TEXPROCIL NEWS CLIPPINGS

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IBTEX No. 120 of 2019 June 21, 2019

SD 69.62| EUR 78.66 | GBP 88.48 | JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
21866	45700	**83.60**

Domestic Futures Price (Ex. Warehouse Rajkot), June

Rs./Bale	Rs./Candy	USD Cent/lb
22100	46189	**84.50**

International Futures Price

NY ICE USD Cents/lb (December 2019)	65.96
ZCE Cotton: Yuan/MT (September 2019)	13,820
ZCE Cotton: USD Cents/lb	91.49
Cotlook A Index – Physical	**77.90**

Cotton Guide: As predicted yesterday, the export sales data did drag the international cotton prices down to a certain extent. The US Export sales for the 2018-2019 cotton year declined by 119,300 Running Bales (RB) which is a marketing year low. New sales were around 60,000 RB while the export shipments amounted to 321,200 Running Bales.

Although reductions were seen for Turkey with 84,600 RB and China with 69,600 RB

On the other hand, net sales for the Pima Shipment amounted to 4,000 running bales with shipments of 19,200 running bales showing an increase of 2 percent from the prior 4 week average.

Country	Increases in running bales
India	15,600
Mexico	5,300
Egypt	5,100
Taiwan	3,700
Indonesia	3,100
Table 1: Net Upland Sales 2018-2019	

Country	Increases in running bales
Turkey	98,200
China	49,400
El Salvador	22,500
Guatemala	15,800
Mexico	10,000
Table 2: Net Upland Sales 2019-2020	

Country	Shipments in running bales
India	59,200
Turkey	55,700
Vietnam	55,400
China	36,000
Bangladesh	22,900
Table 3: Export Shipments for Upland	

Country	Shipments in running bales
India	8,500
China	8,300
Turkey	800
Pakistan	400
Bangladesh	400
Table 4: Export Shipments for Pima	

The Mills actively fixed the July on all sales, down 3,151 contracts, while growers sold July contracts. The July on-call purchases were down by 363 contracts. Total On call sales were 88,411 contract i.e. a decline of 1,369 contracts. The on call sales a year ago were 156,485 contracts. We can also see a record high on call purchase figure at 63,604 contracts i.e. an increase of 1,092 contracts. The total on call purchases a year ago were around 39,000 contracts.

Triple digit losses were seen in the most active contract i.e. the US Third month December contract where it emanated a change of -120 points thus settling at 65.96 cents/lb.

In the meanwhile weather conditions in the United States are seen to be improving a bit which has added to the bearishness. Total Volumes were in the average range with figures of 35,140 contracts. The July and December has widened the most to 2.75 cents. July has declined the most to 63.50 cents ahead of its first notice period starting on the 24th of this month.

Futures Based On:	Call Cotton Based New York				Open Futures Contracts ICE Futures U.S.	
	Unfixed Call Sales	Change From Previous Week	Unfixed Call Purchases	Change From Previous Week	At Close 06/14/2019	Change From Previous Week
July 2019	5,933	-3,151	4,929	-363	26,765	-47,353
October 2019	0	0	0	0	82	19
December 2019	29,971	441	39,182	363	129,873	26,097
March 2020	20,721	295	3,225	-222	21,141	3,311
May 2020	8,030	125	431	0	2,752	610
July 2020	13,123	225	1,925	-168	3,753	208
December 2020	6,886	500	13,007	1,173	8,851	374
March 2021	2,381	-2	574	0	206	1
May 2021	641	0	0	0	0	0
July 2021	394	0	0	0	0	0
December 2021	331	198	331	309	0	0
Totals	88,411	-1,369	63,604	1,092	193,423	-16,733

Table 5: Cotton On call reports at close 14th June 2019

The MCX contracts are now into backwardation. The MCX June contract settled at 22,100 Rs/bale with a change of +220 Rs whereas the MCX July contract settled at 21,690 Rs/bale with a change of -200 Rs/Bale.

The MCX August contract contract when compared with the July contract is also running into backwardation although not with big figures. It settled at 21,670 Rs/Bale with a change of -230 Rs.

The Cotlook Index A is adjusted at 77.90 cents/lb with a change of +0.40 cents/lb whereas the Forward Cotlook Index A is adjusted at 77.15 cents/lb with a change of +0.25 cents/lb. The Prices of Shankar 6 are at 45,700 Rs/Candy which is considered to be firm at the moment.

For today, we feel the international markets will remain consolidated. We can expect a tinge of positivity as well with rising tensions in the Middle East at the forefront. WTI has also shown a rise and is now trading at 57.38 $/Barrel. While on the bearish side, the current lack of demand for cotton can give the bulls a fair fight.

One the technical front (ICE December), ICE Cotton is trading within a downward sloping channel, but failed to sustain above 23.6% Fibonacci retracement level (67.78). Cotton price have held the support of 65.60-65.40 from the past week & with EMA (5, 9) at (66.48, 66.45) also supporting the price.

However, the immediate resistances for the price is at 67.80-68, which coincides with higher end of the channel & 23.6% Fibonacci retracement level. Momentum indicator RSI is at 44 suggesting sideways to positive bias for the coming sessions.

For the today's session we expect the prices to trade within a range of 67.80-65.40. However, a close above the channel could bring bullish bias for the price. In the Domestic market MCX Cotton June may trade in the range of 21800-22200.

