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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. 10 of 2019 — January 14, 2019

USD 70.76| EUR 81.24 | GBP 90.9 | JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20478	42800	**77.26**

Domestic Futures Price (Ex. Warehouse Rajkot), January

Rs./Bale	Rs./Candy	USD Cent/lb
20680	43221	**78.02**

International Futures Price

NY ICE USD Cents/lb (March 2019)	72.49
ZCE Cotton: Yuan/MT (May 2019)	15,160
ZCE Cotton: USD Cents/lb	**101.68**
Cotlook A Index – Physical	**82.40**

Cotton Guide: The previous week we saw significant changes in ICE Future Prices. We saw a drastic drop in ICE March futures on the 8th of January, subsequently a substantial rise was noted on the 9th hovering around the figure of 72 cents/lb. This kind of price movement is definitely not linked to any of the Fundamental factors, rather it was linked to the Geopolitical factors which ended in only conversations and no actions. Last week ICE March futures saw a high of 73.85 cents/lb and a low of 71.64 cents/lb. ICE March settled at 72.49 cents which is a drop of (-36) points or almost 0.50%. Total Open Interest during the week increased by around 3000 contracts with a figure of 227,154 ending on Friday. If no positive news on the geopolitical front arises then we expect ICE march to be in a consolidated phase this week.

MCX contracts fluctuated in both directions. The MCX January contract reached a high of 21,185 Rs/Bale on Monday and touched a low of 20,670 Rs/Bale on Friday. The charts clearly indicated that despite a fresh bullish tone, the market favored the bears during the end of the week.

Arrivals will be lower today on the occasion of the Indian festival - Makar Sankranti. The arrivals on Friday were estimated to be around 175,000 lint equivalent bales (source cotlook) including 47000 in Maharashtra, 41000 in Gujarat and 31000 in Andhra Pradesh. Cotlook Index A has been adjusted to 82.40 cents/lb which is a drop of -0.20 points.

Due to the lack of export, there is considerable amount of stock lying with the market participants especially with the ginners. Thus the Domestic Indian prices are expected to be under pressure. The prices of Shankar 6 dropped to around 600 Rs/Candy last week. The Indian tone on cotton prices seems to appear flat.

The world cotton crop production figures are estimated to be lower whereas Cotton consumption is seen to be on the rise. Although the consumption figure still remains uncertain due to the prevailing competition by the synthetic fibres and unforeseeable International developments. It has been noticed in the past that whenever there is uncertainty, the market favors the bears.

A descend is seen when we speak about the quality of cotton from the United States. The USDA classing offices remain open amid the US Government shutdown and it has been noticed that only 60% of the classed volume was found to be tenderable along with staple length being shorter for West Texas cotton. It seems that the US is not offering any high grade with long staple lengths. The cotton available from the US at the moment is found to be of higher leaf grade and lower color grade.

On the technical front ICE cotton is hovering in the band of 70.60-74.10 since last 2 weeks. In the weekly charts price is trading at the lower band of the downward sloping channel support, at the same time price also formed an indecision candle stick (doji) suggesting cautiousness in trade point of view. Meanwhile the momentum indicator Stochastic is also hovering near the oversold territory suggesting a restricted downside in ICE March future contract. For the above it is expected that price would consolidate in the broader range of 70.50-74.10 range. Only a close below 70.50 could bring renewed selling pressure in price towards 69.80-69.60 levels. Likewise above 74.20, crucial resistance exists around 75.35 and 76.20 levels. In the domestic markets trading range for Jan future will be 20300-21240 Rs/Bale.

Currency Guide

Indian rupee may witness choppy trade amid lack of clear cues but general bias is on the weaker side. Weighing on rupee is disappointing economic data. India's industrial production rose 0.5% on the year in November as against market expectations of 3.6% growth. Also weighing on rupee is halt in recent rise in global equity markets. The rally came to a halt amid concerns about US government shutdown which has continued since Dec.22.

Brexit uncertainty is high ahead of a Parliamentary vote on Jan.15. US-China trade talks ended on a positive note but without any concrete measures. The recent rise in crude oil price has also rekindled deficit concerns. Brent crude is holding above $60 per barrel supported by production cuts by OPEC and allies which will rebalance the global market.

However, the general outlook for US dollar remains weak amid subdued inflation and Fed's patient stance on interest rate hike. Rupee may witness choppy trade amid lack of cues but general upbeat outlook for crude will pressurize the currency. USDINR may trade in a range of 70.25-70.75 and bias may be on the upside. Further cues will come from CPI data later today.

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

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INTERNATIONAL NEWS

China's Liu Said to Visit U.S. on Jan. 30 to 31 for Trade Talks

Chinese Vice Premier Liu He is set to visit Washington on Jan. 30-31 for further trade talks, according to people familiar with the plans, signaling progress in efforts to tamp down the dispute.

Liu would meet with U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin, according to the people, who declined to be named because the details haven't been made public. The visit's timing could still change, one of the people said. The Wall Street Journal reported the dates earlier.

Mnuchin had flagged the trip to reporters on Thursday in Washington, saying that "the current intent" is for Liu to visit later in the month and that he doesn't expect the partial government shutdown to interfere with those plans.

Liu is a key economic adviser to President Xi Jinping and is in charge of the talks with the U.S. This would be his second trip to Washington to talk trade, after he had appeared to reach an agreement with the U.S. in May, only for Trump to back away from it.

Negotiators from both the U.S. and China expressed optimism after mid-level talks wrapped up in Beijing this week, bolstering sentiment across global markets. Liu made a surprise appearance at the first day of those talks.

The history of the negotiations

However, neither side has give any detail as to what was agreed at the meetings. There are about seven weeks before the U.S.-imposed deadline for a deal, after which President Donald Trump may order a resumption of tariff hikes.

The economic damage to China from the dispute is becoming clearer, with exports of tariffed goods to the U.S. slumping in the fourth quarter of last year. And while China has resumed purchases of some U.S. products such as soybeans and cut tariffs on U.S. car exports temporarily, that could stop if no deal is made.

Trump is also increasingly eager to strike a deal with China soon in an effort to perk up financial markets that have slumped on concerns over the trade war, according to people familiar with internal White House deliberations.

China and the U.S. will move ahead with the trade talks as scheduled, Chinese Ministry of Commerce spokesman Gao Feng told reporters in Beijing at a regular weekly briefing on Thursday. He didn't give any further details about when they would take place.

Source: sourcingjournal.com - Jan 12, 2019

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As Clock Ticks to More Trump Tariffs, Data Shows Grim Outlook

With seven weeks to go until a deadline that could see the U.S. ramp up tariffs on Chinese goods once again, the economic damage wrought by the months-long trade war is becoming clearer even as a pathway to a lasting resolution remains muddied.

