TEXTILE INTELLIGENCE CENTRE
iBtex.
INFORMATION BUREAU TEXPROCIL
TEXPROCIL NEWS CLIPPINGS
The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 52 of 2018 March 14, 2018

USD 65 | EUR 80.59 | GBP 90.83 | JPY 0.61

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19433	40650	**79.90**
Domestic Futures Price (Ex. Gin), March		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20660	43216	**84.94**

International Futures Price

NY ICE USD Cents/lb (May 2018)	82.98
ZCE Cotton: Yuan/MT (Jan 2018)	15,155
ZCE Cotton: USD Cents/lb	**92.43**
Cotlook A Index – Physical	**93.9**

Cotton guide: Three consecutive trading sessions cotton price traded lower. The front month May ended lower at 82.98 cents and July at 82.86 cents per pound. From the contract high cotton is down by almost 375 points down. No major news in the market so good amount of profit booking on prior positions is taking place. Neither bulls nor bears are ruling the cotton aggressively. The minimal spread between May and July less than 20 points with yet no inversion is not motivating the bulls to be strongly bullish while the bears are also silent. In the meanwhile trading volumes are mostly steady and ranging between 30K to 40K contracts a day and open interest is adding up gradually on a daily basis.

From the technical perspective market has already formed the top near 86.60 or not is still to be figured out subject to market holding support near 81/82 cents. Any strong breakdown below 81 might confirm the bearish tone to pull the price to earlier base of 76.70/77 area.

However as of now we do not expect any major movement in the price amid no clear trigger in the market. For the day and near term perspective as indicated 81 may be a strong support level while 85/86 as resistance. Nonetheless daily action looks slightly bearish for the price.

There is no major fundamental news this week while towards the end of March speculative positions rollover and monthly planting report will be released.

On the domestic front the spot price of Shankar-6 variety has eased a bit to trade around Rs. 41300 per candy ex-gin which is approximately 81 cents on parity. Similarly J-34 variety also traded around Rs. 4150 per mound (78 cents per pound)

Interestingly the basis between Indian spot S-6 and ICE May contract is less than 3 cents per pound. This suggests the rise in ICE cotton from 67 cents to 86 cents in last one month had not exactly the same effect on the domestic cotton price. Going forward we believe the basis spread of less than 3 cents may not hold longer time.

The average daily arrivals on Tuesday were around 160K bales. Lastly on the futures front the March MCX cotton closed near Rs. 20660 per bale. The daily structure is weak and the trading range would be Rs. 20450 to Rs. 20800 per bale.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	China implements stricter control on the import of waste
2	Trump Charges Ross With Pushing EU to Lower Tariffs, EU Demurs
3	Pakistan: Only value-addition to help textile exports pick up lost threads
4	France keen to boost ties with Pakistan
5	Turkey: Procurement Committee support by the Turkish Ministry of Economy to ITM 2018 from 15 countries
6	Around 435 exhibitors expected at Yarn Expo Spring
	NATIONAL NEWS
1	CBEC camps from March 15 to fast track GST refunds to exporters
2	Parliamentary panel suggests anti-dumping duty, GST revision to boost extiles sector
3	India's garment industry suffocates under GST bottlenecks
4	How labour regulations affect manufacturing in India
5	Telangana to set up Apparel Super Hub at textile park in Sricilla
6	Tirupur MP raises knitwear industry issues with FM
7	Bt cotton seed price cut 7.5%, trait value by 20%

INTERNATIONAL NEWS

China implements stricter control on the import of waste

Certain types of waste which were previously permitted imported into China, are now banned, including plastic, unsorted waste paper and waste raw materials from the textile industry.

It is not permitted to import foreign solid waste into China in order to dump, store or dispose of the same. That is provided for under Article 24 of the Chinese Prevention and Control of Solid Waste Pollution Law (2005) (the Chinese Solid Waste Pollution Prevention Law (2005)). However, Article 25 also provides that, if the foreign solid waste can be used as raw materials, it may be imported to China in certain circumstances. China, a top recycling destination for plastic and paper, is now moving some materials that had previously been considered raw materials for recycling and thus could be imported, onto the banned list.

On 10 August 2017 five Chinese authorities, lead by the Ministry of Environmental Protection, issued updated import lists of foreign solid waste including the list of solid waste banned from being imported (the Banned List),
list of solid waste which can be used as raw materials, but is restricted on importation (the Restricted List), and the list of solid waste which can be used as raw materials and with no restrictions on importation (the Unrestricted List).

