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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 12 of 2018 January 17, 2018

USD 63.87 | EUR 78.36 | GBP 88.09 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19457	40700	**81.76**

Domestic Futures Price (Ex. Gin), January

Rs./Bale	Rs./Candy	USD Cent/lb
20610	43111	**86.61**

International Futures Price

NY ICE USD Cents/lb (March 2018)	81.43
ZCE Cotton: Yuan/MT (Jan 2018)	15,015
ZCE Cotton: USD Cents/lb	**89.84**
Cotlook A Index – Physical	**89.05**

Cotton & currency guide: Cotton market was quiet on Tuesday. The ICE March contract traded in a very thin range with marginal bearish tone amid settled at 81.43.

However, the same contract is seen trading lower this morning by 0.56% at 80.97 cents per pound. We are seeing sideways trend or rather claim it be a consolidation phase of market where the trading volumes are low.

However, interestingly the aggregate open interest is trading high at 300K contracts highest open interest since 2008. From the price perspective no major change but as long as it is holding above 80 cents the trend is to be considered as bullish. The price band of 80 to 85 cents remains intact for the short term.

More on the market cash sales have been continuing well for US cotton. The most popular sales lately have been for low-mic Texas cotton or just about anything with a good discount. High grades have been sought after, but many sellers either don't have high grades left or are still receiving cotton.

From the domestic front the spot price further eased a little to Rs. 41,600 per candy ex-gin while rate for Punjab J-34 remained steady near Rs. 4340 per maund.

On the supply front estimated arrivals again rose to 151,000 bales from previous day's figure of 102K bales. However, still below the expectation and also below last 15 days average arrivals of 190K bales.

Tuesday's arrivals include 55,000 registered in Maharashtra, 45,000 in Gujarat, and 15,000 in Andhra Pradesh/Telangana. However, the interesting part was from the domestic future contracts. The most active January future traded positive to make a high of Rs. 20800 while closed at Rs. 20690 per bale.

We believe market today may remain sideways. With the ICE cotton trading lower this morning the gains may be limited for Indian cotton while the trading range for the aforementioned contract would be Rs. 20570 to Rs. 20850 per bale.

On the macro front USD currency continues to trade weak against global currencies. The USD index is trading around 90.40 and the global stocks have eased since Tuesday afternoon may support overall commodities market to rebound gradually.

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

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INTERNATIONAL NEWS

World Bank Forecasts Global Economy to Grow 3.1% in 2018, but Warns of Slower Pace Ahead

The World Bank has forecast global economic growth to edge up to 3.1% in 2018 after a stronger-than-expected 2017, as the recovery in investment, manufacturing and trade continues, and as commodity-exporting developing economies benefit from firming commodity prices.

However, this is largely seen as a short-term upswing, the World Bank said in its "Global Economic Prospects" reports. Over the longer term, slowing potential growth—a measure of how fast an economy can expand when labor and capital are fully employed—puts at risk gains in improving living standards and reducing poverty around the world.

Growth in advanced economies is expected to moderate slightly to 2.2% in 2018, as central banks gradually remove their post-crisis accommodations and as an upturn in investment levels off. Growth in emerging market and developing economies as a whole is projected to strengthen to 4.5% in 2018, as activity in commodity exporters continues to recover.

"The broad-based recovery in global growth is encouraging, but this is no time for complacency," said Jim Yong Kim, World Bank group president. "This is a great opportunity to invest in human and physical capital. If policy makers around the world focus on these key investments, they can increase their countries' productivity, boost workforce participation, and move closer to the goals of ending extreme poverty and boosting shared prosperity."

The report said 2018 is on track to be the first year since the financial crisis that the global economy will be operating at or near full capacity. With slack in the economy expected to dissipate, policymakers will need to look beyond monetary and fiscal policy tools to stimulate short-term growth and consider initiatives more likely to boost long-term potential.

The slowdown in potential growth is the result of years of softening productivity growth, weak investment, and the aging of the global labor force. The deceleration is widespread, affecting economies that account for more than 65 percent of global gross domestic product.

Without efforts to revitalize potential growth, the decline may extend into the next decade, and could slow average global growth by a quarter percentage point and average growth in emerging market and developing economies by half a percentage point over that period.

"An analysis of the drivers of the slowdown in potential growth underscores the point that we are not helpless in the face of it," said the World Bank's senior director for development economics, Shantayanan Devarajan.

"Reforms that promote quality education and health, as well as improve infrastructure services could substantially bolster potential growth, especially among emerging market and developing economies. Yet, some of these reforms will be resisted by politically powerful groups, which is why making this information about their development benefits transparent and publicly available is so important."

Risks to the outlook remain tilted to the downside. An abrupt tightening of global financing conditions could derail the expansion. Escalating trade restrictions and rising geopolitical tensions could dampen confidence and activity. On the other hand, stronger-than-anticipated growth could also materialize in several large economies, further extending the global upturn.

In the U.S., growth picked up in 2017 to an estimated 2.3%, supported by strengthening private investment. The recovery reflected a diminished drag from capacity adjustments in the energy sector, rising profits, a weakening dollar, and robust external demand.

Policy initiatives of the U.S. administration, including in the areas of health care and infrastructure, have made limited headways, while the outcome of renegotiations of the North American Free Trade Agreement remains uncertain. Barring major additional policy changes, U.S. growth is expected to reach 2.5% in 2018 and then to moderate to an average of 2.1% percent in 2019-20. Low labor participation and weak productivity trends remain the most significant drag on U.S. growth over the longer term.

In East Asia and the Pacific, key areas for apparel and textile sourcing, growth is forecast to slip to 6.2% in 2018 from an estimated 6.4% in 2017. A structural slowdown in China is seen offsetting a modest cyclical pickup in the rest of the region.

Stronger-than-expected growth among advanced economies could lead to faster-than-anticipated growth in the region. On the downside, rising geopolitical tension, increased global protectionism, an unexpectedly abrupt tightening of global financial conditions, and steeper-than-expected slowdown in major economies, including China, pose downside risks to the regional outlook. Growth in China is forecast to moderate to 6.4% growth in 2018 from 6.8% in 2017. Indonesia is forecast to accelerate to 5.3% in 2018 from 5.1% in 2017.

Growth in Europe and Central Asia is expected to ease to 2.9% in 2018 from an estimated 3.7% in 2017. Recovery is expected to continue in the east of the region, driven by commodity exporting economies, counterbalanced by a gradual slowdown in the western part as a result of moderating economic activity in the Euro Area.

In Latin America and the Caribbean, growth is projected to advance to 2 percent in 2018 from an estimated 0.9% in 2017. Growth momentum is expected to gather as private consumption and investment strengthen, particularly among commodity-exporting economies.

Brazil is expected to pick up to 2 percent in 2018, from an estimated 1 percent in 2017, while Mexico is anticipated to accelerate to 2.1% this year from an estimated 1.9% last year.

Growth in the Middle East and North Africa is expected to jump to 3 percent in 2018 from 1.8% in 2017. Reforms across the region are expected to gain momentum, fiscal constraints are expected to ease as oil prices stay firm and improved tourism should support growth among economies that are not dependent on oil exports.

In South Asia, another important region for fashion manufacturing, growth is forecast to accelerate to 6.9% in 2018 from an estimated 6.5% in 2017. Consumption is expected to stay strong, exports are anticipated to recover, and investment is on track to revive as a result of policy reforms and infrastructure upgrades.

India is expected to pick up to a 7.3% rate in 2018, while Pakistan is anticipated to accelerate to 5.8%.

In Sub-Saharan Africa—seen as fertile ground for raw material and apparel production—growth is anticipated to pick up to 3.2% in 2018 from 2.4% in 2017. Stronger growth will depend on a firming of commodity prices and implementation of reforms.

South Africa is forecast to tick up to 1.1% growth in 2018 from 0.8% in 2017, while Nigeria is anticipated to accelerate to a 2.5% expansion from 1 percent% last year.

