iBtex. TEXTILE INTELLIGENCE CENTRE
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. 53 of 2018 — March 15, 2018

USD 64.92| EUR 80.40 | GBP 90.80 | 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)	83.44
ZCE Cotton: Yuan/MT (Jan 2018)	15,155
ZCE Cotton: USD Cents/lb	**92.43**
Cotlook A Index – Physical	**93.9**

Cotton guide: Cotton price traded steady on Wednesday while during close posted a slight positive ending. The May future ended at 83.44 cents per pound up by 46 points from previous close.

The July contract also traded in the similar fashion and ended at 83.20. There is no major difference between the spread of May and July and held around 20 to 30 points.

On the trading front the volumes were thin on Wednesday around 20K contract amid no major trigger in the market. However the open interest continued to rise. As of latest data the aggregate open interest is around 272K contracts.

So far this week no major trigger on Cotton in fact the USD index continued to trade in the band of 89.50 to 90.50 and the US stock indices continues to slide down.

Nonetheless, we expect today market could witness good volatility, movement and participation on Cotton ahead of weekly export sales data during US session.

Along with sales the shipments figure may be also better. For reference last week when the weekly export sales data was out cotton price surged more than 250 points and shipments were higher. We expect the similar kind of action should be seen on today's trading session.

On the technical front no major difference this week as prices are consolidating having strong support near 81 cents while 85/86 Key resistance zone. We expect market to remain in the same range however the expected higher exports should respect the support level and push the pric3 on the higher side.

Coming to domestic front, the spot price of Shankar-6 have declined marginally to around Rs. 41K per candy ex-gin down by half cent on parity term from previous day. The average daily arrivals have been around 160K bales. On the future side the market is mostly steady this week and trading around Rs.20600 per bale. We expect market to trade sideways and move in the range of Rs. 20450 to Rs. 20800 per bale.

Currency Guide:

Indian rupee depreciated by 0.2% to trade near 64.95 levels against the US dollar. Weighing on rupee is weakness in global equity market amid concerns about global trade war and uncertainty about Trump administration. However, supporting rupee is upbeat growth forecast. World Bank maintained its growth forecast for 2018-19 at 7.3% and 7.5% for 2019-20 signaling that the economic slowdown has bottomed out. The US dollar is also pressurized by disappointing economic data and lower bond yields. Rupee may witness choppy trade on mixed cues but some appreciation is likely due to general weaker outlook for US dollar.

USDINR may trade in a range of 64.75-65.1 and bias may be on the downside.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Apparel prices remain high in the US

US apparel prices jumped for the second month in February, the biggest back-to-back advance in nearly three decades, led by women's wear. All women's apparel categories advanced, with footwear prices jumping the most since September 2000, and outerwear, dresses and suits also recording gains.

Men paid their part, too, with sweaters and shirt prices increasing at a pace not seen in more than two years.

Clothing was among other consumer categories in February which recorded price gains. Data indicates inflation is firming without breaking out in a way that rattled financial markets last month.

Apparel price increase could also be a sign that retailers are doing a better job managing their inventory levels -- a focus of many chains after the holiday season including shoe retailer DSW and Macy's.

With less products on shelves and in warehouses, companies hope to sell a larger portion of the goods at full price, minimizing the need for discounts.

The US apparel market is the largest in the world. It is always changing, attempting to adapt to customer trends and new technology that will allow consumers' shopping experience to be more enjoyable and ergonomic.

Athleisure, which is heavily driven by millennials but appeals to all age groups, continues to be a top growing apparel segment.

Source: fashionatingworld.com- Mar 14, 2018

HOME

****

German clothing exports up 17 per cent

German clothing exports grew by 17.7 per cent for the full year. Textile exports grew by 2.6 per cent. Exports of the German textile and clothing industry increased totally by 11.3 per cent.

Clothing exports to important countries and regions increased. Exports to Russia seem to recover. Exports to the US and UK remained good. However, EU domestic markets remain the most important export channel.

In both textile and clothing sectors foreign turnover was higher than that of domestic sources. This underlines the importance of foreign markets for the two sectors.

The EU and other foreign countries are responsible for the turnover plus. Textiles production increased in 2017 by three per cent whereas clothing production contracted by 2.2 per cent.

Manufacturing prices in clothing increased only 0.1 per cent and manufacturing prices for textile products increased slightly by 0.6 per cent.

The clothing segment showed growth in all sectors except lingerie. Hosiery and knitting were also in focus as well as work- and professional clothing. These added greatly to the turnover.

Employment in the two sectors increased 0.9 per cent. Employment in the clothing sector increased by 0.8 per cent and in the textile sector by 0.9 per cent.

Source: fashionatingworld.com- Mar 14, 2018

HOME

****

Fiber Prices on the Rise Thanks to High Demand and Increased Costs

While factors vary from supply and demand issues to China policy and polyester pollution concerns, fiber prices have risen in the last month and signs point to a continued upward slope.

The pattern of higher prices throughout the apparel supply chain has been consistent, with retail apparel prices rising a seasonally adjusted 1.7% in January–the biggest monthly increase since 1990, the January Consumer Price Index showed.

Spot prices on U.S. cotton averaged 80.48 cents per pound for the week ended March 8, the highest weekly average since May 2014, when the average was 82.11 cents a pound, according to the U.S. Department of Agriculture.

The weekly average was up from 78.60 per pound the week before and further above the 74.84 cents per pound reported the corresponding period a year ago, USDA said.

Cotton Incorporated's Monthly Economic Letter for March noted that price shifts in international benchmark prices were mixed in February, with New York futures and the A Index both, while South Asian prices were "flat to lower," and Chinese prices were "stable."

Prices for the May New York futures contract trended higher since late February, Cotton Inc. said in its report released on Friday.

"In the first full week of March, there was a surge that briefly lifted [futures] values over 85 cents per pound and new life-of-contract highs," Cotton Inc. said. "Shortly after, there was a collapse, with values dropping 3 to 4 cents. In the latest trading, prices have been rising again, with the most recent values 84 cents per pound."

