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US 71.24| EUR 78.66 | GBP 88.89| JPY 0.66

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20000	41800	**74.73**

Domestic Futures Price (Ex. Warehouse Rajkot), October

Rs./Bale	Rs./Candy	USD Cent/lb
19730	41236	**73.72**

International Futures Price

NY ICE USD Cents/lb (December 2019)	60.50
ZCE Cotton: Yuan/MT (January 2020)	12,975
ZCE Cotton: USD Cents/lb	83.06
Cotlook A Index – Physical	**72.40**

Cotton Guide: The ICE futures are seen to show a sideways trend. All the ICE Futures across the board were consolidated emanating minor changes. The ICE December contract settled at 60.50 cents per pound with a high of 61.36 and low of 60.41. The ICE March contract settled at 61.22 cents per pound with a change of -64 points. Volumes have once again retrieved to their lower than average figures i.e. they are now seen at 24,941 contracts.

MCX contracts on the other hand settled positive for all the contract months. We were expecting only the October contract to show high gains but the November and December contracts also settled on higher grounds. The MCX October contract settled at 19,730 Rs per Bale with a change of +140 Rs whereas the MCX November and MCX December contract settled at 19,300 and 19,230 Rs per bale with a change of 120 Rs and 100 Rs respectively.

These higher gains can be attributed to speculative activities and news of excess rainfall in India which is presumed to have damaged crops. Some sources have estimated that India has already received an excess rainfall of 6% with 10 Days of September still remaining to go. Furthermore, the Indian Peninsula is set to receive more rainfall in the coming days.

The Cotlook Index A has been updated downwards to 72.40 cents per pound with a change of -1.30. The prices of Shankar 6 are seen firm in and around 41,800 Rs per Candy.

Fundamentally speaking, with news of reduced production figures coming in from Pakistan, there can be a slight increase in International Prices today. The Pakistan Cotton Ginners' Association (PCGA) has pegged a production reduction of around 26 percent less as compared to the yesteryear. The arrivals are also seen to have shown a tremendous decline.

Furthermore, while speaking about demand, the international mills are seen to buy cotton on a hand to mouth basis. The Demand still seems to remain at a low ebb. Markets are expected to be jittery today from 6 pm IST onwards after the release of the US Export Sale figures. On the other hand the Fed has cut interest rates by ¼ percent. We need to note that there is an inverse relationship between the Fed Rate cuts/rise and cotton prices. Therefore we can see all the commodities including cotton to show slight increase in prices.

On the technical front, ICE Cotton Dec future witnessed a phase of intermediate correction towards the support at 60.79 (38.2% Fibonacci level of the recent uptrend). Meanwhile price is still holding above the 60.60, along with the 9 DEMA (60.70), which could limit more downside in Dec futures. Earlier price has crossed the downward sloping channel and moved above the consolidation phase. At present Dec future is moving in an intermediate rising channel with positive crossover of the DEMA (5, 9) at (61.04, 60.70). Momentum indicator RSI is at 54 levels which support further bullish bias in the price, along with positive divergence with reference to price. On the upside immediate resistance exists at 62.77 (76.4% Fibonacci retracement level) and the immediate support would be 60.60, which is nearby the breakout level. So for the day price is expected to move in the range of 60.60-61.75 with sideways bias. Either side break would bring further clarity in the trend. In the domestic market MCX October future is expected to trade in the range of 19550-19950 with a sideways bias.

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

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Egypt wants to be a textile hub: invests 1,160 million to strengthen the sector

The Government of the country has launched a plan to develop its textile industry with the objective of becoming the next textile factory of the planet.

Egypt wants to become the next textile hub. The Government of the country has provided a budget of 21,000 million Egyptian pounds (1,160 million euros) for a plan to boost textile production in the country, with the aim of becoming the largest factory of fabrics on the planet.

The plan of the Government is to open four new factories and pave the ground for the installation of more. It also plans to increase aid to renovate machinery and strengthen the training of workers, according to Just Style.

This new initiative is framed within a policy drawn up in 2015 to quadruple textile exports and garments by 2025. That strategy, which was called Vision 2025, contemplated having one million employees in the industry and having attracted investment worth 17.5 billion dollars by then.

Last January, the Chinese company Ningxia Mankai began work to build an industrial city for textile and clothing production, which will cover more than three million square meters and will host nearly 600 factories. The whole project involves an investment of 9 billion dollars.

For the first phase, this project has had an investment of 2.1 billion Egyptian pounds (103.8 million euros). In May, it started operating with pilot projects and it is expected to be at full capacity at the end of 2019. Before starting, the Chinese Government had already signed the first sales contracts for the first fifty factories.

Source: themds.com- Sept 18, 2019

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South Africa: New agreement to ensure continued SA-UK trade

Trade and Industry Minister Ebrahim Patel says a new economic partnership agreement will ensure that trade between South Africa and the United Kingdom continues under the same terms in the event of a no-deal Brexit.

The Minister said this when he delivered a statement on Brexit and the impact it will have on the South African economy at the National Assembly on Tuesday.

In the event that the UK leaves the European Union on 31 October 2019, the new agreement between the UK and six SACUM countries – Lesotho, Swaziland, Namibia, Botswana and Mozambique, will govern trade between the UK and these countries.

“This is an important agreement to provide certainty and predictability for exporters.

“It will ensure that in the event of a no-deal Brexit, trade between the UK and South Africa will continue on the same terms.

“This means that South African businesses, which use South Africa as an export base to the UK can begin to plan, knowing that their preferential access will be protected,” he said.

No-deal Brexit and what it would mean to SA

Patel’s address to the National Assembly came amid fears that a no-deal Brexit would mean that South Africa would have to forfeit the benefits it enjoyed under the current trade agreement that protected several SA exports.

Following a referendum held in the UK in 2016, the UK notified the European Union of its intention to exit the trade block by 31 October this year. However, processes in the British Parliament may affect the date.

Should there be no agreement on the terms of the departure, it will be in the form of a no-deal exit.

Patel told MPs on Tuesday that this would have a material impact on the six SACUM countries that trade with the UK under the terms of the existing SADC-EU economic partnership agreement.

All trade will then fall under standard World Trade Organisation rules, meaning that the normal import tariffs would apply and many of SA's products will lose duty-free status.

"For SA and indeed for the SACUM countries, reverting to trade on WTO terms would incur significant costs.

"In March this year, the UK published an interim tariff regime in the event of it leaving the EU customs union and in the absence of a replacement to the SADC-EU EPA. If this were to occur, South Africa would lose preferential access to the UK market on 114 products, affecting exports of around R7 billion.

"This affects among others, vehicles, auto components, wine, textiles and clothing, sugar, fish and machinery. In some cases, this may lead to a loss of exports completely, which would be significant for a number of provinces," he said.

He also said that in addition to this, UK exports to SACUM countries would be subject to higher tariffs, which may also increase the costs of these products in SA, and if they are input costs into SA-made products, it will hurt local industries.

There would also be potential loss of trade for SACUM neighbours: for Botswana the costs would be in beef exports; Eswatini in sugar exports; Namibia in fish, fruit and beef exports.

Why UK is SA's important trade partner

The UK is one of South Africa's most important trading relationships and in 2018 bilateral trade between SA and UK was worth R142 billion.

It is estimated that SA's exports to the UK supports 56 500 direct jobs and a further 117 500 indirect jobs, bringing the total number of jobs supported by exports to the UK to nearly 175 000.

SA's exports to the UK support jobs in platinum mines in North West and Limpopo; citrus industries in Eastern Cape, Western Cape, Limpopo and Mpumalanga.

It also supports SA's wine, grape, apple and berry industries. It supports the automotive industries in Eastern Cape, KwaZulu-Natal and Gauteng. It supports the beneficiation of platinum, through the sale of about R1.4 billion worth of catalytic converters used in British-assembled cars. Across the country, trade with the UK supports industry and jobs.

