TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU
TEXPROCIL

TEXPROCIL
NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 153 of 2018 July 23, 2018

USD 68.71| EUR 80.64 | GBP 90.32 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22421	46900	**87.05**
Domestic Futures Price (Ex. Gin), July		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22280	46605	**86.51**

International Futures Price	
NY ICE USD Cents/lb (Dec 2018)	87.08
ZCE Cotton: Yuan/MT (Jan 2019)	15,715
ZCE Cotton: USD Cents/lb	**89.62**
Cotlook A Index – Physical	**97.70**

Cotton Guide: The last week was very sheer for cotton in the perspective price movement (both at physical and derivatives market across the globe), trading volumes and built in open interests. For reference, the December future ICE cotton moved in a very thin range of 260 point to end the week at 87.08 cents per pound down by 76 points from the previous week's close. In fact the weekly trading volumes were down.

As per the record the weekly volume registered at 70359 contracts whereas in the preceding week it was 0.107 million contracts. However, the aggregate open interests in last three weeks have increased marginally from 0.253 million contracts to 0.259 million contracts. In the given last three weeks the price has also advanced indicating a broad based buying is witnessed from lower level.

However, if we look at the price volatility although on a daily basis it is seen lower but on week on week basis the volatility is high. The price volatility is witnessed on various development related to fundamental updates on cotton, positioning of trades, Currency movement and other markets performance.

Currency Guide: Indian rupee has appreciated by 0.2% to trade near 68.7 levels against the US dollar. Rupee hit a record low level of 69.1275 last week but has stabilized amid some correction in US dollar, range bound movement in crude oil and easing political uncertainty. The US dollar index corrected from 1-year high as US President expressed concerns about Fed's monetary tightening.

The ruling BJP government won a no-confidence vote by 325 to 126 on Friday easing political worries. Brent crude is steady near $73 per barrel as supply issues are countered by prospect of higher supply from US, Russia and Saudi Arabia.

However, weighing on rupee is weaker risk sentiment amid continuing trade war concerns. US President on Friday threatened to impose import tariffs on $500 billion Chinese goods. Rupee has come off the lows but we may not sustained gains on weaker risk sentiment and general upbeat outlook for US dollar. USDINR may trade in a range of 68.5-68.9 and bias may be on the upside.

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

Indicative Prices of Overseas Ring Spun Cotton Yarn in Chinese market:

Indicative Prices of Cotton Yarn in China Date: 22/07/2018 ***Prices in US$ FOB***		
Country	**20s Carded**	**30s Carded**
India	2.80	3.10
Indonesia	2.56	2.85
Pakistan	2.44	2.82
Turkey	3.10	3.30
Source: CCF Group		

China yarn

Trading sentiment of cotton yarn kept weak and the price continued dipping. Price of polyester yarn remained stable, and that of rayon yarn sustained falling alongside feedstock.

For blended yarn, price of polyester/cotton yarn stayed flat, and polyester/rayon yarn and cotton/rayon yarn mostly showed downward.

International yarn

Spinners have struggled to pass on higher raw cotton replacement costs in their yarn selling rates. In Pakistan, downstream manufacturers have complained of a lack of profit margins.

Many factories in Egypt have reduced operations, owing to higher labour costs and intermittent energy supply. The recent Bangladesh budget has increased significantly the costs of energy and VAT.

The Indian Finance Ministry has announced its intention to double import duty rates on 76 textile and apparel items.

Source: CCF Group

NEWS CLIPPINGS

No	Topics
	INTERNATIONAL NEWS
1	World Economy to maintain its growth momentum, says IMF
2	Made in US gaining strength in domestic start-up sector
3	Sri Lanka exports up 9.8-pct, tourism grows 6.2-pct in May
4	Bangladesh: BGMEA looks for $1bn export to India
5	BGMEA for Dhaka-Delhi cooperation in textile sector
6	UK retail sales grow fastest since 2004 in Q2
7	Turkey aims to export apparel worth $25 bn in 5 years
8	Pakistan: Textile trouble
	NATIONAL NEWS
1	TEXPROCIL in talks with textile sector on alternative plans for export subsidies
2	Textile industry worried by rising investment flow into Ethiopia
3	Here's everything that will get cheaper as new GST rates come into effect
4	$1.6-bn respite for Indian polyester fibre and yarn manufacturers
5	GST rate cut impact: Synthetic textiles to be 5-7% cheaper from August
6	After clocking $300 bn in exports, India looks to boost it to $400 bn
7	Pink bollworm threat looms over cotton crop
8	Mechanisation in cotton harvest to boost cost saving
9	Truckers strike hits Tirupur exporters most

INTERNATIONAL NEWS

World Economy to maintain its growth momentum, says IMF

Emerging economies are expected to grow at 4.9 per cent in 2018, up from 4.7 per cent in 2017

The world economy is expected to maintain its growth momentum in the coming years, says the IMF in its latest World Economic Outlook.

As shown in Chart 1, the world economy is projected to grow at 3.9 per cent in both 2018 and 2019, up from 3.7 per cent in 2017. Growth is likely to be driven by emerging markets and developing economies, with the IMF noting that the rate of expansion in economic activity appears to have peaked in some major economies.

As shown in Chart 2, emerging economies are expected to grow at 4.9 per cent in 2018, up from 4.7 per cent in 2017. For 2019, the Fund projects growth of 5.1 per cent. By comparison, economic activity in advanced economies is expected to slow to 2.2 per cent in 2019 from 2.4 per cent in 2018.
As seen in Chart 3, the US economy is expected to grow at 2.9 per cent in 2018, up from 2.4 per cent in 2017. However, growth is expected to slow to 2.7 per cent in 2019. In the euro region, growth is likely to have peaked in 2017 at 2.3 per cent.

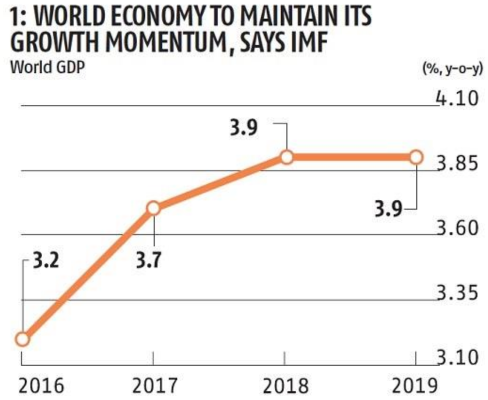
For India, the IMF has lowered its earlier forecast for FY19 by 0.1 percentage point to 7.3 per cent on account of higher oil prices and tighter monetary policy. It has also lowered its FY20 forecast by 0.3 percentage points to 7.5 per cent (Chart 4).