The authorities involved in the legislation, in addition to the Ministry of Environmental Protection are the Ministry of Commerce, the National Development and Reform Commission, the General Administration of Customs, the General Administration of Quality Supervision, Inspection and Quarantine.

24 types of solid waste in four categories that were previously restricted are banned as of 1 January 2018. The four categories added to the Banned List are plastic wastes (non-industrial use), unsorted waste paper, waste raw materials of textile industry and slag with vanadium.

Banned waste papers include recycled paper or paperboard and unsorted scrap paper. Wall paper, copying paper, Tetra Pak and thermal sensitive paper were already on the Banned List.

Banned plastics waste includes PET scrap and PET beverage bottles, CD disks scrap, Polyvinyl (PV) scrap; Polystyrene (PS) scrap, and Polyvinyl chloride (PVC) scrap. The plastics products made of them are commonly used in our daily life. For example, PS could be used for disposable hot drink cups and lunch boxes, PVC for bank cards, PET for bottles and containers for food products.

Gard's correspondent in China, Huatai Insurance Agency & Consultant Services Ltd. has provided an English translation of the three updated lists which can be found here.

The stricter control in China on the importation of foreign solid waste is driven by an increasing awareness of the importance of the environment by the Chinese government. According to a notice issued by the Chinese government in 2017 [GBF (2017) No. 70], the relevant regulations on control of import of solid waste are scheduled to be amended again by the end of 2018 and the Chinese Solid Waste Pollution Prevention Law (2005) is due to be amended by the end of 2019. It can be expected that China will take additional measures to further restrict the import of foreign solid waste.

Pursuant to Article 78 of the prevailing Chinese Solid Waste Pollution Prevention Law (2005), the legal consequence of violation of the above ban or control could lead to:

An order requiring the return the solid waste back to the originator;
A penalty between RMB 100,000 and RMB 1 million (USD 15,700 to USD 157,000); and Criminal prosecution if a crime is established.

Article 78 also makes it clear that the carrier would be required to return any banned solid waste, or solid waste lacking the proper approval, or pay the costs of dealing with such solid waste, if the importer cannot be identified.

Vessels or Members should be particularly vigilant when they are requested to ship waste cargo to Chinese ports. As most of the solid waste is carried in containers it is important to have accurate declaration of cargo before shipment. The importer in China should also be identified to the extent possible, to reduce the carrier's risk of liability.

Source: hellenicshippingnews.com- Mar 14, 2018

HOME

****

Trump Charges Ross With Pushing EU to Lower Tariffs, EU Demurs

U.S. Commerce Secretary Wilbur Ross will urge the European Union to lower its trade barriers, U.S. President Donald Trump said on Monday, calling them unfair to U.S. farmers and industry, a view the EU firmly rejects.

The European Commission accused Trump of "cherry-picking" data to distort the debate in a transatlantic dispute that threatens to become a trade war.

The EU is seeking to be exempted from planned U.S. import duties of 25 percent on steel and 10 percent on aluminium, butsays Washington has not made clear how the exemption process works.

Trump said in a tweet on Saturday the United States was ready to drop its tariffs if the EU lowered its "horrific" rates on U.S. products. On Monday, he tweeted that Ross would be speaking with EU representatives about eliminating "large tariffs and barriers".

"Not fair to our farmers and manufacturers," he wrote.

Representatives from the Department of Commerce did not immediately respond to queries on the content or timing of those discussions.

French Finance Minister Bruno Le Maire said he was worried about the possibility of a U.S.-EU trade war.

"We believe there will only be losers," he told reporters in Brussels. "We have to find solutions, we have to make the assessment and we will have thereafter to take the necessary steps, to find a way out and to fix the issue."

The Commission said it expected to be in contact with Washington over the metals tariffs this week, but that no formal talks had been scheduled. It was still hoping for clearer indications about the exemption process.
It also said Trump was "cherry-picking" particular tariffs to highlight differences, and maintained average tariffs were very similar on each side of the Atlantic -- 3 percent for products into Europe and 2.4 percent into the United States.

The U.S. tariff for cars, at 2.5 percent, was lower than the EU rate of 10 percent, but its rate of up to 25 percent on trucks was higher. The Commission spokesman also pointed to U.S. import duties of up to 48 percent on shoes, 12 percent on textiles and 164 percent on peanuts.

"Cherry-picking particular tariffs in one category, like looking just at car tariffs on both sides, misses the whole picture, while not taking into account lower levels on other products does not give an accurate picture of tariffs in general," a Commission spokesman said.

