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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 No. 243 of 2019 December 13, 2019

US 70.73 | EUR 79.04 | GBP 95.31| JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18947	39600	**71.37**

Domestic Futures Price (Ex. Warehouse Rajkot), December

Rs./Bale	Rs./Candy	USD Cent/lb
19230	40191	**72.43**

International Futures Price

NY ICE USD Cents/lb (March 2020)	67.17
ZCE Cotton: Yuan/MT (May 2020)	13,270
ZCE Cotton: USD Cents/lb	85.93
Cotlook A Index – Physical	**73.35**

Cotton Guide- As correctly predicted yesterday, the volumes were much more at ICE. The figures doubled to 47,130 contracts. Concurrently a price jump was witnessed due to Three reasons-

1. US President Donald Trump has delayed the imposition of tariffs which was scheduled for December 15, 2019.

2. Supply cut seen throughout the globe.

3. Good Export Sales Figures

The other Global markets also are trading positive. WTI Crude has shown an increases in prices too.

The ICE March 2020 contract settled at 67.17 cents per pound with a change of +129 points. The ICE May 2020 contract settled at 68.11 cents per pound with a change of +116 points. The spread between the two ICE contracts was seen to show reduced figures of 94 points.

The MCX contracts skyrocketed with their prices surpassing gains of over 200 Rs. The MCX December contract settled at 19,230 Rs per Bale with a change of +210 Rs. The MCX January contract settled at 19,380 Rs per Bale with a change of +190 Rs. The volumes were seen at 764 lots.

Country	Increases in Running Bales
Turkey	80,100
Pakistan	61,300
Vietnam	52,300
Bangladesh	19,200
Malaysia	17,600

Table 1: US Export Sales 2019/2020

The Cotlook Index A has been kept unchanged at 75.35 cents per pound. Cotlook indices still has Indian Medium Grade as the cheapest at 72.50 cents per pound.

US export sales registrations were seen to rise by a net of 277,100 Running Bales (RB). The following table sheds light on the destination countries. On the fundamental front, we presume that the prices will move forward by 1 cent and retrieve back by 2 cents at the end of the year. We can expect a consolidated entry into 2020. On the MCX front, prices are expected to remain firm.

On the technical front, ICE Cotton March has broken through the range bound manner & formed a Double Bottom formation, implying bullish momentum for the price. Meanwhile, price is above the daily EMA (5, 9) at 66.55, 66.11 with a positive crossover, along with the momentum indicator RSI is at 62, also suggesting bullish bias. The immediate resistance would be at 61.8% Fibonacci extension level at 67.92 & the immediate support would at 66.30/66.00 (38.2% Fibonacci extension level & breakout of double bottom). Thus for the day we expect price to trade in the range of 67.90-66.30 with positive bias. In MCX Dec Cotton, we expect the price to trade within the range of 18950-19300 with a sideways bias.

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

USA: Textile and Apparel Imports up for the year despite another monthly slide

The Department of Commerce's Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totaled 6.26 billion square meter equivalents in October, down 0.2 percent from September and 8.2 percent from October 2018.

Textile imports totaled 3.86 billion SME, up 4.9 percent for the month but down 2.5 percent from the previous year, while apparel imports of 2.40 billion SME were down 7.3 percent from September and 16.0 percent from a year before.

	SME	Monthly change %	Annual change %	$ Value	Monthly change %	Annual change %
China	3.04 billion	-5.0	-16.0	$3.04 billion	-14.8	-32.0
India	526.4 million	+5.0	+3.4	$676.0 million	+5.9	-3.0
Vietnam	482.0 million	+5.0	-0.7	$1.36 billion	n/a	+17.2
Pakistan	237.2 million	+8.9	+11.1	$264.6 million	+5.5	-0.9
Mexico	225.4 million	+9.6	-2.5	$389.6 million	n/a	-5.7
Bangladesh	181.2 million	+4.6	+1.7	$537.9 million	+8.2	+9.8
Korea	174.0 million	+6.3	+1.5	$82.8 million	+0.2	-2.2
Indonesia	141.7 million	+8.3	-5.7	$449.5 million	+6.8	-7.3
Cambodia	129.9 million	-14.9	+3.4	$302.0 million	-9.6	+15.6
Turkey	97.0 million	+8.5	+6.6	$184.1 million	+25.0	+12.6
Taiwan	77.5 million	-11.3	-12.0	$56.1 million	-12.9	-8.4
Canada	77.4 million	-8.6	-15.0	$114.0 million	-13.6	-9.2

Overall Imports. Total year-to-date imports were 59.3 billion SME, up 3.3 percent from the previous year, as textile imports gained 4.9 percent to 35.3 billion SME and apparel imports rose 1.2 percent to 24.0 billion SME.

For the year ending in October imports were 70.4 billion SME, up 3.9 percent from a year earlier, as textile imports increased 5.6 percent to 42.3 billion SME and apparel imports rose 1.5 percent to 28.1 billion SME.

Source Countries. OTEXA has reported the following statistics on textile and apparel imports from major source countries for October 2019.

Source: strtrade.com - Dec 12, 2019

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China looks overseas to mitigate trade war effects on apparel, textile sector

China's textiles industry was one of the first markets to open up globally. The country textile exports increased 3.5 per cent in 2018, accounting for around 37.6 per cent of the world's total apparels.

Although its purchasing power slowed slightly, the Chinese textiles industry still experienced high demand in the domestic market. China offers a safety net to its industry due to its huge population. Domestic apparel sales, which grew 8 per cent in 2018, continued to grow in 2019, though not as fast as previous years.

However, investments in the industry slowed as US-China trade war frictions knocked confidence. The country's investments in fixed assets, which grew 5 per cent in 2018, also slowed in the first half of 2019.

Investments focused on technology and innovation, resulting in increased productivity. The country is now entering a new era in textile manufacturing and design with a focus on technology and innovation, cultural and local talent and sustainability.

Overseas investments crosses $6billion mark

China looks overseas to mitigate trade war effects on apparel textile sectors

China first proposed the Belt & Road initiative in 2013. The initiative became one of its three major national development strategies in 2014. In July 2019, the Chinese government signed co-operation agreements with 136 countries along the route, which runs through three continents.

During the initiative's first five years, the total trade volume between China and countries along the Belt & Road route exceeded $6 trillion. The textiles industry makes up a large part of this trade.

By 2018, Chinese textiles industry reportedly invested $6.5 billion in countries along the Belt & Road route. The textile industry in the country has made further investments overseas, upstream and downstream.

