



IBTEX No. 224 of 2019

November 19, 2019

US 71.89 | EUR 79.62 | GBP 93.14 | JPY 0.66

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
19282	40300	71.41
Domestic Futures Price (Ex. Warehouse Rajkot), December		
Rs./Bale	Rs./Candy	USD Cent/lb
19120	39961	70.80
International Futures Price		
NY ICE USD Cents/lb (March 2020)		65.97
ZCE Cotton: Yuan/MT (January 2020)		13,060
ZCE Cotton: USD Cents/lb		84.33
Cotlook A Index – Physical		75.50
<p>Cotton Guide: It is official now, the volumes have shifted from the ICE December contract to the ICE March 2020 contract. The volumes were seen at 41,588 contracts with figures of 26,368 and 9,289 for the March and December contract respectively. The Nearby contracts were under pressure the whole day which resulted in decent losses at 64.21 cents per pound with a change of -65 points for the December contract and 65.97 cents per pound with a change of -72 points for the March 2020 contract. ICE Cotton December Big Drop over 1.5 cents from 65 to straight 63.50. So March 2020 contract is also down by 1.50% at 65.30 cents per pound. We need to keep an eye on 64 cents per pound as the lower side key level while 67.50 cents per pound as resistance level.</p> <p>The Major 2 reasons that brought the ICE prices down were:</p>		

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1. Perfect Harvest conditions in Major Cotton Growing Countries. [Harvest is at full swing]

2. Decline in Prices of Crude Oil.

On the other hand, the recent CFTC report brought forth details that cotton speculators have increased their net short position by 1,022 contracts to 24,915 contracts in the week ended 12 November 2019.

The MCX contracts also have seen a shift in volumes from the November contract to the December contract with figures of 391 and 565 contracts respectively. The total volumes were seen at 972 lots. The MCX November contract settled at 19,170 Rs per Bale with a change of -120 Rs. The MCX December contract settled at 19,120 Rs per Bale with a change of -120 Rs.

The Cotlook Index A has been updated at 75.50 cents per pound with a change of +60 points. The average prices of Shankar 6 unchanged at 40,300 Rs per Candy. Indian Cotton at the Market is already seen to be below MSP. It will be interesting to see how much cotton will CCI be able to procure during this season.

China was seen to have booked around 83,300 running bales of US Upland Cotton as was seen in the previous US Export Sales data. This implies that there is a bit of demand roping in. However the cancellations have to be monitored in the upcoming reports. Does this figure of 83,300 RB imply that China will procure Cotton with Existing tariffs in place? Or are they expecting the tariffs to be lifted up? This is something that has to be keenly looked out at.

On the fundamental front, international cotton prices are expected to show trade in the bandwidth of 3 cents whereas for the MCX contracts, we are expecting an increase in prices with domestic prices as superior quality has started to set in in full flow.

On the technical front, in daily chart, ICE Cotton continues to trade within an upward sloping channel, after an Inverse Head & Shoulder pattern breakout. However, price is held between a consolidation of 63.40-65.00 after taking the support at the lower end of the channel around 63.40, which coincides around 50% Fibonacci extension level (62.98). Meanwhile, price is persisting around the daily EMA (5, 9) at 64.22, 64.28, along with the momentum indicator RSI is at 49, suggesting sideways bias for the price. The immediate resistance for the price would be at 65.00-65.70. Thus for the day we expect price to trade in the range of 65.00-63.80 with sideways to positive bias. Break on either side would provide us with the direction to trade. In MCX Nov Cotton, we expect the price to trade within the range of 19050-19380 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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INTERNATIONAL NEWS

Global trade in Q4 of 2019 likely to be below trend: WTO

Spells more trouble for Indian exporters already suffering a drop in outbound shipments

Global trade in goods is expected to be below trend in the fourth quarter of 2019 due to increase in trade tensions and tariffs in key sectors but there is a slight improvement since August this year, according to the latest projections by the World Trade Organisation's Goods Trade Barometer.

"The indicator's reading of 96.6 marks a slight improvement compared to the 95.7 registered in August, but it remains well below the index's baseline value of 100, signalling below average growth," an official release stated.

For Indian exporters, who have been suffering a drop in exports over the last three months (August 2019-October 2019), the projected lackluster performance in world trade in the last quarter spells more trouble. This would mean that the revival they have been hoping for on the back of a rebound in world demand may take longer.

The Goods Trade Barometer, which comes up with quarterly projections, provides "real time" information on the trajectory of world merchandise trade volumes relative to recent trends.

One of the main reasons for the continued gloom in trade outlook is the trade tension prevailing around the world, as per the report. Although the report does not elaborate on this, the on-going trade war between China and the US, which is not showing any signs of dissipating, has affected global trade substantially. Moreover, increased protectionism by countries which are putting in place both tariff and non-tariff measures to slow down imports is also taking a toll.

On the positive side, the indices for export orders, automotive products, and container shipping have improved. But, the indices for international air freight, electronic components and raw materials have all deteriorated further below trend, as per the report.

Electronic components trade was weakest of all, possibly reflecting recent tariff hikes affecting the sector, it added.

