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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 221 of 2019 November 15, 2019

US 71.79 | EUR 79.15 | GBP 92.45| JPY 0.66

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19282	40300	**71.55**

Domestic Futures Price (Ex. Warehouse Rajkot), November

Rs./Bale	Rs./Candy	USD Cent/lb
19230	40191	**71.36**

International Futures Price

NY ICE USD Cents/lb (December 2019)	64.27
ZCE Cotton: Yuan/MT (January 2020)	13,010
ZCE Cotton: USD Cents/lb	84.05
Cotlook A Index – Physical	**74.90**

Cotton Guide: ICE is sideways from the past one week. ICE December contract settled at 64.27 cents per pound with a change of +5 points. ICE March 2020 contract settled at 66.08 cents per pound with a change of +3 points whereas May contract settled at 67.27 cents per pound with a change of +3 points. The volumes summed up at 42,936 contracts which were low by 29% as compared to the previous figure. This evening we can expect the Export Sale Figures to cause much volatility.

The MCX cotton futures showed a slight positive to sideways movement. The MCX November contract settled at 19,230 Rs per Bale with a change of +30 Rs. The MCX December contract settled at 19,140 Rs per Bale with a change of +20 Rs. The volumes at 1458 lots were again decent and similar to the previous figures.

The cotlook Index A has been updated at 74.90 cents per pound with a change of -50 points. The Domestic Indian Cotton production [S6] prices are steady at 40,300 Rs per Candy. Some varieties are available at 39,000 Rs per Candy.

The cotlook Indices have the Indian Medium grade as the cheapest cotton around the world currently which can be seen below-

Origin	Cents per pound
Indian Medium Grade	73.00
Memphis/Orleans/Texas	74.50
Memphis/Eastern	75.00
Brazilian	75.50
Greek	76.50
Prices are US Cents per lb CFR Main Far Eastern Ports.	

Regarding Domestic Indian Production, CAI has projected the cotton output to be at 354.50 Lakh Bales as compared to the previous figure of 312 Lakh Bales. However, some private estimates still maintain a figure of 370 Lakh Bales.

While speaking about fundamental front, Chinese State Reserves are set to be replenished. The requirement is around 500,000 Tonnes. Cotton from the Xinjiang Province will be purchased for the same. Xinjiang province is the largest cotton growing province and accounts for 84 percent of the country's total production.

On the fundamental front, we expect ICE cotton futures to show sideways to positive trend, whereas for the MCX contracts the trend is presumed to be similar to ICE.

On the technical front, In daily chart, ICE Cotton continues to trade within an upward sloping channel, after an Inverse Head & Shoulder pattern breakout. However, price is held between a consolidation of 63.40-65.00 after taking the support at the lower end of the channel around 63.40, which coincides around 50% Fibonacci extension level (62.98). Meanwhile, price is persisting around the daily EMA (5, 9) at 64.41, 64.38, along with the momentum indicator RSI is at 54, suggesting sideways to positive bias for the price. The immediate resistance for the price would be at 65.00-65.70. Thus for the day we expect price to trade in the range of 65.70-63.80 with sideways to positive bias. Break on either side would provide us with the direction to trade. In MCX Nov Cotton, we expect the price to trade within the range of 19050-19350 with a sideways to bullish bias.

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

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INTERNATIONAL NEWS

USA: Trade War Having Little Positive Impact on Resolving China Issues, Report Says

Neither negotiations nor other measures taken as part of the U.S.-China trade dispute now in its second year have yet had any significant impact on resolving “decades of unfair Chinese economic policies and trade-distorting practices,” according to the most recent annual report from the U.S.-China Economic and Security Review Commission. However, this report includes relatively few recommendations for congressional action to address these issues.

The report states that while the U.S. is pushing for Beijing to codify commitments to strengthen intellectual property protection, prohibit forced technology transfer, and remove industrial subsidies, these practices “are core features of China’s economic system, and the Chinese government views U.S. demands as an attack on its national development.”

As a result, U.S. tariff increases and other measures are leading Beijing to accelerate efforts to achieve technological self-reliance, apply pressure on U.S. companies, and target key U.S. export sectors with tariffs.

The report acknowledges that trade tensions with the U.S. and other factors have slowed China’s economic growth and that Beijing has pursued limited market and financial system opening in response.

However, the report adds that these measures “remain narrowly designed to address specific pressures facing China’s economy and do not appear to herald a broader market liberalization of the kind that U.S. companies and policymakers have long advocated.”

Considering the report’s apparent conclusion that neither traditional measures nor more recent efforts have been successful in addressing the trade-related problems the Commission has documented for years, it is somewhat surprising that the report makes few recommendations for congressional action concerning these problems.

In fact, the report suggests only that Congress enact legislation directing U.S. economic statistics-producing agencies to review methodologies for collecting and publishing not only gross trade flow data but also detailed supply chain data to better document the country of origin for components of each imported good before it reaches U.S. consumers. Such an initiative could potentially expand the number of imports subject to the Section 301 additional tariffs on Chinese goods, which currently range from 15 to 25 percent.

Source: strtrade.com- Nov 15, 2019

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Fast-Fashion Manufacturing Will Never Leave China, Tariffs or Not, Chinese Official Says

While the United States and China figure out whether they agreed to roll back tariffs or didn't, the textiles and apparel sector in China seems to be faring just fine.

That's at least according to Cao Jiaping, chairman of the China Chamber of Commerce for Import and Export of Textiles and Apparel, who, though he admits present relations aren't "optimistic" between the two powerhouse nations, also knows there's really no wholesale escaping manufacturing in China.

Speaking last week at the United States Fashion Industry Association's (USFIA) Apparel Importers Trade and Transportation Conference, Cao said textile and apparel trade "is the fundamental interest of the two countries."

Last year, he said, citing Commerce data, China's exports of textiles and clothing to the U.S. totaled $48.96 billion, a year-on-year increase of 7.9 percent. For the first half of 2019, those exports reached $21.23 billion, with growth a slowed 1.6 percent year over year. Clothing accounts for 73 percent of those exports, and textiles make up the other 27 percent.

While China still holds a 31.5 percent market share of textiles and apparel in the U.S., Cao said the country's share is down nearly 2 percent—though he's not worried about the sector's sustainability.

"According to the latest Chinese Customs statistics from January to August 2019, among the top 10 garment exporters in China, American brands such as Nike and Gap have maintained sustainable growth," Cao said, with the help of a translator. "The importance of a mutual market still exists."

