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The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 13 of 2018 January 18, 2018

USD 63.88 | EUR 77.84 | GBP 88.30 | JPY 0.57

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19553	40900	**81.65**
Domestic Futures Price (Ex. Gin), January		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20680	43258	**86.36**

International Futures Price	
NY ICE USD Cents/lb (March 2018)	82.14
ZCE Cotton: Yuan/MT (Jan 2018)	14,970
ZCE Cotton: USD Cents/lb	**89.70**
Cotlook A Index – Physical	**89.05**

Cotton & currency guide: It was yet another lull day for Cotton across the globe. During Asian and European hours cotton market was steady; in fact traded mostly on the lower side. For reference ICE March future had gone down to 80.76 cents per pound.

However later in the second half of US session some buying was witnessed which drove price to 82.22 and settled the day almost higher at 82.14. Nonetheless trading volumes were very thin less than 30K contracts lower than previous day's volume of 37500 contracts.

No major activities running in the market this week while USD's weak performance against major currencies is the talk of the town. Besides, some unfixed on call positions are still pending to be fixed by millers. We believe if these were to happen then market may remain upbeat.

We have been saying whole this week as long as ICE cotton holds above 80 cents the trend is positive and every dip is considered as buy. Further on the trading front the total open interest has hit the record high of 303K contracts and most of them are concentrated as well as distributed over March, May and July 18 contracts. However some reductions are to be gradually noticed in March contract amid it's 1st notice period is ahead in few weeks.

Coming to domestic market spot price continues to hover steady near Rs. 41600 to 41700 per candy ex-gin. And the arrivals are near average of 160K bales. We are still contemplating over having less arrivals in January and ideally it should have crossed 200K bales a day. Since this year is little different from previous years the market continues to see a very ambiguous phase keep local price higher.

On the futures front January contract at MCX traded steady to close the session at Rs. 20680 per bale. The other months also ended the session steady but maintained the premium in contango.

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

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INTERNATIONAL NEWS

US slaps anti-dumping duty on polyester staple fiber from China, India

The Trump Administration has slapped anti-dumping duties on stainless steel flangs and finer denier polyester staple fiber from China and India. Exporters from China and India received countervailing subsidies of 41.73 to 47.55 per cent and 9.50 to 25.28 percent, respectively, the US Commerce Secretary Wilbur Ross alleged yesterday.

As such he has instructed US Customs and Border Protection to collect cash deposits from importers of fine denier polyester staple fiber from China and India based on these final rates.

“The US will no longer sit back and watch as its domestic businesses are destroyed by unfair foreign government subsidies. We will continue to take action on behalf of US industry to defend American businesses, workers, and communities adversely impacted by unfair imports,” Ross said.

In 2016, imports of fine denier polyester staple fiber from China and India were valued at an estimated USD 79.4 million and USD 14.8 million, respectively, the Department of Commerce said.

An investigation was carried out on a complaint by DAK Americas, Nan Ya Plastics Corporation, and Auriga Polymers. An investigations of stainless steel flanges found that exporters in China and India received countervailing subsidies of 174.73 percent, and from 5.00 to 239.61 percent, respectively, Ross said.

“With a 58 per cent increase in trade cases initiated since President Trump took office, this administration has made it a clear priority to defend domestic businesses from unfair trade practices,” he said. In 2016, imports of stainless steel flanges from China and India were valued at an estimated USD 16.3 million and USD 32.1 million, respectively.

Source: financialexpress.com- Jan 18, 2018

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30th Edition of Colombiatex Textile and Clothing Conference Comes to Medellín from January 23-25

The 30th edition of the Colombiatex textile conference will take over Colombia's second city for three days from January 23-25 in Plaza Mayor Medellín.

With the theme of "Open Your Eyes (Abre los Ojos)," organizer Inexmoda expects the 2018 event to draw more than 15,000 buyers and at least 550 exhibitors from Colombia and abroad to do business and celebrate the ongoing growth of the textile, clothing, and fashion industry in the Andean nation.

In regards to the theme, Clara Henríquez, director of commercial platforms at Inexmoda, said that the organization is trying to help inspire companies and designers to identify their strengths — then build upon them to "make extraordinary things that cultivate the future and a lasting business over time."

The large gathering will include seven pavilions that combine to occupy some 10,400 square meters. This year's exhibition will also feature Brazil as the official guest country, something that was made possible with the support of Texbrasil, ABIT, and Apex-Brazil.

The commercial relationship in this sector between the two neighboring countries grew by 6%, year-over-year, to around $40 million USD, and the organizers hope that the inclusion of Brazil in this year's outing will only further that development.

Among the festivities will be a full day, January 24, dedicated to love of jeans during "Denim Day." There also will be a "Graphic Market" on display throughout the event that will showcase talented graphic designers as well as the "Tecno Espacio (Tech Space)" that will highlight the latest technological innovations in textiles and industry equipment.

"The industry faces challenges to increase the volume of its sales and that forces entrepreneurs to focus their efforts on increasing the substitution cycle of garments, either through marketing strategies in the economic segments or greater personalization," said Carlos Eduardo Botero Hoyos, CEO of Inexmoda.

In addition to the mayor's office of Medellín, Inexmoda counts ProColombia and UPB, among others, as partners for this year's 30th anniversary edition of Colombiatex.

Source: financecolombia.com- Jan 17, 2018

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Tehran exhibit lends color to Iran's textile industry

The large vibrant stores filled with domestically-produced textile and their special odor has created a common memory for people in Iran over the past decades.

However, those lovely shops have been either replaced by other stores or limited trays of Iranian-made fabrics, arguing to offer imported textile with 'higher quality'.