Opportunities for other countries to step in

With 18 per cent of China's textile exports going to the US, the country forms its largest export market for textiles. China is also the largest exporter of apparels and textiles to the US, accounting for 38 per cent of the nation's total imports.

However, ongoing tensions, tariffs and uncertainties have opened up opportunities for other countries to step in. Indonesia, which recently experienced a decrease in purchasing power, has opened its market to Chinese investment as the country plans to develop local e-commerce industry and start-ups.

Source: fashionatingworld.com - Dec 12, 2019

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US, China Reach Tentative Trade Deal, Reports Say

The United States and China have reached a tentative trade deal, likely making new tariffs set to roll out on Sunday a no-go.

President Trump is reportedly prepared to sign the phase one trade deal negotiators from both sides have been working on for weeks, The Wall Street Journal reported, citing people familiar with the matter.

The president and top advisors met Thursday to review an outline of the deal, which they expect to confirm with Beijing as early as Friday.

Ahead of the news, Trump tweeted, "Getting VERY close to a BIG DEAL with China. They want it, and so do we!"

Earlier reports, which likely came amid negotiations, said U.S. negotiators have offered to cut existing tariffs by as much as half on $360 billion worth of China-made goods, plus cancel the List 4B tariffs scheduled to take effect on Dec. 15, the Journal reported.

The debate over a potential tariff slash has been ongoing for the past month as the U.S. and China wrestled over whether a rollback was ever on the table. Now it seems the offer stands, and in exchange, the U.S. is reportedly seeking firm commitments from Beijing with regard to buying large quantities of U.S. agricultural products, plus the intellectual property protections that set the trade war in motion.

If Beijing doesn’t stick to the commitments that could finally see this phase one deal established, there’s a “snapback” clause that would take punitive tariffs back to their original elevated rates, according to the Journal.

With a little more than two days left for the decision to be made before 15 percent tariffs—which would target the remaining apparel and footwear items coming into the U.S. from China—the clock had been ticking on talks.

And U.S. brands and retailers are keen for some tariff relief before the holiday season takes a turn for the worse.

Before news of the tentative deal surfaced Thursday, the American Apparel & Footwear Association (AAFA) sent a letter to President Trump stressing the need for a phase one deal that eliminates already in place Tranche 3 and 4A tariffs and takes the incoming Tranche 4B December duties off the table.

Already, according to the letter, roughly 92 percent of apparel imports from China, 53 percent of footwear and 68 percent of home textiles made in China have been paying additional 15 percent tariffs since September. Per AAFA estimates, if the Dec. 15 tariffs do take effect, the annual cost of duties for the industry would increase by more than $1 billion for footwear, $354.6 million for apparel, and $397.7 million for home textiles.

“While the punitive tariffs imposed by both the U.S. and China over the past 15 months have brought attention to issues plaguing the U.S./China trade relationship, they have also caused severe damage to U.S. companies, the millions of U.S. workers they employ, and the hundreds of millions of U.S. consumers they service,” AAFA president and CEO Rick Helfenbein said.

Manufacturers, importers, exporters, wholesalers and companies large and small have all said the costs associated with the influx of new tariffs have created substantial problems for their business, he added. “The costs, many of which were suddenly imposed, stifle investments, impede market access…[and] the uncertainty associated with the talks only magnifies the pain by forcing companies to create and constantly revisit multiple tariff mitigation scenarios."

In the letter, AAFA implores the president to settle a phase one deal that results in the "immediate elimination" of existing and impending tariffs on textiles, apparel, footwear and other targeted fashion products.

If Beijing OKs the deal Friday, the industry could see the impending tariffs officially come off the table.

Source: sourcingjournal.com - Dec 12, 2019

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USA: Survey Says Tariffs on France Could Boost US-Made Goods

The Trump administration's 100 percent tit-for-tat tariffs on up to $2.4 billion of popular French goods could bolster U.S.-made products.

Eighty-four percent of American consumers would consider switching to similar U.S.-made products, even if they are considered lower quality, in the wake of new tariffs on French goods, according to a survey by Intelligence Node.

That shift in brand preference would also correlate with a decreasing interest in purchasing products from French luxury brands, such as Hermès, Louis Vuitton and Chanel. Sixty-eight percent of the 1,000-plus U.S. survey takers said they would refrain from purchasing luxury products for themselves or for gifts.

Data also showed that 27 percent of U.S. consumers plan to stockpile their favorite French goods before tariffs increase, the global retail analytics and price optimization firm said. Consumers are most likely to hoard skincare products (40 percent), French cheeses (29 percent), and mobile electronics (24 percent). French handbags lagged significantly, with just 15 percent of survey takers planning to stock up on these items.

More than half (51 percent) of respondents believe retailers should absorb tariff-related cost increases and keep prices the same for customers. If retail prices creep higher, most consumers said they would probably accept up to a 20 percent hike before they began searching for a comparable item.

And over the past six months, 57 percent of consumers said they opened promotional emails from Amazon, 45 percent from Walmart, 36 percent from Target, 23 percent from eBay.

The idea for a new tariff on French goods surfaced earlier this month after lawmakers in France voted to impose a digital service tax on large foreign tech firms, including Google, Apple, Facebook and Amazon. A 3 percent revenue tax would apply to digital firms generating revenue more than 750 million euros ($830.9 million), with at least 25 million euros ($27.7 million) generated in France.

The U.S., through Trade Representative Robert Lighthizer, was quick to respond with a proposal for the additional tariffs of up to 100 percent on French goods. The retaliatory tax proposal is going through the review process, which means that the tariffs aren't likely to be applied before late January.

Intelligence Node works with more than 150 retailers and brands worldwide, including Li & Fung, Reliance and Jockey, using AI-driven insights to optimize their pricing and merchandising operations.

Last month, its holiday survey found that more than half of U.S. consumers planned to cut spending this holiday season to prepare for a recession, with most shoppers planning to make cuts in purchases of apparel, footwear and accessories.

Retailers in the past month have been pushing out discounts and promotions to entice shoppers to buy, and this week some of the firms reporting quarterly earnings results have noted a higher rate of markdowns to move inventory at the start of the fourth quarter.

Source: sourcingjournal.com - Dec 12, 2019

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China issues guideline for high-quality trade development

The Communist Party of China Central Committee and the State Council recently issued a joint directive calling for high-quality trade development. By 2022, China aims to have an optimised trade structure and a notable improvement in trade efficiency, and set up an evaluation system for high-quality trade development, according to the document.

