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IBTEX No. 16 of 2019 January 22, 2019

USD 71.30| EUR 80.98 | GBP 91.84 | JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20622	43100	**77.02**

Domestic Futures Price (Ex. Warehouse Rajkot), January

Rs./Bale	Rs./Candy	USD Cent/lb
20950	43786	**78.25**

International Futures Price

NY ICE USD Cents/lb (March 2019)	73.97
ZCE Cotton: Yuan/MT (May 2019)	15,355
ZCE Cotton: USD Cents/lb	**102.45**
Cotlook A Index – Physical	**83.30**

Cotton Guide: This morning ICE March contract opened above 74 at 74.22 cents/lb. We are reviewing ICE after a three day holiday period due to the weekend and the holiday observed yesterday as “Martin Luther King Jr. Day”. In the last week cotton prices though traded in the same range of 71 to 75 but the bias was onto the positive side. The tone has turned slightly positive.

The Indian cotton price for S6 remained steady near 43100 per candy ex gin hence the MCX future gains were limited. The January MCX Cotton Future settled yesterday at 20950 Rs/Bale with a positive change of +30. The February, March and April contracts ended with gains of +20, +30, +20 with settlement figures of 21230, 21470, 21700 Rs/Bale Respectively.

The Volume for January contract has reduced to 2172 lots, which amounts to a decrease of (-118) lots. The open interest also showed a decline. The decline was noted to be (-553) lots bringing the OI for January contract to 5790 lots. The arrival figures are estimated to be around 157,000 lint equivalent bales (source cotlook) including 37,000 from Maharashtra, 35,000 from Gujarat, 29,000 from Andhra Pradesh. Cotlook Index A has been decreased to 83.30 cents/lb which is a (-0.50) decline.

The other factor that is a matter of concern is the price of WTI Crude which is currently trending low at around 53.64 USD/Barrel. However we think the price may touch 55.50/56 USD/Barrel range. The Positive Points that have supported the price rise: Drier weather in Brazil, excessive rains in Argentina, smaller crop in India and the historical drought in Australia. Non-Chinese demand of US cotton style has also supported cotton price to trade higher.

On the Technical front, ICE cotton futures witnessed marginal decline after last week's recovery rally. Meanwhile price is hovering in the band of 73.60-74.45 zone, with RSI in the daily charts at 48 suggesting sideways trade for the day. Only a sustained move above range could bring further buying in cotton futures towards higher levels of 75.30, followed by 76.20. Likewise below 73.60 immediate support exists around 73.20 and 71.90 levels. In the domestic markets trading range for Jan future will be 20820-21180 Rs/Bale

Currency Guide

Indian rupee may witness choppy trade but overall bias remains weak against the US dollar. Weighing on rupee is recent rise in crude oil price. Brent crude fell marginally today but is holding above $62 per barrel supported by OPEC's production cuts and gains in US equity market. Also weighing on rupee is general recovery in US dollar against European currencies amid Brexit uncertainty and ahead of ECB monetary policy meeting this week. Also weighing on rupee are concerns about wider fiscal deficit as government plans for relief packages at the upcoming Budget. As per reports, additional annual expenditure for India's federal government on full roll out of the farmers' relief program likely to be about 700 billion rupees ($9.8 billion) annually. Adding to concerns about health of the economy, RBI Governor Shaktikanta Das flagged concerns about sticky core inflation. Global equity markets came under pressure today also as the International Monetary Fund cut its forecast for the world economy, predicting it will grow at the weakest pace in three years in 2019 and warning fresh trade tensions would spell further trouble. IMF however expects Indian economy to grow at 7.5% in 2019, which is a marginal 0.1 per cent above its previous projection. Also supporting rupee is reforms to boost investor interest. As per Bloomberg report, the government is looking to revise a rule that will allow limited mutual funds investment in foreign currencies. Rupee has fallen sharply in last few days and has turned choppy amid lack of fresh cues however general strength in crude oil price and global uncertainty will keep pressure on the currency. USDINR may trade in a range of 71-71.5 and bias may be on the upside.

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

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INTERNATIONAL NEWS

China's 2018 growth slows to 28-year low, more stimulus seen

Trade war further souring business, consumer sentiment

China's economy cooled in the fourth quarter under pressure from faltering domestic demand and bruising US tariffs, dragging 2018 growth to the lowest in nearly three decades and pressuring Beijing to roll out more stimulus to avert a sharper slowdown.

Growing signs of weakness in China - which has generated nearly a third of global growth in recent years - are fuelling anxiety about risks to the world economy and are weighing on profits for firms ranging from Apple to big carmakers.

Policymakers have pledged more support this year to reduce the risk of massive job losses, but have ruled out a “flood” of stimulus like that which Beijing has relied on in the past, which quickly juiced growth rates but left a mountain of debt. “The government has means to support the economy. They can expand infrastructure spending and they can cut banks' reserve requirement ratio. So we don't need to worry about capital spending,” said Naoto Saito, chief researcher at Daiwa Institute of Research in Tokyo.