Source: sourcingjournalonline.com- Jan 14, 2018

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China's efforts to upgrade domestic textile industry are symbolic of green progress

Partly because it is such a massive global industry, the textile trade is closely linked to a number of development issues such as employment and labor, and also the promotion of clean technologies.

From the perspective of manufacturers, promoting green value chains means that the concept of sustainability and greenness should be embodied in the whole production process. This requires not only an assessment of products' environmental impact at the beginning of the design stage, but also a focus on the application of environmental protection technologies and cleaner production processes.

Manufacturers should actively adopt sustainable standards and requirements for cleaner production in order to effectively control the use of harmful chemicals. From the perspective of the government, it should actively provide enterprises with policy guidance and necessary financial support while making full use of market instruments to finance sustainable production and green value chains.

It should also promote the formation of green standards in the textile industry.

Chinese companies should be encouraged to go abroad and learn from the experiences other countries have had. Actively carrying out international cooperation can enhance the building of green value chains.

In 2016, China's Ministry of Industry and Information Technology released the "Development Plan for the Textile Industry (2016-20)," including an explicit proposal to promote smart manufacturing and green manufacturing in the textile industry and form new momentum for development in order to push China's textile industry toward the middle and high end of the value chain.

During the 13th Five-Year Plan (2016-20) period, China will make further efforts toward the goal of green development, establish a green manufacturing system for the textile industry and promote the widespread application of cleaner production technologies.

By 2020, China's textile industry is expected to have cut energy consumption per unit of industrial added value by 18 percent, with a cut in water intake per unit of industrial added value of 23 percent and a reduction of 10 percent in the total discharge of major pollutants.

In addition to breakthroughs in a number of key generic technologies for the recycling of used textiles, the proportion of the textile fiber recycling volume in total fiber processing volume is also expected to be continuously increased.

From a global perspective, the pattern of the textile industry will be further adjusted. Although China has comprehensive and competitive advantages in the global value chain, it is facing increasing pressure from international competition.

The country faces an urgent task of structural adjustment and industrial upgrading, and must also deal with a "double squeeze" between developed countries' re-industrialization and developing countries' accelerated industrialization. The manufacturing capabilities of developed countries will continue to grow in the fields of high-end equipment, high-performance fibers and smart textiles and garments because of their obvious advantages in research, branding and sales channels.

Developing countries in Asia and Africa, meanwhile, have obvious advantages in terms of cost of labor, and some of them such as India, Vietnam, Bangladesh and Pakistan have shown clear upward trends in terms of textile industry development.

In November 2016, the Guiding Opinions on Strengthening International Cooperation to Upgrade China's Industry in the global value chain was jointly promulgated by government branches including the Ministry of Commerce and the National Development and Reform Commission.

On the basis of this policy document, China will improve its ability to allocate resources by deepening its cooperation in the global value chain, attracting premium global resources, and enhancing the contribution of domestic added value through the combination of manufacturing and services.

Source: globaltimes.cn- Jan 16, 2018

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Turkey Unveils Ecolabel Certification System for Textile Products

Turkey is fortifying its sustainable stance with a new Ecolabel certification system for various domestic products, including textiles, ceramics and paper.

According to multiple Turkish media reports on Tuesday, a Turkish Ministry of Environment and Urbanization official said the nation is debuting a new Ecolabel certification system.

The official told Turkish media outlets that the ministry completed a project that aims to incorporate the nation's legislation into the EU's Ecolabel legislation. With the Ecolabel, consumers can identify sustainable products made in Turkey.

Dubbed the National Environmental Labeling System, the Ecolabel's first level of implementation will involve textiles, ceramics and paper made in Turkey. Products from seven firms—tow in the textile industry, three in the ceramics industry, two in the paper industry—will receive the new certification.

The Ecolabel certification system is aimed at fostering energy efficiency, circular production and waste minimization in these domestic industries moving forward.

As part of the ecolabel certification system's launch, the government was set to hold a National Ecolabel Logo Competition at a ceremony in Ankara on Thursday. Reports said 85 logos are competing to become Turkey's official Ecolabel.

Turkey's new Ecolabel certification system follows other global similar initiatives, as companies step up their sustainability and transparency commitments.

In September, the U.S. Federal Trade Commission upgraded registered identification numbers (RN) criteria for clothing, fur and textile labels. The new criteria streamlines the labeling application process for U.S. companies and supports domestic product compliance regulations.

Last April, the EU debuted a new garment supply chain policy that addressed priorities for women's economic empowerment, work wages and supply chain transparency, including the EU Ecolabel for textile products and footwear.

Even though concerns remain about false product labeling in Europe, Turkey's Ecolabel certification system and others should act to boost transparency throughout the continent's textile sector.

Source: sourcingjournalonline.com- Jan 16, 2018

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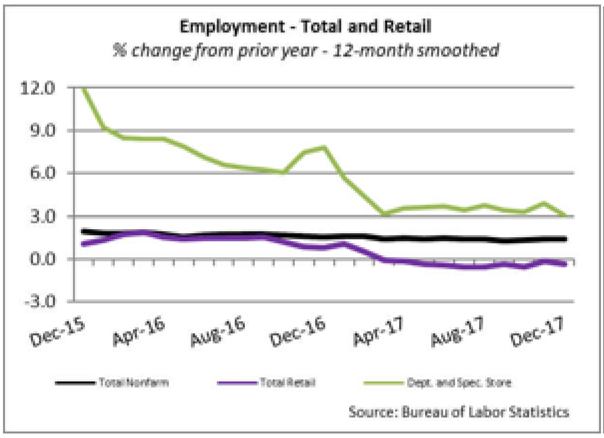
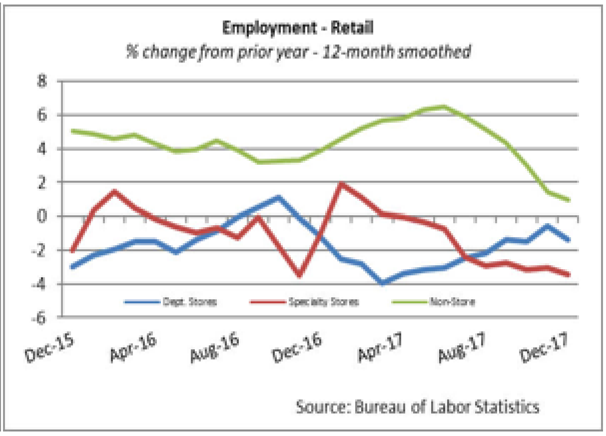
USA: Unemployment Unchanged in December, but Retail Job Losses Continue

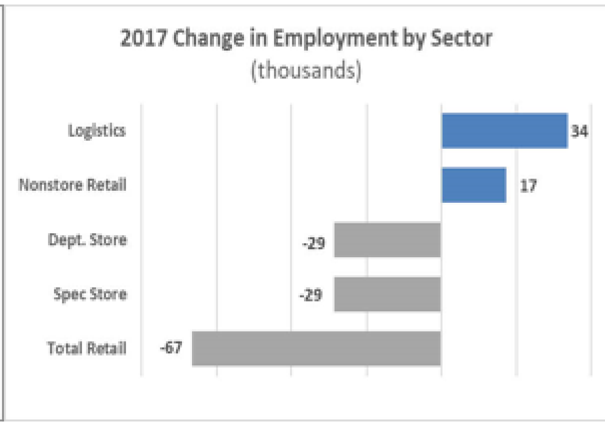
U.S. employers added 148,000 jobs in December, leaving unemployment unchanged at 4.1%, the lowest rate since its prior heyday of 2000, according to recent data released by the U.S. Bureau of Labor Statistics. During 2017, more than 2 million jobs were added to the U.S. economy.