The guideline stressed the need to speed up the development of modern services, especially production-related services, while modern services should be deeply integrated with the advanced manufacturing industry, according to information posted on the website of the economic and commercial counsellor’s office of the Chinese Embassy in South Africa.

China will gradually advance from processing and manufacturing to research and design, marketing services and brand management, generating more added value through exports, the document said.

The guideline also urged coordinating the development of trade and the environment, with strict control over the export of high-polluting and high energy consumption products.

Meanwhile, China will step up the construction of comprehensive cross-border e-commerce pilot zones, and actively participate in the formulation of rules for the global digital economy and digital trade.

China aims to make the China International Import Expo more globally influential and attractive, and expand the functions of comprehensive fairs such as the China Import and Export Fair and the China International Fair for Trade in Services.

The guideline also called for promoting the implementation of the Trade Facilitation Agreement of the World Trade Organisation in the domestic market and building a world-leading and fair business environment.

Source: fibre2fashion.com - Dec 13, 2019

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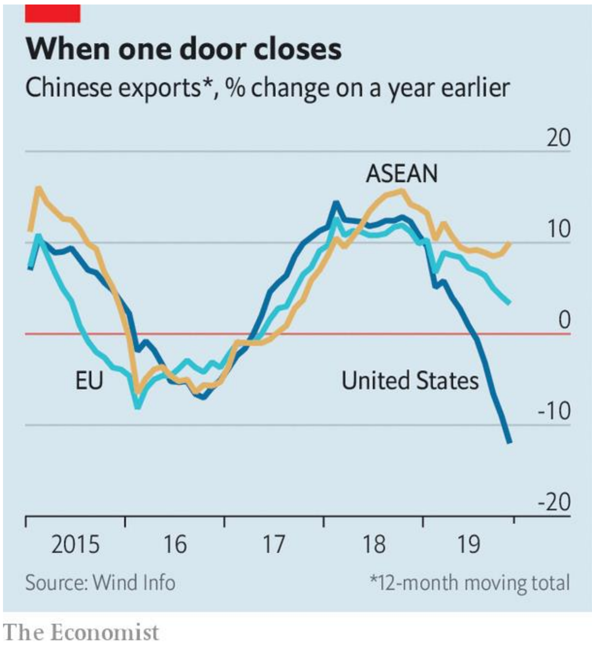
Trade war? China's exporters have expanded their global market share

A YEAR AGO an economic forecasting unit in the Chinese government published an outlook for the coming year. The big worry, it concluded, was the external environment. Shipments to America, China's biggest customer, would suffer as the trade war dragged on. China had maxed out its exports to other big countries, and others were too small to make a difference.



So China's boffins are, like many others, surprised by how things have gone. Exports to America are indeed down, by nearly 15% so far this year. But exports to the rest of the world have been much stronger (see chart). China, it turns out, had more to sell to its big customers: exports to Europe are on track to surpass exports to America this year. Meanwhile exports to smaller markets in South-East Asia, such as Vietnam and Malaysia, have boomed.

According to data from CPB World Trade Monitor, China's share of global exports has reached 11.9%, slightly higher than in July 2018, when the first American tariffs hit. Sluggish imports—in part because of a domestic slowdown—mean the trade surplus is set to be about a quarter bigger in 2019 than in 2018.

One explanation for China's resilient exports is the yuan's 6% depreciation against the dollar since the trade war began. That has blunted the tariffs' impact. China's currency has also weakened against other major trading partners.

A second is goods routed through other countries to avoid tariffs. Some sent to South-East Asia have ended up in America.

Vietnamese customs officials have stepped up checks of everything from seafood to aluminium to ensure that they are not relabelled Chinese goods. Julian Evans-Pritchard of Capital Economics, a research firm, estimates that American tariffs have cut Chinese GDP growth by about 0.6 percentage points, but that trans-shipments through South-East Asia may have lifted it back up by 0.3 percentage points.

There is also a third, more positive explanation: Chinese companies are highly competitive. Once an assembly centre, China now makes more of the inputs that go into final goods. Its efforts in high-tech sectors such as semiconductors are well-known. But it is making lower-tech progress more broadly.

The Chinese light-industry council, representing toymakers, food firms and the like, estimates that its 100 most technologically advanced members invest 2.5% of revenues in research and development, high by international standards; it is pressing them to hit 3%.

The road ahead will not be easy for Chinese exporters. The longer American tariffs last, the more likely American buyers are to find alternatives. The fall in Chinese sales to America has accelerated recently.

On December 4th Chinese exporters of machinery and electronics met for their annual conference. The theme was “flourishing together along One Belt, One Road”, in line with the government’s policy of promoting economic ties with Asia, Africa and Europe. In previous years that might have been politically astute positioning. Now it looks like a survival strategy.

This article appeared in the Finance and economics section of the print edition under the headline "Trade war? China’s exporters have expanded their global market share"

Source: economist.com - Dec 13, 2019

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EU to boost garment industry in Myanmar

Myanmar's garment industry will benefit from the new phase of the European Union's (EU) SMART Textile and Garments project that will bring together brands, trade unions and business associations to boost social and environmental sustainability.

The project, launched last week, will work with over 100 factories in Yangon, Mandalay, Bago, Pathein and other regions.

The project will involve local and European experts and deliver on-site assessment and training on topics like human resource management systems and workplace communications, occupational safety and health, chemicals and waste management, and energy efficiency, according to a report in a newspaper report in the country.

SMART Myanmar has proven to be an extremely relevant programme in accompanying Myanmar's apparel industry's shift to more sustainable practices, said Pedro Campo Llopis, deputy head of development cooperation of the EU Delegation to Myanmar.

Several international retailers, including H&M, Bestseller and C&A, have agreed to support the new programme to boost performance within their Myanmar-based supply chains.

In fiscal year 2018-19, Myanmar-made garments were among the largest export categories in the country, with over US$4 billion worth of garments exported, according to the Ministry of Commerce.

Since 2013, Myanmar's garment sector has shown staggering export oriented growth. The garment industry serves largely the European market and has created job opportunities for thousands, mostly women.

Source: fibre2fashion.com- Dec 13, 2019

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EU urges Dhaka to facilitate more imports from Europe

The heads of mission of various European Union (EU) nations in Dhaka feel there is an urgent need for the Bangladesh government to facilitate more EU imports to the country by creating a positive investment climate by improving customs procedures. Various tariffs and para-tariff barriers now hinder quality European products from entering Bangladesh.

This was conveyed at the 6th plenary of the EU-Bangladesh Business Climate Dialogue in Dhaka recently.

