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IBTEX No. 83 of 2019 April 25, 2019

USD 69.97| EUR 78.09 | GBP 90.32 | JPY 0.63

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22297	46600	**84.85**
Domestic Futures Price (Ex. Warehouse Rajkot), April		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22020	46022	**83.79**
International Futures Price		
NY ICE USD Cents/lb (July 2019)	77.12	
ZCE Cotton: Yuan/MT (September 2019)	15,765	
ZCE Cotton: USD Cents/lb	106.38	
Cotlook A Index – Physical	**87.20**	

Cotton Guide: "Rain-fall is equal to price-fall". Prices are seen to decline with favorable rains in West Texas. Rains are helping the moisture in the soil to recuperate and replenish itself, thus bringing news of a good crop in USA. The same is true for India. This year rains are expected to be in favor of the farmers. It is too early to presume good rains in India, nevertheless, some market participants are expecting a huge crop in India for the new season 2019-2020. The figure is presumed to be at 380 lakh bales.

The ICE July contract settled at 77.12 cents/lb with a change of -79 points. The trading range was however seen restricted with a high figure of 77.93 cents/lb and 77.05 cents/lb. The ICE December contract settled at 76.06 cents/lb with a similar change of -79 points.

However, these change figures are not in a position to confirm the downward trend as the volumes were seen to be very low. The total volume amounted to 26,231 contracts as compared to the previous volume figure of 36,828 contracts. This shows that the international market participants are looking out for more news about the weather conditions with other demand factors.

On the other hand, in the previous US Export Sales report China was virtually missing out, in the list. To us, it looks like China is waiting for another price drop in international prices. As soon as the prices would bottom out, it would start buying once again, thus driving the market further north. We have to wait for this week's US Export sales data (scheduled to be released today) to understand the Red Dragon's stance in the price movements for the month. However, we still have a slightly bullish outlook for the coming days.

With respect to MCX future contracts, the market participants traded well in a 200 Rs Range. However the contracts settled marginally near the previous close figures. The MCX April Contract settled at 22020 Rs/Bale with a change of +10. The MCX May and MCX June contract settled at 22320 and 22570 Rs/Bale with change figures of -10 and -20 Rs respectively. Volumes were seen to be less by almost 41 % percent as compared to the volumes on Wednesday. The total volumes seen yesterday was 8185 lots as compared to the previous figure of 11528 lots.

The cotlook Index A has been adjusted to 87.20 cents/lb with a change of -0.55 cents/lb. Arrival figures are varying now from different sources. Some are estimating total arrivals to be at 300 lakh bales while some are estimating arrivals to be 287 lakh bales. However, whatever the case may be, daily arrivals have slowed down drastically. On the other hand imports into India are seen to rise with consistent and firm enquiries daily. We have a consolidated view for the day. However, the export sale figures can impact the price movements in either direction.

On the technical Front, ICE Cotton July futures continued to trade in a sideways range of 77.20-78.40 during the day. Price witnessed decline as it failed to breach above 79.60, meanwhile strong support at the lower band of the channel near 77.20 limited the downside in prices. In the daily charts positive crossover of 9 day EMA above the 26 day EMA supported the bullish bias in cotton futures.

Moreover, the strength index RSI is hovering near 50, which indicates a range bound momentum in prices. So for the day price is expected to remain in the range of 77.20 to 78.40 with sideways bias. Only a move above 79.60, would push price further higher towards 79.90/80.00 zones. Likewise, below 77.20 next support exists around 76.50. In the domestic market April future is expected to remain in the range of 21820-22180.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

USA: Textile and Apparel Imports Tumble as Shipments from Major Sources Decline

The Department of Commerce's Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totaled 5.38 billion square meter equivalents in February, down 14.2 percent from January but up 1.8 percent from February 2018.

Textile imports totaled 3.11 billion SME, down 15.3 percent for the month but up 3.4 percent from the previous year, while apparel imports of 2.27 billion SME were down 13.0 percent from January and 0.4 percent from a year before.

	SME	Monthly change %	Annual change %	$ Value	Monthly change %	Annual change %
China	2.48 billion	-17.3	-2.2	$2.92 billion	-19.3	-4.1
India	462.6 million	-12.2	+14.3	$673.0 million	-6.9	+5.3
Vietnam	449.1 million	-16.4	+12.4	$1.10 billion	-17.9	+8.1
Mexico	217.7 million	+2.2	+7.1	$356.6 million	+4.1	-6.0
Bangladesh	212.4 million	-4.8	-1.1	$523.9 million	-5.1	+11.8
Pakistan	201.2 million	-20.7	+0.9	$228.0 million	-16.5	+6.3
Korea	150.0 million	-22.2	+10.7	$67.8 million	-24.3	+5.2
Indonesia	138.5 million	-3.8	-2.4	$413.8 million	-3.9	+0.1
Cambodia	94.2 million	n/a	-2.7	$208.0 million	n/a	+4.7
Honduras	78.2 million	+26.5	-2.9	$209.9 million	+36.7	+7.4
Turkey	73.5 million	-12.8	+22.7	$139.1 million	-3.5	+13.4
Canada	73.0 million	+4.3	-15.0	$92.9 million	-3.5	-13.0
Taiwan	65.4 million	-17.5	+7.5	$43.7 million	-24.8	-13.0
Germany	56.8 million	-13.5	+31.4	$41.1 million	-4.4	+17.0

Overall Imports. Total year-to-date imports were 11.6 billion SME, up 7.2 percent from the previous year, as textile imports gained 9.5 percent to 6.77 billion SME and apparel imports rose 4.2 percent to 4.88 billion SME.

For the year ending in February imports were 69.4 billion SME, up 6.0 percent from a year earlier, as textile imports increased 8.2 percent to 41.3 billion SME and apparel imports rose 2.9 percent to 28.0 billion SME.

Source Countries. OTEXA has reported the following statistics on textile and apparel imports from major source countries for February 2019.

