Cotton Market

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

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td>20048</td>
<td>41900</td>
<td>74.40</td>
</tr>
</tbody>
</table>

Domestic Futures Price (Ex. Warehouse Rajkot), October

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td>19920</td>
<td>41633</td>
<td>73.92</td>
</tr>
</tbody>
</table>

International Futures Price

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NY ICE USD Cents/lb (December 2019)</td>
<td>62.59</td>
</tr>
<tr>
<td>ZCE Cotton: Yuan/MT (January 2020)</td>
<td>13,145</td>
</tr>
<tr>
<td>ZCE Cotton: USD Cents/lb</td>
<td>84.37</td>
</tr>
<tr>
<td>Cotlook A Index – Physical</td>
<td>73.65</td>
</tr>
</tbody>
</table>

Cotton Guide: As predicted yesterday, with good number of volumes, the prices have shifted slightly higher. Volumes were not as good as the 40,000 contracts as seen on last Friday but were decent enough at 30,618 contracts to show the market sentiments which look positive [based on the speculative activity].

In other words Speculators are driving the market ahead. With the forthcoming visit of Chinese vice Finance Minister [Mr. Liao Min] to USA, the sentiments have become upbeat. However, the high level trade talks between the two superpowers are scheduled for October which is expected [by some analysts] to bring some relief for the cotton community.
This higher uplift in prices was also fuelled by another two factors:

1. Crop Condition report of the USA.

The percentage of Good to Excellent reduced by 2% to 41% as compared to the last week’s crop condition report

<table>
<thead>
<tr>
<th>Time/Grade</th>
<th>Very Poor</th>
<th>Poor</th>
<th>Fair</th>
<th>Good</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>This week</td>
<td>3</td>
<td>14</td>
<td>42</td>
<td>34</td>
<td>7</td>
</tr>
<tr>
<td>Last week</td>
<td>3</td>
<td>15</td>
<td>39</td>
<td>37</td>
<td>6</td>
</tr>
<tr>
<td>Last year</td>
<td>8</td>
<td>24</td>
<td>29</td>
<td>30</td>
<td>9</td>
</tr>
</tbody>
</table>

Table 1- Crop Condition Report

2. Sudden, unanticipated and instantaneous rise in Crude Oil Prices.

With the bombing of Saudi Oil Fields, the prices of Crude have soared. We need to remember about the correlation of Cotton with Crude. The 2 C’s usually have a positive correlation. When the prices of Crude increase, the corresponding commodity i.e. Cotton is concluded to show a rise in prices too. WTI Crude is trading around 61.75 USD/Barrel. Last week the same figure was around 7 USD Lower at 54.88 USD/Barrel.

The ICE Contracts were seen to show positivity in the following manner:

<table>
<thead>
<tr>
<th></th>
<th>Open</th>
<th>High</th>
<th>Low</th>
<th>Settle</th>
<th>Change</th>
<th>Trading Range</th>
<th>Volumes</th>
</tr>
</thead>
<tbody>
<tr>
<td>December</td>
<td>62.37</td>
<td>62.76</td>
<td>61.88</td>
<td>62.59</td>
<td>+31</td>
<td>90 points</td>
<td>18,628</td>
</tr>
<tr>
<td>March</td>
<td>63.00</td>
<td>63.25</td>
<td>62.35</td>
<td>62.96</td>
<td>+18</td>
<td>90 points</td>
<td>9,291</td>
</tr>
<tr>
<td>May</td>
<td>63.71</td>
<td>63.98</td>
<td>63.03</td>
<td>63.83</td>
<td>+39</td>
<td>95 points</td>
<td>1,947</td>
</tr>
</tbody>
</table>

Table 2 – ICE No. 2 Cotton

The Total open interest was seen to have decreased by 1,292 contracts to 233,028. However, theOI for December is seen to have decreased by 1,935 contracts.

On the MCX front, the prices have seen an increase for the MCX October contract at 60 Rs. It settled at 19,920 Rs per bale. The MCX November and MCX December contract sought to please the supply predictions and dived south with a change of 19,470 Rs per bale and 19,430 Rs per bale respectively. The volumes were not that impressive with figures under the 1000 lot range.

The Cotlook index A has been updated with a change of 0.10 cent per pound at 73.65 cents per pound. Whereas in India the average domestic prices of Shankar 6 are steady to firm at 41,900 Rs per Candy.

Fundamentally speaking, we expect a rise in prices for the ICE contracts by around another 0.50 cents. For MCX October contract, a rise of around +50 Rs is presumed. While the prices at the other MCX contracts are expected to show a decline.
On the technical front, ICE Cotton Dec future is trading above the breakout zone after it moved out of the consolidation (57.5-60.6) after nearly 2 months. It has also closed above the downward sloping channel which would initiate an intermediate bullish momentum. Price is supported by the DEMA (5, 9) at (61.74, 60.98), having a bullish crossover.

Momentum indicator RSI is at 63 levels which supports further bullish bias in the price, along with positive divergence with reference to price. Thus, price would have the immediate resistance at 62.77 (76.4% Fibonacci retracement level) and the immediate support would be 61.74 (5 Day EMA), followed by 61.00 which is nearby the breakout level. So for the day price is expected to move in the range of 61.70-62.75 with sideways bias. Only close above 62.75 would bring fresh buying interest in cotton Dec futures. In the domestic market MCX October future is expected to trade in the range of 19650-20100 with a sideways 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
### INTERNATIONAL NEWS

<table>
<thead>
<tr>
<th>No</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tariffs, Trade War and Global Slowdown Have Cotton Prices Under Siege</td>
</tr>
<tr>
<td>2</td>
<td>US share of Chinese cotton market plummets: USDA</td>
</tr>
<tr>
<td>3</td>
<td>US fabric imports from China down 22 per cent</td>
</tr>
<tr>
<td>4</td>
<td>Egypt’s exports rise to 29.2 bln USD in 2018</td>
</tr>
<tr>
<td>5</td>
<td>Turkey, India intensify efforts to expand economic, commercial relations</td>
</tr>
<tr>
<td>6</td>
<td>Vietnam’s textile export value up almost 7% in eight months</td>
</tr>
<tr>
<td>7</td>
<td>Thailand’s new promotion package to attract investment</td>
</tr>
<tr>
<td>8</td>
<td>Pakistan: Cotton prices climb on strong buying</td>
</tr>
</tbody>
</table>