The A Index, a global average of the cheapest five quotations of upland cotton, also increased over the past month, with the most recent values of about 92 cents per pound about five cents higher than a month earlier.

The China Cotton Index was stable in international and domestic terms in the month, according to the report. Indian spot prices decreased slightly in late February, falling to the equivalent of 78 cents to 80 cents per pound, Cotton Inc. reported.

Pakistani prices decreased from the equivalent of 80 cents a pound to 76 cents in February. In early March, prices moved slightly higher, with the latest levels near 78 cents per pound.

The Cotton Inc. report noted that late last month, the USDA released a preliminary set of forecasts for an upcoming crop year that indicated that in the 2018-19 growing season, global cotton production will be down about 4 percent to 117 million bales and that global cotton consumption will be up about 2 percent to 122.9 million bales than in 2017-18. These early estimates suggest a production deficit of 5.9 million bales, or 5 percent of projected global mill-use, will occur in 2018-19.

"Considering that world cotton stocks will remain high by historical standards, the global production deficit may not be a primary driver of price movement," Cotton Inc. said. "As has been the case for the past several years, what can be expected to be more important for price direction is the allocation of stocks inside and outside of China. China has successfully drawn down its stocks over the past three crop years and is expected to reduce its stocks again in 2018-19."

With global stocks generally on the high side, cotton prices should have been driven lower, but they have been steadily increasing, instead.

"A range of possible explanations surfaced to explain why prices have been rising instead of falling," the report noted. "Among these have been concerns regarding the size of the Indian crop, speculative investment, the record level of unfixed on-call sales and the high volume of committed U.S. export sales." Transport bottlenecks at U.S. ports have been a contributing factor, though that seems to have been resolved for now, according to the report.

"The USDA expects [a] high level of U.S. stocks to be maintained in 2018-19, but several key questions associated with that projection have already emerged, most notably the impact of dry West Texan weather and the potential for China to increase imports," Cotton Inc. added.

A recent report from the International Cotton Advisory Committee noted global cotton consumption is expected to continue to grow "based on global economic expansion, an expected acceleration of consumer demand for textiles, manufacturing growth for cotton and rising environmental and production costs for synthetics."

The U.S. Department of Labor's Bureau of Labor Statistics January report on the Producer Price Index (PPI) saw the synthetic fiber index increase 4.6% to 128.3 from 112.7 a month earlier and stand at 6.5% from January 2017.

There have been several recent reports criticizing the role of synthetic fiber, particularly polyester, in contributing to ocean pollution caused by microplastics released during machine washing.

A bill recently introduced in the California State Assembly would require all clothing made from fabric that is more than 50 percent polyester to bear a conspicuous label warning that the garment sheds plastic microfibers when machine laundered.

The Hohenstein Institute is conducting a study aimed at reducing the discharge of microplastics into wastewater that is said to cause harmful health effects on animals and humans.

The costs of polyester production are likely also impacted by increased petroleum prices, as it is both a component of the polymer and raised manufacturing costs for the energy-intensive material. The price of light sweet crude oil increased 1.9% to $62.04 on Friday on the New York Mercantile Exchange. Meanwhile, the USDA's weekly National Wool Review's average of Australian wool delivered to the U.S. came in at $5.82 per pound last week compared to $5.63 a month earlier.

John Roberts, the Woolmark Co.'s general manager for the Eastern Hemisphere, said in a report on Woolmark's web site that "the current buoyant wool prices are a reflection of the underlying dynamics of supply, demand and consumer priorities that are looking favorable for wool."

Source: sourcingjournalonline.com- Mar 13, 2018

HOME

****

Pakistan: Disappearing textiles

In the contemporary world, the only constant is 'change'. The world is transforming and consumer preferences are changing across a wide range, from food consumption to the standard of living, to travelling and then to clothing.

Simple textiles and clothing have evolved into fashion brands. Everyone has now jumped on the environmental bandwagon. Textile consumer preferences are shifting from cotton-based apparel to synthetic man-made apparel. In the world market, consumption of man-made or synthetic fibres against natural fibres has shifted to a ratio of 70:30, with synthetic fibres having the lions share – a decade ago it was 30:70.

Polyester is now the most dominant man-made fabric across the globe. Its demand surpassed the demand of cotton in 2002, and it has continued to grow ever since at a significantly faster rate than all other types of fabric. Man-made fibres are cheaper, environment-friendly and more durable; their quality does not deteriorate with washing. Technological advances in synthetic material have offered textiles that are softer, hang better and even have better moisture absorbency than cotton.

The demand for man-made fibres such as polyester staple, viscose and tencel is increasing as a substitute for cotton, amid changes in the global fashion trend. But the policy situation remains the opposite in Pakistan; its exports are still primarily cotton-based. Pakistan's major export destination of textiles and apparel is the US and Europe.

The US imports of synthetic apparel overtook cotton-based imports from 36 percent in 2006 to 54 percent in 2016. Pakistan's share in the total textile and apparel imports of the US in 2016 declined to a mere three percent owing to its narrow export basket which basically comprises natural fibre. This means that if we do not keep up with the new world preferences, our international market share will continue to shrink.

One reason for reliance on cotton based products in Pakistan is that, apart from polyester, nothing is made in Pakistan. We virtually import all synthetic fibres including nylon, viscose etc.

Further, when raw materials such as Polyester Staple Fibre (PSF) are imported for the local production of synthetic man-made fibre (MMF) yarn, providing raw material to our spinning industry and helping diversifying our textile exports, the import duty reaches up to 20 percent – 7 percent import duty and 2.9 to 11.5 percent anti-dumping duty.

However, when MMF yarn is imported directly it faces a lower import duty of five percent (under the South Asian Free Trade Agreement) to 10 percent, under chapter 55 for MMF yarns import, resulting in a dichotomy. Resultantly imported PSF (input to our spinning mills) becomes more expensive than international prices. The aforementioned anomaly in regulatory duties is making domestic MMF yarn production uncompetitive, even in their own domestic market. This led to a downfall of 36 percent of domestic MMF yarn production capacity in the last one year alone.

