, Total Exports of 230,000 Running Bales.	

US Export Sales Data-

The US Export Sales data were comparatively good which amounted to 162,800 Running Bales for 2019/2020 crop year and for 2020/2021 prices amounted to 198,200 Running Bales.

Despite, the US Net sales and Export data being good, the market took a turn downwards as the data did NOT mention any Chinese Purchases.

Fundamentally speaking, for the week, we keep our stance consolidated with a negative bias for the ICE Contracts. On the other hand, we see a bearish trend in the MCX Futures.

On the Technical front, ICE Cotton Dec future again failed to hold above the critical resistance zone of 59.50-60.00 and declined towards the supports near 58.00. Meanwhile price is still trading in the broader downward sloping channel with higher band of the channel resistance near 60. In the daily charts price is trading around the DEMA (5 and 9) at 58.62/58.58. RSI in the daily charts is hovering below 50 levels which ruled out further bullish momentum in price. So for the day price is expected to move in the range of 58.05-58.90 with sideways to downside bias. Only close below 57.50 would weaken further towards 57.00-56.80 zones. In the domestic market MCX October future price is expected to trade in the range of 19300-19580 with a sideways to downside trend.

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 trade with U.S. shrinks as tariff war worsens

Chinese exporters also face pressure from weakening global demand at a time when Beijing is telling them to find other markets to replace the U.S.

China's trade with the United States shrank by double digits in August as the two sides prepare for trade talks with no sign of progress toward ending a worsening tariff war that threatens global economic growth.

Imports of U.S. goods fell 22.5% from a year earlier to $10.3 billion following Chinese tariff hikes and orders to companies to cancel orders, customs data showed Sunday. Exports to the United States, China's biggest market, sank 16% to $44.4 billion.

Chinese exporters also face pressure from weakening global demand at a time when Beijing is telling them to find other markets to replace the U.S.

China's global exports declined 3% to $214.8 billion, a marked reversed from July's 12.2% gain. Imports were up 1.7% at $180 billion.

U.S. and Chinese negotiators are preparing for talks in October over Beijing's trade surplus and complaints about its technology development tactics. Neither side has given any sign of offering concessions that might break a deadlock.

The decision to go ahead with talks despite the latest tit-for-tat tariff hikes on Sept. 1 encouraged global financial markets. Talks are due to take place in early October, later than initially planned, but the two governments have yet to set a date. Investors were unsettled by a report officials were struggling to agree on a schedule.

The latest Chinese figures reflected the possible delayed impact of a U.S. tariff hike on July 6. Forecasters had expected that to depress July sales to the United States.

Source: thehindu.com- Sept 08, 2019

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USA: Trade Wars: It's Time to Make a Deal

Frederick Barrier has a short wish list when it comes to the current cotton market.

"A trade deal would give us some stability," he said. "That's what the market is lacking."

Speaking during the summer meeting of the Southern Cotton Ginners Association, Barrier – a vice president of Staplcotn – pulled no punches in his market examination of the impact of the U.S./China trade standoff.

"The stakes are high right now," he noted. "Don't think for a minute that they're not feeling the heat in China. President Xi is just as anxious as President Trump is to get a deal done. But there are a lot of factors that go into play."

Barrier recapped the chronological decline of the market, beginning with initial talks about a trade war with China in Spring 2018. At that time, cotton prices were in the 90-cent range. And, with every failed round of trade talks and every tariff announcement since then, cotton prices have steadily declined to the high 50/low 60 cent range.

"It's not coincidental that futures prices have moved with the mood of this trade war," he said. "That's how important it is and certainly signals the direction of our cotton market."

He highlighted some of the challenges the trade dispute has brought to U.S. cotton:

- **Uncertainty is a drain on consumption**. "Any kind of uncertainty paralyzes people. You have supply chain disruptions. It creates confusion, and everyone has to react to it."
- **Building new markets**. "People worked hard to develop relationships around the world, and now we can't sell U.S. cotton into these markets because we're not competitive. Now, we have to develop new markets elsewhere."
- **Textile margins are under huge pressure**. "This drop in futures hasn't done anything to warrant anybody buying more cotton. Usually when the market goes down, it stimulates consumption. But it's

dropped too fast, too quick. The trade deal has everyone on the sidelines."

- **Creating new competition**. "Brazil had a monster crop this year and the quality was excellent. They went from producing less than 400,000 bales in 2017 and are, to date, at almost 1.8-1.9 million bales. Brazil is a formidable foe. They're taking our place in China."
- **Old competition is still hanging around**. "Synthetic prices are pretty cheap – anywhere from 66-69 cents a pound."

Striking a more positive note, Barrier pointed out that markets for U.S. cotton are increasing in Vietnam, Indonesia, Pakistan, India and Bangladesh, among others. But, he noted, "I wouldn't have come here if I wasn't optimistic about something. I'm hanging on the tweets the same way you are. If we get a new trade deal with China, agriculture is going to be a big part of it. And you can rest assured that cotton will play a huge part in it."

When a deal comes, Barrier believes the U.S. is well set to take advantage. A good crop appears to be coming in. Market efficiencies are in place, trade lanes and relationships are good, and finances are in place. China also needs to replace its strategic reserves, and Barrier is confident that China still prefers U.S. cotton.

"There is a reason why the U.S. remains one of the preferred growths in the world for cotton," said Barrier, speaking to a room full of ginners. "That's because of the job you do ginning cotton. You are a big part of our success in marketing cotton globally. But there's going to be fierce competition as we move ahead."

Source: cottongrower.com- Sept 07, 2019

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A No-Deal Brexit Could Spell Tariff-Laden Calamity for the UK's Fashion Industry

The U.K.'s fashion industry will be pummeled by tariffs should the country engage in a no-deal Brexit at the end of October, the British Fashion Council (BFC) warns.