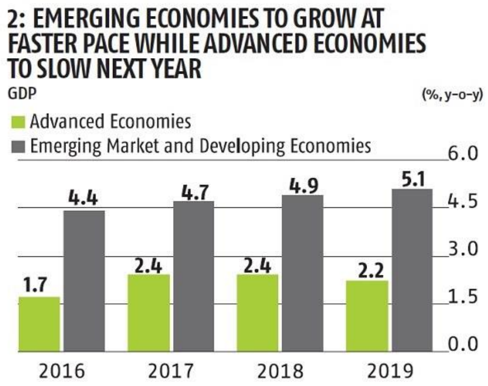
The Fund also notes recent tariff hikes by the US and the retaliatory measures thereafter have increased the likelihood of escalating trade actions.

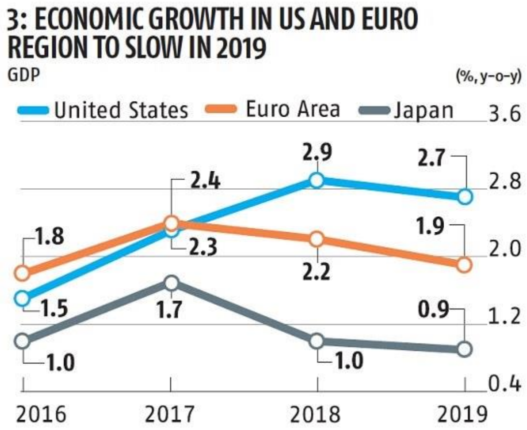
As seen in Chart 5, it has lowered its forecast for world trade growth from 5.1 per cent in 2017 to 4.8 per cent in 2018 and further to 4.5 per cent in 2019.

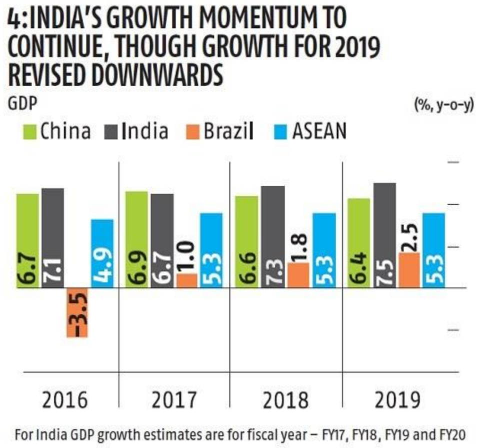
The sharp rise in oil prices (Chart 6) has lifted headline inflation in both advanced and emerging economies.

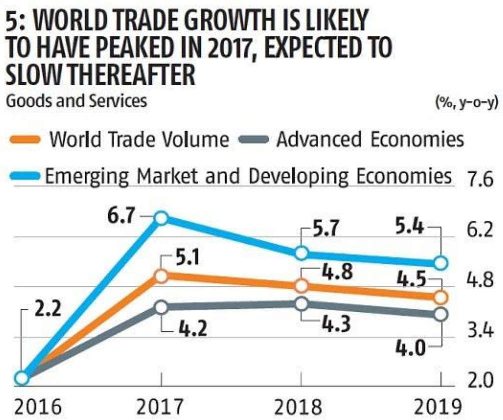
As shown in Chart 7, inflation in emerging economies is projected at 4.4 per cent in 2018, up from 4 per cent in 2017, while for advanced economies, it is likely to rise to 2.2 per cent, up from 1.7 per cent.

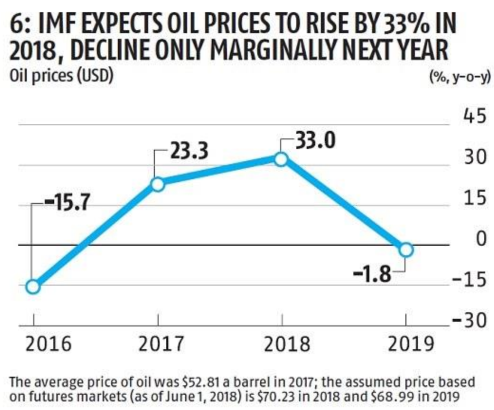


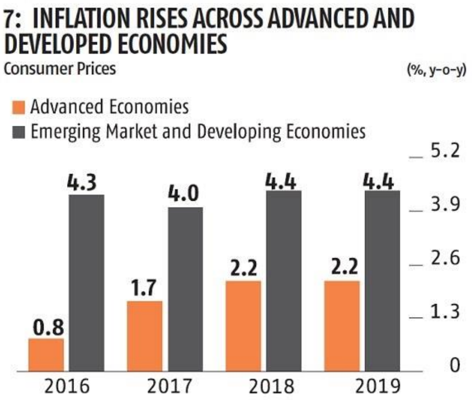












Source: business-standard.com - July 23, 2018

HOME

****

Made in US gaining strength in domestic start-up sector

A recent report suggests 'Made in US' clothing is gaining ground with the government's thrust and companies' near-shoring strategies.

The focus is on high-quality US craftsmanship priced competitively with imports. This proposition makes perfect sense for manufacturers and sellers as the entire supply chain is in their hands rather than depending on the external factors.

These increasingly growing state of affairs is giving rise to 'grown and sewn in the US' phenomenon, where e-commerce lets small firms tell a story and sell directly to consumers who have an interest in natural fibres such as cotton and wool, a willingness to invest in longer-lasting higher-quality goods and a desire to shop local.

Numerous start-ups are flourishing from this idea. For instance, McIntosh, founder of Homegrown Cotton, wasn't satisfied with the imported polo shirts costing from $80 to $90.

Thanks to changing paradigms, every step of the process is done in North and South Carolina. The shirt's final cutting and sewing happens 40 miles from his farm.

Similarly, Anna Brakefield and Mark Yeager, father-daughter owners of Alabama-based Red Land Cotton, started their bedding and towel brand a 'farm-to-home' product. By growing and ginning their own cotton, they create a higher-quality fibre, which is spun, woven and finished in South Carolina and Georgia before being sewn in their hometown. Earlier they were unable to find sewers who could do some of the finer detail hemming for their sheets, later found a small-scale sewing firm in their hometown to finish the sheets.