"The EU market is one of the most open in the world and if anyone starts throwing stones, it's better first to make sure he is not living in a glasshouse." The EU, he said, preferred dialogue, but was continuing its preparations for a "firm and proportionate" response.

Commission First Vice President Frans Timmermans said at asteel conference in Germany that Europe did not understand the logic of the proposed U.S. tariffs on the basis of national security and was preparing retaliatory measures if necessary.

"How is European steel a threat to the U.S.?" he said. "We have a different relationship on matters of national security than the U.S. as with China."

The EU has been talking with partners about a legal challenge at the World Trade Organization to Trump's plan and is considering safeguards to prevent steel and aluminium, diverted from the United States, flooding into Europe.

It has also lined up 2.8 billion euros of U.S. products, from maize to motorbikes, on which to impose tariffs so as to "rebalance" trade flows.

Source: agriculture.com- Mar 12, 2018

HOME

****

Pakistan: Only value-addition to help textile exports pick up lost threads

LAHORE: Over the recent years, not only have our basic textile exports flatlined, but the value-added apparel sector has also petered out as local apparels fetch lowest per-square-meter value for clothing exported to the United States.

Pakistan will have to come out of low value culture to make a mark in global textile market. It is understandable that yarn and fabric fetch lesser prices being basic raw materials for knitwear and readymade garments. But it is a pity that we are exporting most of our apparel for peanuts.

Pakistan for instance is placed fourth in exports to the United States as far as the quantity is concerned; however in terms of value they are far behind than countries exporting lower quantities.

The official export data of textiles by the US government reveals that in the month of February Pakistan's small and medium enterprises (SME) sector (apparel exporters the world over are mainly SMEs) exported apparel equivalent to 222.6 million square meter of fabric against which they earned a foreign exchange worth $251 million.

Bangladesh on the other hand exported apparel equivalent to 214.2 million square meter of fabric fetching $509 million. This is over two times what Pakistani exporters fetch for 20 percent higher quantity.

Bangladesh is not the only country in this regard. In fact the top 14 exporters of apparel to United States fetch more dollars per square yard of fabric consumed than Pakistan.

Indonesia for instances exported only 148 million square yard equivalent fabric in February 2018 and earned $428 million almost three times higher than Pakistan. India, Vietnam, China and Mexico all earned more through higher value-addition.

Source: thenews.com.pk- Mar 14, 2018

HOME

****

France keen to boost ties with Pakistan

SIALKOT-Ambassador of France in Pakistan Mr Marc Barety has said that his country was very keen to develop strong business contacts with Pakistan, and also focusing on the promotion of the small and medium enterprises (SMEs) in Pakistan.

Talking to the exporters at Sialkot, he said that his country would explore opportunities for the transfer of advanced technology to Pakistan. He added that B2B contacts could help boost mutual trade ties between Pakistan and France . He said that France was ready to make strenuous efforts for the purpose.

The French ambassador added that his country was very keen to boost trade ties with Pakistan. He pledged to make efforts to remove all the hurdles from the trade promotion. Addressing a meeting at Sialkot Chamber of Commerce and Industry (SCCI), he said that the time was high to do more for advancing bilateral ties.

he said Pakistani business community should ensure maximum exports to France and other European Union countries through France by taking the full advantage of GSP Plus status. He said that the Pakistani businessmen would be most welcomed in France.

He invited Sialkot exporters to divert their business activities to France . He said that the Sialkot exporters were much aware of the international standards. They also have the great potential to explore and capture the international trade markets of France and EU countries through France , he said.

He assured Sialkot exporters their easy access to French trade markets and even the EU trade markets through France . He also asked the Sialkot exporters to participate in the international trade fairs and exhibitions to be held in France.

He also stressed a need for making some effective joint efforts to boost mutual trade between Pakistan and France . He vowed to make an all-out effort to boost trade ties between Pakistan and France , saying that the time was ripe to further strengthen these mutual trade ties.
The French ambassador showed keen interest in SCCI's business

development-oriented documentary "Sialkot the City of Progressive People" screened out during the important meeting held at SCCI. The SCCI President presided over the meeting. While other senior officials of the French Embassy and Chairperson SCCI's Women Entrepreneurs Committee Dr Maryam Nouman also attended the meeting. He said that Sialkot exporters had great potential to explore and capture the international trade markets by exporting their traditional and non-traditional export products.

