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NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council (TEXPROCIL)
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IBTEX No. 172 of 2018 August 18, 2018

USD 69.80| EUR 79.90 | GBP 89.03 | JPY 0.63

Cotton Market (17-08-2018)		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22660	47400	**86.50**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
23740	49658	**90.62**
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)		81.80
ZCE Cotton: Yuan/MT (Jan 2019)		16,025
ZCE Cotton: USD Cents/lb		**89.75**
Cotlook A Index – Physical		**97.20**

Cotton Guide: December contract settled at 8180, up 106 points. That was a small recovery versus the 885 point net loss December contract had since July 31st through Thursday. The other months settled from 45 to 105 points higher. On the trading front volume were 25,162 contracts. Cleared previous day were 34,914 contracts. However, the aggregate open Interest 260,581 down 2,215.

The approach of markets in general was improved over hopes of a resolution between the US and China during next week's trade war discussions in Washington DC. Delegations will be led by China's Vice Commerce Minister Wang Shouwen and US Treasury Secretary for International Affairs David Malpass.

In the meanwhile US weekly export sales report was released and had little influence on the market. For the week ended August 10th combined net sales for 2018-19 and 2019-20 were 68,800 bales (upland 66,000; Pima 2,800). That included 19,900 bales in cancelations. Weekly shipments were 244,900 bales (upland 240,300/pima 4,600). Total shipments stand at 293,600 bales (upland 283,400/pima 10,200). 50-1/2 weeks remain in the season.

The Weekly CFTC On-Call Cotton Report for the week ended August 10th was released after the market close. Total unfixed on-call sales were up 2,458 contracts to 158,963 contracts, the 6th consecutive weekly increase adding a total of 18,670 contracts. Total on-call sales a year ago were 112,498 contracts. Total on-call purchases were 44,857 contracts, up 2,128 contracts. That was the biggest one week increase since the week ended March 29th when purchases increased by 2,256 contracts to 44,412 contracts. The all-time-ever highest on-call purchases were 45,651 contracts for the week ended 4-20-18. Total on-call purchases a year ago were 36,878 contracts.

On the technical front market had reached almost oversold state. It has now taken 8065/8000 zone as key support level while 8350 is considered as strong resistance level. We think it may continue to trade in the same range.

Chinese State Reserve cotton on Thursday's auction had a turnover rate of 11.03 percent, spinners only, and like all week the was lowest since the series began. Offered were 30,009.2157 tons (137,832 bales); and sold were 3,309.3001 tons (15,200 bales). The cumulative turnover rate is 57.06 percent (offered versus sold). This auction series started at 24.1 million bales and 15.41 million bales remain.

On the domestic front, the value of the Indian rupee continues to fall, against the US dollar. Prices for remaining stocks of 2017-18-crop Shankar-6 are steady at an average of Rs. 47,500 per candy, ex-gin (86.25 US cents per lb at prevailing exchange rate). Rates for Punjab J-34 are also unchanged at Rs. 4,795 per maund (83.00 cents per lb). On the futures front the October future ended the session at Rs. 23,530 down by Rs. 190 from previous close while it had made an intraday low of Rs. 23,330 per bale. For the day we expect it to trade in the range of Rs. 23200 to Rs. 23500 per bale. .

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

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INTERNATIONAL NEWS

JCPenney changes its buying strategy

JCPenney executives announced plans to cut inventory and pursue a new strategy for buying goods.

Beginning immediately, the company is working to cut inventory by at least $250 million by the end of fiscal 2019 to better curate the assortments in stores and online.

"We are shifting our philosophy from buying to store capacity to buying and chasing into demonstrated sales strength," CFO Jeff Davis said during this morning's second quarter analyst call. "By buying to a leaner and more nibble base we can better react to actual sell-through performance."

The home department under-performed during the recent quarter, he noted.

There is a potential bright spot in the strategy for soft home, a historically strong segment of the business that has been eclipsed in recent quarters by JCPenney's pursuit of major appliances.

Mike Robbins, executive vice president of supply chain, told analysts the company has been putting too much focus on low-margin home categories at the expense of home textiles and other legacy businesses. The company now plans to re-emphasize the category.

"As we've started to adjust those assortments, we're starting to see some trend improvement as we rebalance the marketing efforts around home," he added.

For the second quarter ended Aug. 4, net loss widened to $101 million, or $0.32 per share, compared to a net loss of $48 million, or $0.15 per share in the same period last year.

Sales fell 7.5% to $2.76 billion, with comp ticking up 0.3%.

Year-to-date, net loss narrowed to $179 million, or $0.57 per share, from a net loss of $235 million, or $0.76 per share in the year-ago period. Sales declined 6.0% to $5.3 billion.

Source: hometextilestoday.com- Aug 17, 2018

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USA: Denim Sourcing Scene Shifts as Political Forces Take Toll

As one door closes, another one opens.

With the U.S. closing its door on denim manufacturing and open trade, some traditional suppliers are seeing their market share shrink and others are using the opportunity to take their place.