Though that belief holds for many U.S. brands and retailers that are either electing to stay the course or have little choice otherwise because of the nature of their manufacturing needs, others are in scale-back mode hoping to skirt the uncertainty-fueled risk. A survey at last month's Sourcing Summit New York revealed that as many as 35 percent of attendees from major global apparel brands and retailers intend to reduce their China sourcing by upward of 50 percent.

As they look to sourcing alternatives, like Vietnam, Bangladesh and Cambodia, however, many still rely on inputs from China.

"The adjustment of [China's] export commodity structure is accelerated and the growth of textile exports is higher than the garment sector," Cao explained. "It is mainly due to the incompleteness of the supply chains of those low-cost countries like Bangladesh and Cambodia. The shortage of the raw materials and fabrics boosted China's textile exports."

It's all part of a shift in China's stronghold as the world's factory, and while things may be different than they were a decade ago, and sourcing more diversified, China will only relinquish a little bit of its command in the apparel and textiles sector.

"The international market share continued to decrease and China's textile and garment industry entered [an] adjustment period, however, I still believe that in the next few years, China will remain the world's largest exporter of textiles and apparel," Cao said.

By no means sleeping on sourcing's evolution, Chinese companies have already been taking the lead in making overseas investments, setting up factories, finding strategic partners and accelerating the construction of overseas warehouses, Cao noted.

"Chinese manufacturers gradually emerge as the new role of organizers and managers," he said. "The top exporting companies in the country already have an investment for cooperative factories overseas."

Those investments are going toward setups in places like Vietnam, Cambodia and Bangladesh, in order to retain an opportunity to serve U.S. brands and retailers wherever they're headed, and to avoid the tariffs that are making things tricky in China.

"In the next five years, it might be in the [Chinese] companies' plan to transfer 20 to 30 percent of production to overseas factories," Cao said.

Though the U.S.-China trade war has upset the better part of the past 18 months, China is still at the center of the manufacturing conversation.

"The production efficiency of China's textile and apparel industry is beyond the reach of other Asian countries," Cao said.

And what's more, the availability of inputs has a major impact on supply chain efficiency and speed to market—two things companies can't afford to forego in favor of saving 15 percent on tariffs.

"If the [quantity of] zippers and all the buttons are miscalculated before production, it can be solved in China in only two hours, while in Southeast Asia, the production line would need to be shut down for two days to wait for the right accessory to be replaced," Cao explained. "Also, for some products with complex procedures, the delivery time in Southeast Asia is at least one month slower than in China. Therefore, brands with fast-fashion items that need to be replenished quickly are still better off staying in China."

While it's in Cao's purview to promote China's manufacturing and its capabilities, his comments likely ring true regardless. There has yet to be a country equipped to even compete fairly with China's manufacturing prowess, though several are giving it a valiant effort.

"Compared with emerging textile and garment manufacturing countries such as Southeast Asia and Africa, China's supply chain is still in a favorable position for fast orders, and fashion orders and high-end orders are still and will stay in China," he said.

Tariffs or not, brands and retailers manufacturing there or considering pulling out should get comfortable with the idea.

This week has been a continuation of the back-and-forth about a deal or no deal and whether it will include more tariffs or less, so the status of progress on talks toward an agreement on trade between the U.S. and China remains unclear. But Cao is hopeful the two countries will get somewhere soon.

"We can still see and hope for the potential of Sino-U.S. trade operations in the future, and from where I can see, Chinese and American companies have not stopped trying to seek opportunities for cooperation," he said.

Source: sourcingjournal.com- Nov 14, 2019

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China's filament yarn prices drop

Prices of polyester filament yarn have continued dropping in China since late September. Supply of and demand for MEG may be balanced in November, but stocks of MEG are anticipated to increase by 100 kilo tons in December. Meanwhile, downstream plants have entered the off-season, and demand may weaken.

Current inventory of polyester filament yarn is medium-to-high, and may accumulate at a later period, which may weigh in on its price. Downstream demand is muted. Purchasing on a need-to-basis is expected to have small risks, but the speculative restocking will have minor significance as stocks will occupy capital. If the price of polyester filament yarn keeps falling, and losses enlarge, polyester filament yarn plants may cut their run rate.

Market players hold a bearish view toward market outlook. As for fundamentals, stocks of polyester filament yarn are supposed to accumulate by more than 100 kilo tons in November, and may rise by more than 300 kilo tons in December. If there is big stimulus, participants can have bargain-hunting, too, but market players would do well to retreat to the sidelines temporarily.

In view of the upstream market, current PX-PTA spread and PX-naphtha spread has hit a historic low, and some plants have suffered losses.

Source: fashionatingworld.com - Nov 14, 2019

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Vietnam apparel exports up 10 per cent

Vietnam's apparel exports grew 10.4 per cent from January to October 2019. The US is the largest importer of apparel goods from Vietnam. These imports are up 12.84 per cent year-on-year. Vietnam's exports to member countries of the CPTPP and the EU also grew significantly. Once the free trade agreement with the EU comes into force, investments in Vietnam's textile and garment industry are expected to increase further.

There are over 2,000 textile and garment projects in the country. Vietnam's supply chain diversification has been happening for a few years already, mainly driven by rising labor costs in China. Even before the trade war, Vietnam was getting attention because of the proximity to China and because of the existing infrastructure in the country. The full supply chain has been set up in the country for the past decade already.

Despite the increase, there are some opposite downward pulls. Vietnam has been affected indirectly by the perpetual trade war. Yarn exports to China have fallen this year. The shrinking of global fashion industry has also played a critical role. This fiscal orders received by manufacturers have fallen. Like any other apparel sourcing country, Vietnam needs further investment in high-value items.

Source: fashionatingworld.com - Nov 14, 2019

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China's slowdown impacting luxury sector's business

As per research firm Sanford C. Bernstein affluent Chinese consumers are not indulging on luxury and non-essential goods. And analysts predict, the lowered interest by affluent Chinese customers could reduce the capabilities of premium companies.

Indeed, China's trade war with the United States is adversely impacting its luxury sector-further slowing its economic growth. The country's economy grew by just 6.2 per cent in the second quarter of this year despite $291 billion in tax cuts. This is the slowest growth rate recorded by the country since the first quarter of 1992.

Despite $291 billion in tax cuts this year, Chinese economy grew just 6.2 percent in the second quarter – the slowest rate since the first quarter of 1992. The economy is increasingly linked to global markets and reacts very quickly to external shocks. Political and economic tensions between the world's biggest economies have continued to impact the country's economy throughout the spring and summer months.