“But the problem lies in consumption. As the U.S. and China clash on many fronts, consumer sentiment appears to have been hurt. Until now, solid wage growth has been supporting consumption but now there appears to be a sense of vague anxiety about the future.”

Fourth-quarter gross domestic product (GDP) grew at the slowest pace since the global financial crisis, easing to 6.4 per cent on-year as expected from 6.5 per cent in the third quarter, the National Bureau of Statistics said on Monday. That pulled full-year growth down to 6.6 per cent, the slowest annual pace since 1990. GDP in 2017 grew a revised 6.8 per cent.

With support measures expected to take some time to kick in, most analysts believe conditions are likely to get worse before they get better, and see a further slowing to 6.3 per cent this year. Some China watchers believe actual growth is already weaker than official data suggest.

Uncertainties aplenty

Despite a raft of policy easing steps so far, December data released along with GDP showed continued weakness across broad areas of the economy at the end of last year. Factory output picked up unexpectedly to 5.7 per cent from 5.4 per cent, but it was one of the few bright spots, along with a stronger services sector.

While regulators have been fast-tracking construction projects, most of the gain appeared due to higher mining and oil production. Reuters calculations showed average daily steel output hit its lowest level since March as producers cut output amid shrinking profit margins.

Despite the slowing economy, Chinese officials also pledged to continue with a crackdown on air pollution that has weighed on the industrial sector. Other data on Monday showed investment and retail sales continued to languish, while the jobless rate edged higher.

Fixed-asset investment rose 5.9 per cent in 2018, the slowest in at least 22 years, as a regulatory crackdown on riskier financing and debt weighed on local government spending early in the year. Property investment is also looking wobbly, with analysts waiting to see if Beijing will risk loosening restrictions on home buyers that have kept a potential housing bubble in check.

Chinese consumers are clearly feeling the pressure. Though retail sales growth picked up marginally in December to 8.2 per cent, the consumer strength gauge is around the weakest in 15 years. Auto sales in the world's biggest car market shrank for the first time since the 1990s.

Officials recently pledged to boost consumer demand for big-ticket items from cars to appliances. But gains in disposable income are slowing, while household debt is on the rise. Other data in recent weeks showed exports and imports unexpectedly shrank last month, while falling factory orders point to a further drop in activity in coming months and more job shedding.

Some factories in Guangdong - China's export hub - have shut earlier than usual ahead of the long Lunar New Year holiday as new business dries up.

Trade pressures

Even if China and the United States agree on a trade deal in current talks, which would be a tall order, analysts said it would be no panacea for China or its exporters. Demand is weakening globally, not just in the United States. Net exports actually dragged on China's growth by 8.6 percent last year, Reuters calculations based on official data showed.

Trade negotiators are facing an early March deadline and Washington has threatened to sharply hike tariffs if there are no substantial signs of agreement. White House officials have given markedly different views on progress so far. China's Vice Premier and lead negotiator Liu He is due to visit Washington for the next round of talks at the end of the month.
More stimulus

To free up more funds for lending, particularly to vulnerable smaller firms, the central bank has cut the amount of reserves that banks need to set aside as reserves (RRR) five times over the past year, and guided borrowing costs lower. Further RRR reductions are expected in coming quarters, but most analysts do not see a cut in benchmark interest rates yet, as policymakers wait to see if earlier steps begin to stabilise activity.

More forceful easing could also pressure the yuan and aggravate high debt levels, with money going into less efficient or speculative investments as it often has in the past. The government may unveil more fiscal stimulus during the annual parliament meeting in March, including bigger tax cuts and more spending on infrastructure projects.

Some analysts believe it could deliver 2 trillion yuan ($295.13 billion) worth of cuts in taxes and fees this year, and allow local governments to issue another 2 trillion yuan in special bonds largely used to fund key projects. China has ample room for policy adjustments, statistics bureau chief Ning Jizhe said on Monday. Still, some analysts do not expect the economy to bottom out convincingly until summer. ($1 = 6.7767 Chinese yuan renminbi)

Source: thehindubusinessline.com- Jan 21, 2019

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IMF Sees Weakest World Growth in Three Years as Europe Slows

The International Monetary Fund cut its forecast for the world economy, predicting it will grow at the weakest pace in three years in 2019 and warning fresh trade tensions would spell further trouble.

In its second downgrade in three months, the lender blamed softening demand across Europe and recent palpitations in financial markets. It predicts global growth of 3.5 percent this year, beneath the 3.7 percent expected in October and the rate in 2018.

“The world economy is growing more slowly than expected, and risks are rising,” Managing Director Christine Lagarde told reporters in Davos, Switzerland.

The outlook is perhaps more upbeat than that of many investors who openly fear a U.S-led slowdown taking hold. The fund left its projections for the U.S. and China unchanged and even anticipates a pickup in worldwide expansion to 3.6 percent next year.

Risks nevertheless “tilt to the downside,” the IMF said in a report which came hours after China revealed the slowest expansion since 2009 last quarter. The IMF’s outlook will set the tone for this week’s World Economic Forum meeting in Davos.