For improving bilateral trade, he suggested that exchange of trade delegations and meetings of businessmen of both the sides. He said that Pakistan-made sports goods, surgical instruments, leather products, gloves of all sorts, textiles items, sports wear, martial arts uniforms & accessories, musical instruments, kitchen ware, hollow ware, knives, cutlery items and military uniform badges etc could find a good market in France.

He said Pakistan and France have always enjoyed cordial relations on the basis of mutual trust. France has always been a close partner of Pakistan in terms of bilateral trade and socio economic development.

He said that Sialkot Chamber of Commerce and Industry (SCCI) and the Embassy of France in Pakistan would have a mutually beneficial relationship. "We believe that today's meeting would lead us towards ome practical steps in building relationship in areas of common interest. Sialkot Chamber of Commerce and Industry (SCCI) is greatly contributing to the economic uplift and development of the country. We are also actively pursuing the global economic agenda by adopting the best practices compatible to the International standards and in this respect, we are also an avid supporter of Free Trade and Economy," he added.

The French ambassador said that France could be a gateway for Pakistan to the European Markets. He hoped that GSP Plus status to Pakistan would be helpful in enhancing the Pakistani exports to France and other European countries.

Source: nation.com.pk - Mar 14, 2018

HOME

****

Turkey: Procurement Committee support by the Turkish Ministry of Economy to ITM 2018 from 15 countries

Sour The Turkish Ministry of Economy has announced the list of the procurement committee supports for the year of 2018. The ITM 2018 Exhibition, which will be organized between April 14-17 and in which the heart of the textile industry will beat, is included on the list.

ITM 2018 Exhibition organized by the partnership between TEKNİK Fair and TÜYAP in collaboration with TEMSAD is the biggest exhibition of Turkey, the near and the Middle East in its field. Additionally, it will be one of the most important organizations in the sector on a global scale. Many companies will announce world launches of their products in the Exhibition, into which the pioneering machinery producers of the textile industry, global investors, and commercial delegations will participate.

The ITM 2018 Exhibition, which is composed of 12 halls in an area of 120,000 square meters in the Tuyap Fair and Congress Center, has taken its place on the list of the procurement committee programs by the Turkish Ministry of Economy.

In this context, ITM 2018 is preparing to host procurement committees from many countries, especially from Iran, Uzbekistan, India, Pakistan, Bangladesh, Russia, Egypt, Turkmenistan, Morocco, Algeria, Indonesia, Tunisia, Vietnam, Ethiopia, and Kenya.

The procurement committees from these countries will be able to meet with producers of all kinds of yarn, woven and knitted fabrics, with integrated facilities that make dyeing, printing and finishing on woven and knitted fabrics and with technical textile and nonwoven fabric producers.

Heart of the Textile World beats in Istanbul -The firms, which offer services in all the sub-branches of the sector ranging from cotton to yarn, from weaving to knitting, from digital printing to dye and finishing, will present their state-of-the-art technological products to tastes of visitors. The exhibition, in which the heart of the world textile industry will beat, has already taken its place as a 4-day program on the agenda of the business world.

Firms are waiting for ITM 2018 for investments -The innovations, which will be introduced in the ITM 2018 Exhibition, are expected to invest in Turkey, one of the world's most significant textile countries. The authorities of the Turkish textile producing companies plan to make the investments for both capacity increase and technology renewal after examining technologies in the ITM 2018.

Source: yarnsandfibers.com- Mar 13, 2018

HOME

****

Around 435 exhibitors expected at Yarn Expo Spring

A new record is likely to be made when around 435 exhibitors from more than ten countries and regions including China, Hong Kong, India, Indonesia, Korea, Pakistan, Singapore, Thailand, Uzbekistan and Vietnam converge in Shanghai for the Yarn Expo Spring.

The exhibitors will showcase a full spectrum of quality and innovative yarn and fibre products.

textile Together with Yarn Expo Spring 2018, four other trade fairs are held concurrently during March 14-16 in the same venue covering the whole industry from yarns to fashion: Intertextile Shanghai Apparel Fabrics – Spring Edition, Intertextile Shanghai Home Textiles – Spring Edition, PH Value and the China International Fashion Fair (CHIC). Suppliers from Hong Kong, Korea, Singapore, Thailand, Vietnam as well as leading Chinese companies will showcase their innovative products such as fancy, metallic and stretch yarns under the category of synthetic and specialty yarns. There will be an enlarged Fancy Yarn Zone featuring a number of well-known domestic enterprises with the latest innovations.