The projections of the Goods Trade Barometer is in alignment with data on trade growth expectations, the release said. “Official data confirm the loss of momentum in goods trade foreseen by the Goods Trade Barometer earlier this year. According to the latest WTO quarterly trade volume statistics, merchandise trade rose by only 0.2 per cent year-on-year in the second quarter of 2019, compared with 3.5 per cent in the same quarter of last year,” it said.

In September, WTO economists brought down trade growth expectations for 2019 to 1.2 per cent from 2.6 per cent projected in April. This was attributed to a slowdown in economic growth, increased tariffs, the uncertainty unleashed by Britain’s decision to exit the EU and the monetary policies of developed countries.

Source: thehindubusinessline.com - Nov 18, 2019

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China, Vietnam to tap great potentials in trade cooperation

A seminar about trade and investment cooperation between China and Vietnam was held here on Monday, attracting nearly 100 officials and entrepreneurs to study potentials of the Vietnamese market and seek cooperation opportunities.

The China-Vietnam Trade and Investment Promotion Seminar, co-organized by China's Council for Promoting South-South Cooperation (CPSSC) and Vietnam Chamber of Commerce and Industry (VCCI), was attended by a delegation of more than 20 Chinese enterprises in such fields as textile industry, transportation, business management consulting, big data, and internet applications.

In recent years, the economic and trade cooperation between China and Vietnam has developed steadily and yielded fruitful results with bright prospects, said CPSSC chairman Lv Xinhua.

"The CPSSC is committed to building a platform for Chinese enterprises to understand the investment environment in developing countries, and we hope that this event will enable them to get to know local business partners as well as find cooperation opportunities," he said, adding that in the context of growing protectionism and unilateralism, the Vietnamese side deserves admiration for actively participating in regional cooperation and safeguarding the multilateral trade system.

Speaking at the event, Xiong Bo, the Chinese ambassador to Vietnam, said that there is great potentials and space for the two countries to deepen the economic, trade and investment cooperation.

"Next year marks the 70th anniversary of the establishment of diplomatic relations between China and Vietnam, bringing new opportunities for relationship between the two countries," he said, adding that the Chinese side is willing to strengthen coordination and communication with Vietnam to continuously unleash the potential of cooperation in various fields.

Doan Duy Khuong, vice president of VCCI said, at the seminar that in recent years, the economic and trade relations between Vietnam and China have developed in a comprehensive way, bringing benefits for enterprises and peoples of the two countries.

He hoped that the two sides will make further achievements in economic and trade cooperation in the future and contribute more to the sustained and stable development of the two economies.

As Vietnam will assume the rotating chair of the ASEAN next year, China is welcome to actively participate in related business summits in order to discuss and work out programs and strategies to promote regional economic integration, he said.

Source: xinhuanet.com - Nov 18, 2019

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Sri Lanka: Exports up only 1% in first nine months; trade gap contracts

Sri Lanka's export earnings in the first nine months of 2019 rose only by 1 percent from a year ago to US\$ 8.9 billion. However, the trade gap had narrowed significantly due to the slowdown in imports, the latest data released by the Central Bank showed.

The trade deficit for the first nine months narrowed to US\$ 5.6 billion from US\$ 7.9 billion a year ago as imports for the period fell 13.4 percent year-on-year (YoY) to US\$ 14.6 billion.

However, the trade deficit expanded in the month of September 2019 to US\$ 758 from US\$ 713 a year ago.

Since the latter part of last year, Sri Lanka has had discouraged non-essential consumption imports slapping higher taxes and other restrictions.

Importation of personal vehicles, a key source of foreign exchange outflow, has slumped amid higher import duties and financing restrictions.

Vehicle imports in the month of September fell 49.2 percent YoY to US\$ 70.1 million and the cumulative expenditure for the nine months fell 54 percent YoY to US\$ 566.5 million.

Due to lower global oil prices, Sri Lanka's fuel bill—crude oil, refined petroleum and coal— also fell 7.4 percent YoY in the first nine months to US\$ 2.9 billion. Fuel bill for September fell 10.7 percent YoY to US\$ 353.7 million.

Sri Lanka's exports in the month of September contracted 9.8 percent YoY to US\$ 952.1 million as both industrial and agricultural exports fell 8.4 percent YoY and 14 percent YoY respectively.

Textile and garments exports fell 5.5 percent YoY to US\$ 450.2 million during September 2019, but cumulative earnings for the nine months rose 6.6 percent YoY to US\$ 4.2 billion.

Tea exports, the largest agricultural export of Sri Lanka, fell 10 percent YoY in September to US\$ 110.4 million and for the nine months by 6.2 percent YoY to US\$ 1.09 billion.

Meanwhile, worker remittances for the month of September rose 3.3 percent YoY to US\$ 516 million. But the cumulative figure for the nine months fell 6.6 percent YoY to US\$ 4.9 billion.

Earnings from tourism, impacted by Easter Sunday attacks in April fell 27 percent YoY in September to US\$ 204 million and 20.5 percent YoY for the nine months to US\$ 2.5 billion.