Amidst the ongoing crisis, foreign exchange spent on the import of MMF yarns from Indonesia, China, Thailand and India is around Rs12 to 16 billion. In Pakistan, the domestic production of polyester viscose blended yarns is approximately 165,000 tons per annum. More than 50,000 tons of PSF yarns are imported per annum. This is equivalent to the production of almost 15-20 domestic mills in the business of 100 percent polyester, polyester viscose blended, viscose or polyester yarns and other synthetic fibre-blended yarns spun out of a total of 45-50 mills. These mills provide employment to 100,000 people.

Importers of synthetic blended yarn not only put local industries out of competition but also fully exploit them to sell the product at a cheap rate equivalent to India. On the other side, the value-added export sector imports cheap MMF yarns under the Import Policy Order 2012-15 (SRO 193(1)/2013) which allows import of MMF yarns consisting of pure polyester, polyester viscose and others, with five percent import duty on yarn imported from India. The export sector uses this imported yarn, adds value to it and then exports the product claiming full duty drawbacks, which is patently unjust.

What is hurting the local synthetic fibre manufacturing industry most is the lack of a level-playing field, with higher tariff barriers being imposed on the import of raw materials and a minimal duty on import of MMF yarns, leading to the widespread dumping of MMF yarn and fabrics in the country.

By imposing 20 percent regulatory duty on $100 million imports of MMF yarn, jobs of 100,000 people employed in our spinning industry can be saved with using the additional revenue of around Rs2 billion in the Federal Board of Revenue's kitty.

The MMF industry, which is backed by sufficient raw materials and a huge global demand, can give a boost to the textiles. It is high time that the government and the industry realised this and captured a bigger share in the growing market for synthetic textiles.

Being high-technology products, man-made and synthetic textile products can attract additional Foreign Direct Investment (FDI) in Pakistan, since the world has moved away from cotton-based textiles. India, Vietnam and Bangladesh have gone way ahead of us in terms of growth. They could do so by following a uniform tax structure and attracting FDI through manmade synthetic textiles.

With the world population growing and requirement for food grains and land available for cultivation mounting, natural fibres will diminish with time. This will in turn lead to reduced supply of natural fibres like cotton; which will increase the price due to a shortage of supply. High price and shortage of supply will further propel people to use more man-made synthetic fibre-based apparel.

In Pakistan, cotton cultivated area had reduced to 16.7 percent within a year (from 2015-16 to 2016-17)' it was substituted by sugar cane and maize. Furthermore, a growing population will need more land to grow more food crops.

Synthetic fibres are here to stay and their demand will only increase over time. Synthetic fibres will find varied usages because of their property to be designed and verified as per a desired use.

Pakistan is clearly missing the shift from cotton to man-made fibre apparel and needs to re-examine its position and flawed policies to become conversant in manufacturing MMF-based fabrics in order to maintain, if not improve its share in the world textile trade.

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

HOME

****

Bangladesh's exports to emerging markets up three per cent

Bangladesh's garment exports to non-traditional markets rose 3.77 per cent year-on-year in the July-January period of the current fiscal. Non-traditional markets are other than key destinations such as the European Union, the US, and Canada. They include countries like India, China, Russia, Japan, South Africa, Turkey, Brazil, Chile, Mexico, South Korea, Malaysia, Australia, and New Zealand.

Shipments to these markets are rising on the back of zero-duty benefit granted to Bangladesh, opening of retail stores by global brands, market diversification by local exporters, and fiscal incentives. Bangladesh receives zero-duty benefit to markets such as Japan, India, and China. As a result, shipments to these markets are rising at a faster rate.

Riding on the relaxed rules of origin, garment exports to Japan grew 1.94 per cent in July-January. In 2011, China granted a duty-free export facility to Bangladesh for nearly 5,000 items, mostly garments. China has also established its own brands and retailers to cater to local customers and these brands buy apparel items from Bangladesh in bulk amid Chinese manufacturers' growing reluctance to produce basic garments.

Bangladesh's garment exporters also enjoy duty-free export benefits to India, although they are facing a 12.5 per cent countervailing duty at present.

Source: fashionatingworld.com - Mar 14, 2018

HOME

****

Turkey: ITM 2018 gets procurement support from 15 countries

The Turkish ministry of economy has announced the list of the procurement committee support from 15 countries for ITM 2018, the global textile machinery expo, beginning April 14.

The event in Istanbul, Turkey, will become a textile technology feast with the participation of the leaders of the textile world, who serve in all the subsectors of the industry.

The four-day expo 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.

'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," ITM press release said.

The innovations, which will be introduced at ITM 2018, 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.

The exhibition organised by the partnership between TEKNIK fair and TÜYAP in collaboration with TEMSAD is the biggest exhibition of Turkey and the Middle East in its field. Additionally, it will be one of the most important organisations 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.

Source: fibre2fashion.com - Mar 14, 2018

HOME

****

NATIONAL NEWS

US challenges India's export subsidy programme at WTO

The US today challenged Indian export subsidies schemes at the World Trade Organisation, saying these programmes harm American workers by creating an "uneven" playing field, officials said.

The US Trade Representative (USTR) argued that at least half a dozen Indian programmes provide financial benefits to Indian exporters, which allow them to sell their goods more cheaply to the detriment of American workers and manufacturers.

These programs are: the Merchandise Exports from India Scheme; Export Oriented Units Scheme and sector specific schemes, including Electronics Hardware Technology Parks Scheme, Special Economic Zones, Export Promotion Capital Goods Scheme and Duty Free Imports for Exporters Programme.

"These export subsidy programmes harm American workers by creating an uneven playing field on which they must compete," said Lighthizer.

"USTR will continue to hold our trading partners accountable by vigorously enforcing US rights under our trade agreements and by promoting fair and reciprocal trade through all available tools, including the WTO," Lighthizer said.

The announcement from Lighthizer came while Indian Foreign Secretary Vijay Gokhale was on his maiden visit to the US. He was scheduled to hold meetings with the USTR.

