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USD 69.48| EUR 79.14 | GBP 88.61 | JPY 0.63

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22780	47650	**87.40**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
24180	50579	**92.77**
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)	85.23	
ZCE Cotton: Yuan/MT (Jan 2019)	16,365	
ZCE Cotton: USD Cents/lb	**91.74**	
Cotlook A Index – Physical	**98.25**	

Cotton Guide: The USDA monthly supply-demand report turned out to be completely bearish for cotton price. As per the report, US output this year may be 19.2m bales, up from the July forecast of 18.5m and topping the average estimate by analysts in a Bloomberg survey at 18.4m, USDA WASDE data showed Friday.

While West Texas is a huge concern to the market, it goes to show that the remaining U.S. states will likely reap the benefits of good growing conditions and strong yield potential.

The number is keep fluctuating on a monthly basis and keeping the commodity highly volatile. The ending stock also increased to 4.60 million bales vs. 4 previous month and the export rose marginally to 15.50 million bales. Overall from the US front the data turned out to be bearish for cotton.

On the global front, world cotton production estimates rose to 121 million bales and the ending stocks also increased indicating global supplies are to increase considerably.

We think the August report is very important as the trend has changed from the perspective of supply. The cotton market might remain under stress and by which price may also remain lower.

The ICE cotton has reacted sharply on last Friday to end the session at 85.23 and the same is seen trading lower at 84.92 cent. We think the market might remain weak in the near term and the trading range would be 84 to 86.50 cents per pound.

At the domestic market spot price continued to trade sideways however, we think market might see downward correction on today's trading session. The MCX cotton future for October posted a weekly close at Rs. 24180 up by Rs. 400 from previous week's close and the same is seen trading marginally lower this morning.

We think although there is a clear divergence between ICE and Indian cotton price trend but on today's trading session the bias may be weak on both the platform.

For the near term we expect ICE cotton to trade in the range of 83.50 to 86.50 cents per pound and in India the MCX cotton future for October contract may trade in the range of 23800 to Rs. 24300 per bale.

FX Guide:

Indian rupee has depreciated more than 1% to trade near 69.5 levels against the US dollar. Rupee plunged today as part of sell-off seen in emerging market currencies. Financial crisis in Turkey pushed Turkish lira to record low levels against the US dollar. Sell-off in lira fuelled contagion fears resulting in a sell-off in emerging market currencies.

Turkey financial crisis and increased geopolitical tensions relating to Russia and Iran has also resulted in sell-off in equity market putting additional pressure on rupee. Rupee may remain under pressure unless we see stability in lira and Chinese Yuan. Focus today will also be on Indian inflation data. USDINR may trade in a range of 69.1-69.7 and bias may be on the upside.

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

Indicative Prices of Overseas Ring Spun Cotton Yarn in Chinese market:

Indicative Prices of Cotton Yarn in China Date: 12/08/2018 ***Prices in US$ FOB***		
Country	**20s Carded**	**30s Carded**
India	2.80	3.10
Indonesia	2.56	2.85
Pakistan	2.47	2.85
Turkey	3.10	3.30
Source: CCF Group		

China yarn

Cotton yarn market kept stable this week. The surge of PSF pushed up polyester yarn, polyester/cotton yarn and polyester/rayon yarn largely.

VSF price also inched up and rayon yarn price showed slightly upward trend. Cotton/rayon yarn price remained flat.

International yarn

In the cotton yarn market, spinners in Pakistan reported a modest improvement in local demand, while export orders have remained sluggish.

The Indian Finance Ministry has announced plans to double import duty on some textile products.

In Bangladesh, apparel export orders from the US have increased, prompted by the tension between that destination and China.

Source: CCF Group

NEWS CLIPPINGS

INTERNATIONAL NEWS

USA: Here's What's Really Keeping Apparel Industry Execs Up at Night

It's not cost. It's not market competition. It's not even managing risks, which range from natural disasters and terrorist attacks to how to tackle forced labor and human trafficking in the shadowy lower tiers of the supply chain.

It's trade protectionism that keeps us up at night.

At least, that's what we found in our fifth-annual Fashion Industry Benchmarking Study, though it will hardly come as a surprise.

For the second year in a row, the "protectionist trade policy agenda in the United States" topped the list of fashion brands' and retailers' concerns, outweighing cost, competition, supply chain risks, consumer demand, protecting intellectual property…you name it, trade protectionism is scarier this year.

In 2018, more than one-third of survey respondents—sourcing and trade compliance executives at the most influential American brands and retailers—ranked trade protectionism the No. 1 or No. 2 business challenge, compared with 23 percent last year. What's even more interesting is that, before 2017, trade protectionism was barely a blip on companies' radars, ranking between No. 8 to No. 11 over the 2014-2016 period.

So far, fashion brands and retailers have gotten relatively lucky in President Trump's trade war. (Although, we know tariffs on other products, including consumer goods, will have a ripple effect through the industry and wider economy, but that's for another op-ed.)

While the list of products subject to the 10 percent—which could climb up to 25 percent if Trump decides to continue with a recent proposal— retaliatory tariff announced on July 10 did indeed include a few leather, fur, rattan and textile products, as well as plastic hangers, the president has not yet ordered tariffs on any major apparel or footwear imported from China.

The industry is under attack, however, with the National Council of Textile Organizations (NCTO) urging the Administration to include apparel and other sewn products on future tariff lists. And, of course, now that Trump's daughter, Ivanka Trump, is shutting down her eponymous clothing line, we have to wonder whether anything will hold him back from doing just that.

After all, he recently told CNBC that he's "ready to go to 500," meaning he's ready to place tariffs on every Chinese product imported into the United States, referencing the $505 billion in products imported from China in 2017.

It's important to note, however, that cost hasn't been entirely forgotten in the midst of the agony over trade policy.

In the first three years we conducted our study, cost was always companies' No. 1 concern overall. Last year, however, cost pressure dropped significantly, with 34 percent ranking cost among their top five business challenges. This year, the number surged back up to 54 percent. It is possible that cost is rising in absolute terms, but we'd be willing to bet that the trade war is having a bigger impact on this ranking as companies prepare for possible new tariffs as well as the costs incurred by moving sourcing operations to new countries.

If you work in the industry, none of this data is likely to surprise you. But, you may nonetheless be wondering what you can do to prepare for the worst. I have good news for you: according to the Benchmarking survey, you're already doing it.

This year, "finding a new sourcing base other than China" shot up from the No. 13 challenge for companies in 2017, to the No. 7 challenge in 2018. "China Plus Vietnam Plus Many" is the most popular sourcing strategy for companies of all sizes, and while China is still the dominant supplier of fashion and footwear to the United States, companies have been actively seeking alternatives for some time now.

