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

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USD 63.83 | EUR 78.03 | GBP 88.47 | JPY 0.58

Cotton Market (19-01-2018)

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19648	41100	**82.09**
Domestic Futures Price (Ex. Gin), January		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20690	43279	**86.44**

International Futures Price	
NY ICE USD Cents/lb (March 2018)	82.63
ZCE Cotton: Yuan/MT (Jan 2018)	14,970
ZCE Cotton: USD Cents/lb	**89.70**
Cotlook A Index – Physical	**90.35**

Cotton & currency guide: Cotton price attempted to move higher on Thursday. The ICE March future made an intraday high of 83.94 cents however ended the session a tad lower at 82.63. It failed to cross 84 cents and gave up the gains to close off the high. Nonetheless, the overall movement was positive and in comparison to previous day it gained by 50 points.

With the both side movement and mostly on the positive tone the trading volumes were high. As of latest data the recorded volume was 47,850 contracts mostly double from previous day's trading volume. The total open interest was higher on Thursday. To give more clarity the open interest in May is now relatively higher than the March contract. May has added 13,850 contracts in the last 8 sessions. May open interest began Thursday at 67,950 contracts, up 1,027 contracts previous day. The aggregate open interest held was 304,637 contracts.

Despite of higher price cash sales continue to be good. The bulk of the sales, though, are for discounted cotton including volumes of low miconaire Texas cotton. Sellers believe the volume of sales may be greater if the market dropped under 80-cents. The weekly export sales figure would be released today. The last week's total sales were 367.50K bales and any substantial increment/decrement in the figure would determine the fresh direction market.

On the technical front no major change as in 80 cent continues to be strong support and below that market may slip down to 78 cents. Likewise, on the higher side we see 84 as immediate resistance and break of which may break the recent high and move towards 86 cents per pound. So for the day we expect cotton to trade in the range of 82 to 83.80 while in the near term the broad range would be 80 to 85 cents.

On the domestic front, spot price continues to hold strong. As per latest quote the spot price of Shankar-6 variety has quoted at Rs. 42,100 per candy ex-gin. The equivalent price is around 84.10 cents per pound with the prevailing exchange rate. Likewise, Punjab J-34 quoted at Rs. 4388 per maund. On the supply front the estimated arrivals were around 180-182K lint equivalent bales. Which include includes 55,000 in Maharashtra, 48,000 in Gujarat, and 32,000 in Andhra Pradesh/Telangana.

However, the local future contracts have been taking cues from both Indian spot market and the US ICE future. The most active January future trades at MCX on Monday most part of the day was hovering positive and made a high of Rs. 21040. However, the same ended the session lower at Rs. 20810 per bale. The price has come off the high because a tad decline in the ICE future. Nonetheless, the trend still holds positive and the trading range should be Rs. 20600 to Rs. 20900 per bale.

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

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INTERNATIONAL NEWS

Australia: Cotton prices hit seven month high

Australian cotton producers are cautiously optimistic about a series of market factors that saw cotton futures last week kick to their highest levels in over seven months.

While the prices on the New York futures exchange, the benchmark for world cotton values, have since come back slightly the fundamentals that led to the rise leave the industry hopeful of strong prices for the upcoming season.

Wayne Newton, president of the grains section at AgForce in Queensland said farmers who had planted cotton were pleased with the way prices were tracking.

"It is kicking along quite well, people who have planted are happy with their decision."

The market rise was led by strong US cotton export data, which saw futures rise by the maximum allowable of US 3 cents a pound to US82.65c/pound.

Mr Newton said in the northern cropping zone irrigated cotton plantings remained consistent but said the dryland crop was likely to be down.

"There were a couple of major reasons behind the dryland crop being smaller, firstly the season was not looking especially favourable around the cotton planting window and secondly the pricing signals at the time were not overly positive."

Mr Newton also said a lack of stored moisture meant some growers were unwilling to take the risk on cotton without irrigation.

He said the condition of the dryland cotton, in common with other summer crops, varied from region to region.

Source: textalks.com- Jan 19, 2018

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Seminar hails South Africa, Vietnam trade

There is enormous potential for investment and trade between South African and Việt Nam, according to political counselor at the South African Embassy in Hà Nội, Mat Matiwane.

Speaking at a seminar on trade, investment and tourism promotion by South Africa in HCM City on Friday, he said the two countries have something to offer each other.