The U.S. imported more jeans in the first half of 2018 compared to last year. This is likely attributed to the popularity of the most American of wardrobe staples and the lack of U.S. manufacturers, with the closing of key domestic factories in the last year.

Overall denim jeans imports increased 9.2% to reach $1.66 billion in value for the first six months, according to data from the Office of Textiles and Apparel, OTEXA.

The shifting sourcing scene for denim jeans is seeing Made in Vietnam, Bangladesh, Cambodia and several Central American countries increase in popularity, while Mexico and China as country of origin is downtrending. Some African nations are also making inroads as suppliers for the denim sector.

China still shipped the most women's and girls' product, increasing 2.88% to $291.89 million, while its men's and boy's shipments rose 6.35% to $98.97 million and a third place spot in the top suppliers. The somewhat tepid gains are likely due to companies limiting their exposure during the tariff crisis.

Top men's and boys' supplier Mexico saw its shipments to the U.S. fall 2.22% to $315 million and drop 5.21% in women's and girls' to $44.07 million.

Mexico's decline as a key supplier for denim has been ongoing but exacerbated by concern over the North American Free Trade Agreement's (NAFTA) status, and as companies wanting to maintain Western Hemisphere production build relationships with countries falling under the

Central American Free Trade Agreement (CAFTA). By doing this, they keep the duty-free status and avoid the potential risks of a NAFTA collapse.

Among the CAFTA countries, Guatemala, Colombia and Nicaragua all showed signs of becoming key players in jeans manufacturing. Imports from Guatemala of women's and girls' denim bottoms rose 57.13% to $10.14 million in the first half, Colombia's shipments increased 60.96% to $10.24 million and Nicaragua's grew 14.41% to $9.5 million. In men's and boys', imports from Colombia jumped 49.3% to $18.93 million in the period, but Nicaragua's shipments fell 9.71% to $33.13 million.

Among the Asian powerhouses, Vietnam, Bangladesh and Cambodia are establishing themselves as major suppliers of jeans to the U.S. market. In the first half, Bangladesh held the No. 2 spot as a supplier of both women's and men's denim to the U.S. In men's and boys', Bangladesh's shipments increased 16.88% to $132.75 million, while women's and girls' rose 16.19% to $104.17 million.

Vietnam's shipments of women's and girls' jeans jumped 46.9% to $75.43 million in the period, while men's and boys' rose 33.3% to $32.23 million. Imports of Cambodia's women's and girls' jeans grew 32.7% to $40.2 million, as the country's shipments of men's and boy's product were up 35.19% to $9.64 million.

Pakistan, which counts many top denim mills and vertical operations, remains a key source for denim jeans, but its results in the first half were mixed. Shipments of women's and girls' blue jeans were up 24.1% to $61.54 million, but imports of men's and boy's declined 0.47% to $40.97 million.

Turkey, which also has a portfolio of top denim mills and jeans makers—though it has fallen on difficult economic and political times of late—saw its shipments to the U.S. of women's and girls' jeans increase 25 percent to $14.17 million, but men's and boy's fell 16.09% to $7.67 million.

Several African nations are also showing indications of becoming players in the denim market. Imports of Egypt's women's and girls' jeans rose 9.34% to $29.79 million and its men's and boys' shipments increased 5.31% to $42.94 million.

Lesotho's men's and boy's jeans shipments were up 2.14% to $30.45 million, while women's and girls' product increased 15.63% to $6.09 million. In men's and boys, jeans imports from Madagascar in the period rose 11.62% to $8.93 million.

Source: sourcingjournal.com- Aug 16, 2018

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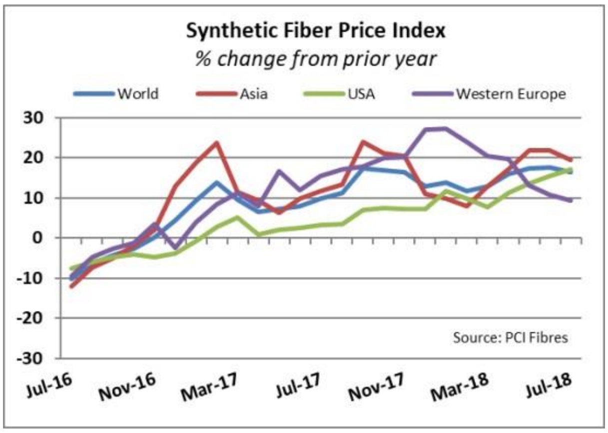
Global Synthetic Fiber Prices Rise on Strong Demand, Higher Costs

Strong consumer demand for apparel, tight raw materials supply and fears of higher tariffs are driving fiber prices up around the world.

Global synthetic fiber prices have continued their upward drift, which started early in 2017 in key textile regions, according to data from fiber consultancy PCI Wood Mackenzie. In addition, the gaps between price levels in Asia and the west continue to widen.

So far in 2018, synthetic fiber prices have risen by more than 8 percent, on top of a 13 percent spike in 2017. If the current pace persists, we can expect fiber prices to increase in 2018 by even more than they did last year.