### NATIONAL NEWS

<table>
<thead>
<tr>
<th>No</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>India working with US to resolve trade issues, says Piyush Goyal</td>
</tr>
<tr>
<td>2</td>
<td>Cost of credit for exporters to come down under expanded scheme, says Goyal</td>
</tr>
<tr>
<td>3</td>
<td>India in no shape to benefit from RCEP</td>
</tr>
<tr>
<td>4</td>
<td>Govt reveals slew of measures to increase export credit to 30% in FY20</td>
</tr>
<tr>
<td>5</td>
<td>Yarn production likely to fall 5-8pc in FY20: Report</td>
</tr>
<tr>
<td>6</td>
<td>Big export boost requires a bigger change in strategy</td>
</tr>
<tr>
<td>7</td>
<td>WPI inflation for apparel drops 0.6% in August 2019</td>
</tr>
<tr>
<td>8</td>
<td>Remission of duties on export breather for bizmen</td>
</tr>
<tr>
<td>9</td>
<td>India’s readymade garment exports see negative growth</td>
</tr>
<tr>
<td>10</td>
<td>Gujarat tops on logistics performance index: Govt report</td>
</tr>
</tbody>
</table>
INTERNATIONAL NEWS

Tariffs, Trade War and Global Slowdown Have Cotton Prices Under Siege

Whether the U.S. and China can find a resolution for their trade war or if uncertainty and escalation continue will go a long way in determining near-term cotton demand and prices, Cotton Incorporated said in a new analysis.

Cotton Inc.’s September report said the ongoing dispute is having a direct impact on cotton prices because since China imposed tariffs on imports of U.S. cotton, exports have dropped significantly. The latest round of announced tariffs, if implemented as planned on Dec. 15, would bring the total increase in tariffs on U.S. cotton shipments to 30 percent.

In addition, the trade war’s indirect effect on macroeconomic conditions has seen many of the world’s largest economies experience slower growth over the past year, Cotton Inc. noted.

“The ability for the tariff dispute to change so quickly has been a significant source of uncertainty across cotton supply chains,” Cotton Inc. said. “Uncertainty can postpone investment and order placement, and therefore can slow demand.”

After falling in July, benchmark prices were stable in August and the first half of September. The New York December contract has held to levels near 58 cents per pound since mid-August and Cotlook A Index of average global prices was steady near 70 cents per pound.

U.S. cotton spot prices averaged 55.97 cents per pound for the week ended Sept. 12, according to the U.S. Department of Agriculture (USDA). This was up from 54.61 cents per pound the prior week, but down from 78.98 cents a year earlier.

The latest USDA report featured decreases in world production and mill-use. The global harvest forecast for 2019-20 was lowered 709,000 bales to 124.9 million bales and the consumption forecast fell 1.3 million bales to 121.7 million bales.
Combined with an increase in beginning stocks—up 503,000 bales to 80 million bales—the higher decrease in mill-use relative to production resulted in a 1.3 million-bale increase to the projection for world ending stocks in 2019-20 to 83.7 million bales. This means higher supply against potentially lower demand from slowing economies and trade turmoil, portending softer cotton prices.

Almost all the additional accumulation in global stocks is expected to occur outside China, according to the USDA. The prediction for ending stocks for the world-less-China is now 50.0 million bales, an increase of 1.3 million bales from last month’s forecast. Cotton Inc. noted that if this occurs, it would represent the largest volume of cotton held outside China on record.

The largest country-level production revisions included declines for the U.S., Australia, Burkina Faso, Mexico and Turkmenistan, while India’s production forecast increased. The projection of 1.4 million bales in 2019-20 represents less than 30 percent of the 4.8 million bales grown in 2017-18. The 2018-19 harvest came in at 2.2 million.

The largest country-level revisions for mill-use included decreases for China, Bangladesh, Brazil, India, Thailand, Turkey, the U.S. and Vietnam. The largest changes or imports were an increase for India and declines for Vietnam, Pakistan, Thailand and Turkey.

The most significant changes in exports were increases for the U.S., Brazil and Australia, with decreases seen for India, Mexico and Burkina Faso.

Source: sourcingjournal.com- Sept 16, 2019
US share of Chinese cotton market plummets: USDA

The United States share of China cotton imports fell to 18 per cent in 2018/19, down sharply from 45pc in 2017/18, and well below the 30pc share seen over the previous five years, according to the latest report from the United States Department of Agriculture (USDA).

This was the lowest market share the US has had since China reformed its cotton sector in 1999.

US cotton faced two challenges in China in 2018/19; first, the additional tariffs being placed on certain imports of US cotton; and second, the arrival on the world market of two consecutive record Brazilian crops.

India’s market share in China was also below the five-year share.

India’s share has been trending down since China began limiting imports outside of the World Trade Organisation (WTP) tariff rate quota (TRQ). With limited access, importers prefer to bring in machine-picked cotton.

Also, India's continual increase in its domestic Minimum Support Price coupled with lower world prices limits its cotton competitiveness.
Uzbekistan’s market share was also at the lowest level since China’s cotton sector reform, but this was largely due to Uzbekistan’s domestic policies which are expanding domestic use and limiting exports.

**Brazil takes advantage**

Brazil benefited most from the lower market shares by the US, India, and Uzbekistan, while Australia, West African countries, and most other exporters saw small increases in market share.

Brazil’s then-record 2018 crop provided exporters with ample supplies, and the prospects of an even larger 2019 crop gave exporters an incentive to ship the cotton rather than carry it over.

Brazil also benefited from purchases for China’s State Reserve. Traditionally, State Reserve purchases have been primarily of US cotton, but due to the ongoing trade dispute between the US and China, the State Reserve purchased almost exclusively Brazil cotton in 2018.

With US-China trade tensions ongoing and Brazil having a second record crop, it is unlikely US market share will recover to historic levels in 2019/20.

**Higher world stocks**

Meanwhile, globally, the USDA forecast for 2019/20 shows higher cotton beginning stocks and lower world consumption and trade, resulting in higher ending stocks.

Consumption is down in several countries, notably China and India.

The USDA forecast for cotton in the US shows lower production and consumption from last month, with ending stocks unchanged, and the US season-average farm price is projected at 58 cents per pound, down 2 cents.

Source: graincentral.com- Sept 16, 2019

***************
US fabric imports from China down 22 per cent

In the first seven months of 2019, US fabric imports from China fell 22.36 per cent in value compared to the same period last year. For the 12 months through July, China’s market share of fabric imports was down to 27.34 per cent as shipments were 7.52 per cent below the previous year. China’s textile exports to the US have gone through a major decline in the last 20 years. Chinese yarn imports into the US dropped 33 per cent year to date through July. Yarn imports for the 12 month-period from China were down 6.13 per cent, leaving China with a 16.79 per cent market share.