Although December overall job creation wasn't quite as robust as many analysts hoped for, its performance dwarfed that of the retail industry, which by contrast lost 20,000 jobs, bringing the total 2017 decline to 67,000, reducing employment in the sector to a total of 15.8 million.





The majority of the lost jobs in December came from general merchandise stores, where a total of 27,000 positions were eliminated, of which 8,000 were in department stores. Specialty stores lost 4,000 jobs during the month.



For the full year, general merchandise stores lost 90,000 jobs, with 29,000 gone from each of the key apparel sectors of department stores and specialty stores.

Retail Employment *thousands of workers*					
	Dec-17	**Nov-17**	**Dec-16**	**yoy chng**	**chng - %**
Total US Retail	15,815	15,835	15,881	-67	-0.4
Department Store	1,273	1,281	1,302	-29	-2.2
Apparel Specialty	1,312	1,316	1,341	-29	-2.1
Total Dept & Specialty	2,585	2,597	2,642	-57	-2.2
Non-Store Retail	564	563	546	17	3.1
Total Logistics	1,645	1,647	1,611	34	2.1

Non-store retail, which is dominated by pure-play e-commerce, saw its net employment remain stable at 564,000 in the month. During 2017, the sector added 17,000 positions, most of which are at Amazon.

After growing in each of the prior eight months, employment in the sectors that comprise retail logistics, specifically warehouse and delivery companies, fell by 3,000 in December, bringing total employment there to 1.65 million. Year-to-date, logistics employment has increased by 34,000 net new jobs.

Source: sourcingjournalonline.com- Jan 16, 2018

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There's a Darker Cloud Looming Over NAFTA and Here's What You Need to Know

Whether it will die or not die seems to be the question when it comes to the North American Free Trade Agreement, and recent signs appear to be pointing more to the former than the latter.

In the last week, the trio of NAFTA nations have been throwing stones at one another and the prospects of the deal's failure has continued to rise.

On Wednesday, Canada filed a complaint with the World Trade Organization against the U.S., alleging unfair practices related to antidumping duties. Canada called on the WTO to review the United States' practices, which it claims aren't in accordance with WTO rules.

The U.S. shot back, with U.S. Trade Representative Robert Lighthizer saying that Canada's "ill-advised attack" on the U.S. would only serve to lower U.S. confidence that Canada is committed to "mutually beneficial trade."

In conjunction with that, news began to surface that Canada was convinced the U.S. is going to untangle itself from NAFTA in fairly short order. Following the reports, Canada refuted the hearsay, claiming it was inaccurate and reassuring the world that it's looking forward to progress at the next round of talks in Montreal set for Jan. 23.

Regardless of how things shake out, Canada's not prepared to be caught unawares. "I think it's our responsibility as a government to take [Trump's] statements very seriously and to be prepared for every eventuality, which we are," Canada's foreign affairs minister Chrystia Freeland told the country's Global News.

Turning to Mexico, President Trump said last week that he plans to use the NAFTA negotiations to pay for the wall he wants to build along the U.S.-Mexico border. And he seems set on getting the wall built by whichever means necessary, whether via NAFTA or the DACA immigration bill deal.

In an interview with The Wall Street Journal last week, Trump said, “We have to have a wall. We don’t have a wall, we’re not doing the deal,” a published transcript of the interview noted Trump as saying in reference to DACA.

Tying the wall to NAFTA after DACA, Trump said: “You know, we make a good deal on NAFTA, say I’m going to take a small percentage of that money and it’s going to go toward the wall. Guess what? Mexico’s paying. Now Mexico may not want to make the NAFTA deal and which is OK, then I’ll terminate NAFTA…which I think would be frankly a positive for our country.

I don’t think it’s a positive for Mexico, I don’t think it’s a positive for the world. But it’s a positive for our country because I’d make a much better deal. There is no deal that I can make on NAFTA that’s as good as if I terminate NAFTA and make a new deal. OK? But I feel that we have a chance of making a reasonable deal, the way it is now.”

Whether via NAFTA or DACA or any other acronym, Mexico—remaining steadfast in a position that it’s held since day one—said there’s no way it will be paying for a wall.

After a day of meetings in Washington Thursday, Mexico’s economy minister Ildefonso Guajardo wrote on Twitter: “The President of Mexico @ EPN has been very clear: Mexico will never pay for that wall.”

It’s anyone’s guess how the next (and so far, what’s intended to be second to last) round of NAFTA talks will go now that tensions among the parties are very likely higher than they’ve ever been.

Talks have largely stalled thus far as both Canada and Mexico aren’t on board with U.S. demands to adjust rules of origin to set minimum levels of U.S. inputs, a clause that would see NAFTA time out and self-terminate after five years if it’s not renegotiated, and the elimination of a dispute settlement clause, which would repatriate dispute resolutions into the domestic legal system instead of turning it over to international arbitration panels.

Prospects for NAFTA aren't exactly in the positive, and if the deal is going to go bust, it may not take all that long.

"There is a high probability, we put it at around 30pc, that NAFTA collapses in a few weeks' time," Marina -Petroleka, an analyst at BMI Research, a unit of Fitch credit ratings agency, told the Telegraph. "The reason it is so high is that it is one of the few decisions that the White House, and specifically President Trump, can take unilaterally. It therefore becomes highly unpredictable."

Source: sourcingjournalonline.com - Jan 16, 2018

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Pakistan: Free trade with China and Indonesia

Senate Standing Committee on Commerce and the Textile Industry was informed on Tuesday that dialogues with China and Indonesia to finalize a Free Trade Agreement (FTA) were in advanced stages and would be concluded by the next month.

"Good news is expected from Indonesia by the end of the current month whereas talks with China were also going on positively which are expected to be finalized by next month," Secretary Commerce Muhammad Younus Dhaga said while briefing the committee.

He said negotiations for FTA with Iran were also under process in very friendly atmosphere as both sides are ready to give concessions to each other.

He said the two countries have also entered into Mutual Recognition Agreement (MRA) to recognize standards of goods to be traded across the borders.

The meeting of the committee was presided over by Senator Shibli Faraz and was attended by Senators Mufti Abdulsatar, Robina Khalid, Haji Saifullah Bangish, and Naseema Ehsan.

The Chairman directed the ministry to improve capacity building of Trade Development Authority of Pakistan (TDAP) to run the department on modern lines. The Secretary informed that a data center was being established under TDAP to compile sector wise trade data independently.

He said the center would not only compile national data but also international data to get a comparative data with other countries.

Regarding inflow of investment under China Pakistan Economic Corridor (CPEC), Shibli Faraz questioned that why the investment money was not coming to the country through proper channels.

Source: dailytimes.com.pk - Jan 17, 2018

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Chinese firm to build 220 mln USD textile plant in Ethiopia

A cornerstone laying ceremony was held on Tuesday in Ethiopia's eastern city, Dire Dawa for a textile plant that will be built with an investment of 220 million U.S. dollars.

Dire Dawa mayor's office said Chinese firm Wuxi No. 1 Cotton Mill will build the textile plant which will lie on 40 hectares of land.

The construction of the textile plant will take 30 months and is expected to employ 3,000 Ethiopians once commissioned.

The plant will be located inside Dire Dawa Industrial Park (DDIP) that is currently being constructed by China Civil Engineering Construction Corporation (CCECC).

DDIP, currently being built at a cost of 159 million U.S. dollars on 159 hectares of land, is expected to attract industries specialized in textile, apparel, and agro-processing.

Ethiopian government is financing the construction of the industrial park which is expected to be commissioned later this year.

The textile plant's cornerstone laying ceremony was held in the presence of Liu Yu, economic and commercial counselor at the Chinese embassy in Ethiopia and Ibrahim Usman, mayor of Dire Dawa city administration.

