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IBTEX No. 98 of 2018 May 14, 2018

USD 67.24| EUR 80.42 | GBP 91.20 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19792	41400	**78.49**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
20620	43132	**81.78**

International Futures Price

NY ICE USD Cents/lb (July 2018)	84.62
ZCE Cotton: Yuan/MT (May 2018)	15,745
ZCE Cotton: USD Cents/lb	**95.41**
Cotlook A Index – Physical	**93.95**

Cotton guide: There were several positive news on Cotton in the last week but market couldn't persuade them. Eventually cotton price fell. The July future ended the week at 84.62 cents down by 228 points from previous week. Likewise, December future also slid marginally to end at 80.24 down by 33 points from last week.

To reiterate the facts the weekly export sales was better, the monthly demand-supply report released by USDA was also perceived better as the gap between supply and demand has narrowing down with demand increasing. The weather in the Texas region is still not supportive for cotton and cotton growers so far this season in US.

Nonetheless, price has corrected sharply down and that's fact. We could possibly cite reasons for declining cotton price is the cut in the speculative positions as the open interests were incessantly rising and reached to a record level of 286K contracts. There has been slight cut in the aggregate open interest for the first time after three consecutive weeks rise. Also the options data under cotton trades at

ICE suggests in the last week from previous Friday to last Thursday July options open interest increased by 9177 contracts out of which 2842 were on calls while 6335 on puts.

More than commodity fundamentals the weather pattern in Texas, performance of USD index which is rising incessantly and heating up crude oil price might restrict strong gains on cotton. On contrary we believe if these factors starts correcting down then possibly ICE cotton may start to move higher towards earlier projected figure of 90s.

Coming to trading front, the average daily trading volumes have been steady around 30-35K contracts, OI reached to record high but a marginal decline in the last week. We believe market to remain sideways.

On the technical front, market has reached to a very critical support level and we see 84/83.30 as very strong support level. However, it might now take good time to rebound to break the recent high of 88.08 cents although overall trend is still bullish. We expect it to trade in the range of 83.5 to 86 cents per pound this week.

On the domestic front in the last week cotton price have declined for S-6 variety from Rs. 42,250 per candy to Rs. 41,900 per candy ex-gin. On parity the price has declined from 80.80 cents to 79.50 cents. Interestingly he price have declined in the last week along with sharp fall in the open interests. The average daily arrivals in the last week have declined below 70K Bales.

With the decline in ICE future and cut in domestic spot price the MCX cotton future price have also declined. The May future at MCX ended the week at Rs. 20620 down by Rs. 130 from previous week's close. The trading for domestic cotton future in the near term would be Rs. 20450 to Rs. 20850 per bale.

Currency Guide:

Indian rupee appreciated by 0.07% to trade near 67.28 levels against the US dollar. Rupee has benefitted from some stability in crude oil price and correction in US dollar against major currencies. Crude oil price are off recent highs as market players assess impact of US decision to withdraw from 2015 nuclear deal. The US dollar index has come off recent highs as disappointing inflation data dented market expectations of faster rate hikes. Rupee has fallen sharply in last few days and some correction is likely however we may not see much appreciation unless crude oil price correct. USDINR may trade in a range of 67.05-67.35 and bias may be on the upside. Further cues will come from inflation data. Market players are also positioning for outcome of Karnataka elections tomorrow....

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

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INTERNATIONAL NEWS

With export-led growth: East Asian economies prosper, but Pakistan lags behind

The export-led growth that Pakistan and several other developing countries are pursuing has two components: first, there is sustained export growth, which is based on increased competitiveness of the export sector. In the second phase, the export sector becomes a catalyst for transformation of the overall structure of production in the economy.

This is what happened in case of East Asian economies, such as South Korea, Taiwan, Singapore and Hong Kong, which successfully implemented export-led growth strategies.

In Pakistan's case, however, even the first condition has not been satisfied, which has prevented the export sector from spearheading development efforts. It was towards the close of the 1980s that Pakistan switched over to the export-led growth from the import substitution strategy. Between 1990-91 and 2016-17, the country's exports went up from $5.61 billion to $20.43 billion.

The average annual export growth has been a paltry 5.8%. During the 1990s, exports grew on average 5.6% a year. During the 2000s, the average annual export growth accelerated to 9.9%. Between 2010-11 and 2016-17, average export growth of 1.94% was recorded.

The sluggish export growth also cast its pall over the overall economic growth. Between 1990-91 and 2016-17, the economy grew on average 4.5%. During the 1990s, GDP grew 4.6% a year. During the 2000s, the average economic growth marginally went up to 4.7%. Between 2010-11 and 2016-17, economic growth decelerated to 4.3%, according to the Pakistan Economic Survey data.

Many other countries, which embarked on export-led growth about the same time as Pakistan did have seen both their economies and exports,grow at a much faster pace. Chinese exports went up from $62.09 billion in 1990 to $2,097 billion in 2016, registering an average annual growth of 15.32%. During the same period, the Chinese economy grew on average 9.63%.

Indian exports went up from $17.96 billion in 1990 to $264.40 billion in 2016 up by 11.82% a year.