Chinese mills seem to have fallen on tough times. Domestic demand is weak, overseas demand is declining and there are general concerns about business volumes. Most factories are absorbing some of the additional US import duties to keep production lines moving. Chinese mills are also expected to rapidly move their production capacity investments offshore. Most Chinese fabric mills are holding prices and, in some cases, making the sale to keep capacities running. There are lots of shifts to Southeast Asia and not just because of the trade war but in general due to a price increase in China. Some domestic Chinese brands are also moving production offshore.

Source: fashionatingworld.com- Sept 16, 2019

Egypt's exports rise to 29.2 bln USD in 2018

The Egyptian government announced on Monday that the country's exports during 2018 rose to 29.2 billion U.S. dollars.


The value of Egyptian exports during the first half of this year increased by 2 percent to reach 15.3 billion U.S. dollars, compared with 15 billion U.S. dollars during the same period last year, according to the statement.

The most important commodities exported by Egypt in 2018 were fuel, mineral oils, plastics, electrical appliances, precious metals and fruits.
According to the statement, Egypt ranked first globally in 2018 for exports of aluminum foil, second for exports of carpets of textile materials, and fourth for exports of alloy and steel bars, textiles, and phosphate fertilizers.

Egypt's economy has been battered by years of turmoil following the 2011 popular uprising that toppled former President Hosni Mubarak.

However, the country has recently been showing signs of economic improvement amid strict economic reforms including tax hikes and energy subsidy cuts recommended by the International Monetary Fund that supports Egypt's economic reform plan with a 12-billion-dollar loan.

Source: xinhuanet.com- Sept 16, 2019

Turkey, India intensify efforts to expand economic, commercial relations

Turkey is preparing to host a delegation of businesspeople from India, which is one of the 17 target countries in the Ministry of Trade's Export Master Plan. The delegation, consisting of entrepreneurs from various sectors, including information technologies, pharmaceutical industry, textiles and food, will discuss cooperation opportunities in Istanbul from Sept. 18-20.

According to Anadolu Agency (AA), a delegation of about 20 people will hold talks in Istanbul as part of the three-day business visit. The delegation will meet with the representatives of various institutions and business people, especially the Turkish Exporters' Assembly (TIM). Within the scope of the visit, the delegation is expected to evaluate opportunities for cooperation with companies operating in information technologies, the pharmaceutical industry and textile and food sectors.

India was listed among the 17 target countries in the Export Master Plan announced by Trade Minister Ruhsar Pekcan. In this context, the contact between the two countries is expected to intensify in the political, diplomatic and economic fields, while mutual visits between the business worlds have accelerated. Most recently, China attended the 88th İzmir International Fair as a "partner country" and India as the "focus country." Businesspeople and
investors from both countries exhibited their products and held talks for new cooperation during the fair.

Last year, India's economy grew by 7.3% to $2.6 trillion. The country had $523 billion in imports and $338 billion in exports, while its trade volume with Turkey stood at $8.7 billion.

India's main import items include mineral fuels, precious and semi-precious stones, pearls, electrical and electronic equipment, machinery, nuclear reactors and organic chemicals. There has been a remarkable increase in the number of tourists coming from this country to Turkey since 2017. The number of Indian tourists in Turkey soared to 129,000 in the January-July period this year from 43,000 last year.

**Indian market offers great opportunities**

Canan Çelebioğlu, Head of the Turkish-Indian Business Council of the Foreign Economic Relations Board (DEİK), said that the Indian market offers great opportunities for Turkey in exports and imports, with its growing middle class and increasing domestic market demand.

Çelebioğlu stated that India, with its ever-liberalizing economic structure, will form one of the most attractive markets in the coming years as it is today, and therefore it is among the 17 most important target countries.

According to Çelebioğlu, foreign capital investments in India, which increased by 6% to $42 billion in 2018, mainly targeted services, IT, manufacturing and telecommunications sectors; while other important industries include chemistry, pharmaceuticals, automotive and infrastructure.

Expressing that India's IT sector grows 4-5 times faster than the global IT market, Çelebioğlu added: "Almost all global electronic giants, including HP, IBM, Samsung and LG, have investments in India. Domestic IT demand is expected to reach $400 billion in 2020. It is estimated that there will be 1.1 billion telecom users and 500 million broadband users. These magnitudes explain why global companies want to be involved in this market."
Underlining that the construction sector is one of the primary sectors seeking to do business in India, Çelebioğlu said that the country needs serious infrastructure projects in all areas.

Also, an investment of $600 billion is required in the country only for urbanization infrastructure in the next 20 years. The need for housing is also very high due to the rapidly growing population. The country's transportation infrastructure needs serious investments, especially in roads, railways and ports. Meanwhile, 100 smart cities are planned to be built by 2020.

Stressing that it is necessary to create success stories to increase the trade volume in favor of Turkey, Çelebioğlu noted that it is of great importance to boost the motivation and efficiency of Turkish companies in line with Turkey's strategic objectives and priorities.

Highlighting that they will continue to seek solutions to the problems and contribute to the relations of the two countries by strengthening their communication with their Indian counterpart organization, Çelebioglu said that India offers opportunities in all sectors that cannot be ignored.

Source: dailysabah.com- Sept 17, 2019

***************

Vietnam’s textile export value up almost 7% in eight months

Vietnam Textile and Apparel Association (Vitas) said the total export value of textiles, fiber, and cloth reached US$25.7 billion in the first 8 months of the year, up 8.6 per cent year on year, including 60.6 per cent from foreign direct investment (FDI) enterprises.

The textile and garment industry spent $14.9 billion to import textile and garment materials for production, up 2.3 per cent year on year, including 62 per cent from FDI enterprises.

The industry’s trade surplus in the first eight months reached $10.8 billion.

According to the Ministry of Industry and Trade, domestic textile enterprises face many challenges in production and business activities.
The US-China trade war has affected exchange rates, leading to higher prices of processed goods in Việt Nam compared to regional competitors such as South Korea and China. That has also affected the number of export orders for local enterprises.

In the first eight months of this year, textile production and exports have grown over the same period last year, but due to changing orders, local businesses need to have solutions for production and business.

Industry experts said export orders have fallen. Some businesses have only received 70 per cent of new orders against the same period in 2018.