“It is important to take stock of the many rising risks,” said Gita Gopinath, the fund’s new chief economist. “Given this backdrop, policymakers need to act now to reverse headwinds to growth and prepare for the next downturn.”

Read more: Italy’s Growth Outlook Is Cut by IMF in Warning to Government IMF Warns of No-Deal Brexit Risks With Time Running Out for U.K. Latin America Top Economies Poised to Diverge Further, IMF Says IMF Raises Japan’s Growth Outlook on Greater Fiscal Support

Threats cited in the report included more trade tariffs, a renewed tightening of financial conditions, a “no deal” Brexit and a deeper-than-anticipated slowdown in China.

Among major economies, the deepest revision was for Germany, which the IMF now sees expanding 1.3 percent this year, down 0.6 percentage point from October. Soft consumer demand and weak factory production after the introduction of stricter emission standards for cars was behind the shift.

The fund also cut its forecasts for Italy, citing weak demand and higher sovereign borrowing costs, and France, where the so-called Yellow-Vest protests have hurt the economy. The overall euro area will grow 1.6 percent this year, 0.3 point below what it previously thought.

The IMF lowered its 2019 outlook for emerging markets to 4.5 percent, down 0.2 point from three months ago. A major factor was a deeper-than-expected recession in Turkey, which has been struggling to respond to the plunge in its currency last year. There was also a big downgrade to Mexico's prospects.

While some of the issues in Europe may be temporary, the IMF noted that they came amid a backdrop of global trade policy uncertainty and concerns about China's outlook.

President Donald Trump and President Xi Jinping have given their officials until March 1 to reach a deal on a lasting truce after imposing tariffs on each other last year.

"The possibility of tensions resurfacing in the Spring casts a shadow over global economic prospects," the IMF said. It predicts global trade volumes will rise 4 percent this year and next, the same pace as in 2018 but below the 5.3 percent of 2017.

The 2019 U.S. forecast was unchanged at 2.5 percent. But the IMF said growth in the world's biggest economy will cool to 1.8 percent in 2020 as stimulus from tax cuts fades and the economy responds to higher Federal Reserve interest rates.

As for China, the IMF still expects expansion of 6.2 percent this year after 6.6 percent in 2018, a slowing due to the trade war and the government's attempt to pare leverage.

Source: sourcingjournal.com- Jan 21, 2019

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81% Cambodian factories following new wage plan: Gov

Eighty one per cent of garment and footwear factories in Cambodia have implemented the government's new requirement to pay workers' wages twice a month, the ministry of labour and vocational training recently announced.

Terming that 'acceptable', ministry spokesman Heng Sour but said the government would penalise non-abiding enterprises. According to the new law approved on September 21 last year, garment and shoe factories must pay workers' wages in two instalments each month beginning this January.

The first payment is to be made between the 16th and 19th of the month and the second one between the 1st and 7th of the month, according to Cambodian media reports. The first payroll must be equal to half of the employee's net wages per month, while the second ne must be equal to the remaining wages, including other benefits that employees receive each month.

The policy is intended to ease the financial strain low paid workers feel when they are waiting for their next paycheck at the end of each month. Garment Manufacturers Association of Cambodia (GMAC) president Ken Loo said most member factories pay their workers' salaries twice a month

Source: fibre2fashion.com- Jan 21, 2019

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Ehtiopia to host ITME Africa next year

India ITME Society will host ITME AFRICA 2020 in Ethiopia in February next year. This is an unique, exclusive business event with the theme "Prosperity for AFRICA through Textile Technology".

The aim is to initiate a revolution in generating employment, encourage skills development, motivate entrepreneurship in textiles, ushering investment, economic growth and thus bringing new aspirations for a younger generation of African countries.

This business event, conceived and developed by India ITME Society, will showcase a complete range of textile and textile engineering with a total of 27 chapters. The broad categories covered are textiles, textile technology, textile engineering, financial institutions and allied segment.

ITME Africa hopes to be instrumental in establishing Africa's textile footprint globally, to bring to the table complete solutions to textile industry development in the continent through affordable technology, international exposure, learning and experience, confluence of business houses, Investment opportunities, joint ventures, access to finance, networking with technocrats, educators, thus paving the way for a wave of knowledge, progress, growth and prosperity.

This event is expected to bring multiple growth effects for not only the textile industry but also airlines, hotels, transport, tourism etc. Despite an enormous untapped potential for trade expansion between India and Africa, India's trade with Africa is concentrated in certain sectors and countries and is dominated by exports of primary commodities.

Source: fashionatingworld.com- Jan 21, 2019

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Iran: Apparel exports up by 60% in nine months

The Director General of Textile and Clothing Office of the Ministry of Industry, Mine and Trade Afsaneh Mehrabi said that exports of apparel and clothing increased 60 percent in the nine months of the current year (March 21 – Dec. 21).

She went on to say that banning import of garments, footwear and other products in textile and clothing industry, which is not required to be imported into the country under such circumstances, remains in place.