In a statement, the USTR alleged that through these programmes, India is given exemption from certain duties, taxes, and fees which benefits numerous Indian exporters, including producers of steel products, pharmaceuticals, chemicals, information technology products, textiles, and apparel.

According to the Indian government documents, thousands of Indian companies are receiving benefits totaling to over $7 billion annually from these programs.

The USTR said export subsidies provide an unfair competitive advantage to recipients.

A limited exception to this rule is for specified developing countries that may continue to provide export subsidies temporarily until they reach a defined economic benchmark. India was initially within this group, but it surpassed the benchmark in 2015. India's exemption has expired, but India has not withdrawn its export subsidies, USTR alleged.

"In fact, India has increased the size and scope of these programs," USTR charged.

For example, India introduced the Merchandise Exports from India Scheme in 2015, which has rapidly expanded to include more than 8,000 eligible products, nearly double the number of products covered at its inception, it alleged.

Exports from Special Economic Zones increased over 6,000 per cent from 2000 to 2017, and in 2016, exports from Special Economic Zones accounted for over $82 billion in exports, or 30 per cent of India's export volume.

Exports from the Export Oriented Units Scheme and sector specific schemes, including Electronics Hardware Technology Parks Scheme, increased by over 160 per cent from 2000 to 2016, it asserted.

Noting that consultations are the first step in the WTO dispute settlement process, The USTR said if the US and India are not able to reach a mutually agreed solution through consultations, it may request the establishment of a WTO dispute settlement panel to review the matter.

Source: timesofindia.com- Mar 11, 2018

HOME

****

World Bank pegs India growth at 7.3% for FY19

The Indian economy is expected to grow at 7.3 per cent next financial year and 7.5 per cent in the 2019-20 fiscal year, the World Bank said in its report on Wednesday.

For the current financial year, the economy is expected to clock a growth rate of 6.7 per cent, said the World Bank's biannual publication, India Development Update: India's Growth Story. The report, however, observed that a growth of over 8 per cent will require "continued reform and a widening of their scope" aimed at resolving issues related to credit and investment, and enhancing competitiveness of exports.

"The Indian economy is likely to recover from the impact of demonetisation and the GST, and growth should revert slowly to a level consistent with its proximate factors — that is, to about 7.5 per cent a year," the report said.

"While services will continue to remain the main driver of economic growth, industrial activity is poised to grow, with manufacturing expected to accelerate following the implementation of the GST, and agriculture will likely grow at its long-term average growth rate," it said.

In November 2016, the government had scrapped high value currency notes of Rs 500 and Rs 1,000 in a bid to check black money, among others.

Later, India implemented its biggest indirect tax reform — Goods and Services Tax (GST).

Both of these initiatives had impacted the economic activities in the country in short run.

World Bank's India Country Director Junaid Ahmad said India's long-term growth has become more steady, stable, diversified and resilient.

"In the long-run, for higher growth to be sustainable and inclusive, India needs to use land and water, which are increasingly becoming scarce resources, more productively, make growth more inclusive, and strengthen its public sector to meet the challenges of a fast growing, globalizing and increasingly middle-class economy," he added.

Poonam Gupta, the lead economist and the main author of the report, said that durable revival in private investments and exports would be crucial for India achieving a sustained high growth of 8 percent and above.

“This will require continued impetus for structural reforms. Resorting to countercyclical policies will not help spur sustained growth and India should not compromise its hard-earned fiscal discipline in order to accelerate growth,” she added.

India’s economic growth had slipped to a three year low of 5.7 per cent in April-June quarter of the current fiscal, though it recovered in the subsequent quarters. The economy is expected to grow at 6.6 per cent in the current fiscal ending March 31, as per the second advanced estimates of the Central Statistics Office (CSO), compared to 7.1 per cent in 2016-17. The earlier estimate was 6.5 per cent. The Economic Survey tabled in Parliament has projected a growth rate of 7 to 7.5 per cent in the 2018-19 financial year.

The World Bank report further said that accelerating the growth rate will also require continued integration into global economy.

It pitches for making growth more inclusive and enhancing the effectiveness of the Indian public sector.

Back on Track

- The World Bank projected 7.5 per cent growth rate for In 2019-20.
- The economy will grow at 6.7 per cent this financial year.
- Services will continue to remain the main driver of economic growth.
- Industrial activity is poised to grow, with manufacturing expected to accelerate.
- The economy is likely to recover from the impact of demonetisation and the GST.
- Accelerating the growth rate will require continued integration into global economy.

Source: freepressjournal.in- Mar 15, 2018

HOME

****

Tirupur garment units struggling to survive

Seek early refund of pending claims

Non-refund of ROSL (Rebate of State Levies) since June 2017, GST and Duty Drawback rate have resulted in working capital crunch, say knitwear exporters in Tirupur, urging the government to expedite refund of pending claims.

Explaining their plight, garment exporters in the knitwear cluster appealed to the Union Finance Minister Arun Jaitley to intervene and clear their pending claims, take steps to ease the filing of GST returns online and release system-based refund to avoid hardship in manual filing of the GST returns.

V Sathyabama, Member of Parliament, Tirupur constituency, who took up the matter with the Finance Minister said the MSME units in Tirupur were choking for want of working capital.

This cash crunch situation did not permit them to take fresh export orders, as they are not confident of executing them within the specified time at competitive rates, she said.

Classification of units

An even more disturbing issue is the classification of many of these units as non-performing ones by banks.

“The non-repayment of bank dues is not the fault of the MSMEs. Had they received the pending refund, they would have complied and met the demands of the banks,” she said and pointed out that the allotment of ₹6,000-crore package for garment sector had not really percolated to the MSMEs.

Source: thehindubusinessline.com- Mar 14, 2018

HOME

****

India, China exports most at risk from currency strength in Asia

An analysis shows the historical link between exports and exchange rates was the highest in India in the decade through 2017, followed by China, Malaysia and Japan

Exports from India and China are the most likely to be harmed by currency strength—or boosted by weakness—among Asian economies, underscoring the two giant's sensitivity to the swings of foreign exchange markets.