The first national textile exhibition, entitled Tar-o-Pood (meaning warp and weft), which is currently underway at Tehran's Imam Khomeini Mosalla, is a great opportunity to remind us of the colorful Iranian textiles.

The exhibition is currently underway at the venue and runs until January 19.

Textile mills and garment factories, textile wholesalers and producers and manufacturers attend the event, which is organized by the National Islamic-Iranian Fashion and Clothes Foundation.

Textile and apparel industry in Iran

Like some other Asian countries, Iran boasts ancient history of textile. The country was amongst the first exporters of textiles to other parts of world. However things go into the reverse during past decades. The textile and apparel industry in Iran was unable to capture the national market as a textile and garment hub.

According to Trade Promotion Organization of Iran during the fiscal year ended March 20, 2017, Iran's textile and apparel exports grew up by 8.1%.

According to the statistics, nearly 5,700 tons of hand-woven Iran carpets, valued at U.S. $ 345.7 million, were exported during the period.

The country exported with 3,800 tons of apparel items worth US $ 46.2 million, up 2.6 per cent in volume and 3.9 per cent in value when compared to previous fiscal in 2017.

The Iranian Textile and apparel industry has over 9,000 active units, constituting 11% of all the industrial entities in the country. These units have created more than 2,90,000 direct jobs in Iran.

However, Iran's development plan Vision 2025 has identified textile and clothing as one of the industries, which has a great potential for expansion. The urge for technological advancements and improvement in productivity is mentioned in the plan.

Raw material availability and cheap labor in Iran are great motivation for foreign investors to benefit from this potential in textile industry.

A recent article published in Fiber to Fashion mentioned Ali Yazdani (Chairman of Iran's Small Industries and Industrial Parks Organization) quoting "The private sector of Iran is responsible for developing the manufacturing and trading spaces, while the public sector will

develop its infrastructure. About 3,000 to 5,000 square meters of area is dedicated to each of the service and production unit. Close to 30 trillion rials ($791.139 million) will be invested to develop an area of 1 million square meters".

Source: tehrantimes.com- Jan 17, 2018

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Pakistan: Spinners to suffer $500mln in losses

The textile industry is braving the loss of $500 million due to the delay in the issuance of the revised permit to import cotton from India, All Pakistan Textile Mills Association (APTMA) Advisor Shahid Sattar said on Wednesday.

He said the textile industry needed the Indian organic cotton for stimulus in exports. “We have been sensitising the Ministry of National Food Security and Research for a long time about the clearance of cotton from India, but the ministry remains unmoved,” he added.

The APTMA advisor said the delay has inflicted colossal losses to the industry which was already struggling due to the high cost of doing business. “The delay in approving the revised permit for importing Indian cotton is going to multiply the miseries for the industry,” he said.

A top official in the Ministry of National Food Security and Research said the ministry has received a letter from the APTMA about the matter and was considering it. The News has a copy of the letter, titled “Issue of Import of Cotton,” which was sent to Fazal Abbas Mekan, secretary of Ministry of National Food Security on January 16.

The letter said that toeing the government’s policies, the mills purchased a reasonable volume of specific organic cotton from India in the last few weeks.

However, now the Indian certifying authorities (Control Union) have refused to issue any certificate stating the organic cotton has been fumigated prior to the shipment.

Indian exporters and shippers are asking the Pakistan side to provide instead revised permits which exclude the fumigation losses, or allow non-chemical fumigation treatment. “This is causing problems for the spinning industry in Pakistan as we have a lot of organic yarn/fabric programmes and thus it would adversely impact the spinning industry,” the letter said

As a result, it added, the spinning industry would lose significant quantum of organic yarn exports. “We are paying the authorities every year to get the licence (Global Organic Textile Standard and Organic Content Standard certificates) to sell organic yarns and fabrics. Pakistan does not produce organic cotton and this is why the industry needs to import organic cotton to compete globally," the APTMA letter informed the ministry.

Source: thenews.com.pk- Jan 18, 2018

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5.5% rise in US holiday retail sale, exceeds expectations

US holiday sales in November-December last rose by 5.5 per cent to $691.9 billion over the same period in 2016 as growing wages, stronger employment and higher confidence led consumers to spend more than projections, according to the National Retail Federation (NRF).

The figure exceeded NRF's forecast of between $678.75 billion and $682 billion in sales.

The figure, which excludes restaurants, automobile dealers and gasoline stations, includes $138.4 billion in online and other non-store sales, which were up by 11.5 per cent over the year before, according to an NRF press release. Clothing and accessories stores increased 2.7 percent unadjusted year-over-year.

NRF had forecast that non-store sales, which include online sales, would grow between 11 and 15 percent to between $137.7 billion and $142.6 billion.

December alone was up 0.4 per cent seasonally adjusted from November and up 4.6 percent unadjusted year-over-year.

The season came on the heels of the three strongest monthly year-over-year gains for retail sales since the fourth quarter of 2014, nominal disposable personal income was up a combined 3.5 percent year-over-year in October and November, and consumers were feeling better about using their credit cards, with outstanding balances up 6 per cent year-over-year, said NRF chief economist Jack Kleinhenz.

Source: fibre2fashion.com - Jan 17, 2018

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Bangladesh garment accessories see spiralling demand worldwide

Bangladesh has become a major source for garment accessories, as direct export of such items increased by 66.67 per cent year-on-year to $1 billion in the last fiscal. Earlier, the country was a net importer of garment accessories largely from Hong Kong and China, Bangladesh now produces numerous such items, with spiralling demand coming from international buyers of many garment-making countries. Manufacturers from Bangladesh have been exporting key parts of apparel items to Vietnam, Cambodia, Myanmar, Sri Lanka, South Africa and Malaysia.