During the same period, the Indian economy grew on average 6.59% (World Bank data). Thus in both these countries, high economic growth was underpinned by robust export growth.

Another measure of export growth is the export-to-GDP ratio. Pakistan's export-to-GDP ratio has come down from 15.53% in 1990 to 9.13% in 2016. As per World Bank data, during the 1990s, Pakistan's average export-to-GDP ratio was 16.4%, which fell to 14.35% during the 2000s. Since 2010, the average export-to-GDP ratio has come down to 12.16%. Pakistan's current export-to-GDP ratio of 9.13% is among the lowest in the region: Iran (22.40%), China (19.64%), India (19.17%), Sri Lanka (21.44%) and Bangladesh (16.64%).

From the perspective of export-led growth, it is important to look at two things in the main: one, does over the years, the composition of the export basket remain the same? Two, is export growth based on simple widening of production without changes in productivity of the factors of production?

Higher productivity means not only producing more output from the given resources but also producing the products, which better satisfy customer needs. The first factor is important, because the export-led growth process must include decreasing dependence on traditional exports and increasing dependence on value-added manufactures, particularly those which have a high growth potential in international market.

The second factor is important because without improvement in productivity, exports will find it difficult to successfully compete in foreign markets both in terms of price and quality. If the production function in exporting enterprises is not better than that in the enterprises producing for the domestic market, the export sector cannot serve as a catalyst for development.

Let's look at Pakistan's exports from the aforementioned perspective. According to the Pakistan Economic Survey, in 1989-90, the percentage share of primary products, semi manufactures, and manufactures in total exports was 20, 24, and 56 respectively.

By the end of 2016-17, the export composition had changed as follows: primary products 15%, semi manufactures 12% and manufactures 73%.

Although the share of the manufactured goods in total export basket has considerably gone up, the export of manufactured products is heavily dominated by commodity-based manufactures. In 2016-17, the share of textiles and clothing (T&C) in total export of manufactures was 67.21%, followed by 3.94% share of the leather sector.

For several years, the T&C sector has accounted for less than 5% of the global trade. This means Pakistan is competing in a sector which has a very low share in international trade with little prospects for growth. Pakistan's T&C exports are sold mainly to the low end of the market, which makes it even more difficult to bring in higher export receipts.

Pakistan's share in global T&C exports is only 1.83%. On the other hand, the engineering sector, which accounts for nearly 60% of global trade, accounts for merely 1.17% of Pakistan's total exports. The share of engineering products in total exports of China and India is 47% and 23% respectively.

Being deficient in competitiveness, the export sector continues to look for tax exemptions and subsidies at home and duty free market access abroad. Providing subsidies or tax exemptions to export enterprises is not a bad idea.

However, such support should be made conditional. It should be provided to only those enterprises which cut costs through more efficient production and management processes, or improve quality of the output through product upgrade and innovation. In the beginning of 2017, the government introduced a Rs180-billion export package spread over 18 months. The benefits to be accrued from the package were made conditional, and rightly so, on exporters showing at least 10% increase in exports over the previous year. However, on the insistence of the exporters the conditionality was withdrawn.

Pakistan's trade deficit widens 14.3% to $29.8 billion

As development economists point out, what matters for the success of export-led growth is not simply creation of modern enterprises but modernisation as a process and as a set of values. Replacing hand looms with the state-of-the art machinery is significant.

But more significant is presence of entrepreneurship, which provides for professional management, labour training, diffusion of decision-making within the enterprise, risk taking by venturing into new areas, or at least, experimenting with product design, and a total commitment to quality.

Pakistan's export sector is markedly deficient in entrepreneurship, with the result that it is as efficient, or inefficient, and as innovative as the domestic sector is.

The level of Pakistan's overall competitiveness is borne out by the country's persistently low ranking on the Global Competitiveness Index, which is 115 out of 137 economies for 2017-18, compared with India (40), Iran (69), Sri Lanka (65), and Bangladesh (99). It is difficult for export-led growth to bear fruit in these circumstances.

Source: tribune.com.pk- May 14, 2018

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Pakistan: Govt vows to pay Rs35b refund claims by June

The government has directed to resolve the problems confronted by the value added textile sector and in this connection refund claims amounting to Rs35 billion would be paid before May 31, 2018.

These views were expressed by Rana Afzal Khan, Chaudhry Abid Sher Ali and Haji Akram Ansari, the state ministers for finance, energy and commerce & textile respectively during a meeting held in Pakistan Hosiery Manufacturers & Exporters Association (PHMEA) on Saturday.

They added that a special meeting with Federal Finance Minister Miftah Ismail would also be arranged on Monday to withdraw the regulatory duty on the import of cotton & polyester yarn.

Rana Afzal said that government had finalised the details of the new textile package which would be announced very soon. He assured that value added textile sector would get maximum incentives in the package. Haji Akram said that a world class Expo Centre would be constructed over 45 acres of land in M-3 Industrial Estate Faisalabad to hold international exhibitions. He hoped that the expo would become operational within next two years.

Abid Sher Ali said that government had already ensured continuous and uninterrupted power supply to the industrial sector while efforts were being made to reduce its tariff to the minimum within the given circumstances.