Consumption of fibres and raw materials has struggled as Việt Nam's major export market – China (accounting for 60 per cent) – has cut import volume. Garment enterprises also saw a drop in orders.

In 2018, many large enterprises in the industry had export orders throughout the year, while this year, they could only sign monthly export contracts with small volume. Buyers are concerned the US-China trade war will escalate, so orders are broken up instead of in bulk.

Phí Việt Trinh, General Director of Hồ Gươm Garment Group said the firm's orders have fallen against the same period last year. But there are still enough jobs for workers. It expects by year-end, orders will increase because demand is higher in the last months of the year.

No benefit

As the third quarter comes to an end, it is unlikely that Vietnamese textile enterprises will increase exports due to the on-going US-China trade war as some previously predicted.

In the textile and garment industry, enterprises from South Korea and Taiwan in Việt Nam have gained advantages from the trade war because they own production factories under the value chain.

“Korean textile and apparel companies in Việt Nam are the biggest beneficiaries of the trade war. This country’s 143 enterprises account for about 50 per cent of Việt Nam’s textile and apparel export value to the US,”
FiinGroup, a financial and business information provider in Việt Nam, was quoted by the Đấu Tư (Investment) newspaper as saying.

Việt Nam has not seen investment flows to the textile and garment industry due to the US-China trade war, according to the Việt Nam Textile and Garment Group (Vinatex). There have not been significant shift in production from China to Việt Nam.

The investment from a country to another depends on many factors, said a Vinatex leader.

Nguyễn Thị Thu Trang, Director of the WTO Centre under the Việt Nam Chamber of Commerce and Industry – VCCI, said Việt Nam has not benefited from the trade war as many forecasted, including the moving investment from China to Việt Nam.

Another problem is that although the export turnover is large, the domestic textile and garment industry still lacks input materials. It has to import all cotton and 80 per cent of fabric and other material from China and India so the product costs of domestic firms are much higher than FDI companies, she said.

Therefore, if local firms have increased garment exports, textile companies of China and India would benefit, because the local firms have to increase their imports of raw materials.

Source: vietnamnews.vn- Sept 16, 2019

Thailand's new promotion package to attract investment

Thailand's economic ministers meeting on September 6 endorsed a package of measures, called 'Thailand Plus', that aim at attracting more foreign investment, especially to expedite investments from companies seeking to relocate as a result of the ongoing China-US trade war, deputy secretary general to the prime minister Kobsak Pootrakool said after the meeting.

"The new package covers comprehensive measures that will enhance Thailand's attractiveness as an investment location, including investment
acceleration incentives, fiscal measures supporting STEM manpower development, deregulation, and improved pre- and post-investment services," said Kobsak, who is also secretary of the economic ministers’ council.

"Thailand's economic development policy is in line with South Korea's New Southern Policy, China's Belt and Road Initiative, the Indo-Pacific strategy of Japan and the United States, and India's Look East Policy. Thailand is also a prominent hub linking the countries in mainland Southeast Asia, or CLMVT (namely Cambodia, Laos, Myanmar, Vietnam and Thailand), and ACMECS (Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy) area," a Board of Investment (BOI) press release quoted Kobsak as saying.

The package includes enhanced investment incentives, manpower development support in science, technology, engineering and mathematics (STEM), automation investment support and enhanced investment facilitation.

Investment projects worth at least 1 billion baht ($32.26 million) in the identified activities submitted to the BOI by the end of 2020 will be entitled to additional five years of 50 per cent reduction of corporate income tax provided at least 1 billion baht of actual investment is put in place by December 2021.

Employers will be eligible to special deduction of training expenses related to advanced technology endorsed by the ministry of higher education, science, research and innovation to expedite re-skilling and up-skilling of the workforce. Expenses spent hiring new highly skilled manpower, in fields of science and technology will also be entitled to special deduction.

Investments in automation systems will be entitled to double deduction to further strengthen and accelerate transformation of the industry. An investment steering committee, chaired by the prime minister, will be set up to coordinate the consideration and facilitation of the investment projects, especially those involving large investments.

BOI secretary general Duangjai Asawachintachit said to increase the ease of doing business in the country, the government aims to reduce constraints faced by foreign investors, especially in target industries.
Pakistan: Cotton prices climb on strong buying

Buyers rushed back to replenish their cotton stocks at higher prices on Monday amid improved supply of quality cotton as phutti (seed-cotton) arrivals in Punjab gained momentum.

Consequently, the Sindh variety phutti was selling at Rs3,600 to Rs3,900, Punjab quality at Rs3,700 to Rs4,100 and the Balochistan type at Rs4,000 to Rs4,300 per 40kg.

Market sources said that the slow activity in yarn market did not deter the spinners from building up their cotton stocks.

However, the issue of 10 per cent sales tax on cotton to be collected at ginning stage on behalf of textile mills was causing liquidity crunch for the ginning industry due long delay in refund payments, brokers said.

Though world leading cotton markets generally remained steady but the underlying sentiment was weak.

The Karachi Cotton Association (KCA) raised its spot rates by Rs150 to Rs8,350 per maund.

The following deals were reported to have changed hands on the ready counter: 1,200 bales, Shahdadpur, at Rs7,800 to Rs7,900; 1,400 bales, Sanghar, at Rs7,700 to Rs7,800; 2,000 bales, Tando Adam, at Rs7,800 to Rs8,000; 400 bales, Khanewal, at Rs8,700; 600 bales, Mian Chunnu, at Rs8,700; and 600 bales, Vehari, at Rs8,575.
NATIONAL NEWS

India working with US to resolve trade issues, says Piyush Goyal

Modi, Trump to decide if a deal is to be announced, says Commerce Minister

India is discussing with an open mind all outstanding trade issues with the US but a decision on whether a trade deal is to be announced by Prime Minister Narendra Modi and US President Donald Trump when they both meet this weekend is up to the two leaders, Commerce & Industry Minister Piyush Goyal has said.

“We are in continuous dialogue for past several months with the US and we are working towards and early resolution of many of those issues. Whether a deal will be announced or not that is up to the Prime Minister (Modi) and the President (Trump) to decide,” Goyal said at a press conference on Monday when asked whether Modi and Trump will announce a trade deal when they meet in Houston on September 22.

Trump has agreed to participate with Modi in a mega rally in Houston, ‘Howdy Modi’, for which more than 50,000 Indian-Americans have registered. Modi will be in the US from September 21-27 primarily to attend the annual UN General Assembly. He also has a series of bilateral and multilateral engagements in New York.