While Chinese goods going to the U.S. initially held up in the face of higher tariffs due to so-called front-loading, their value slumped in the final quarter of 2018, according to the latest available data. For sales going the other direction, the crunch was more immediate. In both cases, further declines are on the cards if the talks fail to produce a resolution.

Negotiators from both the U.S. and China expressed optimism after mid-level talks wrapped in Beijing this week, boosting sentiment across global markets. Still, the path forward remains unclear: Another round of talks hasn't been scheduled, and the government shutdown in the U.S. has dominated President Donald Trump's attention.

Both Trump and Chinese Vice President Wang Qishan were slated to appear later this month at the World Economic Forum in Davos, Switzerland, providing an opportunity for high-level dialogue. But the shutdown may yet prevent Trump's appearance, according to a report in the Wall Street Journal.

Companies in both countries just want to see a deal get done.

"We urge both governments to use the time remaining in the 90-day negotiating period to make tangible progress on the important issues at the core of the current dispute: equal treatment of foreign companies in China, as well as China's intellectual property and technology transfer policies," said Jake Parker, vice president of China operations at the U.S.-China Business Council in Beijing. "Uncertainty is bad for business."

As evidence mounts by the day that the slowdown in China's economy is worsening, policy makers in Beijing are focusing on getting rid of the duties that Trump has leveled on Chinese goods since last year, according to a former high-level official briefed on the government's thinking. U.S. officials appear to want to maintain the pressure of tariffs, the official said.

China and the U.S. will move ahead with trade talks as scheduled, Ministry of Commerce Spokesman Gao Feng told reporters in Beijing at a regular weekly briefing Thursday, without giving any further details over when they would take place. He wouldn't confirm reports that Vice Premier Liu He will visit the U.S. soon to meet U.S. Trade Representative Robert Lighthizer.

Meanwhile, the economic risks are growing. Economists now see the threat of deflation in China after producer price inflation slowed sharply in December, to the weakest pace since 2016.

That would not only squeeze corporate profitability at home, but also put pressure on global price gains, as export prices usually follow those at factory gate. With industrial output and retail sales growth both at the weakest levels in a decade, China's woes would also mean softer demand for imports, hurting other economies including the U.S.

A reduction in Chinese imports of U.S. goods came quickly after the retaliatory imposition of tariffs, the data show. Without a breakthrough in talks, U.S. corporations are likely to experience a deepening decline in their Chinese sales, with Bank of America Merrill Lynch analysts even seeing an " informal boycott" in place.

The full year numbers will look somewhat different, partly because China has resumed purchases of U.S. soybeans and other goods. Even if the current truce is made permanent and the tariffs are eventually rolled back, the damage to many companies may already be done.

China's trade data for the full year of 2018 is due to be released on Jan. 14, and economists see year-on-year export growth slowing in December from November.

The Trump administration is pushing for a way to make sure China delivers on its commitments in any deal. Trump and Xi have given their officials until March 1 to reach an accord on "structural changes" to China's economy on issues such as the forced transfer of American technology, intellectual-property rights and non-tariff barriers.

"The hard work of addressing structural issues to create a level playing field in China do not appear to have been resolved," said Lester Ross, a policy committee chief at the American Chamber of Commerce and also partner-in-charge at the Beijing office of law firm WilmerHale. "And China going forward will likely still want to increase the diversification of its sources of supply even for agricultural commodities."

The 90-day time frame is a tight window in which to nail down deep changes to China's economic model, reforms which past U.S. administrations advocated for years and U.S. lawmakers on both sides of the aisle support.

Even so, progress in talks signals that an interim deal that suspends new tariff hikes is possible, according to Louis Kuijs, head of Asia economics at Oxford Economics in Hong Kong.

"The earlier escalation of the trade conflict between the U.S. and China and souring bilateral relations appear to have given way to a more conciliatory approach since early December," he wrote in a note Thursday. "However, we do not see the U.S. fully removing the specter of tariff hikes any time soon."

Source: sourcingjournal.com- Jan 11, 2019

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US Retail imports level off after rush to beat tariffs

Imports at major retail container ports in US have slowed down after months-long rush to beat increased tariffs on goods from China, according to the monthly Global Port Tracker report released by the National Retail Federation (NRF) and Hackett Associates. US ports handled 1.81 million TEU in November, down 11.4 per cent from 2.04 million TEU set in October.

A TEU is one 20-foot-long cargo container or its equivalent.

The slowdown in imports is expected to continue in the coming months and the report estimates December imports at 1.79 million TEU, a 3.7 per cent year-over-year increase.

January is forecast at 1.75 million TEU, down 0.9 per cent from January 2018; February at 1.67 million TEU, also down 0.9 per cent year-over-year; March at 1.55 million TEU, up 0.6 per cent; April at 1.69 million TEU, up 3.7 per cent, and May at 1.8 million TEU, down 1.3 per cent.

February and March are typically two of the slowest months of the year for imports, both because of the post-holiday drop in demand and because of Lunar New Year factory shutdowns in Asia.

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

“Retailers have also brought in much of their spring merchandise early to protect consumers against higher prices that will eventually come with tariffs. Our industry is hoping the talks currently under way will bring an end to this ill-advised trade war and result in a more appropriate way of responding to China’s trade abuses that won’t force American consumers, workers and businesses to pay the price.”

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

Global Port Tracker is produced for NRF by the consulting firm Hackett Associates. It covers the US ports of Los Angeles, Oakland, Seattle and Tacoma on the West Coast, New York/New Jersey, Port of Virginia, Charleston, Savannah, Port Everglades, Miami and Jacksonville on the East Coast, and Houston on the Gulf Coast.

Source: fibre2fashion.com - Jan 13, 2019

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China posts strongest export growth in 7 years in 2018 despite trade war

China's exports rose 9.9 percent in 2018, its strongest trade performance in seven years, despite growing disruptions from an escalating trade war with the United States, customs data showed on Monday.

Imports increased 15.8 percent last year, resulting in a trade surplus of $351.76 billion, the country's lowest since 2013.

The world's largest trading nation got off to a strong start in 2018, but pressure on the economy started to build later in the year as the United States and China began imposing tariffs on each other's goods and global demand started to cool.

The Customs office is expected to release trade numbers for December later in the day. China's export growth is expected to have eased for a second straight month in December as global demand weakened, raising pressure on Beijing as it tries to reach a trade deal with Washington.

Softening demand in China is already being felt around the world, with slowing sales of goods ranging from iPhones to automobiles adding to fears of cooling global growth.

Sources told Reuters last week that Beijing is planning to lower its economic growth target to 6-6.5 percent this year after an expected 6.6 percent in 2018, the slowest pace in 28 years.