Source: dailymirror.lk- Nov 18, 2019

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Global clothing volumes fall with a cut back in consumption

The clothing industry is facing a long-term structural decline. Consumers are cutting back on the number of new outfits they buy. They were buying clothes in bigger quantities over the past 20 years as fast fashion retailers such as H&M and Zara and budget retailers including Primark and Walmart cut prices after shifting production to Asia.

But now, apparel markets in many developed countries may be entering a lengthy period of structural decline. Increasing consumer awareness about the negative impact of the clothing and textile industry on the environment is only one of the reasons volumes have started to decline.

Consumers are buying so many pieces of clothing they are gaining little marginal utility or pleasure from buying more. Consumers would rather spend their money on going out for a meal than on buying a 60th item of clothing in a year.

If clothing volumes are plateauing in developed countries, the only way the apparel markets there can grow is if prices go up. But prices are falling. US clothing prices have fallen by 0.8 per cent a year since 2001, while UK prices fell for 13 consecutive years until 2010. And prices are expected to continue falling as production continues to shift from China to lower-cost countries in the region such as Vietnam and Bangladesh.

Source: fashionatingworld.com- Nov 18, 2019

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RCEP can give boost to international trade

India's sudden withdrawal has hit negotiations involving 16 countries of the Regional Comprehensive Economic Partnership treaty, which is expected to conclude this year.

The RCEP is a proposed free trade agreement between the countries of the Association of Southeast Asian Nations, and six states with which ASEAN has FTAs.

China needs to remain open to welcoming India to join the RCEP whenever it is ready, deepen reform and opening-up to benefit countries entering the Chinese market, and mediate among different countries to ease trade frictions to contribute to the conclusion of RCEP negotiations, which can inject fresh impetus to global trade.

With a population of about 3.5 billion, this trading bloc has a total gross domestic product of more than \$21 trillion, accounting for more than 30 percent of global trade. If the RCEP is finalized, it will be the world's largest regional FTA.

The RCEP is more accessible to developing nations. Its framework complements the World Trade Organization by covering traditional issues such as goods trade, dispute settlement and service trade as well as new ones, including investment intellectual property, digital trade, and finance and telecommunication.

It plans to cut restrictions and discriminatory measures especially in the field of service trade. The RCEP can lay the foundation for developing countries participating in the treaty to get involved in higher FTA levels in the future, which is significant for promoting free trade between member countries in the era of globalization.

Since WTO reforms have not yet been launched, the RCEP will offer great opportunities for global trade, especially for China. Due to factors such as the unilateralism of some major countries, the number of permanent WTO judges has come down from seven to three, with the tenure of one of them concluding by the end of this year.

Participation in the RCEP will be an important approach for China to cope with Sino-US trade frictions and stabilize its foreign trade growth in the short term. In the long term, it is expected to promote China's high-level opening-up and further its participation in regional integration.

China will further expand its economic and trade partners among the RCEP member countries and make greater contributions for maintaining the prosperity of the Asia-Pacific region.

It will also share its experiences and help RCEP member countries enhance confidence in free trade and combine the RCEP framework with the Belt and Road Initiative to produce joint results.

At present, all parties have reached consensus on more than 90 percent of the agreement text. However, the China-United States and Japan-Republic of Korea trade frictions, and India's withdrawal, continue to pose challenges.

India has concerns about the potential negative impact of imports and lacks confidence in the competitiveness of the domestic industry. It has filed many anti-dumping cases against China, and has established a complicated non-tariff system to protect the domestic market.

In this regard, China first needs to promote to the member countries to adopt more proactive and pragmatic strategies toward the conclusion of negotiations while respecting ASEAN's dominant role.

China needs to uphold the principle that the 15 RCEP countries can go ahead with the agreement that is open to India, which reflects China's openness toward foreign cooperation as well as its determination to adhere to multilateralism and trade liberalization.

Second, some Southeast Asian countries are concerned that domestic markets may bear the brunt of China's exports once the RCEP treaty is concluded.

China needs to further reform and open up, show the huge potential of the Chinese market to enterprises and investors of other countries participating in the RCEP, and encourage countries to invest in China and facilitate RCEP negotiations.

The second China International Import Expo recently held in Shanghai allowed foreign enterprises to see the great returns of tapping into the Chinese market and demonstrated China's confidence as the world's largest market.

The Foreign Investment Law will come into effect in 2020, when foreign investment and business activities in China will be more secure.

Third, China needs to further play its role as a mediator. Since Japan-ROK economic and trade frictions are showing no signs of easing in the short term, China needs to respect the dominant role of ASEAN while continuing to mediate between countries as a major power and promoting countries participating in RCEP negotiations to adopt more proactive pragmatic strategies, which can turn risks into opportunities, and lay the foundation for future negotiations for the China-Japan-ROK Free Trade Zone and the China-India trade agreement.

In the era of globalization, RCEP member countries need to remain open and inclusive, participate in negotiations proactively and promote regional integration to better cope with challenges caused by anti-globalization and trade protectionism.