The US is unhappy with the market access given by India for items such as medical equipment, mobile phones and some agricultural and dairy products and wants it to take steps to improve the trade imbalance which is currently in the country’s favour. While India’s purchase of oil and gas from the US has brought down the trade deficit in the last two years, Washington wants more.

For medical equipment, the US wants India to relax price controls, while for mobile phones, motorbikes and farm products it wants import duties to be lowered and non-tariff barriers removed.

The other two areas of interest for the US are e-commerce rules in India and data localisation. The USTR had earlier pointed out in a report that the data localisation requirements in India would serve as significant barriers to digital trade between the two countries and should be removed.
Restoring GSP scheme

India, on its part, wants the USTR to restore the Generalised System of Preferences (GSP) scheme for exporters that allowed duty-free access to more than 3,000 items from the country. Washington had also unilaterally imposed higher import duties on steel and aluminium from India last year on grounds on security which New Delhi wants to be withdrawn.

“We have an open mind and with an open mind, we are looking at several sectors,” Goyal said.

Source: thehindubusinessline.com - Sept 16, 2019

Cost of credit for exporters to come down under expanded scheme, says Goyal

Cost of credit for exporters will go down significantly with foreign and rupee export credit interest rates likely to be below 4 per cent and 8 per cent respectively under the ECGC’s (Export Credit Gurantee Corporation of India) expanded Export Credit Insurance Scheme (ECIS).

The expansion of the scheme offering higher insurance cover for export credit was announced by Finance Minister Nirmala Sitharaman.

“To facilitate banks further, the Ministry of Commerce & Industry has enhanced insurance cover for banks up to 90 per cent for the working capital loans, for both principal and interest, and moderation in premium incidence for the MSME sector.

Enhanced cover will ensure that foreign and rupee export credit interest rates will be below 4 per cent and 8 per cent respectively for exporters,” Goyal said addressing a press conference on Monday.

A single cover document for ECIS shall be issued covering both the pre-shipment and post-shipment advances unlike the two different documents being currently issued by ECGC.
“All standard accounts covered under ECGC as on the date of transition, shall be eligible for cover under the ECIS,” according to a Commerce Ministry release. The ECIS support shall be in force for a period of 5-years and on conclusion, the standard ECGC covers will be available for banks with its regular features.

“For accounts with limits below ₹80 crore, the premium rates will be moderated to 0.60 per cent per annum and for those exceeding ₹80 crore, it will be 0.72 per cent per annum for the same enhanced cover,” Goyal said.

The Minister also said the ECIS envisages simplified procedure for settlement of claims and for provisional payment up to 50 per cent within 30 days on production of proof of end-use of the advances in default by the insured bank.

Source: thehindubusinessline.com - Sept 16, 2019

*************************

India in no shape to benefit from RCEP

Joining the RCEP could be counter-productive given the existing inefficiencies of Indian producers. These need to be fixed first

To be or not to be, that is the question … This seems to be the best way of describing India’s engagement in the negotiations for adopting the Regional Comprehensive Economic Partnership (RCEP), the mega regional trade agreement of 16 East Asian countries. When the Bangkok round of the RCEP participating countries (RPCs) was held about six weeks ago, there were indications that the government had serious doubts about joining the RCEP. More recently, it has shown signs of a re-think; it appears that the government would continue to engage in the RCEP negotiations. This is a critical phase for the RCEP, as almost all countries are pushing to conclude the negotiations before the end of 2019.

The government’s changed stance on the RCEP comes even as a large segment of India’s manufacturing and diary sectors has consistently spoken against joining this agreement, arguing that import competition would adversely affect them. It is difficult to objectively assess the claims of Indian enterprises, especially because the negotiations are held in complete secrecy and the terms of engagement in the RCEP are not known. This is the most
confounding aspect of all FTAs, including the RCEP. Each participating government claims, without exception, that these agreements enhance the economic welfare of its citizens; and yet, the citizens are deprived of an opportunity to independently assess benefits of FTAs.

**Import surge**

However, the likely outcomes of the RCEP can be assessed in two indirect ways. These assessments would rely on information provided by the government. The first of these considers India’s initial negotiating position on eliminating import tariffs on goods prepared by the present government in 2015. A second assessment takes a cue from a NITI Aayog note, which pointed to the disquieting trend of growing trade deficit with the ASEAN after India began implementing the India-ASEAN FTA. In fact, India signed Comprehensive Economic Partnership Agreements (CEPAs) with Korea and Japan, and with both these countries, too, India’s trade balance has steadily deteriorated (See Chart).

<table>
<thead>
<tr>
<th>Years</th>
<th>ASEAN</th>
<th></th>
<th>Trade balance</th>
<th>ASEAN</th>
<th></th>
<th>Trade balance</th>
<th>ASEAN</th>
<th></th>
<th>Trade balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exports</td>
<td>Imports</td>
<td></td>
<td>Exports</td>
<td>Imports</td>
<td></td>
<td>Exports</td>
<td>Imports</td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>25.6</td>
<td>30.6</td>
<td>-5.0</td>
<td>3.7</td>
<td>10.5</td>
<td>-6.7</td>
<td>5.1</td>
<td>8.6</td>
<td>-3.5</td>
</tr>
<tr>
<td>2011-12</td>
<td>36.7</td>
<td>42.2</td>
<td>-5.4</td>
<td>4.4</td>
<td>12.8</td>
<td>-8.5</td>
<td>6.3</td>
<td>12.0</td>
<td>-5.7</td>
</tr>
<tr>
<td>2012-13</td>
<td>33.0</td>
<td>42.9</td>
<td>-9.9</td>
<td>4.2</td>
<td>13.1</td>
<td>-8.9</td>
<td>6.1</td>
<td>12.4</td>
<td>-6.3</td>
</tr>
<tr>
<td>2013-14</td>
<td>33.1</td>
<td>41.3</td>
<td>-8.1</td>
<td>4.2</td>
<td>12.5</td>
<td>-8.3</td>
<td>6.8</td>
<td>9.5</td>
<td>-2.7</td>
</tr>
<tr>
<td>2014-15</td>
<td>31.8</td>
<td>44.7</td>
<td>-12.9</td>
<td>4.6</td>
<td>13.5</td>
<td>-8.9</td>
<td>5.4</td>
<td>10.1</td>
<td>-4.7</td>
</tr>
<tr>
<td>2015-16</td>
<td>25.1</td>
<td>39.9</td>
<td>-14.8</td>
<td>3.5</td>
<td>13.0</td>
<td>-9.5</td>
<td>4.7</td>
<td>9.9</td>
<td>-5.2</td>
</tr>
<tr>
<td>2016-17</td>
<td>31.0</td>
<td>40.6</td>
<td>-9.7</td>
<td>4.2</td>
<td>12.6</td>
<td>-8.3</td>
<td>3.8</td>
<td>9.8</td>
<td>-5.9</td>
</tr>
</tbody>
</table>

India’s initial tariff offers in the RCEP negotiations showed that the government was unwilling to offer the same levels of market access to all RPCs. Thus, while India was willing to eliminate tariffs on nearly 80 per cent of its products imported from the ASEAN and Australia (over 10 years), for China, the corresponding figure was only 42.5 per cent.

