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USD 64.78| EUR 77.28 | GBP 87.72 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19027	39800	**78.36**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18470	38635	**76.07**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.68
ZCE Cotton: Yuan/MT (Jan 2017)	15,480
ZCE Cotton: USD Cents/lb	**90.37**
Cotlook A Index – Physical	**78.55**

Cotton guide: The week gone by was one of the lightest phases for Cotton in last two months. The trading volumes during the week were thin. The lead December future ended the week at 68.46 down by 0.60% from the previous week's close. Most of the estimates and trade scenarios are on the sell side especially with the expectation of higher US crop and hurricane Maria moving away partly from the US coast. There has been huge selling in cotton.

As per latest weekly CFTC report speculative positions have cut long positions while trades were also low in their short positions indicating market is suggesting weakness in the trend. Also post the USDA monthly report was out in 1st week of September the cotton price fell below 68 cents for the first time in last week suggesting broad trend remains week. While we study the technical chart of cotton it is perceived that overall trend is still bearish and the possible price band in the near term would be 66 to 69 cents.

However, two major points that we would highlight anytime price falls below or near 66 cents there can be good buying interest coming in matter of the fact that a) huge selling in China could push for fresh import demand of cotton from the world market. b) Although US crop is expected higher but uncertain weather could be a question mark for supplying cotton to ginners may impact the overall pipe line.

Besides, the March chart seemed to be more negative despite lack of movement in the December and March spread. The spread of 1 cent continues to be hovering for more than almost a month. The overall prices are skewed to manage fund position which is prone to sell.

From the domestic front in India, the monsoon is good in central parts of the country. As per latest report the total sowing in the country is 12.15 million hectares up by 18.86% from the same period last year majorly switched from pulses and oil seed crop. As far as Indian spot price is concerned the 2016-17 crop are being quoted around Rs. 41000 to Rs. 41500 per candy which equates to 80 to 81 cents/lb. While the new crop (2017-18) crops for December and January commitments are offered around 800 to 1000 points on December ICE around 77-78 cents/lb. Further in the country all eyes remains on the CCI buying and rising cotton MSP price in the current season. The farmers which planted this huge acreage to cotton are expecting a good return.

On the futures front November and December future at MCX quoted in the last week at Rs. 18110 and Rs. 18K per bale widening the spread between the two contracts from Rs. 60 to Rs. 110. We believe as we progress through the week the spread may widen to Rs. 150+ per bale.

For the day we expect cotton to trade sideways and the trading range for October would be Rs. 18600 to Rs. 18340 per bale.

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

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INTERNATIONAL NEWS

China August trade with North Korea up after U.N. sanctions

China's trade with North Korea rose in August to its highest since December 2016, data showed on Saturday, even after the United Nations slapped tougher sanctions on Pyongyang in a bid to choke off a third of its $3 billion in annual export revenue.

The world's second-largest economy imported and exported goods worth $604.27 million in August, up from $456.16 million in July, according to data from China's General Administration of Customs.

While the highest number this year, August trade was down from $628.2 million in August last year, according to data on the customs website.

Trade was up 7.5 percent at $3.61 billion for the year to date.

China's move to halt North Korean coal imports in February and its decision to stop selling fuel have crimped Pyongyang's ability to raise hard currency through exports.

The data comes after the United Nations Security Council unanimously voted on Aug. 6 to impose a ban on exports of coal, iron, iron ore, lead, lead ore and seafood as punishment for intercontinental ballistic missile tests in July.

The sanctions were due to take effect in early September, but Beijing issued an official order implementing the new rules from Aug. 16.

Tensions between the United States and North Korea have ratcheted up after Pyongyang conducted its sixth and most powerful nuclear test Sept. 3, prompting the United Nations to impose even tougher sanctions last week.

Earlier on Saturday, China said it will limit exports of refined petroleum products from Oct. 1 and ban exports of condensates and liquefied natural gas immediately to comply with the latest U.N. sanctions. It will also ban imports of textiles from North Korea.

On Thursday, U.S. President Donald Trump ordered new sanctions that open the door wider to blacklisting people and entities doing business with the isolated nation, including its shipping and trade networks, further tightening the screws on Pyongyang's missile program.

In August, China's imports from North Korea were $288.3 million, up 84.4 percent from July and down 1 percent from a year ago, based on data on the customs website.

Exports were $315.97 million, up 5.4 percent from July but down 6.2 percent from a year earlier $336.9 million a year earlier.

Source: reuters.com - Sep 23, 2017

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Pakistan-China FTA farce

One must wonder what dictionaries policymakers are using since clearly their understanding of basic terms is so different from those widely accepted. In the Pakistan China FTA negotiations, what is being hailed as a "major development" and a "breakthrough" appears to be little more than a nod towards diplomacy.

The second phase of the FTA was supposed to be implemented in 2014, for which negotiations started in 2011. Since then, the negotiations have been stalled with Pakistan repeatedly requesting for better access.

Finally, China has agreed to address concerns. So after more than 6 years of pleading, what Pakistan is hailing with enthusiasm is China willing to consider improved access to its $1.6 trillion market of which Pakistan's share is less than $2 billion.

China is the biggest importer of cotton and it derivatives in the world. So much so that nearly half of the total global export of cotton yarn is imported by China.

The bulk of Pakistan's exports to China consist of cotton and its derivatives, the biggest export being cotton yarn.

Currently less than a quarter of China's imports of cotton yarn originate from Pakistan which is hardly surprising since Vietnam enjoys of 0.4 percent under the ASEAN FTA, whereas tariff imposed on Pakistan is 3.7 percent.

After cotton, rice is an important export to China for which Pakistan receives no preferential treatment whatsoever.

The average tariff imposed on Pakistan's rice exports into China is 65 percent whereas ASEAN countries Thailand's and Vietnam's rice imports have an average tariff of 33.7 percent levied on them.