As the world's largest regional agreement, the RCEP will serve as a multilateral cooperation platform for member countries, provide a new approach for countries to address problems, advance cooperation in the Asia-Pacific region and give new impetus to global trade.

Source: chinadaily.com.cn- Nov 18, 2019

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Organic cotton production reaches highest level in eight years

Although global production booms, organic cotton less than 1% of the total cotton supply

Organic cotton production grew by 56% worldwide last year, according to the Textile Exchange's 2019 Organic Cotton Market Report.

The latest figures show global production of organic cotton reached 180,971 metric tons for 2017/2018—the highest volume recorded since 2009/2010. Organic cotton makes up 0.7% of the total cotton production worldwide and involves more than 182,000 farmers.

The number of facilities certified to voluntary organic standard also rose, with facilities certified to the Global Organic Textile Standard up 15% and those following the Textile Exchange's Organic Content Standard up 16%.

While 19 countries now boast organic cotton production, 98% is concentrated in seven countries: India, 47%; China, 21%; Kyrgyzstan, 12%; Turkey, 6%, Tajikistan, 5% and the United States and Tanzania coming in with 3% each. India, Tanzania, Turkey, Kyrgyzstan and China led the way in transitioning land to organic. About 44% of the growth in India's production is attributed to its increase in the proportion of certified land used to grow cotton, which increased to 70% from 45%.

The report noted that one of the biggest obstacles for organic farmers remains access to cotton seed that hasn't be genetically modified, especially in India and China. Organic cotton is also seen as a component in addressing global climate change.

“Organic cotton, alongside other organic land-based fibers, must be part of the future,” said Liesl Truscott, director of European and materials strategy at Textile Exchange. “Organic cotton farmers, organizations, companies and other supporters...provide a guiding light. We...are committed to leveraging organic cotton as a market-driven solution to industry transformation and meeting the global goals.”

“Organic cotton is the tip of the spear that has been driving change within the sector,” added La Rhea Pepper, managing director. “It establishes a direction of travel for all of us, starting with regenerative soil practices.”

The Textile Exchange, a global nonprofit, is the only organization to collect and report on global organic cotton production data.

Source: hometextilestoday.com - Nov 18, 2019

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UN agency pledges to assist east African SMEs access to Indian market

The International Trade Centre (ITC) on Monday pledged to assist east Africa's small and medium enterprises (SMEs) to gain access to the India market.

Govind Venuprasad, coordinator of ITC's project dubbed Supporting Indian Trade and Investment for Africa (SITA) told Xinhua in Nairobi that it is providing small firms in Ethiopia, Kenya, Rwanda, Tanzania and Uganda with advisory and strategic support to enable them to improve their competitiveness.

"By using partnership with Indian institutions and business, we are enabling east African SMEs in select agricultural value chains to boost their revenues through exports," Venuprasad said on the sidelines of the Kenya-Indian agribusiness forum.

The Federation of Indian Export Organizations (FIEO) is visiting Kenya with a delegation of 27 companies from India primarily in the agricultural sector who is seeking investment, joint venture and other business opportunities.

The beneficiaries of the SITA projects are in the textile, apparel, leather, spices, pulses and edible oil sectors.

ITC is also encouraging investment partnerships between Indian and eastern Africa companies as part of the south-south cooperation.

Venuprasad said that countries have traditionally relied on the west as key markets for their products. "We are keen to help the East African firms to diversify their product portfolio in order to enhance their incomes," he added.

He noted that one of the biggest challenges facing SMEs is access to finance, markets as well as compliance with international product standards.

The International Trade Centre is a development agency that supports the internationalization of SMEs, which is the joint agency of the World Trade Organization and the United Nations.

Source: xinhuanet.com - Nov 18, 2019

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Pakistan: Cotton output falls by 1.8m bales

Battered by climate change, the cotton production continues to give a gloomy picture as effects of high temperature, heavy rains and gusty winds reduced crop by around 1.814 million bales.

Data released by Pakistan Cotton Ginners' Association (PCGA) on Monday shows cotton production up to November 15 at 6.857 million bales, down 21 per cent over 8.671m bales in same period last year.

A steep fall in cotton production in Punjab was the major factor which reduced overall output in the country. Sindh also suffered immensely due to impact of climate change.

According to details, Punjab produced 3.692m bales as against 4.985m in corresponding period last year, showing a decline of around 26pc.

Similarly, Sindh's crop was lower by 14.14pc or 521,167 bales at 3.165m bales, compared to 3.686m produced in same period of previous season.

A cotton broker and grower from Sindh, Girdhari Lal Assudomal, told Dawn the situation was alarming and this strongly indicates that next crop could be even lower if no remedial measures were taken.

Cotton Analyst Naseem Usman urged the government to work on ‘war footings’ on many fronts to save the indigenous crop of Mehran valley – which had grown for centuries in the region – from vanishing.

He regretted that the basic issue of cotton crop had been the supply of certified seed to growers. But unfortunately the concerned government departments were not working or doing research work for evolving high yielding, pest and high temperature resistance seed. Another analyst, Taqi Abbas, said that one of the biggest issue confronting cotton crop was the supply of substandard pesticides.