Quest for organic cotton

A growing perception is that people in the US are increasingly opting for US made clothing. A survey by Cotton Incorporated showed 66 per cent Made in US gaining strength in domestic start up sector 001 consumers say they are interested in buying US-made clothing made with US-grown cotton.

Rob McMillian, Founder of Chicago-based Dearborn Denim, says when he started the company in 2016, he wanted to create an all-American apparel company that produced high-quality products at an affordable price to show that locally made goods don't have to be more expensive.

Even though the manufacturing costs are higher in Chicago than using foreign products and labour, the e-commerce route helped keep costs down. His women's and men's jeans cost around $60, competitive with prices of jeans from The Gap and Levi's.

Tom Chappell, Founder of Ramblers Way, offers organic wool and cotton clothing online and does custom-made clothes in their shops in Maine and New Hampshire, said it took a lot of trial and error to get the fabric quality he wanted and to do it sustainably.

They built their own factory in Canton, Mass., to create a superfine worsted Rambouillet merino and organic merino wool that wasn't itchy and could be worn year-round.

Source: fashionatingworld.com - July 22, 2018

HOME

****

Sri Lanka exports up 9.8-pct, tourism grows 6.2-pct in May

Sri Lanka's merchandise exports rose 9.8 percent from a year earlier to 841 million dollars in May and tourism grew 6.2 percent to 240 million dollars, while remittances fell 3.4 percent to 580 million dollars, the central bank said.

The main merchandise and services exports totaled 1.744 billion US dollars.

Merchandise imports rose 7.7 percent to 1,857 million US dollars.

The rest of the trade deficit (current account deficit) is usually driven by financial inflows such as net foreign borrowings which are spent by government in the domestic economy and foreign direct investment, which are used to construct factory buildings or machinery.

Money printing by the central bank will also drive credit and imports though the banking system, but unlike dollar inflows, the new money created will create an overall balance of payments deficit and put pressure on the rupee peg with the dollar, as there are no matching inflows to back the spending.
Sri Lanka's private citizens are usually net savers and the trade deficit is mostly driven by borrowings taken and spent by the government.

Any remittances which are saved in foreign currency deposits will not generate a trade deficit until a bank buys Sri Lanka Development Bond to finance the budget deficit or gives a dollar loan to a qualified local borrower.

Industrial exports rose 15.5 percent to 709.7 million US dollars, with apparel and textiles up 10.9 percent to 398.3 million US dollars.

Rubber products rose 2.4 percent to 68.6 million US dollars and petroleum products rose 66.8 percent to 46.1 million US dollars and gems and jewelry rose 3.3 percent to 23.1 percent.

Chemical products rose 28.1 percent to 14.3 percent and base metals rose 56.1 percent to 14.5 million US dollars.

Agricultural exports fell 5.9 percent to 209.6 million US dollars with tea falling 7.9 percent to 121.2 million US dollars.

Coconut exports fell 13.6 percent to 24.2 million US dollars, minor agricultural products fell 19 percent to 10.5 million US dollars.

Seafood exports rose 19.9 percent to 21.2 million US dollars.

Consumer goods imports rose 8.1 percent to 414.5 million US dollars, vehicles up 29.7 percent to 119.6 million US dollars and foods and beverages down 21.1 percent to 128.6 million US dollars.

Sri Lanka raised fuel prices in May which may cause non-oil imports to moderate in the coming months as losses financed by credit at Ceylon Petroleum Corporation falls.

Intermediate goods rose 20.6 percent to 1,042.7 million US dollars with fuel imports rising 61.8 percent to 348.9 million US dollars.

Legal gold imports fell to 0.1 million dollars from 35.8 million US dollars. Investment goods fell 8.8 percent to 398.2 million US dollars.

In the five months to May, Merchandise exports rose 6.7 percent to 4,707 million US dollars, imports rose 11.8 percent to 9,622 million US dollars and the trade deficit grew 17 percent to 4,914 million US dollars.

Source: economynext.com - July 21, 2018

HOME

****

Bangladesh: BGMEA looks for $1bn export to India

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) M Siddiqur Rahman today said country's apparel sector would see India as one of the biggest export destinations in future.

"Now the export volume of Bangladesh's readymade garments is $ 279 million, but in future it would be $ 1 billion," he hoped during a B2B meeting with an Indian delegation at BGMEA headquarters.

Terming India as a highly potential market for Bangladesh, Siddiqur said the middle-class population in India is growing fast and global brands and retailers are opening stores in India following the increased buying power.

"We import most of our cotton, dyes, chemicals and other auxiliary items from India to produce garments here. So, I think textile and apparel are a promising sector to strengthen the trade relations between our countries," said the BGMEA President.

He, however, said there are some challenges hindering the trade prospect. "The lack of capacity in the land customs ports especially at Petrapole in India is a major barrier to trade, as around 80 percent of our bilateral trade takes place through these ports."

Since India is the second largest producer of Manmade Fibre and Filament based textiles, Siddiqur said Bangladesh could be a potential market for it. "I would like to encourage our friends from India to consider investments in the high end textile sector in Bangladesh which will be a win-win situation for all of us.

A 25-member delegation of TEXPROCIL-The Cotton Textiles Export Promotion Council of India, led by its Chairman Ujwal Lahoti, arrived here today for a three-day visit. In the first day, they met with the members of BGMEA.

TEXPROCIL Chairman Ujwal Lahoti said Bangladesh is an important trading partner to India, in particular textiles, owing to proximity, short lead time and cultural affinity between the two countries.

"Demand and supply situation in the Indian textile value chain perfectly suits demand supply gap in Bangladesh…," he added.

Lahoti mentioned around 60 percent of the total world trade in textile and clothing is traded "Intra Asia" and it is bound to increase in coming years owing to expansion in installed capacities and requirement of fiber to apparel amongst the Asian countries.

"This B2B meeting is the first mile stone in the long term cooperation and business prospect between the members of BGMEA and TEXPROCIL," he added.

Head of Chancery of Indian High Commission in Dhaka Tseten Nordon Cargyl said Bangladesh is the second largest exporters in the global RMG export and sourcing of raw materials from India for export of textiles from Bangladesh provide a win-win situation to both countries.

“This meet, I am sure, would provide an ideal platform for business interaction between the business communities from both sides,” added Nordon.