An analysis by Bloomberg Economics' Tamara Henderson shows the historical link between exports and exchange rates was the highest in India in the decade through 2017, followed by China, Malaysia and Japan. Singapore was a notable outlier—exports actually do better when its currency firms up.

For a region that's heavily dependent on exports, the relationship to currency performance explains why Asia's policy makers stepped up action last year as the US dollar weakened. With global trade risks rising this year as the US plans tariffs on a range of products, the pressure to protect the competitiveness of export industries is set to build.

"Policy makers will likely prefer to keep their currencies competitive relative to trade rivals," said Henderson, an economist based in Singapore. "This would be consistent with 'smoothing' operations in the face of currency strength, evident in the buildup of reserves. Asia's export outlook for 2018 has also dimmed with the Trump administration now acting on its protectionist threats."

Authorities in Thailand and South Korea have already voiced concern over the strength of their currencies. In countries like Malaysia, Thailand and Singapore, exports make up more than half of gross domestic product.

Exports from India had the strongest tie to currency performance in Asia in the past decade, suggesting the rupee's gains tend to detract from the performance of merchandise exports while currency losses increased their appeal.

China, Japan and Malaysia also had relatively strong negative correlations, near -0.6. The average for Asia was -0.4 in the past decade. Singapore's shipments, about half of which are re-exports, were more resilient to currency gains, Henderson said.

Malaysia's ringgit has gained the most in Asia in the year through January, according to data from the Bank of International Settlements. The Philippine peso and Indonesia's rupiah were the biggest losers.

Source: livemint.com- Mar 13, 2018

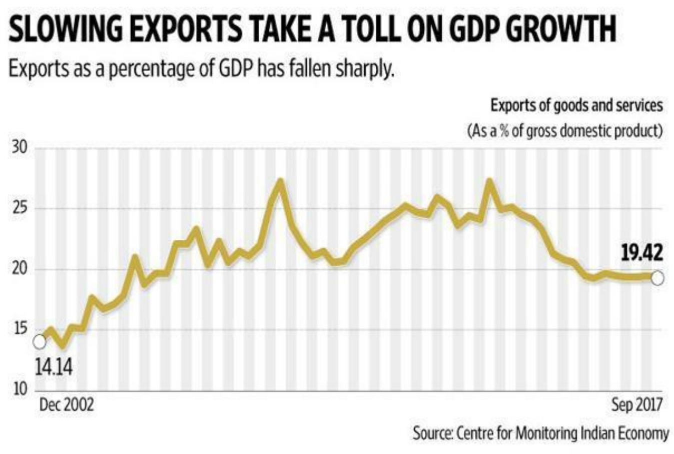
HOME

****

Even without trade wars, Indian exports have been stagnant

Indian exports of goods and services, as a percentage of GDP in the September 2017 quarter, was lower than what it was 12 years ago, in the September 2005 quarter

US President Donald Trump has threatened to impose retaliatory tariffs on Indian goods, if we do not lower our duties on American exports. If the threat is carried out, it will exacerbate an already difficult situation for Indian exports.



The seriousness of the problem is best illustrated by the fact that Indian exports of goods and services, as a percentage of gross domestic product (GDP) in the September 2017 quarter, was lower than what it was 12 years ago, in the September 2005 quarter.

The accompanying chart has the details. It shows that Indian exports of goods and services as a percentage of GDP went up steadily during the last boom till the September 2008 quarter.

The rise in exports contributed significantly to the high growth rates achieved by the Indian economy during that period.

The financial crisis then affected our exports and the exports/GDP ratio plummeted. But it recovered during 2010-13, before falling again. Since the December 2015 quarter it has stagnated at around 19.5% of GDP, far below the peak of 27.27% of GDP reached in the September 2013 quarter.

Further, the latest GDP estimates show that exports increased by 6.3% at current prices in the December 2017 quarter, well below the 11.9% growth in GDP at current prices. That indicates the exports to GDP ratio continues to deteriorate.

In contrast, International Monetary Fund (IMF) data for emerging and developing Asia show that the volume of export of goods and services from the region picked up smartly in 2016 and 2017. No such improvement is visible in Indian exports.

The last Economic Survey put its finger on the problem when it said, "the international competitiveness of manufacturing has not made great strides, reflected in the declining manufacturing export-GDP ratio and manufacturing trade balance". Bluntly put, it raises a question on how competitive Indian industry is. For the immediate future, addressing exporters' concerns on the implementation of the goods and services tax is imperative.

The survey also added, however, that the biggest source of upside potential for Indian growth lies in exports.

"If the relationship between India's exports and world growth returns to that in the boom phase, and if world growth in 2018 is as projected by the IMF, then that could add another 0.5 percentage point to growth," it said. If the trade wars happen, of course, we would be looking at subtracting from growth instead of adding to it.

Source: livemint.com- Mar 13, 2018

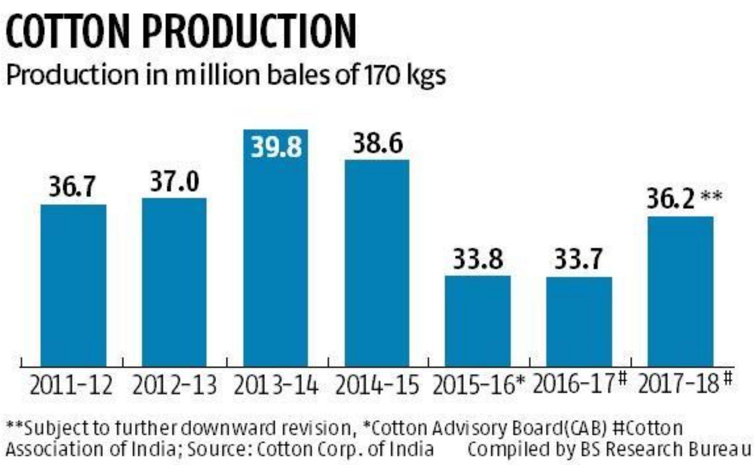
HOME

****

Pest infestation likely to lower cotton output by 10% across major states

India's cotton output is likely to decline by 10 per cent from the pre-harvest forecast of a bumper production of 37.7 million bales (170 kg each) for 2017-18. This is due to extensive attack of the pink bollworm in major growing states.