Earlier in his address of welcome Mian Naeem Ahmed, the chairman of Pakistan Hosiery Manufacturers & Exporters Association (North Zone), said that all over the world export of raw material was discouraged while import of raw material encouraged.

"Unfortunately it is the opposite in our case and essential raw material for value addition is allowed to be exported which is being manipulated to create artificial shortage to fleece the value added textile sector," he added.

He added that textile had become the most important sector especially after grant of the GSP Plus status to Pakistan by EU but the country had failed to earn its dividends due to the artificial shortage and price hike in cotton yarn.

He apprised the guests that among manifold problems, the liquidity crunch was on the top which was hampering the pace of export efficiency in the wake of stuck-up refunds of billions of rupees, which include sales tax, DLTL, Customs Rebate, Withholding Tax Claims etc.

He lamented that previously this pro-business claiming government when came to power, exhausted 400 billion refund claims of exporters to pay off circular debts.

He said that the exporters opposed such act at that time but to no avail. Today, the situation is worse than that time as neither refunds have been paid to exporters nor the menace of circular debts has been eliminated.

He was of the view that if the government had decided to pay all the refunds instead of circular debts, the situation would be different leading to exports enhancement and employment generation.

Source: nation.com.pk- May 13, 2018

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The biggest players in South Africa's retail industry

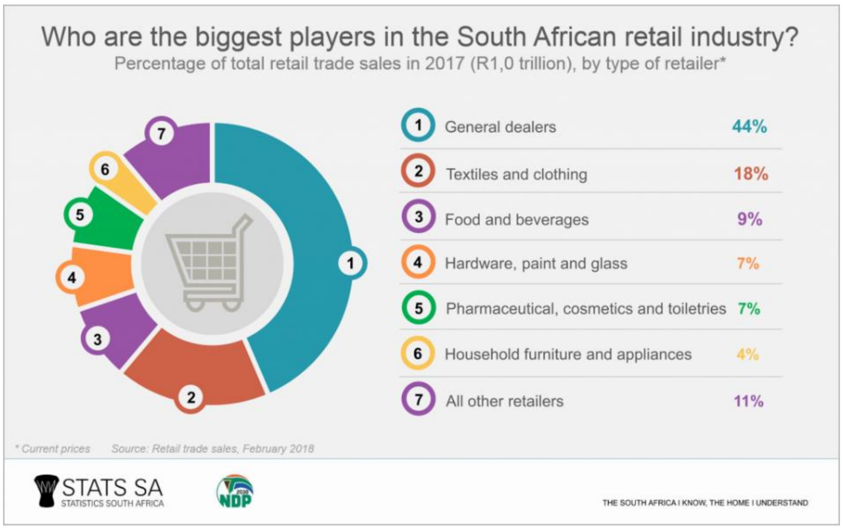
Following the recent release of its latest retail trade sales publication, Statistics South Africa has compiled a new fact sheet focusing on the biggest aspects of the retail industry.

According to the report, the industry generated R1 trillion in sales in 2017 – translating to about R31,900 spent per second across the industry over the course of the year.

"Consumers weren't shy to spend a little more in 2017 than they did in 2016," Stats SA said

"Spending on retail was up by 2.9% in 2017 compared with 2016 in volume terms (constant prices), higher than the 1.7% annual growth recorded in 2016, but lower than the 3.3% in 2015," it said.

According to Stats SA, stores specialising in food and beverages had particular reason to smile.

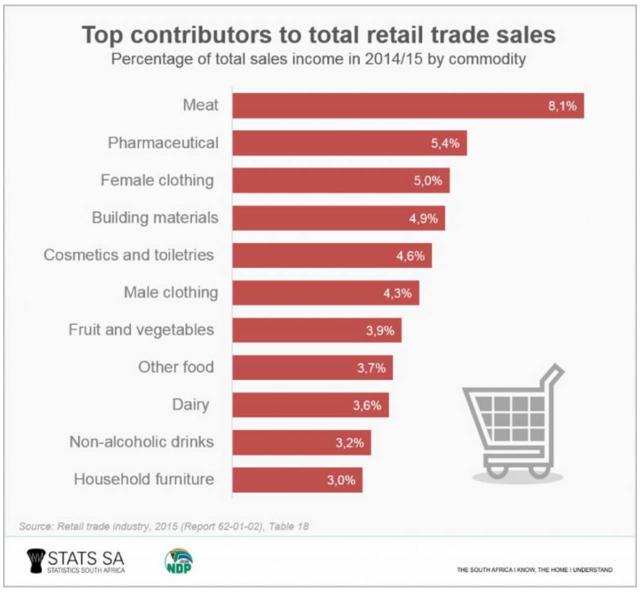


They saw their sales rise by 5.0% in 2017, the second largest annual growth rate recorded across various store types, after the miscellaneous 'all other retailers' category. Hardware stores, however, saw a decline in sales.

Despite general dealers experiencing lacklustre growth of only 1.1% in 2017, they dominated the industry in terms of sales value. For every R100 that consumers spent at retail stores in 2017, R44 was spent at general dealers, which includes supermarkets.