China currently accounts for 11 percent to 30 percent of companies' total sourcing value or volume, compared with 30 percent to 50 percent in past years. Diversification has always been an important way to tackle any risk to your supply chain, including compliance challenges, natural disasters and terrorism, and now, potential new tariffs.

In addition to helping members strategize how to diversify their sourcing, USFIA also counsels companies about how to continue the advocacy work against tariffs, and file requests for exclusions if needed.

On a more positive note, it's not all gloom and doom for the fashion industry.

Despite concerns about trade policy and cost, companies are actually more confident about the five-year outlook for the industry this year than they were last year—and 100 percent say they plan to hire more staff, though the majority of these jobs are in areas like supply chain management and sustainability, not manufacturing.

Looking at the data, tariffs won't do anything to create more jobs in manufacturing but will instead derail the expansion of jobs and growth that brands and retailers are already planning in the United States. When it comes to the fashion industry, President Trump's trade war will do more to punish American companies and consumers than China. We encourage companies to join together—yes, even with your competitors—so we can work to win this front in the trade war.

Source: sourcingjournal.com- Aug 10, 2018

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Retail Cargo Imports Set Records Ahead of Expected Tariffs

Cargo imports at U.S. container ports have set records this summer as retail sales remain strong and merchants rush to bring merchandise in ahead of proposed new tariffs on goods from China, according to a new Global Port Tracker report from the National Retail Federation and Hackett Associates.

"Tariffs on most consumer products have yet to take effect, but retailers appear to be getting prepared before that can happen," Jonathan Gold, vice president for supply chain and customs policy at the NRF said. "We're seeing new record levels every month this summer.

Much of that is to meet consumer demand as tax reform and a thriving economy drive retail sales, but part of it seems to be concern over what's to come. The good news for consumers is that avoiding tariffs holds off price increases that will inevitably come if the reckless and misguided trade war is allowed to continue."

Ports covered by Global Port Tracker handled 1.85 million twenty-foot equivalent units (TEU) in June, an increase of 1.6% from May and up 7.8% year-over-year.

July shipments were estimated at 1.88 million TEU, up 4.4% from a year earlier, while August is forecast at 1.91 million TEU, which would be a 4.4% year-on-year gain. Looking at the coming months, Global Port Tracker forecasts September retail cargo imports to rise 2.1% to 1.82 million TEU, October shipments to be ahead 4.9% to 1.88 million, November to increase 2.6% to 1.81 million TEU and December to see a 4 percent hike to 1.79 million TEU.

The containers imported in June set a new record for the amount of containers imported during a single month, beating the previous record of 1.83 million TEU in August 2017. Based on current projections, July's numbers could take the record higher and August's could see it climb further still.

While cargo numbers do not correlate directly with sales, the record imports mirror strong results seen by retailers this spring and summer that are expected to continue through the remainder of the year. Retail sales as calculated by NRF–excluding automobiles, restaurants and gasoline stations–were up 4.2% year-over-year in June and 4.4% on a three-month moving average. NRF is forecasting that total 2018 sales will be up between 3.8% and 4.4% over 2017.

The first half of 2018 totaled 10.3 million TEU, an increase of 5.1% over the first half of 2017. The total for 2018 is expected to reach 21.4 million TEU, which would be an increase of 4.4% over last year's record 20.5 million TEU.

"Global Port Tracker has only marginally downgraded imports for 2018, but we expect to see a larger downturn going into 2019 resulting from the trade war, as well as an anticipated slowing of the economy," Hackett Associates founder Ben Hackett said.

Source: sourcingjournal.com- Aug 10, 2018

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EU's apparel and textile exports to the US up 15 per cent

From January to June 2018, the EU's exports of textile and clothing products grew 15.12 per cent year on year.

Of all textile and clothing products, earnings from readymade garments were up 16.26 per cent while earnings from other textile products were up 14 per cent.

Italy was the top exporter from the EU to the US. Italy's earnings from exports of readymade garments to the US were up 19.18 per cent year on year.

The country had a 50 per cent share in total US imports from the EU. Italy clearly got advantage of its luxury fashion products which drew US buyers' attention all through the period. Italy's earnings from other textile products in the US market such as yarns, fabrics and fiber were up 16.77 per cent.

Portugal's earnings from readymade garment exports to the US grew 22.80 per cent on a year on basis.

France's earnings from the US noted a double-digit surge of 14.67 per cent year on year.

Earnings for Romania, an underrated export source, from apparel exports to the US registered a 14 per cent yearly growth.

If the US and Europe agree on eliminating tariffs between the two regions, imports from the EU would attract no duties, making European apparels cheaper for US buyers.

Source: fashionatingworld.com- Aug 11, 2018

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Highest U.S. Cotton Exports in Over a Decade

With 2017/18 seeing the largest U.S. production in more than 10 years and record global use, reported U.S. exports reached their highest level since 2005/06 and were the second highest on record. Compared with last year, U.S. shipments expanded in four of the top five markets.

Expanding use in Southeast and South Asia has underpinned significant U.S. shipments recently.

Vietnam continued for the third year as the top U.S. market where shipments surpassed last year's record, owing to the country's record yarn production and robust yarn exports (see last month's report here).

China was the second-largest destination for U.S. cotton and served as the largest market for U.S. Pima (Extra-Long Staple grade). Demand for Pima and Upland continues to grow as China pursues higher quality inputs and works domestic stocks down further.

U.S. exports to Pakistan saw the largest year- over-year increase despite its larger domestic crop.

The country's yarn production continues to grow and is expected to expand into 2018/19, a promising sign for U.S. export prospects.

Shipments to Mexico and Turkey were down compared to the previous year, due to higher production in those countries.

U.S. exports are forecast down slightly in 2018/19, with exportable supplies lower in the United States and higher for the rest of the world excluding China.

Nonetheless, 2018/19 U.S. shipments are forecast to be the second-highest since 2005/06 with global use projected at a record.

Source: southeastagnet.com- Aug 10, 2018

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Australian Wool Prices Rise and Drought Threatens Supply

Australia is facing a drought that could impact the supply of wool.

The Australian Wool Exchange Eastern Market Indicator (EMI) rose 18 cents per pound for the week ended Friday to close at $14.81, following a three-week seasonal break in sales, amid a drought that's hindering supply.

Australian Wool Innovation (AWI) said in its weekly market report that "a lackluster opening was initially the trend, but positive momentum then proceeded to build, carrying the market into positive territory by the close."

Merino fleece and skirtings are leading the price gains, while broader Merino fleece types sold for less. The report from AWI noted European buying lead the market on the finer end of the merino offering.

"The strong support on these wools from both the usual Italian operators and forward sellers eventually forced Chinese buyers to accept that the price was falling away no further for the time being and they needed to join in to secure immediate supply requirements," the AWI weekly market summary said.