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

NEWS CLIPPINGS

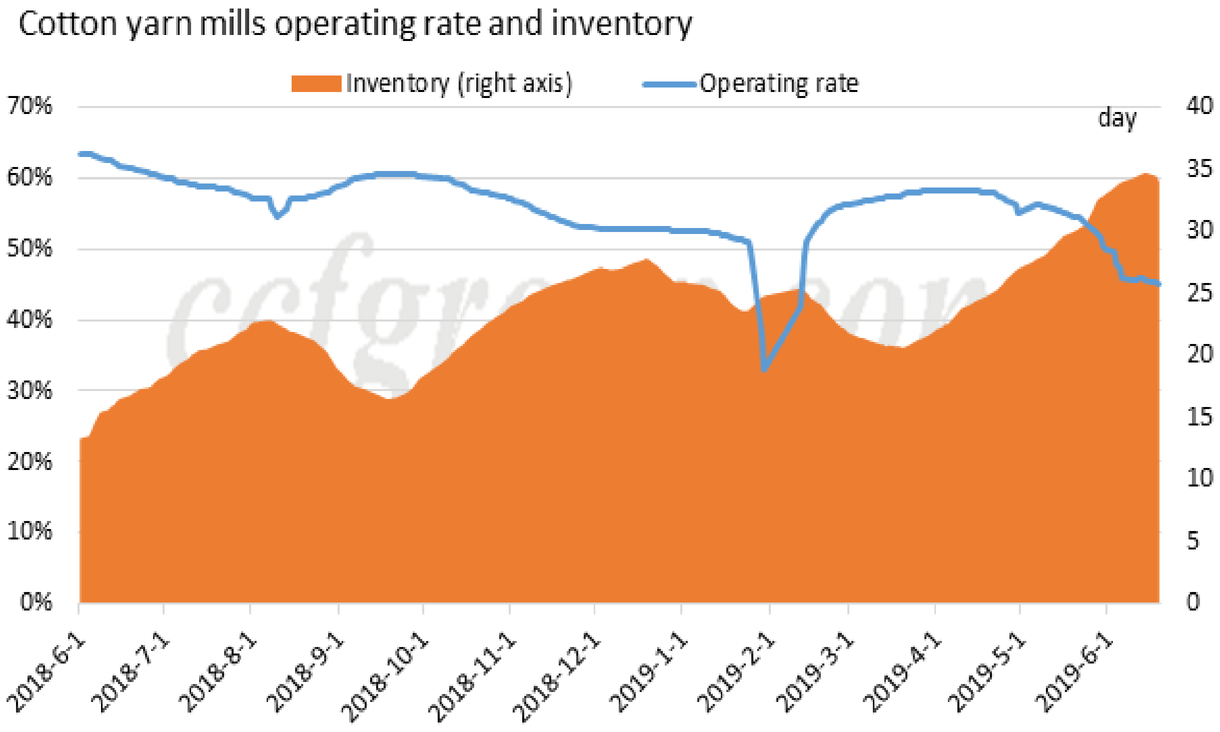
INTERNATIONAL NEWS

Will cotton yarn be spurred by the surge of cotton?

ZCE cotton futures soared immediately after a telephone conversation between China and US leaders and approached limit up. Under the expectation of eased China-US relation, market sentiment recovers somewhat on the whole. Thus what about the cotton yarn market amid the surge of cotton?

1. Price inquiries improve but the orders does not follow up.

Since last week, ZCE cotton futures has climbed up 1,000yuan/mt from the bottom and spot cotton up 800yuan/mt, but it is not well accepted by cotton yarn mills which keep look-on. Cotton yarn market confidence rallies and price inquiries from downstream plants increase somewhat, but the orders are not placed accordingly.

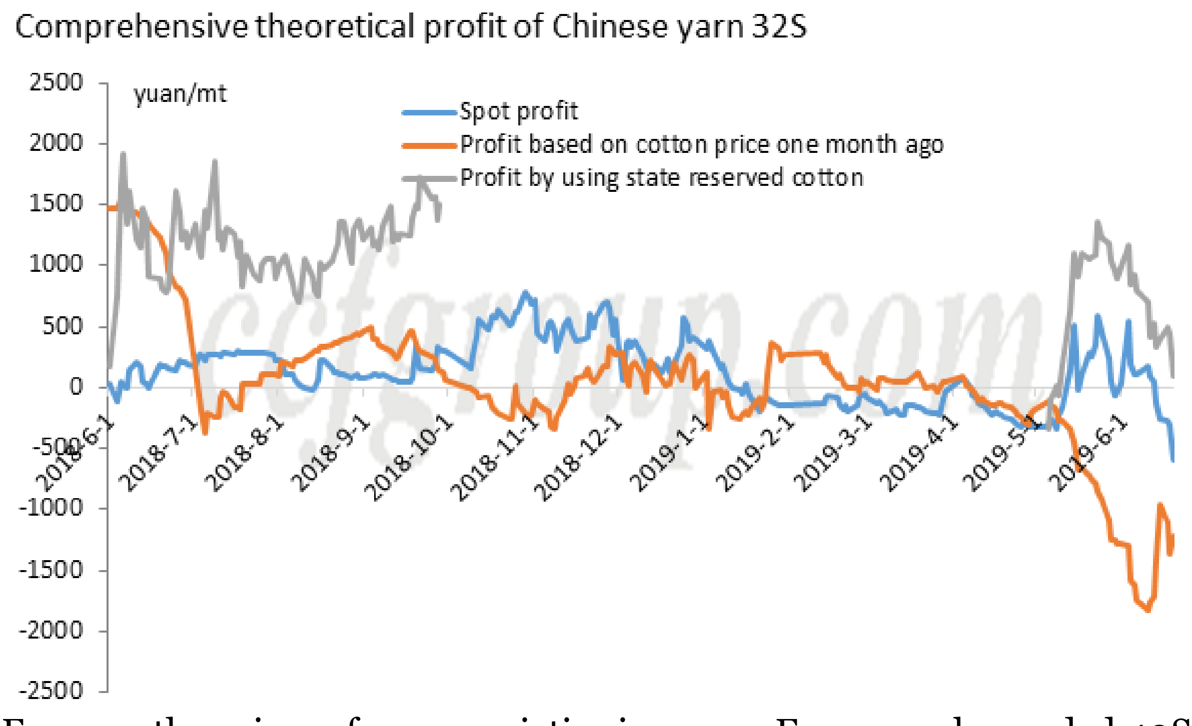


According to the chart above, inventory of cotton yarn mills declined recently due to much lower operating rate at 45% than the average in previous year.

Many small plants shut down and medium to large plants cut production. On the other hand, downstream concerns are alleviated by the stop of decline of ZCE cotton futures. In Addition, cotton yarn mills are active in destocking, which also promotes sales.

2. Offers of cotton yarn tend stable, with increase in some varieties and regions.

With cotton price rising, offers of cotton yarn tend stable, but the trading price is hard to move up with high inventory. In fact, there are discounts in actual trading and some large spinners undersell frequently.



Even so, the prices of some varieties improve. For example, carded 40S for rapier in Nantong increased by 200yuan/mt after the surge of ZCE cotton futures, up by 200yuan/mt again later and was traded well.