Pakistan has shared a list of 70 items that constitute of more than 80 percent of its exports to China. Allegedly, China has agreed to consider these items favourably.

Consider this example: China offers 50 percent tariff reduction on Pakistan's current exports and as result, tariff on cotton yarn imports from Pakistan get decreased to 1.4 percent.

This reduction will do little to increase Pakistan's market access because cotton yarn from Vietnam will still be facing lower tariffs.

Pakistan needs to analyze the tariff preferences offered to its competitors and receive a firm quantitative commitment from China. Otherwise, the jubilations at tariff reductions would be a farce.

Source: brecorder.com- Sep 23, 2017

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Textile cultures of Italy, Greece different during Iron Age: Study

Despite the use of similar textile technologies during the Iron Age, Italy shared the textile culture of Central Europe while Greece largely followed the near eastern traditions of textile production, a detailed analysis of textile fragments has revealed.

Textiles have been and still are widely considered one of the most valuable indicators of individual and group identity.

The study greatly expands our current understanding of the regional circulation of textile technological knowledge and the role of textiles, which represents one of the earliest human craft technologies and applied arts in ancient societies, the researchers said.

"There is overwhelming evidence for frequent contact between Italy and Greece during the first half of the first millennium BC, but this evidence shows that their textile traditions were technically, aesthetically and conceptually very different," said Margarita Gleba, researcher at the University of Cambridge.

"This means that the populations in these two regions are making an active decision to clothe themselves in a certain way and it may have to do with traditions set up already in the Bronze Age," Gleba added.

Archaeological textiles are relatively rare finds in Mediterranean Europe, but many fragments survive in a mineralised form.

For the study, appearing in the journal Antiquity, the team conducted detailed analysis of several hundred textile fragments to define the textile cultures in Italy and Greece during the first half of the first millennium BC.

"Curiously, by Roman times, the establishment of Greek colonies in southern Italy and more general oriental influences observed in material culture of Italic populations leads towards gradual disappearance of the indigenous textile tradition," Gleba noted.

"Our future research will attempt to understand the cause behind this change in textile culture," she added.

Source: business-standard.com - Sep 23, 2017

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Textile & apparel exhibition in Vietnam to host 500 firms

Textile and Apparel Accessories Exhibition to be held in Ho Chi Minh City, Vietnam is expected to host over 500 companies across over 700 booths from various countries such as China, India, Korea, Taiwan and more, besides Vietnam.

The exhibition will take place from November 22-25 at the Saigon Exhibition and Convention Centre.

The exhibition will feature latest solutions, technology and equipment meant for the apparel and garment sector. These include cutting and fibre processing machines, automatic sewing machines, embroidering machines and printing machines and fabric among others, according to a Vietnamese media agency.

Companies such as Epson, Walz, Heinz, Juki, Hikari, Barudan, Ngai Shing, Mitsuyin, Supreme, ROQ (Artend) and Tajima have already registered for the exhibition.

The show is being organised by the Vietnam Cotton and Spinning Association, the Yorkers Trade and Marketing Service Company, Guangdong Sewing Equipment Chamber of Commerce, the Hong Kong Apparel Machinery Association and the Vietnam National Trade Fair and Advertising JSC in collaboration with the Ministry of Trade. (KD)

Source: fibre2fashion.com- Sep 21, 2017

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Fast Fashion Battle Heats up in Vietnam

Vietnam has become a magnet for international fast fashion brands thanks to its huge youth population and rapidly increasing income.

Global fashion brand H&M has opened its first store in Ho Chin Minh City's Vincom Center shopping mall on Sept. 9. More than 4,000 shoppers queued for the grand opening of H&M's very first store in Vietnam, garnering a lot of attention.

A year ago, H&M's rival brand ZARA also opened a store right next to H&M store, Vietnamese media *VN Express* reported on Sept. 20. In addition, global fast fashion brands, such as Uniqlo, Topshop, and Mango are rushing to set up shop in the country. Fast fashion brand refers to a fashion brand that mass-produces and sells inexpensive clothing by rapidly copying the latest trends.

Vietnam has been widely known as a clothing producer rather a consumer. It is one of the top five textile and clothing exporting countries, with textile contributing about 10% of the country's GDP. Since its labor costs are half those of China's, some of the world's leading apparel producers, such as Pierre Cardin and Japan's Aoyama Trading, are working with local companies to make Vietnam a base for clothing production.

But the situation has reversed recently, as the Vietnamese economy grew rapidly and GDP per capita reached $2,300, the *Nikkei Asian Review* said. Vietnam's purchasing, rather than exporting, has come into the spotlight among the global fast fashion brands,

Vietnamese consumers are increasingly focusing on quality rather than price as a result of increase in per capita income and purchasing power.

The high proportion of millennials in Vietnam's population is also an important reason why global fast fashion brands are eyeing Vietnamese market. The millennials (aged 15-35 years old) account for a third of the population. They are very interested in their appearance, well aware of the latest trends in the world through social media, and have the desire to buy foreign apparel brands.

Thuy Linh (26), a PR staff at the leading Vietnamese consulting firm Le & Brothers, is a passionate trend follower who spends about VND6 million (US$264) per month buying cosmetics and clothes.

Linh likes to follow fashionistas to see and follow their fashion style. “The outfits of H&M and Zara suit me because the designs are simple and do not show too much skin,” Linh said.

Le Thai Son, an entrepreneur in the fields of food and entertainment, also likes to wear Zara clothes. Being born in the late ‘90s, Son said, “30% of my wardrobe is occupied by Zara clothes and there are some H&M products also.”

In the past, Son either bought the items on trips abroad or ordered from the brands directly. “When I next have a business trip in Ho Chi Minh City, I will definitely visit H&M and Zara.”

The prices of fast fashion apparel brands are somewhat higher than those of local apparel products. However, for young people who have stable jobs like Linh and Son, the prices of H&M and Zara products are not burdensome.