Source: economictimes.com - Jan 14, 2019

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Source tax on exports cut further to 0.25% in Bangladesh

The Bangladesh Government recently cut source tax on export earnings further for readymade garment and other sectors to 0.25 per cent from 0.6 per cent for the current fiscal.

The National Board of Revenue (NBR) issued a statutory regulatory order amending its previous order on the issue and offered the benefits from July 1 with retrospective effect.

NBR reportedly took the decision after the government was pressurised by garment makers and exporters.

The benefit would be effective for the current fiscal, according to Bangla media reports.

Exporters will be able to adjust the previous tax paid at higher rate. Source tax reduction, however, will not be applicable for earnings from jute and jute goods export.

On September 5 last year, NBR for the first time reduced the tax rate for export-oriented sectors to 0.60 per cent from 1 per cent reinstated in the budget for the current fiscal, primarily due to pressure from Bangladesh Garment Manufacturers and Exporters Association

Source: fibre2fashion.com- Jan 13, 2019

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M&S sees 14% rise from online Clothing & Home revenue

Marks and Spencer (M&S) has witnessed 14 per cent revenue growth from its online Clothing & Home segment during the third quarter of fiscal 2018. The growth during the quarter was driven by improvements to proposition and operations. While, Clothing & Home revenue also reflected lower footfall to stores, partly as a result of increasing pace of closures.

In Clothing & Home, M&S is at the early stages of far reaching changes in range, in style, customer focus and channel mix.

"Our objective is to reshape our buy, deliver market leading value and focus on stylish and wearable wardrobe 'Must-Haves' as we grow our business with family aged customers seeking style, quality and value," Steve Rowe, chief executive officer, said.

Improvements to its online proposition and operations have helped to mitigate lower footfall to stores resulting from, in part, the increasing pace of change in the store estate.

Its Clothing & Home online sales performance was strong, supported by an increased focus on digital marketing together with improvements to its delivery proposition and our operations at Castle Donington.

Womenswear online growth has significantly outperformed driven by areas including dresses and knitwear reflecting our 'Must-Haves' and social media campaigns.

A solid performance in October and on-going actions to improve the flow of stock in its supply chain resulted in a c.25 per cent reduction in stock in to the December sale. Its planned reduction in stock carrying levels meant that stock into sale was the lowest in five years.

Source: fibre2fashion.com- Jan 13, 2019

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Pakistan: Cotton yarn demand revives amid modest trading

Demand for cotton yarn revived on the local cotton market on Friday in process of modest trading activity, dealers said. The official spot rate was unchanged at Rs 8,700, they added.

Prices of seed cotton in Sindh were at Rs 3000-3800, in the Punjab seed cotton prices at Rs 3000-3800 and in Balochistan, rates of seed cotton were at Rs 3200-3800, they said.

In the ready session, 4000 bales of cotton changed hands between Rs 7400-8800, they said.

Market sources said that after receiving positive response in the recent Heimtextil fair, which concluded in Frankfurt on Thursday, leading buyers indulged in modest buying of cotton yarn.

Cotton analyst, Naseem Usman said that traders eagerly waiting for positive outcome of China-US trade negotiations, this factor will help in reviving the business activity the world over.

Besides, he observed that India, who is facing shortage of cotton production during the current, trying to make strategies to improve quality and output. Monsanto's victory this week in a patent case in India regarding genetically modified (GM) cotton seeds has raised hopes among farmers that the company will now launch its next-generation seeds.

India approved Monsanto's GM cotton seed trait in 2002 and an upgraded variety in 2006, helping transform the country into the world's top producer and second-largest exporter of the fibre.

But newer traits have not been available since the company withdrew an application in 2016 seeking approval for the latest variety due to a royalty dispute with the government and worries over patent claims.

They also said that cotton prices were mixed in international markets.

The following deals reported: 1000 bales of cotton from Khanpur Mehar at Rs 8750, 400 bales from Rahim Yar Khan at Rs 8850, 500 bales from Khanewal at Rs 7400/8300, 400 bales from Chistian at Rs 8000, 800 bales from Haroonabad at Rs 7800/8800, 400 bales from hasilpur at Rs 8000, 200 bales from Tonsa at Rs 7400, 200 bales from Kabirwala at Rs 6700, they said.

Source: fp.brecorder.com - Jan 13, 2019

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Vietnam eyes more garment exports in 2019

Vietnam will achieve garment and textile export turnovers of 40 billion U.S. dollars this year, up 10.8 percent from last year, the Vietnam Textile and Apparel Association said on Friday.

To this end, Vietnam is focusing on producing items with high competitiveness in the world market, and improving its garment and textile supply chain, the association said, noting that increasing local and foreign investments are pouring into the Vietnamese weaving, dyeing, material and accessory segments.

Vietnam, the world's third biggest garment and textile exporter, earned over 36 billion U.S. dollars from exporting garments and textiles, including T-shirts, jackets and dresses in 2018, up more than 16 percent from 2017, said the association.

Its main export markets included the ASEAN, Japan, South Korea, the European Union and the United States.

However, Vietnam had to spend over 3 billion U.S. dollars importing cotton, 2.4 billion U.S. dollars on yarn, 12.9 billion U.S. dollars on fabric, and more than 5.7 billion U.S. dollars importing materials and accessories for production of garments, textiles and footwear, according to the General Statistics Office.

Source: xinhuanet.com - Jan 11, 2019

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Bangladesh raises wages for garment workers after violent protests

Bangladesh raised wages for garment workers on Sunday following a week of demonstrations calling for higher salaries, the country's Commerce Minister said.

The protests, which led to clashes with police that killed one worker and wounded dozens more, pushed the Bangladesh government to form a panel of factory owners, union leaders and officials to consider the demand for higher pay.

All parties involved agreed to raise wages across 6 of the 7 pay grades, leaving the minimum wages unchanged at 8,000 taka ($95), Tipu Munshi, the Minister, told reporters after a meeting of the panel.

Source: thehindu.com- Jan 13, 2019

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Pakistan: A bankrupt economy

With no quick fix solutions

According to latest figures released by the government, trade deficit is falling sharply and inflation barely rose 0.4 per cent in the past five months since the PTI government assumed power. Even exports showed modest growth of 5.48 per cent during the period.

This is all welcome news. Nonetheless deeply alarming fundamentals of the economy cannot be simply swept away. It is much too soon for Khan and his economic team to pat themselves on the back.

There are serious macro and micro issues afflicting the economy that need immediate fixing. Decisions like whether to go or not for an IMF (International Monetary Fund) bailout remain in a limbo.