“South Africa is a major exporter of mineral-based commodities, which could assist Việt Nam in its expanding industrialisation.”

Strong growth in domestic consumption fuelled by increasing income levels in both nations is creating demand for their respective products, he said.

“Infrastructure development that took place in Southern Africa has also resulted in joint ventures between service providers such as Việt Nam’s Viettel in our neighbouring country.”

Nguyễn Thế Hưng, deputy director of the Việt Nam Chamber of Commerce and Industry’s HCM City office, said trade between Việt Nam and South Africa has increased significantly.

It was worth US$924.5 million in the first 11 months of last year, with Việt Nam’s exports accounting for over $704 million, he said.

“As of November last year South African firms had invested $1.22 million in seven projects in Việt Nam while Vietnamese firms had invested $1.6 billion in two projects in South Africa.

"Despite the great strides in bilateral trade and investment relations, trade between Việt Nam and South Africa remains largely untapped.”

In addition, South Africa, with its many spectacular sights and cool weather around the year, remains an unexplored destination for Vietnamese tourists, he said. Matiwane said: “It seems there is a lack of information on both sides about each other’s business opportunities as well as social and cultural environments. One cannot seize an opportunity if one does not know that it exists.”

Some attendees pointed out that the difference in payment methods -- with South African firms wanting payment in advance while Vietnamese companies prefer letters of credit -- is another obstruction to trade.

Matiwane listed areas in which the two sides could enhance co-operation, like aquaculture, shipbuilding, advanced manufacturing, infrastructure, metals, mining, furniture, agribusiness, garment and textile, and footwear.

There is huge potential for export of Vietnamese agricultural products to his country, especially fruits it does not have, he said.

South Africa boasts stable economic growth, an abundance of natural resources and modern infrastructure, and offers investment incentives, and could also act as a gateway for Vietnamese products to the rest of the continent, he added.

He also encouraged investors and trade partners to “take a long-term view to co-operation” to ensure that their investment in trade with South Africa is sustainable and profitable.

Việt Nam’s main exports to South Africa are mobile phones and accessories, computers, electronic products, footwear, coffee, rice, pepper, wooden products, and cashew nuts.

It imports iron and steel, raw materials for footwear and garment and textile industries, chemicals and plastic materials.

The meeting was organised by the VCCI in collaboration with the South African embassy in ViệtNam.

Source: vietnamnews.vn- Jan 18, 2018

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Germany: Around 70,000 visitors from 135 countries at Heimtextil

Around 70,000 visitors from 135 countries witnessed design innovations by 2,975 international exhibitors at Heimtextil, the international trade fair for home and contract textiles. The fair which saw urban design becoming the hot topic also provided an international platform for more than 50 young designers and start-ups with its newcomer programme.

"With growth on both the visitor and exhibitor side, Heimtextil has convinced across the board and underpinned its unique position as a world-leading trade fair," says Detlef Braun, CEO of Messe Frankfurt. Around 70,000 visitors, including representatives from the retail and wholesale trade, interior decorators, design, architecture and interior design, the hotel industry and industry, benefited from the fair's unique range of products and inspiration.

For the eighth time in a row, the trade fair, held during January 9-12, increased the number of participating companies; these now total 2,975 international exhibitors.

In addition to global market leaders and industry leaders, Heimtextil also provided an international platform for more than 50 young designers and start-ups with its newcomer programme "New & Next". One of the focal points of the trade fair was contract furnishing and the associated focus was on the target group of architects and property planners.

"For us it was a fantastic trade fair première," says Tom Puukko, owner of the wallpaper manufacturer Feathr from Finland. "We were able to generate new and excellent contacts from all parts of the world. A special highlight for us was a group of architects who stopped by our stand, enabling us to present our products to them."

With a first-rate lecture programme, topic-specific guided tours and a prominent presentation area, Heimtextil expanded its commitment to textile contract furnishings. Numerous architects and interior designers, hoteliers and furnishers took advantage of the diverse information and networking opportunities.

“I considered a visit to Heimtextil as a valuable incentive for my work, that is for the interior furnishings and design of shops and restaurants at the airport. I was able to make interesting contacts and discover exciting, very high-quality products,” says Jun-Florian Peine, project manager Retail Development Fraport.