Patel said the new agreement, once approved by Cabinet, will be submitted to the National Assembly for ratification.

He said the new agreement will bring back certainty to local investors.

"It means that those investors who held back on capital-commitments or managers who pressed the pause button on new orders, until they have certainty, can begin to invest and to produce again.

"And it means that the thousands of workers from across this country, whose jobs are supported by trade with UK, can feel confident that this government is working for them."

Source: 7thspace.com- Sept 18, 2019

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Vietnamese garment companies seek opportunities in Russia

A delegation of Vietnamese garment companies is showcasing their products at the textile trade fair Textillegprom 2019 in Moscow as part of a visit to survey the garment market of Russia from September 17-25.

The trade fair opened on September 17 with the participation of over 2,000 companies in a 25,000 square metre exhibition space.

The Vietnamese delegation consists of eight companies, displaying a wide variety of products such as coats, jeans, pyjamas and children's clothes.

Most of the Vietnamese garment companies attending the event have already exported their products to Russia and are continuing to look for new partners.

Garment 10 Company, for example, is shipping about 350,000 items to Russia through its partner Henderson each year and wishes to seek new partners at this trade fair, said Hoang Huong Giang, a company representative.

According to Duong Hoang Minh, Chief of the Vietnamese trade mission in Russia, since the trade pact between Vietnam and the Eurasian Economic Union, of which Russia is a key member, took effect in 2016, Vietnam's exports to Russia have recorded positive growth, with garment exports up 7% year-on-year to US$180 million in 2018.

Garment exports in the first seven months of 2019 reached US$154.2 million, up more than 60%.

However, Vietnam's garment exports to Russia currently account for less than 3% of Russia's total garment imports.

Therefore, Vietnamese garment companies need to step up their promotion activities in order to increase their exports to the Russian market, said Minh.

Source: en.nhandan.org.vn- Sept 18, 2019

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Mexico's proposed budget to bolster USMCA

Free trade between the U.S., Mexico and Canada has fueled the three economies to the tune of trillions of dollars and millions of jobs since the North American Free Trade Agreement (NAFTA) was ratified in 1994.

It has resulted in intricate supply chains, increased investment, and prompted more tourism across borders. Now, a new updated free trade deal for the modern digital age is waiting on the U.S. Congress that just returned from its summer break.

The new agreement to replace the dated NAFTA – the United States-Mexico-Canada Agreement (USMCA) – is designed to secure free trade and update it for the digital age.

For Mexico, the deal is needed to stabilize the country's economy, trade experts said.

"This deal is incredibly important to Mexico," said Jonas Gamso, an assistant professor of international trade and global studies at Arizona State University's Thunderbird School of Global Management. "The U.S. market is huge for Mexico, in the neighborhood of 75 percent of Mexico's exports go to the U.S."

If there was any doubt that Mexico's new president Andrés Manuel López Obrador, popularly known as AMLO, was going to shy away from trade after his election, it has all but been erased, Gamso said.

"He seems to be all in on it because it is so important to Mexico's economic well being," he said.

Mexican budget proposal to secure trade pact

Mexico has stepped up repeatedly to appease the U.S., particularly Democrats in Congress, who have stalled on voting on the USMCA as they haggle over whether Mexico will honor labor and environmental reforms in the framework.

This month, Mexico introduced a proposed 6.05-trillion-peso (US $310 billion) budget for 2020 that promises to cement its commitment.

It highlights increased spending on security that likely will include clamping down further on illegal migration north to America, a vow AMLO made and has followed through with to prevent new tariffs being imposed by President Donald Trump, Gamso said.

Since AMLO beefed up security forces in June, illegal migration has dropped 56 percent, Mexico Foreign Minister Marcelo Ebrard announced this month.

The new budget package also emphasizes spending for social services, AMLO's campaign promise to citizens. Some of that funding likely will be targeted to enforce labor reforms in the USMCA that allow workers to unionize.

Robert Grosse, director for Latin America at Thunderbird, said there is no significant reason for AMLO to step back from that promise. Though new requirements in the USMCA to increase wages for auto workers along the border could cause some strife during the budget process.

“AMLO is not likely to take on an industry that he might view as one of his bases for being elected in the first place,” Grosse said. “He certainly wouldn’t find opposition from assembly workers in the auto industry but it might turn out that that means that car companies and Mexican companies that use them would hire fewer people at higher cost. That’s the risk, the two sides of the coin.”

The biggest threat: politics

Mexico was the first country to ratify the USMCA. Canada has moved to ratify the deal as well. Every step forward by Mexico and Canada means another Democrat may jump on the bandwagon for ratification, Gamso said.

There appears to be no reason for delay except politics, trade experts said.

“The challenge is that the Democrats may oppose whatever President Trump does,” Grosse said.

White House trade officials and leading Republicans have stated that the “votes are there” to get the deal sealed.

On Tuesday, top Democrat Nancy Pelosi said she and her colleagues still have concerns.

“But we hope that we’re on a path to “yes.” The most important issue outstanding is enforceability,” Pelosi said in an interview on national television on CNBC.

The longer the wait, the more likely it won’t happen before the election, Gamso said. Democrats will not want to give Trump a victory that close to the election.

Arizona needs this deal

For Arizona, the deal is critical. Mexico is the state's largest trading partner.

"America and Arizona's businesses are beyond ready to ratify the USMCA," Gov. Doug Ducey said at a U.S. Chamber of Commerce press conference in Washington Monday. "There's 44 other American states that enjoy either number one or two trading relationship[s] with Mexico and Canada. So with the USMCA our country has a once in a generation opportunity to take our North American trade relationships to an entirely new level."

As Congress drags its feet, there's no denying, an update is sorely needed, trade experts said.

Modern trade deal for a digital age

USMCA adds protections for digital trade and intellectual property, issues that did not exist 25 years ago when NAFTA took hold. More importantly, sealing the deal would bring certainty to one of the most powerful trading blocs in the world.

"The reason that NAFTA is so important to Mexico and the U.S. is because it demonstrates that Mexico rules are credible and that has enticed American industry to set up assembly of their cars and computers, and airplane parts, and textiles and clothing in Mexico because they trust that the rules aren't going to change," Grosse said.

Source: chamberbusinessnews.com- Sept 18, 2019

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Vietnam: Made In Vietnam: Draft Regulations On Rules Of Origin

Vietnam's Ministry of Industry and Trade (MOIT) recently released draft regulation – Decree No. 31/2018/ ND-CP – on labeling criteria for domestically consumed goods. The draft and subsequent media reports have caused many in Vietnam's foreign investment community to question how the regulation will impact their business.

In particular, many importers who manufacture in Vietnam and export to other countries are concerned about how the new regulation will impact their business operations. However, the new regulation will only affect goods produced for the Vietnamese market.

The Nikkei Asian Review reported that the draft regulations specify that goods must have a localization ratio of at least 30 percent to be designated as Vietnamese made.

This will primarily impact companies that produce a product in multiple countries for sale in the Vietnamese market. These companies must now source 30 percent of their value of input locally to be recognized as Vietnamese in origin and apply the appropriate Harmonized Commodity (HS) code to qualify.

Which products are affected by the draft regulation?
Dezan Shira & Associates Business Intelligence Manager Maxfield Brown has advised many foreign-invested manufacturers on rules of origin in Vietnam and more recently on the Decree No. 31/2018/ ND-CP draft regulation. Brown summarizes the scope of the regulation as follows:

- Production inputs imports from China are not impacted as these goods are subject to rules under the ASEAN – China Free Trade Agreement;
- Finished products exports to the US are not impacted as these goods are subject to US customs regulations;
- Goods manufactured in Vietnam and sold in Vietnam will be impacted by the 30 percent local sourcing requirement.

If the regulations comes into effect, the 30 percent input requirement will not be a problem for labor-intensive industries, such as textiles and garments, which are able to source locally.

However, industries that use less labor and source a significant amount of raw material from abroad may have a re-think of their business plans.