The second largest contributor was stores specialising in clothing and textiles, contributing R18 for every R100 of total sales.

Spending money



Looking at slightly older data, a detailed list of products shows meat as the most popular commodity in the retail trade industry, contributing 8.1% to total sales income in 2014/15.

Pharmaceutical goods and female clothing were the second and third most popular products with 5.4% and 5.0% of total sales respectively.

The top eleven products that contributed half of total sales income are shown below.

Employees

In 2014/15, over one-third of the 812,104 individuals working in retail were employed in non-specialised stores (such as supermarkets). Clothing stores were second, employing 23% of the retail workforce.

Unsurprisingly these non-specialised stores have the highest number of employees but the lowest salaries.

The average annual salary for a person working in a non-specialised store was R66,044 in 2014/15, lower than the average of R93,632 for the entire retail trade industry.

Employees in the pharmaceutical industry are by far the highest earners with an average salary of R156,107.

Source: businesstech.co.za- May 13, 2018

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Vietnam: Garment becomes second largest foreign currency earner

The textiles and garment industry gained the second-largest export value in the first four months of this year, after the export value of phones and their components, according to the Ministry of Industry and Trade. The export value of textiles and garments in the first four months was estimated at 8.6 billion USD, a year-on-year increase of 15.7 percent.

Regarding the export markets, the ministry said in the first three months of the year, the United States ranked first, with the export value of textiles and garments from Vietnam reaching 3.04 billion USD, a year-on-year surge of 11.6 percent. This accounted for 47.3 percent of the total garment export value.

The export value of textiles and garments from Vietnam to Japan reached 855.44 million USD, 19.6 percent higher than the same period last year, accounting for 13.3 percent of the total export value. The export value of textiles and garments to the Republic of Korea stood at 798.6 million USD and 268.95 million USD to China, an increase of 14.8 percent and 40.9 percent, respectively, against the same period in 2017.
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Meanwhile, the value rose by 11.8 percent to reach 806.23 million USD worth of exports to the European Union and by 26 percent to 228.36 million USD worth of exports to the ASEAN market compared to the same period last year. To reach the target of 35 billion USD in total textiles and garment export value for this year, the Vietnam Textile and Apparel Association has asked enterprises to fully exploit the working capacity of their workers as well as restructure their management practices to improve labour productivity.

Besides maintaining and developing export markets such as the United States, European Union, Japan and the Republic of Korea, the enterprises should focus on developing other markets such as ASEAN, Eurasian Economic Union, India and Latin American countries, including linkage with the distribution system in the local market.

Source: en.vietnamplus.vn- May 11, 2018

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Vietnam firms urged to tap Arab market

The affluent Middle East is a promising market for Vietnamese companies, the ViệtNam Chamber of Commerce and Industry has said.

Speaking at the Vietnam-Middle East Business Forum held in HCM City yesterday, Nguyễn Thế Hưng, deputy director of the VCCI's HCM City office, said: "The Middle East has high demand for farm produce, seafood, garment and textile products, footwear, and wood products from Vietnam."

Trade between Vietnam and the Middle East had gone up sharply in recent years, doubling from 2011 to US$12.8 billion last year, he said.

According to Lê Thái Hòa, deputy head of the Ministry of Industry and Trade's Asia-Africa Market Department, Vietnam enjoys a trade surplus with the Middle East, which consists of 16 countries and has more than 300 million people.

The United Arab Emirates is Vietnam's largest partner in the region, with their trade increasing from $4.46 billion in 2013 to $5.6 billion last year.

With a per capita GDP of over $60,000 and a large number of immigrants and tourists, the UAE has large demand for various products.

"Vietnamese goods such as seafood, garment and textile, footwear, farm produce, foodstuff and household appliances have established a firm foothold in the market," he said.

But despite the increase in trade, Vietnam's exports to the Middle East still account for a very small portion of the region's total imports.

The forum was held to further promote economic, trade and investment ties between the two sides, Hưng said.

"Vietnam hopes to attract more investment from the Middle East in the fields of renewable energy, hospitality, infrastructure, ports, aviation, property, and agriculture."

Obaid al Dhaheri, the UAE ambassador to Vietnam, said as the hub of the Middle East and gateway to Europe and Africa, his country could serve as an entry point to the global market for Vietnamese companies.

In turn, "Vietnam is the gateway to Southeast Asia for UAE firms," he said.

“Thus, more opportunities to enhance co-operation between Vietnam and UAE are available.”

Warnings

When doing business with the region, enterprises must always keep a close eye on its unstable political situation, Hòa warned.

They must also understand the regulations of each market and Muslim cultural factors such as not consuming alcohol and requiring food and foodstuffs to have Halal certification, he said.

“Exporters of agro-forestry and fisheries products should focus on improving hygiene and food safety because the market is increasingly adopting trade barriers.”

Sharing his experience in doing business with the Middle East, Đỗ Hà Nam, deputy chairman of the Vietnam Coffee and Cocoa Association and chairman of Intimex Group, which has exported to Dubai for nearly 20 years, said the market had huge demand for Vietnamese pepper, cashew, coffee, and seafood.