According to the approvals of the 'Resistance Economy Headquarters', existing restrictions on the foreign exchange reserves and in order to provide currency needed for importing essential goods and raw materials, order registration process of these goods was banned, she opined.

Since the mentioned bylaw remains in place and considering the high capability of the country in providing various types of garments needed in the country as well as the need to protect domestic productions especially at the current situation, order registration of different types of apparels is strictly prohibited, the director general reiterated.

In conclusion, The Director General of Textile and Clothing Office of the Ministry of Industry, Mine and Trade Afsaneh Mehrabu said that 4,600 tons of garments, valued at $48 million, were exported from the country in the nine months of the current year (March 21 – Dec. 21), showing a significant 59 and 24 percent growth in terms of weight and value respectively.

Source: en.mehrnews.com- Jan 21, 2019

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Pakistan: FCCI calls for abolishing duty on polyester, cotton yarn in mini budget

Faisalabad Chamber of Commerce and Industry (FCCI) President Syed Zia Alumdar Hussain Monday urged the government to abolish duties on polyester and cotton yarn in the financial bill, which was expected to be announced on January 23.

Addressing a press conference here at the FCCI Complex, he said the government had taken positive initiatives for revival of the export sector and now it should also end the levies on polyester and cotton yarn to decrease input cost in the domestic sector.

He said Federal Minister for Finance Asad Umar had assured the export traders on October 04 that their genuine problems would be resolved soon.

In this connection, gas was being supplied at 6.5 cent and electricity at 7.5 cent, besides restoration of the facility of sending 10,000 dollar abroad for purchase of daily use items, he added.

Due to positive steps of the government, he said the imports started decreasing whereas transactions witnessed 10 percent increase and exports 2 percent increase.

He said the government had provided a number of incentives to the export sector for its revival and now domestic industry needed its survival on permanent basis for which duty on polyester should be withdrawn.

He said although the government had already ended duty on cotton import due to decrease in cotton production up to 4,00,000 bales, yet duty on cotton yarn had not been abolished so far.

Therefore, the government should also announce its withdrawal on January 23, he added.

Responding to a question, Syed Zia Alumdar Hussain said power loom industry only in Faisalabad had faced loss of Rs 20 billion due to costly polyester yarn.

“Our total exports were of 23 billion dollar in 2013-14 with a share of textile sector up to 13 billion dollar whereas imports of textile sector were of 1.5 billion dollar.”

However, due to ill-conceived policies of previous government, textile exports trimmed down to 12 billion dollars whereas its imports jumped up to 3 billion dollar, he added.

Chaudhry Muhammad Nawaz of Power Loom Sector, Chaudhry Abdul Khaliq and Waheed Khaliq Ramay also addressed the conference whereas Hajji Talib Hussain Rana of Sizing Industry, Kashif Zia of Hosiery Sector, Zafar Iqbal Sarwar of Home Textile were also present on the occasion.

Source: brecorder.com- Jan 22, 2019

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Pakistan: Lacklustre half for textiles

There were no surprises in the 1HFY19 numbers for textile exports which show the sector continues to struggle.

According to the Pakistan Bureau of Statistics external trade statistics for the first half of 2019, total textile exports registered negligible growth both for the 6MFY19 period as well as for Dec-19 on a yearly basis.

Textile Exports (Value)								
USD (Mn)	Dec-18	Dec-17	YoY	Nov-18	MoM	1HFY19	1HFY18	YoY
Cotton yarn	76	108	-30%	79	-4%	548	662	-17%
Cotton cloth	172	179	-4%	167	3%	1053	1067	-1%
Knitwear	260	236	10%	252	3%	1475	1335	10%
Bed wear	193	177	9%	195	-1%	1161	1124	3%
Towels	64	64	0%	65	-2%	378	386	-2%
Readymade garments	238	230	3%	213	12%	1261	1249	1%
Total	1140	1132	0.7%	1100	4%	6646	6641	0.1%

Source: PBS

The trade war between the US and China continues to take toll on Chinese appetite for yarn imports from Pakistan while domestic demand also increased resulting in 17 percent fall in value of cotton yarn exports and almost 20 percent fall in quantity for 1HFY19 as compared to the same period last year.

Knitwear continued to buck the sluggish trend in other segments and posted 10 percent growth in the first half of the year while the volumetric growth clocked in at 20 percent growth as compared to the same period last year.

Textile Exports (Quanity)								
Quantity	Dec-18	Dec-17	YoY	Nov-18	MoM	1HFY19	1HFY18	YoY
Cotton yarn (M.T)	29,654	43,353	-29.3%	30,634	-3.2%	207,487	257,863	-19.5%
Cotton cloth (Th.Sqm)	132,425	187,371	-33.5%	124,570	6.3%	1,112,727	1,047,437	6.2%
Knitwear (Th.Doz)	12,870	9,284	34.2%	12,456	3.3%	63,116	52,672	19.8%
Bed wear (M.T)	30,912	28,801	8.5%	31,236	-1.0%	206,722	185,624	11.4%
Towels (M.T)	15,951	17,361	-1.9%	17,038	-6.4%	93,030	103,289	-9.9%
Readymade garments (Th. Doz)	4,453	3,563	9.2%	3,890	14.5%	23,642	18,869	25.3%

Source: PBS

Now that the rupee has devalued considerably (almost 30 percent) a rise in quantity is evident across most segments. But the devaluation also means that the value of exports has taken a hit due to exports becoming cheaper.