Based on the popularity among young people, global fast fashion brands are directly entering the Vietnamese market without going through third agencies.

Source: huffingtonpost.com- Sep 24, 2017

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Pakistan: PCGA urges Pakistan govt for five-year cotton policy

The Pakistan Cotton Ginners Association (PCGA) has urged the government to introduce a five-year cotton policy to raise production to 22 million bales and exports to 3 million bales through crop insurance incentives and quality premium for farmers.

The country's average cotton production now is 13 million bales, out of which a million bales are exported.

Drawing attention to the issue of government and private enterprises failing to supply qualitative, well-germinated and heat- and virus-resistant seeds to the farmers, PCGA chairman Jeso Mal T Leemani said the area under cotton crop should be increased to 4.2 million hectares from the current around 3.2 million hectares. Office bearers of the association recently addressed a press conference in Multan.

As Pakistan's cotton fetches a low price in the international market due to contamination, the new cotton policy should address that issue apart from setting aside funds for research and development, capacity-building and infrastructure development, Leemani said.

A model cotton trading house should be set up to minimise the role of middlemen and ginning research and training institutes should be established in Sindh and Punjab, he added.

Source: fibre2fashion.com - Sep 22, 2017

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Pakistan: Latest trade data highlights changing composition of imports

Considering the recent trend in total imports into Pakistan, the value in FY18 is likely to maintain its upward trajectory. The Pakistan Bureau of Statistics (PBS) reported a sharp upward jump in imports in the first two months of FY18.

More than $9.7 billion worth of items were imported in July and August 2017, which is 25% higher than the value reported during the same period in 2016. With exports only 12% higher, the increase in imports has further contributed to the burgeoning trade deficit.

As the national elections approach, on-going investment projects are likely to gain further momentum as the government will push for their completion. Further, the overvalued exchange rate increases the demand for imported goods, particularly of commodities that are sensitive to price changes. Therefore, it is all the more important to discuss the increasing trend in imports, regardless of whether they are CPEC or non-CPEC related.

The State Bank of Pakistan (SBP) reported a 51% increase in total imports in July FY18 over the value reported in July FY17. The transport group increased by more than 94% while the machinery group increased by more than 63%. There was an increase of more than 600% in the imports of aircraft, ships and boats, and an increase of more than 260% in the imports of completely built up units of buses, trucks and other heavy vehicles.

However, the imports of completely knocked down buses, trucks and other heavy vehicles declined by more than 30%. Similarly, the imports of power generating machinery and electrical machinery more than doubled in July FY18. On the other hand, the imports of raw cotton declined by approximately 30%, while the imports of finished textile products increased by approximately 90%. Therefore, as expected, there was an increase in imports across almost all items, in particularly capital goods, such as transportation equipment and machinery. There were also significant increases in the imports of palm oil, soybean oil and petroleum crude.

Although the above analysis suggests that the imports of capital goods and transport equipment has increased substantially in recent months, further analysis on the composition of the imports is necessary.

Data is borrowed from UN Comtrade and classified according to the Broad Economic Categories. In 2016, capital goods constituted approximately one-fifth of the imports into Pakistan and transport equipment was 8% of the total imports. Approximately 28% of the transport equipment was passenger motor cars, while more than 40% were parts and equipment. On the other hand, industrial supplies constituted more than one-third of the total imports into Pakistan.

However, more than 80% of the industrial supplied was in the form of processed goods. The value-addition within Pakistan is likely to be greater for goods imported in the form of primary goods than in the form of processed goods. We observe a similar pattern for fuels and lubricants, as more than 70% of the total imports of fuels and lubricants are in the form of processed goods, such as motor spirit, rather than in the form of primary goods such as crude oil.

CPEC provides avenues to target $100b Chinese agri-market

Although both capital goods and industrial supplies dominated the imports into Pakistan from China in 2016, the imports of capital goods were slightly greater than the imports of industrial supplies. The former was approximately 43% of total imports from China, while the latter was approximately 41%. However, it is important to stress that all of the industrial supplies imported from China was in the form of processed goods rather than in the form of primary goods.

The products can be further categorised on the basis of the intensity of research and development activities undertaken to produce them. The correspondence table on research intensity of each good is borrowed from World Integrated Trade Solution.

High-tech goods include sophisticated machineries; medium-tech goods include man-made textile fibres, motor vehicles and textile and leather machinery.

The domestic demand for high-tech and several medium-tech goods in Pakistan is likely to be satisfied through imports. On the other hand, low-tech goods involve minimal research and development activities such as textile articles, iron and steel rods, jewellery and office stationary supply. The rest of the goods are classified either as resource-based products or as primary products.

A quarter of the total imports into Pakistan in 2016 were medium-tech products. High-tech and low-tech products were 12% and 11% of the total imports, respectively. The rest of the imports were resource-based and primary products. On the other hand, more than 32% of the imports from China were medium-tech, approximately 27% were high-tech and 24% were low-tech products.

Pakistan imported more than $900 million worth of high-tech telecommunication equipment and rotating electric plants from China. Pakistan imported more than $400 million worth of medium-tech steam generators and boilers and more than $300 million worth of parts and accessories of heating and cooling equipment from China.

Imports of textile machineries from China were less than $150 million, with a negative growth rate of 5% between 2015 and 2016. Further, Pakistan imported more than $500 million worth of low-tech textile yarn and flat-rolled alloy steel from China in 2016.

In summary, the imports of capital goods from China are more likely to consist of power generating equipment and construction equipment rather than industrial machinery and equipment to directly support industrial growth. Further, Pakistan is increasingly becoming dependent on imports of processed goods rather than on the imports of primary goods. World Development Indicators reported value addition in the manufacturing sector as a percentage of GDP at 12.7% in 2016, the lowest value since 1962. The highest ever was in 2005 at 18.6%.