"The foreign exchange rates of the U.S. dollar versus the Chinese yuan continues to be the major influence in a much of the negative sentiment around the wool price emanating out of China."

AWI said the rate has seen the value of the dollar appreciate by almost 10 percent against the yuan in just a few months. At the same time, the exchange rate of the U.S. dollar versus the Australian dollar has remained stable, trading in the 0.736 to 0.747 range for two months, offering "no relief at all on the cross rates to Chinese wool traders and manufacturers, "AWI said.

"What is affecting supply at the moment is the fierce drought that continues to bite across many of our wool growing regions," AWI said. "It cannot be underestimated the damage to supply this will cause in the short term, but if there is no break before too long, this will only get exponentially worse for the longer term."

AWI added that continued price strength will help alleviate drought affected growers feeding costs to help ensure future wool production.

Source: sourcingjournal.com- Aug 10, 2018

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Vietnam attracts $2.8 billion FDI in H1 2018

As per Vietnam Textile and Apparel Association (VITAS), Vietnam's garment-textile lured $2.8 billion worth foreign direct investment (FDI) in the first half of this year, bringing the total FDI in the sector to nearly $17.5 billion.

This has been mainly due to FTAs such as the CPTPP and the EU-Vietnam Free Trade Agreement (EVFTA) – although they are yet to come into force, which have created great attraction amongst foreign investors as they bring huge opportunities for Vietnam's garment-textile sector.

The CPTPP will enable Vietnam to increase shipments to CPTPP member countries that spend up to $40 billion on garment and textile products every year.

The EVFTA, expected to take effect at the end of this year, will also offer ample opportunities for Vietnamese textile and garment products to ship to the European market thanks to tariff preferences.

The EU is Vietnam's second largest export market. Given the current tariffs ranging between 10 and 12 per cent which will be slashed to zero, it will boost Vietnam's goods to this enormous market.

Source: fashionatingworld.com- Aug 11, 2018

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Indonesia targets Chinese textiles in US market

Indonesia is targeting a portion of the share of Chinese textile and textile products in the United States (US) market as the trade war situation escalates between the two countries. To achieve this target, the country plans to increase trade with the United States.

The increase in textile exports would be accompanied by imports of cotton from the US. Indonesia's market share of all textile and garment imports in the US is only around 4.5 per cent. Meanwhile, China which is in a trade war situation with the US has a market share of up to 26 per cent.

In addition to textiles, Indonesia also wants to take advantage of the US and Chinese trade wars to further increase trade in steel and aluminum products.

Because, Indonesia's steel market share in the US is very small with a percentage of only 0.23 per cent. Therefore, the country has sought exclusion from increase in tariffs on imports of iron and aluminum products.

Source: fashionatingworld.com- Aug 11, 2018

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Pakistan: Textile industry has potential to double export

The All Pakistan Textile Mills Association has contributed more than 50 percent to the country's exports, i.e. over $11 billion out of total annual exports of $23 billion during last fiscal year.

The APTMA spokesperson said the textile industry has a potential of adding another $24 billion to the exports on a fast track subject to provision of enabling environment.

Various non-textile exports also pass through the hands of APTMA members.

He stressed the point that the burgeoning gap of trade deficit can only be met through devising an export-led growth policy. Therefore, those advocating for the support of domestic industry are not well-wishers of the country as well as the government, as restoration of competitiveness of export-led industry is a must to regain the lost share in the international marketplace. Already, the anti-export approach had witnessed decline of country's exports from $35 billion to $20 billion as on 2016-17.

Unfortunately, certain vested interest elements have started campaign against the exporting industry, generating foreign exchange, direct and indirect employment besides backward and forward linkages.

Domestic industry can absorb the economic stringencies, but not the exporting industry which competes with international competitors, he added.

Furthermore, he urged the government to steer the economy out of woods with an active participation of industry associations in order to set the priorities.

The proposed Business Advisory Council should be represented by the export-oriented industry associations to encourage new investment and increase in exports, he stressed.

He said the prime minister should chair the Business Advisory Board on quarterly basis for overseeing the implementation of decisions and review performance thereof.

PBS data showed that textile exports rose 9.82 percent to $12.336 billion in the first 11 months of the current fiscal year of 2017/18. Textile exports amounted to $11.23 billion in the same period a year earlier.

In May, total exports stood at $2.144 billion, up staggering 32.4 percent year-on-year, but they were marginally up 0.52 percent month-on-month. The country's total exports rose 15.3 percent to $21.345 billion in the July-May period.

Rupee lost around 14 percent since December last year as the government let the rupee depreciate against the US dollar.

The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) said textile sector's share in the country's total exports remained stagnant at 60 percent for long.

"The area of concern is that Pakistan's competitors have set targets for textile exports, while Pakistan remains far behind them," FPCCI said in a report. "Pakistan's total exports declined to $20 billion from $25 billion."

An exporter said the country is only getting spillover orders and that too would stop coming once the competitors increase their capacity. "The government should come with a concrete and sustainable policy to facilitate exporters," the exporter added.

In May, cotton yarn exports increased 41.3 percent year-on-year to $130.13 million; knitwear exports rose 39.2 percent to $258.86 million; bed wear exports surged 27.9 percent to $199.97 million; readymade garments exports climbed 23.99 percent to $223.37 million while cotton cloth fetched $199.6 million in May, up 22.08 percent over the same month a year earlier.

Source: nation.com.pk- Aug 11, 2018

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Sri Lanka emerges a pioneer in ethical fashion

Sri Lanka is South Asia's pioneer in ethical fashion. For the Lankan apparel industry, sustainability is a much more complex ideology than simply increasing the number of green plants. It is an approach that converges social, environmental, and economic strategies where people, planet, and profit are all equally important.

Over the last decades, the Sri Lankan apparel industry ensured its growth through sustainability; firstly, through better working conditions, then engaging professionalism with business and empowering people at all levels.

Environmental sustainability move kicked off around 12 years ago with the implementation of green building standards and the energy efficiency drive. Today, the Sri Lankan apparel industry seeks to find solutions at the global level to address problems of material circularity and work-life integration.

The overall long-term strategy is to drive towards zero impact on all aspects. Buildings and infrastructure do play a big role but they are a part of the bigger strategy.

Female workers have long been celebrated and encouraged by the country's apparel industry. Most companies believe that strengthening women is as good as strengthening a family unit and therefore the entire society.

The country has been working on developing its own sustainability index for factories that overcome the weaknesses of most traditional assessment systems.

Source: fashionatingworld.com- Aug 11, 2018

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Bangladesh RMG sector in trouble due to transport shortage

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) recently said the readymade garment (RMG) sector is facing a crisis in shipments of finished products due to shortage of road transport, affecting global buyers' confidence.