On the one hand, it decreased sharply in previous period and only approached 21,000yuan/mt delivered even after the rise.

The cotton yarn mills still suffer large losses even if they purchase spot cotton and produce immediately.

On the other hand, most producers are small and many of them shut down, leading to shrink of production. Thus, once the market improves, tight supply will appear.

Spot profit of cotton yarn mills decreases all the way alongside the rise of cotton price and it approaches cost line even if using state reserved cotton. That is to say, they are at a loss no matter using stocked cotton or spot cotton, which is also a reason why production is cut or suspended.

Cotton yarn price is expected hard to increase in short run. If downstream demand improves, the spinners will reduce discounts at first instead of raising offers. At present, downstream orders keep sluggish and procurement for rigid demand is also weak. Adding the unclear direction of China-US trade war, they prefer to keep cautious.

Most market players hold pessimistic attitude to the negotiation between China and US on the trade war in end-Jun and to the sustainable rise of cotton due to reduced purchase demand.

On the other hand, cotton yarn mills have high inventory, especially large ones which undersell frequently. They will keep destocking upon uncertainties in later market. As a whole, eyes are suggested to the negotiation between China and US in end-Jun.

Source: ccfgroup.com- June 20, 2019

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Brazilian cotton prices dip on low buying interest

Expectation of a large 2018-19 cotton crop kept purchasers retracted from the spot market leading to a dip in prices during the first fortnight of June 2019. After dropping 2.58 per cent in May, between May 31 and June 14, the CEPEA/ESALQ cotton Index, with payment in 8 days, decreased 2.1 per cent, closing at 2.8124 BRL per pound on June 14.

During the fortnight, trading companies were more flexible regarding prices due to the decreases for both future contracts at the New York Stock Exchange (ICE Futures) and the US dollar.

In the first week of June, the average cotton price in the Brazilian market was only 6.3 per cent higher than the exports parity price, the Center for Advanced Studies on Applied Economics (CEPEA) said in its latest fortnightly report.

Meanwhile, lower temperatures are likely to delay maturation of cotton crop, and consequently, the harvesting of the 2018-19 crop in some areas of Mato Grosso and Bahia. Rains in some areas in previous months may also hamper fieldwork, according to CEPEA.

Conab's (National Company for Food Supply) ninth crop survey released on June 11 revised up the 2018-19 expected output to 2.67 million tons, up 33.4 per cent compared to the previous season. Higher production estimates are linked to the increase in the area to be sown by 36.2 per cent. However, the average productivity is likely to dip by 2 per cent to 1,673 kilos per hectare.

The output from Mato Grosso is estimated at 1.76 million tons, 36.8 per cent up compared to the 2017-18 crop, despite the slight 1.1 per cent decrease in the average productivity to 1,641 kilos per hectare. In Bahia, the output is predicted at 587,600 tons, up 17.9 per cent due to 35.9 per cent larger area under cotton. However, the average productivity may decline 6.3 per cent to 1,770 kilos per hectare.

During the current cotton season from August 2018 to May 2019, Brazil exported the record volume of 1.2 million tons of cotton.

Source: fibre2fashion.com- June 20, 2019

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Report: US Fines Exporters Attempting to Dodge Trump Tariffs Through Cambodia

Several companies reportedly have been fined by the U.S. government for attempting to avoid new duties imposed by the Trump administration, Reuters reported on Wednesday.

According to the report, a U.S. Embassy official contacted Reuters via email to relay news of the fines on several businesses exporting goods away from China using a special economic zone supported by Chinese interests.

“The Department of Homeland Security has inspected and fined a number of companies for evading tariffs in the United States by routing goods through Cambodia,” U.S. Embassy spokesman, Arend Zwartjes, said in a statement emailed to Reuters.

Known as the Sihanoukville Special Economic Zone, the region is a part of the Belt and Road initiative and is a major regional manufacturing center, producing textiles, garments, bags, leather products, hardware, machinery and wooden products. Cambodia designates ares like the Sihanoukville Special Economic Zone, which is the nation’s only major international port, to create favorable trading conditions and, in this case, to open shipping lanes with partners such as China.

According to the Generalized System of Preferences, which sets forth U.S. trade preferences and tariffs, Cambodian goods such as bags, luggage and accessories can arrive on U.S. shores duty-free. The new report suggests that the exporters fined in this case were attempting to relabel their goods as Cambodian in order to take advantage of the nation’s preferential status.

This comes just weeks after the Vietnamese customs department said that it had discovered large shipments of goods labeled “Made in Vietnam” that in fact originated in China.

Kaing Monika, the deputy secretary general of the Garment Manufacturers Association of Cambodia (GMAC)—which represents more than 600 Cambodian garment factories—told Reuters that the organization had no knowledge of large-scale mislabeling or the existence of illegal transshipping.

Both Vietnam and Cambodia have absorbed a great deal of the trade volume that is now receding away from China due to the trade war. In April, Chinese footwear exports fell by 8.4 percent while Vietnam's footwear exports grew by 9.5 percent.

A month later, the World Bank reported that Cambodia apparel, footwear and travel goods exports now account for two-thirds of its total export haul and have risen by 17.6 percent since 2017 and 8.3 percent since last year.

Source: sourcingjournal.com- June 20, 2019

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J.C. Penney Says Trump's Proposed Tariffs Will Impact Women More

Women would bear the brunt of the Trump administration's proposed tariffs on apparel coming from China, according to J.C. Penney Co.

"Though surely inadvertent, the disproportionate impact of the proposed List 4 tariffs on women is striking," the retailer said in a letter to the Office of the U.S. Trade Representative. The department-store chain listed 26 priority items, ranging from footwear to Christmas ornaments, that are poised to be hit.

It said imposing the tariffs will drive up costs, which will be a burden for J.C. Penney's core customers—middle-class working women.Of the priority goods, 13 are apparel items for women and girls. Raising taxes on boy's items, kitchen appliances and other household goods are painful as well, because they "will hurt all moms who don't have inexhaustible disposable income," the company said in the letter dated June 17. "It will force them to make tough choices."

Jill Soltau, J.C. Penney's chief executive officer, was an early critic of tariffs while she was still the head of Joann, the crafting and art-supply chain. She flagged the burden that tariffs will create last August, making her one of the first retail executives to come out against the levies.