Accessories such as buttons, zippers, labels, price tags and washing instructions are used in making finished garment products. For example, of a T-shirt is sold at $5, the share of accessories is 15 per cent. Currently, around 1,600 factories are producing accessories and some are directly exporting to other countries.

The Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association (BGAPMEA) reports earnings from apparel accessories skyrocketed to $600 million in 2015-16 as against $300 million in the previous year. As Shahadat Hossain Kiron, Chairman of Dekko Group, a leading garment exporter says, "The prospect of direct accessories export is very bright.

I started exporting the items as some buyers have made it mandatory for garment makers in countries outside of Bangladesh to use accessories produced in my factory." While Kiron had previously been producing accessories only for use in his own garment factory, today he supplies garment items to C&A, M&S, H&M, Tommy Hilfiger and Next.

Md Abdul Kader Khan, President of BGAPMEA, the accessory makers' platform reveals the total investment in the accessory making sector is over Tk 30,000 crore. The number of workers in this sub-sector is 4.5 lakh and it plays a key role in the garment sector.

Source: fashionatingworld.com - Jan 17, 2018

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Maersk and IBM Forming Blockchain Joint Venture to Digitize Supply Chains and Improve Trade Flow

A.P. Moller – Maersk and IBM said they intend to establish a joint venture to provide more efficient and secure methods for conducting global trade using blockchain technology.

The aim of the new company will be to offer a jointly developed global trade digitization platform built on open standards and designed for use by the entire global shipping ecosystem. It will address the need to provide more transparency and simplicity in the movement of goods across borders and trading zones.

The companies noted that the cost and size of the world's trading ecosystems continues to grow in complexity. More than $4 trillion in goods are shipped each year, and more than 80 percent of the goods consumers use daily are carried by the ocean shipping industry. The maximum cost of the required trade documentation to process and administer many of these goods is estimated to reach 20 percent of the actual physical transportation costs.

According to the World Economic Forum, by reducing barriers within the international supply chain, global trade could increase by nearly 15 percent, boosting economies and creating jobs.

The attributes of blockchain technology are ideally suited to large networks of disparate partners, Maersk and IBM said. A distributed ledger technology, blockchain establishes a shared, immutable record of all the transactions that take place within a network and then enables permissioned parties access to trusted data in real time.

By applying the technology to digitize global trade processes, a new form of command and consent can be introduced into the flow of information, empowering multiple trading partners to collaborate and establishing a single shared view of a transaction without compromising details, privacy or confidentiality.

Maersk, a global leader in container logistics, and IBM, a leading provider of blockchain, supply chain visibility and interoperability solutions for enterprise, will use blockchain technology to power the new platform, as well as employ other cloud-based open source technologies, including artificial intelligence, Internet of Things and analytics delivered via IBM Services to help companies move and track goods digitally across international borders. Manufacturers, shipping lines, freight forwarders, port and terminal operators and customs authorities can all benefit from these new technologies, and ultimately consumers.

"This new company marks a milestone in our strategic efforts to drive the digitization of global trade," said Vincent Clerc, chief commercial officer at Maersk and future chairman of the new joint venture. "The potential from offering a neutral, open digital platform for safe and easy ways of exchanging information is huge, and all players across the supply chain stand to benefit. By joining our knowledge of trade with IBM's capabilities in blockchain and enterprise technology, we are confident this new company can make a real difference in shaping the future of global trade."

IBM's blockchain platform is enabling hundreds of clients and thousands of developers to build and scale active networks across complex use cases, including cross border payments, supply chains and digital identification.

"The major advances IBM has made in blockchain have shown that the technology can foster new business models and play an important role in how the world works by building smarter businesses," said Bridget van Kralingen, senior vice president of IBM Global Industries, Solutions and Blockchain.

"Our joint venture with Maersk means we can now speed adoption of this exciting technology with the millions of organizations who play vital roles in one of the most complex and important networks in the world, the global supply chain. We believe blockchain will now emerge in this market as the leading way companies seize new untapped economic opportunities."

IBM and Maersk began a collaboration in June 2016 to build new blockchain- and cloud-based technologies. Since then, multiple parties have piloted the platform, including DuPont, Dow Chemical, Tetra Pak, Port Houston, Rotterdam Port Community System Portbase, the Customs Administration of the Netherlands, and U.S. Customs and Border Protection.

The joint venture will now enable IBM and Maersk to commercialize and scale their solutions to a broader group of global corporations, many of which have already expressed interest in the capabilities and are exploring ways to use the new platform, including General Motors and Procter & Gamble, to streamline the complex supply chains they operate, and "Today, a vast amount of resources are wasted due to inefficient and error-prone manual processes." White said.

"The pilots confirmed our expectations that, across the industry, there is considerable demand for efficiency gains and opportunities coming from streamlining and standardizing information flows using digital solutions.

Our ambition is to apply these learnings to establish a fully open platform whereby all players in the global supply chain can participate and extract significant value. We look forward to further expanding our ecosystem of partners as we progress toward a global solution."

The new company initially plans to commercialize two core capabilities aimed at digitizing the global supply chain from end-to-end. A shipping information pipeline will provide end-to-end supply chain visibility to enable all actors involved in managing a supply chain to securely and seamlessly exchange information about shipment events in real time, while Paperless Trade will digitize and automate paperwork filings by enabling end-users to securely submit, validate and approve documents across organizational boundaries, ultimately helping to reduce the time and cost for clearance and cargo movement.

Upon regulatory clearance, solutions from the joint venture are expected to become available within six months. The new company will be headquartered in the New York metropolitan area.

Source: sourcingjournalonline.com- Jan 17, 2018

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Bangladesh: Apparel exports to India soar 66pc

Garment exports to India soared 66.41 percent in the first six months of the fiscal year on the back of demand from Western brands operating in the neighbouring country and closure of some small- and medium-scale factories.