BGMEA first vice president Moinuddin Ahmed, vice president (finance) Mohammad Nasir and other directors were present.

Source: en.sangbadprotikkhon.com- July 22, 2018

HOME

****

BGMEA for Dhaka-Delhi cooperation in textile sector

Indian business delegation meets BD apparel exporters

President of apparel exporters’ apex body M Siddiqur Rahman on Saturday said there is a huge potential of collaboration between Bangladesh and India in the textile and apparel sector which can bring opportunities for both the countries.

“We have a huge potential of collaboration between our countries in the textile and apparel sector. If we can complement each other, we will have a new horizon of opportunities,” he said.

The president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) made remark at a business-to-business (B2B) meeting between Bangladesh and India held at the BGMEA Bhaban in the city.

A business delegation of India attended the B2B meeting with Bangladeshi apparel exporters with a view to strengthen trade relationship, specially in textile sector, between Bangladesh and India.

The 25-member delegation of Indian exporters of yarn and fabric led by Chairman of the Cotton Textiles Export Promotion Council of India Ujwal Lahoti and Head of Chancery of the Indian High Commission to Bangladesh Tseten Nordon Cargyal attended the meeting as part of the delegation's four-day business tour here.

"I hope there will be more exchanges of delegation between our two countries in coming days," said the BGMEA chief.

Rahman said Bangladesh and India share a long border and a number of custom ports as well as having many geographic advantages.

But the trade relationship between the two countries has not yet achieved the desired result so far, the BGMEA chief said. "In fact India is a highly potential market for us. The middle-class population in India is growing fast and their buying power is also increasing. Global brands and retailers are opening stores in India," he said.

The trade between Bangladesh and India is growing every year. Because of duty free export of Ready Made Garments (RMG) products, export to India last year was US$279 million which was only US$96 million five years ago, said the BGMEA president.

"India is a highly potential market for us because of the population. Global brands and retailers are also opening their stores in India" he said adding that, "Moreover we import most of our cotton, fabrics and other materials from India to produce garments here."

He also said, there are some challenges including lack of capacity in the land custom ports, specially in Petrapole and non-payment issues, which are the major barriers. Tseten Nordon Cargyal said, India-Bangladesh relationship has grown exceptionally in the past few years.

Bangladesh's garments export to India has increased. Half of India's export to Bangladesh comprises of raw materials and machinery used by Bangladeshi industries, specially the garment industries, she said adding that, this meeting will create more scopes of business interaction between the two countries.

While large scale investments are taking place since the last few years, Bangladesh is an important trading partner of India, said Ujwal Lahoti.
He said there is a need of extending ties between the textile exporters and suppliers of Bangladesh and India.

“This B2B meeting is the first milestone in the long term cooperation and business prospect between the members of BGMEA and TEXPROCIL,” he said. BGMEA Vice President (Finance) Mohammed Nasir also spoke, among others.

Source: theindependentbd.com - July 22, 2018

HOME

****

UK retail sales grow fastest since 2004 in Q2

British shoppers stepped up purchases the most in over a decade in the second quarter despite lower spending in June, giving the Bank of England some reassurance that the sluggish start to 2018 is over.

Retail sales volumes in June alone unexpectedly fell 0.5 per cent from May at the low end of economists’ forecasts as the World Cup kept some shoppers out of stores after extremely rapid growth during the previous two months.

Overall economic growth in Britain this year is likely to be the weakest since 2012.

The latest retail sales data showed clothing sales suffered from the heat, but food and drink retailers did well as shoppers took advantage of unusually hot weather.

However, old-style clothing retailers such as Marks & Spencer, Debenhams and House of Fraser have struggled, and furniture retailers DFS and Dunelm reported lack lustre results, in part due to hot weather keeping shoppers away.

Retail sales growth and Britain's economy overall slowed in the first three months of 2018, due to heavy snow as well as ongoing pressures from high inflation and the anticipation of next year's Brexit, and the BoE stated in May that it would delay raising rates until it was sure that growth was back on track.

Sales for the second quarter as a whole were 2.1 per cent higher than the first three months of the year, the biggest calendar-quarter increase since the first quarter of 2004.

Source: fashionatingworld.com - July 20, 2018

HOME

****

Turkey aims to export apparel worth $25 bn in 5 years

Turkey aims to increase its apparel exports by 50 per cent in 2018 and has a target of reaching $25 billion in export income in the next 5 years, as per the Turkish Clothing Manufacturer's Association (TGSD). In the last couple of years, clothing industry in Turkey has been stable in terms of apparel export. In 2016 and 2017, exports were worth $17 billion.

The industry has been stable for the last two years due to geopolitical conditions in the neighbouring countries and diplomatic tension between Turkey and leading European Union (EU) countries, said Hadi Karasu, the chairman of TGSD, in an interview with Fibre2Fashion.

"With our efforts, leading exporters of the sector today are overcoming this stability and the initial days of 2018 show the ready-to-wear sector is at a breaking point."

In 2017, the local market size of ready -to-wear industry was $35 billion, the amount of knitwear exported was worth $8.90 billion and woven export was $5.95 billion. The domestic market of the country has been growing at a stable rate parallel to exports in the last couple of years, he added.

Talking about China's 'One Belt One Road' initiative, Karasu said, "China's 'One Belt, One Road' project is a threat for the Turkish apparel industry. Primarily, China carries its apparel industry to Western China where cheap labour is intense. Therefore, China will be threatening Turkey by its easier access to EU and the project will be pressurising this very important competitive advantage of Turkey."

Visiting target markets, making more efforts to make the Turkish ready-to-wear industry an international brand and supporting the industry to meet global criteria of corporate social responsibility (CSR) and sustainability will be the top three issues of TSGD's agenda in 2018, he concluded.

Source: fibre2fashion.com - July 23, 2018

HOME

****

Pakistan: Textile trouble

Huge devaluation of rupee is a blessing for the textile mills using domestic gas for power generation and a disaster for the mills consuming imported liquefied natural gas (LNG) as energy prices account for 35 percent cost of basic textiles.

The textile industry was under pressure for the last five years mainly because of its inability to upgrade technology. The mills in Punjab had the added disadvantage of having access to expensive imported gas. Under the 18th amendment the provinces producing gas reserve the first right to its use. Punjab's natural gas production is not significant.