This conservative stance vis-a-vis China reflected India’s growing trade deficit with its northern neighbour, which increased from about $1.5 billion in 2004-05 to nearly $49 billion a decade later.
This trade deficit was caused by a steep increase in India’s imports from about $4 billion in 2003-04 to $60.4 billion in 2014-15. Since then, imports from China increased to a record level of $76 billion in 2017-18, before declining to $70 billion in 2018-19.

Thus, while making initial tariff offers in RCEP negotiations, the Government of India seemed to have expressed its concern about the steep increase in imports from China and, perhaps more importantly, about protecting domestic firms from further import surges resulting from substantial tariff elimination on Chinese imports.

However, India’s initial offers were not accepted by the RPCs, and although the revised offers were not made public, it is now well-known that most RPCs are seeking substantial higher levels of tariff elimination than what India had initially proposed. This implies that India could eventually eliminate a much larger share of import tariffs than it was originally intending to, especially on imports from China.

**Trade deficit**

The government has recently expressed its concern about the rising trade deficit with ASEAN and is now seeking to review its FTA with the 10-member group.

But, the trade deficit with ASEAN is only a part of the problem; in the two other agreements, with Korea and Japan, India finds itself in an equally acutely adverse situation. While trade deficit with ASEAN has grown four-fold during the implementation of ASEAN-India FTA, deficits with Japan and Korea have roughly doubled after the two CEPAs were implemented (Chart).

When India’s trade deficits with 13 of its 15 potential RCEP partners have growing by such magnitudes, the consequences of eliminating tariffs further can well be imagined.

In fact, since 2018, the government has recognised that low levels of tariffs are hurting India’s manufacturing in two ways: one, they are discouraging domestic manufacturing and hurting the ‘Make in India’ initiative, and two, major industries, including textiles and clothing, have struggled to face import competition.
Consequently, tariffs have been increased on a range of manufacturing sectors, resulting in an increase in average tariffs on industrial products from 10.8 per cent in 2017 to 13.6 per cent in 2018. Thus, trade liberalisation via the RCEP militates against the government’s policies of promoting and protecting manufacturing industries.

Does this mean that India should turn its back from the global markets completely? This scenario can be avoided, provided the government takes proactive steps to make domestic producers globally competitive. The government has been aware that the competitiveness of the manufacturing sector had to be improved at least since the middle of the previous decade and that the share of the sector in the GDP should be increased from about 17 per cent to about 25 per cent. However, even after several policy pronouncements, including the National Manufacturing Policy in 2011 and the Make in India in 2014, the share of the sector slipped to 16 per cent in 2018-19.

For decades, Indian agriculture has been burdened by mounting inefficiencies and instead of addressing this problem, every government opted for the low hanging fruit to compensate the farmers, namely, by increasing the volume of subsidies. India’s policymakers never paused to think that growing inefficiencies would not allow a sector as important as agriculture to survive in an open economy, which the RCEP promises to usher in.

**Improving competitiveness**

The government must recognise that unless Indian agriculture and manufacturing sectors emerge strong and efficient, participation in the RCEP process could be regressive for the economy. The ASEAN-India FTA, and the CEPAs with Korea and Japan did not work in India’s favour almost entirely because lack of competitiveness of Indian products have held India’s exports back. Thus, joining the RCEP could result in far worse outcomes if the government does not take prompt measures to reverse the existing inefficiencies of Indian producers.

Finally, it may be pointed out that proactive governments, especially in countries that are driving the RCEP process, have consistently adopted effective policy instruments to improve competitiveness of their domestic enterprises. India’s policymakers need to take a cue from these forward-
looking policies and adopt them for preparing the domestic producers to take up the RCEP challenge.

Source: thehindubusinessline.com- Sept 16, 2019

*****************

Govt reveals slew of measures to increase export credit to 30% in FY20

The government is banking on greater loan coverage, easier inspection norms, and streamlining of profiles of exporters to raise annual credit disbursal by 30 per cent in the current fiscal year (2019-20 or FY20), said Commerce and Industry Minister Piyush Goyal on Monday.

After exports declined 6 per cent in August, the government had on Saturday announced a slew of measures to boost outflow of Indian goods. On Monday, Goyal elaborated on what measures the government was taking and what effect it would have.

One focus is increasing export credit insurance, a crucial industry demand. Goyal said premium paid by small businesses would fall. For accounts with limits of Rs 80 crore, the annual premium rate would be bought to 0.6 per cent; for those above Rs 80 crore, it would be 0.72 per cent.

Rates for foreign and rupee export credit interest will be below 4 per cent and 8 per cent, respectively, Goyal said.

Export credit disbursal by public sector banks fell by 45 per cent in FY19 to Rs 15,600 crore, according to the Reserve Bank of India (RBI) data. In the previous year, it was Rs 28,300 crore.

The government wants to now bring down the cost of credit to lower provisioning requirement and quicker settlement of claims.

Finance Minister Nirmala Sitharaman had on Saturday said insurance cover for working capital loans released by banks will rise to 90 per cent, from the current 60 per cent. For this, the government will boost the Export Credit Guarantee Corporation of India (ECGC)’s coffers by Rs 1,700 crore annually.
The commerce department clarified that the ECGC would cover not only outstanding principal of loans but also unpaid interest.

Interest will be covered for a maximum of two quarters or till the loan is declared a non-performing asset — which happens when interest remains unpaid for 90 days — whichever is earlier.

The ECGC will cover about Rs 3 trillion of export credit, which remains uncovered till the end of the financial year.

Under the updated Export Credit Insurance Scheme (ECIS), ECGC officials will not inspect bank documents and records until losses on a loan reach Rs 10 crore. Earlier, the threshold was Rs 1 crore.