Between July and December last year, garment shipments to the neighbouring country fetched $111.33 million, according to data from the Export Promotion Bureau.

"India is becoming a major market for us," said Mohammad Hasan, executive director of Babylon Group, a leading garment exporter.

The reason for the spike, he says, is that global retail giants like H&M and Walmart have started sourcing apparel items from Bangladesh for Indian consumers.

The shuttering of a horde of small and medium factories all over India for their failure to maintain strict compliance requirements and pay higher wages over the last two years also played a part in the surge in shipments from Bangladesh.

Abdul Matlub Ahmad, president of India-Bangladesh Chamber of Commerce and Industry, echoed the same.

"Our exports to India will grow further in the near future as local exporters are enjoying different trade benefits to the neighbouring country."

The cost of importing garment items to India from other countries is very high, due to which the Western retailers have started sourcing apparel items from Bangladesh in big volumes, he said.

"We are expecting that our exports to India will cross the $1 billion mark in June this year. And we have been struggling to reach this mark for many years now," Ahmad added.

Apart from Western retailers, some Indian retail giants have also been sourcing garment items in big volumes from Bangladesh, said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

"India, China and Japan are our next big markets in Asian region," he added.

Although the majority of Bangladeshi goods enjoy duty-free benefit in the Indian market, garment exports to India did not rise much over the last few years due to the imposition of 12.5 percent countervailing duty on items from Bangladesh.

Bangladeshi garment exporters also face provincial taxes and non-tariff barriers in India, which has an apparel market worth nearly $40 billion.

However, garment exports to India have been showing signs of pickup from last year.

Overall, exports to India increased 5.99 percent year-on-year to $361.91 million in the July-December period.

Source: thedailystar.net - Jan 18, 2018

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NATIONAL NEWS

ICRA Expects Increase in Budgetary Allocation To Improve Textile Export

With a 13 per cent share, the textile sector is one of the major contributors to the country's export earnings.

The forthcoming Budget must provide adequate budgetary allocation for schemes such as refund of state levies and interest subvention benefits to improve the competitiveness of textile exporters, domestic rating agency Icra said in a report today. With a 13 per cent share, the textile sector is one of the major contributors to the country's export earnings. However, the sector has been under pressure of late.

While, apparel exports have grown at a subdued pace due to intense competitive pressures, yarn exports have also remained under pressure given the decline in demand from China as well as the country losing market share in the Chinese yarn market.

"Adequate budgetary allocation for schemes such as refund of state levies and interest subvention benefits can help improve competitiveness of textile exporters and improve textile exports growth," ICRA said in a pre-Budget note.

The country is still highly reliant on textile intermediaries for its export earnings, indicating potential for further value-addition and hence investment requirements in the downstream segments, like apparel and home textiles.

The budgetary allocation for the Technology Upgrade Fund Scheme (Tufs) was lowered by 23 per cent to Rs. 2,013 crore in 2017-18 from Rs. 2,610 crore in 2016-17, a level even lower than in 2014-15, Jayanta Roy, a senior vice-president at Icra, said in the note.

As level of subsidies available under the scheme is key driver for investments in the sector, moderation in allocation constrains capacity additions.

Accordingly, a higher allocation towards Tufs subsidy for 2018-19 would prop up investments in the downstream segments, facilitating higher value addition and an even higher contribution by the sector to the country's GDP as well as forex earnings, Roy said.

As per Icra estimates, apparel exports can go up by 3-3.5 times, if raw materials and intermediaries currently being exported, get processed further into apparel. This has the potential to double the cotton-based apparel exports and increase total textile exports from the country by 50 per cent in value terms.

The sector is largely dominated by the small and medium enterprises and faces constraints arising from infrastructure bottlenecks and dispersed value chain, continued funding allocation towards textile parks, financial assistance and access to conducive infrastructure can enhance the sectoral efficiencies, he said. This in turn can help in enhancing sector's contribution to the manufacturing as well as GDP, the report concluded.

Source: ndtv.com- Jan 17, 2018

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Commerce Ministry plans integrated logistics portal

The newly set up logistics division of the Department of Commerce has initiated work on an integrated logistics portal that will be a transactional e-marketplace.

The move is aimed at simplifying the regulatory processes in both domestic and export-import (EXIM) logistics to reduce transactional costs and time. “The e-market place will connect buyers as well as logistics service providers with all government agencies such as Customs, port community systems, sea and airport terminals, shipping lines and railways,” said an official from the Commerce Ministry.

In order to establish linkages with government agencies, the industry and academia to develop a detailed action plan, the logistics division plans to enter into formal partnerships with all the stakeholders.

The Commerce Department on Tuesday signed an MoU with industry body CII to set up a logistics working group. The group aims to 'foster focussed engagement with industry to examine logistical issues and recommend solutions'.

"Logistics can be the cause of success and the reason for failure. The speed of import or export, or doing business within country, will depend on logistics. The moment you bring down the cost of logistics, the volume will increase dramatically," pointed out Commerce & Industry Minister Suresh Prabhu, stressing on the need to develop the logistics sector.

Agreement with CII

Under the MoU, CII will identify logistics challenges facing the industry and suggest action solutions to the Logistics Division. It will also interact with State governments and work on promoting the logistics sector, along with capacity building programmes. The two sides will cooperate in organising a national logistics convention each year to bring together stakeholders in the sector.

Logistics costs in India, at 13-14 per cent of GDP, are higher than those in developed countries. The World Bank Logistics Performance Index ranked India 35 in 2016 compared to 54 in 2014.