The heads of missions suggested that while there is no shortage of law or policies in the country to regulate trade and investment, their effective enforcement is a problem.

Issues raised by the envoys included proper implementation of bilateral double taxation avoidance agreements, removing investment cap in the services sector, upgrading the delivery of services at Chittagong port and Dhaka airport, and improving in Bangladesh's judicial system to ensure immediate and effective enforcement of contracts according to Bangla media reports.

The EU-Bangladesh Business Climate Dialogue was initiated in May 2016 with the aim to jointly remove impediments that obstruct EU trade and investment in Bangladesh. The EU is Bangladesh's number one trading partner and the second largest source of foreign direct investment to Bangladesh.

Bangladeshi exports to the EU amounted to about €18 billion in 2018, while the EU exports to Bangladesh were to the tune of €3.5 billion.

Source: fibre2fashion.com - Dec 13, 2019

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A Current Look at the Australian Cotton Industry

Following a recent trip to Queensland, Australia, Dr. Kater Hake, vice president for agricultural and environmental research at Cotton Incorporated, shared some of his findings from meetings and farm visits with members of the Australian cotton industry.

Amidst a three-year drought, Australian cotton production for the season ending March 2020 is estimated to range from 0.7 million to 1.3 million bales. While the quantity is significantly down, quality seems to fall within the expected range. Since nearly all cotton produced is exported – primarily to Asian countries – quality plays a significant role, with a tight range in micronaire.

Hake revealed four important takeaways from his visit:

- Technology adaptation
- Value addition to cotton byproducts
- Water use efficiency
- Resistance management of Bt

With increasing labor costs, Australian cotton farmers are effectively utilizing robotics. Hake pointed out that he had seen herbicide spraying robots containing weather signaling systems.

The sprayer senses wind directions and temperature and switches on and off, enabling good environmental stewardship. As the Australian crop is irrigated, government restrictions in water usage limits planting to water availability during the growing season.

Since Australia has no crusher for oil, all cottonseed goes to feeding cattle. Interestingly, 25% of the cattle diet is cottonseed, which enriches the quality of meat, catering to high quality exports.

Resistance management of Bt traits has helped the industry to control bollworms, similar to some parts of the U.S. Cotton Belt. Agricultural practices such as shallow tillage to disrupt the pupae is also helping the Australian farmers, stated Hake.

With the limited amount of available land in Australia, the United States is still the largest and most reliable supplier of cotton in the export market. However, noted Hake, cotton farming is expanding to the north and south of traditional production areas in New South Wales and Queensland.

In closing, Hake stated, “The production systems between the United States and Australia are similar, and the two countries can learn and help each other to move the industry forward.”

Source: cottongrower.com - Dec 12, 2019

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Turkey to lead performance-based textile market in future

Over the past several years, Turkey’s exports of performance-based textiles have increased significantly due to the thriving sportswear industry in the European and US markets. The country has established itself as a powerhouse textile exporter with over 4,200 textile and clothing companies operating in it. The recent advances in polymer and fiber science have allowed the country to meet modern-day performance demands, boosting overall market sales by 37 per cent since 2011.

Design-oriented approach, innovation exceed expectations

Today, Turkey is not just the biggest textile producing country on the European continent but also the third largest textile exporter of Europe, the seventh largest apparel exporter in the world, the fourth largest apparel supplier of Europe, and the fourth interior textiles exporter in the world. The country holds 3 per cent share in world textile exports and 4.5 per cent share in home and interior textiles; its share in technical textiles is 1.5 per cent.

Turkey’s design-oriented approach and innovation allows its industry to meet demands besides exceeding customer expectations. The country has been successful in meeting demands of the US market where consumers emphasise on the performance features of their clothes in all types of weather conditions. Turkish clothing such as T-shirts, jerseys, pullovers and special sportswear are in great demand in the country, boosting Turkey’s position as a leading textile exporter.

High quality, easy access, FTAs facilitate Turkey's lead Turkey to lead performance based textile market in future

The performance-wear created by the Turkish manufacturers is of high quality and comfortable. It has the potential to protect against wind, rain, snow, extreme cold and heat, and high stress situations. Consumers wearing Turkish-manufactured sportswear can get high-quality, comfortable clothing that doesn't restrict movement and still looks great.

Turkey offers several advantages in textile production as well as the supply of raw materials due to the easy access it provides to strategically important regions and major energy resources, making it a gateway country to European markets. The country is a rich source of raw materials used for the production. Its liberal trade policies equipped with the highly skilled labor force enables it to have a well-developed industry that can produce quality products.

Another advantage that Turkey offers is that it has entered customs union agreement with EU and free trade agreements with other countries. The country is also noted for its favorable working conditions and continues to invest in utilising advanced technologies to grow their industry.

A bright outlook for the Turkish Textile Industry

Due to these benefits Turkey is set to become the world's leading performance-based textiles exporter. The country is promoting its goods in key markets of EU countries and the Unites States.

It is also employing several other strategies like increasing brand exposure overseas, promoting their textiles to top brands, increasing shares in existing markets, creating strategies to strengthen the textile industry worldwide and encouraging industry best practices.

As the country continues to showcase its high-performance sportswear and associated materials worldwide, more and more top brands are likely to enjoy the benefits of that the Turkish textile industry offers.

Source: fashionatingworld.com - Dec 13, 2019

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Turkish textiles exceed $8.5 billion in exports

The home textiles industry of Turkey represents a significant economic sector for the country which is the number one European home textiles exporter and the fourth largest globally — and quickly climbing the ranks.

According to Turkey Promotion Group (TPG), at the end of 2018, the total exports of Turkey's textiles and clothing was recorded at $26.1 billion USD with total textile exports counting for $8.5 billion USD, despite a highly competitive business market.

In looking at Turkey's overall economic growth, the country has multiplied its total exports five times in the past decade. Combined, the textile and clothing sectors represent 16 percent of that growth and are considered the main driving forces of Turkey's exports, the company said.

For Turkey's competitors in the US market, TPG said China has a 46 percent share, India 23 percent and Pakistan 10 percent.

India and Pakistan are more active in finished products, while China is the market leader with a wide product range.

On the other hand, Turkey is an alternative to these countries: through advances in technology, the nation offers a range of design-based innovative products and an excellent service quality.

And Turkey is showing no signs of slowing down. To boost production, the country is focusing on strengthening its infrastructure such as adding railways for easier and faster transportation.

Source: floorcoveringweekly.com- Dec 11, 2019

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Azerbaijan: Country sees growth in cotton production

Due to the agrarian reform carried out in the country, which include measures to increase cotton harvesting, this sphere demonstrates significant development that is reflected in the figures of production.