Goyal said State Bank of India would provide foreign exchange funds to banks at the London Interbank Offered Rate (Libor) plus 50 basis points for export credit. The Libor is a benchmark interest rate at which global banks give each other short-term loans.

The ECIS is also targeting quick settlement of claims through provisional payment of up to 50 per cent in 30 days. “Exporters will benefit as they will get a better rating since the ECIS can be considered as an export-incentive scheme,” said Goyal.

He added good exporters will get an “AA” rating very easily, and as a result, banks will be more eager to provide loans to them.

The government also announced on Saturday an additional Rs 36,000-68,000 crore will be made available to banks for lending to the export sector as part of a planned update to the priority sector lending norms. The RBI will soon bring out enabling guidelines for this.

Data on export finance will now be regularly monitored by an inter-ministerial working group under the commerce department. It will track the disbursal of export credit through a public dashboard, reviewed with the help of trade institutions, with key figures being made available to the public periodically.
With traders now being able to take export credit directly in foreign currencies, the ministry now aims to raise the share of foreign currency in total export credit much beyond the present level of 50 per cent, said a senior official.

The ministry has also discussed in detail the possibility of easing norms for banks, when it comes to lending export credit. The cap on export credit for banks — at 2 per cent of the total loans disbursed — may also be relaxed to boost export credit flows, the official added. Pushing credit

- 45% Fall in export credit disbursal by public sector banks in FY19 to Rs 156 billion
- Rs 10 cr The level at which ECGC officials will start checking bank documents
- 2% Current share of export credit in total loans disbursed by banks
- 50% Share of foreign currency in total export credit

Source: business-standard.com- Sept 16, 2019

***************

Yarn production likely to fall 5-8pc in FY20: Report

Yarn production is likely to decline 5-8 per cent year-on-year in the fiscal 2019-20, owing to lower demand from China and volatility in cotton prices, a report by India Ratings and Research (Ind-Ra) has said. Prices of cotton have seen a declining trend with pressure from competitive international rates, due to higher production in some countries, it said.

Cotton contributes about 50 per cent of the total raw material in the Indian textile industry. "With muted demand for yarn from China, and Pakistan enjoying duty-free exports to China, Indian yarn manufacturers are suffering idle capacities and production losses," Ind-Ra said.

The report said synthetic/manmade fibre (MMF) has seen stabilisation in prices with support from almost-stable crude prices in the second quarter. "Further, the improving spread with cotton has made MMF more lucrative sub-sector for the textile market," it said.
"Readymade garment exports have started improving from end-1QFY20 and
the beginning of 2QFY20, recording higher exports with the introduction of
rebate from state and central taxes and levies scheme... along with the
existing Merchandise Exports from India Scheme," the report added. The
Northern India Textile Mills' Association (NITMA), in a recent report, said
export of cotton yarn between April and June was 35 per cent lower than last
year.

It said an "ongoing crisis" resulted in the closure of approximately one third
of the spinning capacity across India. "The industry would not be able to buy
the upcoming cotton crop of about 40 million bales worth around Rs 80,000
crore," the association had said.

Source: devdiscourse.com – Sept 16, 2019

Big export boost requires a bigger change in strategy

The government has done well to come out with a series of initiatives to boost
India’s flagging exports; between FY14 and FY19, India’s exports grew at less
than 1% per annum. The measures, announced last week, include replacing
a WTO-non-compliant duty refund scheme with a compliant one and, with a
Rs 10,000 crore higher outlay, there are measures to ensure a higher amount
of export credit—around Rs 36,000 crore—is available at lower interest
rates.

Other measures include ways to reduce the processing time at airports and
ports, etc. While a weakening rupee should help India’s $330-bn exports
grow, it is not clear how much these moves will help boost growth to
reasonable levels in even the medium term, much less be able to reach
commerce minister Piyush Goyal’s $1-trn-stretch target.

Though Goyal was pilloried for his recent slip about Einstein having
discovered gravity, he was right when he said that looking at the past didn’t
necessarily help predict how the future would unfold. Between 1990 and
2018, while India’s exports grew just 18 times, for instance, Vietnam’s rose
102 times, as a result of which, its exports are 75% those of India today; these
were a mere 6% in 1960.
In other words, it is not how fast global trade is growing that is critical, what matters is seizing the opportunities that global trade throws up; Vietnam didn’t just catch the textiles boom, it also rode the electronics boom, and the possibilities that got thrown up with rising US-China tensions.

Seizing the opportunities, however, requires an almost complete retooling of India’s manufacturing/regulations since no country can become an export powerhouse unless its local production is globally competitive; cheaper export credit, for instance, is a good thing, but it cannot make an uncompetitive product into a world-beating one.

In which case, India needs to fix its infrastructure deficit, high corporate tax rates, high-cost labour and land, and reduce costs associated with bureaucratic red tape, convoluted decision-making, etc.

It is also critical that various sectoral distortions be corrected; so, for instance, India’s tax policies in textiles are biased against man-made fibres whereas global demand is for such materials, and not for cotton, which is the mainstay of India’s industry. Other sectoral policies also need to be fixed.

While India’s policies on mobile phones have so far attracted mostly small players, the bulk of the $300bn global export market for smart-phones—60% of this takes place from out of China—is serviced by four or five large companies, like Apple and Samsung; it is difficult to see how India’s exports of smart-phones can take off unless India is part of the global value chains of these firms.

There is, so far, little serious attempt to ensure that firms like Samsung and Apple shift their production bases to India; the boom in India’s automobile exports after Suzuki’s entry ensured its entire vendor-base moved to India, though, should have made clear just how important being part of global value chains is.

Around 70-75% of global trade, in any case, takes place through value chains run by MNCs across the world. Agriculture is another big area of export potential, but harnessing this requires moving away from today’s stop-go policies towards agriculture exports—normally based on how local prices are faring—as well as those like MSPs that distort markets.
In the case of minerals, where there is big exports potential, similarly, India needs to both get its royalty-cum-tax regime right as well ensure all permissions—including licensing fresh mines and all environmental clearances—are given at the earliest.

Only a policy that aims at making a country more competitive can deliver top-class exports growth; an exports-policy makes little sense on its own.

Source: financialexpress.com – Sept 17, 2019

WPI inflation for apparel drops 0.6% in August 2019

India's annual rate of inflation, based on monthly wholesale price index (WPI), for August 2019, remained unchanged at 1.08 compared to July 2019. The index for textiles dipped 0.8 per cent while for apparel it was down 0.6 per cent in August, 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 August 2019 rose by 0.2 per cent to 121.4 from the previous month’s level of 121.2, the data showed.