“To penetrate the market, enterprises should participate in trade fairs in Dubai, where they will meet potential customers. Finding a right business partner is very important," he said.

Trade platform

Also at the forum, Relam Investment L.L.C, a partnership between Dubai-based Vault Investment L.L.C and Vietnam’s MIG Holdings, announced the establishment of Trade-Hub (T-Hub), a full-fledged trading and logistics platform, in Vietnam to help Vietnamese firms promote their exports in Middle East and other markets.

The forum was organised by the VCCI in collaboration with MIG Holdings and Relam Investment.

Source: vietnamnews.vn- May 12, 2018

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Bangladesh: Mill owners in a tight corner

More than Tk 25,000 crore worth of yarn and fabrics have remained unsold in the last five months due to sudden deluge of low-cost Chinese and Indian substitutes in the local markets ahead of Eid, said the Bangladesh Textile Mills Association (BTMA).

The majority of the demand is being met by the Chinese and Indian yarn and fabrics, which are imported under bond licences and illegally sold in the domestic market by a section of unscrupulous traders, said Mohammad Ali Khokon, acting president of the BTMA.

The traders are being enabled by the lax monitoring by the customs department, he told a group of journalists at the BTMA office in Dhaka on Saturday.

The yarns and fabrics are used to make saris, salwar suits, bed sheets, scarves, lungis and so on, and the local yarn makers and weavers sell Tk 25,000 crore to Tk 30,000 crore worth of products ahead of Eid-ul-Fitr and Eid-ul-Azha, according to Khokon.

However, this year, the local spinners, dyers and weavers are sitting idle. “We have received more than 300 complaints from mill owners.”

The goods imported under bond licences are not allowed to be sold in the local market as those are imported duty-free for exporting to different countries after processing in factories.

Moreover, the government has imposed nearly 64 percent duty on commercial import of fabrics to allow the local industry to flourish. As a result, over the years local entrepreneurs had invested more than $6 billion in the country's primary textile sector, Khokon said.

With the flooding Chinese and Indian goods, nearly 60 percent of the one lakh power looms located in Narsingdi, Madhabdi, Baburhaat, Rupganj, Araihazar, Pabna and Sirajganj are shut for now.

Khokon complained that the Indian goods are entering Bangladesh through the 17 bordering points, especially the border haats set up along the bordering areas by both the Indian and Bangladesh governments in the last few years.

Bangladesh imported yarn worth $1.10 billion in 2017, up from $991 million in 2016.

The garment makers imported fabrics worth $3.61 billion in 2017, up from $3.51 billion in 2016, according to data from the National Board of Revenue. Currently, Bangladesh has 415 spinning mills and more than 800 weaving mills.

The production capacity of woven fabrics in the country is 3,000 million metres, according to data from the BTMA.

Source: thedailystar.net- May 14, 2018

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Bangladesh apparel workers receive lowest wage in Asia

Apparel workers in Bangladesh receive only $67 (Tk 5,300) per month, the lowest wage compared to all other countries in Asia.

The Garment Workers Coordination Parishad, which is a platform for readymade garment (RMG) workers comprising 52 organisations, has demanded that the minimum wage of the workers should be fixed at Tk 16,000 ($189).

The association made the demand during a press conference at Dhaka Reporters Unity. It also said that workers in India get $168, while those in Cambodia get $170. Workers in other countries like Pakistan, Vietnam and Myanmar receive $124, $154 and $86, respectively.

Kamrul Anam, joint convener of the association said that the workers should get Tk 16,000 as minimum wage with Tk 10,000 as basic salary to fulfil their monthly demands. He has demanded that the new salary be given from the month of August.

The leaders of the association have also asked for 10 per cent increment in salary every year, six months maternity leave and three months of apprenticeship period with basic salary.

Source: fibre2fashion.com- May 14, 2018

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NATIONAL NEWS

Maharashtra will give spinning mills subsidies to set up solar power plants

The state government has set up a committee to help cooperative spinning mills and textile units set up solar power plants.

Officials from the Maharashtra Textile Department, which has set up the committee, said the panel has been tasked with finalising the details of the proposed subsidy, the criteria to declare units eligible for subsidy and chalking out a plan for implementation, among other things.

The committee will be headed by the Textile Director, and will comprise the Director General of the Maharashtra Energy Development Agency and an official from the Maharashtra State Electricity Distribution Company Ltd, said an official, adding that it has been asked to submit a report in two months.

"In the new Textile policy 2018-23, approved in February, the department has decided to give power subsidy of Rs 3 per unit to cooperative spinning mills for three years.

We have also given subsidy to other textile projects. Within this period of three years, the cooperative spinning mills and textile projects are expected to set up non-conventional power projects in their premises to fulfil their power needs," said the official.

Another official said the subsidy will be reviewed every year to reduce the overall burden. "One of the major reasons why spinning mills incur losses is the higher power tariffs in Maharashtra compared to other states.

So we want to encourage spinning mills to set up solar power plants. It will reduce the power bills," the official added.

