



**IBTEX No. 250 of 2019**

**December 23, 2019**

US 71.14 | EUR 78.85 | GBP 92.57 | JPY 0.65

Cotton Market		
Spot Price - Shankar 6 ( Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
18660	39000	69.82
Domestic Futures Price (Ex. Warehouse Rajkot), December		
Rs./Bale	Rs./Candy	USD Cent/lb
19170	40065	71.73
International Futures Price		
NY ICE USD Cents/lb (March 2020)		67.96
ZCE Cotton: Yuan/MT ( May 2020)		13,400
ZCE Cotton: USD Cents/lb		86.75
Cotlook A Index – Physical		76.65
<p><b>Cotton Guide-</b> The ICE prices have touched a new high of six months. The ICE March touched a whopping 68.31 cents per pound before settling at 67.96 cents per pound. The change was seen at +38 points. The ICE May contract settled at 69.00 cents per pound with change of +38 points. This morning while we write the report the March contract is trending sideways at 67.93 cents per pound.</p> <p>We are today on the first day of the Christmas week, tomorrow will be Christmas eve, therefore based on the price trends of the previous years' data we can confidently speculate that prices would not display massive jittery patterns. We can expect the prices to remain consolidated in the international market.</p>		

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While speaking about speculators, they have increased their net long position for the ICE March contract. As they are speculating on the basis of technical analysis, with the ICE March well above the 200 day Moving Average.

The MCX contracts on the other hand have had its fair share of ups and downs. The MCX contracts settled positive with the MCX December contract settling at 19,170 Rs per Bale with a change of +40 Rs. The MCX January contract settled at 19,400 Rs per Bale with a change of +70 Rs. The volumes were seen at 1666 lots.

The Cotlook Index A has been updated with +75 points at 76.65 cents per pound. The Prices of Shankar 6 are at 39,000 Rs per Candy. The arrivals throughout India are seen at around 2,25,000 lint Equivalent Bales. Maharashtra, Gujarat and Telangana have the highest arrivals at 55,000 Bales each. The estimated arrivals in the Northern States were around 32,000 Bales.

On the fundamental front, the prices are for both ICE and MCX are presumed to show consolidation. On the technical front, in daily chart, ICE Cotton March price are once again testing the lower end of an upward sloping channel, after it retraced from the support of the breakout level of Double Bottom formation. However, price have sustained at the resistance of 67.90 (61.8% Fibonacci extension level). Meanwhile, price is above the daily EMA (5, 9) at 67.43, 67 with a positive crossover acting as an immediate support for the price. The momentum indicator RSI is at 61, also supports sideways to bullish bias. The immediate support would at 66.30/66.00 (38.2% Fibonacci extension level & breakout of double bottom). Thus for the day we expect price to trade in the range of 68.50-67.00 with a sideways to positive bias. In MCX Dec Cotton, we expect the price to trade within the range of 19100-19300 with a sideways bias.

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### NEWS CLIPPINGS

<b>INTERNATIONAL NEWS</b>	
<b>No</b>	<b>Topics</b>
1	<a href="#">China to boost loan support to manufacturers</a>
2	<a href="#">Why Vietnam provides a useful benchmark for Bangladesh</a>
3	<a href="#">Pakistan: Non-textile exports show marginal growth</a>
4	<a href="#">What Pak-India trade has on the table for both countries?</a>
5	<a href="#">Exports to Uzbekistan Rise 60%</a>
6	<a href="#">Pakistan: 'Govt taking measures to boost exports'</a>
7	<a href="#">Kenya backs farming of Monsanto-created GM crop</a>
8	<a href="#">Pakistan: Govt clears Rs17.6bln in DDT, DTL claims of exporters</a>
9	<a href="#">Nigeria: FG to Prioritise Development of Textile Industry, Says Minister</a>
10	<a href="#">Bangladesh: Time to go for man-made fibre</a>

<b>NATIONAL NEWS</b>	
1	<a href="#">Centre consults large Corporates, MSMEs to slay slowdown</a>
2	<a href="#">Polyester yarnmakers set for higher profit margin on crude price recovery</a>
3	<a href="#">No GST rate increase till revenue stabilizes</a>
4	<a href="#">India staring at stagflation, says West Bengal finance minister Amit Mitra</a>
5	<a href="#">Handloom industry of Assam lacks manpower</a>
6	<a href="#">Only 29% weavers in Odisha have bank accounts: Handloom Census 2019-20</a>
7	<a href="#">Government committed to welfare of weavers: Dharmana Krishna Das</a>
8	<a href="#">Maersk: India's Containerized Trade Remains Flat</a>

## INTERNATIONAL NEWS

### **China to boost loan support to manufacturers**

China will offer extra financial support to manufacturers next year, the banking and insurance regulator said on Friday, after a run of bond defaults by private firms in the sector.

The Banking and Insurance Regulatory Commission (CBIRC) has encouraged banks not to pull loans to firms facing temporarily liquidity issues, notably in the textile, clothing and paper-making sectors, and is promoting the use of creditor committees to help borrowers resolve their troubles.

But China's banking sector is facing pressure as economic growth slows to its weakest in nearly three decades, and five regional banks have been hit with management or liquidity problems this year.