Cotton India and Pakistan Zones, exhibitors from Uzbekistan and Chinese suppliers in the Natural Zone will present a wide selection of high-quality cotton yarns. The Quality Wool Zone will include domestic wool products. Colourful Chemical Fibre and Green Linen Zones will offer innovative and eco-friendly sourcing options. The largest producer of viscose fibre in China, Sateri will feature local mills showcasing skin-friendly hygiene options made from Sateri’s products.

The Expo will also have a fashion show, Trend Area and a series of seminars to reveal the latest market trends and insights.

Several new exhibitors are expected at the show. For example, HJ Lite (Korea), which produces retro reflective yarn for weaving, knitting, and sewing will showcase its new products. Rather than applying reflective tape on safety wear, for example, manufacturers can apply this yarn into their fabric. During the day, the reflective yarn appears as a decoration, and at night reflects light as a safety function. PT Daliatex Kusuma (Indonesia) will showcase MVS viscose, PV, polyester, mono and mono multi filaments at the fair. The company claims their mono multifilaments are superior to others on the market due to the fact they are easier to warp.

Source: Fibre2Fashion.com- Mar 13, 2018

HOME

****

NATIONAL NEWS

CBEC camps from March 15 to fast track GST refunds to exporters

To ease exporters' GST refund woes, revenue authorities will set up camps across the country for a fortnight beginning March 15, CBEC Chairperson Vanaja Sarna said on Saturday.

The Central Board of Excise and Customs (CBEC) has already given refunds to the tune of Rs 5,000 crore but as much as 70 per cent of total refunds to exporters is still stuck even after eight months of GST roll out.

Sarna said there are instances of exporters committing errors while filing refund claims and to help them, the department has started giving out refunds partially with manual intervention.

"Now to solve it completely we have instituted a special fortnight campaign, starting from March 15 which will go on till March 29. There are going to be camps all over the country so that all exporters can come with refund problem and they will be explained what their problem is, they will be asked to rectify it and then the process will completed and refund will be given.

"So we hope that by March 31 all pending refunds as far as exporters are concerned will be sorted out," Sarna said.

The issue of refunds to exporters has been hanging fire for over five months now, with exporters complaining that delay in GST refunds has blocked their working capital.

The revenue department, on the other hand, has argued that there are discrepancies in forms submitted by exporters with the customs department and those with the GST Network (GSTN).

The GST Council in its meeting today decided to implement e-wallet scheme for refunds to exporters by October 1. Under the e-wallet mechanism, a notional credit would be transferred to the exporters account based on their past record and the credit can be used to pay taxes on input.

To ease exporter woes, the Council has also allowed exporters to continue to claim tax exemptions till October 1, 2018.

Accordingly, merchant exporters can pay a tax at the rate of 0.1 per cent on goods procured for export purposes and obtain a refund for the same.

Also, domestic procurement made under Advance Authorisation, EPCG and EOU schemes are being recognised as 'deemed exports' with flexibility for either the suppliers or the exporters being able to claim a refund of GST/IGST paid thereon.

An official statement issued after the Council's meeting said that the CBEC and GSTN have started detailed data analytics and preliminary data analysis has revealed that there is variance between the amount of Integrated GST (IGST) and compensation cess paid by importers at Customs ports and input tax credit for the same claimed in GSTR-3B.

Besides, it has come to light that there are major data gaps between self declared liability in GSTR-1and GSTR-3B.

"It was deliberated that this information may be further analysed and adequate action may be initiated accordingly," the statement added.

Source: deccanchronicle.com- Mar 11, 2018

HOME

****

Parliamentary panel suggests anti-dumping duty, GST revision to boost textiles sector

The Textiles Ministry should impress upon the Finance Ministry to reconsider the overall GST structure for textiles sector and impose higher anti-dumping duty to protect the domestic industry, a Parliamentary panel has said. In its report tabled in Parliament today, the Standing Committee on Labour chaired by Kirit Somaiya said it desires the Textiles Ministry to impress upon the Department of Revenue/Finance Ministry to reconsider GST structure for textiles. The panel noted that the Textiles Ministry has also taken up the issues on inverted duties structure on man-made fibre, imposition of GST on job work, credit transfer documents issues, non refund of input tax credit, GST for weaving industry, lowering of Goods and Services

Tax (GST) rates for machinery used by MSME textile units, etc. It observed that against the Textile Ministry's proposed outlay of Rs 10,109.05 crore during the year 2018-19, the Ministry of Finance have approved Rs 7,147.73 crore only.