Source: strtrade.com- Apr 25, 2019

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Testing times for UK exporters as growth dips to three-year low

UK manufacturing orders for the first quarter of this year grew at their weakest rate since Q2 2016, even though the number of UK manufacturers hit a record high, according to a new study.

Lloyds Bank's International Trade Index, compiled in partnership with IHS Markit, posted a reading of 50.4 for new manufacturing exports for the first three months of 2019, down from 50.8 in Q4 2018.

A reading of above 50 indicates growth, while one below 50 signifies contraction. But despite sluggish growth, more UK manufacturers are exporting than have done for the last 14 years, at 81.3% of firms participating in IHS Markit's purchasing managers (PMI) survey.

Gwynne Master, managing director and global head of trade for Lloyds Bank global transaction banking, says: "In the midst of a testing climate, British companies are demonstrating undeniable resilience.

The proportion of UK manufacturers trading overseas is at its highest level since 2005 and some subcategories of UK exports, including consumer goods and the technology services sector, are performing particularly well."

But it's a mixed picture across different industry segments. While the read-out for textiles and clothing on the trade index was 63.1, the highest reading since 1997 and up from 55.4 in Q4 2018, new export orders for intermediary goods contracted to 47.1.

Lloyds attributes the UK's slumping export growth in large part to the global economic slowdown, with the index showing overall international demand for British goods and services in Q1 2019 at 52.5, down from 53.1 in Q4 2018, as subdued growth in China and soft demand in markets such as France and Ireland started to bite.

As ever, Brexit takes its share of the blame, with the report finding that the UK's looming exit from the EU has caused its manufacturing sector to stockpile at the highest rate in 27 years, locking up higher amounts of working capital and consuming cash that could be better spent on accessing new markets and building new capacity.

Another study, also out today, underscores the impact of the imminent British departure from the continental bloc on UK exporters. About a third of respondents to the latest edition of the Santander Trade Barometer reported diminished business confidence as a result of concerns about supply chain links to EU countries, reduced trade with the EU and tariffs on EU sales.

Uncertainty over tariffs post-Brexit is also plaguing those businesses that don't yet trade internationally but are about to start doing so over the next 12 months, the survey said.

Their worries may not be unfounded: recent findings from a survey of 1,749 supply chain managers from the UK and EU by the Chartered Institute of Procurement & Supply (CIPS) last month showed British exporters face losing contracts, being forced to slash prices or denied payment if Brexit causes delays to deliveries of goods.

Despite these latest less-than-rosy stats, John Carrol, head of international and transactional banking at Santander UK, says that it is important that businesses "don't lose sight of the huge potential offered by international markets to bolster their growth when faced with unpredictability at home" – a view shared by the UK's trade commissioners, who recently outlined the many and varied ways in which British exporters can keep on keeping on, despite what increasingly look like insurmountable challenges.

Source: gtreview.com - Apr 24, 2019

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Shandong emerges as textile hub

Shandong province in China has world class advanced textile industry clusters. After decades of development, a complete industrial chain including weaving, printing and dyeing, garment, home textiles has been formed, which has increased its competitiveness and influence in the world.

The trillion-level textile and garment industry in Shandong province is not only the pillar of the province's industrial economy but also a typical representative of the innovation and development of Shandong's manufacturing industry.

In particular, the textile and garment industry clusters characterized by large-scale and intensive development play a very important role in driving local economic development, promoting employment, and building regional brands.

Shandong province has a total of 26 textile and garment industry clusters, ranking fourth in China. The business income of these 26 textile and garment industry clusters accounts for 46 per cent of Shandong province's income and 18.4 per cent of China's.

In 2018, China's textile industry showed a slowdown trend. However, economic indicators such as revenue, profit and exports of enterprises above a designated size have improved.

The trend is expected to continue in 2019. Industrial clusters are stepping up their innovation efforts in accordance with the requirements of high-level scientific and technological application, high-level brand development, high capacity for sustainable development, and high-quality talented personnel.

Source: fashionatingworld.com- Apr 23, 2019

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Vietnamese Manufacturer Invests $16 Million in Factory Expansion to Meet Growing Demand

Vietnam's growing importance as a global apparel supplier has meant necessary expansion for suppliers looking to deliver on the industry's demands.

Sourcing experts have said that the country's facilities are top notch, but have questioned whether Vietnam could soon lose momentum if it can't grow its factory base. In recent years, Vietnam has emerged as one of the world's largest textile suppliers, with a total exports of more than $36 billion. In 2018, U.S. imports from Vietnam rose 5.78 percent to $12.22 billion.

The problem, however, is that Vietnam may run into capacity issues.

MXP JSC, one of Vietnam's leading apparel manufacturing and exporting companies, however, is doing something about that. The company has started construction of its seventh factory, in Thai Binh province.

The MXP7 factory will cover roughly 860,000 square feet at a total investment of $16 million. Completion of the project is expected in the first quarter of 2020.

The move is an important one for MXP JSC to increase its production capabilities, and to apply advanced production technology to meet its aim of becoming the most prominent "smart factory" in Vietnam's textile and apparel industry.

MXP said it's focused on applying Industry 4.0 technology in software operations, including systems for manufacturing, sourcing, automation of data entry and reporting systems. In the MXP7 factory, these systems will be upgraded, resulting in higher performance and improved quality.

Equipped with a modern production-line system with a capacity of 2 million products per year and a full workforce of up to 3,500 people, MXP7 is a key project in the company's ongoing strategy of high-tech investment.

By 2030, MXP plans to double its employees from 15,000 to 30,000, and upgrade its capacity to 20 million from 10 million products annually.

"The construction of MXP7 in 2019 is a major turning point to ensure the annual export turnover of MXP in particular and the textiles market in general," MXP sales director Tran Quang Hao, said. "We are one step ahead in the long-term development strategy to expand MXP globally and become a trusted, quality supplier to the world's leading corporations."