Source: indianexpress.com- May 14, 2018

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Finished fabric manufacturing plummets 40% in textile mills

Implementation of the Goods and Services Tax (GST) and concurrent impact of recession have not only hit the power loom sector hard, but even the textile processing sector is feeling the pinch.

Majority of textile dyeing and printing mills have reduced production of finished fabrics by almost 40 per cent in the last fortnight due to recession, money crisis and weavers drastically reducing production of grey fabrics.

Industry sources said textile sector is on the brink of collapse due to the negative impact of GST. The cost of raw material required for processing of grey fabrics has shot up by almost 30 per cent. Besides, textile mill owners were compelled to increase wages of textile workers on May 1.

Most of the textile workforce moved out of the city to attend marriage and other social events in their hometowns. The workers who stayed back were demanding wage hike as they had to work full-time to meet production needs in the factories.

At present, textile processors have been facing severe liquidity crunch as textile traders have been delaying payments up to 100 days for various reasons, including recession, slowdown in fabric demand etc.

South Gujarat Textile Processors' Association (SGTPA) president Jitu Vakharia said, "Production of finished fabrics in textile processing mills has come down by almost 40 per cent. There is a serious shortage of cash rotation in the market. We are not getting cash money for paying wages to workers. The cost of raw materials has appreciated by almost 30 per cent."

Vakharia added, "The situation is going to remain the same till Diwali festival. Power loom weavers are operating their units for just eight hours, which means the production of grey fabrics will come down to just 1.5 crore metre per day."

A textile mill owner Anand Tulsiyan said, "The future of textile sector looks grim. The payment crisis is so serious that we can't even think of operating the factories. This was the reason why the processors increased job charges by almost 15 per cent to cope up with the losses."

Source: timesofindia.com- May 14, 2018

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MEIS to continue beyond June 30

'DGFT lifts uncertainty for exporters'

The Director General of Foreign Trade has said that the rates enhanced under the Merchandise Exports from India Scheme (MEIS), a scheme to promote exports, would continue beyond June 30.

The DGFT had issued a notification to this effect on May 11, 2018.

Garment exports received 4% MEIS benefit from November 1 last year and it was then said that the scheme would be valid till June 30, 2018.

Continuing the scheme would give confidence to garment exporters to book orders, said Raja Shanmugham, president, Tirupur Exporters' Association (TEA).

An industry representative said the notification would give relief to the exporters from the uncertainty over the continuation of the scheme.

The MEIS is among the programmes challenged by the U.S. at the World Trade Organisation and the industry bodies were reviewing them.

The review is an independent exercise and drafting a new scheme would take time.

At least till then there is no uncertainty on continuing with the existing scheme, the industry representative added.

Source: thehindu.com- May 12, 2018

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Tiruppur knitwear exports fall about 8% in 2017 -18

Garment exports from Tiruppur, the knitwear hub of the country, have shrunk by close to 8% to Rs 24,000 crore in 2017-18 from a year ago period.

This is the first time in the past five years that knitwear exports from Tiruppur have declined. In 2016-17, the exports at Rs 26,000 crore, had shown around 13% increase over the previous year.

The cut in duty drawback scheme from last September is cited as one of the main reasons for the slump in exports. "Till September, the exports were growing at 6%. From October, it fell 13-14% a month," said TR Vijayakumar, general secretary of Tiruppur Exporters Association.

The incentive duty drawback scheme available to the exporters was slashed to 2% from 7.6% in the latter half of the year, which has put India at a disadvantage vis-à-vis competing countries such as Bangladesh, Sri Lanka and Vietnam. "Both Sri Lanka and Bangladesh enjoy duty-free access to Europe and the US, the main buyers of garments," Vijayakumar said.

Tiruppur accounts for 46% of the total knitwear garment exports from the country. The total knitwear exports from the country too saw a decline last year. But the drop has been more for Tiruppur exports. The total knitwear exports from the country fell by just over 5% to Rs 52,170 crore from a year earlier.

The delay in refund of GST and state levies is pointed out as another reason for the setback to exports as it crimped the working capital flow. Most exporters began to get refunds after February.

"The funds crunch affected our order booking. The competing countries took advantage of the situation," said Raja M Shanmugham, chairman of the association. He said the government has to provide incentives either in the form of free trade access or by restoring the duty drawback scheme to earlier level to regain the lost markets.

The exporters have been trying to widen their reach by exploring new markets such as Latin America and Africa in the past few years. "But we don't enjoy any exclusivity. All the other competing countries are also looking at these markets," Shanmugham said.

The current sluggishness in the international market also necessitate policy support for the exporters, the exporters said.

Source: economictimes.com- May 12, 2018

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AEPC seeks strengthening of special package for garments

The Apparel Export Promotion Council (AEPC) has sought strengthening of the special package announced by the government in 2016 for the apparel sector by increasing the Rebate of State Levies (ROSL) under it.

A press release from the council said that according to a study conducted by it, the special package had generated Rs. 2,500 crore additional investment. "The findings of the AEPC survey suggests that ROSL has had a positive impact on the garment industry," the release said. There was a direct correlation between release of ROSL to exporters and increase in exports in the month of announcement and implementation of the scheme.