It is also important to note that the regulation affects goods produced for the Vietnamese market and not applicable for exports to international markets that are dictated by specific free trade and bilateral agreements.
Why is there a new focus on Made in Vietnam?

The new draft regulations follow a government investigation into Vietnamese electronics manufacturer Asanzo, which was reported to be importing Chinese products and selling them as Asanzo- or Vietnam-made. Reports stated that Asanzo would only assemble electronic products – such as televisions – at its factory using most or all components from China.

However, on closer look, Asanzo may not have done anything wrong.

Vietnam lacks clear regulations on the labeling of goods as made in Vietnam. Decree 43 tells a manufacturer how to label products in Vietnam and import products, but the regulation does not stipulate the criteria that products must meet to be labeled as made in Vietnam.

Further current regulations do not specify the percentage of locally made content to qualify as made in Vietnam. Due to such vague regulations, manufacturers often have to decide whether to label goods as made in Vietnam or not.

Current regulations state that the origin of goods is defined as the country where the goods are wholly produced or where substantial processing is done in case there are several countries involved in producing the certain product. Manufacturers can use domestic law or bilateral agreements to determine labeling requirements.

For example, in Asanzo's case, products that do not originate from Vietnam cannot be labeled as Vietnamese made under the ASEAN-China FTA. However, as per World Trade Organization (WTO) regulations effective for both Vietnam and China, Asanzo did nothing wrong, as the last stage of production took place in Vietnam, while inputs were sourced from China.

Vietnam Law Magazine reported that Au Anh Tuan, Head of the Customs Control at the General Department of Customs, said, "we have adopted the rules of origin applicable to exports, but none for goods sold in the domestic market."

The draft regulation is currently open to the public for comment.

Some media reports have speculated that the draft is partly a response to US pressure for scrutiny of Chinese products in Vietnam. However, this new regulation does not take aim at companies that may be seeking to evade US tariffs on China.

Ultimately, the Vietnamese government wants to protect the consumer's interests. The draft regulation will help clarify what products qualify as made in Vietnam.

One way it could do this is by using Apple's example of imprinting the back of its iPhones with "Designed by Apple in California, Assembled in China." This gives the consumer a clearer picture of where the product is coming from.

Source: mondaq.com. - Sept 18, 2019

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RCEP must move forward, with or without India

As the international trading system grows increasingly strained under the escalating US–China trade dispute and the paralysis of WTO reform, many have eagerly called for the conclusion of the Regional Comprehensive Economic Partnership (RCEP) by the end of 2019. The ASEAN-led initiative is a mega regional free trade agreement (FTA) that was first launched in November 2012 and to date has seen 27 rounds of negotiations.

India’s hesitance to comply with RCEP’s tariff requirements is currently stalling the negotiations. RCEP proposes that 92 per cent of India’s traded items must have zero tariffs by the end of a 15-year period. But ASEAN countries are keen to have India as part of the partnership and made India a concessional offer in November 2018 to open up about 83 per cent of its tariff lines instead.

The main point of contention for India is the presence of China, with which it has a massive US$60 billion trade deficit. India is concerned that greater market access for China will bring harm to its key manufacturing sectors like steel and textiles. India is also worried about giving greater market access to other non-FTA partners like Australia and New Zealand.

Following the 7th RCEP Ministerial Meeting in Bangkok on 8 September 2019, RCEP members have agreed that talks should be wrapped up and that the results of the negotiations should be announced in November. Therefore, the signatories have asked India to make up its mind on whether it still wants to remain in the group.

But India is adamant to protect its domestic industries and on 11 September 2019, the Commerce and Industry Minister Piyush Goyal invited representatives of the RCEP countries to continue the discussions in a bid to push for a better deal for India.

This is despite the fact that since May 2019, China has started pushing for a free trade pact within the ASEAN+3 (China, Japan and South Korea) that excludes India, Australia and New Zealand. This move was potentially to pressure Australia and New Zealand into encouraging India to be more flexible in the RCEP negotiations, as Australia and New Zealand would not want to be excluded from the final deal.

To analyse the effect of concluding RCEP without India, recent research has simulated the effect of the RCEP tariff concessions (it must be acknowledged that the computations in this piece are tied to a conventional Global Trade Analysis Project model which, like any model, has limitations). India is better off joining RCEP as it will face a marginal fall in real GDP growth if it does not join, while it stands to gain at least 0.06 percentage points of growth in 2020 if it does. While the results do not show how the other RCEP countries would be affected if India does not join RCEP, the deal would undoubtedly be more strategically significant if it contained three of the world's largest economies — China, Japan and India.

Though India fears cheaper imports flooding its market, some key industries have much to gain from lower tariffs under RCEP. India's textile and garment factories will weather some of the competition from Vietnam and China and register positive growth. The biggest winners will be electronics and competitive areas of manufacturing and agriculture, followed by steel and oil and gas. India is well positioned to increase its share of the soybean export market in particular, as it is currently the 10th largest exporter in the world.

India will also gain in pushing RCEP countries to liberalise service sectors to the benefit of skilled professionals seeking gainful employment. So far, RCEP member countries have only agreed in principle and have not made any concessional offers. To make further progress on this front, India first needs to commit to RCEP. Simulation results also show that India's trade deficit will become a surplus in due course if India manages to convince RCEP members to liberalise IT services.

India stands to gain from RCEP. But first it needs to acknowledge that opening its economy to international competition will deepen the engagement of its labour-using manufacturing sector and improve its productivity in the long run. India should swallow the bitter pill of 'pain now, gain later' as RCEP provides the platform for it to lock in domestic reform priorities for more sustainable long-term growth.

Besides, India cannot afford to retract from RCEP as economic integration with East Asia is its natural path to global economic integration. Asia is not only the largest and most rapidly growing centre of global economic activity, it also plays a major role in global value chains. Now that the Indian elections are over, all eyes are on India and how it will engage with RCEP in its concluding stages.

If India stalls progress in the negotiations, the delayed launch of RCEP will mean giving up real GDP gains that compound over time. This represents a permanent loss. Simulations using a moderate discount factor of 5 per cent show that there will be an unrecoverable loss of US$17.7 billion for the world. RCEP members stand to lose US$19.6 billion if RCEP is launched a year later in 2020.

The conclusion of RCEP will also support the rules-based order as it reflects the commitment and political will of the 16 economies in this trade agreement to willingly work together to agreed rules and norms. As the RCEP covers almost half the world's population and more than a third of world GDP, this is not only a very positive move in trade liberalisation, it is also a strong signal for the continuation of the rules-based order amidst the US–China trade war.

There is too much at stake if RCEP does not move forward, with or without India. The conclusion of RCEP will serve as an instrument for ASEAN to gain regional influence, with the body seen as having successfully maintained its centrality in driving regional integration in the Asia Pacific. Further stalling in negotiations will weaken ASEAN and undermine the bloc's ambitions to become a regional strategic force.

Source: eastasiaforum.org- Sept 17, 2019

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Uzbekistan plans US$2 bn textile exports in 2019

Uzbekistan government is eyeing garment and textile export growth to US$2 billion a year by 2019 under a new plan. The government is planning to reprocess all-cotton yarn produced in the country domestically by 2025 and hike export of textile items, according to Uzbek Textile Industry Association Chairman Ilhom Haydarov.

Haydarov has signed a decree titled 'On measures to further deepen reforms and expand the export potential of the textile and garment knitwear industry' aimed at boosting production of raw materials and increasing export volumes of garments.

The decree sets the government a three-month deadline in which it must develop and approve a five-year plan for Uzbekistan to reprocess all of its cotton drastically and increase the export volumes of textile products to US$7 billion. Under the plan, Uzbek textile and garment companies that export at least 80% of their products will be provided with state report.

It is also expected to include measures for exhibiting at global trade fairs and outlining garments with the EU, Turkey, China and other countries on simplifying custom payments and customs fees for national textile products.