Non-performing assets of some small- and medium-sized banks are rising, curbing their lending capability, Yang Liping, chief supervision officer with the regulator, told reporters in Beijing.

Loans to manufacturers make up the largest part of that portfolio.

Yang said the process of absorbing bad loans needed time, and the situation would not improve in the short term.

"We'll use designated approaches to resolve different problems of high-risk smaller (banking) institutions. But firstly, we need to know the real level of asset quality and then help them to increase capital," she added to Reuters on the sidelines of the conference.

Yang said banks could issue shares or perpetual bonds to recapitalise and, longer-term, cut their investment risk and focus on their local savings and lending businesses.

In another measure to boost liquidity, authorities will push 2 trillion yuan (\$285.5 billion) of new loans - partly state-funded - to small and medium-sized firms next year, according to CBIRC's inclusive finance department head Li Junfeng.

The government has previously said lending growth to smaller firms by China's big five banks would be no less than 20% in 2020.

Commenting on a debate between markets and watchdogs on how quickly and strictly to implement proposed tougher guidelines for once loosely regulated asset management products, the CBIRC said it would make small adjustments, without commenting on any extension period.

The CBIRC also said it was approving the country's first wealth management joint venture with a foreign controlling shareholder. Amundi Asset Management will hold 55% of the project and Bank of China Wealth Management the rest.

It would be set up "under the current regulation framework," said Wang Daqing, large bank department chief at the CBIRC. Other "leading and capable" foreign asset management firms were in talks with Chinese banks on setting up similar joint ventures, he said.

Source: [economictimes.indiatimes.com](http://economictimes.indiatimes.com)- Dec 21, 2019

[HOME](#)

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## **Why Vietnam provides a useful benchmark for Bangladesh**

If we were to describe the global garment and textile industry as a three-horse race, China would be out in front with two other horses fast closing in. These two horses are, of course, Bangladesh and Vietnam. Much has been written about the competition between these two countries in recent years. My personal view, which I will expand upon below, is that both countries have strengths in different areas when it comes to apparel manufacturing. For this reason, we have a great deal to gain by looking at areas we can learn from Vietnam in order to improve our competitive position and build on our existing strengths.

The most recent figures show that Bangladesh garment exports between January and September stood at USD 26.1 billion while Vietnamese exports were worth USD 24.43 billion. Taking October into account, Bangladesh exports amounted to USD 27.63 billion while Vietnam was at USD 27.10 billion.

At present, I believe Bangladesh has a number of competitive advantages over Vietnam. It has a more readily available supply of skilled and semi-skilled labour. Vietnam is certainly strong in the area of industry training but the textile industry there faces competition from other fast developing industries which, in many cases, pay higher wages.

There are two other areas where I believe Bangladesh outshines Vietnam in terms of apparel production. One is in the realm of sustainability and—a related issue—factory safety. Bangladesh has the safest garment industry in the world and, and the rewards for our massive efforts in the area of factory safety are still to be seen.

We are also, as an industry, leading the way in terms of sustainability generally, with many of our factories shifting to new, greener methods of production which use less water and energy and which are less energy-intensive. This shift has, of course, been demanded by apparel brands but our industry has shown a willingness and adaptability to respond. It has taken giant strides in this area, which are not always visible to the outside world.

But where can we learn from Vietnam? This is where I see huge opportunities. Firstly, it is worth considering that efficiency in Vietnam's apparel industry is higher than ours. Their efficiency is around 65 compared to 40 in Bangladesh. This means their export value is similar to ours despite the fact that their industry has around two million workers compared to four million in Bangladesh. This added value will only be matched by Bangladesh if we continue to invest in training and R&D, and surely this should send a clear message to policymakers in our country.

Vietnam has a major strength in high value products, and this is a direct result of the investment they made in training. Vietnam has invested in high standards of education in textiles and apparel, all aimed at implementing new industry technologies.

In Bangladesh, while we have lots of textile engineers, we need more innovators in areas such as machinery, software, digitalisation, automation, and robotisation. We cannot afford to allow Vietnam to steal a march on us on these areas.

Also worth noting is that in five to 10 years time, the low labour cost advantage of sourcing from Bangladesh will be obsolete and replaced by automation. We therefore need smart, well-educated local people who can guide us on how to adapt production lines accordingly, using the latest tech solutions.

Another area we can surely improve on is in terms of proximity of our RMG sector to the ports and associated infrastructure. Vietnam has an edge on Bangladesh in this area but it needn't be this way. Public-private sector partnerships could surely be developed to improve transport routes to Chittagong as well as the broader development of logistics infrastructure, including modernisation of the port facilities.

Finally, we have to look at how Vietnam has aggressively pursued foreign trade agreements, with the EU and Asia Pacific. Can we be doing more in terms of trade agreements? Our primary markets lie in the EU but is there an opportunity to tap into the US market—as Vietnam has so successfully done—or even the burgeoning Chinese market? Proximity brings its own challenges, but it needn't be a complete barrier to market success.

In summary, Bangladesh and Vietnam each has their own strengths and weaknesses in terms of apparel production. Some might suggest that a comparison between the two countries is a fruitless exercise but I believe it is highly insightful, for surely there is no better way to improve one's own standing than by learning from a successful competitor. To succeed long-term, our RMG sector must be on a journey of continuous improvement, and benchmarking against other leaders in the field can be an invaluable part in this process.