Though student protests are over, the transport situation is yet to be normal, BGMEA president Mohammad S Rahman said.

Some foreign buyers have already cancelled their trips to the country and if the transport situation remains unchanged, a good number of apparel companies will face stock lot, he told a press conference.

Factory owners will be compelled to opt for expensive air freight if this continued, he feared.

Hundreds of containers of imported raw materials are waiting at ports for delivery, Bangladesh newspaper reports quoted him as saying.

Source: fibre2fashion.com- Aug 11, 2018

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Vietnam nylon filament yarn faces stiff Indian duties

India may apply anti-dumping duties of as much as $719 per ton on Vietnamese nylon filament yarn for five years.

A Hindu Business Line report says that this move is being considered after India's Directorate General of Antidumping and Allied Duties (DGAD) received complaints from five domestic textile enterprises about the cheap import of such yarn from Vietnam.

In response, the DGAD has suggested anti-dumping duties ranging from $128.06-$719.44 per ton on nylon filament yarn imported from Vietnam and the EU to mitigate the damage on the domestic industry.

The directorate found that imports of the year increased to 13,799 tons from October 2015 until March 2017, as opposed to 7,201 tons from 2013 to 2014.

However, a Times of India report said that manufacturers of nylon fabric have opposed the move, saying it will allow Indian yarn makers to monopolize prices.

It cited market sources as saying yarns and fibers, including nylon filament yarn made in Vietnam and the EU were 20 percent cheaper than the ones made by domestic firms.

The final decision on this issue will be taken by India's Finance Ministry, but no date has been mentioned for when this will happen.

Meanwhile, the Times of India report quoted Mayur Golwala, a representative of powerloom weavers, as saying: "We urge the central government not to accept the recommendation of DGAD for anti-dumping duty on nylon yarn.

"The government should not think of only five to six nylon yarn manufacturers in the country, but thousands of weavers and workers who are attached with the industry."

Source: e.vnexpress.net- Aug 10, 2018

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NATIONAL NEWS

RCEP trade ministers to meet on Aug 30-31 in Singapore

Trade ministers of RCEP member countries, including India and China, will hold a crucial meeting in Singapore on August 30-31, an official said.

The meeting is important as the 16-member bloc now needs specific political guidance to move the negotiations further, the official added. RCEP mega trade pact aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

The Regional Comprehensive Economic Partnership bloc comprises 10 Asean members (Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam) and their six FTA partners - India, China, Japan, South Korea, Australia and New Zealand.

The meeting also assumes significance as the member countries are not moving at a healthy pace even as the negotiation for the deal started in November 2012. The 23rd round of the negotiation was recently concluded without much progress in Bangkok.

India is also holding comprehensive stakeholder consultations with industry as well as different ministries and departments on the pact as the grouping includes China, with which India has a huge trade deficit.

Sectors including textiles, steel and food processing have raised serious objections over removal or significant reduction of customs duties on these items under the pact. They want these segments to be out of the purview of RCEP.

They have apprehensions that removal of duties would led to flooding of Chinese goods in the Indian market. But without any free trade agreement, India has a trade deficit of $63.12 billion in 2017-18 with China as compared to $51.11 billion in the previous year.

An informal group of ministers, headed by Commerce and Industry Minister Suresh Prabhu, is also holding deliberations on the concerns of the industry.

Pressure is mounting on India for early conclusion of the negotiation despite the fact that no member is showing flexibility in its stand.

Former Commerce Secretary Rita Teaotia has recently said the mega trade deal would be incomplete if the norms to promote services sector are not sufficiently liberalised by the member countries.

RCEP members want India to eliminate or significantly reduce customs duties on maximum number of goods it traded globally. India's huge domestic market provides immense opportunity of exports for RCEP countries.

But lower level of ambitions in services and investments, a key area of interest for India, does not augur well for the agreement that seeks to be comprehensive in nature.

Of the RCEP nations, India has trade deficit with as many as 10 countries, including China, South Korea and Australia, among others.

Some experts have warned over the impact of RCEP agreement on India's trade. Biswajit Dhar, a professor at Jawaharlal Nehru University is of the view that India should be very cautious about this pact. He believes that with the kind of market access and tariff cuts RCEP countries are demanding including in agriculture sector, it would be difficult for India to sustain in the long run.

India wants certain deviations for such countries. Under deviations, India may propose a longer duration for either reduction or elimination of import duties for such countries. Under services, India wants greater market access for its professionals in the proposed agreement.

India wants to have a balanced RECP trade agreement as it would cover 40 per cent of the global GDP and over 42 per cent of the world's population. India already has a free trade pact with Association of South East Asian Nations (Asean), Japan and South Korea. It is also negotiating a similar agreement with Australia and New Zealand but has no such plans for China.

Source: thehindubusinessline.com- Aug 13, 2018

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Indian investors interested in denim production in Vietnam

Indian fabric investors have shifted their attention from China to Vietnam, which is billed as an emerging denim fabric manufacturing centre, in their search for potential suppliers of denim fabric.

The impressive growth of Vietnamese garment and textile in recent years, with 31 billion USD in export revenue last year and a target of 50 billion USD after 2020, has persuaded the choosiest customers worldwide, including Indian firms.

Denim goods accounted for 20 percent of the sector's export revenue, according to the Vietnam Textile and Apparel Association (VITAS).

Although the sector is facing bottlenecks in its supplying chain, denim fabric production is a strong point of local producers with the localisation ratio of 55-60 percent, spurred by heavy investment in production line, and technologies.

Right after the third edition of the Denims and jeans Vietnam Show organised in Ho Chi Minh City in June, many Indian companies expressed their wish to collaborate with Vietnamese partners in producing denim fabric.

CEO of Balaji Enterprises Sandeep Agarwal, founder of the Denim and jeans, said that the Vietnamese garment and textile, with increasing production capacity, is a magnet for foreign investors.

Meanwhile, Marketing Director of KG Fabriks Thamarai Selvan, noted that his company is planning to move its plants from China as more benefits are expected when having production facilities in Vietnam, including larger order volumes and skillful workers.

Anubha Industries Private and Vietnamese denim providers have reached certain agreement, and a trade cooperative deal will soon be announced, said marketing director of the firm Amit Desai.

According to Indian Consul General in Ho Chi Minh City K. Srikar Reddy, garment and textile sector is a priority in joint efforts to elevate the two-way trade to 15 billion USD by 2020.

Currently, India has registered 814 million USD in 176 projects in Vietnam, ranking 28th out of 126 countries and territories having investment in the country.

Last year, India exported 429 million USD worth of garment and textile products to Vietnam, an increase of 44 percent year on year. However, the figure was only a fraction of the import need of the Vietnamese garment and textile sector.