In the immediate vicinity of the new area, carpet suppliers were able to present themselves as part of a joint presentation by the Association of German Home Textiles Manufacturers (Heimtex) entitled “Carpet by Heimtex”. Volker Knieß, responsible for International Sales at Toucan-T, said: “We found the new concept of a joint presentation interesting and are very satisfied with how the fair went. With the main focus on acoustics, flexibility and design, we appeal particularly to the architects who we encounter here at Heimtextil. The guided tours for architects in particular bring us into contact with this target group and open up interesting contacts for us.”

With the “Theme Park” trend area, Heimtextil gave an outlook on the design and furnishing trends of the future. Under the title “The Future is urban”, international design experts visualised the megatrend of urbanisation. Based on the statement that more than half of the world’s population already lives in major cities, the area not only showcased the colour and material trends of the coming season, but above all real future prospects in the field of textile interior design. The London-based studio FranklinTill received great acclaim for a trend presentation that was both progressive as well as tangible and clear.

Glamour factor was also once again present at Heimtextil. Barbara Schöneberger for Tapetenfabrik Gebr Rasch and “die Maus” for P+S International presented their first wallpaper collections. Enie van de Meiklokjes and Alexander Herrmann enriched the DecoTeam’s programme with workshops. And Laura Chaplin, granddaughter of the world-famous comedian, as brand ambassador for the Cotton made in Africa label, drew attention to the use of sustainable cotton in the textile industry.

Based on discussions with exhibitors and visitor surveys, Messe Frankfurt has developed a new Heimtextil concept for 2019. “From the perspective of buyers in particular, we are repositioning Heimtextil 2019 and grouping themes and product groups according to target groups. In this way, synergies can be better recognised and exploited,” says Olaf Schmidt, vice president

Textiles and Textile Technologies at Messe Frankfurt. In addition, the demand for stand space on the exhibitor side has grown sharply in some product groups in recent years.

The next Heimtextil, international trade fair for home and contract textiles, will be held in Frankfurt during January 8-11, 2019.

Source: fibre2fashion.com- Jan 19, 2018

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Bangladesh's woven garments losing competitiveness globally

Experts say Bangladesh's woven garments are losing competitiveness in international markets due largely to longer lead time, poor backward linkage, insufficient gas and port facilities. Data records woven garments exports to the two major markets, Germany and the US spiralled downwards during the first half of the current fiscal 2017-18.

Data records during the July-December period of the FY18, woven items garnered $1.03 billion from Germany, recording a 10.84 per cent negative growth as against the earnings during the corresponding period of last fiscal.

Wove garments exports to the US fell by 1.15 per cent with earnings valued at $1.88 billion during the same period. Knitwear exports, bucking the trend, grew by 10.76 per cent and 9.94 per cent to Germany and the US during the first half of the current fiscal.

Export of woven items grew negatively by 15.89 per cent and 6.95 per cent to Belgium and Denmark while witnessing a slow growth of 2.89 per cent and 9.32 per cent to France and Italy during the period.

Mahmud Hasan Khan, Vice-President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) says knitwear exporters get strong support from local backward-linkage industry, which is not available for woven-garment makers as the latter still largely depends on import to meet their fabric requirements.

About 40 to 60 per cent of required fabrics for woven items are met through import from China, India, Korea and other countries.

Longer lead time has now become a major concern for woven makers. Local woven exporters were lagging behind at least 15 days for inefficient port handling in Chittagong while they faced problems in making air shipment, too, he noted.

Khan explained around 10 to 12 days can be saved by efficient port handling, which means a lot for exports.

Source: fashionatingworld.com - Jan 19, 2018

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Iran : Apparel Exports Earn $39m

About 3,000 tons of apparel worth $39 million were exported from Iran during the nine months to Dec. 21, 2017, the Islamic Republic of Iran Customs Administration announced.

The main export destinations were Afghanistan, Iraq, Turkmenistan, Tajikistan, Kyrgyzstan, Pakistan, the UAE, Turkey, Oman, Azerbaijan, Kuwait, Armenia, Georgia, Yemen, Germany, the Netherlands, Canada, the UK, Lebanon, India, Norway, Japan, Spain and Australia, IRNA reported.

A total of $48 million worth of apparel were exported in the last Iranian year (March 2016-17).

The Iranian apparel market is worth $8.13 billion. More than $5.54 billion of this sum are supplied by domestic producers, $95 million by legal imports and the rest is smuggled into the country.