The imports of textile and leather machinery constituted more than 13.6% of the total imports of medium-tech goods in 2005, but only 4.6% in 2016. Although, it is necessary to upgrade the quality of infrastructure within the country, it is also crucial to maintain the level of industrial growth. This situation is likely to be exacerbated with the overvalued exchange rate as the influx of imported goods is likely to impact domestic production.

Therefore, a viable industrial policy that attracts investments across several vital industries is much needed.

Source: tribune.com.pk- Sep 25, 2017

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Italy to Help in Textile Industry Development in Ethiopia

The Ethiopian Textile Industry Development Institute and the Italian Trade Agency signed a cooperation agreement for the enhancement of textile industry development in Ethiopia. Small, medium and large scale Ethiopian enterprises operating in the textile industry will be the key beneficiaries of the assistance through the 'Italy-Ethiopia textile technology center' project.

The agreement includes 200,000 Euros assistance for technology and equipment dedicated to local training. General Director of Ethiopian Textile Industry Development Institute Seleshi Lemma said the assistance will help to improve its capability through training and technology.

Speaking on the occasion, Italian ambassador to Ethiopia Giuseppe Mistretta said the Ethiopian government has given high priority to textile industry development. The Italian government is committed to support Ethiopia’s efforts in realizing goals related to textile industry through various initiatives, he added.

Source: ezega.com - Sep 24, 2017

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Iran: Ministry Moves to Keep Apparel Import in Check

The Ministry of Industries, Mining and Trade has introduced new regulations aimed at fighting rampant smuggling in the domestic apparel market.

The ministry has decided that foreign brands willing to sell their products in the Iranian market are required to directly apply for permits to open sales outlet in Iran without middlemen, Fars News Agency quoted deputy minister of industries, mining and trade, Yadollah Sadeqi, as saying.

The representatives are required to produce 20% of the value of their imports (in rial terms) inside Iran in the first two years of their business activities in the country. After two years, the authorized representatives are obligated to export 50% of the apparel produced domestically.

“Currently, 14 companies have accepted the new regulations and conditions, and they’re in the process of registering their representatives,” Sadeqi said.

Referring to illegal import channels, he said as free trade zones are one of the main points of entry open to smugglers of apparel, the ministry has banned apparel imports from these zones in the form of passenger luggage. Iran is home to seven free trade zones, namely Kish, Qeshm, Chabahar, Anzali, Arvand, Maku and Aras.

As per an agreement between the Textile Office of the Ministry of Industries, Mining and Trade and Free Trade Zone Organization, the import of apparel from free trade zones with prices higher than domestic products will face tariffs.

“Previously, the import of apparel into the country through free trade zone enjoyed a 15% discount; now it has decreased to 2%,” he said.

Sadeqi noted that Iran’s Customs Administration is also responsible for stopping the import of goods that are not labeled with identification codes.

According to the Headquarters to Combat Smuggling of Goods and Foreign Exchange, apparel tops the list of goods smuggled into Iran.

Textile, Apparel and Leather Industry Organization, affiliated to the Industries, Mining and Trade Ministry, recently announced that about 90% of foreign clothing are smuggled into the Iranian market.

Source: ezega.com - Sep 24, 2017

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NATIONAL NEWS

Extend transitional provision for duty drawback: Texprocil

The Cotton Textiles Export Promotion Council (Texprocil) today demanded extension of transitional provision for duty drawback till March 2018.

"The major area of concern for the exporters is the inordinate delay in the refund of GST. Exporters who had shipped their goods in July are yet to receive their refunds of the input tax credits or the IGST paid on export goods," Texprocil chairman Ujwal Lahoti said.

"This has caused serious working capital problems for a large number of exporters. Since no exemptions are available at any stage under the GST law for exports, we urged the government to grant the refunds of GST on exports immediately after the Export General Manifest (EGM) is filed instead of the current requirement of linking the refunds to the filing of the monthly returns," Lahoti said.

Exporters are also bearing the burden of embedded state taxes on the export products. Presently, the ROSL (rebate of state levies)scheme provides for refund of state levies on export products in the case of Garments and Made ups.

However, the scheme does not cover embedded state levies from the fibre stage to the Made ups stage.

Lahoti urged the government to provide the necessary mandate to the drawback committee to examine the embedded state levies and recommend suitable ROSL rates for made ups.

Source: timesofindia.com- Sept 23, 2017

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Govt announces new duty drawback rates for garments

The Government of India has today announced the new duty drawback rates to be effective from October 1, 2017 (post-transition period ending September 30, 2017). The new All Industry Rates (AIR) for cotton garments is 2 per cent as compared to the 7.7 per cent drawback available so far. The Apparel Export Promotion Council (AEPC) has expressed disappointment.

The duty draw back rate on garments of blend containing cotton and man-made fibre (MMF) will be 2.50 per cent beginning next month compared to the existing 9.5 per cent. Likewise, the rate on garments made of MMF will also be 2.50 per cent compared to 9.8 per cent at present.

Clothing items (under HS codes 61 and 62) made of silk (other than containing Noil silk) will be subject to a rate of 4.80 per cent as compared to the earlier 7.6 per cent. The duty drawback rate on woollen apparel will also come down from 8.7 per cent to 3.50 per cent.

The duty drawback rate on garment of blend containing wool and MMF will be 3 per cent from October 1, whereas the rate on all other garments will be 2 per cent.

This low rate is unexpected at a time when the industry is facing continuous decline in exports due to global conditions, rupee overvaluation and uncertainties under the GST regime. The duty drawback was one of the key policy support measures towards lifting industry's cost competitiveness. However, due to the steep drop in the drawback support over 7000 small and medium enterprises in the apparel export sector will be crippled, creating an adverse impact on the employment being provided to over 12 million people by this sector, AEPC said in a press release.