MXP produces for brands like The North Face, Lululemon, Under Armour, Patagonia, GAP, Marmot and REI. Products made by MXP are regularly sold in the U.S. and Canada, and are reaching into Europe and Asia.

Source: sourcingjournal.com- Apr 24, 2019

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Apparel sector a reminder that Vietnam and China must get along

Vietnam this week just celebrated the fact it has survived nearly a millennium of independence from China, which previously ruled the smaller neighbor for nearly as long.

Much is made of the ancient rivalry between the two sides -- but there is far less attention, especially on the international stage, on areas where they both get along fairly well.

The textile and garment sector is as good an example as any of this amicable cooperation, given that China is the world's biggest exporter in the industry, and Vietnam is the second biggest.

Analysts often describe Hanoi as taking a path similar to Beijing's, both having communist leaders who turned toward export-led market capitalism in recent decades, and in terms of selling ever more footwear, clothes and bags to the world, Vietnam is indeed following China's actions.

"China and Vietnam hold a pivotal position in the global textile market," Chen Dapeng, president of the China National Garment Association, said at a trade conference in Ho Chi Minh City this month. "The industries of the two countries are highly complementary."

The industries compete for customers, but they are also complementary in that Chinese factories supply much of the fabric and other inputs needed in the business, while Vietnamese factory hands are increasingly supplying the labor as costs rise in China.

“We believe many in Asia can cooperate,” said Le Tien Truong, CEO of the Vietnam National Textile and Garment Group. “We are not just taking Chinese investment, but also reforming Vietnamese suppliers.”

He and others in Vietnam speak of domestic reform because the country does not have as large and complex a network of textile suppliers and processors as in China.

That is one reason the smaller country relies on the larger one as its biggest source of imported goods overall. No matter the geopolitical problems at the top, the reality is that textile firms on both sides of the border work together to turn a profit.

On one hand, amid the trade war between the United States and China, the latter competitor has lost some of its business to Vietnam. On the other hand, it is not just foreign third parties moving factories from China to Vietnam, but also Chinese investors themselves, who deem it beneficial to relocate some of their supply chain to the south.

This month a large contingent of Chinese textile companies went scouting for Vietnamese partners in the industrial parks just outside Ho Chi Minh City.

This global shift in interest toward Vietnam has helped it to catch up to China, which is still the export leader in shoes and garments.

“We congratulate Vietnam for that big effort,” said Sun Rui Zhe, president of the China National Textile and Apparel Council.

He noted his country looks to support that effort as part of its Belt and Road Initiative, which gives loans and grants to dozens of countries, mostly for infrastructure, but also private industry, including textiles.

Beijing has already financed dozens of projects in Vietnam, from coal power to ship yards to fertilizer plants.

"China has done our best to improve our relations all over the world," Sun said.

Source: voanews.com- Apr 24, 2019

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Pakistan: Ministry makes strong case: Grab CPFTA-II opportunity with both hands!

The Commerce Ministry has informed the federal cabinet that increase in the protected list of Pakistan from 10 percent agreed during the phase I of CPFTA - to 25 percent that comes to around 1760 tariff lines and covers 37 percent (33 percent of the base year) of Pakistan's imports from China. The sources said 25 percent includes sensitive list of 1410 items (20 percent) and a list of 350 items given Margin of Preference (MoP) on the applicable rates (5 percent).

The major protected industry includes textiles and clothing, iron and steel, auto, electrical equipment, agriculture, chemicals, plastics, rubber, paper and paper board, ceramics, glass and glassware, surgical instruments, footwear, leather, wood, articles of stones and plaster and miscellaneous goods. "In a nutshell we have protected almost all of our industry," sources added.

In the phase I, Pakistan had already given substantial concessions on 60% of our imports from China, and with this new Phase in place we will liberalize another 7% in the next 15 years. Most of concessions have been placed in the 15 years track.

The 7 percent new liberalized trade constitutes raw materials, machinery and intermediate items which will in fact help the domestic industry become more competitive. Until March 2018, China had agreed on immediate liberalization on 57 tariff lines which covered 70 percent of Pakistan's global exports and around US$ 20 billion of China's global imports.

According to the Ministry after the 11th Round, China agreed to immediately eliminating tariffs on 313 most priority tariff lines which cover over $8.7 billion worth of our global exports (13% increase in Pakistan's global exports coverage) and $64 billion worth of Chinese global imports (additional $ 40 billion).

Under the complete offer from China, over $19 billion of our exports will be covered corresponding to $1.6 trillion of the China's global imports.

Under the 313 tariff lines currently our exports to China are less than 2 percent of their total imports, and with these concessions Pakistan should expect to gain our market share by at least 10% which will come around $6.5 billion per annum.

The 313 tariff lines constitute textiles and garments, seafood, meat and other animal products, prepared foods, leather, chemicals, plastics, oil seeds, footwear as well as engineering goods including tractors, auto parts, home appliances, machineries etc.

With the signing of the second phase of FTA, almost 95 percent of tariff lines will become part of the overall CPFTA framework and will therefore enable Electronic Data Exchange on these tariff lines which also constitute 95 percent of the imports from China. Therefore, this will be a great step forward in terms of curbing under invoicing and misclassification. Revision of safeguard provisions will provide protection of maximum 23 years against an import surge that may cause injury or threaten to cause injury to our local industry.

The measures also allow Pakistan to put in place provisional safeguards for 180 days before even proving injury or threat of injury.

Similarly, the safety valve of the Balance of Payments clause under the FTA has been introduced, which would now allow us to raise tariffs if our country is in a balance of payments difficulty. Continuing with phase-I is not economically viable which leaves Pakistan with two options: to revoke Phase-I, or to enter Phase-II and gain major market access.

The option of revoking phase-I will have major political implications while the entry into Phase-II will lead to the abovementioned significant gains.

Source: fp.brecorder.com- Apr 24, 2019

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Pakistan: President for early finalization of Pak-South Korea FTA to boost bilateral trade

President Dr Arif Alvi on Wednesday urged the need of taking pro-active measures to increase the quantum of bilateral trade between Pakistan and the Republic of Korea, which was not commensurate with its real potential.