Source: financialtribune.com- Jan 20, 2018

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NATIONAL NEWS

India-ASEAN Summit: Building alliance for competitive SMEs

New Delhi gets busy next week to host the 10th ASEAN leaders as the chief guests of the Republic Day celebrations, a day after the mega India-ASEAN commemorative summit is organised, marking 25 years of bilateral relations. With this, the ASEAN—the central pillar of India's Act East Policy—is back in the limelight. Ever since the launch of the Look East Policy in 1991, the bilateral relations have travelled a long distance, crossing several milestones.

The two sides established a Sectoral Dialogue Partnership in 1992, which was elevated to full-fledged dialogue partnership in 1996, and to a strategic partnership in 2012—culminating in the establishment of an ASEAN-India Centre and ASEAN-India Vision Statement. In the same year (1996), India became a member of ASEAN Regional Forum, sharing the high table with US, Russia, Australia and Japan, among others. ASEAN and India have about 30 platforms for engagement, including an annual leaders' summit and ministerial dialogues.

Later this year, Prime Minister Narendra Modi will address the security dialogue, Shangri-La—the first for an Indian PM. After 15 years of summit-level meetings, five years of strategic partnership, and with the Narendra Modi government upgrading the Look East to Act East policy, the India-ASEAN bonhomie has broadened to accommodate political, strategic, security and defence ties, in addition to the economic realm. The primary focus of the engagement, however, continues to be the furtherance of economic and commercial ties.

The ASEAN-India economic integration process gathered impetus after the creation of the ASEAN-India free trade area in 2010, followed by the implementation of the India-ASEAN agreement on services and investment in 2015. ASEAN is India's fourth largest trading partner, and India is the seventh largest trading partner of the bloc. However, the bilateral trade and investment ties are still way below their true potential. The bilateral trade stood at $70 billion—only 2.6% of ASEAN's total trade in 2016. This is a long way off the trade target of $200 billion with ASEAN countries by 2022.

Besides, the balance of trade has always been in favour of ASEAN member countries. Total exports to ASEAN in 2016-17 stood at $31.07 billion compared to the imports at $40.63 billion, creating an adverse trade balance of $9.56 billion.

In terms of investment, while the Indian FDI into ASEAN nations, standing at over $31 billion, accounts for 22% of its total outbound FDI, it is far less in comparison to the US, the EU and Japan. Over the same time, FDI inflows in India from ASEAN crossed $25 billion. India receives nearly 99% of the total FDI inflows from the region from Singapore alone—with the Comprehensive Economic Cooperation Agreement driving the economic partnership—while the other major Southeast Asian economies being Malaysia, Indonesia, and Thailand accounting for less than 1%.

Factors obstructing FDI inflows and SMEs collaboration in the region

Several obstacles exist against the bilateral trade and investment today. Challenges in establishing a supply chain, poor infrastructure and bad maritime and air connectivity between India and ASEAN countries have served as obstacles to the trade and investment relations. Besides, all the countries of the region have differing levels of socio-economic development—posing as a complex challenge, especially to the SMEs since they have to adjust with a new set of supply-chain strategies to the varying regulatory requirements in every country.

Technological upgrading is pivotal to enabling the SMEs to be more competitive in the global market. That requires big investments in the form of physical equipment and human resources to compete with foreign companies and meeting the requirements of the new customers in foreign markets. The SME sector in India is dependent on foreign technologies in a huge way because they lack an in-house R&D, owing to their smaller setup.

Here again, ineffective physical connectivity, communication infrastructure and bureaucratic costs involved in complex tax and duty structures, licensing, and other business activities impeded the flow of FDI into the SME sector until last year. Initiatives like the ‘Make in India’ and 100% FDI in retail are facilitating foreign investment in the SME sector, which will also help improve the supply-chain efficiencies of this sector.

Moreover, the CLVT countries—Cambodia, Laos, Vietnam and Thailand—are emerging as the manufacturing hotspots, with China increasingly outsourcing its production to these countries. Last year, Chinese companies signed outsourcing deals on construction, engineering and telecommunications projects worth $ 415 million with countries along the Belt and Road project, mainly ASEAN members.

The CLVT countries, in particular, stand to gain from this industrial capacity cooperation as their manufacturing remains at a low-level. Further, Chinese e-commerce retailers like Sunning have committed to promoting ASEAN SMEs. Thus, the dominant Chinese footprint in the region makes the competition tougher for Indian SMEs.