In an emailed statement obtained by Bloomberg, the trade organization asserted that the controversial political exodus from the European Union could cost the country's fashion industry 900 million pounds ($1.1 billion) or more.

If the U.K. switches to World Trade Organization rules and imposes tighter regulations on international shipping, the country's fashion-related businesses will be subject to higher tariffs, the statement said.

According to the BFC, withdrawing from the EU without an agreement in place could have catastrophic implications for the British fashion industry, which generates 32 billion pound ($38.6 billion) annually and employs 890,000 people. The industry relies heavily on international business, supply chain partners and talent, and much of its revenue comes from exports.

"We urge the government to seek a deal with the EU that would guarantee the healthy and steady growth of the fashion industry," the memo's writers said before imploring Parliament to consider stimulus funding to bolster British business. Support will be needed, they argued, to ensure the country's fashion players remain competitors on the global stage once Brexit takes effect.

With London Fashion Week slated to start on Sept. 13, the BFC held a seminar geared toward designers preparing for a post-Brexit world and its new challenges, helping elucidate WTO rules for attendees. The trade organization also offers resources for designers on its website, relating to issues like talent, trade, intellectual property and funding.

On Tuesday, British Prime Minister Boris Johnson's Brexit agenda was dealt a heavy blow. A group of conservative members of Parliament voted to seize control of the parliamentary agenda, in a first step toward blocking the country's scheduled withdrawal from the EU without a deal in place.

According to the BBC, the group of rebel MPs will try on Wednesday to pass a bill preventing the Prime Minister from moving forward with the Oct. 31 exit without a withdrawal agreement.

Source: sourcingjournal.com- Sept 04, 2019

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Turkey calls on U.S. to lift barriers to boost trade

Turkey asked the United States to lift trade barriers between the two countries during talks on Saturday aimed at sharply increasing bilateral commerce, Turkey's trade minister said.

Washington and Ankara have set an ambitious goal of quadrupling their trade to $100 billion a year, despite the prospect of U.S. sanctions over Turkey's recent purchase of Russian missile defense systems.

Trade Minister Ruhsar Pekcan said she expressed Turkey's "clear expectation" to U.S. Secretary of Commerce Wilbur Ross over the removal of "certain barriers and policies as implemented by the U.S. administration that constitute (an) obstacle to enhancing our bilateral trade."

The White House said in May it was ending a preferential trade agreement with Turkey, saying Turkey's level of economic development meant it was no longer eligible for the support.

Turkey could also face sanctions from its NATO ally over the delivery in July of Russian S-400 missile defense equipment.

Pekcan said she discussed increasing Turkish exports in the civil aviation, automotive, jewelry, furniture, textiles and clothing sectors.

The U.S. embassy said Ross and Pekcan had agreed that raising trade to $100 billion would require hard work on both sides. The United States says trade with Turkey totaled $24 billion in 2017, with the U.S. surplus standing at $1.5 billion.

The two ministers are due to hold further talks in Ankara next week.

Source: kfgo.com- Sept 07, 2019

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Pakistan: Textiles languishing by the wayside

Stagnating textiles and clothing (T&C) exports have been a consistent source of concern for the economy. The steep currency devaluation over the last one year and the reduction in the energy (electricity and imported gas) prices for exporters have significantly helped enhance the international competitiveness of the industry. However, the T&C exports are unlikely to make a major headway without fresh investments in capacity expansion across the entire supply chain, particularly in the value-added downstream industry.

The industry's performance since 2000 shows that the growth in textiles and clothing exports has been patchy and volatile. Pakistan's overseas T&C shipments, for example, rose by an average 9.9 per cent between 2000 and 2008. The growth rate dropped heftily to 0.9pc from 2009 to 2013, and to 0.8pc during the next five years to 2018.

The last fiscal year saw the industry's exports dip by 0.3pc in spite of a cheaper rupee, better energy availability and affordability, and emerging opportunity in the global market. Little wonder Pakistan's share in the international T&C market has plunged to 1.7pc from 2pc in 2000.

The country's dismal T&C exports in the last decade are characterised by marginal gains in quantity, stagnant value (revenue) and reduced share in the global trade. Yet, in spite of stagnation, the textile industry remains the most export-oriented sector of the economy with its share in the nation's export revenues fluctuating between 55pc and 60pc for the last several decades.

That means Pakistan's overall export performance will continue to depend largely on the performance of the T&C sector in the near to medium term (even if the policymakers focus on and somehow succeed in developing some other sectors for global competition).

However, the chances of the textile and clothing exporters increasing their share in international trade — both in terms of export value and quantity — despite emerging global opportunities are minimal because of the shrinking size of the industry.

The industry's capacity to produce exportable surplus has contracted substantially because of factory closures on the back of crippling energy shortages that hit the economy in the second half of 2000s, the previous government's obsession for an overvalued rupee, lack of investment in new more efficient technologies and capacity, the controversial free trade agreement with China and so on.

Textile production capacity worth $1.5-2 billion is estimated to have closed down for good in the last five years because of the anti-export bias of policymakers. While much capacity is inoperative owing to a variety of factors, it can still be revived.

In comparison, countries like Bangladesh, Vietnam and India have dramatically enhanced their exportable surplus. Bangladesh alone has added 3.75 million spindles and 41,000 shuttleless looms in the last 10 years compared with Pakistan's 2.45m spindles and 7,600 shuttleless looms. India, on the other hand, added 20.4m spindles and 89,000 shuttleless looms during the same period.

In 2018, according to the World Trade Organisation (WTO), Bangladesh ranked third after China and the European Union (EU) on the list of 10 largest global exporters of garments with shipments valuing at $32.5bn and Vietnam occupied fourth place with $31.3bn. Pakistan with garment exports of $5.5 billion couldn't find a place on the list.