Those looking for an instantaneous jump in textile exports will continue to be disappointed unless some pressing issues of the sector are addressed. Pending sales tax refunds seem to be priority number one for the textile exporters and the quantum keeps on increasing and Rs100 billion in verified approved claims need to be cleared by the government. (Read: Textile refunds- another circular debt? published on 09 Jan, 2019)

This column has written about the need to abolish duty on imported cotton and the ECC's recent decision to remove duties on imported cotton is welcome for the sector given there is a shortfall of 5-6 million bales of cotton for the local industry.

The gas price has also been brought down for textile exporters who are now getting gas at $6.5/mmbtu. The mini-budget is further expected to reduce duties on imported raw materials for textiles which will further help in bringing the cost of production down for exporters.

So the sector has seen some of its longstanding demands met while the government is trying to find a way to clear the pending refunds issues as well.

However, something to ponder upon is that these measures will only increase textile exports to a certain extent. Unless the production capacity of textile exporters take place textile exports will plateau after reaching a certain mark.

Source: brecorder.com- Jan 21, 2019

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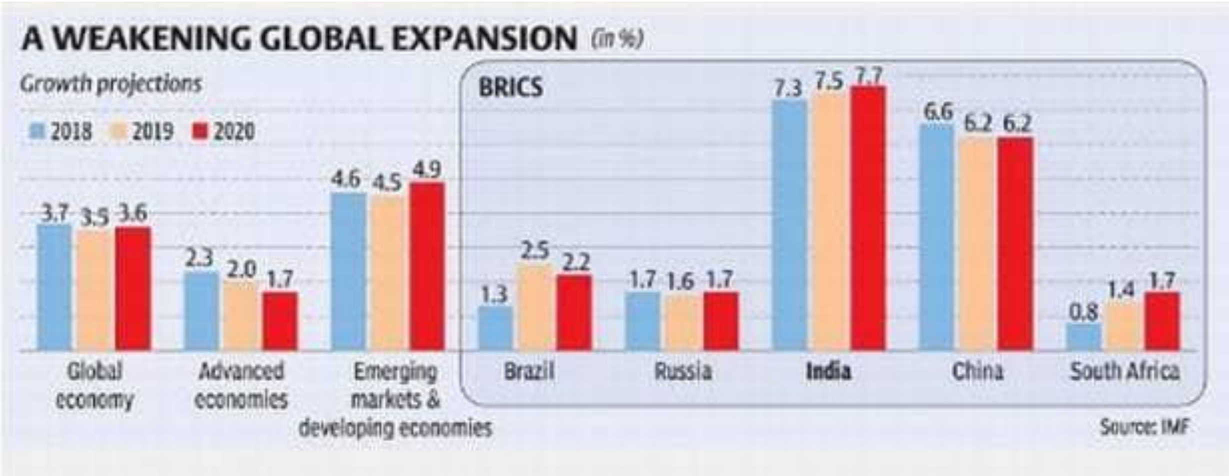
NATIONAL NEWS

At 7.5%, 7.7% India to be top growing economy in 2020: IMF

Says economy poised to get a boost from lower oil prices and easing inflation

Even as prospects for global economic growth remain clouded, the International Monetary Fund (IMF) has news that cheers for India. The multilateral agency on Monday retained its growth projection for the country at 7.5 per cent for 2019-20 and said it is likely to accelerate to 7.7 per cent in 2020-21.



This comes on a day when China announced that its GDP recorded its lowest growth rate in 28 years at 6.6 per cent (for 2018). This is lower than the IMF's estimate of 6.6 per cent in 2018 and 6.2 per cent in 2019 and 2020.

With the latest outlook, India will remain the fastest-growing economy in the world, at least for the next two years. The IMF report says that India's economy is poised to pick up in 2019, benefiting from low oil prices and a slower pace of monetary tightening than previously expected as inflation pressures ease.

The latest growth projection by the IMF is a tad higher than the Central Statistics Office's (CSO) estimate of 7.2 per cent, but lower than the RBI's estimate of 7.4 per cent. But it is in line with the World Bank's estimate of 7.3 per cent.

The IMF's latest update of the World Economic Outlook (WEO), however, projected global growth at 3.5 per cent in 2019 and 3.6 per cent in 2020 — 0.2 and 0.1 percentage points lower than last October's projections.

Rising risks

"The downward revisions are modest; however, we believe the risks to more significant downward corrections are rising. While the financial markets in advanced economies appeared to be decoupled from trade tensions for much of 2018, the two have become intertwined more recently, tightening financial conditions and escalating the risks to global growth," Gita Gopinath, Chief Economist of IMF, said in her blog on the outlook.

She also suggested policy priorities to mitigate global risks. She said that policy-makers need to act now to reverse headwinds to growth and prepare for the next downturn.