Source: thedailystar.net - Dec 23, 2019

[HOME](#)

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## **Pakistan: Non-textile exports show marginal growth**

Exports of non-textile products went up nearly five per cent year-on-year to \$3.781 billion during July-November in FY20 owing to cash support to various sectors and currency depreciation.

The persistent increase shows exports of non-textile products have rebounded in the ongoing fiscal year reversing the declining trend seen during last few years. The trend indicates a natural diversification of the export base owing to highest-ever depreciation of the rupee, which was highly concentrated in few textile-based products.

Under various subsidies sch-em-es, the government had extended cash support to leather manufacturers, footwear, sports goods, surgical, engineering goods, furniture, meat and meat products, fish products and cutlery manufacturers in a bid to increase non-textile exports.

The data released by the Pakistan Bureau of Statistics showed carpet and rug exports increased by 4.44pc during the first five months of current fiscal year from a year ago. The slight increase shows that depreciation of rupee has helped Pakistani exporters to get market access and compete with Chinese and Indian exporters.

However, sports goods' exports went down slightly by 2.01pc and foreign sales of footballs were up by 14.73pc.

Tanned leather exports witnessed a negative growth of 18.78pc in July-Nov from a year ago.

Data showed a year-on-year decline of 35.52pc in exports of petroleum products. Petroleum products, crude and naphtha contributed in overall decline in the sector's exports.

After a long time, exports of leather products rebounded jumping by 11.21pc during this period. This was mainly led by sales of leather garment, leather gloves, followed by other leather products.

Footwear exports went up by 22.72pc on back of leather footwear and others, surgical goods and medical instruments by 10.94pc. However, engineering goods dipped by 2.13pc during the year under review.



Year-on-year exports of gems surged 62.73pc. However, export of molasses dropped by 97.8pc, and jewellery 8.79pc, while those of cement and furniture fell by 5.27pc and 19.6pc respectively.

In the food basket, exports of rice witnessed a robust rise of 38.58pc in the five months of current fiscal year from a year ago. The growth was witnessed in both basmati and non-basmati rice. This will be the highest export proceeds of rice from Pakistan in five months owing to shortage of the commodity in the major rice producing countries.

Exports of sugar, meat and tobacco are the other three major commodities which recorded an impressive growth. Furthermore, exports of fish, vegetables, and fruits also increased.

Source: dawn.com - Dec 22, 2019

[HOME](#)

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### **What Pak-India trade has on the table for both countries?**

Relations between India and Pakistan have always been at an ebb due to a plethora of historical and political events. The aftermath of two major scale wars, countless accusations of espionage by both countries on international platforms and cross-country political turmoil has left the Indo-Pak trade as a hit or miss affair for both countries nowadays. However, it is to be noted that if relations between Pakistan and India could improve somehow, the relative boost in the economy in both countries would turn these countries into an influential trade hub.

Source: dailytimes.com.pk- Dec 23, 2019

[HOME](#)

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### **Exports to Uzbekistan Rise 60%**

Iran exported \$152 million worth of commodities to Uzbekistan during the first eight months of the current Iranian year (March 21-Nov. 21) to register a 60% rise compared with last year's corresponding period, according to Chairman of Trade Promotion Organization of Iran Hamid Zadboum.

Stone-cutting machines, cement, propane, glass sheets, construction stones and furniture were the main exports during the period under review, Fars News Agency reported.

The TPO chief believes a barter system can help develop trade between Iran and Uzbekistan.

Iran mainly imports cotton, yarn, potassium chloride, phosphate fertilizer and pinto beans from Uzbekistan.

Source: financialtribune.com- Dec 22, 2019

[HOME](#)

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### **Pakistan: 'Govt taking measures to boost exports'**

The government is working on multiple fronts to enter into new markets in order to boost exports, said Commerce Secretary Nawaz Sukhera on Friday. Addressing a gathering of value-added textile leaders at the Pakistan Hosiery Manufacturers Association, he said the Ministry of Commerce is planning to hold a conference in Nairobi, Kenya on Jan 30 under its 'Look Africa' policy. He said the conference will interlink relevant government departments engaged in export facilitation such as State Bank of Pakistan, Ministry of Maritime Affairs, Board of Investment and commerce ministry on a single stage.

Sukhera further said that around 300 importers of Pakistani goods from across Africa were also being invited. He said the government strongly feels that with robust growth of around 7-8 per cent, Africa is a lucrative export market for Pakistani goods.

Similarly, he also pointed out that the recent visit by Russian trade minister to Pakistan has also paved way for increasing bilateral trade between the two countries.

He explained that the biggest barrier to trade between Moscow and Islamabad was the outstanding barter trade fund of \$93.5 million due for the last 30 years. However, he said that Pakistan has now paid the amount which helped rekindle the trade relations.

He added that there are many export markets other than GSP+ therefore Russia, Africa and China are three major new openings.

Unlike in past, when China negotiated with Pakistan over Free Trade Agreement (FTA) at equal level, the new FTA has opened up a large tariff line of 313 items only because Beijing this time treated Pakistan as younger brother, Sukhera claimed. He urged exporters to take full advantage of the new FTA.