Tariffs slowdown quarterly sales growthChinas slowdown impacting luxury sectors

In April, the Chinese government reduced value-added tax up to three percent in an effort to reinvigorate the economy. This resulted in luxury fashion labels such as Louis Vuitton and Gucci slashing their suggested retail prices in Mainland China.

In the following month, US President Donald Trump announced plans to roll out tariffs as high as 25 percent on Chinese imports. In retaliation, China also raised the rate on imports for $60 billion of US goods to 25 percent. Tariffs had a real impact on China with its growth in its quarterly sales slowing down considerably. Its second quarter growth was the slowest recorded in over 27 years.

Luxury sector grows despite slowdown

However, despite the slowdown in China's economy, luxury brands continue to invest there as the affluent class is increasing its expenditure on high-end goods. This was clearly indicated in the first quarter results of Burberry which showed mid-teens percentage growth. Louis Vuitton's products also witnessed a strong demand in China.

Other brands like Louis Vuitton, Bulgari, and Cartier were successful in reaching digitally savvy Chinese consumers by effectively leveraging influencer relationships and Eastern social media platforms.

Meanwhile, analysts expect that a "polarisation" among brands to probably continue, and anticipates that LVMH brands like Louis Vuitton and Christian Dior would be among those maintaining the upper ground.

The Gartner L2's 2019 "Digital IQ Index: Luxury China" report also reveal adoption of luxury brands by Chinese e-commerce stores is on the rise. More than three-quarters of luxury fashion brands now have their own Chinese e-commerce shops. Luxury brands should hence take the current 'crisis' as an opportunity to innovate their mobile-commerce capabilities into truly global online-to-offline shopping experiences.

Source: fashionatingworld.com - Nov 14, 2019

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Turkey, Canada expand economic dialogue, plan free trade agreement

At the first term meeting of the Turkey-Canada Joint Economic and Trade Committee (JETCO), which was held in Istanbul Thursday, the Turkish side proposed to start negotiations on the Free Trade Agreement (FTA) between the two countries.

Deputy Minister of Trade Gonca Yılmaz Batur gave a copy of the list of potential products that would pave the way for export to her Canadian counterpart.

According to data from the Trade Ministry, Turkey-Canada JETCO's first meeting was presided by Deputy Minister of Trade Batur and Jonathan Fried, Personal Representative of Prime Minister Justin Trudeau for the G20 and Coordinator for International Economic Relations at the Department of Global Affairs, Canada. The JETCO meeting coincided with the 16th annual Turkey-Canada Business Council/Canadian-Turkish Business Council meeting.

The deputy minister praised Turkey's extensive network of 20 FTAs with leading countries, including South Korea and Singapore, and the customs union with the European Union.

During the meeting attended by the representatives of the relevant public institutions and organizations, bilateral trade and economic relations were discussed, while the Turkish side emphasized that the Turkey-Canada FTA negotiations, which were pre-negotiated for sustainable trade and economic relations in 2013, should be initiated as soon as possible. The Agreement on the Mutual Promotion and Protection of Investments between Turkey and Canada was also brought up, and a draft was requested from the Canadian side.

During the talks, Batur raised the issue of Canada's protective measures, as well as anti-dumping and countervailing duties on Turkish products. Deputy Minister Batur said that in order to focus on more strategic agendas in the coming period, a closer effort was required on trade barriers such as anti-dumping and countervailing duties applied by the Canadian side and that such practices should not be on the agenda as much as possible, stressing that Canada's growing protectionist approach was worrisome.

In this context, it was agreed that the technical delegations would hold meetings to share information on anti-dumping and countervailing duties.

Batur gave Fried a copy of the list of potential products that would pave the way for exports prepared by the Trade Ministry, saying it would be beneficial for Canada to carry out a similar study for the development of bilateral trade.

The contracting sector was also discussed during the meeting. Emphasizing the importance of cooperation in this sector, Batur and Fried agreed that it would be useful to work on a project basis on cooperation in third countries.

For his part, Fried stressed the significant advantages Turkey offers for Canadian investors and suggested that the Canadian businesspeople should benefit more from the Turkish business environment.

"Turkey and Canada, for the development of the bilateral trade, should resolve some issues including taxation and technology transfer," Fried said.

Foreign Economic Relations Board (DEİK) Turkey-Canada Business Council Chair Osman Okyay also remarked that the two countries have begun to strengthen economic relations. He also stressed that the JETCO agreement signed by Turkish and Canadian trade ministers in June will further expand commercial relations and reciprocal investments between the two countries.

Turkey-Canada bilateral trade volume was recorded at $3.2 billion last year, including Turkish exports worth $1.2 billion and Canadian exports worth $2 billion. In the first nine months of this year, Turkish Statistical Institute

(TurkStat) data revealed that Turkey's exports to Canada came in at $659 million and its imports from the country totaled $1 billion.

2nd JETCO meeting in Canada

Under the chairmanship of the deputy ministers, a thematic session was held as part of the first term meeting of JETCO with the heads of business councils, Turkish and Canadian businesspeople in attendance.

In this section, innovation, infrastructure development projects, smart city and next-generation technologies, mining and renewable energy, and women's positions in the workforce were discussed as the main themes.

The second round of this meeting, which was acknowledged as very important for the future of bilateral trade and economic relations between the two countries, was decided to be held in Canada in 2020.

Source: dailysabah.com- Nov 14, 2019

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Turkish manufacturers discuss opportunities for exports

Turkish textile and apparel manufacturers discussed opportunities of boosting their exports in the international market at an event in Istanbul today. The breakfast-cum-introductory meet was organised at Swissotel The Bosphorus by Fibre2Fashion, a leading platform for global B2B trade serving millions in the textile, garment, and fashion industries.

The open-house meet was attended by several Turkish textile and apparel manufacturers, who keenly heard Fibre2Fashion representatives on the current global textile and garment trade scenario, the changes expected in the short-term, and the new opportunities for export being created as a result.

Ms Bhumika Bhanot, vice president—Operations & Marketing at Fibre2Fashion, and the India-based company's Turkish representative Suat Idil made a presentation explaining how Turkish manufacturers can make the best use of various services offered by the online portal and boost their exports. Ms. Priya Mehta, vice president—Business Development & Communications at Fibre2Fashion, also interacted with the participants.

Fibre2Fashion is a leading portal offering multi-dimensional services to the global textile, apparel and fashion industry. In addition to being an e-trade platform facilitating the sourcing and marketing requirements, it is also a provider of information on various aspects of textile, apparel and fashion industry, 24x7, globally.