"The Secretary, Ministry of Textiles has deposed that though it appears that Budgeted Expenditure (B.E) 2018-19 which includes Cotton Corporation of India's loss of Rs 921.23 crore is more than the B.E 2017-18 by Rs 921.23 crore, in reality B.E 2018-19 is Rs 3 crore less than the B.E of 2017-18," the Committee said in its report. It noted that the reduction of B.E would adversely impact implementation of ongoing schemes of the Ministry of Textiles, particularly those aimed at benefitting the unorganised sectors of powerloom, handloom, handicrafts, wool and sericulture.

Source: financialexpress.com– March 14, 2018

HOME

****

India's garment industry suffocates under GST bottlenecks

Apparel Export Promotion Council of India has sounded alarm on the continued decline in apparel production in India and said India won't be able to meet the garment export target of $20 bln this year.

"If the capital blockage continues and the cost competitiveness of the industry is not restored, the slippage in exports will continue, with long term adverse impact on India's positioning in this sector," the council said.

Apparels are one of the country's largest providers of organized employment, and provide livelihood to lakhs of families.

Apparel production has been on the decline since May last year due to lower export demand and tight working capital conditions.

"From a positive growth 1.3 % in April, the next month (May) saw a fall of 5%.In June the decline was 3.2 % while in July, it was 5.1 %.

"August, September, October, November and December recorded 6.4 %, 7.2 %, 11 %, 13.1 % and 13.5% dip respectively," the AEPC said, quoting government figures.

This is partly due to the lower demand for Indian-made apparel in countries such as the US and the UK. Apparel exports from India fell 14% for January, hurting manufacturers and production.

In all, AEPC said India's apparel production has fallen 10.4% in the first ten months of the current financial year compared to the same ten months of the previous year.

While poor export growth has not helped, neither has the added bureaucracy that has come with the introduction of the Goods & Services Tax in July.

HKL Magu, Chairman of the Apparel Export Promotion Council (AEPC) that the government is yet to give Rs 4,097 cr of tax refunds under GST back to the manufacturers.

"The Industry is suffering as their funds are blocked and they are unable to pay suppliers on time," Magu said, adding that apparel makers are not able to get credit from textile suppliers.

"The biggest deterrent to the Industry's sentiments has been the severe capital blockage due to the dual constraint of delays in RoSL disbursements and IGST refunds. Until the refunds start flowing, things will not improve," he added.

He said the council has made several presentations to the Ministry of Textiles, Ministry of Commerce Drawback Committee, NITI Aaayog, Parliamentary Standing Committee etc. on ways to overcome the problems. AEPC has also informed the Ministry of Commerce that on account of new taxes there is a shortfall of around 5% under GST and therefore several blocked and embedded taxes may be refunded through higher drawback and RoSL (Rebate of State Levies), along with refund of GST input tax credit (ITC).

AEPC said if the tax issues are sorted out, India can again become a world leader in apparel exports.

Source:ultra.news – March 13, 2018

HOME

****

How labour regulations affect manufacturing in India

The Narendra Modi government's recent doubling of duties on imports of beauty aids, watches, toys, furniture, footwear, and, surprisingly, kites and candles shows India's lack of competitiveness even in these entry-level labour-intensive industries. Also, a similar recent doubling of import duties on electronics, including related inputs and parts, is an admission by the government of the country's lack of competence in the highly labour-intensive, low-skilled and repetitive tasks of processing or assembling duty-exempt imported inputs to produce and export finished mobile phones and TVs. And, in textiles and apparel exports, India is now being outperformed not only by China but also by Bangladesh and Vietnam.

To anyone who is aware of the panoply of India's restrictive labour regulations (about 200 labour laws, with over a fourth being central acts), it does not come as a surprise that India is unable to grasp its natural comparative advantage in labour-intensive products. Indeed, Indian producers find it cost-effective to use relatively capital-intensive production techniques and often produce fairly capital-intensive products, as shown by my research with Rana Hasan (Asian Development Bank) and Asha Sundaram (University of Auckland).

The Industrial Disputes Act (IDA) requires firms with 100 or more workers to seek government permission to retrench or lay off any worker. This permission is rarely granted. The Industrial Employment (Standing Orders) Act, 1946 requires employers in firms with 100 or more workers (50 or more in certain states) to seek permission even for reassigning a worker from one task to another. And the Trade Unions Act allows any seven employees to form a union, thereby using up a large proportion of the firm's managerial resources in dealing with several unions within itself. Through this regulation, unions have the right to strike and represent workers in legal disputes with employers.