He was talking to a Parliamentary Delegation, consisting of four MNAs of the Foreign Affairs and Unification Committee of the National Assembly of the Republic of Korea, who called on him here at Aiwan-e-Sadr.

The President emphasized that an early conclusion of Free Trade Agreement (FTA) between the two countries would be a positive step in this direction. He said that Pakistan and Republic of Korea enjoy friendly and cordial relations based on mutual trust and understanding. Pakistan valued its excellent diplomatic ties with Republic of Korea, he added.

The President welcomed the continuous increase in investment by the Korean companies in various sectors of Pakistan's economy. It indicated the confidence of the Korean businesses in the economy of Pakistan, he added. He urged Korean companies to take full advantage of Pakistan's liberal investment regime and to invest in Mining, Agro-industry and IT sectors.

Highlighting that the Government of Pakistan had established Special Economic Zones (SEZs), the President encouraged the Korean companies to establish/relocate their units in these SEZs.

He expressed delight that the number of students from Pakistan to Korea had steadily increased. Moreover, he appreciated the decision of the Korean Government to increase quota for Pakistani workers to 1000 for the year 2019.

The members of Korean Parliamentary delegation said that Korea and Pakistan had a lot to learn from each other. The delegation also indicated that Pakistan had immense treasure of Buddhist artifice, which could be great attraction for foreign tourists.

Source: brecorder.com- April 24, 2019

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Pakistan: NA panel to seek 10-15% import duty on cotton

In order to facilitate local cotton cultivators, the Special Committee of National Assembly (NA) on Agricultural Products has decided to bring forward a resolution to consider placing import duty of 10 to 15 per cent on cotton.

NA Speaker Asad Qaiser, who chaired the meeting held in the Parliament House on Wednesday, also instructed authorities to determine the practicality of the suggested increase in import duty, which currently stands at zero.

The meeting also expressed concern over the Rs2 increase in price of per unit of electricity under the fuel price adjustment and summoned the energy minister in the next meeting in this regard.

The secretary of the Trade Ministry informed the meeting that Pakistan is a net importer of cotton, importing mainly from USA, India and Brazil. The import of cotton the previous year amounted to $1 billion. The production of cotton in India increased by 150% but did not increase in Pakistan due to which cotton cannot be exported, he said.

Pakistan’s reliance on imported cotton on the rise

Minster for Food Security Sahibzada Mehboob Sultan informed the meeting that steps were taken to provide relief to cultivators whose crops were destroyed due to rain. He added that people would be compensated once losses have been estimated.

During the meeting, Riaz Fatyana said that the duty on import of cotton has been decreased from 5 per cent to zero, while calling for the levying of 10 to 15% duty on import of cotton. He said currently it was benefitting businessmen.

Khalid Khokhar, a representative of a farmers’ collective, said that the production cost in Pakistan was very high which skewed the situation in favour of the All Pakistan Textile Mills Association (Aptma) while resulting in losses for the farmers.

“Pakistani cultivators stopped the plantation of cotton on not receiving profits,” he said. He added that for the improvement of economy, the support price of cotton is necessary.

The secretary for food security, Hashim Popalzai said that they had opposed the decision made by the minister of textiles to impose zero duty on import of cotton. “Cotton is imported due to zero duty on cotton,” he added.

Cotton Commissioner Dr Khalid Abdullah said that the production area of cotton has declined from 770,000 hectare to 400,000 hectare. “This year there was a difference of Rs1,500 per ton of cotton. The rates of cotton remained around the cost of production,” he said.

Speaker Asad Qaiser said that to promote local cotton, a resolution would be brought to the NA in relation to imposition of duty. He directed committee member Syed Fakhar Imam to prepare the draft and discuss it with him for presentation in the NA today (Thursday).

On this occasion, Chaudhry Iftikhar Nazir said that the electricity has been hiked by Rs2 for agricultural consumers.

“The electricity has been increased by Rs2 under the fuel price adjustment but the rate for agricultural consumers is Rs5.35 paisa per unit. Now the pressure of fuel price adjustment has been put on the cultivators,” he said, upon which the committee summoned the federal minister energy in the next session.

The committee also summoned the Aptma representatives in the next meeting on the issue of cotton.

Source: tribune.com.pk- April 25, 2019

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NATIONAL NEWS

Centre ready to expand list of technical textiles

While the growth of technical textiles sector is spoken of enthusiastically and has been projected at 2lakh crore by 2021, there needs to be a reality check about its growth, said Raghvendra Singh, secretary textiles, ministry of textiles.

The industry and research institutes should come together to realize the sector's full potential, he said and asked industrialists to identify prototypes developed by centres of excellence in textiles and adapt them to the industry. He was speaking at the inaugural session of the 'National Investors Conclave on Technical Textiles' in the city on Wednesday.

Singh said while the Centre has classified 207 products as technical textiles for import and export, it was ready to expand the list based on representations from stakeholders.

If industrialists give a list of technical textile products according to their importance of the export or import potential, the Directorate General of Foreign Trade under the ministry of commerce and industry will come out with notifications expanding the list, he said. "It depends on us how to make it pervasive."

Over the past seven to eight months, Singh said they had consulted various ministries in the Union government and state governments and have come up with 106 textile products, for which standards already existed. "These belong to various sectors such as railways, home affairs, defence, shipping, agriculture and transport.

We need to work on these with the BIS, as we have the standards and have a procedure which could be made mandatory with these ministries for their tenderization process," he said.

As there was a month's time before the new government assumes office, Singh said stakeholders of the sector should do the groundwork and come up with what needs to be represented to each ministry.

The centres of excellences in textile sector across the country, such as the South India Textile Research Association (SITRA) in Coimbatore, have come up with around 600 prototypes, Singh said. He added that it was incumbent on industry associations to assess the prototypes and in order of priority select around 50 or 60 and give it an industry connect.