Source: xinhuanet.com- Jan 17, 2018

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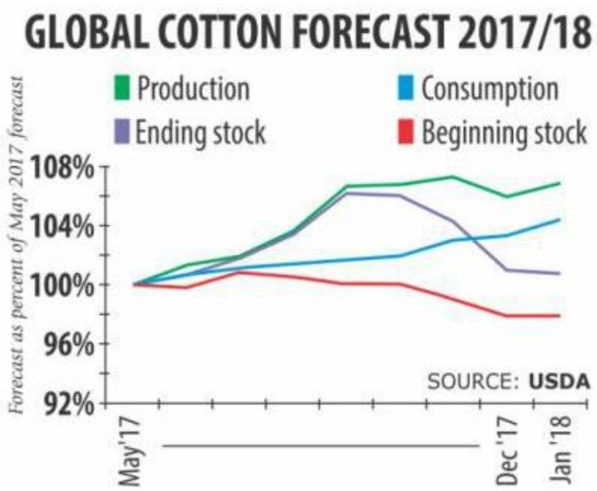
Bangladesh: Shipment of cotton suddenly halted!

The country sources nearly half (46 percent) of its cotton from abroad. Bales of cotton are used by local yarn makers to produce the thread used by apparel exporters. So when Indian suppliers suddenly stop shipment of 400,000 bales of cotton because there is a hike in the Indian domestic market, our producers are left in the lurch.



There is a chain effect on prices domestically due to such a sudden halting of import from one of the biggest producers of the fibre. Indeed, local yarn prices have apparently gone up by 15 percent since there is a dearth of the raw material and although there are other big players in the international market like the US, it will take a while to negotiate terms of purchase and price before a supply of the fibre can become available to local manufacturers.

The fact that Indian suppliers have signed contracts to supply cotton to the Bangladeshi parties and are now refusing to honour them is a breach of contract. This is an incident which may dent the business relationship between our dealers and their counterparts in India. This intentional supply crunch will undoubtedly put some RMG exporters in a tight spot.

This incident has had one positive impact and that is the realisation that we cannot be dependent on one supplier of this basic material. Diversification of supplies from different countries will give our yarn producers and knitwear manufacturers the choice of keeping this essential fibre coming into the country without let or hindrance.

Source: thedailystar.net - Jan 17, 2018

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Pakistan's PHMEA wants end to polyester yarn import duties

The Pakistan Hosiery Manufacturers and Exporters Association (PHMEA) has expressed concern over increasing taxes on the import of polyester yarn, saying the step has directly affected the sportswear industry of Sialkot.

The government had recently imposed a 5 per cent regulatory duty on such import with an average 7 per cent anti-dumping duty.

The total duties and taxes, including anti-dumping duty, account for 30 per cent that makes it difficult for the polyester-based sportswear industry to compete in the international market, Pakistani media reports quoted PHMEA central chairman Khurram Anwar Khawaja as saying.

Anti-dumping duty is also imposed on the polyester fully drawn yarn that is not locally manufactured, which is against laws, he said.

Khawaja demanded that the government should abolish all duties and taxes imposed on the polyester yarn so that sportswear manufacturers and exporters can compete in global markets.

Source: fibre2fashion.com - Jan 17, 2018

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No one wants your used clothes anymore as fast fashion floods the bins

For decades, the donation bin has offered consumers in rich countries a guilt-free way to unload their old clothing.

In a virtuous and profitable cycle, a global network of traders would collect these garments, grade them, and transport them around the world to be recycled, worn again, or turned into rags and stuffing.

Now that cycle is breaking down. Fashion trends are accelerating, new clothes are becoming as cheap as used ones, and poor countries are turning their backs on the second-hand trade. Without significant changes in the way that clothes are made and marketed, this could add up to an environmental disaster in the making.

Nobody is more alert to this shift than the roughly 200 businesses devoted to recycling clothes into yarn and blankets in Panipat, India. Located 55 miles north of Delhi, the dusty city of 450,000 has served as the world's largest recycler of woolen garments for at least two decades, becoming a crucial outlet for the $US4 billion ($5 billion) used-clothing trade.

Panipat's mills specialise in a cloth known as shoddy, which is made from low-quality yarn recycled from woolen garments. Much of what they produce is used to make cheap blankets for disaster-relief operations. It's been a good business: At its peak in the early 2010s, Panipat's shoddy manufacturers could make 100,000 blankets a day, accounting for 90 per cent of the relief-blanket market.

In the early 2000s, though, cash-flush Chinese manufacturers began using modern mills that could produce many times more blankets per day than Panipat's, and in a wider variety of colours.

Ramesh Goyal, the general manager of Ramesh Woolen Mills, told me that Chinese manufacturing has become so efficient that a new polar fleece blanket costs a mere $US2.50 retail -- compared to $US2.00 for a recycled blanket. This has made China the preferred manufacturer of relief blankets worldwide, costing Panipat most of its export market.

So Panipat is changing. Five years ago, nobody in town made new fleece blankets. Today, about 50 mills do. Ramesh Woolen Mills added a Chinese-built line in 2016, and thereby boosted its production from 7,000 kilograms a day to 12,000, two-thirds of which is polar fleece. Consumers appreciate the quality, variety and fast production times.

But what's good for Panipat and its customers is bad news for donors and the environment. Even if Panipat were producing shoddy at its peak, it probably couldn't manage the growing flood of used clothing entering the market in search of a second life.

Between 2000 and 2015, global clothing production doubled, while the average number of times that a garment was worn before disposal declined by 36 per cent. In China, it declined by 70 per cent.

Fast fashion fiasco

The rise of "fast fashion" is thus creating a bleak scenario: The tide of second-hand clothes keeps growing even as the markets to reuse them are disappearing. From an environmental standpoint, that's a big problem. Already, the apparel industry accounts for 10 per cent of global carbon emissions; as recycling markets break down, its contribution could soar.

The good news is that nobody has a bigger incentive to address this problem than the industry itself. By raising temperatures and intensifying droughts, climate change could substantially reduce cotton yields and thus make garment production less predictable and far more expensive. Industry executives are clearly concerned.

The question is what to do about it. Some brands, such as H&M and Patagonia, are experimenting with new fibres made from recycled material, which could help. But longer-term, the industry will have to try to refocus consumers on durability and quality -- and charge accordingly.
Era coming to an end

Ways to do this include offering warranties on clothing and making tags that inform consumers of a product's expected lifespan. To satiate the hunger for fast fashion, meanwhile, brands might also explore subscription-based fashion rental businesses -- such as China's YCloset -- or other more sustainable models.

None of these options can replace Panipat and the other mill towns that once transformed rich people's rags into cheap clothes for the poor.

But, like it or not, that era is coming to end. Now the challenge is to stitch together a new set of solutions.

Source: smh.com.au- Jan 17, 2018

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NATIONAL NEWS

Working on action plan to cut export, import costs: Commerce Ministry

The commerce ministry today said it is working on a comprehensive action plan, including development of a sectoral portal to reduce cost of exports, imports and domestic logistics in the country.

The 'National Integrated Logistics Action Plan' would focus on making logistics more efficient through easing of processes, induction of information technology and co-ordinated enhancement of logistics infrastructure in the country.

Through this, "we will look at speed and cost of doing business", Commerce and Industry Minister Suresh Prabhu told reporters here. He added that the speed of import and export depends on efficiency of logistics. Prabhu said the ministry is looking at the logistics policy structure of other countries including Singapore and Dubai.

The UAE has stated it would "work with us" in the initiative, he added. As part of the plan, the ministry is working on a detailed portal to link logistics services.

Special Secretary (Logistics) Binoy Kumar said the idea is to bring interface among all logistics to bring down compliance burden for industry and traders. In a statement, the ministry said it has resolved to reduce the logistics cost from the present 14 per cent of GDP to less than 10 per cent by 2022.

A concerted effort in collaboration with central line ministries as well as state governments has been initiated for simplifying the regulatory processes in both domestic and EXIM (export-import) logistics, it added.