As if there is a viable alternative, the prime minster is yet to make up his mind. On the other hand finance minister Asad Umar claims that the country is now better placed to negotiate with the IMF. But unfortunately close advisors like former apparatchik of the finance ministry Dr. Ashfaq Hasan Khan is counseling the prime minister that if the country goes for another IMF program he will lose the next election just like his predecessors.

The government should decide one way or the other. The present uncertainty is sapping market confidence and the government's own ability to turnaround the economy. Meanwhile vital statistics of the economy do not paint a very rosy picture.

Take the case of our foreign exchange reserves. They stand at US$ 7 billion (with SBP), barely enough to cover a month's imports. According to erstwhile spokesman on the economy Dr. Farrukh Saleem they stand at US$11 billion in the negative. He claims that in reality we have been left with zero dollars.

The hapless doctor might be disgruntled at the humiliating manner he was shunted out. Nonetheless there is a kernel of truth in his arguments.

For example US$200 to 250 million is required every week to cover imports and debt servicing payments. This translates into US$1 to 1.5 billion a month. In other words the injections from Saudi Arabia, UAE and possibly China are being depleted faster than they are being received.

Both international credit ratings agencies Moodys and Fitch and even the World Bank have downgraded the economic prospects of the country in their most recent reports. GDP growth rate has been downgraded to less than 4 per cent and serious reservations have been expressed about the general health of the economy.

The bottom line is that the country is virtually bankrupt. The PTI's oft-repeated mantra is that they were dealt a bad hand by the outgoing PML-N government.

Most of the problems afflicting the economy are structural in nature. Years of mismanagement and a pervasive attitude of living beyond means have brought upon the present impasse.

Admittedly the past governments malfeasance and lack of transparency is partly responsible as well. But the buck stops now squarely on Khan's table. He has been elected prime minister and must deliver. If he fails, not only him but also the country will suffer all the appended consequences.

Unfortunately for the PTI, when it assumed office the chickens had already come home to roost. In the fast changing international and regional environment Pakistan refused to change its developmental and economic priorities. Hence the present mess.

Our tax base is too narrow to sustain the present level of expenditure. Our entrepreneurs are used to state crutches in the form of subsidies and protectionism and they refuse to innovate or add value to their products.

It is no coincidence that our exports remain obstinately sluggish. The recent 33 per cent devaluation of the rupee has hardly translated into an incremental rise in exports.

This is not at all surprising. Apart from cotton yarn, gray cloth, some agricultural produce, and manpower there is little else to export.

Just a comparison: Bangladesh once labeled as an international basket case by Henry Kissinger, its exports are about US$36 billion compared to Pakistan's US$21 billion. Similarly the former East Pakistan's annual GDP growth is 7 percent plus compared to Pakistan's highest in 2018 in the past thirteen-years at 5.8 percent.

Pakistani rulers have consistently failed to make structural changes. Admittedly after debt servicing and necessary defence expenditure there is little room left for maneuverability. Cost of doing business, thanks to a corrupt and incompetent bureaucracy remains one of the highest in the world.

We take great pride in our long standing friendship with China often terming it as, "high as the mountains and deep as the sea." Indeed Beijing is a friend in need who is helping us both financially through US$62 billion worth of investment through CPEC (China Pakistan Economic Corridor) but is also as our most trusted strategic partner.

We must at least listen to the advice of our most trusted friend and neighbour. The other day the Chinese ambassador to Pakistan Yao Jing was addressing the Lahore Chamber of Commerce and Industry. When businessmen asked him, that after relocating their business from the US, why Chinese companies preferred investment in other countries including Cambodia and India, he gave a candid reply.

According to him fewer Chinese investors coming to Pakistan despite the CPEC are owing to poor trade policies, high taxes, no tax incentives and lack of business friendly environment. He also lamented the fact that despite successful completion of Gawadar port the SEZ (Special Economic Zones) was to be set up by the PML-N government.

He posed a pertinent question that how could Chinese entrepreneurs invest on a 70-80 percent priority in Pakistan in the absence of the SEZs? This is a strong denouement from an envoy of Pakistan's closest friend.

Outlays on the social sector tell another dismal story. The Economist in its recent issue states: "it has for so long been a country of such unmet potential that the scale of Pakistan's dereliction towards its people is easily forgotten. It adds that, "Yet on every measure of progress, Pakistanis fare atrociously."

What the Economist has written is already known to most Pakistanis worried about its future. The news magazine blames the Pakistani military for its misfortunes. This is only partly true.

Apart from military meddling in civilian affairs, a backlog of four military coups in the checkered history of the country, the civilian elite, our squabbling and effete politicians and a scheming bureaucracy are equally to be blamed. Another factor that cannot be swept under the carpet is the cynical use of religion by our khaki and mufti ruling elites to perpetuate them.

Unfortunately Prime Minister Imran Khan is also chip off the same block. Apart from empty rhetoric, till now he has nothing new to offer.

Same could be said of the opposition as well. A herculean effort hitherto lacking and a focused approach is urgently needed.

Source: pakistantoday.com.pk- Jan 13, 2019

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NATIONAL NEWS

New industrial policy to focus on global supply-chain linkages, says Prabhu

The government is coming out with a new industrial policy that will link the country with the global supply-chain that will be mutually beneficial, commerce and industry minister Suresh Prabhu said here Saturday.

Prabhu, who also handles the aviation ministry said, businesses can only grow when there are partnerships among several other geographies.

Comments come amidst continuous fall in merchandise exports from the country and the growing threats to global trade and even questions being raised about the existence of the global trade body WTO after the US administration under Donald Trump has opened a slew of anti-trade practices against most of its trading partners, including us.

The trade war between the US, the world's largest consumer, and the world's largest producer China has cast a pall of gloom over global economic growth.

"Manufacturing cannot happen end-to-end only in one geography; it has to be part of a global value- chain, global supply-chain.

And that is why we are discussing and finalised from my ministry side, a new industrial policy that's awaiting Cabinet approval, which focuses developing mutually beneficial value chain and supply-chain," Prabhu said while addressing a event organised by industry lobby CII.

It is especially important when we are working towards a $ 10-trillion economy by 2035, when we see great opportunities for all countries to participate. Because no country can grow in isolation, he added.

"So if we were to have a $ 1-trillion manufacturing GDP, a good part of that could be sourced and worked with so many other countries," he said.

In the services sector, which is the key export segment for the nation worth over billions of dollars, Prabhu said 12 sectors have been identified.a

On agriculture, he said, government has already come out with an agriculture export policy, which has helped the farm economy fare better. “We have already worked out on plans which are mutually beneficial where we produce under the quality control regime of the importing countries.”

Further, the minister said, the government has prepared a plan that each district will grow by 3-4 percent more than the normal growth to help the overall economy clocl double-digits growth.