Industry veterans gathered at the 9th Asian Textiles Conference, organised by the Confederation of Indian Textile Industry on Wednesday, estimated a massive impact on output this year, due to the infestation across Maharashtra, Telangana, Andhra and Karnataka. With this, India's cotton output for the ongoing season is likely to remain flat at around 34.5 million tonnes from 2016-17, despite a significant increase in sowing during the kharif season.



The decline in overall output has prompted the government to reconsider its dependence on the widely used Bacillus thuringiensis (Bt) seed. Central Institute for Cotton Research has developed a variety of medium and long staple varieties to withstand heat and flood, to get commercialised in the next season.

"We are expecting at least a 10 per cent decline in output this year from the initial estimate of around 38 mn bales at the beginning of the season," said an industry veteran. Cotton Association of India (CAI) has revised its fibre output forecast downward for the second time in two months to 36.2 mn bales, as compared to 37.5 mn at the beginning of this season.

"This forecast is based on the current situation, including arrivals in mandis (wholesale markets) and estimated availability with farmers.

We might cut our output forecast further if either of these decline," said Atul Ganatra, president of CAI.

The Maharashtra government has estimated at least a 17 per cent decline in the state's output, due to the pink bollworm impact on the 4.2 mn hectares sown.

"We have advised our farmers to complete harvesting early this year and leave the field vacant for longer than the usual time, to enable worms to die in summer heat. Last year, the cotton crop was sown hastily, which allowed worms to multiply," said a senior official in the state's ministry of agriculture.

The Cotton Advisory Board at the Centre is to convene a meeting of stakeholders in the next few weeks to arrive at a final estimate of output for 2017-18. In December, it had estimated a 13 per cent decline in the average Maharashtra yield.

However, says Ganatra, recent price increases have made India's cotton export viable in global markets. These might surpass last year's 6.7 mn bales.

Source: business-standard.com– March 15, 2018

HOME

****

Textile Sector looking at revision in GST structure - high anti-dumping duties

In an attempt to protect domestic Textile industry, parliamentary panel suggested the Textile sector to force the Finance Ministry to revise the GST structure for textiles sector and also insist the ministry to impose higher anti-dumping duty, according to news reports.

Standing Committee on Labor chaired by Kirti Somaiya , presented this report in the parliament and made the suggestion ‘revision of GST structure for textiles.

Panel further shed light on the various issues put forward by the Textile Ministry including inverted duties structure on man-made fiber, imposition of GST on job work, credit transfer documents issues, non refund of input tax credit, GST for weaving industry, lowering of GST rates for machinery used by MSME textile units, etc.

Highlighting the difference in proposed and approved outlay, panel said that against the Textile Ministry proposed outlay of Rs 10,109.05 crore , the Ministry of Finance has approved Rs 7,147.73 crore only during the year 2018-19.

The committee in its report mentioned that the Secretary, Ministry of Textiles has testified 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 but in reality B.E 2018-19 is Rs 3 crore less than the B. E of 2017-18.

The panel pointed out that implementation of ongoing schemes of Ministry of Textiles, particularly those aimed at benefitting the unorganized sectors of power-loom, handloom, handicrafts, wool and sericulture would get badly affected by the reduction in budgetary expenditure.

Source: knnindia.co.in – March 14, 2018

HOME

****

Need for supportive textile policy to become $300bn mkt: Report

In order for the textile industry to achieve its goal of becoming a USD 300 billion market by 2025, there is a need for supportive policy, and public-private partnership, especially in areas like research and development (R&D), an apex textile industry body said.

"Through policy measures by the government in partnership with the industry, India could achieve USD 80 billion textile and apparel exports at an annual growth of 9 per cent.

The overall market is expected to grow at 11 per cent annually to reach USD 220 billion by 2025," according to a white-paper representation released today at at the '9th Asian Textile Conference (ATEXCON)' here.

The policy support required by the industry are R&D, schemes to enhance quality and productivity and labour law reforms among others, it said.

Textile commissioner, Kavita Gupta who was also present on the occasion said, the government is planning to integrate the textiles industry through textiles parks to tie in all the value chains together.

"We have 72 such parks, which has brought in a lot of investments, but there is still a lot more opportunities in this segment," she added.

In order to encourage the industry, the government has several policies, including the Rs 6,000 crore apparel and made-up package, Rs 1,300 crore skill development and power textile scheme, which has eight components including up-gradation of power looms with government support of 50 per cent among others.

The industry provides direct jobs to 45 million people and indirect 69 employment to million people, she added.

Source: business-standard.com- Mar 14, 2018

HOME

****

Azerbaijan, India sign multiple MoUs

Azerbaijan and India signed memorandums of understanding on March 13, which took place during the joint business forum in Baku.

The memos were signed by Indian PHD Chamber of Commerce and Industry and the Confederation of Azerbaijani Entrepreneurs, as well as the PHD and the Azerbaijan Export and Investment Promotion Foundation (AZPROMO).

They were inked by Secretary General of the Indian Commerce and Industry Chamber Saurabh Sanyal, President of the Confederation of Azerbaijani Entrepreneurs Mammad Musayev and AZPROMO head Rufat Mammadov.

The documents are aimed at expanding and strengthening the economic and trade ties, as well as business relations between Azerbaijan and India.

Addressing the business forum, Azerbaijani Deputy Minister of Ecology and Natural Resources Firdovsi Aliyev said that Azerbaijan is interested in expanding cooperation with India in several spheres, and of the priority spheres of cooperation is cargo transportation.