Speaking at the session, K S Sundararaman, chairman of Indian Technical Textile Association, said currently only the established players in the field were seeking to expand and there was a need to 'evangelize' more new entrepreneurs to take up technical textiles. Technical textiles would create jobs and bring more women into the workforce, said Prabhu Damodaran, convener of Indian Texpreneurs Federation.

Source: timesofindia.com- Apr 25, 2019

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Finance Ministry may raise cap on 59-minute loans to Rs 3-5 crore

The scheme has already drawn healthy response from the borrowers and some of the PSU banks associated with this portal are now keen on hiking the credit limit.

The fund also gives guarantee for up to 50 per cent of the sanctioned amount -- ranging between Rs 10 lakh and Rs 1 crore -- for micro and small borrowers involved in retail trade activity. The Finance Ministry may consider to raise the Rs 1 crore cap under the 59-minute loan scheme to Rs 3-5 crore.

According to government officials, the cap will be raised in a gradual manner.

The 59-minute loan scheme was launched late last year for the benefit of micro, small and medium enterprises (MSMEs). It formed part of Prime Minister Narendra Modi's 12-point action plan for the MSMEs announced in November 2018.

The scheme has already drawn healthy response from the borrowers and some of the PSU banks associated with this portal are now keen on hiking the credit limit.

Extending hassle-free loans to such units which are without any collateral has been a hit on www.psbloansin59minutes.com, which is a strategic initiative of the SIBDI-led (Small Industries Development Bank of India) PSB consortium incubated under the aegis of the Department of Financial Services (DFS).

The portal has reduced the turnaround time for sanctioning loans from 20-25 days to 59 minutes. It is a strategic initiative of a consortium of five public sector banks (PSBs), led by the SIBDI.

The majority stake is held by the SIDBI and the five large PSBs, including the State Bank of India (SBI), Bank of Baroda, Punjab National Bank (PNB), Vijaya Bank and Indian Bank.

Some banks have suggested to raise the loan cap which can be looked at, said an official, adding that the limit might be gradually increased to Rs 2 crore. But the Ministry needs data on the credit off-take and the asset quality before arriving at any decision.

The outstanding credit to MSMEs grew to Rs 25.2 lakh crore at the end of 2018. At the same time, the consolidated non-performing assets (NPAs) in the sector increased to 9 per cent from 7.3 per cent, a CIBIL-SIDBI report recently said.

Banks have started to witness a jump in credit to micro and small businesses through the online platform psbloansin59minutes.com, which basically deals with small credit limit loans.

The government has been putting a lot of stress on loans to the micro units. In fact, another variant of such loans -- Mudra -- is also a key constituent of the Finance Ministry's financial inclusion programme, as these small entrepreneurial activities push employment and income in the lower income groups.

In November 2018, Modi announced a slew measures for the MSMEs with an aim to improve credit flow and generate employment opportunities.

The portal has been a hit with the borrowers for approving loans in less than an hour. The interest rate on such loans starts at 8 per cent.

Post approval, the amount is disbursed within 7-8 days. The borrowers are not required to provide any collateral as the portal is linked to the Credit Guarantee Fund Trust for Micro and Small Enterprises, which provides guarantees covering 85 per cent of up to Rs 5 lakh loans to micro enterprises.

The fund also gives guarantee for up to 50 per cent of the sanctioned amount -- ranging between Rs 10 lakh and Rs 1 crore -- for micro and small borrowers involved in retail trade activity.

Till December 25, 2018, public sector banks had sanctioned the applications of 40,669 borrowers amounting to nearly Rs 14,100 crore through psbloansin59minutes.com, according to a reply in the Lok Sabha by Minister of State for Finance Shiv Pratap Shukla on December 28.

Of the 112,043 applications worth over Rs 37,400 crore which were given in-principle approval, 38 per cent have been sanctioned.

Source: economictimes.com- Apr 25, 2019

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Smart fabrics: The thread goes tech

Electronic textile is changing the clothing industry while adding new layers to the very idea of attire

Year 1955 was important in history. That year, the first Guinness Book of World Records was published in the UK, Disneyland opened in California and many similar events followed. In the world of technology, two legends who were to transform computing as we have known it, Steve Jobs and Bill Gates, were born.

Interestingly, another revolutionary event happened in 1955, which many at that time did not take seriously but which later changed the world of computers like never before — the world's first wearable computer was conceived by mathematician and scientist Edward O Thorp to predict roulette, which later led to a joint venture at MIT with Claude Shannon, the father of information theory, in 1960-61.

It took many decades for wearables to go mass market and grab consumer attention. The segment is still limited to wrist bands and similar smart gadgets. But tech market experts hope the arrival of smart fabrics will give the sector the much needed fillip and make it useful for hitherto unforeseen applications. For starters, smart fabrics or electronic textiles are cloth/fabric that sport digital elements embedded in them and can perform electronic functions, from heating up the fabric to collecting and transferring health data.

In fact, this is not new; the idea of threads (metallic) that can be conductive dates back to the 1600s. Historians say in the Elizabethan era, weavers would attach gold threads to fabric to make them shine. But more pronounced applications of smart fabrics came much later. In the early 1990s, researchers at MIT were experimenting with smart apparel for the US military. In 1998, fashion designer Sabine Seymour introduced Moondial, which had silicon components.

Still, a major breakthrough was absent. The Georgia Tech Motherboard shirt made its appearance in 2003, boosting research in smart garments. The shirt developed by Combat Casualty Care is billed as the “intelligent” garment for the 21st Century. It uses optical fibre to detect bullet wounds, has special sensors and can collect data from the body to check vital signs during combat.

More innovations

Many similar experiments followed. In 2014 came Dupont’s stretchable and conductive ink, which was later used to make wearable tech and textile circuits by Bebop Sensors. Soon, with the boom in smartphone and fitness technologies and allied wearable products including ‘ath-leisure’ clothes, etc, the idea of smart fabrics received much-needed momentum. A clutch of textile and tech companies, designers and entrepreneurs are now working on fabrics that have electronic parts and can interact with computers.