“Our strategy is grass-roots development, from grass- roots to global, manufacturing to services, farming to value added and from FDI to investment by India in other countries, is the objective of our trade policy,” he said.

Source: thehindubusinessline.com- Jan 12, 2019

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Merchant exporters included in interest equalisation scheme, says RBI

The Reserve Bank of India (RBI) on Friday notified that the Government has decided to include merchant exporters under the ongoing Interest Equalisation Scheme for Pre and Post Shipment Rupee Export Credit with effect from January 2.

This move will allow merchant exporters interest equalisation at the rate of three per cent on credit for export of products covered under 416 tariff lines identified under the Scheme.

Under the scheme, banks will reduce the interest rate charged to the eligible exporters as per RBI's extant guidelines on interest rates on advances by the rate of interest equalisation provided by Government of India.

The interest equalisation benefit will be available from the date of disbursement up to the date of repayment or up to the date beyond which the outstanding export credit becomes overdue.

Source: thehindubusinessline.com- Jan 12, 2019

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Top fabric makers queue up to set up units at Solapur

District may attract investments worth ₹1,000 crore

Leading fabric manufacturers Reliance Industries, Raymond Ltd., Siyaram Silk Mills, Wadia Group and Valji Group have expressed interest in investing in garment stitching units in Solapur district of Maharashtra to capitalise on the demand for ready-made uniforms from schools and corporates, an industry official said.

“They all are keen to invest in Solapur,” said Amit Kumar Jain, joint secretary, Solapur Garment Manufacturers’ Association. The association recently organised a fabric manufacturers’ fair to attract investments.

“Of late, Solapur has been gaining prominence as a sourcing hub for ready-made school and corporate uniforms. We expect Solapur to attract investments of ₹1,000 crore by 2022,” he said.

Mafatlal Industries had already started a stitching unit with 200 machines to make ready-made uniforms in Solapur, he added.

“Reliance, Raymond, Siyaram Silk Mills, Wadia Group, Valji Group and Mumbai-based Qmax World, Rupam Exports Amber Home, which make shirts for the European market, are next in the line,” he added.
Making uniforms

Currently, Solapur has about 400 stitching units making school and corporate uniforms. The association’s target is to scale it up to 2,000 units by 2022. According to S.R. Gaikwad, Director of Textiles, Government of India, Solapur has the potential to become the uniform hub of the country.

“The Central government will extend all support in achieving the goal set by the Maharashtra (government),” Mr. Gaikwad said.

H.K.Govindraj, Principal Secretary, Textiles Department, Maharashtra said, “Maharashtra government has chalked out plans for cluster parks and textile parks for Solapur which will help the Solapur industry to achieve its goal.”

Source: thehindu.com- Jan 11, 2019

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Textile units welcome relaxations for MSMEs

Textile and clothing exporters, especially those in the Micro, Small and Medium-scale Enterprises (MSMEs) category, have welcomed the GST relaxations announced on Thursday.

K.V. Srinivasan, chairman of the Cotton Textiles Export Promotion Council, has said in a press release that the expansion of the Composition Scheme from the turnover threshold of ₹1 crore to ₹1.5 crore will be a relief to several small-scale tax payers.

They would now have to pay the tax on a quarterly basis and file the returns annually. The small-scale tax payers who were so far unable to file the returns on time would benefit from this.

The GST exemption limit had also been increased from ₹20 lakh to ₹40 lakh. This would help the small or medium scale textile exporters and encourage growth in the textile sector.

According to A. Sakthivel, vice-chairman of the Apparel Export Promotion Council, the increase in GST exemption limit will benefit the knitwear industry and the MSMEs in Tirupur.

Units catering to the domestic or export market and have turnover of less than ₹40 lakh will now be exempted. There are many such units in the knitting, embroidery, and stitching activities and these do job work for larger units, he said.

Source: thehindu.com- Jan 12, 2019

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Govt may provide Remission of State Levies to certain sectors for exporters

The government may extend the Remission of State Levies (RoSL) to sectors including chemical and engineering as part of the proposed incentive package for exporters to boost the country's outbound shipments, an official said.

Currently, RoSL, which is to offset indirect taxes levied by states such as stamp duty, petroleum tax, electricity duty and mandi tax that were embedded in exports, is provided to textiles exporters.

The commerce ministry is working on an incentive package for labour-intensive sectors to promote shipments and address issues of exporters. It is holding meetings with the finance ministry on the matter.

As part of the package, the ministry is proposing several steps such as funds for rebate of state levies, creating system for online refund of GST (goods and services tax) and expansion of Niryat Bandhu Scheme, the official said.

Under this Scheme, mentoring is provided to the first-generation entrepreneurs. Recently, Commerce and Industry Minister Suresh Prabhu said the ministry would provide support to exporters are they are facing several challenges.

"We are preparing a package which will ensure that exporters' woes are addressed properly. There have been challenges for the export sector over a period of time and one big challenge is credit," he said.

He also said the package would focus on labour-intensive sectors as it would help in creating jobs.

The Federation of Indian Export Organisations (FIEO) President Ganesh Kumar Gupta said incentives would help promote exports, which is expected to touch USD 350 billion in 2018-19.

"Steps like online ITC (input tax credit) refund, one-time amnesty for fulfilling export obligation under Advance Authorisation and EPCG (Export Promotion Capital Goods) Scheme, and Merchandise Exports from India Scheme (MEIS) benefit for fabrics and yarn would boost exports," he said.

The Engineering Export Promotion Council (EEPC) has demanded a rebate on state levies to increase shipments.

During April-November this fiscal, exports rose 11.58 per cent to USD 217.52 billion.

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

Promoting exports helps a country create jobs, boost manufacturing and earn more foreign exchange.

Source: economictimes.com- Jan 13, 2019

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Government lifts condition restricting export incentive under GST

Earlier, the DGFT and the customs department had imposed a condition that the advance authorisation scheme would be available to exporters only if imports have been undertaken by them

The government has issued a notification to withdraw a condition that restricts claiming of an export incentive under goods and services tax (GST), after various petitions were filed in courts against the curbs.

However, the petitioners say that they will not take back the petitions since the removal happened only prospectively.

Earlier, the Directorate General of Foreign Trade (DGFT) and the customs department had imposed a condition that the advance authorisation scheme would be available to exporters only if imports have been undertaken by them.

This is termed pre-import condition, which was effective from October 13, 2017.

An advance authorisation licence is issued to allow duty-free import of inputs, which are used in exports. There was no such condition imposed on the scheme in the pre-GST period.

Change in the condition meant that imports done after exports cannot avail exemptions from IGST and compensation cess.

This led exporters and importers to move courts, including Delhi High Court, Gujarat High Court and Punjab and Haryana High Court as the directorate of revenue intelligence (DRI) started issuing notices to them.