Source: thehindubusinessline.com- Jan 18, 2018

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Labour reforms: Take the bull by the horns

One of the long-pending reforms to unleash the Indian economy for labour-intensive manufacturing is rationalising the plethora of labour laws applicable to the organised sector, which are perceived as biased against employers, affecting investment in the sector.

In fact, some of the punitive clauses of labour laws, such as compulsory and prior government approval in the case of layoffs for firms employing 10 or more persons (Industrial Disputes Act, 1947), consent of the employees to change the nature of the job (Contract Labour-Regulation and Abolition-Act, 1970), allowing outsiders to become office bearers of trade unions (Trade

Union Act, 1926), etc, hamper labour-intensive manufacturing, adopting new techniques of production and cordial industrial relations. Realising the need to rationalise labour laws, the NDA government immediately after assuming office embarked on long-pending labour reforms by proposing to amalgamate 44 existing labour Acts into four codes — on industrial relations, wages, social security and industrial safety and welfare.

However, the Centre has developed cold feet even as some of the states such as Rajasthan, Madhya Pradesh, Andhra Pradesh and a few others have already implemented most of them. This delay of proposed labour reforms is disappointing and contrary to the central theme of the government to boost manufacturing for job creation through its 'Make in India' initiative.

The NDA government initiated steps in October 2014 to rationalise labour rules by announcing two major schemes—unified labour and industrial portal, and labour inspection scheme—to bring transparency in inspection and use of rules. However, much desired reforms at the central government level through the proposed four codes is much awaited.

It's well established that China's flexible and business friendly labour laws have ensured continued investment in Chinese manufacturing, whereas plethora of restrictive labour laws in India, around 245 in total, make it difficult for employers to downsize during business downturn and introduce a new technology.

As a result, FDI inflows in India is insignificant in capital-intensive industries unlike in case of China during the first couple of decades of reforms. The existing laws protect only 10% of the total labour force and come in the way of creating opportunities for the rest.

Some of the major proposals of industrial relations (IR) code include allowing firms employing up to 300 people—against 100 now—to retrench/lay off workers and/or close down without government approval, requirement of 10% of workers to form a union, fixed-term employment, etc, which will encourage firms to hire workers for seasonal and other jobs.

Under the IR code, outsiders will be barred from being office bearers of trade unions and strikes can be resorted to only after 14 days' notice. The wage code will subsume four existing central labour legislations—the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, the Payment of Bonus

Act, 1965, and the Equal Remuneration Act, 1976. The tripartite consultations (trade unions, employers and the government) are over and the draft is in the final stages to be sent to a group of ministers headed by the finance minister for consideration. The government had already introduced the code on wages in the Lok Sabha that proposes a universal minimum wage for the entire working population, including unorganised sector workers.

The labour reforms agenda of the NDA government, in fact, has been holistic. As many steps are regarded as industry friendly, the proposed codes also seek to enhance the workers' privileges. The code on wages, for instance, proposes making minimum wage a statutory right and extending it to all employees—currently, the relevant Act applies to 51 "scheduled employments" only.

The wage code will reduce the disparity in minimum wages across states as the Centre will notify a "national minimum wage" (below which no state can fix its minimum wages) and this will be revised every two years (five years if the dearness allowance becomes part of the minimum wages). The government is in its last year of the tenure, therefore, the delay is to avoid the most sensitive labour reforms.

There are also reports of diluting key proposals like allowing firms to hire and fire employing up to 300 people without government nod and barring outsiders from becoming office-bearers of trade unions.

While IR code is being weakened, the fixed-term employment that is already in force in the textiles and garment sector may be extended to all sectors. The stiff opposition from trade unions has slowed the reforms' pace. Moody's has stressed that labour market, along with land reforms and recovery in investment cycle, could put upward pressure on its India rating, essential to attract investment.

A strong legislative intervention in labour market is difficult without developing a consensus on national policy framework. In the time and age of highly automated manufacturing ecosystem, there is a need for simplified and rationalised labour laws that are in line with contemporary economic realities.

Labour market liberalisation is likely to augment employment flexibility, skill development and job creation on a wider scale.

India is very well placed to reap demographic dividends, provided it can shift large number of labour force from agriculture to labour-intensive manufacturing. China has been hugely successful in attracting FDI into export-oriented labour-intensive manufacturing, in part because of flexible labour laws such as the contract labour system implemented in 1995.

Though the encouragement to states for labour reforms has resulted in seven to eight states going for appropriate policy changes relating to labour laws, it is high time the central government carried out the proposed four codes for rationalisation of restrictive labour laws.

Source: financialexpress.com- Jan 18, 2018

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Committee to look into concerns of apparel sector: Tamta

The Indian government has formed a committed to look into the issues raised by the apparel industry, which is going through a challenging phase, minister of state for textiles Ajay Tamta has said. Tamta was speaking at the inauguration of the 60th edition of the three-day India International Garment Fair (IIGF) at Pragati Maidan in New Delhi today.

“Garment sector is one of the largest employment providers and is helping a large number of people to earn their livelihood... The textile package announced by the Prime Minister is benefitting the sector, immensely,” Tamta said.

"During the last IIGF, business worth $200 million was conducted and this time I would like to see more buyers participating in the fair,” he added. The current edition of IIGF is primarily covering the autumn/winter season of European Union, the US and other Western markets.

“This time the fair is happening at a time when the industry is facing lot of challenges both domestically and globally. These are challenging times for the industry with global headwinds blowing over us.

The post GST transformation for the industry has been challenging, but I am sure the industry will show the resilience it has shown in the past, and emerge stronger," said Apparel Exports Promotion Council (AEPC) chairman HKL Magu.