He further said it was not possible to ensure pure pesticides when there are around 700 companies in the field, and added only 30-35 should be allowed to operate as is the case with India.

Looking at the developing scenario, private estimates now put cotton production at around 8.5-9m bales and this would mean heavy imports of around 6m would be putting burden on foreign exchange reserves to the tune of \$1.5 billion, he added.

Source: dawn.com - Nov 19, 2019

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Bangladesh: Sweater exports move up by 15.82% in FY19

Bangladesh’s exports earnings from sweater products have registered 15.82% growth to \$4.25 billion in the last fiscal year.

According to Export Promotion Bureau (EPB) data, in the fiscal year 2018-19, Bangladesh earned \$4.25 billion from sweater export, which is 15.82% higher compared to \$3.67 billion the FY18.

Talking to Textile Today, sweater manufacturers and trade analysts have opined that technological upgradation has contributed a lot to increase the exports earnings, while extended winter expedite the growth.

However, the manufacturers claimed that the profits margin has slowed down as the production cost went up, while buyers are not increasing prices rather cutting.

“In last couple of year along with the safety standard improvement, the Sweater manufacturers have upgraded machinery and technology to go from manual to automation, Md Moshiul Azam Shajal, a Vice President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) told Textile Today.

Installation of new technology has improved quality of products as well as capacity. As a result, global buyers placed more work orders, which has pushed the export earnings up, said the business leader.

Bangladesh's sweater exports trends

Fiscal Year	Exports earnings in \$ billion
2013-14	2.93
2014-15	2.82
2015-16	3.18
2016-17	3.36
2017-18	3.67
2018-19	4.25

In addition, the industry people also attributed the extended winter season in the western world due to climate change impact, which cast positive impact on Bangladesh exports of sweater as demands of winter clothing products increased.

On top of that, there was a redirection of trade from China over the ongoing trade conflict between United States of America and China. As a result, Bangladesh has gained more from the trade tension.

“In the recent years, in China workers wage went up, while increased tariff by the US government have promoted buyers to shifting their business to another countries,” former Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Vice President Mohammed Nasir told Textile Today.

Since Bangladesh offers quality products at a lucrative price, global retailers landed here for buying goods taking the advantage, he added.

However, the manufacturers are facing trouble as the buyers are not increasing prices of goods despite a sharp rise in production costs.

“Our exports earnings have rose but is there any jump in profit margin. The answer is no. this because of sharp rise in production cost,” Md. Moshiul Azam Shajal, also Managing Director, Fame Sweaters Ltd.

On the other, the buyers have become more conservative in price issues and did not increase it rather cut comparing to the previous work orders, he added.

Meanwhile, economist has called for moving towards value addition and increasing productivity to remain competitive in the global markets

There is huge scope of expanding export earnings as we have extra production capacity than the demands. While China's business shifting is a great opportunity for Bangladesh to grab more market share of sweater, Centre for Policy Dialogue (CPD) Research Director Khondaker Golam Moazzem told.

He urged the manufacturers to invest more on value added products and more attention on productivity development.

In addition, the sweater makers also have to diversify the goods as well as the markets.

Source: textiletoday.com.bd - Nov 17, 2019

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NATIONAL NEWS

Textile sector demands uniform power tariff across country

Leaders from the textile sector in Surat have demanded 'one-nation-one-power tariff' formula to be implemented in the country for providing level-playing field to the entrepreneurs.

The suggestion was made before the union textile minister, Smriti Irani who had summoned industry leaders in New Delhi for suggestions and inputs for the National Textile Policy (NTP) on Monday.

Representatives from the Southern Gujarat Chamber of Commerce and Industry (SGCCI), Synthetic and Rayon Textile Export Promotion Council (SRTEPC), South Gujarat Textile Processors Association (SGTPA), Federation of Indian Art Silk Weaving Industry (FIASWI) and other textile associations from Maharashtra and Southern India were present at the meeting.

Sources said that the issue of power tariff is crucial when it comes to the competitiveness of the textile products manufactured in Surat. While the power tariff rates are in the range of Rs 3.50 per unit in the neighbouring Maharashtra, the textile entrepreneurs are paying Rs 7.50 per unit in Gujarat including Surat.

Chairman of FIASWI, Bharat Gandhi said, "Like the one-nation-one-tax, we demand one power tariff for the textile sector. This will allow the textile entrepreneurs from Gujarat to compete with other states. At present, the products manufactured by the units in Surat have a higher price range due to the increase in the production cost."

Apart from power tariff, the textile industry leaders strongly represented the non-payment of the Input Tax Credit (ITC) under the GST to the textile unit owners by the Government, simplification of the process under the Technology Upgradation Fund (TUF) scheme, policy changes for the textile park scheme, providing subsidy for the Emission Trading Scheme (ETS) for environment protection to the textile mills etc.

Ashish Gujarati, powerloom industry leader said, “A slew of issues were discussed at the meeting. Our main demand was on the power tariff and the release of the ITC refund to the textile unit owner. About Rs 1,350 crore worth of ITC is yet to be refunded by the government.”