Advance authorisation is generally used for importing goods after exports are undertaken, as against the pre-import condition imposed, said Abhishek Rastogi, counsel for the petitioners. As such, the condition defeats the purpose of the scheme, he added.

After much hue and cry, the customs department and DGFT on Thursday issued a notification, withdrawing the condition.

However, the condition has been withdrawn from January 10 only. Though the scheme is available till March 31, 2019, sources said it may be extended further like in the past. The petitioners contested this and refused to withdraw their pleas in courts.

“This would not provide relief to imports made between October 13, 2017 and January 9, 2019, thereby the petitions filed will continue to seek relief in respect of such exports,” Rastogi said.

Rather, removal of the condition would boost arguments of the petitioners to refund the tax paid after DRI issued notices, he added.

Source: business-standard.com- Jan 12, 2019

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Govt working on bilateral trade pacts to push exports: Prabhu

Given the rising challenge to the free trade, Commerce and Industry Minister Suresh Prabhu said Sunday that while the aim is to open up more for free trade and make WTO more efficient, the government is also keen to work on bilateral trade with more nations.

"One of the big challenges before the world is protectionism. We as a country are supporting open trade with all the countries....but we also want to develop bilateral trade agreements with many countries.

For each of the geographies we are keen to have free trade agreements with the countries in Latin America, Africa, Southeast Asia," he said, adding that New Delhi already has trade pacts with ASEAN and some other countries.

Addressing a CII event, he also said there has been an ongoing discussion with Sri Lanka for a Comprehensive Economic Partnership Agreement (CEPA).

For countries in Africa like Angola, he said such association can be in the form of technical assistance, financial assistance and a trade agreement which will not initially have any ambitious targets but will be a win-win for both the parties.

Prabhu, who is also the Civil Aviation Minister, said the United Arab Emirates and Saudi Arabia have decided to use India as a base for their food security.

"This is happening at an interesting time because we just had made a policy for agriculture exports which has identified food items that can be exported," he said.

He informed that this year the country would be producing 290 million tonnes of farm produce as per advance estimates, and 305-310 million tonnes of horticultural items.

"In the export policy, we have decided to remove all restrictions on organic products and processed products.

Both the UAE and Saudi want to invest in both organic as well as food processing industries. This will be a win-win situation for the UAE, Saudi, and other GCC countries but also for us, particularly for our farmers, who want better prices to their produce," he said.

Saudi Arabia has said it can make investment in logistics, food parks and make sector-specific investment in food processing, Prabhu said.

The farm export policy will go a long way in reducing wastage, the minister said.

On the Udan policy, he said the government will announce its phase III in the next few days, which will also focus on air cargo. On January 15, the government will be announcing the first air cargo policy, Prabhu added.

The UAE and Saudi Arabia are keen to invest in all these infrastructure initiatives, he said.

Source: business-standard.com- Jan 13, 2019

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Textile park with 50 units, 5,000 jobs to come up

Promising 5,000 jobsto locals, the Uttar Pradeshgovernment is gearing up to set up state's first textile park at Rehpura Jagir village under Meerganj subdivision, 30 km from here.

Announcing the government's decision, director and commissioner of UP handloom and textile department Rama Raman said the proposed park would be spread over 39 acres in Rehpura Jagir village.

"The project is expected to come up in two to three months at an estimated cost of Rs 84 crore. As many as 50 industries will be set up at the park, which will generate 5,000 jobs for the locals."

"The 50 industries comprising 36 textile and 14 other unites to provide raw material will be set up at the park very soon," said Raman.

Speaking to TOI, district magistrate VK Singh said, "During the UP Investors' Summit 2018 in Lucknow, local businessmen had expressed their interest in setting up of a textile park in Bareilly.

The land has already been processed by the BareillyDevelopment Authority (BDA)."

A city-based industrialist, Sandeep Tandon, who is heading the special purpose vehicle (SPV), a committee that coordinates between the government and the business community for the setting up of the park in the district, said, "BDA had published an advertisement last month, seeking objections from the public over change in the land use at the proposed site of the park."

"On January 16, the issuance of advertisement will complete one month, and if BDA receives an objection, it will be resolved. Thereafter, the administration will start developing infrastructure at the site," Tandon added.

The textile park will be developed under the public-private partnership model, wherein the Centre and the state government will jointly invest Rs 84 crore on the infrastructure.

Notably, during the recent investors' summit, the government signed agreements with as many as 38 companies, the owners of which had expressed their interest in setting up of industries at the proposed textile park here.

Raman added, "We have appointed a nodal officer to assist representatives of these companies in getting approvals from various government departments for the setting up of their units."

Source: timesofindia.com - Jan 13, 2019

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Govt. plans technology centres for MSMEs

The Ministry of Micro, Small and Medium Enterprises (MSME) will develop 20 technology centres, along with extension centres across the country in another 3-5 years.

According to Sudhir Garg, Joint Secretary of the Union Ministry of MSME, these centres would come up at an investment of ₹200 crore each. There are plans to have about 100 extension centres, each at an investment of ₹20 crore. “We are identifying locations. These will come up in the next three to five years. The aim is to ensure that maximum [number of] units are benefited from the facilities,” he said.

As many as 18 tool rooms are operational in the country and 15 more are in different stages of development or have started functioning. These tool rooms are specific to electronics, general engineering and high-end engineering sectors.

They have modern technology machinery and testing equipment and the services are offered to industries at a competitive price.

With the development of technologies such as virtual reality and augmented reality, the manufacturing units in the MSME sector need to have access to these. The Ministry is creating trained manpower in virtual reality through the National Small Industries Corporation (NSIC). It has also developed training modules that use virtual reality and these will be launched across the country through the NSIC in a couple of months.

“We are training people in augmented reality too,” he said.

The Ministry has established about 100 livelihood business incubators at taluk levels to train man power and create new businesses and plans to have more such incubators, he added.

Source: thehindu.com - Jan 13, 2019

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Drought hits North Maha's cotton production by 40%

Cotton production in North Maharashtra has been hit hard following erratic rain this year. The state agriculture department predicted that cotton production would come down by over 40%, as substantial cotton crops have wilted as water is adequate water.

The normal annual cotton production in North Maharashtra is 21 lakh tonnes, and about 8.50 lakh hectares of land are used to cultivate this crop. The main cotton growing belts in North Maharashtra are in Jalgaon, Dhule, Nandurbar and Nashik districts, with Jalgaon and Dhule contributing 80% of the total acreage and production.