Vietnam with sales of $8.3bn pushed down Pakistan with exports $8.0bn to the ninth position on the list of the top 10 textiles exporting countries the same year.

If anything, the poor export performance of the textile industry over the last decade is indicative of policy inconsistency and lack of institutional support to the industry. The government has given two textile policies in 2009 and 2014 and one special incentives package in 2017 to boost the country's T&C exports.

But all three incentive packages were executed only fractionally. More recently, the energy price package announced last October has not been implemented in letter and spirit and exporters are still forced to take the matter to the courts every month to get relief on their inflated bills.

Further, the measures taken for enhancement of T&C exports have lacked coherence. The export enhancement measures, which never get implemented fully, have mostly focused on rebates, subsidies and cash incentives. No policy action has ever been taken to develop a skilled, more productive labour force, product development or market diversification and so on.

For countries like Vietnam and Bangladesh, export promotion is a national strategy to lift overall economic growth. In Pakistan, it is quite the reverse. In Bangladesh, the textile exporters have their office in the prime minister's office for quick resolution of their issues and problems, and their export cargo enjoys the same 'right of way' in congested Dhaka as ambulances.

In Pakistan, the textile ministry did not have a minister for years and is currently clubbed together with four other ministries under Abdul Razzak Dawood. Even in its heydays the ministry never had much power to influence government policies that directly or indirectly affected new investments in textile capacity expansion or development of value-added sectors.

Similarly, the research institutes, the textile commissioner office and the Trade Development Authority Pakistan have miserably failed to perform their jobs and become white elephants while similar institutions in other regional countries have played a major role in T&C export enhancement.

The textile exports will continue to suffer and fresh investment will remain elusive unless the government realizes the need for a powerful textile ministry to offer institutional support to the industry, and liaise between exporters and other ministries as well as agencies for export policy coherence and consistency.

Incentives to help the textile industry cut its cost of doing business are important. But more important is institutional support to restore business confidence and ensure policy consistency to woo fresh investments to enhance capacity and international competitiveness of T&C exports for sustainable, faster growth.

Source: dawn.com- Sept 09, 2019

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Bangladesh stands to gain more from Dhaka-Beijing FTA: Chinese expert

“China-Bangladesh FTA agreement can bring more Bangladeshi products into the scope of tax exemption, effectively alleviate the bilateral trade deficit between Bangladesh and China,” Prof Cheng Min of the Institute for Bangladesh Studies of the Yunnan Academy of Social Science, Kunming, says.

“On the other hand, it also lays a good foundation for promoting the construction of "Bangladesh, China, India and Myanmar" economic corridor,” she said, speaking at an international conference on the belt and road initiative (BRI) in Dhaka on Sunday.

She tried to give an overview of the feasibility and countermeasure analysis of the signing of the China-Bangladesh FTA and allay possible concerns.

“At present, China's competitive advantages in steel, non-ferrous metals, building materials, railways, electricity, chemical industry, automobiles, communications, construction machinery, aerospace ships and marine engineering will hardly impact Bangladesh, because Bangladesh's industries are just starting.

“According to Liszt's theory of infant industry, a lot of imports and foreign investment are needed at this time. Due to the rising labour costs, it is also difficult for China's homogeneous ready-made clothing products to impact Bangladesh,” Prod Min said.

Bangladesh does not have free trade agreement with any country.

In October 2016, during Chinese President Xi Jinping visit to Bangladesh, the two sides agreed to launch a feasibility study on bilateral free trade area. Bangladesh also joined his flagship BRI during that visit.

Prof Min said Bangladesh is an “important partner” of China in South Asia, and the establishment of the FTA will not only benefit the two countries to carry out economic cooperation, but also will have a “positive impact” on the BRI construction.

The bilateral trade of $16.4 billion in 2017 grew with an average annual growth of 20 percent since 1975 when China established diplomatic ties with Bangladesh. It is heavily in favour of China. In 2018, China's direct investment in Bangladesh was $228 million.

“Since the establishment of diplomatic ties, bilateral trade investment between China and Bangladesh has been growing rapidly, but Bangladesh has been running a large deficit in goods trade with China.

“The Trade Integration Index between the two countries also shows that Bangladesh has a great dependence on Chinese goods and a huge export potential to China,” she said, adding that the trade expansion effect between China and Bangladesh is “obvious”.

“The BRI has provided good conditions for the establishment of the Sino Bangladesh free trade area. On this basis, China and Bangladesh still need to make continuous efforts to take positive measures.”

For that, she suggested establishing a list of early harvesting projects. The first is cooperation in the field of garment manufacturing.

“The two countries can sign the Framework Agreement on Cooperation in Textile and Garment Industry,” she said, as clothing sector is crucial for Bangladesh's economy.

“At present, it is facing problems such as industrial upgrading, heavy dependence on imports of raw materials and intermediate products.

“After many years of development, China's textile industry already has a complete industrial chain and a relatively high level of processing, but it also faces problems of rising labour costs and overcapacity.

“China's Ministry of Commerce encourages textile and garment enterprises to take the opportunity of the "one belt and one road" to carry out industrial transfer.

“If the specific rules of cooperation between China and Bangladesh on textile and apparel can be formulated as soon as possible, it will not only meet the practical needs of Bangladesh, but also provide a path for the development of China's textile and apparel industry in the context of supply-side reform,” she said.

The second, Prof Min said, is cooperation in steel, smelting, power, road infrastructure and communication networks.

“After the list of early harvested projects has been reached, detailed implementation rules should be promulgated, including simplifying the examination and approval procedures, clarifying the channels of appeal; establishing a cooperation fund for the list of projects to provide financing support for its smooth implementation; and the government should do a good job of service and publicise the cooperative projects.