"The apparel industry needs to book orders in advance for the next season. The uncertainty prevailing for the last three months regarding the GST rates on apparel and job work have already cost the industry's order books. I think the present new rates are unacceptable and the ministry of textiles should immediately consider AEPC's recommendation for extending the current transition rates till March 31, 2018, to instil confidence in the sector and also ensure a smooth transition into GST and also for sustaining employment in the sector.

In the absence of an encouraging drawback rates, the exports will further witness a sharp decline just ahead of the peak festival season when the industry was expecting recovery," said AEPC chairman Ashok G Rajani.

AEPC has been in constant consultation with the Drawback Committee and various ministries for identification and consideration of several embedded / blocked taxes which are presently not subsumed in GST, not considered in the drawback, and hence a loss to the exporters. The industry was expecting continuation of the present drawback rates till such time as these consultations could be completed and proper measures taken to ensure that exports remain zero rated and no taxes are exported, AEPC said.

Tiruppur Exporters Association (TEA) has also termed the reduction in duty drawback rate as death knell to Tiruppur garment export sector. TEA president Raja M Shanmugham said once buyers go out of the country due to higher price it will be very difficult to bring them back to our country. He apprehended that the latest step might lead to more job losses since 80 per cent of the garment exporting units are in MSME sector.

Source: fibre2fashion.com- Sept 22, 2017

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Placement rate in textiles sector is 70%: Indian minister

The recent high growth of foreign direct investment (FDI) in the Indian textiles sector has boosted the confidence levels in the textiles industry, textiles minister Smriti Irani has said.

The success rate of placements of skilled workforce in textiles sector is now over 70 per cent, she said inaugurating the textiles and apparel fair Vastra 2017 in Jaipur.

The 6th edition of the four-day international fair started on September 21.

On the success of the Integrated Skill Development Scheme, Irani said the government continues to engage with the trainees even after placement to ensure that individuals continue in the job for at least six months, according to a press release from the textiles ministry.

Referring to the Rs 6,000-crore government package specially aimed at providing support to the textiles, apparel and made-ups sectors, Irani said as the textiles sector offers direct employment to over 45 million people and indirectly impacts close to another 20 million households, the sector's growth will have a proportionate impact on the growth of employment opportunities.

Rajasthan State Industrial Development and Investment Corporation Ltd. has organised the fair in association with the Federation of Indian Chambers of Commerce and Industry. It hosts over 300 international buyers and around 200 representatives from 100 Indian buying houses or agents.

Source: fibre2fashion.com- Sept 22, 2017

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Lower duty drawback rate may hit textile exports

'Exporters concerned over delay in GST refund'

The sharp reduction drawback rates announced by the government for textile and clothing products may slow down exports of these goods, according to the industry.

The drawback rate announced for garments is 2% as against 7.7% earlier. In the case of made-ups, it was 7.3% and has been reduced to 2% now.

'Working capital issue'

The Excise and Service Tax components have been subsumed under the Goods and Services Tax and only the basic Customs Duty is refunded under the drawback scheme. This was on expected lines. But, the reduction in drawback rates is steep and the GST system is not working as expected, said industry sources. There is a delay in refund of the input tax under GST.

Annual textile exports have been stagnant for the last three years at about $37 billion. The reduction in drawback rates will become another contributing factor to slow down exports, said sources.

The government should extend the transitional provision for duty drawback and Rebate of State Levies (ROSL) till the end of March next year, said industry representatives.

“A major area of concern for exporters is the inordinate delay in refund of GST,” said Ujwal Lahoti, chairman of the Cotton Textiles Export Promotion Council. “Exporters who shipped their goods in July are yet to receive refund of input tax credits or IGST paid. This has caused serious working capital problems for a large number of exporters,” he added.

Currently, the ROSL scheme provides for refund of State levies on export goods for garments and made-ups.

However, the scheme does not cover the embedded State levies, such as electricity tax and market cess, from fibre to made-ups, he said.

The Apparel Export Promotion Council said it was in consultation with the drawback committee and the ministries concerned for consideration of several embedded and blocked taxes that are not covered in GST or drawback. The industry was expecting continuation of the present drawback rates till the consultations were completed. The low drawback rate announced for apparels is a blow when the industry is facing continuous decline in exports, said the council in a press release.

The Union Government announced a special package in 2016 to boost garment and made-up exports and enhanced the drawback rates and ROSL under it. The reduction in drawback rates now removes the benefits for exporters. The Government should have a re-look at the drawback rates for textiles, said chairman of Southern India Mills’ Association, P. Nataraj.

There is 7%-8% month-on-month drop in ready-made garment exporters and the main reason cited is appreciation of rupee against the dollar. When exports are already under stress and when the industry is not clear on the input tax credit that would be available, the industry should be supported, added Prabhu Dhamodaran, secretary of Indian Texpreneurs Federation.

Source: thehindu.com- Sep 23, 2017

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Exports may miss global trade revival

Demand in the US and China will drive trade volumes, says WTO

Global trade growth is expected to rebound in 2017 but India may not be able to take advantage of this in the US and China — major markets where consumer and industrial demand is set to drive trade forward.

On Thursday, the World Trade Organisation (WTO) raised the estimate for growth in world merchandise trade volume for 2017 to 3.6 per cent from 2.4 per cent it had projected earlier.

The revision is because of positive economic trends in North America and China that are leading to a resurgence of industrial and consumer demand.

However, exporters and trade experts said it would be difficult for India to tap this demand in the near term.

The US is the largest destination for Indian exports, earning $42 billion in 2016-17. The share of goods heading to the US has increased over the past five years to 15.3 per cent in 2016-17.

However, major export categories such as textiles and gems and jewellery have stagnated in the US market.

India's textile exports to the US, across categories such as apparel, made-ups and accessories, have suffered over the last few years due to cheaper alternatives from Bangladesh, Vietnam and the Philippines.

"Our market share has stagnated in the low single digits and I do not see a change anytime soon, either in the US or in Europe," said SK Jain, chairman of the Apparel Export Promotion Council.