The structure of the textile industry is also skewed as 70 percent of the textiles are located in Punjab and the rest in other three provinces. This means 30 percent of the textile industry has access to cheap energy, while 70 percent has to use highly expensive imported energy.

Normally the exports tend to increase for a while after devaluation. This time around the industries based in Sindh, Khyber Pakhtunkhwa (KPK) and Balochistan are likely to register high sales both at home as well as overseas. The devaluation has adequately addressed their inefficiencies. They are now in a position to remain competitive even with obsolete technology.

The 70 percent industry located in Punjab has lost almost all the advantage provided by massive devaluation. The price of imported gas is based on the global rates of crude oil. As the crude oil prices surged so did the price of imported gas. Devaluation is an added and almost unbearable factor that has increased the imported gas prices.

The industries in Punjab would be out-bidden by the industries based in other provinces in the domestic market. They may be able to retain some export markets after the devaluation but if Pakistani exporters from other provinces challenged them in prices they would have to quit the foreign market for them.

It is now interesting to see how the textile entrepreneurs react to the new situation that is to their advantage both in local and export markets. If they go all-out for exports then there would be nothing left for the domestic market.

But if they preferred domestic market the Punjab based industries would be left with foreign markets only. It is pertinent to note that Pakistan exports only 25 percent of its yarn and fabric. So even if the mills based in Punjab got access to export markets they may not survive without substantial access to domestic market.

The scenario at the value-added level is also very interesting. This sector either buys yarn from spinners to convert it into fabric of its choice through registered or unregistered weavers, or they import yarn or fabric under duty tax remission for exporters (DTRE) scheme. After prolonged crisis in the basic textile sector many apparel exporters took advantage of the DTRE scheme.

However after massive devaluation of rupee the import of these inputs has become too expensive. They would now prefer to buy from the local market. The domestic basic textile players outside Pakistan would now be able to recapture the markets they lost to imports.

But the spinners and weavers would get orders only after the mills from other provinces exhaust their capacities. In other words the textile industry has been truncated after massive devaluation creating clear winners and losers.

The situation created by devaluation will prove to be a short-lived honeymoon for the mills outside Punjab unless they improve their efficiencies up to global level.

For Punjab mills that have upgraded technology may barely survive, while rest would be forced to go out of business unless the state comes out with a prudent plan.

One solution to this problem is to come out with the average weighted price of imported and domestic gas as has been done in the case of electricity.

This move would be strongly opposed by the entrepreneurs outside Punjab. This step may reduce gas prices for Punjab substantially but the increase in gas rates outside would also be very taxing.

This measure after the huge devaluation may in fact also make mills in other three provinces uncompetitive.

There is another alternative that is easier and does not hurt the rights of other provinces. For this the government will have to revisit the priorities under which the system gas is distributed in Punjab. Punjab still gets about 1100mmcfd system gas from other provinces. The first priority is the domestic consumers, while the industry is the third priority. There is less gas available in the system and the third-priority consumers hardly get any gas. The exporting industry fulfills its gas needs from expensive imported re-gasified liquefied natural gas (RLNG).

A study of system gas supplies in Punjab reveals that 60mmcfd gas is supplied daily to commercial users out of which high gas consumers consume 30mmcfd. Moreover, 65mmcfd is provided to general industry in the province.

The state should take a bold decision and divert this 95mmcfd gas to the five exporting sectors. The availability of system gas would restore the viability of the exporting industries both in domestic and export markets. Some vested interests would oppose it strongly but the alternative is to close down 70 percent textile industry of the country.

This diversion of cheap domestic gas would provide level-playing field to entire textile chain of Pakistan. However, as already pointed out, this relief would not last long as efficient productivity is linked to the upgrade of technology.

The modern spindles for instance consume 60 percent less energy, produce more yarn/hour and need 2-3 times less manpower than obsolete spindles operating in Pakistan. The textile sector would then be able market its products at most competitive rates both in the domestic and global markets. The government should warn the entrepreneurs that after temporary restoration of their viability they would have to upgrade their machines.

The authorities should set a deadline after which the system gas supplies to inefficient industries would be suspended. With upgraded technology the industries would be able to fulfill their needs with only 40 percent of the gas that they are getting now. Pakistan's textile exports would multiply only from efficient technologies. The industry size could double without increasing the power supplies.

Source: thenews.com.pk- July 23, 2018

HOME

****

NATIONAL NEWS

TEXPROCIL in talks with textile sector on alternative plans for export subsidies

Subvention to be phased out as India's share in global shipments crossed 3.25%

The Cotton Textiles Export Promotion Council (Texprocil) will shortly submit its suggestions to the government on alternative programmes to replace some of the existing export promotion schemes for the textiles and clothing sector.

The council had engaged a consultant who is expected to submit a report by the end of this month. The consultant and the council are holding interactive meetings in different textile clusters now.

Three such meetings had already been held and a similar number will be organised. A. Ravindrakumar, joint director, Texprocil, Harsha Vardhan Singh, chairman of IKDHVAJ Advisers (consultant) and Jayant Dasgupta, an international trade consultant, told The Hindu here that India had to phase out all export subsidies by 2018 as its share in global textile and clothing exports crossed the 3.25% threshold in 2010.

Further, the U.S. had recently challenged some Indian export subsidy schemes at the World Trade Organisation (WTO). Schemes such as MEIS, EPCG, and SEZ had to be replaced.

However, India's textile and clothing exports are less than the 2015 level. "In this context, if India is to remove the export benefits, it will be a further blow to the industry," said Mr. Singh. Under the MEIS, made-ups and garments get 4% subsidy and fabrics 2%. The EPCG scheme is used widely by processing, weaving and spinning industries, they said.

Helping units scale up

The objective of the suggestions would be to provide incentives and benefits to help all the units scale up, improve their competitiveness, encourage use of technology and enable them to go in for certifications. The alternative schemes should benefit both domestic and exportunits, they said.

Source: thehindu.com-July 21, 2018

HOME

****

Textile industry worried by rising investment flow into Ethiopia

The emergence of Ethiopia as a garment hub and the increasing quantum of investment flowing from India into the country has become a cause of worry for the Indian textile industry.

Some of the big textile and garment manufacturers that have gone to the African country in recent times include Raymond and Arvind. In the past few months, several Tiruppur-based garment manufacturers also got attracted by the prospects in Ethiopia. These include SCM Garments, the export arm of Chennai Silks, Jay Jay Mills, Best Corporation and KPR Mills.