He also informed the delegation that government was working on potential collaboration opportunities with the Milan Chamber of Commerce. He said that in a road show, we suggested the Milanese authorities to collaborate with Pakistan and take advantage of the country's textile sector.

Responding to some of the issues raised by the leaders of the textile bodies, Sukhera said that commerce ministry and the Federal Board of Revenue were working on duty structures.

He agreed that there should be no duty on import of basic raw materials but due to some financial constraints, the government was left with no choice but to maintain status quo. Textile leaders also raised other issues including sales tax refunds, gas shortage, water crisis, and Karachi port's direct connectivity to country's highways, effluent treatment plants and enhancing or reviving cotton production on evolving new seeds.

The representatives were of the view that issues confronting export trade are directly related to world compliances and if the federal government fails in removing these bottlenecks, it will not be able to reach world markets.

There was strong demand from business leaders that the federal government should take ownership of big projects such as the K-IV water supply, completion of Northern and Southern Bypass up to port entry etc instead of giving funds to provincial government.

Source: dawn.com- Dec 21, 2019

[HOME](#)

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## **Kenya backs farming of Monsanto-created GM crop**

Kenya has approved the cultivation a GM variety strand created by Monsanto, the president's office said, the first time such crops have been allowed in the dynamic East African economy.

The decision by Kenya's cabinet, announced late Thursday, followed the "successful completion" of five years of field trials, the presidency said.

The cabinet approved the planting of BT cotton, a pest-resistant strain engineered by Monsanto, a seeds and pesticides powerhouse acquired by chemical giant Bayer in 2018.

"The commercial farming of BT cotton is set to ensure farmers earn more from the crop through increased production," a statement from President Uhuru Kenyatta's office said.

Kenyatta has been seeking to spur economic growth through manufacturing, universal healthcare, access to affordable housing and improving food security -- known as his "big four" agenda.

Giving the green light to GM cotton will contribute to manufacturing as "Kenya seeks to establish itself as a regional leader in textile and apparel production".

GM crops have been banned in Kenya since 2012.

However, when asked by AFP, a spokeswoman for the president neither confirmed nor denied that this approval represented a reversal of that stance. An environmental impact assessment needed before this cotton can be cultivated has not yet been conducted, an official at the government's agriculture research agency said.

The National Environmental Management Authority is expected to conduct its study in early 2020.

Source: modernghana.com- Dec 20, 2019

[\*\*HOME\*\*](#)

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## **Pakistan: Govt clears Rs17.6bln in DDT, DLTL claims of exporters**

Government has settled Rs17.6 billion worth of claims on account of duty drawback of taxes and drawback of local taxes and levies pending for over a decade to textile exporters, commerce secretary said on Friday.

Commerce Secretary Sardar Ahmed Nawaz Sukhera said the refunds were related to claims of 2009-11, 2014-15, 2015-16, 2016-17, 2017-18, and 2018-21.

“The government is fully committed to enhance exports by facilitating exporters in ease of doing business, reducing cost of manufacturing and increasing export efficiency,” Sukhera said during a visit to Pakistan Hosiery Manufacturers and Exporters Association.

The secretary said number of embassies and trade missions has been increased to capture market share in Africa. “Commercial counselors have been appointed in 10 African countries,” he said in a statement.

The secretary said commerce ministry is organising 1st Africa Pakistan Trade Development Conference in Nairobi on 30-31 January 2020.

Sukhera said Pakistan and Russia have addressed their long pending trade disputes, while claims worth \$93.5 million of businessmen from both the countries have been cleared.

The commerce secretary said cotton crop is affected due to change in climate and weather condition. “Government is working on research and development to enhance cotton production,” he added. “Government is working on the restructuring of TDAP (Trade Development Authority of Pakistan) to establish sector-wise departments.”

Zubair Motiwala, chairman of Council of All Pakistan Textile Associations said there is a dire need to change the mindset of bureaucracy to focus and accord priority to exports.

Motiwala said any further increase in gas tariffs would bring detrimental effects to the manufacturing sector and exorbitantly increase the cost of

manufacturing. He urged the government to reduce duty tariffs on textile raw materials.

Jawed Bilwani, chairman of Pakistan Apparel Forum (PAF) demanded the government to expedite refunds to exporters.

Bilwani said knitwear exports can be increased 15 percent every year provided the government assures timely payments against refunds, rationalises gas tariff and reduces cost of manufacturing.

PAF chief requested secretary commerce to establish Pakistan Central Cotton Committee Office and Pakistan Institute of Cotton Research and Technology. “With required research, Pakistan can increase the cotton production,” he said.

Bilwani said uninterrupted and quality supply of utilities – gas, power and water on reasonable rates – would help in achieving quantum leap in exports.

“Federal government should appoint focal persons at Karachi and other four big cities to resolve the issues related to exports.”

Bilwani, referring to a meeting with Prime Minister Imran Khan, said it was agreed that Bangladesh model would be followed to ensure timely refund payments to exporters. “Contrary to this FASTER system was introduced for speedy refunds in 72 hours which has been totally failed.”

Source: thenews.com.pk- Dec 23, 2019

[HOME](#)

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## **Nigeria: FG to Prioritise Development of Textile Industry, Says Minister**

The Minister of Industry, Trade and Investment, Mrs. Mariam Katagum has said the federal government will accord high priority to the development of the textile industry in order to move the country from being an importer to exporter of finished products.