Traditionally, cotton is Uzbekistan's most important cash crop but the country has been taking steps recently to develop its textile industry to produce value-added products.

According to citing data from the National Statistical Committee at Uzbekistan, the annual export of textiles reached US$ 1.6 billion in 2018 up by 41.4% on a year earlier.

Regarding cotton, Uzbekistan government is currently working with international stakeholders to steps to eradicate forced labor in its cotton fields.

However, despite setting a roadmap for reform in May, the most recent cotton harvest forced labor continues to be an issue.

Source: textiletoday.com.bd- Sept 18, 2019

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Pakistan: Cotton arrival in local markets decreases 26.41pc

Owing to lower pricing trend in domestic market, cotton arrival in the start of the current season had witnessed sluggish trend, going down by 0.365 million bales as compared the arrival of the corresponding period of last year.

According to the latest data released by the Pakistan Cotton Ginner's Association (PCGA), by September 15, 2019, the cotton arrival in the local markets decreased by 26.41 percent as about 1,852,408 cotton bales arrived against the arrival of 2,517,345 bales of same period of last year.

The slow crop arrival in the local markets was mainly attributed to the low pricing trend in the markets, coupled with delay in the announcement of the minimum support prices for the crop by the government.

The cotton arrival from Punjab also decreased by 38.95 percent as about 598,314 cotton bales arrived in the market from Punjab as against arrival of 980,139 bales of the same period of last year, it added.

Meanwhile, crop arrival from the Sindh Province including Balochistan also remained on the down track as it decreased by 18.42 percent and was recorded at 1,254,095 bales against 1,537,208 cotton bales of the period under review, the data reveled.

Out of the total arrived cotton, about 1,669,718 bales were pressed against the pressing of 2,039,037 bales of last year, whereas 1,584,337 bales were sold against 1,939,501 bales sold during same period of last year.

The unsold cotton bales were recorded at 85,381 against the last year's unsold of 99,538 bales.

Commenting on the slow cotton arrival in the domestic market, Ministry of National Food Security and Research Cotton Commissioner in the Dr Khalid Abdullah said that delay in cotton support price was the main factor in decrease of commodity prices in local markets.

He said that due to decreasing price trend in the local markets, the farmers were discouraged to cultivate the crop and area under crop cultivation had decreased during current sowing season.

However, he said that as soon as the government announces minimum indicative price of the commodity, it would help in stabilisation of cotton prices in the local markets.

Dr Khalid further said that cotton crop output during current season was expected to reach 12 million bales as against the set targets of 12.72 million bales.

The cotton sowing target for the current crop season (2019-20) was fixed at 2.78 million hectares, Punjab and Sindh had the main covered areas with crop.

Source: nation.com.pk- Sept 19, 2019

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NATIONAL NEWS

Boosting exports: Standards matter more than schemes

Finance minister Nirmala Sitharaman's announcement of a slew of measures to boost exports has come at a time when the sector seems to have lost its way. Since the beginning of the decade, exports have grown at an annual average of just 4%, which includes a slump of over 15% in 2015-16. The recovery, since then, has been patchy, and in the previous fiscal, exports grew by an unsatisfactory 8%.

In the first five months of the current fiscal, exports have declined by nearly 2% on a year-on-year basis. With the prospects of the global economy looking gloomy, Indian exporters may face serious headwinds going forward.

The finance minister's announcement, thus, holds out some hope for the struggling export business. The measures are aimed at partly reworking the export incentives regime, introducing export facilitation measures, and providing a roadmap to address the critical issue of conformity of product and process standards in international markets.

India's export incentives regime came into focus after India was barred from using them by the Agreement on Subsidies and Countervailing Measures (ASCM) of the World Trade Organisation (WTO), after the country's per capita GNP exceeded $1,000. India continued to use its subsides, like the Merchandise Exports from India Scheme (MEIS), arguing that the ASCM allowed a transition period of eight years to developing countries to remove export subsidies. However, the United States has challenged India's arguments regarding the use of these export incentives before a WTO dispute settlement panel.

The finance minister has announced a new export incentives scheme, Remission of Duties or Taxes on Export Product (RoDTEP), which will replace MEIS.

The announcement says that the scheme will "more than adequately incentivise exporters than existing schemes put together". The minister has also indicated that the revenue foregone for implementing RoDTEP would be Rs 50,000 crore.

Whether this new scheme will be consistent with the provisions of the ASCM is a moot point. This is because the definition of subsidies that WTO members are not allowed to use, the so-called "prohibited subsidies", are subsides that are "contingent, in law or in fact, whether solely or as one of several other conditions, upon export performance".

An example of such "prohibitive subsidies" given in the ASCM is "exemption or remission, in respect of the production and distribution of exported products, of indirect taxes in excess of those levied in respect of the production and distribution of like products when sold for domestic consumption". The provision becomes effective if a product receives incentives when it is exported, and doesn't when it is marketed in the domestic market; in other words, exported products are preferred over domestically marketed products for the grant of incentives. Thus, RoDTEP can also be challenged in the dispute settlement body of the WTO, as MEIS has been.

There are similar concerns about the Interest Equalisation Scheme (IES) on pre- and post- shipment rupee export credit, providing interest equalisation at 3% to exporters on 416 products, and for all micro, small and medium enterprise (MSME) exporters. The Export Promotion Council of India (EEPC) had given a useful suggestion that IES should be made available to the entire MSME sector, so that the export linkage of the scheme is done away with, thus making it compatible with the provisions of the ASCM.

However, the good news for India is that WTO will be unable to force India to comply with its commitments, should the dispute settlement panel in the on-going dispute with the United States rule that India is in violation of the ASCM by granting export incentives. This is because the Appellate Body of WTO's dispute settlement body, which enforces the decisions on WTO members, will become dysfunctional from December 11, 2019.

While the government could safely provide export incentives without the encumbrances of the WTO for the reasons stated above, there is a need for an in-depth assessment as to whether export promotion schemes are justified. This is needed for two reasons: One, export incentives have been in place for a very long time, but India's export performance has remained an area of concern. Two, the revenues of the central government are under considerable stress, and, therefore, the benefits of the revenue foregone on export incentives need greater scrutiny now.

Improving performance of the ports for reducing transactions cost has been on the agenda of successive governments for at least two decades. The critical aspect, here, is investments for port modernisation, including the timely implementation of the Sagarmala project. By doing so, export business would get the intended boost.

The finance minister's announcement has possibly flagged the most critical area for exports, namely, compliance with standards. Market access barriers have shifted from the conventional instrument of tariffs to standards compliance, and this has hurt Indian exporters. The inability of domestic producers to meet the exacting standards in international markets is a well-established fact.

The finance minister has proposed a roadmap for the adoption and enforcement of standards, which seems to be the way forward. It may, however, be pointed out that the issue of standards has been discussed by the Department of Commerce on several occasions in the past. The critical issue now is to examine the non-implementation of past recommendations, in particular, the institutional and other bottlenecks.

Standards must be enforced in every sector, and, therefore, the finance minister's focus on only the engineering sector is somewhat inadequate. This appears more so because exports of agricultural, and agro-processed products are among the worst performing in terms of standards compliance.

Late last year, the government announced the Agriculture Export Policy, in which it was admitted the country was unable to export its vast horticultural produce due to lack of uniformity in quality and standardisation, among others reasons.

The potential that India has in improving its exports of agricultural products has long been recognised. Critical support from the government will help realise this potential.