“Indian cargoes are mainly delivered to Europe by sea via the Suez Canal. In this regard, the International North-South Transport Corridor project being implemented by Azerbaijan jointly with neighboring states will allow transporting cargo from India by land, which will significantly shorten the time and cost of the transportation,” Aliyev noted.

He expressed the hope that the implementation of this project will give impetus to the development of relations between the two countries in the field of cargo transportation.

The International North–South Transport Corridor is a 7,200-km-long multi-mode network of ship, rail, and road route for moving freight between India, Russia, Iran, Europe and Central Asia. The corridor is planned to transport 5 million tons of cargo per year at the initial stage and more than 10 million tons of cargo in the future.

Aliyev also noted tourism and pharmaceuticals as promising areas for cooperation.

“We are in talks for the creation of direct regular and charter flights between our countries. I believe that this will make it possible to increase the tourist flow from India to Azerbaijan and vice versa,” he said. “It is also important to develop cooperation between the two countries in the field of pharmaceuticals. Several pharmaceutical plants are being created in Azerbaijan. It will be interesting for India with its rich history of pharmacy to invest in this sphere.”

It is noteworthy that negotiations are already underway in order to establish a joint venture in the field of pharmaceutics by India’s Sun Pharma and Azerbaijan’s Gilan Holding in country’s Pirallahi Industrial Park, which also accommodates joint Azerbaijani-Russian and Azerbaijani-Iranian plants. Also, Ukraine and Belarus expressed interest in setting up joint pharma ventures.

Rufat Mammadov, addressing the business forum, said that India has invested $200 million in Azerbaijan so far, while 15 companies with Indian capital work in Azerbaijan today.

“Meanwhile, India is one of the biggest trade partners of Azerbaijan. In recent years, trade turnover with India has grown rapidly and amounted to about $0.5 billion in late 2017. This is a very important indicator,” he noted.

Mammadov also mentioned that India is one of the biggest importers of Azerbaijani products – it accounted for 2.65 percent of Azerbaijani exports in 2017.

Data of Azerbaijani State Customs Committee shows that of $462.5 million trade turnover last year, export from Azerbaijan to India amounted to $365.5 million. As for India’s exports to Azerbaijan, it rose by more than 60 percent in 2017 compared to 2016. The items of imports from India are mainly clothes and textiles, information technologies, food items and heavy machinery.

Source: azernews.az- Mar 14, 2018

HOME

****

Indian apparel body TEA welcomes IGST extension

The Indian textile and apparel trade body, Tirupur Exporters Association (TEA) has welcomed the Government’s decision to extend the exemption of Integrated GST on the imports of machinery, under Export Promotion Capital Goods (EPCG) scheme, and inputs and raw material under Advance Authorization Schemes for a period of six months.

The decision was taken at the 26th GST Council meeting held on March 10, 2018. The extension period is valid up to October 1, 2018. Earlier, it was effective untill March 31, 2018, only.

“Blockage of Government receivables like ROSL and Duty Drawback including delay in getting GST refund resulted in the financial crisis for MSME units. This IGST extension decision has brought much relief to the Tirupur cluster which is looking for import of machinery especially MSME exporting units,” said TEA President Raja M Shanmugham.

However, he was a little upset as the Government did not entertain TEA's demands to exempt payment of IGST for import of accessories as offered in the pre-GST era. Before the new tax regime, accessories were imported under Export Performance Certificate (EPC), issued by the AEPC (Apparel Export Promotion Council).

The issue would be taken up again by the textile body before Government to address the matter.

Notably, IGST, one of the three categories under Goods and Service Tax (CGST, IGST and SGST), is charged in case of movement of goods and services from one state to another. IGST falls under Integrated Goods and Service Tax Act 2016.

Authorities have fixed rates to share the revenue out of IGST between State Governments and Central Government.

IGST has been brought in place in order to ensure that a state has to deal only with the Centre in order to settle the interstate tax amounts.

Source: apparelresources.com- Mar 14, 2018

HOME

****

India's WPI inflation for apparel up 0.4% in Feb '18

India's annual rate of inflation, based on monthly wholesale price index (WPI), stood at 2.48 per cent for the month of February 2018 over same month of last year. The index for apparel increased by 0.4 per cent to 139.0 in February, according to the provisional data released by the Office of the Economic Adviser, ministry of commerce and industry.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of February 2018 remained unchanged at its previous month's level of 115.8, the data showed.

The index for manufactured products (weight 64.23 per cent) for February 2018 rose by 0.4 per cent to 115.2 from 114.7 for the previous month.

The index for 'Manufacture of Wearing Apparel' sub-group also rose by 0.4 per cent to 139.0 from 138.5 for the previous month due to higher price of men's/boys suits, coats and jackets and babies garments (1 per cent each).

Likewise, the index for 'Manufacture of Textiles' sub-group rose by 0.6 per cent to 113.7 from 113.0 for the previous month due to higher price of weaving & finishing of textiles, cotton yarn, synthetic yarn and manufacture of made-up textile articles, except apparel (1 per cent each). However, the price of manufacture of other textiles (1 per cent) declined.

The index for primary articles (weight 22.62 per cent) declined by 1.3 per cent to 128.0 from 129.7 for the previous month.

The index for fuel and power (weight 13.15 per cent), on the other hand, increased by 1.2 per cent to 98.1 from 96.9 for the previous month due to higher price of non-coking coal, ATF, kerosene, lube oils, furnace oil, HSD, petrol and petroleum coke.

Source: fibre2fashion.com- Mar 14, 2018

HOME

****

India needs to learn a lesson from China to sustain growth

With China according priority to the textile sector in the late 1970s, there's no looking back and the country has been sustaining pole position as the top global exporter. Even as India is trying hard to catch up, however, the efforts seem to be futile. For example, between 2001 and 2015, India's textile and apparel exports nearly quadrupled from $10.7 billion to $41 billion.

It actually doubled to $20 billion in 2005 from 2001 and then took another 10 years to touch $40 billion. During this time, China's textile and apparel exports rose from $50 billion to nearly $200 billion. In the global market, China enjoys a 40 per cent market share and India is a distant second with a meagre 5 per cent share.