It added that work has also been started on an integrated logistics portal that will be a transactional e-market place connecting buyers as well as logistics service providers with all government agencies such as customs, port community systems, sea, air port terminal, shipping lines and railways.

Further, with a view to establish linkages with the government agencies, industry and academia for developing a detailed action plan, the ministry has inked an MoU with industry chamber CII today.

The objective of the pact includes establishing a working group to examine issues related to logistics and recommend solutions; to undertake studies on logistics and to promote government policies.

Anant Swarup, joint secretary in the department of commerce, stated that as per estimates, 10 per cent cut in logistics cost could help increase 5-8 per cent increase in exports.

The main challenges of the sector, he said, include multiple regulators or policy making bodies, procedural complexities and lack of single window system.

The action plan also aims to improve logistics, skilling and increase jobs in the sector to 40 million by 2022, he added. Keshav Chandra, Joint Secretary in the department, said these initiatives would help cut transaction costs and compliance burden of industry.

Source: financialexpress.com- Jan 16, 2018

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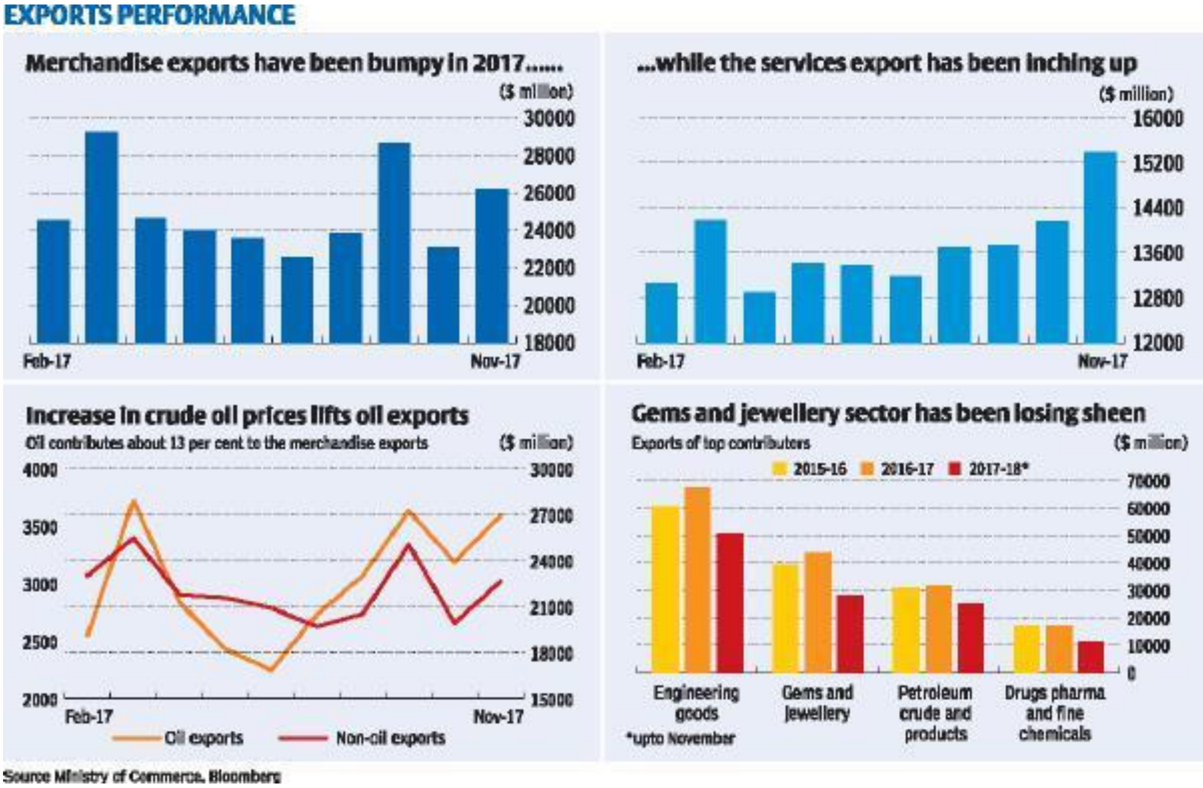
Government must set the ball rolling on modified incentives for exports

Exporters have their expectations pinned on the Union Budget for more incentives to sustain the growth momentum, a way out of the working capital woes stemming from the new GST regime, and an improvement in infrastructure facilities.

The Finance Ministry, however, will need to weigh in a lot of factors such as maintaining fiscal prudence, confirming to multilateral obligations of curbing export subsidies and nudging State governments to participate in infrastructure development for exports, while coming up with a fresh package for exporters.



"Exports of leather-intensive items such as leather, foot wear, textiles, ready-made garments, carpets and sports goods are the need of the hour. The foreign exchange component of the raw material used in these products is minimum when compared to diamond, gold jewellery, electronic products or petroleum products where raw material imports comprise 80-90 per cent of the foreign exchange earnings," said Anil Verma, President, Delhi Exporters Association.

Outbound shipments

India's exports are showing signs of a rebound, with outbound shipments posting a growth of over 12 per cent in the first nine months of the fiscal, but exporters warn that without continued government support, they could slip back into losses.

While the Centre has already announced a higher incentive of 2 per cent (of export value) for most of the labour-intensive sectors under the Merchandise Export from India Scheme (MEIS) as part of the Foreign Trade Policy review in December, what remains to be seen is whether the Budget would extend the measure beyond June 30 2018 when the additional sops expire.

The bigger problem in extending the MEIS scheme is the fact that it is a direct export subsidy which India is no longer allowed to extend under the World Trade Organisation (WTO) rules. India's per capita Gross National Income has exceeded $1,000 for three years in a row, and if the country does not do away with its export subsidies, other member countries of the WTO could retaliate.

"It is clear that schemes such as the MEIS cannot continue for much longer. The Centre has to soon come up with alternative incentive schemes for exporters that are not directly related to exports. These incentives could be in the form of technological upgradation and modernisation schemes, funds for research & development, or sops for capital goods. One has to see if the Budget takes a step in this direction," a government official said.

Fiscal considerations would also determine whether the Finance Ministry would finally agree to do away with, or reduce the rate of Minimum Alternate Tax on Special Economic Zones, which the Commerce Ministry has been lobbying for the last few years.

Exporters are also looking forward to relief from paying GST on inputs used in the manufacture of export items. Export bodies such as the Federation of Indian Export Organisations (FIEO) have argued that the IGST paid on inputs are refunded after a long time, resulting in the blockage of working capital.

Therefore, the government should give an exemption from IGST on all instruments providing basic customs duty-free imports on inputs and capital goods.

The Finance Ministry is seriously considering the introduction of an e-wallet system for exporters from April 1, under which the government will credit a notional amount in an exporters' e-wallet based on preceding year's exports and an average GST rate.

It would be a running account from which money would be debited when the IGST gets paid and credited again when the proof of export is given.

"We are hoping that the new e-wallet system will be operational in April 2018 and the matter would be formalised in this year's Budget," the official said.

The Centre also hopes to convince more States to participate in the Trade Infrastructure for Export Scheme (TIES) announced last year to enhance export competitiveness by bridging gaps in export infrastructure, creating focused export infrastructure, first mile and last mile connectivity for export-oriented projects, and addressing quality and certification measures.

The Central government funding is in the form of grant-in-aid, normally no more than the equity being put in by the implementing agency, or 50 per cent of the total equity in the project.

So far, detailed project reports have been received from Karnataka, Tamil Nadu, Madhya Pradesh, Andhra Pradesh and Tripura.

Although exports in the ongoing fiscal might touch $300 billion as per industry estimates, the government is under pressure to boost performance further. Exports in 2016-17 were $276.54 billion compared to $314.14 billion in 2013-14.

Source: thehindubusinessline.com- Jan 16, 2018

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Budget 2018: Garment dealers hopeful of tax reduction

Budget 2018: With the Union Budget 2018-19 inching closer, garment dealers here are hopeful of a reduction in the Goods and Services Tax (GST) rates levied on textiles, which, they believe, have drastically hampered sales.