India's exports of gems and jewellery, especially rough or processed diamonds, were $9.7 billion, up 12 per cent in the last year. But experts said the trend might be reversed next year. The US is a major market for Indian manufacturers of generic drugs, almost half of which, by volume, reach US shores.

"In the US, almost 80 per cent of generics are sourced from India. However, the market share has stagnated while growth in value terms has slowed down," said PV Appaji, former executive director at Pharmexil.

On the other hand, India is ill-equipped to expand exports to China, its largest trading partner. Only 3.68 per cent of India's exports find their way to China. Facing a $51 billion trade deficit with China, India is trying to upgrade its basket of exports to the country.

Cotton, iron ore and copper, the mainstay of Indian exports to China, have come under increasing scrutiny as both the government as well as exporters try to shift towards value-added exports in an attempt to cap the growing trade deficit.

Former Commerce and Industry Minister Nirmala Sitharaman had earlier said the export focus should shift away from raw materials. The commerce ministry has identified industries such as hardware, electronics, pharmaceuticals, textiles and automobile components to realign and boost exports.

With a burgeoning middle class and rising wages, China is expected to relinquish its dominance over labour intensive, low-end manufacturing in the near future. This is an opportunity the Indian industry is hoping to exploit.

Changing consumption patterns have also shaped greater demand for consumer goods in China, where overall demand in the first half of 2017 was driven by growth in industry (up 6.4 per cent) and services (up 7.7 per cent).

"We are trying to harness our strength in labour intensive sectors where India enjoys significant advantage over other developing nations," a commerce ministry official said.

The top five export categories to China are all input products. These are used by China to manufacture goods that it ships abroad, often back to India.

These, along with other raw materials like iron and iron ore, constituted more than 70 per cent of India's exports to China, said Ajay Sahai, director general, Federation of Indian Exports Organisations. These export categories were subject to volatile global commodity prices and should be swapped for products higher in the value chain, a trade expert based in Delhi said.

Source: business-standard.com- Sep 23, 2017

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To boost growth, Centre mulls this 2-pronged strategy to power up exports

Amid talks of stimulus for certain sectors, including trade, to prop up growth, the government is considering adopting a two-pronged strategy to achieve higher exports growth — to promote more value-addition in goods, and to diversify the country's services product basket to reduce traditional reliance on the IT sector.

The government is also looking at further improving exports in employment-intensive sectors, including agriculture and textiles and garments—and improving value-addition in sectors like gems and jewellery, a top government official told FE.

Even measures could be initiated to promote more sophisticated level of value addition in engineering goods, said the official.

Exports have faltered in recent years, thanks partly to a drop in commodity prices globally, although outbound shipments in volume terms have risen at a faster pace.

With the developed world resorting to protectionism, restricting the free movement of skilled professionals, India will be stepping up focus on diversifying away from IT services, which account for roughly 60% of our services exports.

The commerce ministry has identified areas such as tourism, healthcare, wellness services, entertainment, legal advisory services and accounting for greater focus, to start with. Subsequently, the country's education sector has to be opened up further, said the official.

Various departments of the government are working on specific measures to improve exports and details are being worked out, said another official. Earlier this month, commerce and industry minister Suresh Prabhu said the share of exports in India's gross domestic product (GDP) needs to improve significantly.

Exports growth slowed down consistently since April before rising again in August, although the phase of contraction noticed between November 2014 and May 2016 is well over. Exports-to-GDP ratio fell to 19.4% in Q1 FY18, the lowest in the curent GDP series (with 2011-12 base year) and compared with 21% in the previous quarter, showed the latest GDP data.

According to the second volume of the Economic Survey for 2016-17, exports need to grow at 26.5% annually for the next five years for India to reach a "respectable" 5% share in world trade from the existing 1.7% it has been stuck at since 2011. This could be achieved only through reforms in trade policy by diversifying exports, rationalising tariffs and developing world class export infrastructure, it added.

India's exports grew 4.7% in 2016-17 after two years of continuous decline.

However, merchandise export value may have grown just 5% in 2016-17 after two successive years of contraction, but volumes of outbound shipmentsmostly rose at a faster pace last fiscal, according to the official data.

This indicates fluctuations in global commodity prices continue to influence India's exports value more than any worthwhile slowdown in overseas demand.

As many as 19 of the top 30 commodity segments (in which data in both volume and value terms are available) witnessed export volumes either rising at a faster pace or dropping at a slower rate than the shipment value in 2016-17. Similarly, 21 of these 30 commodity segments—including petroleum products, iron and steel, marine products, spices, buffalo meat, aluminium—registered growth in export volumes in 2016-17, against 15 in the previous fiscal.

These 30 segments together accounted for 45% of the total exports value (in dollar terms) in the last fiscal. Even in 2015-16, the global commodity price crash was the main driver of a 16% contraction in export value, as export volumes in many cases had increased, showed the data.

Source: financialexpress.com- Sep 23, 2017

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SIMA urges Centre to re-look duty drawback rates

The Southern India Mills' Association (SIMA) has appealed to the ministry of finance to have a re-look at the new duty drawback rates announced by the Central Board of Excise and Customs (CBEC). It has also urged the government to refund all the blocked, embedded taxes, levies and accumulated input tax credit on fabric, especially the processed fabric.

The existing duty drawback rate on cotton yarn is 2.5 per cent, which is reduced to 1.2 per cent effective October 1, 2017. Likewise, the rates on cotton grey fabric, cotton garments and madeups have been reduced to 1.3 per cent, 2 per cent and 2 per cent from 4.3 per cent, 7.7 per cent and 7.3 per cent, respectively.

In a press release, SIMA chairman P Nataraj stated that the cost of dyes and chemicals accounts for 30 to 40 per cent of the processing charges. "Dyes and chemicals attract 18 or 28 per cent GST making 3 to 5 per cent accumulation of input tax credit as the fabric or processing job work attracts only 5 per cent GST." He added that the service tax has been increased 15 to 18 per cent and several services have been brought under tax net under GST.