Arvind has set up seven apparel factories at Hawassa Industrial Park in Ethiopia, covering a total area of 13.5 acres. Arvind has two more factories in Ethiopia outside the park. These facilities export products to the US and Europe. As per reports, with the new facilities in the industrial park, the total output would go up to 30 million pieces of garments.

Employment generation by Arvind in Ethiopia too would rise to 12,000 workers. Similarly, Silver Spark Apparel Ethiopia, a wholly owned subsidiary of Raymond, too has a facility in Hawassa Industrial Park and the company has invested around Rs 140 crore in the facility.

SCM Garments is setting up a 500-machine garment unit in Ethiopia. Best Corporation is also setting up a 1,000-machine factory at a cost of Rs 30 crore.

“Ethiopia has been luring Indian companies during the past several years. A few years back, some of the companies had put up units there. But those attempts were not quite fruitful. However, in the past two years, we have seen increasing investments flowing into Ethiopia.

Several companies now find it beneficial to operate from the African country,” said K Selvaraju, secretary general, Southern India Mills’ Association.

In recent years, Ethiopia has secured easy access to some of the major markets like the US, Canada and the EU at lower or nil duty. The country is eligible for preferential access to the US market under the African Growth and Opportunity Act (AGOA). Eastern and Southern African countries, including Ethiopia, have Economic Partnership Agreement with the European Union.

“Exports from India have to pay duties ranging from 12 to 15 per cent, and in some categories, this goes up to 25 per cent. In the absence of free trade agreements, our exports are less competitive than our peers,” said Chandrima Chatterjee, adviser, Apparel Export Promotion Council.

Further, power and labour is cheaper in Ethiopia and historically textile industry has been moving from one country to another depending upon the availability of cheaper labour. “If power is available for three cents in Ethiopia, it costs 10 to 12 cents in India.

Labour is available there for $60 per month and here it costs $130 to $150,” said Selvaraju.

Moreover, the Ethiopian government has become quite proactive towards attracting investments. It offers a plug and play facility for the investors and provides all the infrastructure amenities, including the building.

Source: mydigitalfc.com-July 22, 2018

HOME

****

Here's everything that will get cheaper as new GST rates come into effect

Apart from tax on sanitary pads being brought down from 12 per cent to zero, the GST council has recommended rate cut on an array of products which will be effective from this Friday

The GST Council in its 28th meeting on Saturday pruned rates on a number of goods including several daily use appliances such as washing machines, vacuum cleaners, small TV sets and refrigerators.

Among other products whose rates were brought down to zero, the Council meeting chaired by Finance Minister Piyush Goyal also cut GST tax on sanitary pads from 12 per cent to nil.

Further, footwear having a retail sale price between Rs 500 - Rs 1000 will now be taxed at a rate of 5 per cent while those exceeding the Rs 1000 mark will continue to attract 18 per cent GST.

Other than this, GST has been brought down on an array of handicraft items from 18 per cent to 12 per cent such as handbags, wooden frames, handcrafted lamps, etc. Also, handicraft items which used to attract 12 per cent of GST such as handmade carpets, lace, hand-woven tapestries and toran have been brought under the 5 per cent GST bracket.

The new rates will come into effect from Friday, said Piyush Goyal.

Here are all the changes in GST rates on goods and what will get cheaper after the new rates come into effect:

1. Reduced from 28 per cent to 18 per cent

- Washing machines
- Vacuum cleaners
- Domestic electrical appliances such as food grinders and mixers & food or vegetable juice extractor, shaver, hair clippers etc
- Televisions up to the size of 68 cm
- Refrigerators, freezers and other refrigerating or freezing equipment including water coolers, milk coolers, refrigerating equipment for leather industry, ice cream freezer etc.

- Storage water heaters and immersion heaters, hair dryers, hand dryers, electric smoothing irons etc
- Lithium-ion batteries
- Paints and varnishes (including enamels and lacquers)
- Glaziers' putty, grafting putty, resin cements
- Special purpose motor vehicles. For instance, crane lorries, fire fighting vehicle, concrete mixer lorries, spraying lorries
- Works trucks (self-propelled, not fitted with lifting or handling equipment) of the type used in factories, warehouses, dock areas or airports for short transport of goods.
- Trailers and semi-trailers
- Miscellaneous articles such as scent sprays and similar toilet sprays, powder-puffs and pads for the application of cosmetics or toilet preparations

2. From 28 per cent 12 per cent

- Fuel Cell Vehicle(compensation cess will also be exempted)

3. From 18/12/5 per cent to zero

- Sanitary Napkins
- Stone/Marble/Wood Deities
- Rakhi (other than that of precious or semi-precious material)
- Coir pith compost
- Sal Leaves, siali leaves and their products and Sabai Rope
- PhoolBhari Jhadoo (Raw material for Jhadoo)
- Khali dona
- Circulation and commemorative coins, sold by Security Printing and Minting Corporation of India Ltd (SPMCIL) to Ministry of Finance.

4. From 12 per cent to 5 per cent

- Chenille fabrics and other fabrics under heading 5801
- Handloom dari
- Phosphoric acid (fertilizer grade only)
- Knitted cap/topi having retail sale value not exceeding Rs 1000

5. From 18 per cent to 12 per cent

- Bamboo flooring
- Brass Kerosene Pressure Stove
- Hand Operated Rubber Roller
- Zip and Slide Fasteners

6. From 18 per cent to 5 per cent

- Ethanol for sale to oil marketing companies for blending with fuel
- Solid biofuel pellets

Source: business-standard.com-July 22, 2018

HOME

****

$1.6-bn respite for Indian polyester fibre and yarn manufacturers

Govt raises import duty to restrict its import, domestic producers breath easy

Domestic polyester fibre and yarn manufacturers heave a sigh of relief due to the government's decision to raise customs duty on their import to encourage Indian producers. The incerase in import duty is set to help restrict its annual import to the tune of $1.6 billion.

To encourage domestic players, the government of India this week raised import duty on all polyester items in the value chain. With this, the basic customs duty on 76 textile and apparel items raised to 20 per cent from the existing 10 per cent.

One of the main manmade fire fabrics tariff line included for increasing effective customs duty is other woven fabrics dyed containing 85 per cent or more by weight of textured polyester filaments including shirting, suitings and sarees.

Because of low customs duty, Indian traders in the textile value chain were importing a lot of apparel from Bangladesh due to low labour cost there.