Factors that helped China

Indian textile industry has had to deal with numerous problems. These are the result of faulty government policies. On the contrary, China made its place even stronger with business-friendly policies. In 1979. China began its open-door policy and kick-started economic reforms. It started restructuring its textiles industry.

With over 100 years' experience in textiles, China had basic infrastructure for the industry in place. It just needed a sharp focus, which began by raising capacities in each segment of the sector. The textiles industry is a labour-intensive one, and China took advantage of its low-cost human resources, what with a huge population looking for a source of income. China came up with six priorities to promote the textile industry – giving it a favourable treatment from supply of raw materials, to power, modernisation, bank loans, foreign exchange, and import of advanced technology.

From around 18 million spindles in the 1980s, China's capacity in spinning mills went up 120 million spindles by 2015, or 48 per cent of the total capacity in the world while India has 51 million spindles, making up 20 per cent of the world capacity. China primarily targeted production for the export market. It took advantage of a bilateral pact that it had signed with the United States (US) in 1980. This helped China export nearly 50 per cent of its total domestic production at one point of time in the 2000s.

The initiatives also gave China the advantages that a first-mover usually gets in any industry. Next was automation and modernisation that China quickly lapped up.

India, a stark contrast

Today, while it's not just China, the country needs to fight for its position with Bangladesh and Vietnam as well. One of the major deterrents was Indian infrastructure, which is followed by a shortage of raw material. In 1994, spinning mills bled after the cotton crop failed and traders hoarded cotton. Third bigger issue was hank yarn obligation. Since India has three million handlooms, the government has always been of the view that the sector should get a continuous yarn supply. Therefore, it is mandatory for a textile mill to ensure that 40 per cent of its production is in hank form.

FICCI data points out successive governments have come up with various schemes to help the textile industry move forward. Currently, at least 10 schemes are active, but they don't seem to be working for the sector's advantage. Another major worry is the unorganised structure of the industry.

In fabric manufacturing and processing, these units use secondhand machinery that is imported. Shuttle-less looms help weave fine fabrics make up only two lakh of the nearly two million looms in the country, which reflects inefficiencies. Dismantled looms in China find their way into India and it is no surprise that Chinese machines make up nearly one-third of textile machinery imports into India. According to FICCI, other issues include higher capital costs, absence of fibre neutrality, poor technology, and a lack of access to credit.

Another issue plaguing the industry is the absence of free-trade agreements with major markets like Europe. While lesser developed countries such as Bangladesh can export to Europe at zero duty, others like Pakistan enjoy an advantage under a general system of preference plus system. Indian imports to Europe attract 9.6 per cent duty.

To lead from the front, the country needs to first increase productivity and efficiency. That can be achieved only if it encourages the setting up of more integrated textile units. While skilled manpower is the need of the hour for the sector, a technology upgrade should be given priority. India, too, has set up a technology mission under its 'Make In India' programme. Time can only tell how far it can take the textile industry in harnessing promising prospects.

Source: fashionatingworld.com- Mar 14, 2018

HOME

****

Arvind gears up for demerger of branded apparel, engineering ventures

The demerger comes at a time when Arvind Limited is looking to cross the Rs 100 billion turnover mark on the back of a 15-16 per cent growth that it has been witnessing

Even as it is set to touch the Rs 100 billion revenue mark for the first time in fiscal 2017-18, Arvind Limited is gearing up for demerger of its branded apparel & retail as well as engineering ventures into separate entities, as part of restructuring its business.

The integrated textile company is working towards closing the demerger by October 2018 which will result in three separate entities, each of which will look at three key businesses including textiles (including fabric, garments and technical textiles), branded apparel & retail, and engineering. This will result in branded apparel and retail business being demerged into the current subsidiary Arvind Fashions Limited while the engineering will go under Anup Engineering.

"The demerger would be over by October this year. Only the brands business is getting demerged under Arvind Fashions Ltd., which is a 90 per cent subsidiary of Arvind Ltd while engineering is getting demerged under Alok Engineering. The textile business is, however, going to remain in Arvind Ltd," Jayesh Shah, director and chief financial officer of Arvind Limited told Business Standard.

Offering a rationale for the move, Shah said, "Textile and branded retail are two different businesses and it is the right time to demerge, giving investors options to choose between investing in textiles and branded retail business."

The demerger comes at a time when Arvind Limited is looking to cross the Rs 100 billion turnover mark on the back of a 15-16 per cent growth that it has been witnessing.

"Going by the nine months' run rate we should be crossing the Rs 100 billion mark this year. Profitability is something which we will not comment but overall the profitability has been good, said Shah. The Rs 100 billion turnover would come on the back of a 15-16 per cent growth being clocked by Arvind.

Of this, Rs 40 billion is from branded apparel and retail business which is entirely domestic, while Rs 60 billion would be from textiles, almost 50 per cent of which is export. While overall the company is growing at about 15-16 per cent, its branded apparel business is growing at about 20 per cent, followed by textiles at about eight per cent.

Backed by some of the power and emerging brands such as US Polo, GAP, Arrow, Flying Machine, Tommy Hilfiger and Calvin Klein, among others, Arvind's branded apparel and retail business has been spearheading profitability for the company. "When looked at the various segments that we are present in, one segment growing rapidly within the brands is the youth wearing casual. Almost all our brands are in casual sportswear segment which is growing the fastest.

Now that we have been through the initial years of investment, suddenly we are seeing a high surge in revenue and bottomline," said Shah. The group services in all 14 brands, of which four are power brands, while rest are emerging brands. According to Shah, all brands are out of investment phase and are or set to book profits.

Further, the demerger will be followed by capex of anywhere between Rs 5 billion to Rs 10 billion in its three key businesses. "Every year we spend about Rs 4.5 billion, of which roughly Rs 1.5 billion goes into branded apparel, about Rs 2 billion into traditional textiles including garment expansion, and another Rs 0.50-0.75 billion go into technical textile year-on-year," said Shah.

Source: business-standard.com- Mar 15, 2018

HOME

****