Countries should quickly resolve their trade disagreements and the resulting policy uncertainties, rather than raising more harmful barriers and destabilising an already slowing global economy.

Source: thehindubusinessline.com- Jan 21, 2019

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Indian textile mills heading to Ethiopia to take on Bangladesh, Cambodia

The African nation offers much cheaper labour and power, apart from easier access to key markets, plug-and-play infra for new plants, and friendly tax laws

KPR Mills, one of the major factories in the textile town of Tirupur, Tamil Nadu, said today that it has started a unit in Ethiopia to take advantage of lower labour cost, duty savings and shorter shipment time to the US and European markets.

KPR joins a clutch of other prominent textile players, such as Raymond, Arvind, Best Corporation and JJ Mills, that have set up shop in the East African nation largely because their Made-in-India products are finding it difficult to take on the competition from Bangladesh, Cambodia and other nations.

These companies are hoping their Africa investments would bring about a new wave of growth for them.

While KPR has invested $5 million to set up a capacity of 10 million units, providing employment for nearly 1,000 people, Raymond's Rs 130 crore plant in Ethiopia has a capacity of 2 million jackets.

Best Corporation invested Rs 30 crore in its phase-I project. SCM Garments, Arvind and JJ Mills are some of the other companies to have set up factories in Ethiopia the past few years.

Ethiopia offers ready-to-use sheds, income tax breaks and training subsidies and offers tax-free gateway into US, Europe and China.

Besides the labour cost, which is 50 per cent lower compared to India, another big advantage in Ethiopia is that the Government already has the land and building readily available. So it is just a plug and play model with cheap power.

Power is available for three cents in Ethiopia, compared with 10-12 cents in India. Labour is cheaper, at $60 a month, compared with $130-150 in India, said an industry representative.

During the last analyst call, P Nataraj, MD, KPR Mill said while Bangladesh has Free Trade Agreements with major importing countries, the Indian industry is struggling to get into a similar arrangement.

The government has been negotiating for the past two or three years with the other countries, but to little avail, as any concession given to Indian textiles must come with commensurate concessions to other products that the textile importinf country might want to export to India.

Import duty generally ranges from 10 per cent to 18 per cent for most European products, but could go up to as much as 28 per cent for certain categories. In comparison, Bangladesh imposes little or no duty on the products it imports.

Despite this India isn't really out of the market, because of its inherent strength in terms of availability of cotton, a key raw material.

Bangladesh, on the other hand, has to rely 100 per cent on cotton imports to feed its textile units -- and India is the only country with surplus cotton. In any case, its technical expertise and technology gives India an edge in textiles.

While incentives and concessions are available in India, actually getting them in takes a long time. Another major challenge is labour availability and attrition. Despite the fact that companies have invested huge sums of money, their factories are not able to run at even 50 per cent capacity.

Source: business-standard.com- Jan 21, 2019

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Clarification on Investment in Textile Sector in Gujarat

It is learnt that a malicious attempt has been embarked upon to spread disinformation regarding investment accrued by State of Gujarat since 2014-15 in the Textile Sector.

It is re-affirmed through the Office of the Textile Commissioner that upon the perusal of project costs submitted by 7182 units in the state of Gujarat, an amount of Rs. 30,934 Cr. as investment into textile sector in Gujarat was brought to the notice of Textile Commissioner office after scrutinizing and confirming each project by Banks for which Unique Identification (UID) has been issued.

The Government of India sanctioned and released Rs. 1855 crs to aid 2109 units through 60 Banks.
This re-affirmation is to ensure that investor confidence and prospects of textile sector in Gujarat do not receive a set-back due to rumour mongering.

Source: pib.nic.in- Jan 1 2019

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Centre's plan for standard size will cut production cost, say cloth makers

The Clothing Manufacturers Association of India hopes that the Government's decision to conduct a study to come up with a standard size for apparels sold in India will reduce production cost of textile companies.

Smriti Irani, Union Textile Minister, told the 'Textile Conclave' at the Vibrant Gujarat Global Summit, on Sunday that a study will be carried out before introducing the 'Size India' project for apparel measurement.

In the apparel export segment, one of the biggest challenge is that the UK, US and Europe have their own size of measurement. But, India does not have one, she said.

In a first-of-its-kind plan, the Central government will launch 'Size India' project to study different sizes and formalise standard size for Indian consumers.

The Centre will also embark on a statistical study to actually categorise the domestic market demand to ascertain the strength of the industry and grow it further. Estimated at $72 billion, apparel retail is one of the important drivers of modern retail.

Rahul Mehta, President, CMAI, said the project will benefit consumers who will get standardised sizes, better-fitting clothes and will avoid wrong purchases.

It will benefit the manufacturers, retailers and brands by eliminating returns and wasteful inventory. It will also help reduce overall prices and benefits the consumers, he said.

With standard India size, the country can also increase exports by catering to the Indian Diaspora, he added.