Source: timesofindia.com- Nov 19, 2019

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Tangled web

Ineffectual MSPs and ad-hoc market interventions have hamstrung the cotton economy

In what has become a familiar refrain across the agri-commodity sector, India’s cotton economy is today in a strange situation where none of the participants across the value chain are positive about their prospects.

Cotton farmers, who have been hit hard by unseasonal rains, have been lamenting the drop in domestic cotton prices to levels far below the promised Minimum Support Price.

Only last week, farmers in Telangana agitated over receiving market prices of Rs 3,000-3,500 per quintal against the MSP of Rs 5,550.

The Cotton Corporation of India (CCI), which recently restarted its procurement operations after wide-ranging farmer protests, has set itself ambitious procurement targets for the season. But it is a moot point if its purchases will influence market prices enough to lift them above MSP.

Last season, the CCI procured just 3 per cent of the country’s cotton output, making barely a dent on market prices. Its procurement operations also result in a significant build-up of inventories at its end, with no concrete strategy for their disposal.

Amid these problems of plenty, cotton imports have continued to flood in unchecked and are estimated to double in the cotton year 2018-19 (October to September).

Traders who engage in bulk exports meanwhile, are worried about ‘artificially high’ domestic prices hurting the competitiveness of Indian exporters. Numbers do support their claims, with India’s cotton yarn exports halving in value in the first six months of FY20, with rivals such as Bangladesh, Cambodia and Pakistan stealing a march over Indian exporters.

To top it all off, estimates of the FY20 cotton crop, which should ideally inform policy decisions on MSP-setting, CCI procurement and imports, apart from exporters’ decisions, are shrouded in mystery with the informal estimates pegging the number anywhere between 330 lakh bales (170 kgs/bale) and 390 lakh bales.

To unlock the true potential of the cotton economy, the Centre will need to refrain from its ad-hoc interventions in market forces on multiple fronts that ultimately benefit neither the farmer nor the consumer. Given that cotton is a lucrative cash crop with a thriving global trade, it is best that the Centre refrains from announcing ineffectual MSPs that make very little difference to the farmers’ realisations.

It must work instead at raising the quality bar on locally grown cotton, improving storage and supply chain infrastructure and widening international market access for Indian cotton exports.

For farmers to make sound sowing decisions and for exporters to capitalise on global opportunities, it is essential that the Centre arms both with believable estimates of output and carry-forward inventories that can help them gauge demand-supply dynamics well ahead of the marketing season.

Trade and tariff policies across the value chain also need to be driven by the long-term interests of farmers and exporters, rather than efforts to fire-fight demand-supply mismatches as and when they crop up.

Source: thehindubusinessline.com- Nov 18, 2019

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India may ease curbs on FDI by JVs or WOS of Indian firms

The Indian government reportedly may soon ease restrictions on foreign direct investment (FDI) by joint ventures (JVs) or wholly-owned subsidiaries (WOS) of an Indian company without categorising such investments as 'suspect' involving 'round tripping' of funds to better facilitate the flow of foreign funds into legitimate business activities.

The Foreign Exchange Management Act, 1999, (FEMA) does not permit FDI by an overseas JV or WOS of an Indian party without the prior approval of the Reserve Bank of India (RBI). There are restrictions as well on Indian entities to undertake overseas direct investment (ODI) in a foreign entity that already has existing FDI investment structures in India.

A news agency reported that the changes would soon be made in overseas direct investment (ODI) regulations to ease the restrictions and put such investments (FDI and ODI) under the automatic route, i.e., without prior approval of RBI.

Chaired by economist Surjit Bhalla, a high-level advisory group on how to increase India's exports, in its report has also suggested sweeping change in FDI regulations with a way to attract funds that go into building businesses in the country.

The department for promotion of industry and internal trade (DPIIT) is also studying the report for finalising changes in the Press Note pertaining to FDI by JV of WOS of Indian party, the news agency reported.

Source: fibre2fashion.com- Nov 18, 2019

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Cotton rates slip even below old MSP

Rates of raw cotton in markets of Vidarbha are fetching rates even below the minimum support price (MSP) that was five years ago. Unseasonal rains had wet the standing crop and moisture-ridden cotton fetched a poor rate when private traders started procurement at the beginning of the month.

Traders in different pockets of the region suspended purchases after farmers insisted on getting at least the MSP of Rs5500.

With business resuming, cotton is being purchased in the price range of Rs3500 to 4200, say farmers. This is less than even the MSP of 2014-15 when it was fixed at Rs4050 for long staple and Rs3700 for medium staple cotton. In some centres, traders are also offering up to Rs4800 a quintal which is still below the current MSP of Rs5500.

Farmers say even dried cotton with moisture within the acceptable level of 12% is not getting more than Rs4200. TOI talked to farmers in Yavatmal and Buldhana districts where they said the highest rates they are getting even for dried cotton is not more than Rs4200.

Vinod Kankirad, a farmer in Selodi village of Yavatmal, said rates were in the range of Rs4200-4500. Cotton growers are also facing labour shortage, he added.