Fibre2fashion also helps small, medium and large business houses from across the globe to capture and increase their market share by providing cost effective and innovative brand promotion solutions for reaching to the largest international target audience in the shortest time.

Source: fibre2fashion.com- Nov 14, 2019

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ACIMIT facilitates Italian textile industry explore Africa

An institutional and commercial mission of Italian textile machinery manufacturers took place recently in Kenya and Tanzania. The initiative's organisers, Italian Trade Agency and ACIMIT, the Association of Italian Textile Machinery Manufacturers, wanted to strengthen contacts between Italian textile machinery industry and textile sector in the two African countries.

The world's textile and garment sector is closely watching manufacturing countries in Sub-Saharan Africa, an area that is emerging as a manufacturing hub for the industry, firstly for obvious reasons relating to production costs, but also for the incentives offered by local governments. Consequently, investments in machinery are also increasing and Italian manufacturers do not want to be caught unprepared in this growth scenario.

"Following several promotional initiatives focusing on Ethiopia over the past few years," said ACIMIT president Alessandro Zucchi, "together with the Italian Trade Agency, we've decided to explore the business opportunities in Kenya and Tanzania, two countries whose respective governments are currently promoting the development of their textile and garment industry."

Kenya, in particular, is an especially interesting market for textile machinery manufacturers. Indeed, the development programme known as Vision 2030 put forward by the local authorities places the textile sector among the primary beneficiaries of the incentives made available by the government, in addition to providing Kenyan manufacturers with access to the US market, thanks to AGOA (the African Growth and Opportunity Act), which has boosted the country's exports.

Source: fibre2fashion.com - Nov 14, 2019

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Bangladeshi apparel makers to push for changing end consumer mindset

In a recent survey by The Conference Board showed consumers are expecting steep discounts. In fact, more than a third say they expect – at a minimum – to buy half their gifts at a discount.

“Most consumers will expect bargains, comparison shop, and wait up to the last minute for steep discounts,” said Lynn Franco, Senior Director of Economic Indicators at The Conference Board.

This trend of getting cheap fashion apparel among the consumers is deeply worrying and increases the urgency to create sustainability awareness among the consumers.

In a desperate move by the Bangladeshi apparel makers are planning to hold rallies and human chains in major European cities to create awareness among the consumers. As most brands did not increase the price and denied the idea of fixing a base price for garment items.

The situation is so severe that around 39% of Bangladeshi RMG exporters accept prices less than their production costs for the sake of business, a recent study find.

Cheap products should not come at the cost of workers’ miserable life or polluting the environment. Hardworking labors cannot be provided basic necessities due to consumer’s mindset.

The absence of any safeguard mechanism among the international retailers exposed the Bangladeshi manufacturers in this dire situation and paving the way for this type measure, Rubana Huq, President of BGMEA, said recently to a media.

“The data mentioned in the Fair Wear Foundation (FWF) report not only reflects the desperate move by the factories to retain their customers, but also their struggle to avoid any situation leading to insolvency since there is no legal route to safely exit from their investments,” Rubana Huq elaborated.

The apparel production cost increased 30% in last four years. Along with 51% increase in minimum wage of workers.

More worryingly, between fiscal years 2015-16 and 2018-19, the RMG industry’s value addition has gone down 1.61% though the apparel exports have increased during the period.

“This means that the growth is happening in physical terms only. But the value addition per piece of garment has rather declined over year and product diversification is also not taking place at the desired pace,” she said.

Leading industry experts also supported the initiative of holding awareness programs on the proposal to fix a base price.

The awareness programs among the end consumers are needed because they should know that the low prices make poverty permanent in many countries. And the suppliers should also form an association for launching such campaigns, said Syed M Tanvir, a Director of Pacific Jeans, a leading denim jeans exporter, also welcomed the awareness programs.

Source: textiletoday.com.bd - Nov 14, 2019

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Pakistan: Trade and economic relations between Pakistan and Iran

The economy of Islamic Republic of Iran is transition and mixed economy which is largely depends upon the hydrocarbon, petroleum, agriculture and service sector. Iran is an important economy of Middle East with market size 81.4 million people and nominal GDP US$ 430.1 million. Iran ranks second in the world in natural gas reserves and fourth in proven crude oil reserves.

There was an Islamic revolution in Iran in 1979 and the aim of this revolution was economic dependent, full employment and comfortable living standard of people. Despite economic sanction since 1981 from US, the Government of Iran continue try to develop its infrastructure, communication, transportation system and expanding relations with neighboring countries particularly with Asian Countries.

Petroleum, petrochemicals, fertilizers, caustic soda, car manufacture, pharmaceuticals, telecom, energy, construction materials, textiles, cement, metal fabrication and food processing are the main industries in Iran. Overall the trade of Iran has declined during the past years due to economic and financial sanctions. At present, the export of Iran has declined to US$ 66.61 billion compare to US$ 105.8 billion in 2017 while imports of Iran showed a mixed trend and stood at US$ 51.6 billion in 2017 and US$ 41.05 billion in 2018.

China, India, South Korea, Turkey and Japan are the main exports partner of Iran while UAE, China, South Korea, Turkey and Germany are major import partners of Iran. Petroleum, chemical and petrochemical products, fruits, nuts, carpets and cement are the main exportable items of Iran while industrial supplies, raw material, capital goods, foodstuffs and other consumer goods, technical services are the main importable items of Iran.

Iran is the first nation that recognizes Pakistan globally as a sovereign country in 1947, since then Iran had unique and good relations with Pakistan. Regionally, Iran plays a leading role in international organizations where Pakistan is also an active member like OIC, D-8, ECO, G-24 and G-77.

Since 2016, the President of Iran visited twice to Pakistan and in compliance the Prime Minister of Pakistan also visited Iran to enhance bilateral relations. In these visits, Several Memoranda of Understanding (MoUs) and agreements were signed for promoting bilateral cooperation in economic, technical, cultural and commercial fields. It was decided to increase the bilateral trade to $ 5 billion over the next five years.

Trade between Pakistan & Iran

The bilateral trade between Pakistan and Iran stood at US $293.18 million; with the volume of Pakistan's export to Iran US$ 32.29 and Pakistan's import from Iran is US$ 260.89 million. This bilateral trade is in favor of Iran and Pakistan's major exports to Iran include paper and paperboard, cereals, textiles, plastic goods, vegetable and fruit. The commodities which Pakistan imports from Iran include electrical machinery, minerals, oil, organic chemicals, iron, and steel.