Source: financialexpress.com - Sept 19, 2019

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Factory investment fell in GST implementation year

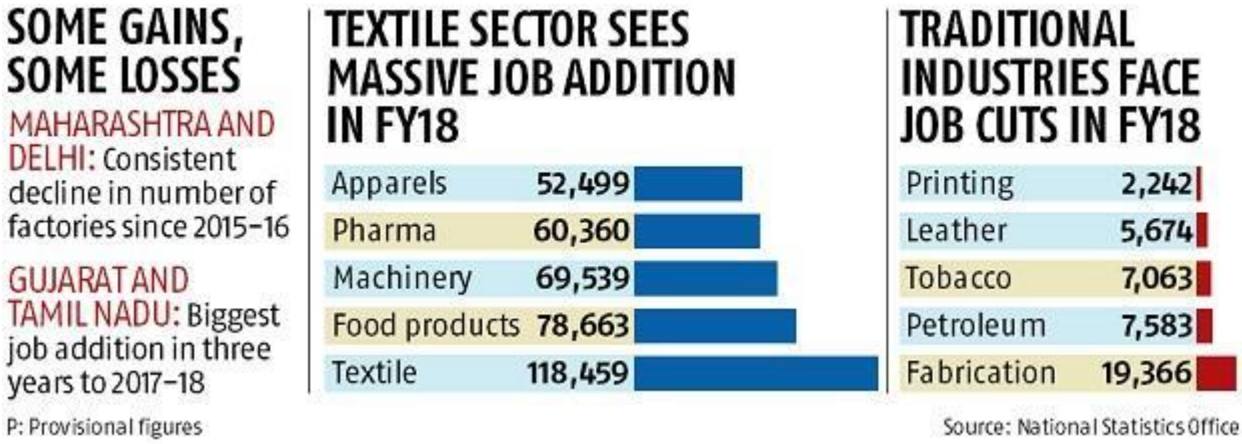
Employment and wages rise in factories, but key sectors lose jobs

In the year when the goods and services tax (GST) was implemented, investment in the country's factories fell to 22.4 per cent of the gross value added (GVA) by them, down from 27 per cent in 2016-17. Only once in the past 30 years has gross fixed capital formation fallen below this level, shows latest data from the Annual Survey of Industries (ASI).

In nominal terms, factory investments, represented by gross fixed capital formation, contracted 10.3 per cent over 2016-17, showing their worst performance since 2002-03.

However, the share of wages paid to workers inched up to 13.1 per cent of GVA in 2017-18, from 12.7 per cent a year before. It followed the trend observed since 2009-10, when the share of wages in GVA was as low as 9 per cent.

Similarly, employment in factories rose 4.5-5 per cent, with the growth rate rising marginally every year since 2014-15.

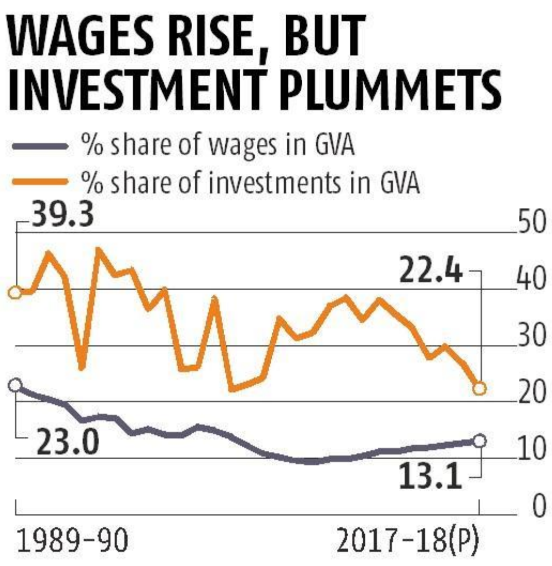


Put together, this shows that in the year immediately after the government's demonetisation exercise, even as factories in the organised sector witnessed job growth and wage rise consistent with previous years, their ability to channel funds in productive capital was severely dented in 2017-18, experts said.

The ASI covers establishments (factories) which employ 10 or more workers with power or 20 or more without power.

"This data shows that demonetisation and GST had a sustained impact on macro parameters. Every indicator is now pointing to a contraction in investment demand in the period after the two disruptions," N R Bhanumurthy, professor of economics at the National Institute of Public Finance and Policy, said.

He added that the rise in the share of wages in factory GVA indicated that there was no slowdown in consumption demand in 2017-18.



Former chief statistician of India Pronab Sen said this trend in investments was already visible in the national accounts for 2017-18.

"The fall in investment rate is not surprising. But putting it together with rising share of wages in GVA, it shows that the focus is more on productivity, rather than adding new capacity," he said.

Outstanding loans too contracted in 2017-18, by two per cent. But this fall in loans was milder than that witnessed in 2014-15, when factory loans had contracted 5.7 per cent.

Factories seem to have channelised most of the funds towards inputs, as the value of materials consumed as inputs rose 15.3 per cent in 2017-18, fastest since 2011-12.

Looking at wages, the average wage per worker grew 6 per cent in 2017-18, the lowest growth (nominal) since 2005-06. After factoring in inflation, real growth in wages was merely 2.9 per cent.

In terms of value addition across various economic sectors, share of emoluments (wages plus compensation to supervisors and managers) grew across almost all sectors.

Source: business-standard.com- Sept 19, 2019

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National interest priority; can't stay isolated in world trade, says Piyush Goyal

Decisions on better credit flow and a promise to speed up consignments will see exports and the economy pick up steam in the coming months, commerce and industry minister Piyush Goyal tells TOI's Sidhartha and Rajeev Deshpande. He says India can be part of the Regional Comprehensive Economic Partnership if there are adequate safeguards. Excerpts from the interview:

The fall in imports during the last three months is seen to be symptomatic of weak demand in the economy. Exports too were down during two of the last three months. What is your analysis?

We have to focus on addressing concerns of the international trading sector and that is exactly what the Prime Minister, the finance minister and all of us have been working towards. The finance minister announced a series of measures. The problem of credit will be addressed significantly. Credit flow to exports fell by 22% in the last few months and was a cause for lower traction for exports. These and other steps like faster turnaround time, improving logistics, easier certificate of origin issuance and engaging the world to expand our footprint through more FTAs and a more open architecture of the international trade will help.

Is it time to reassess our export basket given that India is not as competitive on the wage front in sectors such as textiles?

We are still competitive on the wage front. Our workers have special skills, we can be competitive on the wage front though we may not always be competitive in every industry. We should look at expanding our basket, sometimes reorienting our basket, look at import substitution products, and look at how we can engage with the global value chains. We should look at larger amounts of free trade like several countries did and have benefited hugely from it. We should move to large-scale manufacturing in India. We will soon come out with a very proactive industrial policy and we are working to see how the trade policy should be unique this year.

The recent sharp slowing down of growth has led to commentary around serious problems with the economy, and former Prime Minister Manmohan Singh has predicted a long period of recession.

It’s a similar situation across the world and in comparable economies. There are uncertainties that have caused this, the trade war, world growth is slowing down, many countries are grappling with serious issues among themselves. These would have had an impact but the challenge before us is how we can overcome this faster. In the next few days, we are going to seriously engage with countries to see if they can relocate to India and facilitate their entry. We have almost 20,000 acre land around eight industrial towns that have come up, I will quickly come out with attractive policies on this.

Currency was a major factor for Japan and China. In India, many believe a strong currency is good. What are your thoughts on the issue given that many see rupee as over-valued?

There is talk that the rupee is 18% over-valued and it affects our exports. There are two schools of thought. One believes that if we let our currency depreciate, our exports become competitive, imports become expensive. I was an exporter many years ago and I recall buyers also followed the Indian currency and every time it depreciated, they forced us to reduce our price while (imported) input costs went up... I found myself worse off. At the macro-level, we still have a trade deficit. So, how can a country with massive trade deficit benefit from a depreciating rupee is difficult for me as a common man to understand. It may be applicable to certain sectors but it’s not a panacea for all the problems.

Are we closing the gap with the US on outstanding trade issues?

The dialogue always continues. With an open spirit of accommodation, we are engaged with the US given our deep friendship. We will wait for Prime Minister Narendra Modi and President Trump to meet next week before we can respond more concretely. I am optimistic.

One of the big worries in RCEP negotiations is the entry of China in a big way in the Indian market.