She spoke when she received a delegation of foreign investors from China led by the Treasurer of Kano State Chamber of Commerce, Industry, Mines and Agriculture, Umar Ladiyo Ibrahim in her office.

She said the federal government would give necessary support to the state government and the Chinese investors towards the development and growth of the textile industry in line with President Buhari Economic Growth Recovery Plan (ERGP) policy.

The minister noted that Kano remained a historic centre for textile, particularly the traditional dying art technology that had existed for several decades.

Earlier, Ibrahim happy had said the purpose of their visit was to seek collaboration with the ministry in the development of the industry.

He explained that the Kano State government, alongside Dantata Group of companies was working assiduously in ensuring that the industry is developed for the diversification of the economy.

Source: thisdaylive.com- Dec 23, 2019

[HOME](#)

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## **Bangladesgh: Time to go for man-made fibre**

Bangladesh needs to scale up production of garment items from man-made fibre to increase exports as the consumption of apparels made from the artificial textile raw material is rising globally, exporters, manufacturers and buyers said yesterday.

The export of apparel items produced from man-made fibre (MMF) from Bangladesh has remained stuck at 20 percent for many years although the production of such garment items has crossed 40 percent worldwide, according to a study of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

In Bangladesh, the use of cotton-based yarn and the garment products produced from it is rising. But exporters are receiving lower prices from the sales of cotton fibre-made garment items.



Of the total garment items exported from Bangladesh last fiscal year, 74.14 percent was made from cotton fibre, up from 68.67 percent from that in 2008-09, the study showed.

Rubana Huq, president of the BGMEA, said the sector needs foreign direct investment and government assistance to divert to MMF-based garment production.

The government should also ease the rules to attract FDI to MMF textile production as the country has very low capacity in this segment, she said.

Ziaur Rahman, head of H&M for Bangladesh, Pakistan and Ethiopia, said the trend of garments shipped from Bangladesh shows higher concentration of cotton-made apparel items, whereas the global consumption is diverting to MMF.

“We are way behind in product development,” he said, while speaking on the findings of the study at the BGMEA office in Dhaka.

He said H&M pays 75 cents more to Chinese suppliers compared to Bangladeshi exporters for the same products, as China has the capacity to produce diversified items.

Bangladesh’s export is over-concentrated in five garment items – t-shirt, trouser, jacket, sweater, and formal shirt – and they together accounted for 73 percent of garment exports last fiscal year. The country shipped t-shirts worth \$7.01 billion, trousers \$6.93 billion, jackets \$4.38 billion, sweaters \$4.25 billion, and formal shirts worth \$2.32 billion in the year, according to the study.

Moreover, Bangladesh is too much reliant on only three markets, namely the European Union, the US and Canada and market diversification is taking place very slowly.

Last fiscal year, 83 percent of Bangladesh’s garment exports went to the three markets.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the industry has probably lost its appetite to compete.

But the garment industry grew up to the current stage amid strong competition in the 1980s and 1990s, he said.

“The sector needs FDI,” he said, adding that factories have opportunities to improve capacity and develop products and markets.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the government needs to make at least two or three special economic zones fully functional, rather than developing 100 such zones at one go.

Md Mahbub-ur Rahman, deputy CEO of HSBC Bangladesh, suggested garment exporters explore the potential to develop a separate special economic zone of Bangladesh in Vietnam to grab a bigger share of the global apparel market.

Source: thedailystar.net- Dec 22, 2019

[HOME](#)

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## NATIONAL NEWS

### **Centre consults large Corporates, MSMEs to slay slowdown**

In a two-pronged strategy to boost private investment as well as generate jobs, Centre has launched a mega out-reach programme to understand and resolve the issues being faced by large corporates on one hand and MSMEs on the other.

Accordingly, the Ministry of Commerce and Industry has been in dialogue with 25 large corporates and 25 MSMEs groups for the past one month to understand their concerns.

The out-reach effort under -- Project Management Cell -- aims to understand challenges such as current regulations and liquidity conditions faced by corporates in expanding their operations.

Till now, top corporate leaders of Tata Group, Wipro, Bharti Group amongst others have met with Commerce and Industry Minister Piyush Goyal.

Alternatively, consultation meets with MSME groups have also been held with the minister.

Centre envisages MSME sector to play a major role in the employment generation.

Besides, Goyal will meet representatives from aviation, road, textiles, food processing, renewable energy, tourism and mining industries along with these sector's concerned ministries.

"Its a two-pronged strategy, whereby, we are trying to understand and address the issues being faced by corporates in expanding operations and enhancing their investments," a senior ministry official told IANS here.

"On the other hand, we have taken into account the problems being faced by the MSMEs, which are job generating engine and the backbone of any economy."

Consequently, Goyal in collaboration with other ministers, hopes to boost private investment leading to demand augmentation, thereby, reversing the cycle of de-growth.

At present, the government expects the private sector to play a major role in employment generation, as it plans to exit from various PSUs and hand over the management control to strategic investors.

The development assumes significance as the economy at the present juncture faces -- Stagflation -- an economic trend marked by rising inflation and falling GDP growth rate.