Soltau took over as J.C. Penney's CEO in October.

J.C. Penney's competitor, Macy's Inc., also sent a letter to the trade representative, flagging how the tariffs will harm new parents because of the higher cost for baby clothes.

"It is hard enough for new parents to make ends meet while changing diapers and surviving on a few hours of sleep," Macy's said in the letter dated June 17. "Is it really a good idea to impose new taxes on baby clothes?"

Both companies see challenges in moving production elsewhere to avoid the tariffs.

Macy's said it's "difficult, if not impossible," to move sourcing outside of China for the footwear and apparel products it flagged in its letter. J. C. Penney, meanwhile, said there are "no realistic short-term sourcing alternatives" for the items it highlighted.

The companies are flagging the items in their letters to request they be exempt from tariffs.

Source: sourcingjournal.com- June 20, 2019

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Automobile, military to drive hybrid fabrics market: study

Growth in automobile industry, rise in military spending and increasing focus of governments on renewable energy, especially in the Asia-Pacific, will propel hybrid fabrics demand by 2025, says a new research report by Global Market Insights. High cost associated with aramid and carbon fibres, however, shall hamper industry growth over the forecast timeframe.

The aerospace and defense sectors will hold majority share in hybrid fabrics market growth in the coming years. It shall grow with a compound annual growth rate (CAGR) of around 14 per cent over the forecast timeframe.

Asia-Pacific countries, including India, China and Bangladesh, are looking for cost-effective and environment-friendly materials for various industrial needs. They are heavily are investing in wind and solar energy generation. The region also has a high demand for automobiles due to increased consumer spending of its middle-class population, says the report.

Hybrid fabrics are extensively used in automobiles as it makes the automotive parts light weight and enhances their aesthetics. Hybrid fabrics are also used in production of various kinds of aerospace and defense equipment.

Carbon/glass segment accounted for 30 per cent share in global hybrid fabrics market in 2018, according to a press release from the company.

Carbon/glass fabrics are mostly used in manufacturing of spare tire lining, seat backs, boot liner and door panels. It also shows high draping ability, making it ideal for automotive manufacturers. Components made from hybrid fabrics help in reducing vehicle weight and hence improves the fuel efficiency.

Hybrid fabrics render low weight and high strength to aircraft components. Radomes, secondary structures (belly fairing or wing-to-body, leading parts, edges and flight control systems), nacelles and interior paneling systems are made using hybrid fabrics.

In 2018, Europe, which hosts the majority of companies in this sector, accounted for more than 25 per cent of the global hybrid fabrics market and will grow prominently over the forecast period, the report adds.

Source: fibre2fashion.com- June 20, 2019

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Denim conference in Vietnam advocates green production

Experts at the recently held conference in the Ho Chi Minh City noted that denim production is attracting more investors in Vietnam, but eco-friendly production is essential to protect the environment.

Denim products account for around 10-20 per cent of Vietnam’s textile and garment product exports now.

The conference was part of Denims and Jeans Vietnam, an international exhibition on textiles, garment sand machinery organised by the Vietnam Textile and Apparel Association, Denimsandjeans.com and other organisations on June 12-13.

Both domestic and foreign companies in the denim production sector in Vietnam are investing in advanced manufacturing chains and technologies. However, the number of domestic businesses in this sector supplying materials for garments is still limited.

Nguyen Dinh Truong, Deputy Standing Chairman of the association noted that considering the trend toward sustainable development, consumers were keen for green production and environment-friendly products.

Source: fashionatingworld.com- June 20, 2019

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Vietnam: Certificate of Eligibility goes online for garment and textile exports

The Ministry of Industry and Trade (MoIT) on Thursday officially launched an electronic certificate of eligibility (C/E) issuance system for garment and textile exports to Mexico.

The move is part of efforts to accelerate administrative procedure reforms and facilitate imports and exports of garment and textiles products in line with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

According to Deputy Minister of Industry and Trade, Trần Quốc Khánh, member states of the new-generation trade pact account for 13.5 per cent of global GDP, and the CPTPP is expected to bring them many trade opportunities, particularly in the garment and textile sector.

The MoIT has worked with competent authorities in Mexico to build a rational mechanism to control the flow of garment imports and exports between the two countries, he said, adding that the electronic issuance of C/E will help connect supply chains in both nations.

Attending the launch ceremony, Mexican Ambassador to Việt Nam Valdes Bolano described Việt Nam as a significant trade partner of the American country while speaking highly of the former’s response to its commitments in the garment and textile sector.

Deputy head of the MoIT's Foreign Trade Agency Trần Thanh Hải said that, along with CPTPP's documents and commitments so as to enjoy favourable duties, Việt Nam should abide by two exchange letters on garment and textile tariff rate quotas and monitoring system signed between the two industry and trade ministries.

In a bid to receive preferential taxes, exporters are required to have certificate of origin (C/O) and C/E, he added.

Source: vietnamnews.vn- June 20, 2019

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Australia: Low-cost recycling process gives new life to old jeans

Scientists have developed an efficient, low-cost method that can convert waste denim into reusable cotton fibres, an advance that may help prevent mountains of fabrics from ending up in the world's landfills each year.

Cotton-based clothing, such as denim, makes up a large proportion of textile waste. Meanwhile, farming cotton consumes land and resources.

Although processes for textile recycling exist, they tend to be inefficient and expensive. Efficiently converting waste denim into reusable cotton fibres could help address both of these problems.

Researchers from Deakin University in Australia created viscose-type fibres from waste denim that are either white or the original colour of the garment. Previously, researchers have used ionic liquids—salts that are liquid, not solid—to dissolve cotton textiles into their cellulose building blocks.

The cellulose was then spun into new viscose-type fibres that could be woven into textiles. However, ionic liquids are expensive and difficult to work with because of their high viscosity.

Researchers wanted to find a way to reduce the amount of ionic liquid solvent required to recycle denim into regenerated cellulose fibres.

The researchers ground three textile samples—blue denim fabric, red denim pants and a mixed-colour T-shirt—into powders.

Then, they dissolved the powders in a 1:4 mixture of the ionic liquid 1-butyl-3-methylimidazolium acetate and dimethyl sulfoxide (DMSO).

Using a high concentration of DMSO as a co-solvent allowed the researchers to use much less ionic liquid than other methods.