Also, a lot of consignments were reported to have been undervalued to pay low effective rate of customs duty. To tighten this loophole, however, the government fixed import duty of Rs 38 a square metre on polyester than the fixed 20 per cent of import duty earlier.

“The revision in import duty is positive for domestic polyester manufacturers. The demand for low price polyester has been constantly increasing which is expected to continue in future as well. Thus the increase in import duty would benefit domestic players at large,” said Madhusudan Bhagaria, Chairman and Managing Director, Filatex India Ltd, one of the largest polyester manufacturers in India.

Filatex plans to increase its production capacity by nearly 90,000 tonnes to 237,000 tonnes for FY 2018-19. A similar capacity expansion was planned by other polyester manufacturers as well. Polyester prices have moved in a narrow range over the last few months following crude oil prices.

Data compiled by the Confederation of Indian Textile Industry (CITI) showed $1.6 billion worth of man-made filaments and man-made staple fibre products imported into India during the financial year 2017-18. Besides fabrics, import of manmade fibres (MMF) and MMF yarns have also surged since June 2017 when the goods and services tax (GST) was implemented.

Import of polyester staple fibre (PSF) and viscose staple fibre (VSF) had increased by 5 per cent and 20 per cent respectively during the financial year 2017-18 including a similar increase in imports of other products in the polyester value chain.

“In case of import of polyester spun yarn, viscose spun yarn and nylon spun yarn, the increase was 94 per cent, 526 per cent and 15 per cent respectively which is impacting domestic manmade fibre and MMF yarn manufacturers in a big way.

This was very critical to protect the domestic fabrics segment, as post-GST its imports had substantially surged due to the withdrawal of countervailing duty (CV) and special additional duty (SAD) on imports. Therefore, it also needs to consider an increase in Effective rates of BCD other products of MMF textile value chain,” Narain Aggarwal, Chairman, Synthetic The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC).

Indian polyester manufacturers including Reliance, Filatex India and JBF Industries have added heavily to their existing manufacturing capacities to support its rising demand across all polyester value chain.

Sanjay Jain, Managing Director of TT Ltd and Chairman of CITI said that the textile industry heaves a major relief as they were going under immense pressure post-GST.

A substantial drop in import duty was observed after implementation of GST which has encouraged cheaper imports. This has come as a great relief to the domestic manufacturers, he added

Source: business-standard.com-July 22, 2018

HOME

****

GST rate cut impact: Synthetic textiles to be 5-7% cheaper from August

GST Council allows input credit, to reduce effective rate on fabric to 5% now from 12% earlier

Synthetic textile manufacturers are planning to cut the prices of their products by at least 5 per cent from August following the government's decision to reduce the effective GST (goods and services tax) rate on its raw materials by 7 per cent from July 27.

The GST Council in its meeting held on Saturday had decided to allow input credit on manmade fabric equivalent to 7 per cent. This will provide a level-playing field to synthetic textile manufacturers through a uniform tax rate on the entire value chain. The move will cut effective GST on manmade (synthetic) fabric to 5 per cent from 12 per cent earlier. The revised GST rate will be applicable from July 27.

As of now, all textile raw materials, including cotton yarn and its fabric and synthetic yarn attract 5 per cent GST. But synthetic fabric manufacturers were forced to pay 12 per cent of duty without having any opportunity to claim a refund of duty difference. This means the synthetic fabric was the only product in the textile value chain with 12 per cent of GST.

"The cut in GST rate will provide a level playing field for synthetic fabric manufacturers. Assuming 1-2 per cent of the cost goes for value addition, synthetic textile raw materials will be cheaper by at least 5 per cent.

This cost benefit will certainly be passed on to consumers resulting in 5 per cent cheap synthetic textiles from August," said Madhusudan Bhagaria, Chairman and Managing Director, Filatex India, one of the country's largest players in the synthetic textile industry.

India produces around 4 million tonnes (mt) of synthetic yarn annually. Considering synthetic textiles' major consumption in the lower class, a 5 per cent price cut would bring in a big respite for consumers.

The GST cut will also help clear backlog of nearly Rs 10 billion of duty differential which the synthetic textile industry was demanding from the government.

Trading between Rs 140-150 a kg currently, synthetic yarn prices remained volatile in the last one year due to range bound crude oil prices.

Source: business-standard.com- July 22, 2018

HOME

****

After clocking $300 bn in exports, India looks to boost it to $400 bn

India clocked about $300 billion merchandise exports in 2017-18, rising from $275 billion in the 2016-17 - a near 10% annual growth. India achieved $313 billion exports in 2013-14 and in subsequent years, exports have shown a declining trend in the face of global slowdown.

Buoyed by a pick-up in exports in April-June quarter this year, the central government may target $400 billion annual merchandise exports in two years. India clocked about $300 billion merchandise exports in 2017-18, rising from $275 billion in the 2016-17 - a near 10% annual growth. India achieved $313 billion exports in 2013-14 and in subsequent years, exports have shown a declining trend in the face of global slowdown.

But in the first quarter of this fiscal, exports have seen a pick-up, with May witnessing a 20% growth and June 18%. This has prompted the Union commerce ministry to formulate a strategy in consultation with Federation of Indian Export Organisations (FIEO) to push annual merchandise exports to $400 billion in two years.

A sustained 20% exports growth from now will easily push India's merchandise exports to a little over $350 billion this year, and $400 billion in the next fiscal should be achievable, according to FIEO president Ganesh Kumar Gupta.

A 20% exports growth is sustainable, Gupta told DNA Money emphasising that the strategy needed to be aimed at high potential markets such as Africa and Latin America. Indian textiles, handicraft, handlooms, leather, engineering goods, pharmaceuticals have huge potential.

"Even China is importing from India a lot of items like handicraft and carpets, and the US-China trade war too has opened up a window of opportunity to push exports to both Beijing and Washington. However, this needed to be worked upon," he said. The commerce ministry-FIEO joint strategy will be readied shortly, he said.

India had prepared a strategy paper in 2013-14 after sustained high exports growth for almost a decade. At that time the target was to achieve $500 million exports in three years. But it was not implemented as exports slowed down due difficult global situation. Lately, global trade has started looking up.

Widening trade deficit, which is expected to hover around $200 billion this financial year due to surging oil, gold and electronics exports, has "forced us to evolve this new strategy", Gupta said.