Source: thehindubusinessline.com- Jan 21, 2019

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Government addressing concerns of textile sector: Smriti Irani

The Union government will look into textile industry's apprehensions vis-à-vis embedded duties not being refunded fully and see that no tax is imposed on exports, Union minister of textiles Smriti Irani stated at an ASSOCHAM event held in Gandhinagar.

"Government is rolling out two new initiatives – one for estimating the domestic market consumption while the other would be to develop India-specific apparel sizing which will help in taking policy decisions for growth of domestic industry," said Irani while inaugurating an ASSOCHAM Textile Conclave along with Gujarat chief minister, Vijay Rupani at the 9th Vibrant Gujarat Global Summit.

She also informed that since 2014 Rs 35,000 crore have been invested in the textile and apparel sector on account of the government support. She also congratulated Rupani for announcing new textile policy in Gujarat wherein Rs 3/unit electricity subsidy is offered to small power loom units and Rs 2 per unit to all other industry segment.

In his address at the conclave, BK Goenka, president, ASSOCHAM and chairman, Welspun Group lauded the efforts of Gujarat Government in providing conducive environment for businesses to flourish.

The ASSOCHAM chief also appreciated the personal involvement of the state chief minister and the nimble bureaucracy in the state government for helping industry to grow exponentially.

Addressing the ASSOCHAM conclave, KulinLalbhai, ED, Arvind Mills said that today is once in a generation opportunity for industry to invest and expand both for exports and domestic market. "Special focus to achieve this should go on synthetic textiles and skill development."

In his address, Jaxay Shah, chairman, ASSOCHAM Gujarat Chapter and MD, Savvy Group said, "Gujarat has one of the most flourishing textile industry in the country and was very truly called the Manchester of the East during the British era, and the Denim Capital of India."

Uday Kumar Varma, secretary general, ASSOCHAM said that Union government has been very instrumental in supporting India's apparel and textile industry through Amended Technology Up-gradation Fund Scheme (ATUFS), Scheme for Integrated Textile Parks (SITP), Integrated Skill Development Scheme and other such schemes.

"The special incentives provided by the Centre and states for textile and apparel sector will enable establishment of larger manufacturing set-ups thereby leading to economies of scale for executing larger orders resulting in enhancement of India's share in global textile and apparel exports," said Varma.

The conclave also had a panel discussion on "harnessing the growth potential of domestic and export market" moderated by Prashant Agarwal, Jt. MD, Wazir Advisors wherein industry participants - JD Giri, Shahi Export; Rajesh Mandawewala, MD, Welspun; Dr Darlie Koshy, DG & CEO, ATDC; HKL Magu, chairman, AEPC and Narain Agarwal, chairman, SRTEPC shared their respective views on different aspects of the textile and apparel sector.

Source: timesofindia.com - Jan 21, 2019

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Vibrant Gujarat Summit: Fabric traders make a killing at Farm To Fashion

Organisers of the Farm to Fashion Expo at the Vibrant Gujarat Summit 2019 said that textile exhibitors have so far received orders worth Rs 2,500 crore, and the same is likely to cross Rs 3,000 crore by the time the expo ends on Tuesday.

"I got orders equivalent to contracts for about three months at Farm To Fashion. This is a major revival after after about two-year slowdown during which sales dropped," director of Ahmedabad-based Prakash Textiles, a manufacturer of fabrics, Prakash Bagrecha said.

Prakash is just one of hundred odd fabric manufacturers and traders from Ahmedabad who exhibited their products at the five-day expo that began on January 18 in Gandhinagar, as a part of the summit.

Nearly 60 per cent of exhibitors have stopped accepting new orders. They have their hands full for over three months now.

Orders have been pouring in from major cities of the country as well as from Nepal and African countries," president of Ahmedabad Textile Processors Association, Naresh Sharma said.

The association is a partner organiser of the expo along with Gujarat Chamber of Commerce and Industry (GCCI) and Maskati Kapad Market Mahajan (MKMM).

Majority of 105 exhibitors at the expo are from Ahmedabad. Orders poured in from about 1,500 buyers from Amritsar, Ludhiyana, New Delhi, Kanpur, Kolkata, Hyderabad, Bengaluru and Chennai among other cities. Buyers from Nepal and African countries also placed orders."

After the Textile Policy of 2012, manufacturers had imported modern machinery, which improved quality of products in weaving, ginning and processing as well as product categories like denim, suiting and shirting.

This improved export-worthiness of products. Under such circumstances, Farm To Fashion proved to be a game-changer in the sense that it brought buyers," said Gaurang Bhagat, president of MKMM.

Ahmedabad is a major sourcing hub of cotton fabrics for wholesalers and retailers from across India and even abroad.

However, sales dropped by about 25-30 per cent after demonetisation and roll out of GST as the business is based on cash and credit.

Even as Diwali failed to bring back the lost charm Farm To Fashion has revived order-books, said business leaders.