At yarn stage the actual drawback rate would work out to 2 to 2.5 per cent and at grey fabric stage, the same would work out around 3 per cent while at finished fabric, garments and madeups would work out to more than 5 per cent, according to Nataraj.

Stating that exports will suffer and dwindle down sharply due to reduction in duty drawback rates, Nataraj urged the government to have a re-look in order to protect the jobs of several million people working in the textile industry.

He urged the government “to extend the existing drawback benefits till the GST anomalies and problems are fully sorted out and also the realistic drawback rates refunding all blocked, embedded taxes and levies including accumulated input tax credit at fabric stage are fully taken into consideration”.

Source: fibre2fashion.com- Sep 23, 2017

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Govt gears up to set up apparel incubation

The State Government on Saturday directed the Handlooms, Textiles and Handicrafts department to expedite the process for establishment of the proposed apparel incubation centre for promoting entrepreneurship in the apparel and garment sector.

Though the Ministry of Textiles had sanctioned a proposal for setting up of an incubation centre at National Institute of Fashion Technology (NIFT), Bhubaneswar two years back, the proposed centre is yet to come up.

Chief Secretary AP Padhi, who reviewed the performance of the department at a high-level meeting here, directed the department to extend active support to NIFT for establishment of the incubation centre which would contribute to entrepreneurial development and enhance the employability in the region.

The 3-seater (300 machines) apparel incubation centre approved by Ministry of Textiles will provide employment opportunity for about 600 youths in textile and garment sectors.

With the Centre increasing subsidy by 30 per cent for upgradation of powerloom sector and for the benefit of small weavers, the Chief Secretary asked the department to extend necessary financial support to powerloom units struggling for survival.

The meeting also decided to create yarn bank in all powerloom centres and clusters, so that weavers could get their raw materials in enough quantity and at a reasonable price. This will also help weavers to plan their production programme in advance.

Sources familiar with the development said most of the powerlooms are facing raw material shortage and weavers are not able afford high cost of yarn in the market. Though the State Government has been planning for a long time to develop a common facility centre and yarn banks for the weavers, this has not materialised due to lack of institutional support.

With about 1500 functional powerlooms in the State, the Chief Secretary asked the department to develop market linkage for their products.

The meeting also discussed the progress of textile museum being set up by the Government at Gandamunda here.

The museum is being set up on 12 acres adjacent to the State Institute for Development of Arts and Crafts. It will showcase traditional handloom and handicrafts of the State.

Source: newindianexpress.com- Sep 24, 2017

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Multi-pronged strategy must to tackle slowdown, says CEA Arvind Subramanian

As the government prepares to offer much-needed succour to lift growth, chief economic adviser (CEA) Arvind Subramanian on Saturday said the economy was facing challenges on multiple fronts and required a measured response “across the board”. “We have lots of challenges ahead… we have seen growth slowing down and investment not picking up.

So, we have to attack this problem on many fronts — exchange rate, public investments while maintaining macroeconomic stability,” he said. India’s economic growth plunged to a 13-quarter low of 5.7% in the April-June quarter this fiscal, as the demonetisation-hit manufacturing sector received a further debilitating blow from pre-goods and services tax (GST) de-stocking by jittery businesses. An appreciating rupee hit export growth, while borrowing costs remain high for small and medium enterprises.

Subramanian didn’t specify the nature of a stimulus package the government is considering, but it’s speculated that the government is looking at stimulating demand through increased focus on exports, housing, rural infrastructure, power, railways and some other social sectors. Finance minister Arun Jaitley this week said the government will unveil “necessary” measures soon to stimulate growth.

The latest slowdown is believed to be a combination of one-off factors of demonetisation and GST, plus the appreciation of currency. In the past two-three quarters, manufacturing imports have increased substantially—in sectors like gems and jewellery, electronics, textiles, chemicals and pharmaceuticals. These sectors have been affected by the appreciation of the rupee as well.

Thanks to the Reserve Bank of India’s heavy intervention to prevent the appreciation of rupee, and the strengthening of the Chinese yuan against the US dollar, the real competitiveness of the rupee has improved a little bit recently. “But it is still not enough to offset the loss of competitiveness in the previous six-nine months,” he added. Subramanian said all emerging economies face this problem, with a surge in capital inflow putting pressure on the exchange rate.

"All countries struggle with this challenge. Different countries take measures based on their trade-offs and objectives. What the RBI has been doing is to stem appreciation of the rupee," he pointed out. The big appreciation in the rupee between January and April impacted both exports and imports. The RBI has been intervening in the forex market for the past three months. Amid heightened global volatility, the rupee on Friday recovered from its near six-month low and ended up a marginal 2 paise at 64.79 per dollar.

As for borrowing costs, the Volume II of the Economic Survey for 2016-17 also batted for softening interest rates by the RBI. It said India was possibly entering a phase of low inflation for the first time since 2005, aided by structural caps to price pressure in food and fuel. In a veiled criticism of the RBI, the survey had pointed out the central bank had overestimated inflation by more than 100 basis points in six of the past 14 quarters (three in 2014 and three in the most recent period) with an average error of 180 basis points.

Source: financialexpress.com- Sep 23, 2017

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Indian firm to build $300m cotton yarn project in Sohar

A land lease agreement was signed by an Indian company with Sohar Freezone to build a $300 million cotton yarn plant within the free zone area.

The project, which will manufacture a wide range of cotton yarn and it is going to be the first major cotton yarn plant in the region, will be operated as SV Pittie Sohar Textile FZC LLC, which is a wholly-owned subsidiary of Bombay Stock Exchange listed SVP Global Ventures Ltd.

Sultan Bin Salim Bin Said Al Habsi, Chairman of Sohar Port and Freezone, led a high-level delegation from Oman to Jaipur, on Saturday. They met with ShriVallabh Pittie Group (SVP), one of the largest manufacturers of cotton yarn in India and a global leader in the sector.