"After the GST was introduced, the volume of sale has significantly reduced, and the number of customers has dropped.

We hope that the government will reduce taxes, thereby helping sales pick up again," Bhisham, a garment dealer told ANI. The GST was rolled out on July 1 last year and has seen retaliation from the textile sector ever since.

While the tax rates were reduced to 12 percent, and then further to 5 percent, the general opinion is that traders have been severely affected by the new taxation scheme.

On a related note, the Budget 2018 will be presented on February 1. The first Budget 2018 Session of the Parliament will be held from January 29 to February 9, while the second session will be held from March 5 to April 6.

This will be the last full-fledged budget 2018 that will be presented by Prime Minister Narendra Modi-led Union Government.

Source: financialexpress.com- Jan 16, 2018

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Rise in cotton costs, dearth of incentives make exports uncompetitive

A sharp 11 per cent rise in prices during the past two months in India has pushed up raw material costs for mills, making export unviable and uncompetitive.

International prices are also up by 17 per cent, but 2.7 per cent appreciation in the Indian rupee has nullified all the gains to be had from global prices. While yarn and fabric exports have seen a dismal growth of 0.38 per cent year-on-year in dollar terms in December 2017, that for man-made yarn and fabrics grew by 6.77 per cent.

As per the central government's quick estimates of exports for some of the major commodities for December 2017, yarn, fabrics, made-ups and products, among others grew by 0.38 per cent to stand at $938.57 million, up from $935.05 million in December 2016. On the other hand, man-made yarn, man-made fabrics and made-ups, among others saw a decent growth of 6.77 per cent in December 2017 at $416.91 million, from $390.47 million in the corresponding month last year.

According to ginning, spinning and textile mills, the trend is predominantly led by a rise in the commodity prices, which now stand at about Rs 42,000 per candy of 356 kg, (Rs 11,670 per quintal) along with dearth of export incentives. In terms of quintals too, prices have grown by 11 per cent from Rs 10,517 in November 2017 to Rs 11,670 per quintal now. "Post Goods and Services Tax (GST) implementation, several important export incentives are not available.

This has led to sluggish demand in the textile value chain for products, leading to marginal growth in both exports and domestic market," said Paritosh Aggarwal, managing director of Suryalakshmi Mills Ltd.

The rise in prices in recent times have made exports of products more challenging by making Indian exporters uncompetitive against other competing exporting nations such as Bangladesh.

"With Bangladesh being able to export on free trade basis, India's exports have become even more uncompetitive. Hence, price rise as well as dearth of incentives from government post GST has made exports growth difficult," said Aggarwal.

According to Arvind Raichura of Balkrishna Ginning and Pressing Factory, domestic sales and exports in December were also low due to lesser capacity utilisation. "This is owing to festive mood in the latter part of December when capacity utilisation fell. Moreover, with export demand lagging, fabric manufacturing companies reduced demand from spinning and ginning mills," said Raichura.

Lack of export incentives have hit the ready-made garments (RMG) the most, with the vertical posting a decline of 8.08 per cent in December 2017 over December 2016. Cotton-based RMG exports stood at $1,336.63 million in December 2017 as against $1,454.17 million in December 2016.

The Apparel Export Promotion Council (AEPC) has also been taking up the matter with the government, having made representation for restoration of duty drawback and other incentives that the industry was dependent on for exports.

Source: kaplanherald.com - Jan 16, 2018

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Weaving out of trouble: Handloom industry looks at Budget 2018 to solve woes

The handloom industry in India exudes a national identity that is revered all over the world given its unique, unparalleled, rich heritage. It exhibits the spectacular craft of our artisans and nourishes the social fabric of the country. After all, it is the sector that generates maximum employment in India (after agriculture) and also has the largest number of weavers in the world. It has been particularly favourable for women empowerment in the country too.

The Banarasi sarees, the Himachali topis, handbags from Kutch, the Kolhapuri chappals, jute bags and silk sarees from Assam - they create a landscape of unity in diversity and juxtaposes aesthetic pride with cultural parity. Tragically though, this source of living for more than 6.5 million Indian families has hit a cruel patch.

We are all aware of the farmer suicides, but tragically enough the death of weavers in the last 20 years has gone unnoticed. For instance, there have been 615 suicides in Andhra Pradesh from 1997-2010 and about 50 in Varanasi in the last three years.

Doom in handloom

The Budget allocation for the handloom sector was Rs 710 crore in 2016-2017, but was reduced to Rs 604 crore for the year 2017-2018. This allocation was meant for varied provisions such as welfare schemes, housing, subsidies, health insurance, and much more.

This drop of more than Rs 100 crore has made it difficult for the poor weavers to keep up with limited resources. Moreover, hank yarn, the crucial raw material for the sector, has seen a spike in prices and at the same time weavers have been hit by the non-availability of many chemicals.

As digital India is the call of the hour, technological advancements are increasingly encouraged in the country and rightly so. Sadly, this impacts the handloom industry negatively and the cut-throat competition from power looms has put the very existence of the handloom sector in doubt.

Mohan Rao, Chairman, Rashtra Cheneta Jana Samakhya (RCJS), a confederation of handloom weavers in India says, "Many weavers are uneducated and rely solely on their skills that have been passed on to them by their previous generations. This is traditional knowledge for them and it is the government's responsibility to take their concerns and future into account."

At the heart of protection for the handloom sector is the Handloom Reservation Act, which spells out the articles reserved exclusively for the production by this sector. From cotton and silk sarees to the Dhoti, there are some 11 items which find a mention under the Act.

However, this has not prevented the powerloom industry from transgressing to produce the items which find mention under the Act. Rao says, the Handloom Reservation Act is dismayingly implemented. In fact, its annual report stated that there has only been 0.001% conviction of violations in the handloom sector. This results in an immediate threat to the livelihoods of the weavers.

Hurdles in GST

Rao adds, "Repeated GST on yarn, dyes, chemical, as well as the product again ends in a compromised selling price for the product which leaves the weavers with extremely low benefits."

Rao says that most of these weavers are not registered with GSTN and GST itself is too complicated a tax structure for them. "Neither are they familiar with input credit. For a layman like a poor weaver, it is not possible to maintain strategic records or claim returns," says Rao.

For example the cotton sector was earlier exempted from central taxes and leviable to VAT at the fibre and yarn stage only, but now has been brought into the GST net at a rate of 5% and provisions for Input Credit to all.

However, most weavers do not understand the process of input credit and various provisions like the composition scheme. There is another issue where high skilled weavers, for example, from Kota, Varanasi, Venkatgiri, Kuthampully etc, churn our sarees that can cost over Rs 10,000 each. Garments and apparels over sale value of Rs.1000 attract a GST of 12%

Rao says that there are no subsidies for the weavers and although there is a yarn subsidy, it is going away in GST. He says, "From one side the government is offering something and from the other, it is taking the same thing back."

MS Mani, Senior Director, Deloitte India, simplifies the problem and explains, "There are three different stages in the textile sector - yarn (thread), fabric (cloth), apparel (the shirt, for example). The GST impact will be different for a yarn processor, a fabric processor and an apparel maker and these cannot be combined. So there is no one GST impact for the entire textile sector."

Mani says that apparel businesses - mostly run by big businesses - have been paying VAT and excise duty, and now they are paying GST too. The problem is with the yarn and fabric businesses that mostly work for some of the apparel maker. Trouble is also for the small apparel business at the same time.

Mani adds, "In terms of excise duty, any apparel maker was not required to pay excise at all up to Rs 1.5 crore of his turnover. Now in GST, the threshold is Rs 20 lakh. This is a significant change for smaller apparel makers etc. They asked for the withdrawal of GST on handloom products because a large part of the textile sector does not pay any taxes. If they start paying GST, they will have to start paying income tax as well, since through GST their purchases and sales will be known."