Especially, alarming is the fact that subdued consumption trend, along with a massive contraction in manufacturing, agriculture and mining activities has pulled India's GDP growth rate down to 4.5 per cent in the second quarter of 2019-20.

This is the slowest GDP growth rate in around six years. The growth on a year-on-year basis during Q2 2018-19 stood at 7 per cent.

Economy watchers have blamed subdued demand, high taxation, low job creation, stagnant wages and stressed rural sector for creating the economic slowdown.

Already, sectors such as automobile, consumer durables and capital goods have come under heavy pressure due to the slowdown.

Source: outlookindia.com- Dec 22, 2019

[HOME](#)

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### **Polyester yarnmakers set for higher profit margin on crude price recovery**

After falling to \$57.77 a barrel on October 2, crude oil prices bounced back to trade almost at three-month high of \$67.50 a barrel on Friday

Recovery in crude oil prices is set to benefit synthetic yarn manufacturers because of their ability to pass on the increase to consumers, that is, fabric manufacturers.

After falling to \$57.77 a barrel on October 2, crude oil prices bounced back to trade almost at three-month high of \$67.50 a barrel on Friday.

Since synthetic yarn is a derivative of crude oil, manufacturers have been able to raise their product prices. Synthetic yarn has become costlier by 5-7 per cent in the last two months along with a jump in cotton yarn prices.

Changing consumer preferences, like the needs of sportswear firms, have resulted in the increasing demand for synthetic yarn in India.

Looking at the vast potential, Indian synthetic yarn and fabric manufacturers have also started exploring overseas markets for exports.

“Consumer preferences have changed over the last few years. The demand for synthetic yarn and fabric has increased. As against 60:40 cotton-to-synthetic yarn consumption in India two years ago, the ratio has now changed to 55:45. This is going to continue further and catch up with the global standard of 40:60 of cotton-to-synthetic,” said a senior official with a leading polyester maker.

Looking at the enormous potential, Filatex India has raised capacity at its polymer production unit in Dahej from 150 tonnes per day (TPD) through debottlenecking to 170 TPD.

“We are glad to report a steady performance despite the turbulent economic conditions and slowdown across industries in the country. We have maintained a high capacity utilisation and increased production during the challenging period,” said Madhusudhan Bhageria, chairman and managing director, Filatex India said.

Going ahead, demand of polyester fibres is expected to remain firm, led by healthy demand expected in the domestic apparel industry.

India’s better demographics, expected increase in per capita income, increasing urbanisation and expanding organised market would be the key drivers for raising domestic demand for apparels.

Moreover, the low interest rate regime, improving liquidity condition of non-banking financial companies (NBFCs) and expected government and private spending would help the domestic apparel sector see better demand.

Apart from that, cotton yarn prices have jumped to trade at Rs 185-190 a kg of the benchmark 30-count variety. The 40-count variety of cotton yarn prices have also risen to quote between Rs 210 and Rs 215 a kg now.

“Indian cotton is outpriced by Rs 2,000 a tonne in the world market. For India to export cotton, either the world price has to rise or the domestic price will have to decline. Thus, India’s cotton exports are currently under tremendous pressure,” said Arun Sakseria, a leading cotton trader and exporter.

Cotton prices have declined by nearly 15 per cent since September this year to trade the medium staple at Rs 5,255 a quintal in Gondal (Rajkot) market.

Apart from that cotton yarn prices have jumped to trade currently at Rs 185-190 a kg of the benchmark 30 count variety. The 40 count variety of cotton yarn prices have risen similarly to quote between Rs 210-215 a kg now.

“Indian cotton is outpriced by Rs 2000 a tonne in the world market. For India to export cotton, either the world price has to rise or the domestic price should have to decline. Thus, India’s cotton exports are currently under tremendous pressure;” said Arun Sakseria, a leading cotton trader and exporter.

Cotton prices have declined by nearly 15 per cent since September this year to trade the medium staple at Rs 5255 a quintal in Gondal (Rajkot) market.

A recent release from Reliance Industries states that domestic polyester markets grew by 9 per cent y-o-y. India’s filament demand grew 6 per cent y-o-y ahead of seasonal demand and improved buying appetite due to low filament prices.

Meanwhile, overall profitability of Indian polyester yarn manufacturers would continue to see better scenario, considering the factors like continuous rise in polyester yarns demand from textiles players, benefits to India from US-China trade war and declining cost competitiveness of China.

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

[HOME](#)

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## **No GST rate increase till revenue stabilizes**

There is no possibility of change in GST rates till GST revenue stabilises, the convenor of a panel of state ministers said on Saturday. Speaking at Ficci's 92nd annual convention on the theme 'India: Roadmap to a \$5 Trillion Economy', Sushil Kumar Modi, Bihar deputy CM and convener of the group of ministers on IGST, said, "I want to assure you no state or the Centre is ready to raise tax rates. At a time when the economy is in a slowdown, if you cannot cut rates to increase consumption, at least don't raise them."

On the prospects of reduction in GST rates, he said, "Till GST revenue doesn't stabilise, we can't think of decreasing the rates. In fact, there is no possibility of change in slabs and tax rates — hike or cut — in the near future." Modi said. The GST council, in its last meeting, had decided to consider changing tax rates only once a year and not in each meeting.