Source: en.vietnamplus.vn- Aug 09, 2018

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India rules-of-origin move to hit Bangladesh RMG export

A recent Indian government's move to introduce rules of origin in the name of protecting its local garment manufacturers might severely hurt Bangladesh's export growth to its neighbour.

India has started discussions with stakeholders on a proposed 'Fabric Forward Policy' with the aim of introducing the rules of origin for duty-free garment imports.

Although India doubled the import tax on more than 300 textile products to 20 per cent on August 7 to reduce its cheap imports from China, Indian textile industry people claimed that their efforts were being hindered due to duty-free facility offered by India to Bangladesh as China was exporting textiles to India through Bangladesh.

International news agency Reuters reported that the Confederation of Indian Textile Industry had requested the government to introduce the rules of origin for duty-free imports.

Competition from China is forcing some Indian businesses, such as polyester production facilities, to run idle, leading to job losses, the trade body said.

Kavita Gupta, India's textile commissioner, told Reuters that the textile ministry had proposed a Fabric Forward Policy, where duty-free access to garments would be provided if the fabric was sourced from India.

The policy is in discussion stage, she said.

Bangladeshi experts and exporters said that if India introduced such condition, Bangladesh's export to the market would be hurt.

They, however, said that it would not be easy for India to impose any condition on duty-free facility as Bangladesh enjoys the trade benefit in India under the South Asian Free Trade Agreement.

'If India imposes such trade barrier in the name of introducing rule of origin, it would harm Bangladesh's exports,' said Anwar-Ul Alam Chowdhury Parvez, former president of the Bangladesh Garment Manufacturers and Exporters Association.

He, however, said that it would not easy for India to impose such restriction as Bangladesh enjoys duty-free market access in India under the SAFTA pact. If India imposes condition on duty-free market access on Bangladeshi products, Indian products would also have to face same restriction in Bangladesh, Parvez said.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said that there was no scope for India for imposing such restriction on Bangladeshi products as the export products of both the countries enjoy duty-free market access under the SAFTA agreement not under any bilateral agreement.

'Now we have to see what India is going to do,' he said.

Reuters reported that India doubled the import tax on more than 300 textile products to 20 per cent, marking the second tax increase on textiles in as many months.

This is aimed at providing relief to the country's domestic textile industry, which has been hit by cheaper imports, the Reuters' report said.

India's total textile imports jumped by 16 per cent to a record $7 billion in the fiscal year to March, 2018. Of the amount, about $3 billion were from China.

India's industry officials said textile raw materials from China were coming into India via Bangladesh, which has a free-trade agreement with India giving it access to the country's $100 billion textile market, Reuters reported. 'Duty-free fabric from China is coming to Bangladesh, getting converted and landing into India at zero duty,' Sanjay Jain, president of the Confederation of Indian Textile Industry, told Reuters.

Industry bodies argue that India's latest action is not enough to protect domestic garment manufacturers who are facing fierce competition from China and Bangladesh.

Imports of clothing accessories and apparel from Bangladesh — the world's second largest exporter of readymade garments — rose over 43 per cent to $200.9 million during the year ended March, 2018, according to Indian government data.

'Under the SAFTA agreement and trade agreement with Bangladesh, only those goods should be exempted from customs duty, whose raw material is also manufactured by one of the SAFTA countries,' Dilip Chenoy, head of The Federation of Indian Chambers of Commerce and Industry, said in a letter dated July 25 to a senior official in the Indian government's textile ministry.

Rising imports sent India's trade deficit with China in textile products (finished garments) to a record high $1.54 billion in 2017-18, alarming industry officials as India had been until recently a net exporter of textile products to China, Reuters reported.

There is a 10-per cent price difference on average between textile products made in India and those made in China, according to the FICCI. The unit value of some Chinese products such as stockings, blouses and baby garments cost far less than produced in India.

'Import trend suggests 40 to 50 per cent of the garments were made with Chinese fibre,' said an Indian analyst who did not want to be named.

It is difficult to estimate exactly how many garments imported in India were produced with fibre sourced from China, he told Reuters.

Source: newagebd.net- Aug 12, 2018

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Not responsible for Pink Bollworm attack

The National Seed Association of India (NSAI) has approached Radha Mohan Singh, Union minister of agriculture after the Maharashtra agriculture department issued notices to seed companies in the state directing them to pay Rs 93 crore in compensation to cotton farmers for damages caused by the Pink Bollworm attack.

In a representation to the minister, M Prabhakar Rao, president, NSAI pointed out that seed companies cannot be held responsible for the attack. Rao said that Pink Bollworm (PBW)has developed resistance to BG-II since 2015. “Due to the lack of appropriate extension activity in Maharashtra, there was severe damage to the crop in the state. The officials of the agriculture department of Maharashtra as well as other states are holding seed companies responsible for the efficacy of the trait,” he said.

This is not correct since the efficacy of the trait falls under the domain of the trait developer as per the provisions of the Cotton Seed Price (Control) order 2015, or under EPA, he pointed out. According to Rao, CICR and ICAR have repeatedly clarified this in meetings that happened in MoA last year.

It may be clarified by DAC&FW to Maharashra and all other states that the trait efficacy is the responsibility of the trait developer, ie MMBL. In a separate representation to the joint secretary, seeds, Union ministry of agriculture, the Association sought clarity on the sole responsibility of the trait developer for the efficacy of the trait.

Reacting to the compensation announced by the Maharashtra government to the extent of R16,000 per hectare to farmers who have used cotton hybrids expressing two gene trait of MMBL, Rao said that more than 99% of the planted area of BT Cotton with more than 300 cotton hybrids expresses the same two gene protein of MMBL for which a trait value of `40 per 450 gm pack is determined by the ministry of agriculture and paid by every farmer.

As per the provisions of Cotton Seeds Price (Control) Order, such such trait value is collected by the seed companies from the farmers and passed onto MMBL in toto. Neither the dealer nor the seed company gets any margin in the trait value, he said.

The Association has urged the joint secretary to clarify to the government of Maharashtra that while the seed companies are responsible for the various seed quality parameters including the gene purity, they cannot be held responsible for efficacy of the trait.

Source: financialexpress.com- Aug 11, 2018

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Textiles Secretary Anant Kumar Singh moved to Land Resources dept

Textiles Secretary Anant Kumar Singh has been shifted to the Land Resources department as part of a minor top-level bureaucratic reshuffle effected today.

Culture Secretary Raghvendra Singh has moved as Textiles secretary in place of Anant Singh, an order issued by the Personnel Ministry said.

Arun Goel will be the new Culture secretary. He is at present special secretary, Ministry of Culture.

Anant Singh, a 1984 batch IAS officer of Uttar Pradesh cadre, was appointed secretary in the Ministry of Textiles, which is headed by Union Minister Smriti Irani, in May last year.