A total of 294 exporters from 11 states namely Gujarat, Haryana, Maharashtra, Madhya Pradesh, Delhi, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal are participating at the 60th IIGF.

These 294 participants will be showcasing womenswear, accessories, kidswear and menswear. International buyers from 95 countries like Brazil, Spain, Japan, Uruguay, UK, Hong Kong, US etc. have also registered to participate in the fair.

Source: fibre2fashion.com - Jan 17, 2018

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Textile body expresses concern over decline in CAGR in December last year

The Confederation of Indian Textile Industry (CITI) has expressed concern over 3% decline in CAGR in textiles and apparels in December 2017 compared to December 2016.

The exports of textiles and apparel stood at $2996 million during December 2017 as against $3075 million in December 2016. However, the cumulative export has slightly improved by 2% CAGR as the exports stood at $26,136 million in April-Dec 2017 in comparison to $25,721 million in April-Dec 2016.

Sanjay Kumar Jain, chairman, CITI said that the share of textiles and apparel exports in the All Commodity Exports (ACE) has also declined by 2% in December 2017. Mr Jain while appreciating the cumulative increase in the textiles and clothing exports during April-December 2017 also expressed concerns over the consistent increase in imports of textiles and clothing during the same period.

The imports of textiles during December 2017 stood at $165.34 million in comparison to $137.24 million in December 2016, registering an increase of 20.48%.

He also pointed out that as per the latest statistics released by Export Promotion Bureau of Bangladesh, India's imports of garments from Bangladesh has reached $111.3 million during July to December 2017, indicating a sharp rise of 66% from $66.9 million during the same period last year.

Jain also stressed that the on-going scenario is negatively affecting the domestic yarn, fabric and garment manufacturers. He further stated that there is a greater need to impose safeguard measures such as rules of origin, yarn forward and fabric forward rules on the countries like Bangladesh and Sri Lanka that have FTAs with India to prevent cheaper fabrics produced from countries like China routed through these countries.

Garment manufacturers in India have to pay duty on imported fabrics, while Bangladesh can import fabric from China duty free and convert them into garments and sell to India duty free. This is putting Indian garment industry at a major disadvantage and this figure is expected to go up in coming months.

At the same time, he pointed out that India can increase its exports of cotton yarn and fabrics provided the sector is restored with export incentives.

CITI has been strongly representing the case of cotton yarn and fabrics with every government department, including PMO to enhance the competitiveness of the cotton yarn and fabric sector.

He stated that at present India's share of cotton yarn in world trade is 26% and it is declining steeply as the incentives given to the cotton yarn sector were withdrawn in 2014 and MEIS which was extended to the entire value chain was not extended to cotton yarn.

Moreover, there are various state levies up to the tune of 8% on cotton yarn which are not refunded at any stage. Similarly, Fabric sector is not getting refund of state levies of around 6%. By including cotton yarn under MEIS and providing ROSL for fabrics, Indian can retain its competitiveness in the global market.

Source: economictimes.com- Jan 17, 2018

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Rising cotton rates spook Tamil Nadu textile companies

The surge in cotton prices that began late last year has begun to worry yarn and garment manufacturers based in Tamil Nadu who are grappling with inflated raw material costs as they struggle to hold their positions in the international export market.

Last year, the state's textile entrepreneurs had resorted to importing cotton from African nations to circumvent price uncertainty usual during the turn of the year.

The current cotton season's prices have risen in concert with climbing higher international prices since October last year, with the rates touching $85 cents a pound recently.

Cotton prices in the country have increased sharply - nearly 14% towards levels around ?43,000 a candy. Holding at a higher level, they have led to need for higher stock for production among garment makers even as observers attempt to prevent panic buying as seen last year.

"While the increase at this time of the year is usual, the aid of higher international prices is providing an additional boost," said K Selvaraju, secretary-general at Southern India Mills' Association, a Coimbatore-based association of cotton mills.

"Farmers are also holding back stocks as a growing majority of them have begun tracking international market rates to adjust prices. Thirdly, Pakistan has begun import of Indian cotton to touch about 7-8 lakh bales this year while last year it was under 2 lakh bales. I would say there is no need to panic."

An increase in raw material prices impacts manufacturing competitiveness, making Tamil Nadu's exporters vulnerable in the global market now populated by cheaper goods from Bangladesh, Vietnam and Cambodia. Tirupur's entrepreneurs have for long tried to cut down price of cotton access, including a tie-up with vessel charterers to ship in cotton from Gujarat instead of road transport.

Tamil Nadu has not had a textile policy for years even as Gujarat and Andhra Pradesh continue to provide subsidies, besides central government schemes for technology upgradation.

K Phanindra Reddy, Tamil Nadu's textiles secretary, said there could be some announcements in the budget regarding a textile policy in preparation for months now.

Source: economictimes.com- Jan 17, 2018

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GCCI eyes textile tie-up with Bangladesh

Gujarat Chamber of Commerce and Industry (GCCI) is exploring a business collaboration in the textile sector with Bangladesh.

A meeting was held between senior GCCI officials and Bangladesh deputy high commissioner, Mohammad Lutfor Rahman, on Wednesday at the GCCI premises to discuss the possibilities.

"India's exports to Bangladesh stood at $5,452.90 million in 2015-16. Trade between India and Bangladesh has grown 17% in the last five years.

As both countries are at the forefront of the textiles and readymade garments industry, we are exploring possibilities of collaboration," said Shailesh Patwari, president, GCCI.

In fact, GCCI is organizing a global textile summit in Ahmedabad in March and has invited Bangladesh to become a partner country for the same, said Patwari.

Source: timesofindia.com- Jan 18, 2018

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Textile traders want Centre to defer e-way bill implementation

Textile traders in country's largest man-made fabric (MMF) hub have sought extension of deadline in the online e-way bill generation due to technical glitches in the Goods and Service Tax (GST) portal.