In addition, DMSO reduced the viscosity of the ionic liquid solution, making it easier to spin the cellulose into new fibres.

Since DMSO is much cheaper than the ionic liquid, the new process reduced the cost of solvent by 77 per cent.

When they pre-treated the textile powders with a sodium hydroxide solution, the researchers could produce white viscose-like fibres.

Without this step, the fibres retained the colour of the original item, which conserves water and energy that would otherwise be required for textile dyeing.

Source: tribuneindia.com- June 20, 2019

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Pakistan: Revival of zero-rating not feasible, PM tells textile barons

Prime Min-ister Imran Khan on Thursday told the textile industry that the government was ready to resolve its genuine concerns but revi-val of zero-rating regime was no more an option in the current situation.

The government has withdrawn the zero-rated reg-ime for five sectors — textile, leather, carpets, sports and surgical goods — and imp-osed a standard sales tax rate of 17pc on all items.

The Federal Board of Revenue (FBR) believes that the change in the tax regime of the five sectors will raise an additional Rs75 billion.

Minister of State for Rev-e-nue Hammad Azhar told Dawn that a delegation of textile and clothing sectors as well President of the Fed-eration of Pakistan Cha-m-bers of Commerce and Ind-ustry (FPCCI) Daroo Khan Achakzai along with other businessmen called on Prime Minister Imran Khan.

The premier, he said, informed the delegation that his government was willing to resolve all issues of the industry arising in the post-zero rating regime, but the scheme would not be revived now.

The prime minister stressed the need for effective collaboration between the government and business community to overcome the current economic problems. Mr Khan said promotion of business activities and the manufacturing sector was top priority of his government.

The delegation assured the premier that the business community would stand by his government's economic reforms agenda and fully cooperate to take forward the process of economic reforms.

A press release of the textile sector claims that during last 10 years exports of five zero-rated sectors had gone up by 37 per cent in terms of value. However, due to the devaluation of the rupee over the past four months, exports had increased but in quantity only.

The textile industry exports more than 80pc of its products. To collect sales tax on remaining 20pc from the textile manufacturing sector is not feasible and saner thing to do. The industry proposed to the government to get tax from goods sold in the local market and the same should be collected by registering wholesale and retail sectors. Disturbing the manufacturing sector for mere 20pc would not be a wise decision.

The export industry is already facing severest ever liquidity crunch as more than Rs200bn of refunds of Sales Tax, Customs Rebate, Withholding Tax, etc are held up with the government.

Meanwhile, the delegations of FPCCI led by its president Daroo Khan Achakzai and the All Pakistan Textile Mills Association held separate meetings with Prime Minister's Adviser on Finance Dr Abdul Hafeez Shaikh.

They discussed technical issues which were not considered in the budget.

Dr Shaikh briefed the industrialists about the economic priorities of the government. He told them that the government had taken austerity measures by reducing its expenditure up to Rs50bn as well as cutting the salary of the prime minister and his cabinet members.

The adviser said that the initiatives had been taken to curb external and fiscal deficit by reducing the expenditure and enhancing the revenue. He urged the business community to support the government in its endeavours to boost the economy.

During the meeting several proposals of the business community were considered and approved to be made part of the Finance Bill.

The meeting approved the business community's demand to develop criteria in which a person is not repeatedly selected for audit without any definite information about tax evasion.

FBR chairman Shabbar Zaidi assured the business community that a new system would be introduced to issue refund to the exporters at the time of export. The meeting agreed to streamline the DTRE (Duty and Tax Remission for Exporters) system for the importers so as to discourage misuse, if any.

The meeting agreed that no action would be taken against the taxpayers on the basis of any wrong information with respect to CNIC. However, the condition of CNIC, for invoice, will be continued with an object to document the economy. Regarding the commercial imports, the meeting approved the proposal of the business community to do away with presumptive tax on commercial imports.

Source: dawn.com- June 21, 2019

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NATIONAL NEWS

Will sliding overseas prices take the fluff off domestic cotton?

Domestic cotton prices have been ruling firm on speculation of a shortfall in production for season 2018-19 (season October-September). However, steadily falling international prices along with weak demand for cotton yarn could soften domestic prices in the months ahead.

For now, prices firmed up in the last few months on the expected drop in domestic output. The Cotton Advisory Board of India pegs production at 343 lakh bales, which is even lower than the 12-year low of 348 lakh bales. So, this season would see a drop from 371 lakh bales last season. One bale is 170 kilograms.

Soaring summer temperatures, delayed onset of monsoons and water shortage especially in some cotton growing states of Telangana, Andhra Pradesh, Karnataka and Maharashtra has effected cotton yield. Traders' speculation further drove up prices.

Thankfully, declining international prices due to the US-China trade war has softened international prices. This is unlikely to change soon as China, the world's largest consumer and importer, has imposed a 25% retaliatory tariff on US-origin material.

At present, imported cotton price is nearly ₹3,000-4,000 cheaper than the domestic price, which is about ₹46,000 per candy.

One candy is equal to 356 kilograms of ginned cotton.

According to Southern India Mills Association, domestic spinning mills are inclined to import and save costs.

About 22 lakh bale worth of import contracts seen in the last few months is far higher than the usual. However, it is hard for small and medium enterprises to import, as they may not have the financial muscle to buy and store.

On the other hand, weak garment exports is also weighing on demand for yarn. Industry experts therefore feel that the trend of rising cotton prices may finally snap in domestic markets as more supply comes in over the next few months.

Source: livemint.com - June 21, 2019

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Slow monsoon progress delays sowing of soyabean, cotton crops

The late arrival of monsoon has delayed the sowing of major kharif crops across the country. While the sowing of cotton has been delayed by two weeks, there has been almost no sowing of soyabean. The India Meteorological Department (IMD) has said monsoon will arrive in Maharashtra on June 21.

The monsoon has already arrived in parts of south India, like Karnataka and Tamil Nadu, but the rest of the country, except parts of east India, is yet to receive rainfall. The IMD's agrimet department has not issued any sowing advisory, though it has asked farmers to prepare the land for sowing.

In Maharashtra, barring paddy nurseries in parts of Kolhapur, there has not been any significant sowing of crops. The sowing window for kharif crops like moong and urad is closing fast with farmers likely to divert land for other crops like cotton, tur and soyabean.