A major segment in the smart fabric sector is active smart textiles, which use sensors to track changes in the external environment and interact accordingly with the body and with third parties. For instance, an active smart cloth can change colours based on the surroundings, stay water-resistant, and store heat and regulate impact.

Obviously, most of the beneficiaries of such products have been militaries and allied segments. Now, with smart fabrics going mass market, the way people dress up is set to undergo a transformation. Soon, your clothes can be your body reader, screen for entertainment, news magazine, health and fitness tracker and a lot more.

Also, e-textile experts say these clothes will be able to map your health stats and communicate them to, say, your doctor or fitness trainer or a government agency or an insurance company that wants to protect you from medical emergencies.

For now, products such as heated jackets (from a company called Ravean, for one) are available in the market. The Ravean jacket can help you control the jacket's internal temperature, charge your mobile device and more. OMSignal's smart sports bras aim for a lot more than offering traditional support; it can track and store users' fitness data as well. Another smart bra, developed by a Singaporean scientist Scott Fan, can help send SOS alerts to the police when someone is attacked.

There's more. In healthcare, smart clothing, suggests a Gartner report, helps enhance care by embedding electronics into shirts, blankets, bandages and similar essential tools.

The data they track can help doctors micro-manage patients and the disease more efficiently. Already, China, Korea and the US are leading research and development in smart fabrics. Companies such as Samsung, Google, OMSignal, Hexo Skin and Under Armour are experimenting to make clothes as smart as the phone, according to a DigitalTrends analysis.

Just a few weeks ago, scientists in Seoul developed a textile-based display technology that they claim is washable. It does not need an external power source to function.

It addresses some of the most important hiccoughs in smart textiles — reliance on external power sources and the chances of water or moisture getting into the cloth and damaging it. The scientists from Seoul used integrated polymer solar cells (PSCs) with organic light emitting diodes (OLEDs) to power the fabric.

Recently, scientists at the University of Washington said that fabrics can store “high-density data” without using electricity and can be washed just like any other fabric. A recent report in IDG’s Network World quoted Shyam Gollakota, associate professor in the Paul G Allen School of Computer Science and Engineering at the University of Washington, as saying: “You can think of the fabric as a hard disk.”

In their experiment, the scientists stored a door-unlocking passcode on a conductive fabric which they attached to a typical shirt’s sleeve and the person was able to open the door just by swiping the cuff over it. Scientists say that’s just one of the myriad uses and soon bodysuits that can guard, gauge and guide your are going to be in the market.

Sounds like Black Panther’s body suit is going to be in your favourite cloth-seller’s shelf sooner than you’d expected. Market experts say the smart-fabric industry now stands at some $900 million and is expected to grow to $6 billion by 2025. That’s just a ballpark assessment.

Apostles of smart fabrics say the real numbers will be much higher and will explode once consumers realise their potential as these products can help reduce wastage significantly. An estimate shows clothes worth more than $500 billion become unusable every year.

That means, as an analysis suggested, nearly 90 per cent of all fashion is just wasted. Smart fabric can help people make clothes that they would need and that would fit them perfectly as it involved technology-enabled measurements and components that can be recycled and reused.

With companies such as Google actively pursuing the smart fabrics idea (Google’s Project Jacquard is an interactive textiles venture with Levi’s. It makes connected smart jackets that allow users to control music, answer calls, use GPS and do a lot more,as TechCrunch reported recently) and companies in fitness, healthcare, athletics and military-ware pumping good monies into it, the future of smart fabrics looks impeccable and robust.

Source: thehindubusinessline.com- Apr 24, 2019

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Efforts on to promote speciality fibre in India

Ministry looks for technology support

The Union Ministry of Textiles is in discussions with other countries to support the Indian textile industry with technology for speciality fibre and related products

"Technology is important for speciality fibre. We are trying to see how to get it," Union Textiles Secretary Raghavendra Singh told journalists here on Wednesday.

The government is in talks with the Japanese Government and is also discussing with some companies in the U.S. in this regard.

Two committees were formed — one for speciality fibre and the other to see how to take the segment forward. Both committees have submitted the reports, he added. The Ministry had notified 207 products that classify as 'technical textiles', mainly for export and import purposes.

There were requests from the industry to include more products. "If the industry gives a list, the number of products notified can be expanded regularly," he said.

Mr. Singh urged the Centres of Excellence in the country for technical textiles to initiate the process to select some of the prototypes developed so far and give an industry connect to these products.

The Ministry had consulted several other ministries, departments, and State Governments on technical textiles used in several applications across sectors.

Source: thehindu.com- Apr 24, 2019

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Beyond the free trade idealism

An ambitious 'Employment and Incomes Policy' must be the top priority for the next government

The U.S. has begun trade skirmishes with India. It objects to India increasing import duties on electronic goods and wants India to reduce duties on U.S.-made motorcycles. Meanwhile the World Trade Organisation seems to be in the intensive care unit. It is time to apply fundamental principles to reshape a trade regime that is fair to all.

On free trade

The macro-economic case for free trade is that if each person would do only what he or she does better than everyone else and all would trade with each other, everyone's welfare will increase. Also, the size of the global economic pie would be larger because there will be no inefficiencies. The problem is that, at present, many people in the world are doing what others, in other countries, can do better than them. To get to the economists' ideal state, many people will have to stop doing what they are doing and learn to do something else.

Dani Rodrik has estimated that for every unit of overall increase in global income, six or seven units of incomes will have to be shuffled around within. Moreover, according to this theory, people should not start producing what others are already producing, because they will produce less efficiently until they learn to do it well. According to this theory of free trade, Indians should not have bothered to learn how to produce trucks, buses and two-wheelers when the country became independent. They should have continued to import them from American, European and Japanese companies.