Source: Economic Times - Dec 22, 2019

[HOME](#)

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## **India staring at stagflation, says West Bengal finance minister Amit Mitra**

West Bengal Finance minister Amit Mitra on Saturday said that India is facing the prospects of possible stagflation due to low growth and high inflation.

"Stagflation is knocking at our doors. This is due to stagnation following low growth and high inflation", Mitra said at an event organised by West Bengal Garment Manufacturers and Dealers Association in Kolkata.

He said that as per new data, India's GDP growth rate is likely to be 4.6 percent for the current financial year.

Fitch Ratings on Friday has cut its growth forecast from the previous estimation of 5.6 percent to 4.6 percent for the financial year 2019-20.

Mitra said that when India's growth rate is nosediving, West Bengal's growth rate is on an upward trend, coupled with low levels of poverty and rising employment rates.



Talking about the textiles industry in the state, he said that the sector should target annual revenue of Rs one lakh crore by 2023. He said that the sector provides direct employment to 20 lakh people and indirect employment to 50 lakh.

Mitra said that the state is in process of setting up seven textile parks in and around the city, the largest one being at Nungi on the western fringes of the metropolis where the government would invest Rs 400 crore for building 11 lakh square feet of space.

According to him, bank loans to the MSME sector of the state is likely to cross Rs 70,000 crore during the current fiscal.

Source: cnbctv18.com- Dec 21, 2019

[HOME](#)

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## **Handloom industry of Assam lacks manpower**

Managing Director of Bodoland Regional Apex Weavers & Artisans Cooperative Federation (BRAWFED) limited NN Rana Patgiri stressed on the rich legacy of handloom and textiles in Assam.

He also lamented the fact that there is a lack of adequate manpower in the industry to tap the global market, which thrives for authentic and quality products.

He was speaking at the concluding day ceremony of the 14-day National Handloom Expo on Sunday at Tangla in Udalguri.

“The booming global market has paved the way for the village women of Assam to tap the commercial market and take it as income-generating avenue and be economically self- reliant,” he said.

He further said that the traditional designs and motifs in the handloom products of the greater Assamese society always sport a unique identity and charisma.

Assistant Director, Weavers Service Center, Guwahati, Sarbeswar Das stressed on the need of the weavers and entrepreneurs to infuse new economic oxygen by technological up-gradation for handwoven textiles.

Deputy Director of Handloom and Textiles, Assam, Jayanta Dev Sarma dwelt on the need of trending and appealing designs by weavers to suit the changing demand of the buyers.

The Expo organised by BRAWFED in collaboration with the Development Commissioner for Handlooms, Ministry of Textiles, Government of India, was participated by 61 stalls from Assam including other parts of the country.

Besides a theme pavilion were also put where hand-woven products were put to display.

According to sources the National Handloom Expo recorded Rs 1.2 crores business during the 13-day period.

Source: nenow.in– Dec 22, 2019

[HOME](#)

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## **Only 29% weavers in Odisha have bank accounts: Handloom Census 2019-20**

***Nearly 70% weavers in the State belong to other backward classes (OBC), and while over 94% belong to Hindu religion, around 2.3% are Buddhists - the highest in country***

Bhubaneswar: Even as a massive 1.5 crore in Odisha have opened bank accounts under PM Jan Dhan Yojana (PMJDY), the eye-opening fact is only 29 per cent weavers in State have bank accounts. But Aadhar card saturation among weavers stood at a high of 97 per cent in Odisha.

As per the Fourth All India Handloom Census- 2019-20 released recently by Union Ministry of Textiles, Odisha has a total of 53,472 weavers. And only 15, 826 have bank accounts in the State, when a total of 52,031 weavers in the State have Aadhar cards.

These facts seem very startling when both the Centre and State governments have been implementing many welfare schemes for weavers with DBT (Direct Benefit Transfer) as a component.

Another big ramification has been as less than one-third of weavers have access to institutional credit, role of private moneylenders seems very big in weaver credit market in the State. And the disconcerting fact is they charge exorbitant interest rates, which creates a vicious cycle of debt among weavers in the State, many study reports suggest. Reports of debt-ridden suicides have been reported in the State.

It needs reminding here that suicide by a traditional weaver Uttar Meher and his family members in Bargarh nearly 8-years ago had compelled the State government then to rope in international fashion designers to bring improvement in designs of fabrics. And later the State has announced a new handloom policy.

But the 2019 handloom census findings look little enthusing.

According to the 2019 Handloom census, nearly 70 per cent of weavers in the State belong to other backward classes (OBC), and while over 94 per cent belong to Hindu religion, around 2.3 per cent are Buddhists – the highest in country. In contrast, nationally, Muslims form the second largest weaver community.

The census throws a poor light on educational attainment of weavers in the State. When 7.6 per cent weavers have never attended school in Odisha, only 2.6 per cent are graduates. Nearly one-third (31%) could attend up to primary schools only, and another 20 per cent are educated up to middle standards in the State, census findings show.

Source: odishatv.in– Dec 22, 2019

[HOME](#)

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### **Government committed to welfare of weavers: Dharmana Krishna Das**

Minister for Roads and Buildings Dharmana Krishna Das stated that the State government is committed to the welfare of weavers.

Minister for Roads and Buildings Dharmana Krishna Das stated that the State government is committed to the welfare of weavers.