He has been appointed in the vacancy caused by the superannuation of Dinesh Singh on June 30, 2018, the order said.

Anant Singh had recently said irregularities worth around Rs 200 crore were detected in the National Handloom Development Corporation (NHDC), a public sector undertaking under the Textiles Ministry.

The matter has been referred to the Central Bureau of Investigation (CBI) as the central probe agency has expertise on such issues, he had said. Raghvendra Singh, a 1983 batch IAS officer of West Bengal cadre, was appointed Culture secretary in November 2017.

Source: business-standard.com- Aug 10, 2018

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Ministry to carry out fresh consultation on e-commerce policy

The Commerce Ministry will carry out a fresh round of consultations with stakeholders to address concerns raised by many on the proposed e-commerce policy and Commerce Minister Suresh Prabhu will review the draft once it is prepared.

“The Ministry had received few concerns regarding the draft e-commerce policy following which CIM @sureshpprabhu has directed officials to conduct another round of consultation with stakeholders to address them. The Minister will personally review the draft once it is prepared,” a tweet from the Commerce Minister’s official twitter handle stated on Saturday.

Suggestions

The draft e-commerce policy suggested by the taskforce on e-commerce was criticised by many online players for suggesting introduction of a sunset clause for offering deep discounts to customers. As per the proposal, the clause would define the maximum duration of differential pricing strategies implemented by e-commerce companies.

It also proposed that the restriction on e-commerce marketplace to not directly or indirectly influence the sale price of goods and services, be extended to group companies of the e-commerce marketplace.

Another suggestion, frowned upon by foreign investors such as Amazon and Walmart, is for promoting sale of domestically-produced goods by allowing limited inventory-based B2C model, wherein 100 per cent Made in India products will be sold through platforms whose founder/promoter will be a resident Indian, the platform company will be controlled by Indian management and foreign equity will not exceed 49 per cent.

Some in the industry are also not happy with the proposal on data localisation, with the task-force proposing that the data generated by users in India from various sources including e-commerce platforms, social media and search engines should be stored exclusively in India and a framework must be developed for sharing the data within the country.

"The Commerce Ministry will go through all objections raised and examine the validity or arguments raised against certain proposals. It will then see what changes are to be made in the draft policy. The Commerce Minister will take a final look at the draft before it is put online for public comments," a government official told BusinessLine.

The e-commerce policy being framed by government seeks to define e-commerce without ambiguity, strengthen foreign direct investment laws on the sector, address regulatory and competition issues and take care of consumer issues including data protection and privacy.

Source: thehindubusinessline.com- Aug 12, 2018

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GST returns: New tweaks pose challenges for SMEs

Complicated returns, technical glitches in the GST Network and increased compliance burden due to multiple monthly returns had turned returns filing a chaotic experience for taxpayers in the first year of the GST regime.

To address these concerns, the GST Council has approved a single monthly return for all taxpayers and given leeway to smaller taxpayers to file quarterly returns through simplified forms. While the new returns and the modified method to claim input tax credit — that may be implemented in early 2019 — will reduce the compliance burden and check tax evasion over the longer term, smaller businesses are likely to face hardships in the changeover phase.

Small businesses have already sunk money in modifying their accounting systems to adapt to GST from the earlier indirect tax regime that consisted of excise duty, sales tax, VAT etc. With the proposed merger of the three monthly GST returns — GSTR 1, 2 and 3 — into a single return, they will have to incur additional expense in tweaking the software.

"There will be additional expenses in reconfiguring the ERP system as per the new GST return format...reconfiguring the fields in the ERP and ensuring there is a mechanism in place to capture the data required as per the new format," says Abhishek A Rastogi, Partner, Khaitan & Co.

Also, given that the new returns are more complicated than the earlier ones, companies will have to spend more to adapt, says Himanshu Relan, Partner - GST, Nangia Advisors LLP. Besides tweaks to the systems, training afresh of accounting personnel will also lead to cash outgo.

The compliance burden is also expected to increase, especially for smaller businesses, due to the new method proposed for taking input tax credit. The GST Council has proposed that invoices be uploaded by the supplier on a real-time basis and the buyer accepts (locks) the uploaded invoice to claim input tax credit.

This can make larger companies pressure their smaller suppliers to upload the invoices immediately, and error-free. But this is likely to create an enormous burden for the smaller suppliers.

“Many smaller businesses do not employ full-time accountants. But if the invoices have to be uploaded in real time, they may have to hire full-time accountants, which they cannot afford,” says Pritam Mahure, a Pune-based tax consultant.

According to the new system, only invoices that are uploaded by the 10th of the next month can be selected by the recipient to get the input tax credit. After that date, it can be claimed only in the subsequent month. This can create cash flow problems.

Under the original structure, a buyer could upload additional invoices if they had not been uploaded by the supplier. But the new regime proposes that only invoices uploaded by the supplier would be considered. Any missing invoices may lead to delays in getting the input credit, leading to more cash flow problems.

Pilot run

Sound planning and adequate pilot runs before the transition are essential, as small businesses can ill afford any further changes.

“The GST Council should ensure that testing, preferably on five large and five MSME GST payers from each State is carried out before the system goes live.

Also, the results of this testing should be made public so that other taxpayers can understand the challenges/errors and avoid them," says tax consultant Mahure.

"The implementation of the matching mechanism has to be backed by a robust technology framework. Also, timelines will have to be adhered to religiously," says Khaitan & Co's Rastogi.

Source: thehindubusinessline.com- Aug 12, 2018

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India's textile sector needs a push

Textile industry in India has been facing numerous challenges since the implementation of goods and services tax (GST) in July 2017. Adding to the plight was the withdrawal of duty drawbacks, which, coupled with free trade agreements (FTAs) with some of the neighbouring nations, made Indian textile products expensive in the international markets.

The increased cost of production threatened the survival of micro, small and medium enterprises (MSMEs) as FTAs resulted in cheaper finished textile products flooding the domestic textile market. The industry players have been leaving no stone unturned to convince the decision makers about the ground reality.

The government has doubled import duty on 328 textile products to 20% thereby curbing rising imports from China and giving a boost to domestic manufacturing. However, a majority of imports into India is from countries like Bangladesh, Vietnam and Indonesia, thanks to FTAs. India will not be able to give any direct exports incentive to the sector, so there is definitely a need to support exporters to encourage domestic manufacturing.

While the government's duty hike move is certainly positive for the sector, it is too early for textile industry players including MSMEs to rejoice and pop the champagne bottle.

Source: dnaindia.com- Aug 10, 2018

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A new way to cut water use in textile industry

In a major research finding that would go a long way in conserving water in the water-intensive textile industry, researchers at Calicut University have come up with an eco-friendly process for manufacturing yarns.