Source: dnaindia.com - Jan 22, 2019

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One-Indian-One-Price among a slew of demands made by AIMO to boost MSMEs

Uniformity in stamp duties for property mortgages across states, GST exemption, interest on refunds from governments, early settlement of NPA are among other demands made by the trade body

Asserting that uniformity in pricing is the need of the hour, the All India Manufacturers Organisation (AIMO), which claims to have over 50 million MSME players in its fold, demanded a one-India-one-price mechanism across sectors.

In an apparent reference to the goods and services tax (GST), K E Raghunathan, National President, AIMO, said with the one-tax-one-country already having been brought in, the country should now have a uniform power tariff, toll charges, fuel prices and education fee structure.

He called for the abrogation of differential pricing structures followed by the states and sought uniformity in pricing so that MSMEs become competitive and operationally profitable to survive in today's unpredictable business environment.

K E Raghunathan added the over 78 million traders and micro, small & medium enterprises present in the country are 'the engines of growth' for India. He claimed the MSME sector, which provides employment to more than 80 million people and contributes to over 11.3 per cent of GDP, has been neglected.

As per AIMO data, sectors requiring immediate revival or reconstruction include real estate, construction, match industry, printing, textiles, start-ups, tanneries, automobiles, power, stone, plastic, consumer products, service industry and infrastructure development.

Raghunathan claimed operational profits have decreased drastically in these units and called for the removal of cross subsidy-based hike in power rates.

He said renewable energy sources ought to be subsidised and called for IT rebates offered to individuals, apart from seeking uniform power charges for industries. AIMO has proposed the setting up of a separate compliance forum and mechanism along the lines of banking ombudsman for better utilization under the credit guarantee scheme.

Uniformity in stamp duties for property mortgages across states, GST exemption, interest on refunds from governments, early settlement of NPA were some of the other demands the trade body made.

AIMO also called for the abolition of trade licences, and sought board-level appointment of an MSME representative in all nationalised banks and PSUs.

It stressed on the need to put an end to 'frivolous claims' made out by tax administrators, stating this was a singular cause of loss of productive time of MSME owner-executives.

With every transaction of every business being captured 'online' in GSTN and other digital forms of collection, there is actually an information overload with GOI, AIMO claimed, adding that industries needn't be asked to feed any additional information through the Central Statistical Organisation.

AIMO said the burgeoning problem of job losses in MSMEs needs to be arrested as they provide employment opportunities for the unorganised sector.

The trade body feels the best solution for this is to provide salary subsidy to MSME for employing fresh engineers or graduates for the first six months. It also demanded the minimum wages prescribed as per the Act for MSMEs and start-ups to be lowered, and permission granted to MSMEs to use 50 per cent of their workforce as apprentice, in order to enhance skill development in the country.

AIMO also recommended that start-ups be exempted from payments of ESI and PF contributions, GST (both input and output) and income tax for the first five years. Every start-up must be given a conditional grant equal to the amount invested by the promoter, based on an auditor's certificate.

Raghunathan also asked the government to create a Rs 2,000 crore fund to invest in startups.

Source: business-standard.com- Jan 21, 2019

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Grasim Industries plans to foray into menswear segment with liva fibre

Birla Cellulose has recently unveiled a new eco-friendly variant called Liva fabric i.e. Livaeco

After achieving sizeable growth in womenswear, Aditya Birla Group company Grasim Industries plans to make a foray into the menswear segment with eco-friendly viscose fibre, branded as liva fibre, produced by its sister company Birla Cellulose.

“We are primarily present in the womenswear segment as of now with premium quality textile products, produced from viscose. Now, we are moving towards an eco-friendly fibre variant called Liva eco. We announced our entry into the home textile segment a few months ago with Liva,” said Dilip Gaur, Managing Director, Grasim Industries. Grasim's pulp and fibre business division Birla Cellulose has achieved sizeable growth in production of viscose, the natural fibre, in the past five years.

The company's total viscose production has risen to 1,250 tonne per day, from 650 tonne per day five years ago. The company has now announced Rs 5,000-crore fresh investment to set up its two plants, with an annual production capacity of approximately 220,000 tonne per annum, in Gujarat. Selling under the brand name, Liva, Birla Cellulose’s viscose is currently used in 35 million garments as compared to mere 1.8 million in 2015.

Birla Cellulose has recently unveiled a new eco-friendly variant called Liva fabric i.e. Livaeco.

Birla Cellulose, following the Aditya Birla Group's philosophy of being at the forefront of sustainable business practices, has taken yet another step towards enhancing the sustainability of the fashion industry through the introduction of Livaeco.

"At Birla Cellulose, sustainability is a continuous journey towards the wellbeing of all stakeholders while conserving nature. With the launch of Livaeco, we endeavor to systematically engage with the textile value chain and offer consumers fashionable clothing that is eco-friendly," said Gaur.

With around 18 per cent of market share in the world market, Grasim Industries currently competes with Austria and China in the world market. Charging a premium over other textile raw materials such as cotton and polyester, viscose consumption in India is growing rapidly following growing income of average middle class.

Overall viscose consumption in India has grown from 3.5 per cent five years ago to 4.5 per cent now, despite a phenomenal growth in overall textile industry during the period.

Source: business-standard.com - Jan 22, 2019

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