Launching the YSR Nethanna Nestham, a scheme aimed for welfare of weavers at Ponduru mandal centre on Saturday, the minister said that Chief Minister Y S Jagan Mohan Reddy has been implementing all his assurances made during his padayatra after assuming power.

He added people across the state were happy with the welfare schemes and development works being launched by the government. To provide financial aid and to improve lives of weavers, he said the government would provide Rs 24,000 as financial aid to each weaver family every year under the YSR Nethanna Nestham scheme, the minister said.

On the occasion, he handed over Rs 3.49 crore worth banker's cheque to the textiles and handlooms department officials under the scheme. In Srikakulam district, the total number of beneficiaries under the scheme are 1,457 and the amount would be distributed to weavers by depositing it in their bank accounts.

The Minister strongly advocated for equal development of all regions across the state and lauded Jagan Mohan Reddy for taking such a bold decision regarding three capitals and decentralisation of the development activities which will help to arrest migration of people in search of livelihood. Rajam MLA K Jogulu, officials and weavers attended at the event.

Source: thehansindia.com– Dec 22, 2019

[HOME](#)

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## **Maersk: India's Containerized Trade Remains Flat**

India's import and export container trade in Q3 2019 (July-September) remained flat compared to the global growth rate of 1.5 percent.

The slowdown coincides with weaker domestic demand, says Maersk in its India Trade Report. It is also a reflection of the broad-based cyclical weakening of the economic environment in all the main global economies and the negative effects from escalating trade restrictions.

The trade war between the U.S. and China has led to shifts in trade structures, with global importers having shifted sourcing from China to other countries such as Vietnam, Taiwan, Bangladesh and South Korea. Thailand, Mexico and India are showing early signs of being next in line to benefit.

In India, the economic uncertainty, tight liquidity, decline in global export orders and evolving domestic political scenario also affected the flow of investments and added to currency volatility. While imports achieved subdued growth, the overall fiscal impact was nullified by an identical contraction in exports.

China is among the top five import countries for India. However imports have declined. India is looking for greater access to the Chinese market as it seeks to arrest the fall in farm commodity exports. Private companies from India and China signed more than 120 MoUs for export of various products from India, including sugar, chemicals, fish, plastics, pharmaceuticals and fertilizers.

Steve Felder, Managing Director, Maersk South Asia, said “The current slowdown witnessed in the last two quarters can be accredited to tight liquidity and working capital, weaker domestic consumption patterns and slower global growth. As the global economy continues to face challenges, and trade tensions between major economies ensue, many leading global importers have begun exploring trade alternatives to China.

“The U.S. has emerged as a strong trade partner with India showing growth in exports as well as imports. India boosted its 'Ease of Doing Business' in World Bank's 2020 rankings. This provides a huge opportunity to entice multinationals and global investors to grow their trade with India.”

Apparel exports are exposed to multiple threats like U.S.-China trade tension, Brexit uncertainty and almost flat E.U. economies. Although India's apparel exports have revived during the current financial year, exports aim to grow by four percent Y-o-Y during 2020 after two consecutive years of contraction. However, India's textile and apparel industry is facing strong headwinds as key competitors such as Pakistan, Bangladesh and Vietnam are given preferred access in Northern Europe - India's biggest textile market.

Paper and metal scrap continue to be top trade commodities. India serves as one of the growing countries for U.S. and E.U. recyclers looking for export markets, specifically for nonferrous and paper scrap.

India's import activity in Q3 2019 increased due to price incentive caused by the declining value of mixed paper and some old corrugated container grades on the global market, prompted by China's stricter standards for recovered fiber imports. The Indian metal recycling industry is set to register an annual growth of 11 percent.

China's domestic protein production is down by five percent in 2019, influencing the demand for imports, making it one of the primary reasons why India has seen export growth to China as far as seafood and other refrigerated (reefer) products are concerned.

For reefer exports to the South East Asia region, vegetables and shellfish witnessed the highest growth at 13 percent and eight percent respectively, while meat export growth remained flat. Global free trade agreements might impact India's reefer exports to the E.U.

Additionally, a government ban on onion exports resulted in overall market for onion exports being contracted roughly by 26 percent Y-o-Y. This move came to curb the export shipments of onions and help bring down soaring prices in the domestic market, resulting from floods in parts of the major onion growing states of Maharashtra and Karnataka.

Overall exports to Africa grew by 11 percent led by appliances and kitchenware, vehicles and seeds, beans, cereals and flour. Kenya and Nigeria are India's usual export trade partners, but Q3 saw an addition of Djibouti and Tanzania. Import growth from African countries to India remained steady at two percent. Fruit and nuts, metal and wood were the top commodities.

"The Government has ambitious goals of reaching to a \$5 trillion economy. To achieve this, there has to be a focused approach in implementing reforms and measure to drastically improve the landside infrastructure to boost logistics further and adopt digitalisation as rapidly as possible," said Felder. "This will help catalyze the export growth, supported by robust policy reform. In its second term, the Government has a strong focus on procuring FDI inflows, structuring policy reforms and facilitating infrastructure

development. Furthermore, an impetus on increasing industrial manufacturing while easing corporate tax structures will further prove to be an advantage to the Indian economy.”

Source: maritime-executive.com– Dec 23, 2019

[HOME](#)

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