The high customs duty on textiles and clothing, leather and footwear, fruit and vegetables and rice are the main obstacles in low volume of Pakistan's exports to Iran. Moreover, Iran also maintains a permit system for importers and when the Iranian government wants to restrict imports, it simply stops issuing permits.

Apart from formal trade, there is large amount of informal trade which is more than US$ 1 billion according to some estimates. At present, Pakistan and Iran enjoys Preferential Trade Agreement (PTA) and as per the PTA, both are enjoying concession on 18 percent of items. Pakistan has given concessions to Iran on 338 items and Iran has reciprocated by providing concession on 309 items to Pakistan.

In the past, Pakistan has decided to negotiate a free trade agreement whereon the development is very slow. There are huge potentials available for enhancement of trade between Pakistan and Iran in barter system, if Iran relax its trade policy with Pakistan and give good market access to Pakistan.

Pakistan-Iran Gas Pipeline Project:

The Pakistan-Iran gas pipeline project previously halted due to the economic sanctions on Iran as well as political hurdles between the two neighbors. Iran has already built the pipeline up to the Pakistan-Iran border and now it is time for Pakistan to complete its side of the agreement. The Iran Pakistan pipeline project can be linked with CPEC that would facilitate the transportation of Iranian gas to China through Pakistan, thus making Pakistan a regional hub of trade and energy corridor.

Road and Rail Network

Taftan- Dalbadin- Noshki-Quetta (N-40) is an approved highway link in Pakistan – a 370 km long highway connecting Quetta to Taftan at the Iranian border. The progress on this project is very slow. Moreover, the Istanbul – Islamabad – Tehran railway network was first proposed in the 18th Regional Planning Council of the ECO held in Islamabad in 2008. This was envisioned under the ECO framework where the ultimate goal was to connect Central Asia with Europe. The decision for revival of Gul Train (freight train Islamabad-Istanbul via Tehran) is still pending.

Chabahar and Gwadar Port:

Chabahar is not very far from the Pakistan port city of Gwadar. Pakistan has a desire that the two ports of Gwadar and Chahbahar should not be rivals but rise like sister ports. The two ports should complement each other in promoting trade in the region by enhancing connectivity through rails, roads and shipping links. The trade co-operation between Gwadar and Chahbahar would open economic prospects and job opportunities for both the countries.

Source: brecorder.com - Nov 14, 2019

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Pakistan: Textile industry faces liquidity crunch

The textile industry on Thursday warned that due to non-payment of refunds worth around Rs80 billion, there was an acute liquidity crunch.

Addressing a press conference, All Pakistan Textile Mills Association (Aptma) Chairman Amanullah Kassim regretted that time and again, the government had been committing to make timely payment of refunds but this never materialises.

He said after removing five export-oriented sectors from zero rating from July 1, the government under pressure of International Monetary Fund imposed 17 per cent sales tax on exports on the assurance that refunds would be paid within 72 hours. However, he said the software developed by the Federal Board of Revenue (FBR) under the name of FASTER for payment of refunds failed to operate properly, resulting in blocking of significant sums.

The chairman was accompanied by other senior members including Gohar Ejaz from Lahore, who were highly critical about the approach of government towards payment of refunds which was directly damaging the country's exports.

They asked the government as to how exporters can meet their commitments when they have no funds to pay salaries, utility bills or purchase raw materials for new orders.

These leaders reiterated that all the export-oriented sectors should be reverted back to zero rating which would mean no collection of sales tax and no refund. This will help them fulfil their export commitments without facing liquidity crunch.

Arguing that nowhere in the world exports are taxed, they said if the government wants to impose sales tax it should be on local sales only.

Aptma expressed serious concern over the failure of cotton crop which would not be more than nine million bales, as against government estimated production of 15m.

They warned the government to work in advance for next cotton crop which could be even smaller in size because of issues related to quality.

The textile body also drew the attention of government towards 700 pesticide supplying companies operating in the country and believed this was one of the major factors for the supply of substandard pesticides to growers.

Source: dawn.com - Nov 15, 2019

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NATIONAL NEWS

Moody's cuts India's GDP growth forecast to 5.6 per cent for 2019

Moody's Investors Service on Thursday cut India's economic growth forecast for current year to 5.6 per cent from 5.8 per cent estimated earlier. It said that the GDP slowdown is lasting longer than previously expected. "We have revised down our growth forecast for India. We now forecast slower real GDP growth of 5.6 per cent in 2019, from 7.4 per cent in 2018," it said.

It expected economic activity to pick up in 2020 and 2021 to 6.6 per cent and 6.7 per cent, respectively, but the pace to remain lower than in the recent past. "India's economic growth has decelerated since mid-2018, with real GDP growth slipping from nearly 8 per cent to 5 per cent in the second quarter of 2019 and joblessness rising.

"Investment activity was muted well before that, but the economy was buoyed by strong consumption demand. What is troubling about the current slowdown is that consumption demand has cooled notably," it said.

Source: thehindubusinessline.com- Nov 14, 2019

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PM Modi urges BRICS business leaders to invest in India

Urging business leaders of the BRICS group in Brasalia to invest in India, Prime Minister Narendra Modi said his country is the world's most 'open and investment friendly' economy due to political stability, predictable policy and business friendly reforms.

The countries of the bloc are witnessing economic growth during global economic slowdown, he said.

The BRICS bloc consists of Brazil, Russia, India, China and South Africa.

India's infrastructure alone requires an investment of $1.5 trillion for the country to turn a 5-trillion-dollar economy by 2024, he said at the BRICS Business Forum.

The prime minister said simplifying intra-BRICS business will increase mutual trade and investment, according to an official release.

"Tax and customs procedures between us five countries are getting easier. The business environment is getting easier with the collaboration between intellectual property rights, and banks. I request the BRICS Business Forum to study the necessary business initiatives to take full advantage of the opportunities thus generated," he said.

"I would also like to request that priority areas in business be identified among us for the next ten years and based on them blue print of Intra-BRICS collaboration should be made," Modi said.

"If one BRICS country has technology, the other is related to raw materials or markets. Such possibilities are especially in electric vehicles, digital technology, fertilizer, agricultural products, food processing.

I would urge the forum to map such complementarities in five countries. I would also like to suggest that at least five such areas should be identified by the next BRICS Summit in which joint ventures can be formed between us on the basis of complementarities," he said.

There is a possibility of making travel, business and employment between the BRICS countries easier, he added.