“It will introduce the cooperation procedures, relevant laws and regulations, and other issues of concern to enterprises, so as to clear the barriers for enterprises to go out.”

She said China should give Bangladesh tax-free preferential policies for more products, including polymer products, gloves, silk, cleaning cloth, leathers, lead-acid batteries and synthetic fibres.

“The proportion of clothing with zero-tariff policy should increase from 90 percent to 100 percent in order to alleviate Bangladesh's expanding bilateral trade deficit with China.”

Source: bdnews24.com- Sept 09, 2019

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Bangladesh, second largest consumer of cotton fabric in Asia

Bangladesh, the second largest RMG producer in the world, has consumed 869M square meters cotton fabric in 2018 standing in second largest consumer after China (1.9B square meters).

From 2007 to 2018, the average annual rate of growth in terms of volume in Bangladesh totaled +15.7% per year, China totaled -1.6%, and Turkey -0.4% per year.

Also in value terms, with US$4.9 billion, Bangladesh remained one of the largest cotton fabric markets in Asia. China ($13B), India ($9.7B) with a combined 63% share of the total market.

Per capita cotton fabric consumption in 2018 was 5,219 square meters per 1000 persons. China ($13B), India ($9.7B) with a combined 63% share of the total market.

From 2007 to 2018, the most notable rate of growth in terms of cotton fabric per capita consumption, amongst the main consuming countries, was attained by Bangladesh, while the other leaders experienced a decline in the per capita consumption figures.

BGMEA President Dr. Rubana Huq termed the over-concentration on cotton-based garment manufacturing as one of the major challenges for the sustainable growth of the industry.

Over the past decade, Bangladesh's export has grown from $12.34 billion to $ 34.13 billion and it is quite obvious to expect that the sector could have grown more matured in terms of product and material diversity, she stated. But the actual scenario is completely different, she said citing data.

Bangladesh represented the major importer of woven fabrics of cotton in Asia, with the volume of imports reaching 873M square meters, which was near 42% of total imports in 2018. Vietnam (257M square meters) held a 12% share (based on tones) of total imports, which put it in second place.

the BGMEA President said, "The over concentration on cotton based apparel is not only a major drawback for us to diversify our product categories, but also a clear reflection of declining price/value addition of our products."

In value terms, the largest cotton fabric importing markets in Asia were Bangladesh ($3.4B), Vietnam ($2B) and Indonesia ($855M), with a combined 54% share of total imports.

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In value terms, the largest cotton fabric importing markets in Asia were Bangladesh ($3.4B), Vietnam ($2B) and Indonesia ($855M), with a combined 54% share of total imports.

In 2018, the production of woven fabrics of cotton in Asia totaled 6.2B square meters, going down by -4.2% against the previous year.

In value terms, cotton fabric production stood at $46.9B in 2018 estimated in export prices. Over the period under review, cotton fabric production continues to indicate a mild decrease. China (3.1B square meters) remains the largest cotton fabric producing country in Asia, accounting for 50% of total production.

Moreover, cotton fabric production in China exceeded the figures recorded by the region's second-largest producer, Turkey (833M square meters), fourfold. India (792M square meters), with a 13% share.

In 2018, approx. 2.1B square meters of woven fabrics of cotton were imported in Asia; increasing by 4.9% against the previous year.

The revenue of the cotton fabric market in Asia amounted to $43.9B in 2018, increasing by 2% against the previous year.

The figure reflects the total revenues of producers and importers (excluding logistics costs, retail marketing costs, and retailers' margins, which will be included in the final consumer price). Overall, cotton fabric consumption continues to indicate a measured drop.

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Source: textiletoday.com.bd- Sept 08, 2019

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Bangladesh: Leading RMG companies eager to grab domestic market

Considering the local market size, country's leading readymade garment exporters are eyeing to the local markets in collaboration with small entrepreneurs.

They said such stakeholders are operating business with the assistance of reputed global brands including H&M, Walmart, Zara, Next, Primark C&A since long.

A number of exporters have come forward to meet the local demand of apparel products and establishing own fashion brand.

According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) more than 50 local RMG manufacturing companies are now producing dresses for domestic markets. The BGMEA data also showed country's domestic market size of apparel products at around Tk 250 billion where the local brands could avail less than 25 per cent share.

Owners of the brands said population of the country is increasing gradually. The size of the economy is becoming bigger. As a result, the demand market of clothing is rising day by day.

Local brands are getting good respond from the customers. At the same time, the consumers are embracing such new trend. The customers are getting western and tradition culture with local brand. Due to quality products locally made brand cloths are gaining popularity in the domestic fashion industry as youths are attracting largely.

Country's leading garment exporters including Beximco, Standard Group, Epyllion Group, Sonotex Group, Giant Group of Companies, Evince Group, Saasco group, East-West Industrial Park Ltd, Babylon Group and Millon Clothings Ltd has make own clothing brand.

Jahangir Alam, deputy general manager (DGM) of Beximco Design studio, a sister concern of Beximco Group "We are getting huge response from the customers. In recent time, many brands have come to market. Naturally, competition has grown to seize the market. But our sales does not affected." He said, Beximco Textiles is a cent-percent export-oriented company but in recent times it has decided to spread its wings on the domestic market with YELLOW brand.

YELLOW is a local fashion brand which maintains international-quality designs and fabrics, he said adding the users are appreciating such products due to international standard quality.

He said such kind of initiative will bring a positive impact on the country's economy.

Riaz Uddin Al-Mamun, Managing Director of Epyllion Group said, "We have been exporting garments product for a long time. Bangladesh is a country of vast population and the economy is also becoming bigger gradually.