Free trade purists say that easy import of products from other countries increases consumer welfare. Consumers everywhere welcome a lowering of import barriers because it brings products into their shops they could only dream of before. Milton Friedman had observed that, in international trade, exports help companies and imports help citizens.

Therefore, resistance to free trade does not come from consumers. It generally comes from companies which cannot compete: companies in less developed countries which are not able to compete until their country's infrastructure is improved and they have acquired sufficient capabilities, or even from companies in developed countries when producers in developing countries overtake them.

Job growth

However, to benefit from easy imports, citizens need incomes to buy the products and services available. Therefore, they need jobs that will provide them adequate incomes. Any government responsible for the welfare of its citizens has to be concerned about the growth of jobs in the country. Domestic producers can provide jobs.

Ergo, a developing country needs a good ‘industrial policy’ to accelerate the growth of domestic production, by building on its competitive advantages; and by developing those capabilities, it can compete with producers in countries that ‘developed’ earlier.

When the ‘no barriers to free trade’ movement went into overdrive with the Washington Consensus in the 1990s, the concept of ‘industrial policy’, which had become associated with the idea of ‘protection’ of domestic industries, became a taboo. India liberalised imports in the 1990s and Indian consumers have benefited greatly since then from the variety of products available to them from around the world.

However, by 2009, when the second United Progressive Alliance government was formed, the weakness of Indian manufacturing industries had become a great concern. The manufacturing sector in India and China had comparable capabilities in 1990. By 2009, China’s was 10 times larger than India’s, and its capital goods production sector was 50 times larger. Not only was the Indian market being flooded with Chinese hand-tools and toys, China was also selling high-tech electrical and telecommunication equipment to India (and around the world too).

Signs were already visible then that India’s impressive GDP growth was not generating enough employment for India’s large youth population. Whereas India’s economy should have been a powerful job generator, the employment elasticity of India’s growth — the numbers of jobs created per unit of GDP growth — was among the lowest in the world.

Some people in government recommended the need for an ‘industrial policy’ to stimulate the growth of domestic production. However, many Indian economists, along with others from the World Bank and the U.S., pushed back. ‘Industrial policy’ was a backward idea associated with Soviet-era planning, they argued. If Indian industry was not growing, it was because India had not ‘reformed’ enough: India should reduce trade barriers further and government should get further out of the way of industry, they said.

The next step

By 2019, it has become clear that India’s policy-makers must find a way for economic growth to produce more income-generating opportunities for Indian citizens. Employment and incomes are the most pressing issues for Indian citizens according to all pre-election surveys of what citizens expect from the next government.

All parties are responding in panic with schemes for showering various versions of unearned ‘universal basic incomes’ on people who are not able to earn enough. This approach is unlikely to be economically sustainable. Therefore, an ambitious ‘Employment and Incomes Policy’ must be the highest priority for the next government.

While India seeks to capture larger shares of global markets, India’s own billion-plus citizens’ economy can become a stimulus for growth of millions of enterprises. If citizens earn more, they can spend more. The ‘Employment and Incomes Policy’ should guide the Industrial Policy to where investments are required, and also what is expected from those investments to produce more income-generating opportunities for young Indians.

The scope of ‘industry’ must be broadened to include all sectors that can build on India’s competitive advantages. For example, the tourism and hospitality industry, taking advantage of India’s remarkable diversity of cultures and natural beauty, has the potential to support millions of small enterprises in all parts of the country.

By building on India’s competitive advantage of large numbers of trainable youth, and with digital technologies to increase the reach of small enterprises, manufacturing and services can provide many domestic and export opportunities that India has so far not seized.

There are lessons India can learn from its own history. With the government's insistence in the pre-liberalisation era that production and technology must be indigenised in phased manufacturing programmes, India's automobile sector was able to provide Indian consumers with good products. It now provides millions of people with employment and incomes in widespread domestic supply chains. Moreover, Indian auto-component producers and commercial vehicle producers export to the world's most competitive markets.

In contrast, the Indian electronics sector has languished, while China's has flourished. India signed the Information Technology Agreement of WTO in 1996 and reduced import duties on IT-related manufactured products to zero. China withheld for some time until its electronic sector was stronger. Now the U.S. and Europe are trying to prevent China's telecom and electronic goods in their markets.

To conclude, the WTO's governance needs to be overhauled to promote the welfare of citizens in all countries, especially poorer ones, rather than lowering barriers to exports of companies in rich countries in the guise of free trade idealism. And Indian economists, distracted by the mathematics of universal basic incomes, should return to the fundamentals of economic growth — more opportunities to earn incomes from productive work with development of new capabilities. A robust 'Incomes and Employment Policy', supported by an imaginative Industrial Policy, must guide India's trade policy.

Source: thehindu.com- Apr 25, 2019

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FinMin brings in changes in e-way bill system to check GST evasion

The Finance Ministry has introduced changes in the e-way bill system, including auto calculation of distance based on PIN codes for generation of e-way bill and blocking generation of multiple bills on one invoice, as it seeks to crack down on GST evaders.

Touted as an anti-evasion tool, the electronic way or e-way bill was rolled out on April 1, 2018, for moving goods worth over ₹50,000 from one state to another. The same for intra or within the state movement was rolled out in a phased manner from April 15.

With instances of malpractices in e-way bill generation getting detected, the revenue department decided to rework the system for generation of e-way bill by transporters and business.

The new enhanced system would come with auto-calculation of distance between the source and destination, based on the PIN codes. The user would be allowed to enter the actual distance as per the movement of goods, which will be limited to 10 per cent more than the auto calculated distance displayed, according to the e-way bill portal.

For example, if the system has displayed the distance between Place A and B, based on the PIN codes, as 655 kms, then the user is allowed to enter the actual distance covered up to 720 kms (655 kms + 65 kms).