The cotton harvest in Azerbaijan amounts to 293,880 tons. This is the amount of products delivered to the cotton-picking stations by December 11, Agriculture Ministry reported.

This indicates a 31.9 percent increase compared to the same period of 2018, when cotton production amounted to 222,748 tons.

Azerbaijan has a favorable climate and soil to grow cotton and recently the country has been using innovative technologies in cotton-growing industry.

Cotton production is most developed in Saatli, Bilasuvar, Barda, Aghjabadi and Sabirabad regions.

The country entered a new stage of cotton breeding in early 2017, when the State Program for 2017-2022 that aimed at strengthening measures directed at developing this sphere was approved. The purpose of the State Program is to develop cotton growing, increase export potential in this sphere, ensure employment of the rural population and increase the production of cotton.

The new goal of the state is to bring the cotton production up to 500,000 tons by 2022 from the current 260,000 tons.

There are 23 cotton processing plants, seven yarn factories and three cotton oil enterprises in Azerbaijan.

Cotton production industry provides main income for over 200,000 people, including farmers, seasonal workers, and specialists working in the cotton fields such as agronomists, mechanics, drivers and others.

Source: azernews.az- Dec 12, 2019

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Pakistan: Spinners active on cotton market

Trading on the cotton market featured some big deals by needy spinners. However, activity on the market remained devoid of buying interest on Thurs-day. According to brokers, short supply of quality lint and liquidity crunch is keeping the textile industry away.

A day earlier, Adviser to the Prime Minister on Commerce, Textiles and Industry had assured members of All Pakistan Textile Mills Association (Aptma) for early release of refunds and giving concessionary power tariffs as announced by the government.

Meanwhile, there is a growing concern over short cotton crop. Experts fear that this may be repeated again next year if the government fails to take much needed corrective measures.

The world leading cotton markets were mixed to easy with New York cotton closing easy. Indian cotton lost fresh ground and Chinese cotton was also easy.

The Karachi Cotton Association (KCA) spot rates were firm at overnight level at Rs8,750 per maund.

The following deals were reported to have changed hands on ready counter: 1,000 bales, station Tando Adam, at Rs8,200; 2,000 bales, Saleh Pat, at Rs8,300-8,500; 6,000 bales, Khairpur, at Rs8,000-8,500; 400 bales, Liaquatpur, at Rs8,500; and 2,000 bales, Khanpur, at Rs9,000.

Source: dawn.com - Dec 13, 2019

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NATIONAL NEWS

Overall global slowdown impacted textiles but no report on decline in industry: Smriti Irani

Textiles minister Smriti Zubin Irani told Rajya Sabha on Thursday said the overall global growth slowdown has impacted the growth of most of the domestic sectors including textiles and subsequent improved demand.

“Overall global growth slowdown no doubt impacted the growth of most of the domestic sectors including textiles and subsequent improved demand and profitability will no doubt be partly countered by sticky working capital requirement,” she said in a written reply to a question on expected improvement in overall credit profile of textile sector

As per RBI data, credit exposure to the textiles sector increased to Rs 2.03 lakh crore during March 2019 from Rs 1.96 lakh crore in October 2018 which reduced to Rs 1.87 lakh crore in October 2019.

“Credit availability is expected to grow further,” she said.

In a separate reply to a question on Decline in production of textiles, she said: “As such, there appears no concrete report for decline in the textiles and handloom/handicrafts industries”.

The share of textile and clothing in India’s total exports was 13% in 2017-18. India has a share of 5% of the global trade in textiles and apparel. The textile industry contributes to 7% of industry output in value terms, 2% of India’s GDP and to 15% of the country’s export earnings.

Source: economictimes.com– Dec 12, 2019

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India's meagre share in global organic trade a concern: Parliamentary panel

Expressing concern over India's meagre share in the global organic trade, a parliamentary panel has recommended setting up of demarcated Organic Production Zones with the required processing facilities and creation of effective product brands to boost exports. India, as on March, 2019, has 3.40 million hectare of area under organic farming, the ninth largest in the world besides having the highest number of organic farmers, according to a report of the Standing Committee on Commerce tabled in Parliament on Wednesday.

Taking serious note of lack of effective market linkages resulting in low prices for organic products, the committee advocated immediate launch and implementation of e-Organic Bazar Portal to enable an expanded and assured market for organic products benefitting the farmers. It has also recommended building up market intelligence to remove impediments being faced by exporters in procurement of organic products from farmers and processors.

To expand the area under organic farming, the panel favoured incentives for developing required infrastructure, setting up of processing units and acquisition of certification equipment. Lauding Sikkim for totally going organic, it suggested that farmers in the state be given the amount saved on the subsidies offered on chemical fertilizers and urea by way of subsidies on key inputs like bio-fertilizers and organic manure to cut cost of production of organic products.

Noting that the North-East has the potential to emerge as the organic hub of the country, the panel called for creation of robust value chain and financial support for organic farmers in the region. It said that other hilly, tribal and border areas besides arid zones need to be focused to incentivise organic farming.

It recommended that organic farmers be organised into clusters to enhance their bargaining power, and also called for a comprehensive and inclusive policy framework to enable focused efforts for expansion of organic farming. This will address infrastructure deficit related to organic farming besides evolving uniform standards across the country and creating wide network of certification agencies for affordable certification. "The lack of a steady and sustainable market along with poor linkages is a major challenge to organic farmers for getting a fair and remunerative price for their produce," the panel said in its report.

It also expressed concern over India's modest share in the global organic trade despite having the highest number of organic farmers and the 9th largest area in the world under organic farming, and has made several far reaching recommendations to boost organic exports and to ensure remunerative price to farmers.

Stressing on quality and credibility of organic products as critical for boosting exports through positive perception, the committee suggested creation of effective 'organic product brands' to prevent spurious fly by night exporters from exporting poor quality products.

The committee noted that "Indian organic market is highly unorganised offering no proper marketing linkages to organic farmers."

In the report, the panel has identified issues hindering growth of organic farming which include small size land-holdings, high cost of inputs like bio-fertilizers, bio-pesticides and organic manure, weak market linkages, lack of awareness, inadequate and costly certification, poor infrastructure, negative perception about quality of organic exports from the country, among others.

A total of 17 lakh metric tonne of organic products were produced in the country during 2017-18. Organic exports from the country during 2018-19 were 6.40 lakh MT with a value of Rs 5,150 crore accounting for 0.55 per cent of global organic trade.