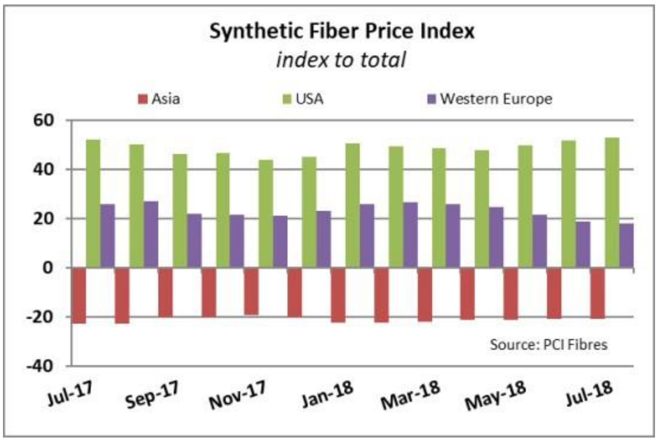


The Synthetic Fibers Index, which has risen by double digits every month this year so far, has been stimulated by increased global demand for apparel and textiles and by higher oil, intermediates and labor costs.

Fears of a trade war as a result of proposed U.S. tariff increases on fibers, fabrics and finished soft goods have helped to stimulate demand in the short term.

Oil prices have increased by 14 percent in the first seven months of the year, with Brent Crude at almost $75 as of the end of July.

Crude oil rose about 20 percent to $66 per barrel in 2017, which together with strong demand for man-made fibers, allowed producers of intermediates and fibers to increase their prices. Although at the end of 2017 energy experts were forecasting that tight supplies would ease, and oil prices would settle down somewhat in early 2018, that hasn't happened.



In Asia, the world's largest fiber-producing region, synthetic fiber prices rose by 7 percent in the January-July period, finishing July 19 percent higher than the same month last year. The summer months in China tend to be a bit quiet for the polyester business, but demand has remained firm this year and inventories low.

In addition to stronger-than-expected demand for autumn/winter apparel, which is shifting toward synthetics thanks to consumer preferences, precautionary orders placed in anticipation of expected tariff increases have caused supply chain distortions and upward pressure on capacity utilization and fiber prices.

Demand for viscose and spandex remain stable despite spandex's presence on the list of fibers slated for increased U.S. import tariffs. So far there has been no formal confirmation of the completion of the Shandong Ruyi $2 billion acquisition of Invista's fiber business, indicating the complexity of the deal might be causing it to take longer than expected to close.

Acrylic fiber producers expect a bump, so to speak, from the shift to the two-child policy in China, since acrylic figures prominently in blankets, hats, apparel and other soft goods products for babies and small children.

Asian synthetic fiber prices remain more than 21 percent below the world average, down from 20 percent below as of the end of 2017. The European synthetic fiber price index has increased 4 percent year-to-date. European prices are nearly 18 percent above the global average, helped by strong demand and capacity utilization for polyester filament and nylon. Although demand for polyester and nylon filament in Europe remains strong, margins are tight due to raw materials shortages.

Synthetic fibers prices increased by 14.5% percent in the first seven months of the year in the U.S., the most of any major producing region. U.S. synthetic prices remain more than 53 percent above the world average.

The U.S. market for polyester filament and staple remains strong for this time of year, but a number of forces majeures are impacting the polyester supply chain in North America, including an explosion and fire at Alpek's PTA plant that affects nearly 20 percent of the market for the intermediate, and BP's continued interruption in the U.S. Nylon supply became tighter after a fire at Ascend's Pensacola, Florida, site in early July forcing a two-week shutdown of polymerization units.

Although the announced $200 billion in proposed new tariffs on Chinese imports excludes apparel, it includes manmade filaments and filament woven fabrics. During the first seven months of the year, the gap between prices in the most expensive region (the U.S.) and the least expensive (Asia) widened a bit.

Source: sourcingjournal.com- Aug 17, 2018

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Bangladesh imports 46 percent cotton from India in 2017

The eight-member delegation led by President of the association Mehdi Ali met High Commissioner Harsh Vardhan Shringla on Thursday at his office.

The delegation briefed the envoy about the work of the association and Bangladesh India Cotton Forum.

The association works closely with Indian Cotton Association and Cotton Association of India as the country has to depend on import for raw cotton, the high commission said. Local growers can meet only around 2 percent of the demand leading to over $3 billion worth of import, according to available statistics.

Bangladesh is the second largest exporter of readymade clothes after China.

Source: bdnews24.com- Aug 17, 2018

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Textile complex in Tajikistan plans to increase cotton processing

The textile complex of JSC Zhongtai Dangara Sin Silu Textile in Dangara district plans to increase the volume of cotton fiber processing, Avesta Information Agency reported referring to the Ministry of Industry and New Technologies of Tajikistan.

After the second stage's start the volume of cotton fiber processing at the enterprise will increase by 17,000 tons. Start of the enterprise's second stage is planned for 2H2018. The cotton fiber processing capacity of the first stage is 15,000 tons.