Last but not the least, the The Contract Labour (Regulation And Abolition) Act, 1970 restricts, and even prohibits, the use of contract workers for certain tasks. Thus, these labour regulations effectively prevent firms from using labour-intensive methods of production. Also, since these laws hold above certain threshold employment levels, firms often have an incentive to remain small and "informal".

Exploiting cross-state variations, based on state-level amendments to central labour acts (allowed by the Constitution) and the varying degrees of their implementation, Tim Besley and Robin Burgess at the London School of Economics have found that state-level manufacturing output and employment go down in the formal sector but go up in the informal sector, as we move from less to more restrictive regulatory schemes. Thus, when labour laws squeeze the relatively productive formal sector, there is a spillover of their output and employment into the low-productivity informal sector.

Another research finding, by Poonam Gupta, Rana Hasan and Utsav Kumar, that output and employment growth in labour-intensive industries is slower in states with relatively restrictive labour regulations as compared to other states. Furthermore, Rana Hasan and Karl Jandoc find that a large majority of labour-intensive manufacturing employment in the restrictive-regulation states (about 60%) is concentrated in small firms employing less than 10 workers, while this proportion is considerably lower (at 40%) in the case of the latter states, with relatively flexible labour markets. These proportions for large firms employing over 200 workers are 10% and 25%, respectively, for the rigid-regulation states and others. Not surprisingly, therefore, productivity of labour-intensive manufacturing firms is much higher (11-14%) in flexible labour market states, as seen from research by Sean Dougherty, Verónica C. Frisancho Robles and Kala Krishna.

There is also considerable evidence that restrictive labour regulations have prevented India from reaping the full potential benefits, including in output, productivity and employment, from opening the economy. A recent study by Rahul Ahluwalia, Rana Hasan, Mudit Kapoor and Arvind Panagariya shows this in the case of wage and employment gains in India’s apparel and textile firms, arising from developed countries lifting their quotas on the imports of clothing. The adverse impact of India’s labour regulations on benefits from international trade is not surprising since these gains are generated through reallocation of resources across firms and industries, which restrictive labour regulations can impede and distort.

Clearly, the main policy implication of this discussion is the urgency of labour reforms. Small steps, especially at the state level, have been taken recently. The IDA threshold has been raised from 100 to 300 workers in Andhra Pradesh, Haryana, Madhya Pradesh, Maharashtra, Rajasthan and Uttarakhand. Rajasthan has also raised the membership threshold of a union to 30% of a firm's employment. At the central level, a unified web portal for the self-reporting of compliance with 16 central acts has been set up. Inspections take place only when triggered by a built-in algorithm within the portal, reducing possible harassment by inspectors.

Further reforms should include, as suggested by Jagdish Bhagwati and Arvind Panagariya, the exclusion of non-confirmation of a worker on probation and downsizing in response to changes in demand and technology from IDA's definition of retrenchment. Also, more flexibility in task reassignment should be allowed within the Industrial Employment (Standing Orders) Act. Besides, no more than a single union should be allowed within any firm. And, finally, more labour laws should be covered within the newly installed self-reporting web portal. All of these changes will provide Indian producers more flexibility in responding to shocks and make them more competitive.

Source: livemint.com- Mar 13, 2018

HOME

****

Telangana to set up Apparel Super Hub at textile park in Sricilla

The Telangana government is setting up an apparel value chain system at the upcoming apparel park in Sircilla district at an estimated investment of Rs 100 crore in collaboration with apparel manufacturer Kay ventures.

Coming up in an area of 20 acres, the Apparel Super Hub (ASP) will house 5,000 state of the art sewing units with its corresponding embroidery, printing, washing and value addition/support facilities and is proposed to be developed in three phases and will be fully operational in three years.

"In an similar effort, to create an impetus for the existing textile and apparel ecosystem in Sircilla, (the) government of Telangana is gearing up with many projects such as Sircilla Apparel park, Sircilla group weaving shed, common facility center etc.," said a government statement.

The first phase of the project will come up at an investment of Rs 30 crore and will be operational in 9-12 months. While 90% of the investments in the first phase will be borne by the government, remaining will be funded by Kay ventures and their associates.

In the second and third phase, capacities of 1,000 machines and 1,500 machines respectively will be created with the necessary support infrastructure and will be funded with the support of Centre, State and Kay Ventures.