A. Raja Shanmugam, president of Tirupur Exporters' Association, told The Hindu that the special package was intended to boost exports. However, the intended growth derailed with the implementation of the GST. Under GST, the duty drawback paid to exporters and the ROSL had shrunk.

The textile industry needed a supportive package to survive in the global competition. All the neighbouring countries were becoming a potential threat to India's ready made garment export sector.

HKL Magu, chairman of the council, added in the release that though the GST roll-out had temporarily slowed down the industry, the positive impact of ROSL was expected to bring results during this financial. "AEPC has informed the ministries concerned about the positive impact of ROSL on RMG exports and has requested the policy makers to increase the ROSL rates," he said.

The special package for apparel and made ups needs to be continued and more embedded taxes need to be brought under it, according to an industry source.

Source: thehindu.com- May 12, 2018

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Demand for cotton seeds in Punjab down 20-30% from year ago, say companies

Cotton season in Punjab is off to a sluggish start, with seed companies reporting low demand for BT cotton seeds, the variety that accounts for most of the cotton grown in the country. Seed companies say farmers are shifting to other crops, especially paddy and maize, in which they see higher returns.

Accordingly, cotton acreage in the state this kharif season is expected to drop by 15-20% despite an 8% discount in price of seeds this year. Experts said if sowing doesn't pick up pace, it could affect the revival of cotton in Punjab, where acreage under the cash crop had jumped by about half in 2017-18.

"Demand for cotton seeds so far is 20-30% less than last year due to factors including delay in supply of canal water and higher income in paddy in the last season," a Fazilka-based di ..

Cotton, largely BT cotton, was grown over 122 lakh hectares in India in 2017-18. In recent years, pest infestation, high input costs and drop in earnings in cotton have hit farmers hard. "Use of spurious seeds and unscientific use of pesticides and insecticides are reasons for crop failures," said an executive of a cotton seed company.

The sowing of cotton in the state is less than last year, according to cotton seeds distributors, although seed prices have come down by about Rs 60 per packet (450 gm) to about Rs 740. The government had revised BT cotton seed prices in March this year.

Some traders said farmers have moved away from cotton because of lower-than-expected earnings from the crop in the previous season.

"Cotton price had increased to Rs 5,000-6,000 per quintal in the previous season, while they have remained below Rs 4,500 in 2017-18," said Jaspal Singh, an Abohar-based cotton trader.

The delay in supply of canal water is another reason for low sowing in some districts, especially Mansa. “Late cotton crop is highly prone to pest attack, including whitefly, that has hit crop hard in recent years,” an official of Punjab agriculture department said.

This year, the Punjab government is aiming to bring 4 lakh hectares under cotton. “Higher income in basmati last year is influencing farmers to grow less cotton,” said Jasbir Singh Bains, director of agriculture for Punjab. ..

Cotton, a crucial crop helping in moving farmers away from water-guzzling paddy, had regained lost ground in Punjab. As per government data, it covered 3.82 lakh hectares in 2017-18 compared with 2.56 lakh hectares in 2016-17. However, a serious whitefly infestation is making farmers rethink their plans.

Sowing of cotton in Punjab begins at least a month ahead of sowing in the other states. Executives of some seed companies said the shift in cropping pattern in the northern state is unlikely to be replicated in the other major cotton-growing states including Gujarat, Maharashtra and Madhya Pradesh.

Source: economictimes.com- May 12, 2018

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Transporters end strike at JNPT; new trucking system to be put on hold

Transporters hauling containers to and from Jawaharlal Nehru Port Trust (JNPT) have called off their strike from Saturday night after local politicians wrested an assurance from the four new transporters selected by the port authority not to proceed with their work till the Supreme Court decides on a petition brought by the striking truckers’ associations.

“The strike was called off from Saturday night,” said Pravin Paithankar, President of the Maharashtra Heavy Vehicle and Inter-State Container Operators’ Association, one of the agitating associations.

“The four transporters have given an assurance not to ply their vehicles or proceed with the work till the Supreme Court decides on the matter,” Paithankar said.

The assurance was given at a meeting called by Ganesh Naik from the Nationalist Congress Party (NCP), Bala Nandgaonkar from the Maharashtra Navnirman Sena (MNS) and Uday Dalvi from Shiv Sena, among other political party representatives, to end the strike.

Representatives from the 11 transport associations spearheading the strike and those from the four new transporters were also present.

After the Bombay High Court, citing government policy, refused to intervene in a case brought by the association last year, it approached the Supreme Court for relief.

Separately, the four transporters have told JNPT in a communication that they will not be able to carry out their work till the issues are settled, said an executive with one of the four entities.

Local politicians and transporters, from both existing and newly selected ones, will also hold an emergency meeting with the port authorities on Tuesday to finalise an "amicable solution" to the issue, Paithankar said.

The strike that lasted four days affected road movement of containers. It would have paralysed port operations had it continued for long.

Paithankar said that they have suggested the formation of an expert committee to look into various aspects of DPD in its entirety.

Source: thehindubusinessline.com- May 14, 2018

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India spends $74 million on projects in Nigeria

The Indian High Commissioner to Nigeria, Shri Nagabhushana Reddy, says that country has invested more than 74 million dollars on projects in Nigeria this year.