We want to do for the economy of the country, and for this, we have taken such steps to seize the local market. It will save the money of peope as they need not to purchase the foreign brand products, he said.

He said their brand "Sailer" targeted to serve the middle-class people. Their brand has been receiving good response from consumers so far.

He said country's clothing market is expanding; as a result, the potentiality of our business is immense.

Faruque Hassan, managing director of Giant Group, a large RMG exporter, said local companies are making own brand which is a good news to the country's RMG sector. Almost elite classed of people are habituated to wear the imported clothing which is very expensive.

Now they are turning to local brand indicating a positive sign for the RMG sector. Local customers' mindset is changing as a number of local companies are providing international-quality apparel products which are time befitting.

Source: dailyindustry.news- Sept 09, 2019

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FTAs attract investment but offer challenges to Vietnam

Recent free trade agreements (FTAs) have made Vietnam attractive to foreign textile and garment businesses. But the trade deals have environmental barriers with higher green standards, which require enterprises to improve not only product quality but also production processes, according to the Vietnam Textile and Apparel Association (VITAS).

A failure to meet these challenges could see orders cancelled or stopped, especially from major international brands, VITAS feels.

As most Vietnamese textile and apparel enterprises do outsourcing and thus rely heavily on orders from other countries, experts say to maximise the benefits from the FTAs, the country should pay attention to developing the weaving and supporting industries to reduce dependence on imported feedstock, according to a Vietnamese newspaper report.

Due to rise in capital flow into the industry, the country has created a comprehensive supply chain in the sector and the upcoming FTAs are also expected to benefit the industry.

Herberton from Singapore recently invested in a textile and garment plant in Nam D?nh province. The $80-million plant will have a capacity of 25,000 tonnes of yarn of all kinds and 15 million pieces of garments a year, and generate around 3,000 jobs.

Source: fibre2fashion.com- Sept 09, 2019

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Indonesia to boost manufacturing sector performance

The Indonesian Government recently launched six steps to improve performance of the nation’s manufacturing sector amid decreasing contribution of the sector to the nation's economic growth.

The initial focus would be on textile, garment, automotive and footwear sectors and industries that support these, said Bank Indonesia (BI) Governor Perry Warjiyo.

The six steps are logistic distribution improvement, integrated online process to organise investment permit, harmonising the regulation and implementation of industrial policies, improved payment system, green financing and promotion program, according to a news agency report.

The manufacturing sector’s contribution to growth was 19.52 per cent in the second quarter this year, lower than 19.8 per cent in the same period last year.

Source: fibre2fashion.com- Sept 07, 2019

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How to remain competitive after textiles & clothing sector transformation

Bangladesh's textile industry has attained the 30th position worldwide in terms of trade volume in four decades when the country has become the second largest apparel exporter. Now, the textiles and clothing is in a transformation from a labour-intensive sector to an automated, high skilled labour-based one.

Trends suggest employment in most of the manufacturing sector is depleting. Textiles and readymade garments (RMG) together absorb 42 per cent of the country's labour force, according to Bangladesh Bureau of

Statistics. Despite rising trend in their exports, jobs there remain static at 4.5 million.

Automation and new sophisticated machines are often blamed for lower employment. Reports suggest the industry leaders have opted for retrenchment of workers, to make up for wage-hike and product price fall and to meet compliance costs.

Bangladesh's growth in merchandise export between 2008 and 2018 stood at 9.8 per cent, shows the World Trade Statistical Review 2019. Vietnam's growth during the period was 14.6 per cent and China's 5.7 per cent. Bangladesh with a $39 billion export is the 42nd exporter in the world and its market share is 0.3 per cent with annual growth of 9.0 per cent.

As an importer, however, Bangladesh has ranked 30th with a value of $62 billion a year and its share in the world is 0.4 per cent with annual percentage change of 16 (per cent). The country's import growth is much higher than the export when China's growth is declining.

Bangladesh's largest export sector, apparel is facing some challenges and in order to address the situation, what is required is transformation of the sector. Some emphasise realignment of products as the country's exports are confined to a number of low value products. Detailed studies are needed to overcome the challenges coming from recent tensions such as US-China trade war and in preparation for Bangladesh's graduation from least developed country status.

Some experts observed that woven garments require large investment. On the knitwear industries, they pointed out, only 20-30 per cent of fabric is sourced locally. Bangladesh has only 20 per cent man-made fibre (MMF) when global market for cotton-based apparel is shrinking at 0.5 per cent. MMF-based apparel is growing at 5 per cent.

Bangladesh has more than 60 per cent exposure to the European Union (EU) market, mainly for duty advantage, which would expire in 2024 or 2027. Competitor countries are negotiating free trade agreements (FTAs) with EU authorities.

In Bangladesh, labour productivity is low at 45-55 per cent. Technologies and automation (such as servo motors, button hopper, laser finish of denim and

ERP system) could contribute to raising productivity. Logistical costs are higher with uncertainty and lead time issues. Access to finance is constrained by high interest rate.

There are new opportunities as well since loss of China's apparel trade opens up a $13 billion market. Consumers are preferring fast fashion. E-tailing makes marketplaces a large consumer.

Bangladesh may focus on MMF-based apparel production, which today has a global market of $150 billion. Vietnam has 55 per cent MMF-based apparel in its product mix. Estimates show, an MMF-based woven fabric production facility with capacity of 30,000 mtr/day would require investment of $60million excluding land.

Bangladesh may diversify product-market mix, through market development, market penetration, and product development. It could focus on China, India, and Japan markets ($750 billion).We have to check if these countries have domestic capacity to meet the demand and how far they are receptive. Bangladesh can still try to increase market share in the US and Japan.