Economist H A C Prasad, who recently retired as senior economic advisor in the finance ministry, has come out with a study paper on the challenges and policy initiatives needed to take India's merchandise exports to a new high.

Prasad, who was earlier economic advisor in the commerce ministry, said in the paper that with green shoots in merchandise exports it is only appropriate to raise India's share in world exports to a 5%.

At present, India's share in world merchandise exports is a mere 2% as against China's 14%. Global trade is cruising at 4.5% and it may remain at that level for the next couple of years, but for a temporary blip due to the trade war. It is time for India to try and cash in through sustained exports reforms.

To reach the 5% share, merchandise exports should hit $882 billion by 2022, which means India's export growth rate needed to be around 27% CAGR for five years. This is not impossible as India has had higher exports growth than this during 2004-09, Prasad said.

To boost trade, India has to make its exports demand-based rather than supply-based as at present.

In most of the top imports of the world, the presence of India's exports is very small. In 2015, India's exports share in the top 100 items was not that impressive, and only in five of those items the share was more than 5%.

Source: zeebiz.com- July 22, 2018

HOME

****

Pink bollworm threat looms over cotton crop

Adilabad district administration has initiated steps: DAATTC coordinator

Despite the guarantee of a good season thanks to the investment support under Rythu Bandhu scheme, excellent seed germination rate, conducive rainfall and above all the ₹1,300 hike in the minimum support price, there is no guarantee that cotton farmers will be left with good profit.

The pink bollworm pestilence could prove to be a tormentor once again as the incidence can be seen in hundreds of acres at this juncture.

The district administration is gearing up to tackle the difficult situation ahead, which requires the State government to provide 'timely' help.

Sudhanshu Kasbe, the coordinator of District Agriculture Advisory and Technology Transfer Centre, Adilabad, nevertheless, is hopeful that the season will end well.

“We have been alert and the district administration has initiated steps to control the pestilence,” he pointed out, as he appealed to farmers not to panic or resort to wasteful chemical sprays.

Pink bollworm has been damaging cotton crops since the last three years. It was first noticed Jainad, Bela, Tamsi, Talamadugu mandals and Adilabad, in the present Adilabad district followed by incidences in Nirmal, Kumram Bheem Asifabad and Mancherial districts, in that order.

“About 20% of the crop was damaged last year, of about 60 lakh quintals harvested in old Adilabad, owing to the pest.

“We will soon put up pheromone traps as suggested by the scientists and go in for integrated pest management practices,” a worried Ashok, cotton farmer, said.

“Putting at least 10 pheromone traps per acre in respective fields by the farming community of given fields and IPM practices was the only effective way to control the pestilence that occurred had in November,” Dr. Kasbe affirmed as he talked about the measures suggested to farmers.

“We have already conducted an awareness programme for farmers and Agriculture officials and field staff as a preventive measure and distributed some pheromone traps. We have also requested the govt. to supply pheromone traps and neem oil to farmers at subsidised rates,” said Adilabad Collector D. Divya.

The role of the Farmers Coordination Committees can be crucial in spreading awareness on the pestilence as well as on staying away from using chemicals to control the pest.

“The government needs to activate the FCCs now,” said farmer Ashok.

Source: thehindu.com- July 22, 2018

HOME

****

Mechanisation in cotton harvest to boost cost saving

'Each plucking machine does the job of three workers'

Karuppusamy has sown cotton on three acres of his farmnear Udumalpet in Tamil Nadu. The farmer expects to start picking cotton in December. Two years ago, Karuppusamy would employ more than 40 workers an acre during harvest season, paying almost ₹250 per worker.

Last year, he purchased a "kapas plucking machine." It cost him ₹4,250 with an equal sum coming in as subsidy.

The machine does the job of three workers, the cotton comes without trash (dry leaves, etc.), and only fully bloomed cotton flowers are picked, he said about the advantages of using the mechanical plucker.

Subsidy support

The Southern India Mills' Association Cotton Development and Research Association (SIMA-CDRA) joined hands with Point Industries to develop the machine and unveiled it in June 2015. In 2016, the Tamil Nadu Government gave 50% subsidy for 150 machines.

Last year, the Cotton Corporation of India gave 100% subsidy for 300 machines. It was distributed to farmers in Warangal, Ahmedabad, and Akola. The corporation plans to support the sale of 10,000 machines under the proposed Technology Mission on Cotton.

This year, the Tamil Nadu Government recently said it would provide 50% subsidy under the National Agriculture Development Programme of the Union government for the sale of 7,000 machines. It is expected to provide 50% subsidy for another 7,000 machines under its own schemes.

Cotton is grown on 124.44 lakh hectares in the country by almost 23 million farmers. Most of the farmers have one to five acres. However, mechanical plucking of cotton is done by less than 1% of them. This is just making a beginning, says K. Selvaraju, secretary general, SMA-CDRA.

A few Chinese machines were imported and used by farmers in the Gujarat belt. Plucking machines were made by a few private manufacturers too. However, their usage did not pick up mainly because of lack of user-friendly technology, he added.

The government should support development and sale of these machines by providing GST exemption and subsidies for purchase of the implement. The state governments should also extend financial support, he said.

Source: thehindu.com- July 22, 2018

HOME

****

Truckers strike hits Tirupur exporters most

The Tirupur Exporters Association (TEA) has urged the state and central governments to take immediate steps for ending the nation-wide truckers strike, as it has caused severe problems for transportation of their goods.

In a statement here on Saturday, TEA president, Raja M Shanmugham said, “the ongoing indefinite lorry strike has created a major impact on Tirupur Knitwear exporting units as they could not transport the finished garments for shipment either through sea port, Thoothukudi, Chennai, Kochi and also Mumbai and through airports at Chennai, Bengaluru and Kochi.”

Stating that in the ‘season conscious and design driven export market’, on-time supply is a major factor, he said any delay would not be cherished by the foreign buyers at a time “when we are competing with advantageous countries like Bangladesh, Cambodia, Myanmar, Sri Lanka, Pakistan including Vietnam and China in the international market.”

While explaining the nature of production activities happening in Tirupur cluster, he pointed out that due to ongoing lorry strike, the stoppage of vehicles’ movement from the garment units to outside job working units like knitting, dyeing, compacting, printing, embroidery, checking, ironing and packing, will affect the production also and these job working units will not be in a position to provide work to their employees.

Source: deccanchronicle.com- July 22, 2018

HOME

****