The index for manufactured products (weight 64.23 per cent) for August 2019 declined by 0.3 per cent to 117.8 from 118.1 for the previous month. The index for ‘Manufacture of Wearing Apparel’ sub-group declined by 0.6 per cent to 136.3 from 137.1 for the previous month due to lower price of woven apparel, except fur apparel (1 per cent).

The index for ‘Manufacture of Textiles’ sub-group also declined by 0.8 per cent to 118.3 from 119.3 for the previous month due to lower price of texturised and twisted yarn, weaving & finishing of textiles, cotton yarn, manufacture of other textiles and synthetic yarn (1 per cent each).

The index for primary articles (weight 22.62 per cent) rose by 1.3 per cent to 143.9 from 142.1 for the previous month. On the other hand, the index for fuel and power (weight 13.15 per cent) rose by 0.1 per cent to 100.7 from 100.6 for the previous month due to higher price of bitumen, furnace oil, ATF and kerosene. However, prices of LPG and petroleum coke declined.
Meanwhile, the all-India consumer price index (CPI) on base 2012=100 stood at 3.21 (provisional) in August 2019 compared to 3.15 (final) in July 2019 and 3.69 in August 2018, according to the Central Statistics Office, ministry of statistics and programme implementation.

Source: fibre2fashion.com – Sept 16, 2019

****************

Remission of duties on export breather for bizmen

City exporters, particularly those dealing in garments, have heaved a sigh of relief after the announcements by Union finance minister Nirmala Sitharaman.

It was announced on Saturday that government will introduce a new scheme for remission of duties or taxes on export product (RoDTEP) which will be applicable from January 1, 2020, and Rs 50,000 crore will be earmarked under the same per year.

According to businessmen, with the announcements, the uncertainty over incentives for the garment exporters after scrapping of Merchandise Export from India Scheme (MEIS) is over. Besides the RoDTEP, Seetharaman also announced that MEIS and Rebate of State Levies Scheme (ROSL) will continue till December 31, 2019.

City’s garment manufacturers were worried due to volatile situation in the garment exports business which after showing growth in April and May this year had a steep decline in June and again after showing positive signs in July fell in August.

Besides this, there was common fear amongst the exporters fraternity that after existing schemes like MEIS will be withdrawn, there will be no new schemes.

Welcoming the decision, Harish Kairpal, finance secretary of Knitwear Club said, “Decision to start RoDTEP scheme is a great initiative and with this announcement, the uncertainty over the future of garment exports is over.
Over the last few years, the majority of incentives available to garment exporters were either withdrawn or reduced, which had not only hit our profit margins, but had also made it tough for us to compete with the exporters of other countries.”

Harish Dua, president of Knitwear and Apparel Exporters’ Organization, said, “There is no doubt that RoDTEP scheme will prove to be beneficial for the exporters, but government must clear that how much money out of Rs 50,000 crore has been set aside in particular for the garment exports.

This will help us in getting fair idea about the exact amount of incentive available for garment exporters. Apart from this, the government’s commitment to introduce electronic refund module for faster refund of input tax credits is appreciable step, but it depends on when it is introduced.”

Dua also added, “I think its high time Punjab government and state finance minister Manpreet Badal also introduce a special package for garment exporters which account for major share of exports from state.”

Speaking to TOI, Atul Saggar, general secretary of Apparel Manufacturers Association, Ludhiana, said, “The announcements have been made at a right time as we are now battling recession, which is likely to remain for the next few months.

The decision to increase credit to exporters is a beneficial step, but government needs to make sure that banks and financial institutions make the loan processing more easier for the exporters particularly those from MSME category.”

Source: timesofindia.com– Sept 17, 2019
India’s readymade garment exports see negative growth

Readymade garments exports in the country have taken a hit, with June witnessing a 9.18% fall in exports, and August recording 2.44% negative growth. This was the lowest growth for both months in the past six years.

Tirupur Exporters’ Association president R M Shanmugham said readymade garments worth $1.260 billion were exported in August from across the country; it was $1.292 billion in August. In June, it recorded $1.357 billion. The Tirupur apparel cluster accounts for about 55% of the trade.

“Only now the industry is witnessing the full adverse effect of demonetisation and GST. Around 50% of work has come down in the apparel units in recent months, as many were having layoffs,” said S P Muthurathinam, president, Tirupur Exporters and Manufacturers Association.

Shanmugham said, “We need worry about the figures only if September shows negative growth.”

“The central government says it is taking steps like the restoration of Merchandise Exports for India Scheme and other incentives to put the industry on the growth track. But, the government should mainly focus on establishing Free Trade Agreements (FTA) with countries like the US and the European Union, without which Indian units cannot compete with companies in underdeveloped countries including Bangladesh, Vietnam and Cambodia. Those countries were having FTA and other special agreements,” said N Jeyasekaran, a knitwear exporter.

“The government says that it is trying to bring FTA, but main hurdle is that the countries like the US wants India to allow duty-free import of automobile and winery products,” said Shanmugham.

“It is unfair that the central government is ‘putting down’ welfare of the textile units by weighing more on automobile imports,” Jeyasekaran said.

The industrialists said the government should also focus on creating infrastructure like housing for labourers and upskilling existing labourers.

Source: timesofindia.com– Sept 17, 2019
Gujarat tops on logistics performance index: Govt report

Gujarat has been ranked the topmost performer on the logistics index chart among 22 Indian states, an indicator of the efficiency of logistical services necessary for promoting exports and economic growth, according to a recent report released by the commerce ministry. It is followed by Punjab and Andhra Pradesh. Himachal Pradesh stood last on the chart.

The index in the report titled Logistics Ease Across Different States (LEADS) 2019, prepared with the help of consultancy firm Deloitte, aims at enhancing the focus on improving logistics performance across states that is essential for improving the country's trade and reducing transactions cost.

The index was based on the analysis of perception with regard to nine parameters, including infrastructure, quality of logistics, services, timeliness of cargo delivery, regulatory process and safety of cargo.

Among the union territories, Chandigarh occupied the top position followed by Delhi and Puducherry. Chandigarh has replaced Daman and Diu in the latest logistics performance index.

Among the hilly states, Tripura retained the top spot. It was followed by Sikkim and Arunachal Pradesh.

Source: fibre2fashion.com– Sept 17, 2019