Modi is in Brazil for the 11th BRICS Summit, which will focus on building mechanisms for counter-terrorism cooperation and strengthen India's ties with the world's five major economies.

Source: fibre2fashion.com- Nov 14, 2019

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Cotton Corp begins procurement in Maharashtra, Karnataka and Telangana

The Cotton Corporation of India (CCI) has commenced procurement of the fibre in Maharashtra at minimum support price (MSP), top officials of the corporation said. The Corporation is expected to begin procurement from Jalgaon region in the state from November 20. CCI has so far begun procurement in Punjab, Rajasthan, Haryana and Gujarat, and now in Maharashtra, Telangana and Karnataka.

Procurement in Odisha and Andhra Pradesh is yet to commence since Odisha is a late crop state and Andhra Pradesh is close to Tamil Nadu a major consumption centre, CCI chairman and managing director P Alli Rani said.

The procurement in Maharashtra is being done through the Maharashtra State Cotton Growers Federation, a sub-agent of CCI. The Federation has established cotton purchase centres at Dharangaon, Parola, Amalner, Yaval, Dhule and Malegaon in Nashik. CCI is setting up purchase centres at Jalgaon, Erandol, Pachora, Jamner, Chopda, Bhusaval, Shahda and Nandurbar.

These centres are expected to be opened in phases since the moisture content is currently high. Farmers are to get Rs. 5,450-Rs. 5,500 per quintal while market prices are much lower at Rs. 5,100 per quintal for better quality cotton. The MSP of cotton for the 2019-20 season is Rs. 5,550 per quintal, against Rs. 5,450 per quintal in the previous year.

P Alli Rani said the Corporation had procured around 40,000 bales and the total arrival in the market until date has been close to 25 lakh bales. Around the same time last year, CCI had procured barely 2,000 bales, she said. “This is just the start of the season and arrivals should pick up as the season progresses.

The monsoons have ended across the country and the FAQ (fair average quality) quality should improve.” The MSP ranges between Rs. 5,450 and Rs. 5,550 per quintal and the market price in many places is lower than that, she said.

According to Pradeep Jain, president for Khandesh Cotton Ginners Association, arrivals have dropped to minimal levels after market reports that CCI is expected to commence procurement in the state. Prices for cotton with high moisture content is currently selling at Rs. 3,500-Rs. 4,500 per quintal. Monsoon in the state a couple of weeks ago had made it difficult to harvest cotton. CCI might not buy this cotton since the moisture content is high, he said. “The quality will improve as the season progresses.”

CCI’s purchase commenced last month in the North after a gap of nearly three years when the government had given permission for direct purchase of the crop. Last year, CCI had procured 10.70 lakh bales under MSP.

Cotton Association of India (CAI) has estimated its fibre crop for the 2019-20 season at 354.50 lakh bales of 170 kg each which is higher by 42.50 lakh bales compared to the previous year’s 312 lakh bales.

The increase in crop estimated for the 2019-20 season is on the account of higher acreage under cotton than that of the previous season. Moreover, the CAI estimates yields to be higher as the country had received a good rainfall this year.

However, there are reports of damage to the crop in some pockets due to flooding on account of excess rains. Keeping this in mind, increase in crop is restricted to 13.62%.

According to Alli Rani, the highest procurement by CCI so far has been in 2014-15 when the agency had procured around 96 lakh bales. “The following years have been no MSP years and last season as well, prices have been 28% higher than MSP. Everyone said that procurement would be required but nothing happened.

CCI purchased barely 10 lakh bales during that season,” she had said. Rani said India’s cotton production in 2019-20 (October-September) was likely to be at least 350-355 lakh bales, up nearly 4% from the previous year due to higher acreage and better weather conditions in most of the growing regions. In the past few years, India’s cotton output has averaged around 350 lakh bales.

Source: financialexpress.com- Nov 15, 2019

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Due date for filing GST returns for FY 18 extended to Dec 31

The Finance Ministry on Thursday extended the due date for filing GST returns for the financial year 2017-18 (FY18) and financial year 2018-19 (FY19).

According to a Finance Ministry statement, the due dates for filing Form GSTR-9 (Annual Return) and Form GSTR-9C (Reconciliation Statement) for the financial year 2017-18 will be December 31, 2019, as against November 30, 2019.

Similarly, for FY 19, it will be March 31, 2020, as against December 31, 2019. The Government has also decided to simplify these forms by making various fields in them optional.

Every GST assessee has to file an annual return in GSTR 9. Among these assessees, every registered taxable person whose turnover during a financial year exceeds ₹2 crore, will also be required to get his accounts audited by a chartered accountant or a cost accountant and then submit a reconciliation statement in GSTR 9C along with GSTR 9.

Assessees under the composition scheme (businesses with turnover up to ₹1.5 crore) will be required to file the GSTR 9A form. The last date for filing these returns for the financial year 2017-18 were extended to November 30 from August 31.

Simplification of Returns

The Central Board of Indirect Taxes & Customs (CBIC) has notified the amendments regarding the simplification of GSTR-9 (Annual Return) and GSTR-9C (Reconciliation Statement), which inter-alia allows taxpayers not to provide a split of input tax credit availed on inputs, input services and capital goods and not to provide HSN level information of outputs or inputs, etc, for FY18 and FY19.

CBIC expects that with these changes and the extension of deadlines, all GST taxpayers would be able to file their annual returns along with their reconciliation statements for the financial years FY18 and FY19 in time. The Government has acted in a very responsive manner to the representations on challenges faced by taxpayers in filing GSTR-9 and GSTR-9C.

Source: thehindubusinessline.com- Nov 14, 2019

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Cotton growers face another rough year as prices low

The economic slowdown and unseasonal rains may bring one more year of trouble for region's cotton farmers. Rains have increased the moisture content of the crop due to which private traders are not offering more than Rs4,800 a quintal as against the minimum support price (MSP) of Rs5,600 for cotton.

When farmers demanded rate not below the MSP, the ginning mills that had started procurement 3-4 days ago have stopped buying. It is post Diwali and cotton procurement has not begun yet. Traders say on account of low rates of yarn, they cannot afford to buy raw cotton at MSP. Yarn is fetching a low price due to a lack of demand in the textile industry on account of general slowdown. Even good quality cotton having moisture within acceptable limits is fetching Rs5,100 to 5,200 a quintal, said sources.