I am not sure it’s a worry. You cannot remain in an isolated state. Protecting national interest and the interest of our industry is our job. That is the paramount foundation on which any negotiation takes place. Not negotiating, only worrying and not trying to find solution, only looking at the dark and negative side, the glass half empty rather than the possibilities is not good. We are not ones to shy away from accepting bold challenges.

How do you propose to deal with a possible import surge from China?

Obviously, I must be concerned about it and am trying to find the solutions. Unless I get adequate solutions and safeguards, obviously there is no deal.

What are the big concerns from your point of view given that you have just returned from a ministerial meeting on RCEP?

I must confess, 114 days ago, I started as a naysayer. I had the same worries but as I went into the granular details and studied India's engagement in the past, India's weaknesses in earlier FTAs and the lost opportunities of the last 20 years and saw the opportunities and what should be done going forward, I feel an empowered India is set for a very strong rebound. RCEP is one agreement which opens up huge global footprint for us — it accounts for 47% of the global population and almost 40% of global trade. I can choose to be scared of it or I can choose to look at it as a great opportunity. I think the opportunities will be huge and we can leverage our advantages and competitive strengths.

Source: timesofindia.com- Sept 19, 2019

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India could be a winner in the US-China trade war

India could benefit from the fallout in the U.S.-China trade war, experts told CNBC — but much-needed reforms on land and labor could prove to be a challenge for companies trying to do business there.

Trade tensions between Washington and Beijing have caused some manufacturers to shift production out of China, to avoid higher tariffs.

As a result, Southeast Asian nations, such as Vietnam, have often been cited as winners in the trade shifts. India could be a beneficiary too.

"India could increase its trade footprint in (the) midst of the US-China trade conflict, particularly under categories on which US has imposed tariffs on

China," Radhika Rao, an economist at Singapore bank DBS Group, wrote in an August report.

"Apart from trade, diversion in investment flows is an opportunity that India could benefit from, as manufacturers seek alternative origination destinations," Rao added, implying it could attract foreign investments into the country.

India's share of the global export market is relatively small.

Even though Germany's population is nearly 16 times smaller than India's, German exports made up 8.17% of the world's total trade flows in 2017. Comparatively, Indian exports accounted for only 1.68% of world trade that year.

Winning sectors

The top three sectors in India that could benefit from the trade war are: pharmaceutical, chemicals and engineering, Rao told CNBC in an email.

India is already competitive in these industries globally and will likely be well-placed to meet further demand in these areas, she noted.

The South Asian nation’s pharmaceutical industry supplies over half the world’s vaccine demand, and 25% of medicines in the United Kingdom, according to a July 2019 report from the India Brand Equity Foundation (IBEF).

On the engineering side, India was the world’s 12th largest producer of machine tools in 2017, a separate IBEF report said. The country also exports more than 60% of its engineering goods to the U.S. and Europe.

The manufacturing sector may benefit too — particularly the textiles, footwear and electronics sectors, said Rajiv Biswas, Asia Pacific chief economist at IHS Markit, in an email.

That’s because exports from the U.S. and China will become more expensive as the tariffs kick in, and some manufacturers may move production to other Asian countries — including India.

“India may be able to benefit from this trend over the medium term, with global manufacturers increasingly focused on the rapidly growing Indian domestic consumer market,” Biswas said.

For instance, Taiwan’s Foxconn — the largest electronics contract manufacturer in the world, which assembles Apple products — moved production into India from China this year. This was to “diversify their manufacturing supply chain away from excessive reliance on Chinese production,” said Biswas.

The Indian economy could benefit by $11 billion from these trade shifts, Rao wrote in the report, citing estimates by the United Nations Conference on Trade and Development.

Challenges for businesses

Businesses in India face two key challenges: land laws and labor regulations.

Land laws are the “biggest hurdle” for manufacturing and infrastructure development, said Societe Generale economist Kunal Kundu in a note to CNBC.

Current land laws make it difficult for the private sector to obtain space for manufacturing units, he said.

That’s because land ownership is fragmented across several states, and companies need extended periods of time to obtain land, or bypass legal issues that may crop up.

Another problem is that labor laws in India are “extremely complex,” noted Kundu. They comprise about 40 acts and companies are required to adhere strictly to all of them. This makes it difficult for manufacturers.

Land and labor reforms are two of the “most important factors of production” needed, according to Kundu.

Hence, he recommended, a national employment policy should be formulated — particularly one that allows manufacturers to make labor redundant during business down cycles.

Attracting investors

The lack of proper infrastructure could also be a problem, Nomura economist Sonal Varma told CNBC.

That includes connecting manufacturing plants to proper roads and ports, as well as ensuring that power is available.

The government has been seeking to improve some of these policies, but it will be some time before they can be fully realized. It is also trying to boost infrastructure and foreign investment in India through a multi-billion dollar budget.

Recent policy reforms in August were seen as a step forward for investment. For instance, the government approved 100% foreign investment in coal mining, and eased rules in contract manufacturing and retail.

"India needs to move fast, through innovative policies and clear focus on infrastructure development ... But (a) lot more remains to be done and done urgently," Kundu said.

More changes to existing laws are needed before India can reap the full benefits of these investments to boost the economy.

As India is a big country, a lot of laws are controlled by the state government — not by the central government, Varma said. "The changes need to be not just ... top down from the central government, but also bottom up from different state governments."

Source: cnbc.com – Sept 19, 2019

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Government notifies changes to FDI in single-brand retail

The government on Wednesday formally notified the amendments to the foreign direct investment (FDI) policy in single-brand retail.

Last month, the Cabinet had relaxed key aspects of the 30% local sourcing rules applicable to single-brand retail entities where FDI is over 51%.

In a boost to foreign behemoths such as Apple, IKEA and H&M, single-brand retail entities can now adjust their entire procurement of goods from India for their global operations against their mandatory 30% local sourcing requirements.

Even sourcing for global operations done through group companies (resident or non-resident) or indirectly via third parties such as contract manufacturers will be counted towards domestic sourcing obligation.

Similarly, all procurements made from India, be it for domestic sales or exports, by such an entity will be counted towards local sourcing.

Further, single-brand retailers have now been permitted to set up online stores before establishing brick-and-mortar stores, though they have to open offline stores within two years of conducting online business.

The 30% local sourcing norms had been a pain point for many companies, restricting their India expansion plans. In 2012, the government had allowed 100% FDI in single-brand retail under the government approval route.

In January 2018, the government allowed up to 100% FDI in single-brand retail via automatic route, scrapping the need to seek its approval beyond 49%.

Source: financialexpress.com – Sept 19, 2019

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Centre studying proposal to convert single-product SEZs to multi-product zones

Move could help developers attract more units, increase viability of projects

In a move that could make investments in Special Economic Zones (SEZs) more attractive and increase the viability of projects, the government is considering a proposal to allow all single product SEZs to be converted into multi-product ones.

“The proposal to allow single product SEZs to be converted into multi-product ones has been examined by the Commerce Ministry and a draft notification on the necessary changes in SEZ Rules on minimum area requirement has been sent to the Director General of Export Promotion under the Central Board of Indirect Taxes and Customs for its inputs,” a government official told BusinessLine.

“If the government allows single product zones to be converted to multi-product ones, it is likely to give more flexibility to developers to invite units. Suppose if a particular sector is not performing well, they would have the freedom to invite units from other sectors. But the area requirement norms would need to be changed,” pointed out Hitender Mehta, Managing Partner, Centrum Legal.

At present, multi-product SEZs’ minimum land requirement is 500 hectares while the requirement for single product ones is just 50 hectares. Both will need to be brought on par if a conversion is allowed.

“Amendment has to be made to Rule 5(2) of the SEZ Rules, 2006 which specifies minimum area requirement. If the Finance Ministry is on board, it could be done through a notification,” the official said.