Reddy made this known in Aba on Sunday during the Indian Universities Alumni Association, Aba Chapter symposium and cultural fiesta.

He said that Indian government was handling a Solar PhotoVoltaic Renewable Micro-Utility (REMU) project in the six geo-political zones of Nigeria valued at 8.36 million dollars.

According to him, a 50 megawatts Solar Power Plant was also being installed in Bauchi state at the cost of 66.6 million dollars.

He said that India in 2016, approved 60million dollars and 30 million dollars for power projects in Kaduna and Cross River states respectively while similar project was being processed at 40 million dollars for Enugu state.

The High Commissioner said that India fully supports Nigeria's economic recovery and growth plan through promoting its agriculture and allied sectors as a means of improving the global economy.

Reddy, represented by his deputy, Subhash Chand said that the Nigerian-Indian bilateral relationship in the education sector remains `a proud history,' and of great importance and would be sustained.

He commended the Aba chapter for the initiative and promised that India would always support them.

Meanwhile, Governor Okezie Ikpeazu of Abia state used the opportunity to call on Indian government to establish a tricycle assembly in Aba to serve the large number of residents patronizing it.

He said that Aba was once known for production of textiles but regretted that its textile factories have become moribund.

He therefore called on the Indians to come help restore the Aba textile mills to enable it serve the people and create more jobs. Ikpeazu was represented at the occasion by Mr Emma Emeruwa, Chairman, Aba South LGA.

In his speech, the President, Indian Universities Alumni Association, Aba Chapter, Chief Ben Egwuonwu said the association was formed in 1985 by Dr Bon Asiegbu.

He said that since inception, the association had contributed positively towards the relations between the two countries by stopping discriminatory policies against Nigerians including the alumnae.

He also said that it had helped to solve the problem of rejection of Indian Universities alumni by Indian companies in Nigeria.

The association called for the establishment of Indo/Nigerian Cultural, Educational and Business Centre at Aba to advance mutual interests of stakeholders.

Egwuonwu said there was urgent need to establish effective economic and business collaboration between India and Nigeria adding that the alumni should serve as foundation stone.

Source: today.ng- May 13, 2018

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How Sending Exports Via Post Offices Is Set To Turn Easier

Customs plans initiatives such as the X-ray scanning at foreign post offices (FPOs) to expedite the release of goods

In order to expedite the release of goods meant for exports, the department of customs is set to roll out some of the initiatives with the introduction of non-intrusive technologies such as x-ray scanning at Foreign Post offices (FPOs).

The government believes that these measures would also curb the smuggling of narcotics, as witnessed by the recent seizure of 300,000 tablets of psychotropic substances, stated Press Information Bureau in a statement. In order to strengthen law enforcement, customs will scan mail bags at the airports itself for identifying suspect consignments and contraband items.

The Customs department recently proposed newer simplified methods to send exports via foreign post offices. To announce the same, the Indian customs and Department of Posts recently hosted a joint press conference in Delhi to deliberate over streamlining of imports and exports by post.

The government even invited Amazon and DHL to give presentation on the best global practices identifying bottlenecks faced by exporters in India

The initiative was lauded by Pritam Banerjee, DHL representative, who said, "From a private sector perspective, it was great to see customs and posts coming together to find solutions for Indian e-commerce."

At the same time, the customs department chief commissioner Sunil Sawhney anticipated the unlocking of massive export potential by sprucing up of foreign post offices' infrastructure and their PAN- India presence.

With this, the customs is probably leading a reform in Indian exports by allowing the e-commerce exports via all foreign post offices. This is being rolled out sans the MEIS (merchandise exports from India scheme) benefits for now.

It has come to light lately that one of the major bottlenecks in the Postal System is the absence of Professional Logistics Companies which can facilitate SMEs going global through online presence and leaving postal logistics to third parties.

Source: ndtv.com- May 13, 2018

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Walmart may increase India sourcing

Walmart may step up sourcing from India for its global operations as the Flipkart acquisition gives it access to the huge supplier base of the e-commerce company.

The US retailer currently sources goods worth over a couple of billion dollars, such as apparel, generic medicines and handicrafts, from Indian suppliers such as Welspun and Dr Reddy’s for its stores in the US, UK, Canada and South America.

Walmart’s sourcing from India is still small compared with that from China. But the combination of its Best Price cash and carry business and Flipkart is now expected to help boost India’s contribution.

The bigger base of suppliers from Flipkart will offer it more opportunities to source for its retail outlets abroad, while also allowing suppliers a wider exposure to overseas markets.

The India market opportunity for Walmart will in fact be meatier than that from building a larger supply chain to source goods for global markets. Between the cash and carry business and Flipkart, Walmart will focus more on India, with its backend systems and expertise in large-scale sourcing. It will focus on expanding the 100 million Flipkart customers.

Walmart has over 20 Best Price cash and carry outlets in India. In fiscal 2017, the India unit posted revenue of Rs 3,641 crores, of which two-thirds came from sales of food and groceries.

Source: fashionatingworld.com- May 12, 2018

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