Source: economictimes.indiatimes.com- Mar 13, 2018

HOME

****

Tirupur MP raises knitwear industry issues with FM

Member of Parliament representing Tiruppur Lok Sabha constituency V Sathyabama has raised the issues facing the MSME knitwear garment exporting units with finance minister Arun Jaitley. She has urged Jaitley for expediently clearing pending claims of MSMEs, and also to take measures for ease of filing GST returns online and system-based refund process.

“The money flow to the MSME units have been totally struck up due to non-refund of ROSL since June 2017, GST and also Duty Drawback rate, which ultimately lead to working capital crunch to these units. With these negative factors, the MSMEs are not in a position to take fresh export orders at a competitive rate and execute it within a delivery schedule,” Sathyabama said in a letter to Jaitley.

“What is more disturbing is that the banks are rushing to classify them (MSMEs) as SMA-1/SMA-2/NPAs depending on the period of non-payment. The concern is that the non-repayment is not the fault of MSMEs. Had they received the pending receivables like ROSL, GST refund and Duty Drawback in time, these units would have compiled and met the demands of banks,” she added.

The MP said that the banks should consider to the extent of government receivables and avoid the classification of MSME in terms of non-repayment period.

She also pointed out that the Rs 6,000 crore package allotted to the garment sector has not actually percolated to MSMEs, as intended.

Tiruppur Exporters' Association (TEA) president Raja M Shanmugham thanked the MP for making representation to the finance minister

Source:fibre2fashion.com- Mar 14, 2018

HOME

****

Bt cotton seed price cut 7.5%, trait value by 20%

Two years after it imposed price controls on the widely-used Bollgard II variety of Bt cotton seeds and slashed the trait value (royalty) payable to the technology provider US-based Monsanto, the government has now reduced the seed's maximum sale price (MSP) in the retail market and the trait value further.

Two years after it imposed price controls on the widely-used Bollgard II variety of Bt cotton seeds and slashed the trait value (royalty) payable to the technology provider US-based Monsanto, the government has now reduced the seed's maximum sale price (MSP) in the retail market and the trait value further. According to a notification issued late Monday by the agriculture ministry, the MSP for the Bt cotton seeds in the 2018-19 kharif season will be Rs 740 for a 450-gm packet, down 7.5% from earlier. The trait value has seen a steeper 20% cut to Rs 39/packet.

Before the Centre capped retail price of the Bt cotton seed, its price was in the range of Rs 830-1,000/450-gram packet, as existed in 2015-16 kharif season. While the price was capped at Rs 800/packet in March 2016 through a controversial move, trait fee, a component of it, was slashed 74%. The price-control has resulted in a sharp reduction in the royalty received by Mahyco Monsanto Biotech (MMBL), the India-incorporated firm, which has sub-licensed the Bt cotton seed technology to as many as 50 domestic seed companies since 2002.

While the trait value was around 20% of the retail price before the price control was imposed, it reduced sharply to 6% due to the March-2016 move and, further to just 5.2% after Monday's decision.

While the Delhi high court is hearing a petition filed by MMBL against the government's move, a company spokesperson said on Tuesday: "The technology was introduced in India and broadly licensed by the technology provider to seed companies through mutually agreed-upon private contracts. However, the Cotton Seed Price Control Order (CSPCO) was issued in 2015 against the backdrop of a bilateral dispute, in which a few licensee seed companies withheld from MMB contractually agreed-upon fees. These fees were less than 1.5% of the cost of cultivation for farmers. It is unfortunate that (the latest) order further erodes trait fees, which are now less than 0.5% of the cost of cultivation, while the technology continues to provide value to farmers across India."

About 90% of the country's cotton area of 12.26 million hectare in the 2017-18 season was under Bt cover. The country's cotton production has risen manifold since the introduction of Bt seeds — from 13.6 million bales in 2002-03 to a projected 33.92 million bales in 2017-18 crop year (July-June). Each bale weights 170 kg.

Curiously, the local seed companies, which had welcomed the capping of seed prices in 2016, has now found the latest move crippling their profitability.

"From 2011 the seed value (sans trait fee) per 450-gm packet (has been) gradually brought down…In the last six years, the seed industry has seen huge increase in labour cost, supply chain cost, electricity/fuel cost and so, practically there's no business margin left to continue cotton seed production any more," said Kalyan Goswami, director general of National Seed Association of India (NSAI).

Goswami said that NSAI had in fact sought Rs 150/packet increase in seed price to sustain in Bt cotton business. "The new low price would definitely impact seed supply and availability next year," he said.

Source:financialexpress.com- Mar 14, 2018

HOME

****