Existing factories may convert from assembly line to modular production for fast fashion. Workers will need to operate multiple machines. Bangladeshi manufacturers would need to adjust with smaller volume of orders of fast fashion items. One issue is that fast fashion expedites product absolution and thus increases resource use, posing a threat to environment.

With the craze for fast fashion, concerns over sustainability and environment do not dominate consumers buying decisions so much. A report says, almost 88 per cent of US consumers like fast fashion while it is 46 per cent in Europe, who are not bothered about environment and sustainability.

Bangladesh may have to face some other changing scenarios. For example, Everything but Arms (EBA) facility under the GSP (Generalised System of Preferences) would be reviewed in 2023. Bangladesh, looking for its extension up to 2027, seeks GSP-plus facility, which, however, would have stricter Rules of Origin of around 50 per cent. If Bangladesh loses current facility in the EU, it will be quite challenging to keep up export with 12 per cent duty. Besides, the USA has kept the GSP facility withheld.

Meanwhile, despite repeated efforts, Bangladesh has not yet been successful in signing free trade agreement (FTA) with any country.

Technology could be introduced for raising productivity. In Belorussia, some processes such as cutting are fully automated and the machines cost around Tk 12 million. In Bangladesh, manual cutting could be replaced by automation.

The government has set up the Bangladesh Fashion Trade Institute (BFTI) but it is not producing required results. We must find out ways and means to improve capacity of design development, a critical requirement for faster transition. Questions need to be asked as to why

MMF-based apparel has not developed in the country.
A$150 billion MMF-based apparel market could have been disaggregated for products. This item should be added to existing capacity, rather than fully focusing on MMF.

As Bangladesh is on way to graduate to middle income country (MIC), policies and strategies should be identified to overcome future pressures. A major issue after MIC graduation will be decent jobs. Bangladesh will have to face 27 conditions including 15 relating to labour. Sustainability challenges relating to waste management, energy, and pollution should be covered in the strategies.

The level of productivity of the workers can be improved not by pushing for working harder, rather by introducing a few key technologies, industrial engineering, time and motion study, and so on. Many factories do not have any industrial engineering department to do the job.

A key area of focus could be branding of high value products by a country which makes low value products, taking into consideration demand of the importing countries. Bangladesh may also consider joint venture investment rather than FDI, targeting technology transfer.

Most of the industry people are facing cash flow problems because of changes in business patterns. Alternative fund management for higher technology is the need of the hour. Coordinated efforts of policy planners, industry and academia, the government and the private sector are a must to maintain constant growth of the sector for new employment creation and attract investment.

Source: thefinancialexpress.com.bd- Sept 09, 2019

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Bangladesh to hit Guinness record sewing world largest T-shirt

Bangladesh is set to sew the world's largest T-Shirt to break the Guinness record, marking the centenary founding anniversary of the International Labour Organization (ILO).

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has been assigned to sew the T-Shirt using cotton fabric to be branding the country's apparel industry, which is the second-largest exporter in the world.

Talking to BSS, BGMEA President Dr Rubana Huq today said they started the process upon getting proposal from the ILO.

Bangladesh is going to take the record over the Plastindia Foundation at Mumbai, India, which on 5 January 2018 sewed the largest T-shirt measuring 96.86 meter (317.78 ft) long and 69.77 meter (228.90 ft) wide, hitting Guinness record, she said.

"Palmal has been entrusted with sewing the 350 feet long and 250 feet wide T-Shirt using cotton fabric, which will be one size larger than that of the Indian made T-shirt," BGMEA Director (Labour In-Charge) Rezwan Selim told the news agency today.

Bangladeshi apparel manufacturer Palmal will bear the cost to sew the T-Shirt and so logo of the company would be adorned with it, he added.

"ILO would organize a gala event in Bangladesh tentatively to be held on November 22 or 24 or 28," Rezwan said.

Prime Minister Sheikh Hasina and ILO President along with renowned personalities are expected to grace the mega event, he added.

The BGMEA Director said the world reputed media outlets BBC, CNN, Reuters, Al-Jazeera etc would cover the event.

"The T-Shirt would be made 5,00 to 1,000 pieces, after the celebration, and the money to be received from their sale would be handed over to the labour welfare fund," said Rezwan.

A BGMEA delegation, led by its president Dr Rubana Huq, apprised the Prime Minister of the matter last week at the Prime Minister's Office at Tejgaon in the capital.

Source: thedailystar.net- Sept 07, 2019

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NATIONAL NEWS

Textile secretary assures TUFS application clearance soon

About 6,000 applications from the city are yet to be cleared under TUFS scheme for the last two years

Surat: Powerloom weavers are elated after textile secretary, ministry of textiles, assured industry stakeholders that pending applications for Technology Upgradation Fund Scheme (TUFS) would be cleared within two months.

About 6,000 applications from the city are yet to be cleared under TUFS scheme for the last two years due to technical reasons. About Rs800 crore funds under TUFS thus are stuck since a long time.

Industry sources said a stakeholder meeting was recently held in Ahmedabad under the leadership of textile secretary, Government of India, Ravi Kumar where representatives of Southern Gujarat Chamber of Commerce and Industry (SGCCI), Federation of Gujarat Weavers' Association (FOGWA) and Federation of Indian Art Silk Weaving Industry (FIASWI) participated.

SGCCI president Ketan Desai said, "We have been given assurance by the textile secretary that the pending applications under TUFS would be cleared within two months. If the subsidy amount is cleared then it will boost modernization in the textile sector in Surat."

Surat has lead over other clusters in Gujarat when it comes to taking benefits under TUFS scheme. Textile entrepreneurs have taken benefits under TUFs making full payments for upgraded machineries.

But for the past one-and-a-half-year, the entrepreneurs are still awaiting subsidy amount to be released under the scheme.