The enterprise is located in the Dangara district.

Construction of an enterprise that can process up to 52,000 cotton fibers per year and produce 150 million meters of cotton textiles was launched in December 2014. The first stage of the textile complex was officially commissioned in August 2016.

It was earlier reported that, despite the start-up of new spinning mills in the country, almost 80 percent of textile products are imported from abroad.

Source: azernews.az- Aug 16, 2018

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Novel sensors could enable 'smart garments'

Scientists have integrated sensors in a wide range of fibres, including cotton and wool, an advance that could lead to smart textiles which can detect human motion.

Fabric coated with this technology could be used in future garments where the sensors are slipped into the soles of shoes or stitched into clothing for motion detection, said researchers from the University of Delaware in the US. Carbon nanotubes give this light, flexible, breathable fabric coating impressive sensing capability, according to the study published in the journal ACS Sensors.

When the material is squeezed, large electrical changes in the fabric are easily measured. One potential application of the sensor-coated fabric is to measure forces on people's feet as they walk.

This data could help clinicians assess imbalances after injury or help to prevent injury in athletes, researchers said. "As a sensor, it is very sensitive to forces ranging from touch to tonnes," said Erik Thostenson, an associate professor at the University of Delaware.

Nerve-like electrically conductive nanocomposite coatings are created on the fibres using electrophoretic deposition (EPD) of polyethyleneimine functionalised carbon nanotubes.

"The films act much like a dye that adds electrical sensing functionality," said Thostenson. "The EPD process developed in my lab creates this very uniform nanocomposite coating that is strongly bonded to the surface of the fibre. The process is industrially scalable for future applications," he said.

Researchers can add these sensors to fabric in a way that is superior to current methods for making smart textiles.

Existing techniques, such as plating fibres with metal or knitting fibre and metal strands together, can decrease the comfort and durability of fabrics, said Thostenson.

The nanocomposite coating developed by the group is flexible and pleasant to the touch and has been tested on a range of natural and synthetic fibres, including Kevlar, wool, nylon, Spandex and polyester.

The coatings are just 250 to 750 nanometres thick - about 0.25 to 0.75 per cent as thick as a piece of paper - and would only add about a gramme of weight to a typical shoe or garment.

The materials used to make the sensor coating are inexpensive and relatively eco-friendly, since they can be processed at room temperature with water as a solvent, researchers said.

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

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Pakistan to evaluate trade policy along modern trends

Pakistan is to evaluate trade policy according to modern trends and Strategic Policy Framework 2015-19 would also be implemented in letter and spirit to boost the country's exports.

Pakistan is committed to seeking new trade avenues in different regions of the world including, South American, Africa and South East Asian trade destination, a senior official of the ministry of commerce told agencies here on Thursday.

Replying to a question, he said that the Free Trade Agreement (FTA) with different countries including Turkey, China and Thailand were under negotiation phase.

While talking on second phase of Pak-China FTA, he said China had agreed to provide market access to 58 items, shared by Pakistan besides providing concession on all items included in the offer list. He added that coming round of negotiation with China under 2nd phase of FTA would be held in October 2018 in Islamabad.

Replying to another question, he said that Pakistan would get benefits of $ 200 million after signing the free Free Trade Agreement (FTA) with Thailand and also enhancing the trade volume between both nations.

The official said that Pakistan and Thailand would present their complete final list of Free Trade Agreement (FTA) incoming round of negotiation start in mid of September, 2018 for increasing trade liberalization between both the countries.

Both sides had exchanged the final offer lists of items for free trade, including automobile and textile sectors in order to remove the reservations of both sectors, Pakistan wants concession on 110 products on textiles, agro-products, plastic and Pharmaceuticals as same Thailand granted to other FTA partners in these products, he said.

Replying to another question, he said that Pakistan and Indonesia have finalized the review process for the bilateral preferential trade agreement that is likely to enhance local exports to the South East Asian country by $210 million a year.

Currently, Pakistan and Indonesia have an annual bilateral trade volume of $180 million, which was expected to increase to $370 million after renegotiation on the preferential trade agreement between the two countries, he said. Both the countries agreed to expand preferential trade agreement, which was signed in February 2012, and go for a free trade agreement between them, the official said.

The ministry's official said Pakistan wants to initiate negotiation with Pacific and South East Asian nations on a proposed free trade agreement to increase trade and competitiveness.

Countries including Japan, Indonesia, Vietnam and Philippines are in the list for starting a dialogue on a preferential trade agreement that leads to FTA for promoting trade liberalization, he said.

Source: pakistantoday.com.pk- Aug 17, 2018

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Pakistan: Increase in polyester prices irks textile exporters

A meeting of textile mills that use polyester fiber as basic raw material was held in All Pakistan Textile Mills Association (APTMA) on Friday to consider the market situation. Great dismay was shown over the unsustainable hike in prices of polyester staple fibre.

The participants of the meeting expressed concerns over a crisis like situation under which a sizeable exporting capacity has already closed down.