In the last monsoon, rain was poor and 36 of 40 talukas of these four districts were declared 'scarcity hit'. Average yield per hectare of cotton is around 25 tonnes. Of total cotton acreage, 60% is non-irrigated and 40% irrigated. Some farmers lost the entire cotton crop due to lack of rain this year.

"Inadequate rain has hit cotton production. Although we are still in the process of gathering the data of cotton production in North Maharashtra, the drop is over 40%," officials of the state agricultural department said. What has compounded woes of cotton farmers is the attack of the pest called pink bollworm in parts of North Maharashtra.

"The exact impact on cotton production would be assessed only after we collect data, which will take around a week or two," an official said. A cotton farmer in Sindhkheda taluka of Dhule district, Prakash Chavan, said he had lost the bulk of his crop to poor rain.

"This monsoon was the worst in the last two decades. The yield of my cotton farm is around nine quintals an acre. This time, I only got about three quintals in an acre," he said.

Ashok Pawar, a cotton farmer in Dhule, said sowing of cotton was delayed by over a month this year as the monsoon arrived late. "And when they came, the rains were inadequate. I had to re-sow the crop as the crop earlier sown wilted. My cotton crop on three acres turned yellow. I had ploughed all the cotton crop in September, thinking that I would at least get a good rabi crop," Pawar said.

Source: timesofindia.com - Jan 12, 2019

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Estimates for Indian Cotton Crop Downsized

This year's cotton crop in India may well be the lowest in a decade.

The Cotton Association of India (CAI) now estimates 33.5 million bales (170 kgs each) for this year's (October 2018-September 2019) crop.

In October 2018, the estimate was about 34.8 million bales. Within a 3-month duration, the estimate has been downsized by 1.3 million (13 lakh) bales. Deficient rainfall has been attributed to be the main reason, which has been evident in the plant sizes even in October. Plant sizes were observed to be not more than four feet during the period, when 5-6 feet of growth would normally have been observed.

"The rainfall situation has made sure that there is no scope for third and fourth pickings, and hence farmers have uprooted the plant," stated Atul Ganatra, president of CAI. Some state governments advised farmers to uproot cotton plants by the end of December 2018 to give room for Rabi crops such as pulses, as well as a precautionary measure against pink bollworms.

Currently, there is no cotton plant on the ground in Gujarat, stated a cotton expert from Rajkot, Gujarat. The source added that growers with irrigation have already planted pulses.

While the significant reduction estimate has been based on rainfall situation, spinners feel that a reliable production estimate is needed in a timely manner according to S. Velmurugan, general manager of Jayalakshmi Textiles, which has about 70,000 ring spindles.

Velmurugan, who has been in the spinning industry for 28 years, stated that wide range data fluctuations affect the spinning sector, particularly in making decisions about cotton purchasing and stocking.

Today, seed cotton (Kapas) prices in India are ruling above the minimum support price, which is positive for the farmers. Another factor that could influence cotton planting in the next season is the excess global availability of palm and soybean oils. This situation may not encourage Indian cotton farmers to divert to other options in the next season.

However, views from the spinning sector show that yarn demand is not that high, which may influence cotton pricing and post-harvest sectors.

As a historical note, India's 2010-11 crop was 34.5 million bales (170 kgs each), and the highest since that time has been 40.2 million bales in the 2013-14 crop year.

Source: cottongrower.com - Jan 12, 2019

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Technical textile industry to touch $30 billion: Voltas

The technical textile industry in India has the potential to grow at a rate of 15-20 per cent annually to touch $30 billion over the next five years.

Despite the huge potential, the investment in technical textiles sector has not gained much momentum in the past, according to a top official of the textile machinery division of Voltas Limited.

"There have been sporadic investments to manufacture in artificial leather, hygiene textiles, medical textiles and geotextiles, etc. However, India may need to accelerate investments quickly to encash the opportunities, as otherwise it would be taken over by other competing countries," said C Kamatchisundaram, vp-textile machinery division, Voltas, in an interview to Fibre2Fashion.

Voltas's textile machinery division is a leading technology provider in India with a product suite including capital equipment, machinery, accessories, allied machinery and services for spinning, knitting, weaving, processing and finishing sectors.

The company offers latest technology machines from globally reputed machine manufacturers like LMW, Terrot, Brueckner, Thies, Reggiani, Benninger, Shima Seiki, etc, in each part of the textile value chain. In the spinning machinery market, its principal-LMW holds a market share of more than 55 per cent and is used to make yarn meant for technical textiles, which include yarns made from specialty fibres like Kevlar, Nomex, etc.

The company has a footprint across India through its branches located in 16 locations, which are strategically positioned close to the textile clusters. It is an India-focused organisation and has its customer base mainly in India.

The major clients of Voltas include Vardhaman, Trident, Nahar, Garg, Winsome, DCM in the north; Arvind, Welspun, RSWM, Sangam, Sintex, Shri Vallabh Pittie, Technocraft, Morarji in the west and Premier, Precot, GTN, Surya Group, Shanmugavel Group, GHCL, Thiagarajar group, Mohan Spintex in the south.

The company has also partnered with machinery manufacturers in India and across the globe to bring technology solutions and services to the Indian textiles industry.

Voltas has partnered with Shandong RIfa, the largest manufacturer of airjet and rapier machines in the world, and has already created an installed base of more than 1,500 machines in the country at various clusters.

The weaving machine manufactured by Shandong Rifa enables customers to produce almost at the level of European machines but with much less cost in investment.

Source: fibre2fashion.com - Jan 13, 2019

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India's share in handmade carpets & rugs is 35%: CEPC

The total global market size of both machine woven and handmade carpets and floor covering is about $35-40 billion per annum and handmade rugs have a share of about $5 billion in it. India has a share of about $1.6 billion, or about 35 per cent in the handmade carpets and rugs category, according to Carpet Export Promotion Council (CEPC).

The domestic export market of India currently stands at about $2.2 million for handmade rugs. The major markets for carpets made in India are the US (45 per cent share or $0.8 billion), EU and UK (20 per cent share each), told Mahavir Pratap Sharma, chairman, CEPC, in an interview to Fibre2Fashion.

New fibres and technologies like linen, hemp, jute and blended materials are trending in the global carpet industry. Also, hand tools have made strong inroads into the process of finishing and added much needed improvement on the finish and time required for the industry.

“There are many initiatives which CEPC has planned for 2019-20. It has launched a new social media marketing and branding campaign. It is also planning to open warehouses in China, and provide a permanent place for Indian exporters to stock their merchandise to sell in mainland China,” said Sharma. “Besides, CEPC is making itself more socially and environmentally compliant and adept for the future. Lastly, CEPC has come out with a weaver training programme, especially for women.”

“Indian manufacturers are very adaptive to new colours, designs, raw materials and products. And this trend will continue to grow in the right direction,” added Sharma.