Source: timesofindia.com - Sept 08, 2019

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Two export schemes may shift out of Commerce Dept to ease process

Moving RoSCTL, advance authorisation schemes to revenue dept may help boost slipping exports.

The government is contemplating a revamp of the Department of Commerce and certain incentive schemes that fall under it, as it aims at administrative easing to boost exports and domestic manufacturing.

The commerce and industry ministry and finance ministry are discussing the idea of bringing the new exports incentives scheme — Rebate of State and Central Taxes and Levies (RoSCTL) — as well as the existing Advance Authorisation Scheme, within the remit of the drawback committee under the revenue department, said people aware of the matter.

At present, the Advance Authorisation Scheme is with the Directorate General of Foreign Trade (DGFT), an arm of the commerce and industry ministry. RoSCTL is a replacement of the DGFT's Merchandise Exports from India Scheme (MEIS), which was challenged by the US last year for violating global trade rules. It will allow reimbursement of duties on export inputs and indirect taxes through freely transferable scrips.

"There is a feeling that making the revenue department solely responsible for these schemes will help in ease of doing business and reduce transaction time for exporters," said an official, who did not wish to be identified.

The restructuring plan comes in the wake of 0.37% decline in outward shipments in April-July to $107.41 billion, while imports contracted 3.63% to $166.8 billion. Separately, the government has also discussed putting the external affairs ministry in charge of India's trade negotiations, which at present is the core function of the commerce department.

However, Biswajit Dhar, professor, Jawaharlal Nehru University, said, “Any such move will only pit ministries against each other because while the finance ministry looks at revenue foregone, export targets and exporters' concerns are the commerce department's responsibility.”

Restructuring DGFT was on the agenda earlier as well, and the government had engaged private consultants to conduct an in-depth analysis. DGFT, which is involved in regulation and promotion of foreign trade, was known as the Chief Controller of Imports and Exports before 1991.

Source: economictimes.com - Sept 08, 2019

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State expects bumper cotton crop, govt in talks with CCI for purchase

Govt's diversification push led to increase in area under cotton

Concerned about the low demand for cotton amongst the textile units in the state, the Punjab Government is looking at Cotton Corporation of India (CCI) with hope, to buy the bumper “white gold” expected to arrive in the mandis shortly.

Last year, the CCI had not purchased cotton in Punjab as the crop was bought by private mills at Rs 5,800- Rs 6,300 per quintal, way above the MSP of Rs 5,450 per quintal. Since the CCI had decided to eliminate the arhtiyas from their purchase cycle, the commission agents too did not let CCI enter the state's mandis last year.

Though the arhtiyas have again threatened not to allow CCI to make direct purchase, but with private demand for cotton expected to be low, the CCI is expected to make bulk purchases.

But this year, with the private cotton textile business in recession, their purchasing power is expected to remain low. “With the area under cotton production going up by over 40 per cent over last year, mainly on account of crop diversification efforts of the Capt Amarinder Singh government, the cotton produce is expected to be much higher — over 18 lakh MT per bales, as against 12.23 lakh MT per bales last year," says Sutantar Kumar Airi, Director (Agriculture), Punjab.

As a result, it is imperative for the government to ensure that CCI enters the market and purchases farmers' produce at the MSP of Rs 5,550 per quintal, in order to give a fillip to its crop diversification efforts. Airi said a series of meetings were being held with CCI officials to ensure that they get hassle-free access to mandis and farmers do not suffer any harassment in selling their produce.

A senior official of the CCI said "The area under cotton is much higher, as is the yield. Our field surveys say that the cotton is of high quality. We are ready to purchase the crop at the MSP, in case the private mills are unwilling to pay the MSP of Rs 5,550 per quintal".

Source: tribuneindia.com – Sept 09, 2019

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RCEP asks India to make up its mind on staying in group

Talks are on for instantly ending tariff on 28% of traded goods, 35% in phases. India is likely to give Asean the steepest cut and China the least.

Members of the Regional Comprehensive Economic Partnership (RCEP) have asked India to decide if it wants to remain a part of the proposed trade grouping, as pressure mounts to conclude the deal this year.

The demand came amid discussions India immediately eliminating tariffs on more than a fourth of traded goods once the agreement comes into force. RCEP includes China, with which India has a burgeoning trade deficit. "Some countries have asked India to make up its mind if it wants to stay in the grouping," an official aware of the negotiations said.

Talks were on for India to immediately eliminate tariffs on 28% of the traded goods and more than 35% of the goods in phases. Another official said, "Nothing is decided on tariff cuts for China as yet. That is still uncertain." India is likely to extend the steepest tariff cuts to the Asean and most conservative offers to China. India's trade deficit with China – $53.6 billion in FY19 – is feared to widen if the pact is inked.

With other non-free trade agreement (FTA) partners — Australia and New Zealand — there are competing interests in agriculture, horticulture and dairy that are sensitive for India. “These are pressure-building tactics for India to give up its interests and conclude the pact soon,” said a New Delhi-based expert on trade issues. In India, there is apprehension among government departments and industry that a trade deal on the current terms will lead to China dumping goods in India. The ministries of steel, agriculture and chemicals, and executives of industries such as dairy, steel, copper, textiles, aluminium, engineering, pharmaceuticals, leather and food, have expressed their reservations.

Separately, a round of discussions on investment issues is likely due to lack of convergence on the crucial subject. India’s proposal on investor-state dispute settlement — advocating exhaustion of local remedies before an investor can take the state for a dispute — had found support from ASEAN and New Zealand. India has been opposing it strongly at RCEP, fearing loss of sovereignty due to third-party arbitration in a backlash similar to Cairn and Vodafone. “Attended the plenary session of the 7th RCEP Ministerial Meeting in Bangkok today,” commerce and industry minister Piyush Goyal tweeted on Sunday.