Researchers say that the novel approach for 'sizing' and 'desizing' cotton and polyester yarns through a dry process using liquid and super critical carbon dioxide ($scCO_2$) and inexpensive sugar acetates will help the textile industry do away with huge amount of water currently used in the conventional process.

Sizing is the process of applying a protective adhesive coating upon the yarn to strengthen it to decrease breakages on the loom and attain maximum weaving efficiency. Conventional method of sizing involves drawing the yarn through a concentrated sizing solution- mostly starch and polyvinyl alcohol- and then drying it.

After the weaving process the yarn has to be 'desized' by washing it with water which requires upto 2,500-2,1000 litres for 1,000kg of cotton yarn and drying it involves an energy intensive process.

Under the study, CU researchers investigated the possibility of utilizing liquid and super critical CO_2 as an alternative medium for sizing and desizing of yarns using CO_2 soluble compounds like Sucrose Octaacetate (SOA) and two other compounds as sizing agents.

In the study, the tensile strength of the yarn was found to have almost doubled for the cotton yarn when sized with SOA while it increased 60% for the polyester yarn. The study also found out that SOA can be completely washed off during the desizing process using $scCO_2$.

The study was carried out by a team comprising Prof P Ravendran of the Department of Chemistry, University of Calicut along with researchers Anu Antony, Anila Raj, Jyothi P Ramachandran of the department along with Resmi M Ramakrishnan of the Department of Chemistry, SNGS College, Pattambi and Scott L Wallen of the Division of Science, Arts & Mathematics, Florida Polytechnic University, USA.

The study has been published in the prestigious international scientific journal ACS Sustainable Chemistry & Engineering.

"SOA was found to be the most ideal candidate as a size material in the CO2-based process. Sizing of both cotton and polyester yarns with SOA resulted in a smooth, uniform, and glassy coating and improved mechanical properties of the yarn as required for weaving," the study said.

Raveendran said that as the textile industry is increasingly under pressure to reduce consumption of water due the sustainability and environmental issues involved, the CO2- based sizing and desizing has the potential to be developed into an ideal zero-pollution technology for the industry with the additional advantage that the materials used are inexpensive and can be completely recycled.

Source: timesofindia.com- Aug 12, 2018

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The good and the not-so-good imports

India needs to create globally competitive domestic capacities in select product groups with an eye on exports

Does India need to look at its imports more closely? India follows an open trade policy where most products can be imported without any licence on payment of duty. Imports make the Indian economy efficient and vibrant. However, like all good things, imports also come with caveats.

Substandard imports can affect the health of the people while subsidised imports harm the domestic industry. Also, over-reliance on a country for any product could compromise the health of the people, the economy or even national security. So countries follow an active product level import regulation policy.

A fact-check on India’s imports will help identify sectors that need a more in-depth look. For ease of understanding, I have placed India’s imports into five groups. These cover 95 per cent of the $465 billion imports made in the last financial year (FY18).

Group 1

This group (oil, gold, coal and diamond) accounts for $206 billion or almost 45 per cent of India's imports. In FY18, we imported crude oil worth $87.3 billion and petrochemicals valued at $27.3 billion. India, in the 1980s, met 85 per cent of its crude oil needs mainly from ONGC's Bombay High offshore oil-field, but now we import 85 per cent of our needs. A renewed focus on exploration in India and buying of oil-fields abroad will help.

India is the largest diamond polishing hub, so it imports, polishes and exports diamonds. In FY18, India imported diamonds of value $35 billion and exported diamonds worth $25 billion; the remaining was consumed locally. China is luring Indian traders to set operations there. A quick punishment mechanism for defaulters and a hassle-free export-import environment for honest traders is needed.

India is the second largest consumer of gold after China. In FY18, we imported gold worth $37 billion. While some of this was exported as jewellery, earning $13 billion, gold worth $21.6 billion was consumed locally. Making use of the large amount of gold in temples to contain imports may be an idea worth exploring.

India imported $23 billion worth of coal in FY18, which is surprising considering we have reserves for meeting our needs for the next 100 years. We import both coking coal and thermal coal. While coking coal is used as raw material for making steel, thermal coal is used to generate electricity.

Coal imports have increased largely because of demand from new power plants which are designed to use only high grade imported coal. Low quality (high ash content of 30-40 per cent) of Indian coal, inability of Coal India Ltd to increase production and use technology to increase the calorific value of coal, and transport issues make imports attractive. An early resolution of these issues will reduce the imports substantially.

Group 2

This group (machinery, electronics and telecom) accounts for $106 billion or almost 23 per cent of India's imports. Machinery and auto components accounted for $50 billion, electronics products $34 billion, and telecom products $22 billion.

Factory machinery, parts needed to service domestic aeroplanes, auto components, IC engines, refrigeration and construction machinery, excavators, cranes, machine tools, hand tools, pumps, electrical transformers, etc., are the major types of machinery imported into India. Indian firms can meet most of our industrial and defence requirements.

But it is reported that the capacities of even top firms remain un-utilised mainly on account of subsidised imports. Many lose out to Chinese firms in domestic tenders.

Major electronics products imported into India are mobile phones, computers, ICs, TVs, refrigerators, washing machines, solar cells, parts to create telecom network, and hospital equipment. India imports most of these products from China. To manufacture these products, India has to ensure a quick export-import clearance system to enable it to become part of the global value chain (GVC). Also, we must create mega component hubs where components needed by domestic firms may be imported in bulk and cleared from Customs as and when required.

Also, festival time imports from China are mostly substandard. India banned firecrackers from China last year as they contained harmful potassium chlorate. Most electric lights and toys from China use recycled plastic containing harmful chemicals. These imports kill the small, domestic units and should be banned.

Group 3

This group (chemicals, pharma and plastics) accounts for \$60 billion or almost 13 per cent of India's imports. Organic, inorganic and agro chemicals, paints and cosmetics account for \$33 billion, plastics and rubber products \$22 billion, and fertilisers and bulk drugs, \$5 billion each.

We dependent on China for import of Active Pharma Ingredients (APIs) and Key Starting Materials (KSMs). Realising its monopoly position, China has increased bulk drug prices by 1,200 per cent in the past two years. India's bulk drug industry, led by public sector units IDPL and Hindustan Antibiotics, was way ahead of China's in the 1990s but then fell back due to certain policy measures and predatory pricing by China. We must revive the API industry to ensure our country's health security.

Group 4

In FY18, this group (steel, metals and minerals) accounted for $33 billion of our imports — steel and products $15 billion, and aluminium, copper and other metals/minerals $18 billion. India must watch out for subsidised imports as China, Korea, and Japan have excess capacities, and their exports to the US and the EU would now be restricted because of tariff hikes. Also, India should buy technology to produce specialty steel used in automobiles and electrical equipment.