Recent initiatives

The upcoming commemorative summit in New Delhi will provide India another chance to not only voice its concerns to the bloc but also project India as a lucrative investment destination for the ASEAN countries. Recent major developments on the infrastructure front—improving road and rail connectivity, building international airports and seaports, while earmarking another $377 billion for infrastructure developments in the next three years— are an encouraging sign for foreign companies and investors to do business in India.

Seamless transport links are key to India-ASEAN trade relations. To allow smooth movement of goods and services, the Indian government is currently undertaking some big-ticket projects. India has recently proposed a credit line of $1 billion to promote physical and digital connectivity with ASEAN through road, air and sea projects, apart from setting up development fund of $77 million for the development of manufacturing hubs in Cambodia, Laos, Myanmar and Vietnam.

The India-Myanmar-Thailand Trilateral Highway is already under construction, and the Indian government plans to extend it to Laos and Vietnam under the Dawei project. Additionally, the action plan for implementation of the BBIN Motor Vehicles Agreement, 2016, has been initiated. Myanmar is a member of both the BBIN as well as the ASEAN.

The Kaladan Multimodal Transit Transport Project is another initiative linking the Kolkata with Myanmar's Sittwe port, facilitating the movement of cargo across the India-Myanmar border through the sea route—and later extending to other ASEAN countries like Laos, Cambodia, and Vietnam.

With its largely skilled-yet-unexplored demographic dividend, the logistics sector and the supply-chain environment can be developed to a world-class level.

Since regional value chains are a great pathway to connect to the global value chain, there's huge potential to create value chains between the manufacturers of SMEs in India and those in the less developed countries of ASEAN bloc, like Laos, Vietnam, Cambodia and Myanmar, considering that these countries are the beneficiaries of generalised system of preferences in the US and the EU.

So, if the Indian manufacturers set up business units in these countries, they are bound to get the same benefits while exporting to the US and EU markets. There is huge potential in creating value chains in textiles and fibres between India and these economies.

SMEs are a vital aspect of both Indian as well as the ASEAN economy, contributing nearly 45% to the Indian manufacturing. The sector contributes even more significantly to the collective GDP of the ASEAN bloc, with the numbers ranging between 30-58%.

So, while the jury is still out on the overall impact of the India ASEAN FTA, increasing SME cross-border activities across India and ASEAN by building a regional network, greater integration in the areas of regional trade agreements and digital solutions will, thus, help in boosting mutual economic growth and development. The upcoming India-ASEAN Summit is further expected to facilitate the process to bring about faster economic development in the region

Source: financialexpress.com - Jan 20, 2018

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Budget 2018: Textile sector seeks increase in allocation to boost exports

The forthcoming Budget must provide adequate budgetary allocation for schemes such as refund of state levies and interest subvention benefits to improve the competitiveness of textile exporters, domestic rating agency Icra said in a report on Wednesday.

With a 13 percent share, the textile sector is one of the major contributors to the country's export earnings. However, the sector has been under pressure of late. While, apparel exports have grown at a subdued pace due to intense competitive pressures, yarn exports have also remained under pressure given the decline in demand from China as well as the country losing market share in the Chinese yarn market.

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

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

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

As level of subsidies available under the scheme is key driver for investments in the sector, moderation in allocation constrains capacity additions. Accordingly, a higher allocation towards Tufs subsidy for 2018-19 would prop up investments in the downstream segments, facilitating higher value addition and an even higher contribution by the sector to the country's GDP as well as forex earnings, Roy said.

As per Icra estimates, apparel exports can go up by 3-3.5 times, if raw materials and intermediaries currently being exported, get processed further into apparel.

This has the potential to double the cotton-based apparel exports and increase total textile exports from the country by 50 percent in value terms.

The sector is largely dominated by the small and medium enterprises and faces constraints arising from infrastructure bottlenecks and dispersed value chain, continued funding allocation towards textile parks, financial assistance and access to conducive infrastructure can enhance the sectoral efficiencies, he said.

This in turn can help in enhancing sector's contribution to the manufacturing as well as GDP, the report concluded.

Source: firstpost.com- Jan 18, 2018

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Retail market share in India to rise to 10% by 2020: Crisil

Organised retail's market share retail in India is projected to rise to 10 per cent by fiscal 2019-20 over 7 per cent last fiscal, says rating agency CRISIL. This will be backed by the decision to permit cent per cent foreign direct investment (FDI) in single-brand retail under the automatic route, relaxation in sourcing norms and healthy growth prospects.