Negotiations on the agreement are in the final stages in Bangkok. “India holds a significant place in the global economy and its role in the discussion will provide for stable growth in trade and investments,” he said in the tweet. The Prime Minister’s Office was briefed last week about RCEP, whose negotiations began in November 2012.

CRITICAL MILESTONE

RCEP has said developments in the global trade environment may affect their individual positions as talks reach a “critical milestone.” “The ministers recognised that negotiations have reached a critical milestone as the deadline for conclusion of negotiations draws near,” members said in a joint statement issued after the ministerial meeting on Sunday. They also noted that “certain developments in the global trade environment may affect” countries’ individual positions in the course of the negotiations.

Source: economictimes.com – Sept 08, 2019

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RCEP: Immediate tariff elimination on over one-fourth imports likely

India strives to protect sensitive sectors at the Trade Ministers' meet in Bangkok

India may have to accept immediate elimination of import duties on more than one-fourth of traded items once the proposed Regional Comprehensive Economic Partnership (RCEP) being negotiated between 16 countries, including the 10-member ASEAN and China gets implemented. The rest of the tariff cuts would then be implemented in phases, an official close to the negotiations has said.

Commerce & Industry Minister Piyush Goyal, who is in Bangkok to attend the on-going RCEP Trade Ministers' meeting and the East Asia Economic Ministers' Summit, is simultaneously engaged in difficult bilateral negotiations with partner countries to protect sensitive sectors from indiscriminate opening up.

RCEP members, which include the 10-country ASEAN, China, India, Japan, South Korea, Australia and New Zealad, are trying to ensure that talks on the proposed free trade regional pact gets concluded by November when leaders meet for the ASEAN Summit.

"There is a demand from RCEP members, especially China, that tariffs on a substantial number of items be eliminated or slashed right at the time of implementation of the pact. There is a possibility that India may have to agree to immediate tariff reduction for 28 per cent items, if not more, although efforts are on to bring it down as much as possible," the official told BusinessLine.

New Delhi, till now, has been stepping cautiously in the negotiations as demands are being made by other members for elimination of tariffs on over 90 per cent of traded goods and an investment agreement favouring investors at the cost of the government.

Moreover, its demand of improved offers in services has not been accepted yet. Both the Indian industry and the agriculture sector have expressed deep concerns to the Commerce Minister over the proposed pact.

If the number of tariffs to be initially slashed remains high, the Indian industry will face immediate heat not only from China but also from the ASEAN, Japan and South Korea with which it already has bilateral free trade agreements (FTAs).

"The FTAs that India signed with the ASEAN, Japan and South Korea have provisions of tariff elimination on 75-80 per cent items. Since these pacts are on the verge of full implementation, the countries would want India to take on elimination of duties on items that were left out of these bilateral agreements. So, items that were protected against tariff cuts in the initial agreements may see tariff elimination right at the beginning of implementation of RCEP," the official said.

Dual task

Therefore, India has the dual task of not only protecting as many items possible from zero-tariff commitments but also trying to back-load the implementation process as much as possible.

India is likely to extend the best offer of tariff reduction and implementation to the ASEAN, South Korea and Japan. Its offers have been relatively conservative for China, Australia and New Zealand, with which it does not have any existing FTAs, but these members are not willing to accept too large a deviation, the official said.

"With China, the attempt is to limit elimination of tariffs up to about 70 per cent of traded items which is to be spread over thirty years. In the on-going bilateral discussions, New Delhi is trying to convince Beijing that its industry will accept an RCEP agreement only if its concerns are protected," the official said.

Once implemented, the RCEP will be the largest free trading bloc accounting for 45 per cent of the world's population, about a third of the global GDP and 40 per cent of global trade.

Source: thehindubusinessline.com – Sept 07, 2019

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Now buy handicrafts from Jharkhand's artisans online as Flipkart signs MoU with state to benefit MSEs

Walmart-owned Flipkart on Sunday announced signing a memorandum of understanding with the Jharkhand government to help the state's artisans, weavers and craftsmen sell on its marketplace platform.

The eligible micro and small entrepreneurs would receive support under Flipkart's Samarth programme in the form of time-bound incubation support including onboarding on the platform, cataloguing, account management, business insights, reduced commission (where eligible), and warehousing, the company said in a statement.

Products from Jharkhand government undertaking Jharcraft — Jharkhand Silk Textile and Handicraft Development Corporation and Jharkhand Khadi are already available on Flipkart even as multiple NGOs from the state and artisans would be joining in a few weeks.

The agreement comes just weeks before Flipkart's annual flagship sale — Big Billion Days in which Jharkhand's artisans can also participate for the first time, Flipkart said.

The tie-up with Flipkart will provide Jharkhand's artisans, handloom weavers and craftspersons national market exposure, according to Jharkhand chief minister Raghubar Das even as "in course of time, other Jharkhand MSME manufacturers will also benefit out of this association with Flipkart," the minister said.

Flipkart, in July, had launched Samarth initiative to get artisans and weavers on its platform and had partnered with five non-governmental organisations (NGOs) to help such artisans sell online.

Flipkart's CEO Kalyan Krishnamurthy at the launch had said that through Samarth Flipkart is helping traditionally underserved communities access a pan-India market and engage with over 150 million customers along with leveraging internet penetration in rural India to boost entrepreneurship.

"With every artisan who gets on board Samarth, we're a step closer to making e-commerce even more inclusive for all Indians," said Rajneesh Kumar, Chief Corporate Affairs Officer, Flipkart Group.

The company is engaged in a cutthroat battle with Amazon and would soon lock horns with upcoming Reliance's e-commerce venture.

The company has claims having more than 150 million registers customers and offering more than 80 million products across over 80 categories.

Source: financialexpress.com – Sept 08, 2019

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