Group 5

Agriculture sector's share in total imports stood at $23 billion in FY18 , with vegetable oil being the most valued item, at $12 billion. This was followed by pulses ($2.9 billion), and fruits, cashew and spices ($4.3 billion). Imports of vegetable oil can be brought down by highlighting the health risk associated with the use of palm and many other imported oils and replacing these with healthier traditional mustard, groundnut, coconut and sesame oils.

Way out

Apart from using import management tools, which is not about protecting an inefficient industry, we need to add globally competitive domestic capacities in select product groups with an eye on exports subsequently. Every country does so, more so now.

Source: thehindubusinessline.com- Aug 12, 2018

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Poor rains likely to hit Gujarat cotton crop

Cotton farmers of Gujarat are expecting a lower yield and crop failure due to insufficient rains in the state thus far.

The state has similar acreage of cotton this year as it was last year but at the crucial growing period many cotton growing areas, mainly in Saurashtra and North Gujarat are still dry and do not have enough irrigation facilities.

According to farmers and cotton industry experts, it will be harmful for standing cotton crop if the state does not have good spell of monsoon instantly.

According to the state agriculture department's latest data, as on August 6, 2018, cotton sowing has been done on 2.65 million hectares which was 2.64 million hectares in corresponding period last year. "Cotton crop needs immediate rain.

It is a growing period and if rain does not come within a week, cotton may face big loss. This year, farmers had begun sowing late due to delay in monsoon. The flood situation has already damaged cotton in some parts of Saurashtra and South Gujarat. Yield of the crop will not be as expected in Gujarat this year in present scenario," said Ramesh Bhorania, farmers and agriculture expert from Naranka village of Rajkot.

As on date, Gujarat has received 454 mm rains which is about 55% of the season's normal average of 831 mm. Situation was much better last year. The state had received 662 mm rainfall that was 82% of normal till 8 August.

"Gujarat is the leading cotton growing and producing state in India and any loss over there will affect the entire cotton trade of the country. Districts like Surendranagar, Kutch, Morbi and Banaskantha which are big areas of cotton have received very poor rainfall so far. All these factors will decrease the yield and may affect the price and supply too," said Atul Ganatra, president of Cotton Association of India (CAI).

Ganatra said that average yield is about 550 kg per hectare in India. In its recent estimate, the cotton body has estimated cotton production of 36.5 million bales (a bale of 170 kg) for the entire season ending 30 September 2018. It has estimated 10.8 million bales cotton production in Gujarat.

According to the CAI, as on 31 July, total arrival stood at 35.34 million bales across India. During this season so far, the country has exported about 6.7 million bales of cotton and by end of the season total exports from India would be about 7-7.2 million bales.

Source: financialexpress.com- Aug 09, 2018

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UP in pact with Amazon, BSE, NSE for cottage industries

To promote the state's traditional cottage industries and crafts, and with an aim to promote and boost its flagship One District One Product (ODOP) scheme, the Uttar Pradesh government on Friday signed MoUs with e-commerce major Amazon, Wipro GE Healthcare, Quality Circle of India (QCI) and leading bourses – the BSE and the NSE. Inaugurating the ODOP summit here on Friday, President Ram Nath Kovind said the scheme is expected to give employment to 25 lakh people in the next five years.

"I have been told that through this ODOP scheme, around 25 lakh people will get employment through a financial assistance of Rs 25,000 crore in five years. Small and medium enterprises are proving to be the backbone in the nation's economy. This ODOP scheme will further strengthen the spine," the President said. "In the list of 117 aspiring districts, eight districts are from Uttar Pradesh. I hope this scheme will act as a change agent in those districts. We should learn from some developed countries how hand-made things can be leveraged through modern-day branding and marketing and help the nation earn foreign investment, generate more employment and improve the image of the country", the President said.

Chief minister Yogi Adityanath said after the BJP came power, the atmosphere had changed, and now investors are making a beeline to invest here. "We are promoting talent and helping businesses and have also earmarked Rs 250 crore in our budget for start-ups. "Through these tie-ups, we want to promote cottage industries to tap the export market," state MSME minister Satyadev Pachauri said, adding that UP is the first to implement the ODOP scheme and soon other states would also replicate it to support their respective traditional and cottage industries.

Some of the major products that are exported from UP are: Banarasi silk saris, carpets from Bhadohi, Lucknowi chikankari, leather goods from Kanpur and leather footwear from Agra, locks from Aligarh and brassware from Moradabad, sports goods from Meerut and wooden products from Saharanpur.

Source: financialexpress.com- Aug 11, 2018

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Ethiopia beckons Tirupur garment exporters

After Asian countries, Ethiopia is beckoning garment exporters from Tirupur, the knitwear hub of the country, as they struggle to cope with goods and services tax (GST) implementation issues and withdrawal of export incentives in India.

Already, a few units from Tirupur have set up base in Ethiopia, which is tipped to become the next Bangladesh, one of India's main rivals in garment exports. A combination of factors not available in India seems to be attracting exporters to Ethiopia.

"They provide all the infrastructure with plug and play facilities. The labour is cheap and significantly, Ethiopia enjoys duty-free export access to both Europe and the US, two major markets for garments," said R Rajkumar, MD of Best Corporation (P) Ltd., which has set up a unit in the African country.

Best Corporation's $6 million unit employs 1000 workers and Rajkumar said it will be scaled up to 4000 in future. Except the management staff, all workers are from Ethiopia.

Indian garment exporters have suffered heavily due to competition from Bangladesh and Sri Lanka which enjoy duty-free access to Europe. Many exporters had started units there to take advantage of this facility. But Bangladesh is fast losing charm for exporters with declining productivity.

Ethiopia now appears to be more attractive as exporters can ship garments without duty to two major markets. "Ethiopian government is quite helpful by providing subsidised electricity and infrastructure. Abundant and cheap labour is a great advantage," said Arul Saravanan, chief marketing officer of SCM Garments Pvt. Ltd., another Tirupur-based firm which has opened a garment unit in Ethiopia with 500 machines and 750 workers.

Ethiopia had begun efforts to woo companies with officials from the country making regular visits to Tirupur. "They have been coming here for the past three years. Ethiopia understood the value of garment industry in providing employment to its people. India has much to learn from it," said Raja M Shanmugham, chairman of Tiruppur Exporters Association.

Tirupur, which accounts for 46% of the total knitwear garment exports from the country, saw its export decline by 8% to 24,000 crore in 2017-18 for the first time in five years. “The first quarter of this year saw a negative growth of 14%. We hope the second quarter would fare better,’’ said Shanmugham.

The garment exporters have been requesting the government for at least partial restoration of export incentives and free trade access to Europe to boost shipments.

Source: economictimes.com- Aug 10, 2018

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