CRISIL had expected the same to grow to about 9 per cent by fiscal 2020 before the rules changed, based on healthy revenue growth of about 18 per cent of organised brick and mortar (B&M) retailers, according to Indian media reports.

The pace of store additions by organised retailers may be faster than the annual 10-12 per cent CRISIL had presaged earlier.

The impact of relaxation in rules would be more pronounced in the apparel, luxury goods, home decor, footwear, and electronics segments, which ratchet up about 45 per cent of India's organised retail revenues.

While FDI approval under the automatic route will lower the time to commence business, the relaxation of 30% local sourcing norms for the first five years by allowing inclusion of incremental sourcing for global operations will provide sufficient time for new entrants to set up and stabilise their sourcing base.

Healthy growth prospects for the sector and benefits of scale and focus on profitability will help offset the impact of higher capital spending and increasing competition on credit profiles over the medium term, the ratings agency believes.

Source: fibre2fashion.com- Jan 20, 2018

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Jharkhand to get its first 'Green' khadi park

Jharkhand governor Droupadi Murmu inaugurated the state's first Green khadi park in Seraikela-Kharsawan District. The first-of-its's-kind park is spread over two acres. Murmu lauded the move and said it will play a key role in promoting khadi products as well as create job opportunities for many in the sector.

Around 200 charkhas have been installed at the solar-based khadi park set up at a cost of Rs 4 crores. These charkhas will run on renewable source of energy. The inauguration, was attended by ex-chief minister Arjun Munda and Sanjay Seth, Chairman of Jharkhand Khadi Evam Gramodyog Board, who said the importance of khadi can be gauged out from the fact that this movement has succeeded in preserving traditional arts and crafts. It has also been successful in providing self-employment to a large number of people in rural areas, particularly among women.

A training centre for the skill development of artisans has also been set up along with the accommodation facility. The state khadi board has termed it an ambitious project for them. Other than the production unit, the park boasts a museum dedicated to Mahatma Gandhi, manicured gardens and an emporium.

The main aim of which is to showcase khadi (park). Presently, a weaver can produce around 100 gm of silk threads a day. The introduction of solar charkhas will eventually increase the production.

Source: fashionatingworld.com- Jan 19, 2018

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GST may be cut on handicrafts such as carpets, shawls, bamboo furniture

Kolhapuri and jute chappals, hand-embroidered shawls, bamboo furniture, hand-woven carpets and tapestries are among the 40 items identified as handicrafts and will attract lower goods and services tax.

The proposal was cleared by the GST Council at its meeting on Thursday, after a committee of officials sifted through a list of over 500 handicrafts items that were sent by States.
Nil or 5 per cent levy

Sources indicated that these are also likely to be taxed at nil or 5 per cent, like most other handicraft items. Further, the prevailing concessional rate of 5 per cent for job work on handicraft items will also be available.

However, hand-woven sarees and dresses, leather bags and wooden furniture have not been classified as handicrafts.

Officials said that it was felt that sarees are already taxed at a concessional rate of 5 per cent under GST, while leather handbags and wooden furniture were seen as items of mass consumption.

However, handbags, pouches and purses made of textiles, as well as kitchen and tableware made of clay and terracotta, will be considered handicrafts.

The list also includes embroidery strips, silver filigree work, handmade imitation jewellery, hand-drawn paintings such as those from Mysuru, Rajasthan and Thanjavur, toys and dolls and even gamochas or traditional stoles as handicrafts.

Rates to be decided

The Fitment Committee of officers is now expected to finalise the rates on these items, and the matter will be taken up by the GST Council at its next meeting.

The Committee has also proposed a definition of handicraft items as those that have a visual appeal, ornamentation, and possess distinctive features of artistic and cultural value.

While these goods mostly enjoyed exemption from central excise and value-added tax, many of them are now taxed at higher rates, of 12 per cent to 18 per cent.

Over the last few months, States had repeatedly flagged the issue before the GST Council as the higher tax rates were hurting small industries and also impacting employment.

Finance Minister Arun Jaitley, who chairs the GST Council, also said that the decision to lower rates will have a marginal fiscal cost but will protect and boost jobs.