They further apprehended that an unprecedented increase in PSF prices would not only lead to further closing of the capacities of yarn manufacturers but is likely to adversely affect the entire textile export value chain.

They pointed out that Pakistan is already lagging behind the global market players in the area of man-made textile products. Pakistan has never been able to make inroads into synthetic market globally, they added.

They said fact of the matter is that basic textile raw materials cotton and PSF are both short for industry consumption because of the protection and incidentals on the import of PSF (20 percent) and cotton (11 percent).

Textile exporters are being forced to cross subsidise PTA and PSF plants in Pakistan whereas exporters are given rebates and draw backs in other countries

Recently the domestic polyester manufacturers have increased prices by over 20 percent, which has played havoc with the situation. Many of t1he exporters being non-viable due to the prevailing circumstances have decided to close down their operations for upto 10 days from next week.

The meeting was also of the view that one of the main causes of the non viability of domestic polyester fiber chain is the protection extended to the obsolete PTA plant over the last 25 years.

The import duties on its raw materials are zero yet the finished product PTA is being given protection of 6 percent despite making huge profits which is a big reason for the predicament and non viability in the export market of Pakistani produced manmade textiles.

The yarn producers have urged the government to reduce import duties on the import of PSF from existing 7 percent to 2 percent as polyester prices have almost doubled in the last year.

Source: nation.com.pk- Aug 17, 2018

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NATIONAL NEWS

FTA tweak hint to curb China goods

India is keen to change the rules of origin clauses in free trade pacts, including the South Asian Free Trade Agreement, to give its industry greater protection from Chinese goods routed through other countries using the trade deals.

With the US-China trade war escalating, Indian policy makers fear Beijing will increasingly route its manufactures into the Asian markets.


PROTECTIVE POLICY

What is the China threat?

- Trade war with US means Beijing will look for export opportunities to India through a third country. India has free trade pacts with its neighbours, which provide outlet
- Textile industry allege Bangladesh garments, which come duty free, are using Chinese cloth and yarn

How govt is fighting threat?

- Import duty imposed on 328 textile items. Textiles is India's sixth-largest job creator
- Higher duty on electronic parts, especially used for mobiles

The trade deficit with China has already increased to $62.9 bn in 2017-18 from $51.1 bn in 2016-17 out of a bilateral trade worth $89.6bn in the last fiscal.

Since China does not have any free trade pact (FTA) with India, policy makers feel Beijing will use other countries in South East Asia and South Asia, such as Bangladesh, with which India has FTAs.

Officials point out the Confederation of Indian Textile Industry has already brought to their notice the growing use of Chinese cloth and yarn in garments from Bangladesh.

India has not imposed any sourcing restrictions on less developed countries (LDCs), extending the duty-free, quota-free facility to all such 49 LDCs on a unilateral basis. Analysts believe China can well use the LDC route.

Besides Bangladesh, within Asia, Nepal, Afghanistan, Myanmar, Maldives and Cambodia are LDCs.

"This in itself is a matter of some concern. What we need to guard against is any attempts to sell Chinese products by mere re-packaging or minor value addition in a third country which enjoys duty free status in India," the officials said.

The Narendra Modi government has already doubled duties on some 328 textile items in a quiet move last week, making imported garments costlier.

The textile sector is India's second largest job creator after agriculture, and accounts for about one sixth of its total exports. Officials said the textile industry has been crying hoarse about the worsening terms of trade and Chinese dumping post the trade war with the US.

"We have more leeway in imposing tariff on textiles if we feel we are under pressure. It is a priority sector for India," said Biswajit Dhar, former director-general of RIS and currently professor, Centre for Economic Studies & Planning, JNU.

India imported some $21.3 billion worth of electronics last year, and this is expected to go up despite the higher tariffs to encourage local manufactures, especially telecom instrument.

The country has already increased its basic customs duty on printed circuit boards, including populated, stuffed and loaded PCBs, as well as camera modules and connectors used in mobile phones to 10 per cent from zero, seen as part of a bid to kick-start the much hyped "Make in India" campaign launched some three-and-half-year back which was supposed to entice foreign manufacturers especially electronics makers to Indian shores.

Officials warned if China starts dumping the mild tariff walls created by India may not help to stem imports.

Source: telegraphindia.com- Aug 18, 2018

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Digital signatures mandatory for textile units in India

Textile units in India have to use digital signatures for submitting Unique Identification Number (UID) applications and for making Joint Inspection Team verification (JIT) requests.

The lending agency will fill in details of term loan information in i-TUFS and upload the final sanction order with the digital signature of the authorized signatory of the lending agency.

The lending agency will also verify the application against loan documents available with them and upload the copy of the final loan sanction order and sign off the verification with the digital signature of the authorized official of the lending agency.

Technology Upgradation Fund Scheme (TUFS) is a scheme aimed at creating a modern and vibrant textile industry in India.

Under the Amended Technology Upgradation Fund Scheme (ATUFS), there is a provision for a one-time capital subsidy for eligible benchmarked machinery at the rate of 15 per cent for garmenting and technical textiles segments with a cap of Rs 30 crores and at a rate of ten per cent for weaving, processing, jute, silk and handloom segments with a cap of Rs 20 crores.