Atul S Ganatra, president of the Cotton Association of India (CAI), said the delayed sowing of cotton by two weeks will affect seed prices. "Kapas (seed cotton) prices will rise after a month," he said.

But farmers are more concerned about the possible effect of the delayed sowing on production. While the sowing window of cotton is till July 15, delayed sowing can cause a 20-30 per cent dip in final production, farmers said. Last year, cotton was sown in more than 126 lakh hectares across India, which resulted in production of 337 lakh bales each weighing 170 kg.

Delayed monsoon has also resulted in almost no sowing of soyabean, although the area under the oilseed is expected to increase in Maharashtra by 10 per cent. Last year, Maharashtra reported 36.39 lakh hectares of soyabean sowing, while the number was 108 lakh hectares across India.

Naresh Goenka, vice-chairman of the Soyabean Processors Association of India (SOPA), said the three important states — Rajasthan, Maharashtra and Madhya Pradesh — have not reported any sowing. "But soyabean is a sturdy crop and late sowing will not have any effect on yield or state of the crop," he said. Farmers of moong and urad, said Goenka, will prefer growing soyabean due to the delayed rains.

Soyabean is expected to trade above its government-declared Minimum Support Price of Rs 3,399 per quintal this season. "Prices at wholesale markets will be at least Rs 3,400-3,500 per quintal in the next season also," said Goenka.

The higher prices, he added, will be mostly because of increased demand from the domestic poultry industry, which has turned towards deoiled cake (DOC) of the oilseed for feed. Millers generally extract 18-12 kg of oil from every 100 kg of bean (1 quintal). The remaining protein rich solid mass and other materials serve as protein source for the animal feed industry. "The poultry industry has reverted back to DOC of soya as its protein source given the steep rise in price of other alternatives like DOC of rice bran, cotton seed. We expect the momentum to stay," he said.

Source: indianexpress.com - June 20, 2019

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CBIC to ensure IGST refunds to all genuine exporters

Central Board of Indirect Taxes and Customs (CBIC) on Thursday informed that all genuine exporters will continue to get their Indirect Goods and Services Tax (IGST) refunds in a timely manner in a fully automated environment.

In order to assure secured IGST refunds, manual checks have been introduced by the CBIC.

The CBIC also termed newspaper reports highlighting set-back to the automated process of refunds for exporters under GST as "misleading".

"Some newspapers have today highlighted a perceived set-back to the automated process of refunds for exporters under GST on account of the introduction of manual checks to curb large scale frauds in IGST refunds. These news items regrettably create a misleading impression that genuine exporters would suffer on account of the newly introduced verification process," the press release read.

"The CBIC has recently instructed its Customs and GST formations to verify the correct availment of input tax credit (ITC) by few exporters who are perceived as "risky" on the basis of pre-defined risk parameters.

Only 5,106 risky exporters have been identified so far as against about 1.42 lakh total exporters. Thus the risky exporters are only 3.5% of the total exporters," it further said.

The press note also said, "Further, in the last two days i.e. 17.06.2019 and 18.06.2019 only 1,436 Shipping Bills filed by total 925 exporters have been interdicted.

Considering that about 20,000 Shipping Bills are filed by roughly 9,000 exporters on a daily basis, the intervention is negligible. Even for these risky exporters, the exports are allowed immediately. However, the refund would be released after verification of ITC within a maximum of 30 days,"

The new verification exercise is aimed at preventing unscrupulous exporters from defrauding the exchequer and bringing a bad name to the larger exporting community, it concluded.

Source: business-standard.com - June 20, 2019

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Government identifies 5,106 'risky exporters' who have fraudulently claimed GST refunds

According to sources, such fraudulent claims of Integrated GST (IGST) refunds by exporters could exceed Rs 1,000 crore.

The government on Thursday said it has identified 5,106 "risky exporters" so far who have claimed GST refunds based on bogus invoices, and would manually check their claims before issuing refunds.

The Central Board of Indirect Taxes and Customs (CBIC), in a statement, also assured genuine exporters that their refund claims would be processed in an automated environment and issued in a timely manner.

The CBIC had on Monday issued an instruction to its Customs and GST formations to verify the correct availment of input tax credit (ITC) by few exporters who are perceived as "risky" on the basis of pre-defined risk parameters.

"Only 5,106 risky exporters have been identified so far as against about 1.42 lakh total exporters. Thus the risky exporters are only 3.5 per cent of the total exporters...

"Even for these risky exporters, the exports are allowed immediately. However, the refund would be released after verification of ITC within a maximum of 30 days," the CBIC statement said on Thursday.

The introduction of manual checks in IGST refunds is aimed at preventing unscrupulous exporters from defrauding the exchequer, the CBIC added.

It said that in the last two days -- June 17 and 18 -- only 1,436 shipping bills filed by total 925 exporters have been interdicted.

"Considering that about 20,000 shipping bills are filed by roughly 9,000 exporters on a daily basis, the intervention is negligible," the CBIC said.

"The new verification exercise is aimed at preventing unscrupulous exporters from defrauding the exchequer and bringing a bad name to the larger exporting community.

CBIC would like to assure all genuine exporters that they would continue to get their IGST refunds in a timely manner in a fully automated environment," it added.

In the instruction issued on Monday, the CBIC had asked the director-general (systems) to identify "risky exporters" and inform the respective Chief Commissioner of Central Tax about the past IGST refunds granted to such risky exporters (along with details of bank accounts in which such refund has been disbursed).

"Risk Management Centre for Customs (RMCC) shall insert alerts for all such risky exporters and make 100 per cent examination mandatory of export consignments relating to those risky exporters. Also, alert shall be placed to suspend IGST refunds in such cases," the instruction said.

Exporters can claim IGST refunds on exports in two ways -- either on the basis of issuance of a bond/letter of undertaking at the time of exports and claiming a refund of accumulated ITC, or paying IGST in cash at the time of exports and claiming refunds thereafter.

It has come to the notice of taxmen that certain exporters have availed ITC on the basis of ineligible documents or fraudulently and utilised that credit for payment of IGST on goods exported out of India.

"It has also been observed in several cases that there is huge variation between the FOB (freight on board) value declared in the shipping bill and the taxable value declared in GST return apparently to effect higher IGST pay out leading to encashment of credit," the CBIC said.