Coming, more amendments to ease GST compliance

The GST Council has begun discussions on amendments to the Central, State and Integrated GST Act as well as the GST (Compensation to States) Act, 2017 to not only ease the compliance burden but also act as a deterrent to tax evaders.

A new enabling provision under the Compensation cess has been proposed to levy the cess at the manufacturing stage for items prone to evasion, such as pan masala. The cess in such cases will not be levied at later stages, said an official.

Other amendments include those proposed by the Law Review Committee for changes to registration, the composition scheme and input tax credit.

Finance Minister Arun Jaitley had said on Thursday that more discussions are required on these, adding that amendments would be circulated to the Council in the next meeting.

Source: thehindubusinessline.com- Jan 20, 2018

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Garment exports nosedive by 8% in December

In another fall out of reduction of incentives like duty drawback and rebate of state levies (ROSL) on garment exports, total exports of ready-made garments from India has yet again registered a fall of more than 8% in December 2017 as compared to same period in 2016.

According to fresh data released by the Directorate General of Commercial Intelligence and Statistics (DGCI & S), exports in December 2017 fell to $1,336 million from $1,454 million in December 2016. This is for the third month in a row that exports of ready-made garments has taken a hit.

As garment factories of Ludhiana constitute a major chunk of total exports, city businessmen are demanding that if government still did not announce relief to them in terms of enhancement of incentives and introduction of new subsidies, recovery was not possible in exports.

According to president of Ludhiana Business Forum Dinesh Kalra, "This is a warning sign for the economy and the government as well. The garment manufacturers and exporters are already under immense pressure to compete with low rates offered by exporters of other countries in the international market and reduction of subsidies has made export business more tough for us. The only way to save us from the turmoil is revising the rates of incentives that were reduced by the government recently."

Speaking to TOI, finance secretary of Knitwear Club Harish Kairpal said, "This is perhaps for the first time that ready-made garments exports from India is taking such a severe beating that too for a third month in a row. It is direct outcome of the reduction of incentives by the Union government and if no corrective measures are taken by the government to tackle the situation, it will only get severe in the coming months."

Source: timesofindia.com- Jan 19, 2018

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Mini textile park, a far cry from reality

While SIDCO's trade centre near Panchapur and SIPCOT's industrial park near Manapparai have attained crucial stages in attracting and promulgating investments in Trichy, the other long pending demand to establish a mini textile park (MTP) seems far from becoming a reality.

Even though the scheme to establish a MTP in Trichy was announced in 2015, no headway has been made to identify the required land. Sources in the state handlooms and textiles department said that Sethurapatti near Srirangam appears to be a possible site for establishing the park.

With the western districts like Coimbatore, Karur and Tirupur considered as the belt renowned for textile manufacturers reportedly reaching a saturation point, sources in small-scale industries said that investors are looking forward to expand their presence in non-textile manufacturing districts such as Trichy by citing the availability of land and manpower. Also, Trichy witnesses a floating population touching two lakh people per day mostly due to its geographical location and also for the iconic temples situated here.

Earlier in 2017, officials with the regional office of textile commissioner, functioning under the Union ministry of textiles asserted that Trichy holds vast potential to market textile products. Considering the positives, though the state government in 2015 announced that mini textile park sprawling over 10 acres would be established in Trichy, but little has done till now.

"In Puthanampatti village near Manapparai, units with readymade manufacturing cluster are even exporting their products. Provided we establish a proper platform with financial and technical support for interested investors in textile sector, not just in Trichy but in central districts there is a possibility for textile industry to flourish," president of TIDITSSIA, N Kanagasabapathy said.

"Ten acres of land required for the textile park is yet to be identified and also the investment potential is yet to be studied," an official source with handlooms and textile department said.

Suggestion made for earmarking 10 acres of land in SIPCOT industrial park in Manapparai:

Provided no appropriate land was identified, industrialists here suggested the handlooms and textile department to seek adequate lands from 1,050 acres SIPCOT industrial park to come up in Manapparai.

Three major investment catalysts for Trichy:

1) SIDCO trade centre, 9.4 acres in Panchapur

Status: SIDCO awaits enter-upon permission to commence construction works

2) SIPCOT Industrial Park, 1,050 acres, Manapparai

Status: Land acquired but environmental clearance needed to prepare layout for site

3) Mini textile park, minimum 10 acres needed.

Status: land yet to be identified

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