Over the last few years a number of SEZ developers have pulled out of their projects citing various reasons including economic slowdown and lack of interest from units because of non-viability of their zones. Many developers who have got formal approval for their projects have failed to complete their projects on time and have been seeking extensions. Of the 370 SEZ units that have been notified, only 232 are operational.

"If the restrictions on the kind of units that a sector-specific SEZ can attract is eased, it is hoped that developers would get proposals from a larger number of interested units and more zones will become operational," the official said.

SEZs have, so far, attracted a total investment of ₹5,07,644 crore and have provided employment to 20,61,055 persons, according to government figures.

Earlier this year, the SEZ (Amendment) Bill 2019 was passed by Parliament allowing "trusts or any entity" to set up units in the zones.

Source: thehindubusinessline.com – Sept 18, 2019

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Cotton prices start rising on monsoon-led crop damage, pink bollworm attack

Rising cotton prices are likely to compund the woes of spinning mills, which have been facing weak demand from China and Bangladesh, which buy over 75 per cent of India's cotton yarn

Cotton prices have started rising the past one week due to lower production estimates this year, following reports of crop damage on erratic rainfall and pink bollworm attack on standing crops in major growing regions.

Data compiled by Agmarknet.in showed raw cotton prices in Warangal mandi surged by 7 per cent the past 10 days to trade on Wednesday at Rs 6,225 a quintal from Rs 5,800 a quintal earlier. The price rise in other mandis has been quite similar. In fact, in Gondal (Rajkot, Gujarat) mandi, raw cotton prices surged sharply to trade at Rs 6,380 a quintal on Wednesday.

"Cotton prices in the domestic market have started moving up on crop damage following erratic rainfall and reports of pink bollworm attack. While the assessment of crop damage is yet to be ascertained, prices will certainly react to the production estimates from the standing crop. In the international market, cotton continues to trade lower on US-China trade war," said Ravindra Rao, Head of Research, Kotak Securities.

Cotton sowing was impacted earlier due to a three-week delay in the onset of the monsoon this season. This was followed by a continuous downpour in major growing regions that flooded cotton field. Analysts have also forecast intermittent pink bollworm attack on the standing crop, which could pull down output this year.

Data compiled by the Union Ministry of Agriculture showed a 5 per cent increase in total sowing area at 12 million hectares by September 13, 2019 compared to 12.6 million hectares, same time last year.

Raw Cotton prices have turned around from below the minimum support price (MSP) of Rs 5,150 a quintal three months ago, due primarily to a surge in mills' demand. According to Arun Sakseria, a cotton trader and exporter, lower output last year and delayed arrivals this year have helped cotton price rise.

Rising cotton prices are likely to compund the woes of spinning mills, which have been facing weak demand from China and Bangladesh, which buy over 75 per cent of India's cotton yarn.

"Spinning mills have already shut 25-30 per cent of their production capacity due to weak Chinese demand. Rise in cotton prices would hit the remaining operational capacity and force them to shut," said Suraj Jyoti, proprietor of Excel Enterprises, a Ludhiana-based cotton spinner.

Meanwhile, rising cotton prices have raised hopes for further increase in the use of manmade fibre (MMF) in the Indian textile industry. In fact, the use of MMF has gradually increased over the last few years.

"Shortage of cotton yarns and high prices are major factors which led to better demand for polyester yarns in the domestic markets. Moreover, domestic manufacturers of polyester yarns has been able to increase their capacity utilisation as the anti-dumping duty imposed on China led to pick-up in demand for domestic yarn compared to imported yarns," Madhu Sudhan Bhageria, CMD, Filatex India.

Source: business-standard.com - Sept 18, 2019

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US Congress backs India's demand for restoration of GSP scheme

US Congress members have written to USTR proposing an `early harvest' approach to sort out immediate problems

India's demand for restoration of the popular Generalised System of Preferences (GSP) scheme for its exports to the American market is being backed by a number of members of the US Congress who have written to the US Trade Representative in favour of the move and have proposed a `early harvest' approach to sort out immediate problems between the two countries.

"We also have a strong desire to see GSP eligibility for India reinstated. Should there be a progress in negotiations, we hope you will use the tools provided by the GSP statute as warranted, such as partial reinstatement," a letter signed by 44 Congress members sent to USTR Robert Lighthizer on September 17 stated.

In June this year , US had made India ineligible for the GSP scheme, that allowed more than 3,000 items from India to be imported duty-free into the country. The withdrawal was based on complaints filed by the US medical equipment and dairy industries that alleged that India did not provide a level playing field for their businesses.

Suggesting ways to restore GSP benefits to India, the Congress members proposed an `early harvest' approach that would ensure that long-sought market access gains for US industries are not held up by negotiations over remaining issues, thereby providing swift relief for both American exporters and importers.

"Just as US industries are harmed by lack of fair and reciprocal access to India's market, American companies and workers also are harmed by new tariffs due to GSP termination.

The costs are real for our constituents and growing every day. We urge you to continue negotiations and consider an early harvest to help American jobs that depend on two-way trade between the US and India," the letter said.

The Congress members added that they took the complaints of the US industry seriously and shared the USTR's strong desire to see them resolved. "We are encouraged to see continued engagement between the Administration and the newly elected Government of India that assumed office in late May, including visits by senior USTR and India officials over the summer," the letter added.

India was the largest beneficiary of the GSP programme in 2017 with duty free status being given to $5.7 billion worth of imports into the US.

Source: thehindubusinessline.com - Sept 18, 2019

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India can use the strength of its domestic market to push exports, says Niti Aayog's Amitabh Kant

India is a great medium-term bet if it can get into the global supply chains that are opening up with China, experts at the JPMorgan Conference told CNBC-TV18.

"We will definitely do that because whatever Mr Trump may have done he has changed the perception about American ambassadors regarding China forever and this opens up a vast opportunity," Kant said on Wednesday.

"Some of this opportunity may have gone to Vietnam but it may have its own limitations. India can use the strength of its domestic market to push for exports but it necessitates that India becomes a very important part of the supply value chain," said Kant.

"There is another issue which we are looking at in terms of the entire electronics and mobile manufacturing sector.

Our objective is what we can do for manufacturing for exports in the global market and it is a $100 billion opportunity for India and therefore massive policy changes of driving manufacturing for exports is number one and therefore series of changes on the electronic policy in terms of mobile manufacturing here itself," he said.

"The second would be looking at just 4-5 areas and creating autonomous employment zones so that we are able to drive plug and play facilities into some of these areas and create centres of excellence as far as land and labour laws is concerned."

"Third, there is a big opportunity is in terms of man-made textiles and how India can make man-made textiles globally competitive. Therefore, textiles, electronics, mobiles and creating better infrastructure holds the key to global penetration and becoming a great exporting nation", he said.

With regards to electronic exports, he said, "The focus should on high-value manufacturing for global markets and making India the base to penetrate value chains for the export market."

Source: moneycontrol.com - Sept 18, 2019

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Maharashtra: Pink bollworm infestation down this time, farmers hope for good crop

Cotton growers in Maharashtra are expecting a good crop as pink bollworm, the dreaded crop infestation, is relatively down this time.

Till September 11, out of the 43.81 lakh hectares of cotton area, infestation was reported over just 0.39 lakh hectares. In fact, this season, whitefly attack has been more virulent than pink bollworm on cotton areas.

Pink bollworm had wrecked havoc on the cotton crop in Maharashtra in the 2017 season, with farmers reporting huge losses. The state agriculture department had since then taken up extensive outreach programs to inculcate integrated pest management (IPM). IPM practices had discouraged early sowing and also talked about usage of pheromone traps (contraptions which trap the male moth by usage of 'lures', which have the female pheromone smeared on them).

The outreach has seen usage of information chariots, pamphlets etc. to educate the farmers about the pest and methods to control it.

With the first picking of the crop to start within the next 15 days, farmers have so far not reported any major infestation of the worm. Infestation above the economic threshold limit (ETL) has been reported in only 61 villages. The number of villages above the ETL affected by Jassid/Hoppers is much higher — 100.