CEPC is a non-profit organisation set up by the ministry of textiles to promote export of carpets, handmade knotted carpets, rugs, floor coverings and other allied products. With over 2,500 members across the country, CEPC helps sourcing needs of an importer anywhere in the world and selling needs of Indian exporters.

Source: fibre2fashion.com - Jan 13, 2019

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Garment exporters hail GST exemption tweak

The garment exporters of Tirupur and other parts of western districts have welcomed the Central Government's move of raising the Goods and Services Tax (GST) exemption limit from Rs 20 lakh to Rs 40 lakh.

Union Minister of Finance Arun Jaitley had announced increasing the GST exemption limit from Rs 20 lakh to Rs 40 lakh on Thursday. This was almost instantly welcomed by garment exporters in Tirupur and Coimbatore region.

Mr. A Sakthivel, Vice Chairman, Apparel Export Promotion Council (AEPC), said, "this will definitely help Tirupur Knitwear industry, MSMEs in particular who are doing turnover up to 40 lakh. It will be helpful for industries, especially catering for exports and domestic. Small units who are involved in the process of knitting, embroidery, stitching units and mostly doing job work basis will also benefit a lot with this announcement."

Source: deccanchronicle.com - Jan 12, 2019

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GST will improve our competitiveness

The economy will benefit as the tax is ushering in higher transparency, lowering transaction costs and improving compliance

Once again, the GST Council has made important modifications to the GST regime that will reinforce its growth potency.

By raising thresholds, lowering frequency of returns and including services under the composition scheme, the Council has boosted 'ease of doing business' for small enterprises.

India's reform journey took a huge leap forward with introduction of the GST.

Bringing together Central and State governments and integrating numerous indirect taxes, GST is a far-reaching tax system and, as such, it is only to be expected that its full rollout would require an adjustment period.

Undeniable gains

GST has finally transformed India into one unified marketplace. For the first time, manufactured goods and services are on the same tax platform and all products and services are subject to the same tax rates throughout the country.

GST dismantled inter-State tax barriers for seamless transportation. Artificial distortions in the supply chain, as for example, creating depots in all States to avoid central sales tax, are behind us now. India successfully managed to get two GSTs to flow together in a unique structure which has not been seen in other countries.

Average monthly revenues have been on the uptrend over the last 18 months.

The number of returns filed has gone up from 3.76 million for August 2017 to 7.2 million in December 2018.

This reflects a rising culture of compliance. Manufacturers and traders who had remained out of the tax net now find it advantageous to be part of the formal supply chain under GST. Today, about 11.7 million enterprises are registered, with over five million of these being new registrations.

Under the composition scheme where smaller enterprises pay as per fixed tax rates, another 1.8 million have signed up.

The recent decisions of the GST Council are likely to cut the number of enterprises covered under GST from April; however, this is outweighed by the relief provided to these small units.

The rising coverage is despite the fact that adhering to GST means large-scale change in processes, formats of invoices, tax accounting and coordination up and down the supply chain.

Encouragingly, many operational issues have been addressed on a real-time basis by the GST Council of State finance ministers chaired by the Union Finance Minister. Over 32 meetings, they have considered detailed inputs from industry and provided workable solutions. These have greatly raised confidence in the system.

Input tax credit refunds are generally quick and regular, streamlining the whole supply chain. Initial technical issues on the GST Network are also largely resolved.

Deferment of GSTR 2 and introduction of the simplified new return filing model have brought in efficiency. Special drives have addressed delays in refund of IGST on exports and accumulated input tax credits due to inverted tax structure.

For consumers, the overall benefits have been significant. Tax rates have been continuously reduced on key items, leaving only about 30 items in the highest bracket and most mass consumption goods in the lower categories.

Elimination of cascading taxation and lower logistics costs have stabilised prices. Further, consumer protection through anti-profiteering provisions has ensured that the benefits of input tax credit or reduction in tax rates are passed on to the consumers.

As the entire ecosystem becomes accustomed to this regime, an efficient business environment will emerge with higher transparency, lower transaction costs and better compliance.

Some tweaks needed

Going forward, some provisions of the GST laws need to be simplified and inconsistencies should be removed. Petroleum products, alcohol, electricity and real estate may be brought under GST ambit for providing seamless input tax credit across sectors. The number of rates too can be reduced to just three slabs, standard rates on items of mass consumption, demerit goods in the highest tax category, and certain items at a lower slab.

The government is already working on these issues and in time to come, GST would not only benefit businesses and consumers but also strengthen India's competitiveness in the global marketplace. On the whole, GST is moving towards a stable compliance environment, buoyancy in tax revenues, expansion of tax base and formalisation of the economy, achieving its vision as a transformative tax.

Source: thehindubusinessline.com - Jan 13, 2019

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Arvind Fashions looks to double revenue in 5 years

Arvind Fashions has identified e-commerce as a growth strategy medium as digital is seeding brands in cities and towns where its brands do not have a presence

Arvind Fashions Ltd, the recently created entity after the demerger from Arvind Ltd, is looking to double its revenue to ₹8,000 crore in the next five years. The branded apparel firm, which retails both international and home-grown brands, is all set to be listed individually in the coming weeks.

“This is a vertical listing and we are not raising any money. Independent businesses end up creating a lot more value and we are confident that the business has achieved the scale to stand independently,” said Kulin Lalbhai, executive director, Arvind Ltd.

The firm, which retails mid-premium, premium, luxury and value brands such as GAP, Calvin Klein, Arrow and US Polo, said growth will be driven by new product extensions of its brands, value retail and cosmetics business.

“Product extensions such as innerwear and footwear are growing dramatically, contributing 10% to the overall sales. Kidswear is another growing segment contributing 10% to our overall sales as customers are willing to spend money on products which have a shelf-life for three to four months,” added Lalbhai.

The company is also riding on the value retail segment through its store chain Unlimited which currently has 100 stores and is expected to touch ₹1,000 crore revenue next year, growing at 30%.

“Value retailing is a huge segment for us,” he added.

The company has identified e-commerce as a growth strategy medium as digital is seeding brands in cities and towns where Arvind brands do not have a presence.

The strategy is to track online demand from cities such as Kanpur, Jalandhar or Surat and decide to open the store there later.

Arvind has recently started selling Sephora products on its group website Nnnow.com.

The firm is looking to turn Sephora into an over-₹500 crore business in three years.

The brick-and-mortar retail model has seen a big revival in the last 12 -18 months as retailers have improved shoppers' experience, Rajat Wahi, partner at Deloitte India, said.

"Fashion retailers are also expanding across categories focussing on the value segment, which is growing at the fastest rate offering stylish products at competitive rates."

Source: livemint.com - Jan 11, 2019

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