As per a survey, the total area under organic farming in 181 countries is 698 lakh hectare accounting for 1.40 per cent of total agricultural area while 3 per cent of total cultivable area in India is under organic farming.

Global organic trade has increased in the last 20 years from USD 15 billion to USD 90 billion. India is the second largest exporter of organic products in Asia after China with oil cake/meal and oil seeds being the lead export items.

Source: financialexpress.com– Dec 12, 2019

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Tamil Nadu textile units ping Centre on working cap shortage

Tamil Nadu's textile entrepreneurs are claiming a severe shortage of working capital with rising manufacturing costs and customers taking more time to pay, which they say is pushing their businesses into negative performance cycles.

The Indian Texpreneurs Federation (ITF), a grouping of 550 mills and garment makers in the country, submitted a memorandum to textile minister Smriti Irani recently, highlighting the results of surveys into the reasons for the capital shortage and analytics about recent business performance of yarn spinners and readymade garmenting units in the state.

Volatility in cotton prices, the Eurozone crisis and extended credit period due to a liquidity crisis in the system counted among reasons highlighted for the shortage of working capital, an ITF news release said.

About 300 entrepreneurs were surveyed on capital bottlenecks in their businesses and what would be required to turn around their businesses.

"Business demands more money these days, and entrepreneurs have had to extend their credit limit. On one side, working capital from banks has eroded and (on the other) the market is demanding more credit.

Unable to work in this system, a large percentage of units facing higher manufacturing costs in terms of raw material, energy, and lower price realisation of their products are in negative cycle now," ITF convener Prabhu Damodharan said.

In the survey, 85% of the respondents said they were impacted by liquidity issues, while 45% responded that their working capital shortage could be qualified as "severe to very severe".

The ministry has sought a larger survey with inputs from spinning and readymade garment sectors across the country for further action, Damodharan said.

Tamil Nadu's textile clusters are populated by small factories running on bank credit. Over the years, the number of days before a bank can declare a loan asset as non-performing has come down. "It used to be four quarters to declare NPA, then got reduced to 180 days, and now it is 90 days.

In a business scenario where our credit lines have spread, these norms are impacting businesses, especially small businesses," said a veteran textile mill owner on condition of anonymity. A mail sent to the Reserve Bank of India on asset classification rules remained unanswered at press time Tuesday.

The working capital shortage is felt at a time exporters of man-made fibre apparel are trying to grow market share in the West, particularly in the American market. According to data from the ITF, Indian exports of products made of man-made fibre to the US totalled Rs 7,800 crore in the January-September 2019 period. The addressable market is estimated at Rs 2.9 lakh crore

Source: economictimes.com– Dec 12, 2019

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Credit Profile of Textile Sector

As per RBI data credit exposure to the textiles sector increased to Rs. 203549 crores during March 2019 from Rs. 196818 crores during October 2018 which declined to Rs. 187677 crores during October 2019.

Bank credit record 8.4% year on year growth (October 2019/October 2018) for Jute Sector, 9.5% year on year growth for Man Made Textiles (MMT) and 2.1% for other textiles.

Credit availability is expected to grow further with capital infusion of Rs.1500 crores during 2019-20 and other measures announced by the Government like infusion of Rs. 70,000 crores capital into Public Sector Banks, Rs. 350 crores allocated for 2% interest subvention for all GSR registered MSMEs on fresh or incremental loans, enhancing thresholds expansion from Rs. 20 lakhs to an amount exceeding Rs. 40 lakhs for supplier of goods.

Overall global growth slowdown impacted the growth of most of the domestic sectors including textiles and subsequent improved demand and profitability will be partly countered by sticky working capital requirement, but the Government has taken series of measures, in addition to the above mentioned interventions, for improving profitability such as repo rate reduction by RBI, provision of capital infusion of Rs.1500 crores during 2019-20, implementation of Pradhan Mantri Credit Scheme for Powerloom weavers, reduction in custom duty for wool fibre, wool tops , extension of benefit of reduced corporate tax rate, new SFURTI clusters to help artisans, introduction of automated GST module, one nation one grid power sector tariff and structural reforms, simplification of tax paying procedures, announcement of ROSCTL for apparel and made-ups exports.

To enhance the growth and profitability of textile industries, various schemes are also being implemented by the Ministry such as Integrated Skill Development Scheme (ISDS), 'Samarth – Scheme for Capacity Building' to train 10 lakh youth, launching a special package of Rs.6000 crore in 2016 to boost investment, Amended Technology Upgradation Fund Scheme for upgradation of technology/machineries (ATUFS), Scheme for Production and Employment Linked Support for Garmenting Units (SPELSGU).

Other schemes are Integrated Textile Park (SITP), Power Tex India Scheme - for power loom sector development, Silk Samagra- the integrated silk development scheme, Integrated Processing Development Scheme (IPDS), North Eastern Region Textile Promotion Scheme (NERTPS), Incentive Scheme for Acquisition of Plants and Machinery (ISAPM) for jute industry and jute diversified products manufacturing units, National Handicraft Development Programme (NHDP), Comprehensive Handicrafts Cluster Development Scheme (CHCDS), National Handloom Development Programme (NHDP), scheme for knitting and knitwear sector.

This information was given by the Union Minister of Textiles, Smriti Zubin Irani, in written reply in the Rajya Sabha today.

Source: pib.gov.in – Dec 12, 2019

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Cotton yarn output to go up marginally, demand to improve: Care Ratings

India's cotton yarn production is expected to remain largely stable at current levels and increase only marginally about 1.5-2.5% to reach 4,200-4,250 million kilogram (mkg) in FY20, despite high prices of the fibre and subdued demand, on back of higher demand from Bangladesh and Vietnam.

The 100% blended & non-cotton yarn production is expected to witness a stable 2-4% growth to 1,710-1,740 million kilogram (mkg) on back of expectations of lower crude oil prices on year-on-year basis as well as marginally higher prices of substitute cotton in the domestic market, said Care Ratings in its analysis.

After remaining largely range-bound in FY18, cotton yarn production in India saw a 3% growth y-o-y in FY19. Cotton yarn production stood at 4,182 mkg during FY19.

Overall export demand for cotton yarn remained strong during FY19 on account of high demand from China, coupled with competitive prices in the international market. However, domestic yarn demand continues to be sluggish with substitution taking place from manmade fibres (MMF).

During H1FY20, cotton yarn prices (cotton hank yarn 40s) witnessed a marginal uptick of about 2.7% y-o-y and averaged at Rs 274.7 per kg on back of increased raw material prices in the market.