The rates of cotton plucking by farm hands has gone up by nearly 50%. They are charging not less than Rs9 to 10 a kg for plucking. "There is hardly any profit left after that," Kankirad said.

Ramabhai Jograna, who has a holding in Katol Tehsil, said, "The farm workers have hiked the rates because they see that the yield is low this year. Since they are paid on a piecemeal basis, they have increased the rates by at least one and a half times to cover the loss."

Shetkari Sangathana veteran Vijay Jawandhia said traders are not in a position to buy at MSP because of the low demand in the textile sector itself. Since the cotton is wet, the demand for seeds used to make cattle feed is also down, he said

Kishore Tiwari, the chairman of Vasant Rao Naik Shetkari Swavalamban Mission (VNSSM), a state government agency, said that even as government procurement has not started, little can be done due to president's rule in the state.

Roshan Kothari, director of agriculture produce marketing committee (AMPC) in Wani, Yavatmal, said cotton within 15% of moisture is however is being bought between Rs4800 and 5000. However, such quality is arriving in less quantity. On the brighter side, the moisture level in cotton has come down to 20% from 40% earlier in some of the stock, he said.

Source: timesofindia.com- Nov 19, 2019

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India SME Forum to showcase export prospects for SMEs

India SME Forum, with the support of MSME Ministry, has launched a programme to showcase export opportunities for MSMEs across the country.

At present, the number of SMEs participating in exports is 1.27 lakh and the government proposes to increase the number to five lakh and double their export output, said Vinod Kumar, president, India SME Forum.

In spite of the government's focus on SMEs and exports, less than 0.01 per cent of 65 million SMEs in the country currently participate in global trade, Kumar said. India SME Forum has decided to train around four lakh SMEs for exports in the next four years, he added.

Speaking at Accelerating Business Xpo, the first of its kind initiative in Kochi, Kumar said SMEs contribute 11 per cent of the GDP, 45 per cent of total manufacturing output and more than 100 million jobs. They also play a crucial role in supporting large enterprises as ancillary units and even help in promoting industry in rural and backward areas. A vibrant and financially inclusive India needs a vibrant SME sector, he added.

However, the barriers are many such as lack of reliable data on overseas markets, inability to contact potential overseas customers, unfamiliarity with export rules, procedures and documentation, lack of trained export staff for trade facilitation, difficulty in identifying foreign business opportunities,

insufficient access to export finance etc. Some of the barriers are about perception, and some related to lack of knowledge and information. Holistic and end-to-end global trade solution for SMEs is also lacking, he added.

Formed in May 2011 with the objective of propelling a small and medium business movement across the country, India SME Forum has over 76,000 members, including 7,000 women entrepreneurs.

Source: thehindubusinessline.com - Nov 18, 2019

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Govt's online single window system is geared towards Ease of Doing Business

Aspiring for growth is imperative for any nation, not only for its survival, but also to fulfill the creative and aspirational instincts of its population. Uttar Pradesh, if it were a country would (in terms of population) be the fifth largest country in the world.

India has been showing a constant upward trend in World Bank's "Doing Business" rankings and now stands at 77th position out of 190 countries; this upward trend was made possible because of standardised, competitive and phased implementation of the "Business Reform Action Plan" guidelines issued yearly by the Department of Industrial Promotion and Policy (DIPP), since 2015.

Uttar Pradesh, which was at 14th spot in 2016, has moved two ranks up, to the 12th place in Ease of Doing Business rankings 2017-18 released by the DIPP. This upward trend can only be sustained by reducing "time to market" for any business activity and that can be ensured by a seamless, scalable, process re-engineered and technologically advanced online single window government clearance/licensing system, that is free from red-tapism and other bureaucratic inconsistencies.

To overcome these challenges, UP, among other things, needs a low-cost system for service delivery, which can provide the desired output by scaling up the capability of the existing manpower without actually increasing their numbers.

To make such a system work, one will have to understand the deep inconsistencies and inefficiencies that exist in the current licensing mechanism of any government department. Just to highlight the problem, an entrepreneur has to take clearances from minimum seven to eight departments, i.e., revenue, stamps and registration, labour, fire, local bodies, environment, electricity, public works, housing or urban development before the unit could actually start.

The time for application and follow-up with each department requires running from pillar to post, and sometimes obliging such authorities with corrupt practices. This vicious cycle leads to a loss in employment generation.

The challenges of implementing such a system in a state like UP were immense. In order to counter the challenges, a working group headed by the principal secretary to the chief minister having members from all concerned line department was constituted (December, 2017) at the CM Office.

The expert team analysed the BRAP guidelines and came up with an innovative principal methodology of “why you are doing, what you are doing” for validating the existing processes of departments and came out with the standardised service process guidelines. All identified services of departments were then taken online.

‘Nivesh Mitra’, the online single window system has been designed after performing a thorough stakeholder feedback to create a complete packaged solution for the industries and more importantly, the MSMEs. It supports all the 26 features as listed in the BRAP guidelines.