Besides, the government has decided not to permit generation of multiple e-way bills based on one invoice. This means, if the e-way bill is generated once with a particular invoice number, then none of the parties -- consignor, consignee or transporter -- can generate another e-way bill with the same invoice number. The enhanced feature would permit extension of validity of the e-way bill when the goods are in transit/movement.

The e-way bill portal, which has been developed by the National Informatics Centre (NIC), the country's premier informatics services organisation, would also generate a report for users on the list of e-way bills about to expire.

This would help the user to analyse the data and ensure that the goods reach the destination within the valid time period. Transporters of goods worth over ₹50,000 would be required to present e-way bill during transit to a GST inspector, if asked. Failure to produce an e-way bill can attract a penalty of ₹10,000 or amount of tax sought to be evaded, whichever is higher.

AMRG & Associates Partner Rajat Mohan said "these enhanced features would add value to both, businesses and tax officers as the mixed bag aims at propelling ease of doing business together with acting as a deterrent for tax evaders". During April-December 2018, 3,626 cases of GST evasion/violations involving ₹15,278 crore were detected.

Source: livemint.com- Apr 25, 2019

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Future of Creative India lies in its past

Skill resource needed for technical textiles: Textiles Secretary

Baseline surveys of the textile sector will reflect the real needs of the industry, and the industry should help in the conduct of such surveys, Raghavendra Singh, Secretary, Union Ministry of Textiles, said here on Wednesday.

Inaugurating an investors conclave on technical textiles, organised by the Indian Technical Textiles Association (ITTA), jointly with the Southern India Mills' Association (SIMA) and Indian Texpreneurs Federation (ITF), Mr. Singh said the surveys would enable the government to take concrete measures for progress. "I request the industry to help us do baseline survey," he said. One such survey was done in 2014. Industries in the technical textiles sector should also tap the skilling programme (Samarth programme). Skill resource was needed for technical textiles, he said.

According to Ajay Kumar Singh, Director-General of Life Sciences, Defence Research Development Organisation (DRDO), in the Tejas light combat aircraft, the pilot's clothing and gear were developed indigenously and only 10 % of it was imported. A study shows that per capita non-woven consumption in India is 0.4 kg and it is three kg in the U.S. By 2049, it is expected to be 25 kg in the U.S. and 20 kg in India. So, there is opportunity and "We can have phenomenal growth."

The need is for research and development. There is scope for development of fire-retardant clothing. The raw material for it has to be imported for the clothing to be developed locally now. Another area of potential is insecticide textiles and mats. This will benefit several applications," he said.

He urged the stakeholders to form a "mahagathbandhan" for the progress of the sector. P. Nataraj, SIMA chairman, said yarn and fabric should be included under reimbursement of all embedded taxes. The Government should also take efforts to release the arrears under the Technology Upgradation Fund scheme.

S. Sundararaman, chairman of ITTA, explained the need for new entrepreneurs to get into technical textiles. Prabhu Damodharan, convenor of ITF, spoke on the need to brand Tamil Nadu textiles.

Source: thehindu.com- Apr 24, 2019

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Concor's rate-freeze move may box rivals into a corner

State-run rail hauler hopes the price stability will help it attract volumes

In a first such move in the industry, State-run rail hauler Container Corporation of India (Concor) has decided not to raise rates for one year till March 2020.

By offering this price stability, the corporation hopes to attract more volumes. The decision, conveyed to the customers through a public notice dated April 18, will push smaller rivals into a corner and the higher volumes will compensate for any pressure on margins from holding rates for a year in an industry undergoing consolidation.
Price stability

Concor revises rates twice a year to factor in the spike in diesel prices and haulage charges levied by the Indian Railways.

The move, according to people briefed on the plan, has its links to a Railway Ministry policy issued last year protecting customers paying advance freight for a year, from hikes in freight/haulage charges, effected during the year as part of a strategy to tame its high operating ratio.

The haulage charges are set to be hiked by the Indian Railways this year because the railways' finances are in a "very bad shape". "Concor paid around ₹3,000 crore to the Indian Railways in early April as advance freight to avail the scheme in FY20," said a government official briefed on the development.

This protects Concor against haulage-charge hikes by the Indian Railways for one year. This, in turn, will help it to keep the rates unchanged for a year. A few days prior to the April 18 public notice, Concor, a Navratna PSU, raised rates on April 1.

‘Committed to our word’

“There will be no change in our rates for a whole year, come what may. Our input costs may go up; diesel prices are already going up; there may be revision in rail tariff by the Railway Ministry, or the Railways may increase their rates. But we gave a commitment to all our customers that from 1 April till 31 Mar 2020, there will be no increase in our tariffs and other charges. There is complete price stability for one full financial year,” Kalyana Rama, Chairman & Managing Director, Concor, told BusinessLine on Tuesday. He added: “We brought this new feature to give advantage to our customers to plan their business and help control/reduce logistics costs. This is the first time in the industry any company has taken such a step.”

“There are no conditions attached to this; no agreement is required...no minimum volumes are required. Anybody who is offering one container, ten or thousand containers can avail of this feature,” he said. In FY19, Concor handled 3.83 million TEUs, both export-import and domestic. He said that the decision will not hurt Concor’s revenue, profit and margins.

“The immediate reaction will be that Concor’s margins are going to come under pressure. We are sure that we will improve our bottomline and topline. We will get more volumes because with our service levels, we will keep growing. In the last nine quarters, there has been a continuous rise in margins. Even with this price stability strategy, we will be able to maintain good margins because this will bring in more customers,” Rama added.

The real competition to Concor is from road. “The price stability will be a real challenge for road also. Our domestic business has been growing in double digits for the last three years. We are very competitive to road,” he added.
Industry experts said it will be tough for the rivals to follow the market leader on holding the rates.

“Concor’s strategy is to hit private rivals. If the Railways raise haulage charges, private players will not be able to absorb it and will have to pass on the hike to their customers to survive even if the move risks losing business. Concor can afford not to because of its strong balance sheet,” said an industry consultant.

Source: thehindubusinessline.com - Apr 25, 2019

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