Amid political crisis in the state, no formal orders have been issued for Rs10,000 crore aid package announced by Chief Minister Devendra Fadnavis for farmers hit by unseasonal rains. However, officials in the state's revenue department said president's rule in the state will not withhold implementation of the package.

Sudhir Kothari, a director at the agriculture produce marketing committee (APMC) at Wardha district's Hinganghat, a major cotton trading centre, said buying was expected to start by November 15. Admitting it has been delayed, he said even the crop was late by a month this year.

Kothari said some of the ginning mills in Ralegaon Tehsil of Yavatmal that started purchasing cotton shut down after farmers demanded payment at MSP. At Adilabad in neighbouring Telangana, 500 vehicles had reached a ginning mills' gate but only a few could be accommodated and the centre closed, he said. There are reports of mills having stopped purchases in Amravati district also, said farmers.

Kishore Tiwari, chairman of Vasantrao Naik Shetkari Swavalamban Mission (VNSSM), said the traders were paying as low as Rs3,500 a quintal for the lower grade cotton. "This is one of the worst crises," he said. Devanand Pawar, a Congress leader from Yavatmal, said the Centre should intervene and provide immediate aid to the farmers.

Pawan Singhania, a mill owner from Wardha, said there was high moisture content in cotton, which cannot be processed without drying. Mills' premises were strewn with cotton left for drying, he said.

"Lint, which is processed from raw cotton, is priced up to Rs40,000 a bale in the open market. At this rate, no trader can afford to give more than Rs5,100 to Rs5,200 for raw cotton." he said.

Source: timesofindia.com- Nov 15, 2019

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UK companies say business with India may increase after Brexit

Maharashtra voted the best State to do business in, followed by Delhi

UK-based companies are positive about doing more business with India as a direct result of the UK leaving the EU and believe that Maharashtra is the best State to do business in followed by Delhi, according to a report brought out by the UK India Business Council (UKIBC).

"With Brexit on the agenda of UK companies, 26 per cent said they planned to do more business with India as a direct result of the UK leaving the EU. This will be a further boost to the flow of goods, services and investment between the two countries," the UKIBC's fifth annual `Doing Business in India Report' stated.

The report is based on discussions, including a round-table in London with Union Commerce Minister Piyush Goyal, and a survey that captured the views of UK companies and higher education institutions on the operating environment in India and their reform priorities.

Overall, the survey respondents were positive about India, with 56 per cent stating that it is getting easier to do business in India, and only 21 per cent saying that it has not improved. About 23 per cent respondents were undecided on the matter.

For the first time, the UKIBC asked for views on how India's States and Union Territories were performing on the ease of doing business. "Maharashtra was the clear winner, with 36.67 per cent of respondents giving it the honour, followed by Delhi, which captured 20 per cent of the vote," the report said.

The most persistent barrier to doing business continued to be 'legal and regulatory impediments' cited by 59 per cent of the respondents. This was followed by identification of a suitable partner and taxation issues.

The number of respondents that identified corruption as the top impediment declined to 17.5 per cent in the 2019 report, compared to over 50 per cent in 2014, the release stated.

The most popular reform among UK businesses was 'improving the quality of bureaucracy', with 28.6 per cent respondents urging the government to act in this area.

The second area for improvement was simplification of the Goods and Services Tax, although the number of respondents calling for it declined to 16.9 per cent from 24 per cent in 2018. This reflects that companies are coming to grips with India's new tax system, and India has improved its implementation since the original roll-out, the report stated.

The highest scoring aspects of the Indian business environment continue to be tele-communication facilities, followed by the availability of skilled labour, the availability of support and service providers, and the availability of a supply chain.

“The findings of this report reflect the long-term advantages of the huge and growing Indian market. There have been improvements, particularly in tackling corruption, but there is clearly much still to do to remove the persistent barriers to doing business, particularly when it comes to improving bureaucratic procedures and the application of the tax regime, which is a persistent concern for the UK and, indeed, all businesses in India,” according to Richard Heald, Chief Executive, UKIBC.

Source: thehindubusinessline.com- Nov 14, 2019

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Telangana to boost paddy, cotton procurement

With record production of paddy and cotton in the current Kharif season, the state government is making arrangements to improve the procuring of the crop.

Agriculture minister S. Niranjan Reddy told this newspaper that in the current Kharif season, paddy was sowed in 41. 35 lakh acres and they are expecting around 65 lakh metric tonnes of produce compared to 41 lakh metric tonnes in the Kharif season of 2018.

“In view of the record production, we are setting up 3,500 procurement centres across the state and so far, 1,100 centres have already been established and around 1.1 metric tonnes of crop have been procured,” the minister added.

He said that Rs 1,815 has been fixed MSP for common variety of paddy per bag and Rs 1,835 per bag for Grade-A paddy. The recent market rate is Rs 1,581 to `1,608 per bag of common paddy and Rs 1,436 to Rs 1,661 per bag of Grade–A paddy.

Mr Reddy said that on 22.11 lakh hectares, cotton was sawn and it is expected to produce 54.63 lakh MTs more than the last year and it will be the highest production so far in the history of the State.

He said that the Centre has increased MSP for Cotton from Rs 5,450 to Rs 5,550. He said that the move could bring down the market prices globally.

The minister said that the director of agriculture marketing in September submitted proposals to the CMD of CCI, Mumbai for opening of 340 centers in the state in the interest of the farming community.

The CMD has finalised 96 AMC centers in the state under which 252 ginning mills would be developed as CCI procurement centers to help the cotton farmers, he added.

He said heavy collection of cotton will begin from November 15 and collection of paddy is also set begin in many of the districts of the state.

Source: deccanchronicle.com- Nov 14, 2019

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Drop the trade diffidence: Why we need not fear bilateral trade deficits when negotiating free trade agreements like RCEP

Deep down, perhaps the most important factor that concerned Indian negotiators of the Regional Comprehensive Economic Partnership (RCEP) was the threat of competition from China. India has a large existing bilateral trade deficit with China and it was feared that opening to it under RCEP would widen this deficit yet further. A related concern was that an avalanche of new Chinese goods would hit Indian markets, undermining its manufacturing sector and Make in India programme.

Examine first the issue of bilateral trade deficit. Setting politics aside for the moment, as long as a country's trade in goods and services is balanced in aggregate, economic logic tells us that bilateral deficits and surpluses should not be a matter of concern. There are nearly 200 countries in the world and each of them strives to buy its imports from countries that charge it the lowest prices and sell its exports to countries that offer it the highest prices. It will be a wonder if these myriad transactions result in mutually balanced trade for each pair of countries.