As per the instruction, the GST officers have been mandated to report to the Chief Commissioner of Central Tax within 30 days specifying whether the amount of IGST paid and claimed/sanctioned as refund was in accordance with the law or not.

The Chief Commissioner of Central Tax will then share the report with customs port within five working days.

In cases where no malpractices are detected and the ITC availed by the exporter was in accordance with the GST law, the customs officer at the port of export shall proceed to process the IGST refund.

For cases where malpractices are reported on verification and it is found that the exporter has availed ITC fraudulently or on the basis of ineligible documents and utilised the said ITC for payment of IGST claimed as refund, the customs officer will not process the refund claim, the CBIC instruction said.

Source: thehindubusinessline.com- June 20, 2019

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Apparel exports struggle due to high manufacturing costs

This is especially in low-value added products, says a survey

High manufacturing costs are affecting the competitiveness of apparel exports, especially in low value-added products, according to a survey conducted by the Indian Texpreneurs Federation.

The Federation conducted a survey to find out reasons for apparel and made-up exports remaining stagnant though the Union Government had implemented special packages for these products. As many as 320 manufacturers and exporters took part in the survey that was open for three to four days and gave their top three reasons from 13 factors identified as impediments to apparel and made-up exports.

Indian exporters compete with countries that are seen as low-cost destinations and are struggling to match the prices quoted by these countries.

The other main reason is that Indian garment exporters focus on just three or four major countries/zones where countries such as Bangladesh have free trade agreements. The domestic industry has not improved its manufacturing efficiency and faces labour shortage; raw material, mainly man-made fibre, is expensive compared to other countries; and even for blends the industry lacks cost-effective eco system, according to the study.

"There are no magical solutions for textile and apparel sector to revive its growth. There are no short-term solutions. The industry needs long-term initiatives," said Prabhu Dhamodharan, convener of the Federation.

Explaining the factors identified by the exporters as impediments to growth, he said the manufacturers in this region are mainly in low-value segment. They have not gone in for product diversification.

A buyer needs suppliers for more blended and MMF products compared to cotton products and Indian manufacturers should be able to meet the requirement. While free trade agreement with Europe may take time, India should at least look at agreements with Eurasia.

In an effort to address the issues that cripple the growth of the garment sector, the Federation has sought a “Fibre Neutral” policy. All raw materials used by the Indian textile industry should be on a level-playing field. This will enable to industry move faster towards blended products.

The Government should also announce a Cotton Technology Mission to increase cotton productivity. Countries such as China have crossed 1,000 kg per hectare where as in States such as Maharashtra in India, it is lower than 500 kg per hectare. The Government should extend incentives and promote large-scale manufacturing as scale of production is important.

It should also form a task force with stakeholders from the industry as members and higher officials of the Ministry should visit the textile clusters regularly to understand the issues that the industries face, the ITF said.

Source: thehindu.com- June 20, 2019

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Telangana releases new cotton variety

Even as the pink bollworm developing resistance to GM cotton causing extensive losses to farmers, the Professor Jayashankar Telangana State Agricultural University (PJTSAU) has released a cotton variety which promises a yield potential of 3,000 kg/ha.

Suitable for rain-fed conditions, the variety (ADB 542) offers good fibre quality with a staple length of 27-32. A medium-duration crop (150-170 days), the variety is resistant to bacterial leaf blight and tobacco streak virus.

This is among the eight varieties in various crops cleared by the State Varietal Release Committee for the commercial use.

Source: thehindubusinessline.com- June 20, 2019

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Preparations begin for Nov mega textile fair at Texvalley

Texvalley, an Integrated Textile Market, in Erode district organised a pre-launch meet, “WEAVES 2019” here for the 2nd edition of the mega textile fair to be held in the month of Nov 2019 at ‘Texvalley’.

Mr. R. Amalorpavanathan, deputy managing director, NABARD, Mumbai, released the ‘WEAVES 2019’ brochure and launched the official website of the fair in the presence of Periyaswamy, chairman-Texvalley, and P Raajashekar, managing director of Texvalley.

Speaking on the event, C Devarajan, vice-chairman, Texvalley, said, “Weaves 2019 will be the combination of concepts including business, networking, connecting the domestic entrepreneur globally, one-to-one meeting, brand promotion and honoring the legends.”

He further said, ‘Erode textile cluster produces 47 per cent of the state domestic consumption. About five lakh power looms with six lakh weavers are consuming 5,000 tonnes of yarn per day and 15 million metres of fabrics being produced per day.’

In addition, 150 processing and printing mills are functioning in Erode region. Weaves will be the right platform for the micro and small entrepreneurs to learn how to compete with clusters on standards, quality and supply," he said.

According to him, at ‘Weaves 2019’, the exhibitors will have potential to showcase large variety of yarns, fabrics, garments, home-textiles, sustainable cloths and ethnic wear.

“There are more than 50 international buyers will be visiting this fair for sourcing south Indian textile materials,” he added. The second edition is scheduled to be held from Nov 27 to 30, 2019.

Source: deccanchronicle.com- June 21, 2019

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Demand for logistics, warehousing outstrips supply in India

The industry expected to grow to $215 billion by 2020

Demand for logistics and warehousing space in India outstrips supply, reveals JLL's latest report, titled 'Indian Logistics and Warehousing: Tracing the Lifecycle'.

According to the report, the annual demand of around 32 million square feet has outstripped the supply of 31 million square feet. This has happened for the first time in the last four years.

With the January-March period of 2019 witnessing 8.4 million square feet of absorption, it is expected to clock around 38 million square feet by end of 2019.

"With high demand, lease transactions have remained high so far," the report said. "Alongside the rise in transactions, the share of Grade A spaces leases have also gone up in the past four years," it added.

Of the total 32 million square feet of industrial and logistics leases in 2018, 56 per cent were Grade A spaces.
'Huge potential'

Sectors such as 3PL/logistics, engineering, auto & ancillary, e-commerce, FMCG, retail, and telecom and white goods have remained the biggest demand drivers. As a result of the high demand, logistics sector is expected to grow to $215 billion by 2020.

Ramesh Nair, CEO & Country Head, JLL India said, "Favourable investment regulations have made the deployment of development funds a lot easier than it used to be in the past.