Beneficiary units and lending agencies have been asked to make the necessary arrangements so that they can apply with digital signatures, on or before August 30, 2018.

Source: fashionatingworld.com- Aug 16, 2018

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Textile duty hike to have little impact on global apparel brands

The government's doubling of import duty on textile products will have a marginal impact on global apparel brands as several of them have localised manufacturing. Earlier this month, the government had raised import duty on a gamut of textile products to protect domestic manufacturers and support the 'Make-in-India' initiative. Local manufacturing is expected to boost the demand for raw materials, including cotton, and provide a fillip to the employment sector.

"Three years ago, around 50 per cent of our goods were sourced locally," said Abhishek Ganguly, MD of Puma India. "We have ramped it up to 70 per cent and are aiming for more. It's easier to make cotton garments in India currently compared to technical clothing. In some such cases, we import the fabric and get the apparel made here."

Certain types of technical fabrics that are used in making sportswear are still being imported. Ganguly said Puma has been approached by several local manufacturers, including Arvind and Gokaldas. "They have shown an interest in developing high-end fabrics and garments that are used in sportswear but the talks are in a nascent stage," Ganguly added.

Textile giant Arvind, too, is accelerating its efforts to localise end-to-end manufacturing of garments for global fashion brands. "More than 80 per cent of products of the brands that we sell here are Made-in-India, so the impact of import duty hike is going to be marginal except for some areas," said executive director of Arvind, Kulin Lalbhai. Arvind is a supplier to companies such as Zara, H&M and Marks & Spencer.

In addition, the Ahmedabad-headquartered company plans to open plants in Gujarat, Jharkand and Andhra Pradesh in a bid to bolster its verticalisation plans and decentralise manufacturing. "China is becoming expensive in terms of labour cost. India is going to be strategic for garment manufacturing in the near future," Lalbhai added.

Source: timesofindia.com- Aug 17, 2018

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Govt forms committees to control bollworm attack

A day after a farmer from Nimboli village of Dhamangaon Railway tehsil flattened his cotton crop in three acres out of sheer desperation, the state government on Monday issued a government resolution (GR) authoring setting up of special committees in each cotton growing district to fight the pink bollworm pest marauding the state's biggest cash crop.

Mangesh Sonone of Nimboli village was so disturbed by the extent of pink bollworm attack in his field that he found uprooting the standing crop using a tractor the best option. "Let us show they can salvage the crop for others," he told TOI on Tuesday. Sonone seems to have sown quite early on June 9 and never expected such a swift attack within two months as pink bollworm normally appears and breeds on no moon (Amavasya) night.

"Farmers are now trying their best like illuminating the field with high voltage halogen lights on the Amavasya night, using pheromone traps , high potency sprays etc. But my cotton crop was beyond all that so I had to destroy it," he said. "All this increases the costs. Maybe some others will succeed in warding off the pest," said Sonone.

The agriculture department on Monday issued an order to form district-level special committees to fight the pink bollworm menace. Noting that cotton was one of the biggest cash crops of the state grown in 42 lakh hectares across Vidarbha, Marathwada and Khandesh regions, the order said the 13-member panel headed by collector in each of the cotton-growing district would coordinate the preventive measures with strict monitoring every 15 days.

Strangely, the GR acknowledged that genetically-altered Bt seeds, vastly used by farmers for good yields, had failed to curb the bollworm attack last year too. "If they knew it why did the government not ban its use and given some alternatives to farmers," asked Shrikant Deshpande, a progressive farmer from the same area who took a decision of avoiding cotton and shifting to soyabean, tur and turmeric in his 32 acre land this season..

The monitoring panel led by district collector would comprise agriculture officials, information department officers, progressive farmers, representatives of agriculture university, research bodies with thrust on spreading awareness among farmers on measures to check the pest attack.

Source: timesofindia.com- Aug 17, 2018

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India's CCI to directly buy cotton from Rajasthan farmers

Cotton will be procured directly from farmers in Rajasthan by the Cotton Corporation of India (CCI) at the minimum support price (MSP) in the next cotton season and payments made to their accounts. Rajasthan is the first cotton-growing state in north India to make direct transaction mandatory for procurement at MSP. The new cotton season starts in October.

Earlier, much of the cotton purchased by the CCI came through middlemen or aggregators in Punjab, Haryana and Rajasthan, with farmers not getting the government-set MSP.

Over 12,000 farmers have been registered in Shree Ganganagar district and process is under way in the Hanumangarh and Bhilwara districts, a top Indian daily quoted an unnamed CCI official as saying.

The Indian Government had recently raised the MSP on medium-staple fibre cotton by 28 per cent to ₹5,150 per quintal and long-staple by 26 per cent to ₹5,450.

Traders expect that the hike would help firm up prices in India compared to the last season, when those were lower compared with the global market. The CCI has started arrangements for ginning and storage of cotton for the ensuing harvesting season.