- Application submission, online payment, tracking & monitoring of submitted applications, approvals, and approval certificates/NOCs are made completely online, without human interference.
- Consolidated payment for all submitted applications.
- Information wizard to suggest required pre-establishment & pre-operation applications.
- All information available at one place through the investor kit.
- List of NOCs/ licenses/ permits.
- Effective monitoring of application pendency at all levels via a unified dashboard.
- Faster redressal via ticket-based industrial grievances mechanism

- Dedicated platform for industrial associations for providing feedback on industrial issues
- Facility for submitting suggestions / feedback on draft policies, other business regulations etc.
- Facility for third parties like banks/ other private & government institutions to verify NOCs/licenses online.

‘Nivesh Mitra’ currently encapsulates 118 services of 20 departments including the most important services like the pollution control board, electrical Safety, fire safety, land allotment, land-use change, labour department clearances.

‘Nivesh Mitra’ was first backed with a detailed government order that legalised the standard process, timelines and fixed accountabilities of the departments.

Second, a detailed training program was launched in order to train the field staff of all departments and for resolving any of their queries related to the new process.

Third, industrial organisations and their members were given demonstrations and trainings at the district level Udyog Bandhu meetings. Fourth, a helpline number was launched, which was manned by a trained dedicated team for providing support to the industrial grievances and to provide assistance in case any investor is facing any difficulty.

Fifth, all grievances are monitored on a daily basis and quick response along with resolution to the problem is provided to all applicants.

Since its launch by the PM, Nivesh Mitra has granted over 50,000 NOC’s/licenses within approved timelines to about 49,000 registered entrepreneurs who had applied; only 0.02% applications are pending beyond the allowed time limit. In its EoDB rankings 2017-18, Uttar Pradesh’s ‘Nivesh Mitra’ was rated among the top 5 online single window systems by the DIPP.

One major reform in pipeline is to create a single window agency backed by an Act, which will have the power to grant a single certificate instead of multiple departmental NOC, required for starting any business.

Also, a sectoral analysis is currently under process to identify services, which are yet to be made online for example: getting industrial land exemptions from the Ceiling Act and many more.

Source: [financialexpress](#)- Nov 19, 2019

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Messe Frankfurt India to Host India's First Technical Textile Hackathon at Techtexil India 2019

With an aim to identify solutions to the critical challenges of sustainable urban living, Messe Frankfurt India will host India's first Technical Textile Hackathon on 22nd November 2019. The hackathon titled "Techtextil NEXT" will build an eco-system that supports India's technical textile start-ups and enables them to develop products and prototypes with Technical Textiles, driving innovations in the industry.

Representing the supply-chain of fibre to innovation & start-ups to investor stage, India's first Technical Textile Hackathon aims to potentially build business models that can be funded, scaled, and taken global. The hackathon is expected to bring India's top 10 technical textile start-ups under one roof.

While the manufacturing side will be represented by companies of speciality fibres, yarns, textiles, fabrics, products along with brands and traders, the entrepreneur side will cover SME's, start-up ecosystems and accelerators.

Organised in association with Ideas that Scale as the knowledge partner, the intense 3-hour solution-driven session at the Techtexil NEXT Hackathon will take up topics centred around India's challenges of sustainability such as ocean littering, plastic recycling and waste disposal and drive concepts for start-ups to collaborate with industry stakeholders to develop focused solutions using "technical textiles".

Technical Textile is increasingly penetrating every aspect of our daily lives such as medical masks, car seats, trekking gears, specialised sport-wear, etc without most of us noticing. What we don't realise is that we are surrounded by textiles like nonwoven fabric in every single way. The future with smart wearable textiles is also near.

Techtextil India is India's leading trade fair for technical textiles and nonwovens covering the value chain of technical textiles and its 12 application areas of Agrotech, Buildtech, Clothtech, Geotech, Hometech, Indutech, Medtech, Mobiltech, Oekotech, Packtech, Protech, Sporttech.

The 7th edition of this business event already has a strong line-up of participation from 185 companies from 12 countries including Austria, Belgium, China, France, Germany, Italy, Korea, the Netherlands, Saudi Arabia, Spain, and China/Taiwan. Some of the industry's key players such as Aditya Birla Yarns (P T Elegant), Archroma, Coated Sales, Ginni Filaments, Lenzing Ag India, Montex Glass Fiber, Reliance Industries Ltd, Saint Gobain among others will have their latest technical textile innovations spread across the exhibition space covering these application areas.

With textile stakeholders and key decision makers on the floor, the concurrent Hackathon can enable stakeholders to engage in a sustained dialogue and drive innovations in India's technical textiles industry.

The organisers believe the collaborations can potentially lead to the development of prototypes, pilot projects, new technical textile product development, and go to market strategies.

Mr Raj Manek, Executive Director and Board Member, Messe Frankfurt Asia Holdings Ltd elaborated: "While Techtextil India exhibition highlights innovations in the sector, the Techtextil NEXT Hackathon is a concerted effort to tackle today's urban living challenges with next-generation solutions. The platform has the potential to present transformative ideas."

Source: theweek.in- Nov 18, 2019

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