The traders' community have been facing lot of difficulties on the GST portal due to technical glitches. Though the central government has launched the e-way bill generation on trial basis for the inter-state movement of goods above Rs 50,000 starting from January 16, the traders have demanded that implementation of e-way bill must be done only after ensuring the system works properly.

The traders have demanded that implementation of e-way bill should be deferred till March 31 or else it will hit the inter-state movement of goods from February 1 onwards.

For a seamless movement of goods across states, the GST Council, earlier this month, decided to go for early implementation of the e-way bill for inter-state movement of items from February 1 and uniform mandatory compliance from June 1 next year. An e-way bill is required for movement of goods worth more than Rs 50,000.

"The finance ministry has stated that the trader and transporters can start using this system on a voluntary basis from January 16 this year. But, a majority of traders are unable to upload their details or rather the system crashes in the middle of filing of details.

On the other hand, the transporters are insisting on the e-way bill details, without which the goods are not loaded for transportation," leader of the Federation of Surat Textile Traders' Association (FOSTTA) Devkishan Menghani said.

He added, "At this point of time, the government should first rectify the technical problems on the GST portal and then implement the e-way bill compliance. Till then, the government must extend the implementation of e-way bill."

A large number of textile traders had gathered at Abhishek Market on Ring Road to address their problems to Navsari MP C R Paatil on Tuesday. The traders raised the issues related to filing of the returns, ITC-04 and other technical problems on the GST portal.

FOSTTA president Manoj Agarwal said, "Time and again we have raised our genuine concerns under GST, but the government is not ready to hear. We are ready to follow the rules, but the GST portal itself is not working. How are traders going to generate e-way bill, file returns etc when the portal is faulty?"

Source: timesofindia.com- Jan 18, 2018

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Difficult to say Bt cotton crop yield loss due to pink bollworm attack: FSII

Seed industry body FSII today said it was "unfortunate" that the Maharashtra government has held seed firms responsible without any proper assessment for the losses suffered due to pink bollworm attack on Bt cotton crop this kharif season.

It is "unfair" and "breach of principles of natural justice" to hold seed companies responsible based on "media reports", alleged the Federation of Seed Industry of India (FSII) in a statement.

The FSII, in a letter to both the Centre and the Maharashtra government, expressed concerns over the problem faced by farmers but said the industry might close if the state asks seed firms to compensate the losses.

"It is very difficult to establish that yield loss, if any, is due to attack of pink bollworm. It is an established scientific fact that crop yields depend on multiple factors... You are also aware of rampant cultivation of illegal GM cotton in Maharashtra this year. All these factors might have contributed to any possible yield losses," it said.

It is also a fact that adequate methods of controlling pink bollworm are available to the farmers. Our understanding is that in most of the areas pink bollworm was below economic threshold level (ETL), it added.

Giving the right perspective on pink bollworm attacks on cotton fields of Maharashtra, the industry body in the letter said: "A major factor for the possible resistance development in pink bollworm is due to non-adherence to the regulatory guideline of planting non-Bt refuge by farmers. It is also dependent on the quality of non Bt refuge supplied by some seed companies."

When Bt technology was introduced in 2002, the FSII said pink bollworm was not a major pest on cotton, except in some pockets of Punjab and Haryana.

"It is a scientific fact that when one pest goes down due to very good control by a pesticide or a GM trait, it is natural for the other pests to increase due to lack of competition. This is true in all living beings including microbes and insects. Increase in pink bollworm is essentially due to lack of competition from other bollworms," it said.

The FSII further said the Bt cotton trait is approved primarily for the control of American bollworm.

"The control of spotted bollworm, army worm and pink bollworm was an additional feature of the technology. Even now the control of all the above bollworms, especially the American bollworm, has been excellent, except for the very recent phenomenon of the attack of pink bollworm in certain areas," it said.

Stating that pink bollworm management continues to be implemented in an excellent manner by the Gujarat government in the last two years with extremely satisfactory results, the FSII said: "It is very important to transfer this knowledge from Gujarat to other states and prevent the attack of pink bollworm."

No technology or product can be eternally effective. That is why continuous research and development of new products is important and seed companies are investing on it every year, it added.

The FSII is an association of research-based seed and seed technology companies that provide high-performance and high-quality seeds. More than 10 of its member companies cater to around 40-45 per cent of the hybrid Bt cotton seeds in 2017 kharif season.

Source: economictimes.com- Jan 17, 2018

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Who creates jobs in India?

One of the biggest challenges that India faces is job creation. Unlike an ageing population in China, Europe and the US, India has a young population, with nearly 500 million people below the age of 30. Twelve million more people will join the labour force every year for the next decade. India's labour force will soon overtake China as the world's largest workforce. Changing demographics have increased the importance of faster economic and job creation.

A young labour force can be a powerful contributor to economic growth. It can divert resources from spending on children to investing in physical infrastructure that can accelerate economic growth. Working age also happens to be the prime years for savings. However, the benefits of demographic dividend are not automatic. Demographic dividend could transform into a demographic disaster if jobs are not created.

Who creates jobs? Given the size of India's young population, it is unlikely that public sector programmes will be enough to meet the jobs challenge. The private sector must play a bigger role in job creation. This is already taking place. Indian entrepreneurship is on the rise. The pace of establishment of new firms and job creation has seen an upward trend. But the number of new firms being created is still too low to absorb an expanding young labour force. There is a missing link that has constrained entrepreneurship and job creation.