However, yarn demand for domestic players remained subdued in the export market during H1FY20, owing to higher domestic cotton prices compared to international prices of the fibre. Also, demand from China remained weak on back of free trade agreements with Pakistan, which competes directly with India's cotton yarn, the analysis said.

During FY19, as much as 35-40% of the total cotton yarn were exported to China (465 million tonne), followed by 18% to Bangladesh (225 million tonne), 5% to Pakistan (61 million tonne) and Egypt (58 million tonne) each and 3-4% to Vietnam (43 million tonne). India imports only 5-7 million tonne of cotton yarn primarily from China, Vietnam, Indonesia and Sri Lanka.

Cotton yarn demand in India remained sluggish during FY19 at 2,933 mkg, registering a decline of 1.4% y-o-y, after increasing 3.9% during the same period last year. However, export demand saw a strong double-digit growth of 14.7% y-o-y and stood at 1,261 mkg after dipping 8.8% in FY18.

With the industry stabilising after demonetisation and the goods and service tax (GST) implementation, the demand from downstream industry — apparels and made-ups — has started to marginally pick up in the past few months and is expected to witness a 10-12% growth y-o-y in FY20 on back of rise in disposable income and increased usage of plastic money.

Also, Chinese yarn manufacturers have set up operations in Vietnam. Despite this, India is expected to continue being the largest exporter of cotton yarn in the world, the ratings agency pointed out.

Going forward, with crude oil prices expected to moderate in FY20 on back of increasing US oil production and overall weak world economy on back of ongoing trade wars, the substitute MMF prices are expected to be competitive in the domestic as well as international markets.

Hence, Care Ratings expects demand for cotton yarn to improve only marginally by 3-5% y-o-y during the coming season.

However, cotton yarn demand will be closely monitored due to China’s policy and diminishing stockpiles as well as volatile crude oil prices that impact the prices of its substitute — MMF (synthetic yarns).

Source: financialexpress.com– Dec 13, 2019

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Gujarat's cotton production may be 10-15% lower than estimate after rains, bollworm pest

Due to unseasonal rains coupled with the menace of pink bollworm, an insect known for being a pest in cotton farming, production of the fibre in Gujarat may be around 10-15% lower than the estimate.

"There has been plethora of complaints regarding pink bollworm menace in cotton growing areas of Saurashtra and North Gujarat regions of the state," said CM Patel, joint director of agriculture of the state, adding though exact impact of the bollworm would be known after a month or so, it would definitely reduce the production of cotton. Before Diwali, cotton crop estimate was around 120-125 lakh bales (170 kg per bale), said Saurin Parikh, president of All Gujarat Spinners' Association.

"We are expecting around 100-105 lakh bales, which would be around 10% lower than the original estimate. Farmers in the state are facing the double whammy of excessive rains and pink bollworm. But, it would be still higher than last year's yield of nearly 90,000 bales."

Gujarat accounts for almost 30% of total cotton production in the country. This ratio according to cotton trade experts would be maintained despite the adverse condition as sowing area of cotton in the state has gone up from 23 lakh hectare in the last season to over 26 lakh hectare. Sources in state's major Agriculture Produce Market Committees (APMCs) said in most of the APMCs in Saurashtra region, arrival of cotton started.

According to an estimate, nearly 40 lakh kg of the fibre arrived at these market yards on a daily basis since the past month. Due to unseasonal rain, the cotton crop is affected by higher moist. Even the Cotton Corporation of India (CCI) is not purchasing cotton having more than 12% moist in it.

As a result of it, farmers are selling their yield in open market at relatively lower prices. Against the Minimum Support Price (MSP) of Rs 5550 per quintal, the farmers are fetching around Rs. 4000 to Rs 5000 per quintal in open market, says a cotton trader in Rajkot.

Source: financialexpress.com– Dec 13, 2019

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Free trade fails to boost exports, imports grow

Free Trade Agreements (FTAs) have not benefitted India much. Exports to countries with whom India has entered into FTAs have grown by a meagre 10 per cent in FY19, while the imports have grown by 27 per cent. Imports as such are higher by 18.5 per cent compared to what we export to these countries.

The annual exports at preferential duties to trading partners under FTA grew from $97.7 billion in FY18 to $108 billion in FY19 — a growth of 10.5 per cent. On the other hand, imports fr-om these trade partners grew 26.73 per cent to $128.8 billion in FY19 fr-om $101 billion in FY18.

More worrying fact is that the trade deficit has only widened in FY19. If the deficit was 3.37 per cent in FY18, it grew to 18.5 per cent in FY19.

According to the government, these agreements are meant to provide opportunities for exports to these trading partners at preferential duties.

Asean countries account for the highest trade gap. While India purchases goods worth $59.3 billion from these countries, they buy only $37.5 billion valued goods. The imports grew faster at 25.9 per cent in FY19 compared to exports which grew only by 8.8 per cent.

“There is a huge list of products which enjoy duty concession as per the FTA with Asean. But when it comes to expo-rts, we do not have the competency to export many of the products in the list,” said K. Unnikrishnan, deputy director general, Federation of Indian Export Organisations.

Of late, China has been routing many of its products into India through Asean countries. Many of the countries have not been following the rule of origin norms strictly.

The global slowdown and the trade war with the United States has only increased dumping of products by China.

“We also have been witnessing increased imports of processed commodities and food products from Malaysia and spices from Sri Lanka,” he said.

FIEO is planning to study the pattern of imports from these countries and compiling a list of products that have an export potential. It also wants to take out delegations to these countries to promote exports.

Source: asianage.com– Dec 13, 2019

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Government may impose anti-dumping duty on a chemical from five countries

The government may impose anti dumping duty on a chemical used in polyester fibres and films, imported from five countries as the commerce ministry has launched an investigation for the same.

The ministry's investigation arm DGTR has initiated the probe into an alleged dumping of "Mono Ethylene Glycol" originating in or exported from Kuwait, Oman, Saudi Arabia, UAE and Singapore, following a complaint from a domestic company.

Reliance industries Ltd has filed an application on behalf of domestic industry before the DGTR for initiation of the investigation.

According to a notification of the Directorate general of Trade Remedies (DGTR), the company has requested for imposition of anti-dumping duties on the imports.

India Glycols Limited has also supported the application.

It said that the authority has prima facie found that there is sufficient evidence of dumping of the chemical from these countries.

"The Authority hereby initiates an investigation into the alleged dumping and consequent injury to the domestic industry," it said.

In the probe it would determine the existence, degree and effect of alleged dumping, and consequent injury to the domestic industry.