CCI estimates cotton availability for the 2017-18 season will be 416 lakh bales of 170 kg each. This includes an opening stock of 36 lakh bales.

Source: fibre2fashion.com- Aug 18, 2018

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Rapid deterioration in India's external sector

With the trade deficit for July hitting a five year high of $18 billion on the back of a $17.1 billion deficit in June, India's external sector is deteriorating fast. The bad news is that exports are not really picking up despite GST-related problems having been more or less sorted out.

The growth in non-oil exports moderated in July to 11.9% y-o-y from 13.4% y-o-y in June; overall exports rose 14.3%, but on a very weak base of 3.9% in July, 2017.

Agriculture, engineering, pharmaceuticals, textiles and leather haven't done as well as expected though overall volumes are seen to have picked up. Imports, on the other hand, jumped 29% y-o-y, led by bigger pre-festive season purchases of gold and electronics as also coal and chemicals. Monthly oil deficits are now at levels seen in 2013.

Although the currency has been depreciating—the rupee has lost some 8% since January—almost all competing currencies have lost value and several of them have fallen much more than the rupee has. To that extent, a weaker currency can't really make a big difference to exporters' ability to price their products competitively.

Even otherwise, the currency plays a much smaller role in boosting exports and it is other factors, such as poor infrastructure, very high relative wages and rigid labour laws that are the bigger obstacles. Given how global growth could slow and in its wake, global trade, there is little to suggest any big uptick, but easier trade finance from banks should help.

On the other side, a weaker rupee could rein in imports as they get costlier. Moreover, since there is no evidence of meaningful capital expenditure and the economic recovery isn't really fast-paced, imports of plant and machinery could moderate as could the demand for gold, once the demand in the festive and wedding seasons tapers off.

The big worry is how the CAD will be funded since capital flows this year are unlikely to be as strong as they were last year when the current account deficit, at $48.7 billion, was a shade under 2% of GDP.

Foreign direct investment (FDI) flows are estimated to be higher by just about 10% this year over last year's $30.3 billion. As for portfolio flows, in 2017-18, these were a reasonably strong $22 billion with most of the investments flowing into the bond market.

Between April and mid-August, foreign portfolio investors have pulled out $5.6 billion from the bond markets and $2.32 billion from the equity markets.

To be sure, the trend has reversed and money has moved into the bond market in August. Nonetheless, given interest rates are rising in the US and the risk aversion to emerging markets (EM) remains, flows could stay modest.

Against this backdrop, economists estimate the CAD for 2018-19 could come in at around 2.7% of GDP on the back of a near $200 billion merchandise deficit. Pranjul Bhandari, chief economist at HSBC, estimates the BoP reached a deficit of around $10-15 billion in Q1FY19. The basic BoP—current account plus net FDI—is also estimated to be negative.

RBI holds adequate reserves of $400 billion plus, so there is no reason to panic. But the sharp fall in the currency over the past few days—it hit a new low lifetime of 70.30 on Thursday—and the fact that RBI's inflation forecast for Q1FY20 is well above its target suggests interest rates could be raised again.

Source: financialexpress.com- Aug 17, 2018

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Exports Of Small Businesses Hit More By GST Than Note Ban: RBI's Mint Street Memo

Exports of micro, small and medium enterprises were hit more by issues related to implementation of the goods and services tax than demonetisation, according to the Mint Street Memo published by the Reserve Bank of India.

MSMEs, considered a powerful engine of the country's economic growth, are contributing around 40 percent of the overall shipments from India.

"MSME exports were affected more adversely by issues relating to the GST implementation due to a delay in refund of the upfront GST and input tax credit affecting cash-driven working capital requirements," said the report.

The report said the credit growth in the MSME sector had started decelerating even before demonetisation, and declined further during the note ban phase.

"In contrast, the GST implementation does not seem to have had any significant impact on credit. Overall, MSME credit and especially micro credit to MSMEs, including loans by banks and non-bank financial companies, showed a healthy rate of growth in the recent quarters," it said with the disclaimer that the views and opinions do not necessarily represent the views of the RBI.

During the April-June 2018 period, bank credit to MSMEs increased on average by 8.5 percent year-on-year, mirroring the level of growth during April-June 2015, with credit to micro and small enterprises growing at an even healthier rate.

The growth in credit to MSMEs has recovered since the lows of late 2017 to reach the mid-2015 level, it said.

The report said among various items of MSMEs exports, gems and jewellery, carpets, textile, leather, handlooms and handicraft items are highly labour intensive and depend heavily on cash for working capital requirements and payment towards contractual labourers.

“MSME exports showed only mild weakness after Oct. 2016 (demonetisation period) but decelerated sharply during April and Aug. 2017 (GST implementation period) with only a temporary recovery during the post-GST implementation period,” the report said.

In contrast, non-oil non MSME exports growth showed healthy growth after demonetisation but also suffered a dip during April-July 2017, it said.

Given the difficulties faced by MSMEs in debt repayments after demonetisation, the RBI announced a series of measures to provide some relief, it said.