To understand the benign nature of bilateral deficits, consider for a moment how households earn and spend their incomes. I sell ("export") my services to Columbia University because it pays me the highest salary I can get. I then use that salary to buy ("import") the goods and services I need from sellers who sell them to me at the lowest prices. In the process, I run a bilateral surplus with Columbia and bilateral deficits with all sellers from whom I buy the goods and services I need. But as long as the dollar value of all my purchases does not exceed my earnings from Columbia, I have no reason to worry. If my total purchases exceed my earnings, I incur debt and if this happens year after year, I have something to worry about, namely, the loss of my creditworthiness.

The same essential analysis applies to nations. As long as a country holds its overall exports and imports in balance and does not borrow abroad to finance its imports, it has nothing to worry about. If it has to borrow large amounts in relation to its export earnings to finance its imports year after year, it runs the risk of losing its credit in international markets, as we indeed did in 1991.

What about politics of deficits? For example, suppose that India runs a large bilateral trade deficit with China and covers it by running an equivalent trade surplus with the United States. If the US then reacts irrationally to its deficit with India and threatens it with trade barriers, it would seem that India would have to worry about its deficit with China.

But even here, the beauty of economic logic is that as long as India does not resort to borrowing abroad, reduced export revenues from the US will force an equivalent reduction in its total imports, yielding an overall balance. Scarcity of dollars due to reduced export revenues from the US would make them more expensive and lead to a reduction in imports from all sources.

Even the fears that China would flood Indian market with cheap imports are exaggerated. To be sure, cheap imports would come upon opening up since that is the precise point of trade liberalisation. If we do not want cheaper sources of what we need, we may as well prohibit all imports. But we tried that during the heyday of licence-permit raj and the results are there for everyone to see.

Entry of cheap imports threatens local producers only if the latter remain inefficient and costly. Local producers that respond to competition by adopting new technologies, organising production activity better and cutting costs in other ways survive. Our manufacturing becomes stronger, as it did in the wake of post-1991 reforms.

Moreover, imports cannot expand without the expansion of exports to pay for them. The sad politics of trade, however, is that what is imported is there for all to see. What is exported is invisible to all except exporters themselves and rare trade economists who examine data.

A genuine concern in opening to trade is that it causes dislocation. Firms unable to compete with cheaper imports must find alternative employment. Gradually, expanding export firms absorb these resources, but transition can be painful. This is why trade liberalisation is implemented gradually and in a predictable way, as we did during 1991-2007. Free trade agreements similarly have implementation periods of 15 to 20 years with the bulk of liberalisation back loaded and sensitive sectors excluded altogether.

Our own experience tells us that the gains from trade liberalisation are too large to be foregone on account of transition costs. Free trade agreements have the advantage of announcing the roadmap of liberalisation one to two decades in advance, which gives economic actors ample time to relocate.

Accelerated growth during the past two decades owes much to trade liberalisation. If we are to realise our full potential in the forthcoming decade, further liberalisation either unilaterally or as a part of a set of free trade agreements is a necessity. We must drop our hesitations and act decisively, as we did during 1991-2007.

Source: timesofindia.com- Nov 15, 2019

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WPI inflation for apparel dips 0.4% in October 2019

India's annual rate of inflation, based on monthly wholesale price index (WPI), for October 2019, stood at 0.16 per cent over October 2018. The index for textiles dipped 0.2 per cent while for apparel it declined 0.4 per cent in October, 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 October 2019 rose by 0.7 per cent to 122.2 from the previous month's level of 121.3, the data showed.

The index for manufactured products (weight 64.23 per cent) for October 2019 remained unchanged at its previous month level of 117.9. The index for 'Manufacture of Wearing Apparel' sub-group declined by 0.4 per cent to 138.4 from 138.9 for the previous month due to lower price of manufacture of woven apparel, except fur apparel (1 per cent).

The index for 'Manufacture of Textiles' sub-group also declined by 0.2 per cent to 117.7 from 117.9 for the previous month due to lower price of synthetic yarn, made-ups, cotton yarn, texturised and twisted yarn and knitted and crocheted fabrics (1 per cent each). However, the price of cordage, rope, twine and netting (2 per cent) and weaving & finishing of textiles (1 per cent) moved up.

The index for primary articles (weight 22.62 per cent) rose by 2.1 per cent to 146.0 from 143.0 for the previous month. The index for fuel and power (weight 13.15 per cent) also rose by 1.9 per cent to 102.1 from 100.2 for the previous month due to higher price of furnace oil, bitumen, naphtha, ATF, kerosene, petrol, HSD and LPG.

Meanwhile, the all-India consumer price index (CPI) on base 2012=100 stood at 4.62 (provisional) in October 2019 compared to 3.99 (final) in September 2019 and 3.38 in October 2018, according to the Central Statistics Office, ministry of statistics and programme implementation.

Source: fibre2fashion.com- Nov 14, 2019

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MSME share in exports should rise to 60%: Nitin Gadkari

Micro, small and medium enterprises (MSMEs) in the country must understand the needs of the foreign market and design their products accordingly to be able to increase the sector's share in India's exports to around 60%, union minister of MSMEs Nitin Gadkari said.

Currently, MSME's contribute around 49% to the country's exports.

"We have a target that at least 60% of our export from MSME," Gadkari said at the inauguration of the 39th Indian International Trade Fair here on Thursday.

Gadkari said that entrepreneurs must identify resources in each state of the country and exploit their potential in accordance with the preference of foreign markets.

"We need interaction with different countries to understand what they want, on the basis of that we need to accelerate our manufacturing activity," Gadkari said.

For MSMEs to be able to sell in the international market, it is essential that the cost of production—largely linked with costs of power, logistics and capital— comes down, Gadkari said.

Gadkari said that the government is constantly working to facilitate this reduction in cost of production in the country.

The government is also planning to start new technology and training centres in the country for skilled manpower, which is essential for achieving quality in production.

"Without quality production, it is very difficult to get international market," Gadkari said.

Pointing out the urban-rural divide in the country, Gadkari said that the government wants to identify production capacities in particularly rural and tribal areas, to be able to create employment in these areas.

Gadkari said that while there are 'problems' in the economy, the government is trying its best to make credit easily available to MSMEs in the country.

Multilateral institutions like the World Bank and ADB have agreed to extend line of credit to the sector, Gadkari said.

"We want to transfer this credit line to the poor and economically backward entrepreneurs which can help them grow their industry," Gadkari said.

Source: economictimes.com- Nov 15, 2019

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