If established that dumping has caused material injury to domestic industry, the directorate would recommend the amount of anti-dumping duty.

The period of investigation is January - September 2019. It would also look at the data of 2016-19.

Countries carry out anti-dumping probe to determine whether their domestic industries have been hurt because of a surge in cheap imports.

As a counter measure, they impose duties under the multilateral regime of the World Trade Organization.

Source: economictimes.com– Dec 12, 2019

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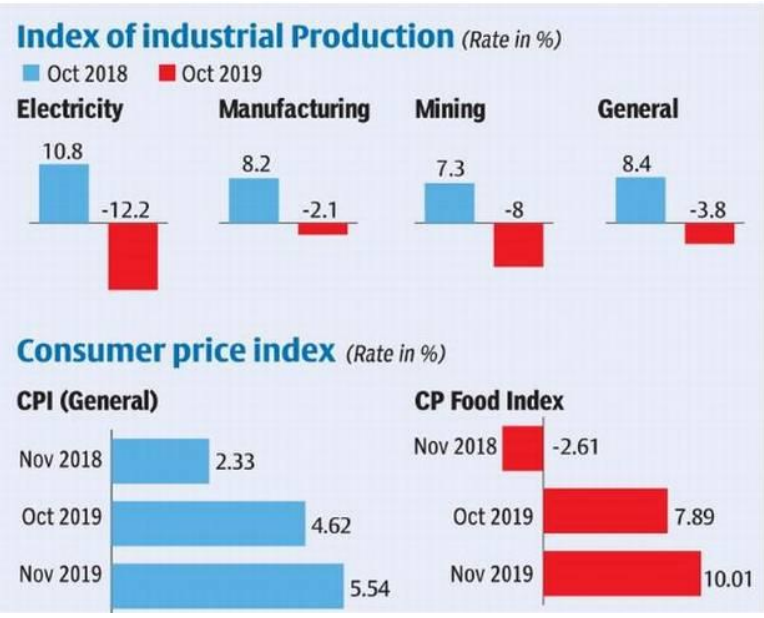
IIP contracts for third month in Oct, Nov retail inflation spikes

Food inflation at 10%, highest since January 2014

Onions definitely are making the economy weep, as is evident with rate of retail food inflation for the month of November, which crossed double digit. This along with other vegetables and pulses took the overall rate of retail inflation close to upper limit of targeted inflation rate.



Two sets of government data released on Thursday has some more bad news with industrial growth contracting for the third consecutive month. Factory output contracted 3.8 per cent in October. This poses a real dilemma for the Monetary Policy Committee, led by the RBI Governor.

Negative industrial growth rate warrants lower interest rate, however, higher rate of retail inflation will force the Committee not to go for any rate cut in the next round of policy review meeting scheduled in February.

Retail inflation up

According to data released by Central Statistics Office, rate of retail inflation for vegetable was nearly 36 per cent. This alone with pulses (around 14 per cent) took the rate of food inflation to little over 10 per cent which is highest after January 2014.

Food inflation was 7.89 per cent in October and in the negative zone last fiscal. Higher food inflation had a bigger impact on the overall rate of retail inflation, as represented by Consumer Price Index (CPI) and it jumped over 5 per cent. This is first time after January 2018, when rate of retail inflation has gone beyond 5 per cent.

Aditi Nayar, Principal Economist at ICRA, said that the surge in the retail inflation in November was higher than estimated

“While the CPI food inflation rose to an uncomfortably high 10 per cent in November 2019, a moderation in vegetable prices should douse food inflation to a large extent in early 2020, and healthy groundwater and reservoir levels bode well for the Rabi output and yields of various cereals,” she said while adding that decline on the yearly basis in the area sown under Rabi pulses and oilseeds poses a concern, given the high inflation being recorded by some of these items.

Under the inflation targeting mechanism, agreed upon by the government and the RBI, retail inflation rate should be 4 per cent with two per cent swing in both the direction, which means lowest rate should be two per cent and highest six per cent.

The Monetary authority feels comfortable at the median rate of 4 per cent and this helped the Monetary Policy Committee to lower the policy interest rate by 1.35 per cent during current fiscal. However, it took a pause during last review meeting held earlier this month and this is likely to continue in February.

"ICRA expects the CPI inflation to spike further to 5.8-6.0 per cent in December 2019, close to the upper threshold of the MPC's medium-term target, driven by the recent revision in telecom tariffs. As a result, we expect the MPC to remain on hold in its February 2020 policy review," Nayar said.

Worrying industrial front

Meanwhile, industrial production contracted by 3.8 per cent in October, mainly due to deceleration in manufacturing besides the power and mining sectors,. Factory output, as measured in terms of Index of Industrial Production (IIP), had expanded 8.4 per cent in October 2018.

The manufacturing sector contracted 2.1 per cent in October as compared with an 8.2-per-cent growth a year ago. Power generation dipped sharply by 12.2 per cent in October, compared to 10.8 per cent growth in the year-ago period. Mining output too fell 8 per cent in the month under review as against 7.3 per cent growth in the corresponding period last fiscal.

Sujan Hajra, Chief Economist Anand Rathi Shares & Stock Brokers, felt that the IIP number, although in negative, is better than expected given that in October 19 there were several holidays when factories were shut. This reflects a reasonably good festive sales and perhaps clearing of inventories.

Source: thehindubusinessline.com– Dec 12, 2019

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Textile Park to employ 10,000 people: Errabelli

The upcoming Textile Park in Sangem mandal would provide employment to about 10,000 people and this region would witness massive development within few years, said Panchayat Raj Minister Errabelli Dayakar Rao.

The Minister visited the park along with district Collector M Haritha and a Korean business team. The Korean company Young One had purchased 290 acres in the Textile Park to set up a synthetic jackets, shoes, track suits manufacturing unit with an investment of ₹ 1,000 crore. It would set up eight units providing employment to thousands of people.

Mr Dayakar Rao inspected the ongoing works such as infrastructure at the Textile Park and urged the officials to expedite the works and enable the entrepreneurs to begin their activities.ZP chairman G Jyothi, MLA Ch Dharma Reddy and others were present.

Later, the Minister distributed double-bedroom houses to the beneficiaries at Ramachandrapuram village in Sangem mandal. A total of 80 houses were built with a cost of ₹ 5 crore. The Minister also distributed tractors to beneficiaries.

Addressing the gathering, Mr Dayakar Rao listed out the welfare and development programmes launched by the TRS government.

Source: thehindu.com- Dec 12, 2019

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