Firm creation is job creation Entrepreneurship promotes economic growth and job creation by allocating resources more efficiently. It increases investment, innovation, and competition. We examined the role of entrepreneurship in job creation in detail in some 600 districts in India, and compared it with the US (see Ejaz Ghani, William R. Kerr, and Stephen O'Connell, Promoting Entrepreneurship, Growth and Job Creation, World Bank). Empirical evidence shows that there is a strong link between the initial rate of new start-ups and subsequent job growth both in India and the US.

However, contrary to the popular belief, India produces too few entrepreneurs. The spatial distribution of startups in India is more fluid than in the United States. Indian entrepreneurship is concentrated in a few mega cities, with India's huge potential still untapped. There are many policy levers that can be used to accelerate entrepreneurship and job creation. Instead of being preoccupied with firm chasing — attracting a few large firms from other locations — policymakers should shift their focus to encouraging entrepreneurship at the district level.

The history of job creation in the US has shown that big firms are not sufficient. This is evident in the current struggles of Detroit, Michigan, and its car manufacturers in the US. Manchester, England, and its giant textile mills in the 1800s were a model of short-term efficiency, but also ultimately insufficient for long-term job growth. But other regions in the United States, like Silicon Valley, are prolifically entrepreneurial, with a new start-up on every street corner. In declining Rust Belt cities, such as Detroit and Pittsburg, such start-ups are few and far between.

Promoting entrepreneurship

What promotes entrepreneurship? Is it differential returns to entrepreneurship? Or do entrepreneurs respond to improvements in physical and human infrastructure? Evidence shows that differences in the spatial location of entrepreneurship across districts are not a result of differences in entrepreneurial returns. The two most important factors that attract new entrepreneurs in any district in India are its local education levels and the quality of local physical infrastructure.

This linkage between location of new firms and job growth is strong in both manufacturing and services industry. But there are some differences between manufacturing and services. Physical infrastructure is far more important for entrepreneurs to enter in manufacturing industry. Human capital matters more for services. There are well-understood limits to the pace with which India can accumulate physical capital. But the limitations on the speed with which the gap in knowledge can be closed are less clear.

Is manufacturing or services creating more jobs? India has experienced a premature de-industrialisation, just like the rest of the developing world. Services are now creating more jobs than manufacturing. Productivity growth and output growth have also accelerated much more in services.

Global trade in services are increasing at a much faster rate compared to goods trade. The promise of the New Industrial Revolution is that latecomers to development, like India, can shape their own growth and jobs path. They do not need to wait for China to become uncompetitive.

Small entrepreneurs will play the biggest role in job creation. In the manufacturing sector, informal enterprises account for over 95 per cent of establishments and over 80 per cent of jobs. These are not bad enterprises or bad jobs. They are now well integrated with global supply chains, and formation of new enterprises has exploded in the tradable sector and contracted in the non-tradable sector. But the growth of small entrepreneurs is constrained by poor infrastructure.

A smart jobs strategy goes hand in hand with smart urbanisation. While the focus on mega cities have served India well in the past, with manufacturing largely located near the three big cities (Mumbai, Delhi and Calcutta), new drivers of growth and job creation are dispersing spatially. Manufacturing is de-urbanising and shifting to rural areas in search of lower land costs. Services are spatially more dispersed than manufacturing.

India's demographic dividend, rising tide of entrepreneurial spirit, breakthrough innovations across sectors, and fast pace of structural reforms have boosted India's economic outlook. However, the route to faster economic growth and job growth lies where one might least expect. It is in rural India, which is home to 70 per cent of the country's population. It hosts tremendous untapped potential.

Policymakers can transform rural India, build the missing links between urban and rural India, and promote secondary cities as new drivers of growth and job creation, by scaling up investments in physical infrastructure and human infrastructure. Entrepreneurs, particularly small and women-headed entrepreneurs, are much more dependent on a good physical and human infrastructure.

Source: business-standard.com- Jan 18, 2018

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Fashion chains see leadership churn after govt allows 100% FDI in retail

Indian fashion chains are witnessing a leadership churn, with several companies appointing people to key roles.

Aditya Birla Group's Pantaloons Fashion Retail has appointed Sangeeta Pendurkar, former managing director at Kellogg India, as its chief executive. Pendurkar will report to Ashish Dikshit, managing director at Aditya Birla Fashion and Retail.

Pendurkar is the first woman CEO in the group's 160-year history. Pantaloons' previous CEO, Shital Mehta, had quit in September last year to join Max Fashion, a value retailer.

Recently, Raheja-owned department chain Shoppers Stop appointed Rajiv Suri as CEO. Prior to his new role, Suri was the CEO of Majid Al Futtaim (MAF) fashion business, quite prominent in west Asia. Shoppers Stop also announced last month the resignation of its chief financial officer Sanjay Chakravarti.

The Future Group has, meanwhile, hired N Mohan from the Tata Group as the director of its footwear business. In April last year, the Tata Group's retail arm, Trent, appointed Venu Nair, managing director of Marks & Spencer Reliance, India, as its new chief commercial officer.

"The fashion segment is seeing churn because of growth in the industry from unorganised to organised and new investments from overseas and domestic investors," said an analyst, who did not want to be named.

While Amazon picked up a minority stake in Shoppers Stop, Kishore Biyani's Future Group bought its Hypercity chain.

The recent decision of the Union Cabinet to allow 100 per cent foreign direct investment (FDI) in single-brand retail via the automatic route would help more than 200 fashion and apparel brands, which are waiting to enter India, reports said.

The Indian fashion retail market, worth $46 billion, will grow at a promising CAGR (compound annual growth rate) of 9.7 per cent to reach $115 billion by 2026, analysts said.

Fashion retail in the country has seen increased traction after the entry of global retailer H&M, which has aggressively opened stores in the country.

Source: business-standard.com- Jan 18, 2018

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