The prudential norms were relaxed in November 2016 by granting additional time for repayment of dues for accounts with sanctioned limit of Rs 1 crore or less. This prevented the loans from becoming sub-standard assets.

Source: bloombergquint.com- Aug 17, 2018

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Centre taking steps to bring down contamination in cotton

Government to approve second phase of Technology Mission on Cotton soon

The Union Government is taking steps to bring down contamination in cotton, P. Alli Rani, Chairman and Managing Director of Cotton Corporation of India, said here on Friday.

The second phase of Technology Mission on Cotton, proposed by the Ministry of Textiles, is likely to be approved by the Government soon. When it is launched, issues such as contamination can be resolved, she said.

Ms. Rani inaugurated a two-day conference on “Indian Cotton Scenario in the Current Context 2018/2019” organised by the Indian Cotton Federation, Coimbatore (ICF), and Indian Cotton Association, Bathinda.

Suresh A. Kotak, Chairman of Kotak Commodities, highlighted the need to improve cotton yield. Only with higher productivity can the income of farmers increase, he said.

The cotton trade and industry should work together to eradicate adulteration and contamination. Textile mills should also incentivise quality cotton. “Our mission should be to create clean cotton and truthful cotton,” he said.

Quality

T. Rajkumar, Deputy Chairman of Confederation of Indian Textile Industry, urged the cotton stakeholders to give priority to quality. Data provided by the trade on cotton should be consistent.

Further, the Cotton Corporation of India should have a warehouse in Tamil Nadu as the State has the largest textile industry.

K. Vinayagam, Vice-Chairman of Southern India Mills Association, said the domestic industry should get the benefit of home grown cotton. For that the Union Government should form a price stabilisation fund. It should also increase funding for cotton research.

P. Nataraj, Vice-President of ICF and chairman of the conference, said the stakeholders of the sector should find methods to improve yield.

Lifetime Achievement Awards and Awards for Cotton Promotion and Development were given away at the conference.

Source: thehindu.com- Aug 18, 2018

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Malegaon textile park likely to be ready by March 2019

The textile park coming up on 113 hectare land at Sayane in Malegaon taluka of the district will be ready by March next year.

The work to create the basic infrastructure like road and water supply lines in the proposed park has been undertaken by the Maharashtra Industrial Development Corporation (MIDC).

At present, the MIDC is developing the second phase of the park at Sayane and local industries have urged them to start land allotment at the earliest.

Moreover, local industries have also demanded to set up a Common Effluent Treatment Plant (CETP) at the industrial estate.

In first phase, the MIDC has already developed 15 hectare of land that will house 72 industries. “All these plots have been allotted. Around 15 units have already started operations while other units are under constructions there,” an MIDC official said.

“We have already started developing infrastructure. Around 60% of the infrastructural work is over and this textile park will be ready for industries by March end next year,” a senior MIDC official said.

“Water supply, approach roads, internal roads and other infrastructural facilities that are to be developed,” he added.

Director of Malegaon textile cluster project Prakash Kankaria said there is a need for MIDC to speed up the work. “Once ready, the second phase of the park will definitely boost the industrial growth. But authorities are developing infrastructure at snail’s pace. It is already delayed by a year. We want the MIDC to at least start allotment of plots in the proposed textile park simultaneously while developing the infrastructure,” he said.

Kankaria added that the rate of land is another issue. “In the first phase, the MIDC had fixed a rate at Rs 400 per sqmt. But in the second phase, the rates are expected to be higher. There have been reports that it may be around Rs 1,000 per sqmt or more. We want the rates to be minimum and below Rs 500 per sqmt,” he added.

An MIDC official said they have already proposed CETP project with capacity of 1 million litre per day (MLD) and are awaiting nod from the head office before taking up this scheme.

Source: timesofindia.com- Aug 17, 2018

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Ahmedabad: GST relief likely for textile players

Players in the textile sector are likely to soon get relief. Well placed sources said that soon a new order, a draft copy of which is doing rounds in social media, will be passed that will allow a refund of pending tax credit of Goods and Services Tax (GST).

The pending refunds are worth thousand or crore of Rupees. An earlier order by the government provided that the pending tax credit will lapse on July 31.

The order disallowed refund of accumulated input tax credit on account of inverted duty structure (when the tax on raw material is higher than that of the final product) on about ten categories of fabrics.

It had created a hue and cry in textile sector. It was also not clear which credit will lapse? Players and tax experts made a series of representations to allow refund of tax credit and clear the air on other matters.

Sources in the know of things said that most of the questions raised by the industry are likely to be addressed in the revised notification.

A well-placed source told DNA that almost all legitimate concerns related to input services, tax on capital goods, exports and even stocks are likely to be refunded, which will be a major relief for the sector.

Naresh Sharma, president of Ahmedabad Textile Processors Association hopes that soon a notification should be out.

"We are happy that our pending tax credit will not get lapsed. This will ease the liquidity situation in the market. Textile players will benefit from it," said Sharma.

Source: dnaindia.com- Aug 18, 2018

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