Moreover, the infrastructure status has added strength to the development pace. GST implementation has brought in a uniform tax regime and has removed the challenges relating to logistics supply chain, making it easier for operators in the space to expand across geographies."

Yogesh Shevade, Head, Industrial Services, JLL India, said, "There is huge potential in the logistics and warehousing sector. With high demand for high-quality logistics facilities and increasing market maturity, the space is set to grow from this stage. However, development side continues to witness challenges on account of problems such as land aggregation, tax parity etc."

"Hopefully, we will witnessing easing of these challenges with further reforms," Shevade added.

Source: thehindubusinessline.com- June 19, 2019

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Massive export goods pileup up after 100% inspection order of Revenue department to check evasion of IGST

A large number of export consignments have piled up pending '100% inspection' after a new directive to field formation by revenue department to verify the IGST payments for goods exported out of India.

The circular issued by Director (Customs), Department of Revenue of Union Ministry of Finance on 17th June 2019 asks officials to verify the IGST payments.

Ports witness havoc as export goods waiting to be shipped are held-up awaiting clearance from custom officials.

Exporters fear of collateral damage by not meeting shipping deadlines and demurrages for not loading goods on vessels docked at ports.

Although the circular states that 'DG (Systems) shall work out the suitable criteria to identify risky exporters' in practice most shipments are marked for 100% inspection.

According to one reputed garment exporter whose shipment was help up at JNCH, Nhava Sheva, he was horrified to see the message flashed at terminal: 'The exporter has a risky profile. Goods to be allowed for export only after

100% examination with respect to criteria viz. classification/ declaration / valuation under SIIB supervision to check undue claim of export benefits including undue GST refunds before sanctioning let LEO. IGST refund in the case not to be granted without proper verification. Consignment may be contain miss-declared and/or over-valued items'!

According to Dr Animesh Saxena, President of Federation of Indian Micro and Small & Medium Enterprises (FISME)- the premier MSME body, 'post directive, like a knee-jerk reaction, officials at ground are literally inspecting all consignments and as there are not adequate inspectors, the consignments are piling up'.

Source: knnindia.co.in- June 20, 2019

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Women employment on the rise in manufacturing units

They constitute nearly 30 % of the workforce in the textile mills

Ravi Kumar, who has an engineering micro unit at Velandipalayam, manages the facility with his wife Thilagamani, aged 42. His wife not only takes care of the unit when he has to go out but also operates the machinery. "She started operating the cutting machine three or four years ago. Now, she can operate the heavy lathe," he says.

Many micro unit owners are involving their family members, including the women, in operating the machinery. This trend in micro units started two years ago as migrant workers started moving to other jobs. "They (migrant workers) used to quit in groups and join larger units. We cannot increase the salary every month. There are minor works where women were initially employed. Now, they (women) are into lathe operation too," says Mr. Ravi Kumar. However, they cannot be employed for loading or unloading and need support in the engineering units, he adds.

According to J. James, president of Tamil Nadu Association of Micro and Tiny Enterprises, women are employed for various jobs in the micro units. But, they are just 10 % to 15 % of the total workers in the micro industries. "Employment of local women started because of labour shortage," he says.

Earlier, micro units went in for group insurance (medical) for their workers. It was discontinued as the annual premium amount went up. In an effort to ensure safety to the workers, especially women, “We are trying to bring the insurance scheme back,” he says.

It is not just the micro units, but several manufacturing industries across industrial verticals in Coimbatore that are employing women at shop floor, mainly to address worker shortage.

In the pumpset units, two factories are operated only by women and others are increasingly employing women. “We are having plans for employing more women, especially for jobs such as motor winding. We take ITI candidates. We need to provide initial training,” says V. Krishnakumar, president of Southern India Engineering Manufacturers’ Association, who is also the vice-president - Marketing of Aquasub Engineering. Industries need to ensure they provide basic facilities when women are employed. Some factories have health centres too, he says.

K.V. Karthik, vice-president of the association, says that foundries face nearly 30 % worker shortage while pump industries face nearly 25 % shortage during peak season for skilled jobs. Factories employ women to tide over worker shortage and also because of reliability. They can do only specific jobs but women employment is on the rise and most of them are aged below 35, he says.

In the textile mills, women employment to operate the machinery started in the 1990s.

Initially, they were trained by the machinery operators at the mills. Since 2000, there are structured training programmes for all jobs and they are employed for all the three shifts. Women constitute nearly 30 % of the workforce in the mills.

Earlier the number was higher. It has reduced now as more women in rural areas opt for higher education. Further, the State has nearly 2,500 textile mills and worker requirement has increased. In order to meet the requirement, mills started employing workers from other States. They are almost 50 % of the workers at the mills, says an official of the Southern India Mills’ Association.

Source: thehindu.com- June 21, 2019

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Telangana can be among top five exporting States in India: FIEO

Representatives of the Federation of Indian Export Organisations (FIEO) said that they were formulating a strategy to place Telangana State among the top five exporting States in the country. Telangana currently stands at 11th position in India.

Interacting with industrialists at Zonal Office of TSIIC (Telangana State Industrial and Infrastructure Corporation) in Patancheru here on Thursday, PT Srinath, the head of Telangana chapter of FIEO, said that they wanted to get feedback from industrialists in Sangareddy district on ways and means to improve exports from the State.

Speaking to Telangana Today, Srinath said that there was a great potential in Telangana to enhance exports. Stating that the Industrialists from Telangana were only concentrating on bulk drugs and software exports, the FIEO-Hyderabad said there was a pressing need to concentrate on exporting on agri products, jewellry, automobiles, engineering tools, textiles, defence, mines and minerals apart from further enhancing the software and pharma exports from Telangana.

Maharashtra, Gujarat, Tamil Nadu, Karnataka, and Uttar Pradesh were the five top exporting States in the country. However, Srinath said that there was enough potential to make the youngest State of the country one of the top five exporting States within five years.

Srinath said that they were formulating the strategy regarding policy making, infrastructure development, ease of doing business (EoDB), logistics facilitation, skill development, promotion and encouragement. Assistant Director, FIEO, Manisha Jain, Industrial Local Area Authority, Chairman, Kala Ramesh, Zonal Manager, TSIIC, Kalavathi and representatives of various industries attended the meeting.

Source: telanganatoday.com- June 20, 2019

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