Mani adds that even the reverse charge mechanism is not the solution for any SME business. "If the government decides to go ahead with the currently postponed reverse charge on purchases of some unregistered dealers, the SME sector as a whole is going to be adversely impacted as big businessmen would refuse to indulge with them," says Mani.

Prospects in Parliament

There is, however, a ray of hope as parliamentarians are seized of the matter. "I am from Himachal Pradesh and the state has always taken immense pride in the Kullu caps or the mufflers that most people there are known for. Women who choose to work at and from home have upheld the glories of the handloom sector for long.

Unfortunately, with rising prices, handmade products have become expensive and they are not being able to keep up without support. We need to do something before weaving becomes a dead occupation," says Virender Kashyap, a MP from the ruling BJP government.

Recalling his own years in college, CPI's D Raja says he has fond memories of seeing thousands of weavers at work in his native state of Tamil Nadu that is known for its textile, power loom and handloom sectors, but is unsure if it is the same today. "I was a member of the committee that scrutinised GST before it was passed to Parliament. I knew we were not prepared for it and the then President Pranab Mukherjee admitted that there will be temporary problems with GST. The question is, how long will this continue? I will encourage the government to look at this issue and bring some sensitivity towards the weavers," says Raja.

Representatives of the handloom sector have urged the government to set up a parliamentary standing committee to review the rights and welfare schemes for weavers and have also requested the 15th Finance Commission and NITI AAYOG to address the financial crisis in the sector. Representatives state that the provision of GST need to be looked at and the Ministry of Textiles work together with related agencies for remedial actions. They have also demanded that the government should issue white paper on the budgetary allocation and while executing programmes for handloom weavers.

Mani cites the example of textile traders' strike in Surat for 30 days last year, but the government did not relent to their demands. He says, "I don't think the government is in a hurry to withdraw GST. Granting a GST exemption to the whole sector defeats the very purpose of why GST was introduced in the first place. Nor is it going to prevent other sectors making the same demand. There is no alternative right now apart from the fact that people gradually need to start getting to pay their taxes."

For a sector deep in the woods, all eyes would be on Finance Minister Arun Jaitley when he delivers his Budget speech on February 1, to provide some succour.

Source: economictimes.com- Jan 16, 2018

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KT Rama Rao hardsells textile park to Korean firms

Talking about progressive investment policies and sector-specific industrial parks being set up in Telangana, IT minister K.T. Rama Rao invited South Korean industry leaders to set up shop and collaborate in various fields with the youngest state of India.

The minister, along with Mr G. Vivek, advisor to the state government, and Mr Jayesh Ranjan, Principal Secretary, IT and Industries departments are on a two-day tour to South Korea.

The delegation met with Mr Nam Geunho, EVP, Hyundai Corporation, in Seoul where he explained the various investment opportunities in Telangana and gave an overview of the TS-iPASS single-window clearance initiative for investors.

In a meeting with Mr Choi Dong Jin, Executive Director, and representatives from Korean Mobile Internet Business Association (MOIBA), the Minister invited them to attend the World IT Congress being held in Hyderabad.

Two agreements were signed by the Government of Telangana — one with MOIBA and the second one with JCCIA. Both agreements aim to collaborate in AVCGI, Artificial Intelligence, Virtual Reality, Augmented Reality, Internet of Things and the Electronics manufacturing sector.

The Minister explained the state's Digital Telangana initiative and how it is planning to connect every home with the FiberGrid network. The Minister invited Korean AVCGI companies to invest in the Game Tower.

Mr.Rao met Mr Kihuk Sung, Chairman, Youngone Corporation, at Seoul. Young One Corporation, which manufactures popular 'The North Face' brand garments, announced USD 300 million investments in Kakatiya Textile Park.

The delegation held a series of meetings in Daegue Metropolitan City which is also known as 'Textile City' and is home to several textile, fashion and high-tech industries. The Minister spoke about the upcoming Kakatiya Mega Textile Park at Warangal.

The Minister said, “Telangana, with all its advantages, is an ideal destination for textile manufacturing companies.”

He invited the Daegu Automotive Industry representatives to visit Telangana state and evaluate investment opportunities and chances of collaboration in textiles, futuristic automobiles and IT.

Source: deccanchronicle.com- Jan 16, 2018

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West Bengal to showcase Metiabruz as RMG hub at BGBS 2018

To double exports of readymade garments (RMG) in the next three years, West Bengal will showcase the Metiabruz zone in south-western Kolkata as a hub for such garments at the fourth edition of the Bengal Global Business Summit (BGBS) to be held on January 16-17.

The Rs 10000-crore RMG industry in the state involves around two crore people.

The initiative is seen as a strategic effort to boost the micro, small and medium enterprises (MSME) sector. This unorganized sector contributed nearly 28-35 per cent to the state’s export figures, but is now facing a slump following demonetisation and implementation of goods and services tax (GST), according to a report in top Indian newspaper.

Bengal's garments export turnover grew to Rs 53,649 crore in 2016-17 against Rs 47,857 crore in 2015-16.

The condition of small- and medium-scale traders and manufacturers is pathetic, said Samsuddin Mondal, president of West Bengal Garments Manufacturing Association.

Source: fibre2fashion.com- Jan 17, 2018

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Patanjali to soon roll out textile portfolio 'Patanjali Paridhan': Ramdev

Baba Ramdev-promoted Patanjali Group is planning to roll out its textile portfolio in the Indian market by November 2018 — around Diwali.

"We have started working on the textile front — Patanjali Paridhan — on a larger scale.

We will launch the products either this year around Diwali or positively by January 2019," Ramdev said here on Tuesday in an interaction with media persons.

Ramdev said the textile portfolio will have around 3,000 products ranging from kidswear to yoga wear and sportswear.

"It will have ladieswear and gents wear, and along with that will also come accessories and footwear."

Speaking about the restaurant business, Ramdev said the work on this front has been stalled for the time being.

Aiming to expand its footprint in the country's FMCG sector, Baba Ramdev-promoted Patanjali launched its e-commerce platform under the tagline "Haridwar to har dwar" (Haridwar to every door step online).

The company has also announced its partnership with leading e-retailers and aggregators to authorise online sales of its products which include Paytm Mall, BigBasket, Flipkart, Amazon India, Grofers, Amazon India, netmeds, 1mg and Shopclues, among others.

Launching the e-commerce platform "www.patanjaliayurved.net", Ramdev added that online sales have yielded good dividend that helped the company's sales cross the Rs 10 crore-mark in December 2017.

Source: business-standard.com- Jan 16, 2018

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Competitiveness will come to the rescue of exporters

The Budget should provide fiscal support to units that create additional employment in the export sector

Indian exports bounced back in 2017 after the southward trend in 2016.

With global trade showing encouraging signs in 2018, we all are set to reach new milestones, provided we impart competitiveness to exports amidst increasing volatility, protectionism and liquidity constraints.

The Budget should provide short- and medium-term support to exports to attain double-digit GDP growth. With the indirect taxes virtually outside the ambit of the Budget with the rolling out of GST, the expectations from the Budget are comparatively subdued.

Govt must keep its promise

However, the Budget should reiterate the government's commitment to exports not through rhetoric, but with tangibles.

Marketing support

We are not optimistic that an Export Development Fund with sizable corpus for exports marketing will be created, but there should be support to marketing through Income Tax deductions. To give a push to SEZs, either MAT should be abolished, or the rate be brought down to 10 per cent. Corporate Tax should be reduced, as announced earlier, as many US-based companies are exploring ways to close their Indian subsidiaries.

On the customs front, the instances of inverted duty structure need to be looked into. More importantly, the end use exemption for the domestic industry on inputs required for manufacturing products imported through FTAs route should be given, with a push to domestic manufacturing and imports substitution .