ETL is the measure of pest population density above which pest control measures have to be initiated to prevent economic losses. This level varies pest to pest, and for cotton, preventive measures are to be initiated if more than 10 moths are caught in the pheromone for three consecutive nights. This was reported only in 61 villages in the state this year. Pink bollworm infestations are noticed from 45-50 days of sowing.

Dr AK Kolage, cotton agronomist at the Cotton Improvement Center of Mahatma Phule Krishi Vidyapeeth, Rahuri, also talked about relatively milder attack of the pest this time. "IPM practices have been adopted, which were well published by the agriculture department. This has helped in controlling the pest he said," he said.

While the crop condition has been satisfactory, Avinash Bihani, a cotton ginner and oil presser from Parbhani in Marathwada, said there have been pockets where the crop has suffered due to moisture stress. "Barring such pockets, the crop is good and we expect a good yield this year," he said.

With a bumper crop in the offing, the price of kapas (raw unginned cotton) has seen a steady decline. Concerns are being raised about the prices once cotton starts arriving in the markets.

Source: indianexpress.com– Sept 18, 2019

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Kasam to set up Rs 100-cr textiles unit in Warangal

Kasam Industries will be setting up Rs 100 crore textiles manufacturing unit at Kakatiya Mega Textile Park in Warangal.

The unit, which will comprise of spinning and yarn mills may also have a dyeing unit. The Warangal-based company has signed a memorandum of understanding with the Telangana government last year towards setting up of the unit for which 25 acres of land has already been earmarked.

Kasam Namashivaya, chairman, Kasam Industries told Telangana Today, “Several of the textile workers from Warangal today work in Surat and Mumbai textile units. We want to bring them back to Warangal and make high-quality textiles that match up to these two cities. We plan to hire about 500 people for this unit and will train them.”

The company will carry out cotton spinning and yarning at its Warangal unit and will send the yarn for printing in Surat and once the final textile products are made, they will be sold at the group’s retail company Maangalya Shopping Malls’ stores spread across Telangana as well as other retailers and wholesalers.

He added, “We are in the process of identifying what form of dyeing unit will suit the climate and water at the Warangal textile park. We are evaluating the viability of spinning and yarning capacities at the unit. Civil infrastructure works are going to begin at the site as tendering process has started and we expect the unit could be ready for commercial operations either by the end of 2019 or early 2020.”

Talking about the strengths of Warangal for having chosen for its unit, he says, cotton grown in and around the city is of very high quality and the fibre is today supplied to the textile hub of Coimbatore. So it makes sense to tap the rich cotton available in Warangal to make high-quality textiles from the company’s unit.

Retail plans

Kasam Industries, with deep interests and experience in the apparel business, has carved out multiple retail ventures under the brands- Maangalya Shopping Malls, Swayamvar and Kasam Apparel.

Maangalya Shopping Malls is going to open its seventh store in Kukatpally, Hyderabad this week. The entity has stores which are over 20,000 sq ft and now has a cumulative mall space of 2 lakh sq ft. In the next one year, it will add five new stores in Hyderabad and will also explore opportunities in other districts such as Mahaboobnagar and Suryapet. It spends close to Rs 20 crore on each store. It expects a turnover of Rs 500 crore this year, with 80 per cent coming from Hyderabad alone, he informed.

There are 25 Swayamvar Ethinic Wear stores in India and the 26th store is coming up in Bhubaneswar on September 21. There are eight stores in Hyderabad alone.

Kasam Apparel sells 6 lakh formal and casualwear shirts a year in Telangana and AP markets.

Source: telanganatoday.com– Sept 18, 2019

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Myntra collaborates with Indian textile artisans for its private apparel segment

The fashion etailer has also collaborated with NGO's such as Industree Bangalore, a women empowerment organization in Karnataka

Flipkart-owned Myntra's private lifestyle brand Taavi has collaborated with about 1,300 artisans from seven Indian states to revive Indian textile craft. The fashion brand, launched recently, sells apparel for men and women with traditional Indian embroidery such as Kolkata's kantha and Odisha's sambalpuri ikkat.

It has been working directly with local artisans and through NGOs to make traditional Indian textile and embroidery mainstream to capture India's millennial population and broaden the customer base of the platform.

Amar Nagaram, head - Myntra Jabong, said, "The idea behind launching Taavi was to marry the traditional but unorganised Indian textile and handicraft sector with modern fashion sensibilities. Its aim is to revive the languishing textile sector and the local artisans. Myntra will leverage its reach to take traditional Indian textile arts and crafts to a larger audience."

The fashion etailer has also collaborated with NGO's such as Industree Bangalore, a women empowerment organization in Karnataka, and Diya Kumari Foundation which is an outreach initiative for underprivileged women in Rajasthan to design the collections.

Currently, Myntra sells about 2300 fashion and lifestyle brands such as Nike, Arrow, Levis, Biba and Ferrari on its portal and services about 19000 pin codes. Myntra Fashion Brand (MFB) has 18 private labels which contributes to 25% of the overall sales. According to Nagaram, leading markets include most of Tier 1 and 2 cities.

In the next two seasons, Taavi plans to launch bujodi shawls, kutchi work, bagh print, lehariya, madhubani, chikankari and phulkari embroidery by roping in more artisans. The brand also plans to launch footwear and home category.

This comes at a time when other ecommerce giants such as Amazon and Snapdeal too are launching lifestyle categories that mainstream Indian textile and heritage. Snapdeal has launched hand-made bamboo home décor products from Jharkhand on its platform. The products were launched in partnership with Mukhyam Mantri Laghu Kutir Udyog Vikas Board (MMLKUB), an initiative of the Department of Industries, Government of Jharkhand. The selection includes a range of home and kitchen accessories and furniture made by the Kalindi and Sabars tribes from Jharkhand.

Recently, Maharashtra State Handlooms Corporation signed a MoU with Amazon India, as part of which the ecommerce company will launch handloom products maker, Indrayani Handloom, on its marketplace. The association is expected to increase the customer base for the company. Amazon through its Kala-Haat initiative already has about 2400 weavers, co-operatives, artisans and APEX bodies on board.

Source: economictimes.com– Sept 18, 2019

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Corpn. mulls options to make cloth bags out of garment waste

We can rope in women to stitch bags for us: Commissioner

The Chennai Corporation is mulling options to recycle garment waste collected from across the city everyday. “Textile waste is a valuable commodity. What we are about to attempt is use this waste to make something meaningful. One option we are looking at is making cloth bags,” Chennai Corporation Commissioner G.Prakash said.

According to estimates, Chennai on an average generates around 200 tonnes of garment waste per day. Of this, roughly 80 tonnes is cotton waste. “With this amount of waste we can easily make 15 bags from one kg of garment waste,” Mr. Prakash said. As per his analysis, the investment would not be much. Firstly, the cloth needs to be washed well (this can be done manually or with washing machines) and then disinfected. “We can rope in women or even NGOs who can stitch the bags for us. The cut waste can be used for making cushions. All this is in ideation stage now. We are mapping all probabilities,” he said.

Post the plastic ban in Tamil Nadu there has been a surge in demand for cloth bags. Several malls and retail outlets charge anywhere between ₹10 to ₹30 for a cloth bag. Mr. Prakash said that even if retail firms want to purchase these bags we can design/customise it for them with their logos on it. He said that currently an experiment with plastics is being done at Kannagi Nagar. “We are converting plastics into folders and pouches. We can do a similar experiment with garment waste,” he added. Mr. Prakash said that he is open to ideas from various stakeholders on this.

A textile expert who wished anonymity and in business for over three decades said that with consumers buying more clothes when compared to a decade ago garment waste is mounting at landfills. “If the government can give the bags at a subsidized rate – there would be huge demand for these,” he said.

Source: thehindu.com– Sept 18, 2019

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