The Budget should provide fiscal support to units that create additional employment in the export sector. Incentives may be provided based on twin criteria of growth in exports and employment – while on the one hand when exports increase, on the other, employment-intensive units also get a boost.

There should be a focus on logistics, with substantial allocation for shipping and road infrastructure to build on gains to the sector from GST and e-way bill.

Refunds

Many exporters would like to get refunds for exports in one place. The announcement of a comprehensive Drawback Scheme, which covers the incidence of both customs duty and Input Tax Credit, would serve their interest best.

This will provide a huge relief to MSMEs who take supply from unregistered suppliers and find it cumbersome to keep a detailed record required for GST refunds.

Source: thehindubusinessline.com- Jan 17, 2018

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GST e-way Bill System rolled out on trial basis

The Finance Ministry has rolled out the nationwide e-way Bill System for inter-state movement of goods on trial basis from Tuesday.

The GST provision requiring transporters to carry an electronic waybill will be implemented from February 1 for inter-state movements. The e-way bill system eliminates the need for transit passes for inter-State movements of goods and works on the self-declaration model, according to a commercial taxes department release.

The e-way bills can be generated through the portal by giving details such as invoice related to the consignment, vehicle details, tax value, GST rates, among others. A copy of the bill will be sent as an SMS to the registered mobile number.

When such an e-way bill is generated, a unique e-way bill number (EBN) is allocated and is available to the supplier, recipient, and the transporter. A pilot of the e-way bill has been successfully run in Karnataka.

Besides checking rampant tax evasion, the government expects an increase in revenue up to 20 per cent after the nationwide launch, a top government official told PTI.

An e-way bill is mandatory for movements of goods valued at ₹50,000 and above. The GST Council had decided to implement the entire e-way bill mechanism, covering intra-state movements too, throughout the country by June 1.

After the implementation of the Goods and Services Tax (GST) from July 1 last year, the requirement of carrying e-way bill was postponed pending IT network readiness.

The rules for the implementation of nationwide e-way bill system for inter-state movement of goods on a compulsory basis is expected to be finalised in the GST Council meet on Wednesday and will be notified with effect from February 1, 2018.

Source: thehindu.com- Jan 17, 2018

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Cotton yarn, fabric exports post dismal growth in Dec

Exports of man-made yarn and fabrics in dollar terms grew by 6.77 per cent in December last year over the same month in 2016, while cotton yarn and cotton fabric exports have seen a dismal growth rate of 0.38 per cent.

POOR SHOW

	Nov 15,'17	Jan 15,'18	% chg
Shanker 6 (₹/quintal)	10,517	11,670	11.0
Cotlook A (US cents/pound)	79.4	93.4	17.6
Cotton No2* (US cents/pound)	68.8	81.7	18.7

*Futures
Compiled by *BS* research Bureau Source: Cotton Association/Bloomberg

According to the central government's quick estimates of exports of some major commodities for December 2017, cotton yarn, cotton fabrics, cotton made-ups and handloom products, among others, grew by 0.38 per cent to $938.57 million, as compared to $935.05 million in December 2016.

On the other hand, man-made yarn, man-made fabrics and madeups, among others, saw a decent growth rate of 6.77 per cent in December 2017 at $416.91 million, as against $390.47 million in the corresponding month in 2016.

According to cotton ginning, spinning and textile mills, the trend has been predominantly led by rise in the commodity prices, which now stand at ~42,000 per candy of 356 kg, along with dearth of export incentives. In terms of quintals too, cotton prices have grown by 11 per cent from ~10,517 in November 2017 to ~11,670 per quintal now.

"After the goods and services tax (GST) implementation, several important export incentives are not available. This has led to sluggish demand in the textile value chain for cotton products, leading to marginal growth in both exports and domestic market," said Paritosh Aggarwal, managing director, Suryalakshmi Cotton Mills.

The rise in cotton prices in recent times has made exports of cotton products more challenging by making Indian exports uncompetitive against other competing exporting nations such as Bangladesh.

"With Bangladesh being able to export on a free trade basis, India's cotton exports have become even more uncompetitive. Hence, price rise, as well as a dearth of incentives from the government after the GST, has made exports growth difficult," said Aggarwal.

According to Arvind Raichura of Balkrishna Ginning and Pressing Factory, domestic sales and exports in December were also low due to lower capacity utilisation.

"This is owing to the festive mood in the latter part of December, when capacity utilisation fell. Moreover, with export demand lagging, fabric manufacturing companies reduced demand from spinning and ginning mills," said Raichura.

A lack of export incentives has hit the cotton ready-made garments (RMG) most, with the vertical posting a decline of 8.08 per cent in December 2017 over December 2016. Cotton-based RMG exports stood at $1,336.63 million in December 2017 as against $ 1,454.17 million in December 2016.

The Apparel Export Promotion Council (AEPC) taken up the matter with the government, having made representation for restoring duty drawbacks and other incentives that the industry was dependent on for exports.

Source: business-standard.com- Jan 17, 2018

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Around 600,000 jobs being created a month in formal sector in FY18: Study

Busting the theory that jobs are not being created in the formal sector, a new study has found that 590,000 jobs were generated every month until November in the current financial year. This means that seven million jobs will be created in the formal sector in 2017-18 if one expands the trend on a pro rata basis.

The study, authored by SBI group Chief Economic Advisor Soumya Kanti Ghosh and Pulak Ghosh, a professor with the Indian Institute of Management, Bangalore, calculated the number of jobs in enterprises from the membership of Employees' Provident Fund Organisation (EPFO), Employees' State Insurance Corporation, General Provident Fund and National Pension System (NPS).

A report submitted by a task force on employment, headed by former NITI Aayog vice-chairman Arvind Panagariya, had also recommended using this kind of database. As such, this is the first study to estimate job creation using these kinds of data sets. So far as data from the EPFO is concerned, the study, titled “Towards a Payroll Reporting in India”, estimated that 3.68 million jobs were generated till November of FY18, which would imply 5.5 million in the entire year. This would be higher than the 4.5 million created the previous financial year, a period which saw disruption from demonetisation.

The top 10 sectors of the economy — manufacturing and usage of computers, chemicals, textiles, contract engineering, garments, building and construction, trading, general engineering products and expert services — contribute about 75 per cent of total employment in the formal sector in India.

The study found that there were 91.9 million employed people in the formal sector as of March 2017.

If one adds those which contributed nothing to these funds, the figure will turn out to be 100 million. This is not significantly different from the figures arrived at by the National Sample Survey Organisation (NSSO).

The study estimated that 15 million are added to labour force every year. Of this, around 6.6 million are possibly qualified manpower; the rest 8.4 million are non-graduates, non-qualified and dropout graduates.

It says by 2040 or so, it is expected that India's demographic dividend will be conclusively over. The total fertility rate is already down to 2.2 children for every woman and is expected to reach the replacement fertility rate of 2.1 by 2025.

The replacement fertility rate is the birth rate at which the population level remains constant, taking into account the mortality rate and other factors.

As to how the government should go about the establishment survey, the study suggested that a trend analysis of EPFO data across 190 industries and across geographies should be done to reorient our skill development programmes towards such industries.

Also, a detailed analysis of labour on contract under the contract labour Act should be done to estimate the total number of people on contract.

Currently, the Chandigarh-based Labour Bureau conducts the enterprise survey and NSSO does household surveys to estimate job creation.

The study says that a survey by the Bureau gives a distorted picture of job creation. Other suggestions:

- It should be mandatory for professional bodies, hospitals, nursing homes etc to submit details of new joinees every 3 months to the local government offices
- From April 1, the government should ask every GST filer to provide total number of permanent employees and total number of contract employees
- Some tax deduction (per person) may be given for domestic help, if their name and details are registered with tax authorities by the household employing them
- Govt should continue giving NPS subscriber extra tax deductions of Rs 50,000 per annum; should also provide new incentives to encourage people to join NPS

Source: business-standard.com- Jan 17, 2018

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