The facility will eventually provide over 1,500 jobs and is expected to start commercial operations in late 2019.

Abdullah Humaid Al Mamary, Chairman of Bank Sohar, together with Acting-CEO Sasi Kumar and other senior officials from the bank, were also part of the delegation.

Bank Sohar has been awarded the syndication mandate to fund the entire project in two phases. An agreement to this effect was entered into with SVP Group. The bank has currently underwritten phase-one debt, to achieve financial closure. On successful completion of phase-one, the bank plans to syndicate a term debt for phase-two, along with a share of phase-one debt, to interested lenders.

“We are honoured to be the finance partner for a project of this magnitude that is expected to have a significant impact on the development of the region. It demonstrates our commitment to collaborate as a one-stop financial services provider catering to the diverse needs of individuals and large corporate customers,” said Sasi Kumar.

The plant will import 100,000 metric tonnes of cotton fibre annually through Sohar Port, with around 50 per cent coming from the United States and the remainder split between Australia and India. The plant will produce around 75,000 tonnes of finished yarn each year, which will be exported back through the Port to China and other global markets including Bangladesh, Pakistan, Vietnam, Portugal and Turkey.

“With over two-hundred years experience in the textile business, our company has a highly skilled and experienced management team with a strong focus on automation and technology. We source best-in-class machinery from leading global companies to ensure the highest levels of productivity and efficiency,” said Chirag Pittie, SVP Group’s Managing Director.

The new SVP facility will be the first step in establishing a fully-fledged textile cluster in Sohar Freezone. Downstream investments in knitting, weaving, spinning and fabric manufacturing could create a thriving industrial cluster providing thousands of new jobs for local households.

“Today’s agreements showcase the great things we can offer to investors in Sohar Freezone: the safest haven in the Middle East for foreign direct investment combined with high levels of government support; project financing with an Omani bank; 100 per cent foreign ownership; our optimal location and seamless connectivity to key global markets through our adjacent port; highly competitive land and energy rates; and a young, well educated local workforce. Taken together, this is a sure fire recipe for business success," said Jamal Aziz, CEO of Sohar Freezone.

Source: timesofoman.com- Sep 24, 2017

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Will GST ring the death knell for the 'Makers' of India?

Before Independence, when the British promoted the sale of their mill-made textiles, Indians rallied around the humble handloom weaver through the swadeshi movement.

Almost three months after the introduction of the goods and services tax (GST) regime in India, advocates of the country's vibrant crafts sector believe that another national movement is required to save our craftsmen from oblivion.

"GST regulations don't differentiate between handmade and machine-made products," says Ritu Sethi of the Delhi-based craft advocacy non-profit organisation Craft Revival Trust. "By levying the same tax slabs on both categories, some punitively high, the government is making the handmade sector — already struggling to compete with machine-made products — further commercially unviable!"

The statistics bear her out. According to the 2009-10 Handloom Census, more than 4.3 million people were engaged in weaving and allied activities, down from 6.55 million in the previous Census in 1995-96. After the GST, as craftspeople report huge drops in sales, which they can ill-afford, craft sector advocates believe that more craftspeople will quit their traditional crafts and move to other occupations.

Let us consider the average profile of an Indian handloom artisan, the latest entrant to the GST's ambit. According to a 2014 study by KPMG for the National Skill Development Corporation, 84 per cent of weavers live in villages. Many belong to scheduled castes and tribes and minority groups. The sub-sector largely comprises women workers, of whom 71 per cent are illiterate, with underdeveloped marketing skills and low standards of living.

MANPOWER

6.5 mn: People in weaving and allied activities, according to 1995-96 Handloom Census

4.3 mn: The figure in 2009-10

- After GST, craft sector advocates believe more people will quit and move to other jobs

84% weavers live in villages, according to a 2014 study by KPMG for National Skill Development Corporation

- The sub-sector largely comprises women workers

71% of them are illiterate

"Now imagine — these are the people the government expects will file their GST online, three times a month!" comments Meeta Mastani, co-founder of Bindaas Collective, a social enterprise that sources directly from craftspeople. "All my vendors, even the ones who're relatively educated, are struggling with this." Krishna Kumar, her block printer in Kaladera (Jaipur), says: "Many printers in my craft cluster are thinking of closing their small-scale businesses and taking up jobwork instead. Others have already started selling to traders, who will take on their GST burden for a commission, instead of selling directly."

In the government-recognised Kaladera craft cluster, there is poor internet connectivity and patchy electricity supply, let alone infrastructure to aid artisans to file the GST. Consequently, they're all more dependent than ever before on their chartered accountants 50 km away, to deal with the added burden of paperwork. "The government has ignored the difference between small producers selling their own products, very often illiterate or neo-literate (often practising craft as an alternative occupation along with agriculture), and the big chains, who produce in bulk, and have big margins that can buffer increases in prices," says Laila Tyabji of Dastkar.

TAXING, CONFUSING

- The sector is critical of the minutiae that GST has delved into, which have caused great confusion among artisans

15-20% post-GST drop in sales of handicrafts

Crafts in the 12% GST slab: Bamboo blinds made on the roadside; Home décor items made with stone; Madhubani, Warli, Gond, Sanjhi and other folk arts

Crafts in the 18% GST slab: Indigo dyes; handmade upcycled jhola bags; festive, carnival, other entertainment articles, including conjuring tricks and novelty jokes

Others, like Nitin K Pamnani, founder of online crafts portal iTokri, partly attribute the post-GST drop in sales (an estimated 15-20 per cent) to the punishing tax levied on several handicrafts. Dhokra metalwork, the 4,000-year-old wax-casting technique practised by tribals of West Bengal, Odisha, and Jharkhand, is a case in point. Earlier, as a handicraft, Dhokra artifacts attracted no tax. Under the GST, however, it's being taxed at 12 per cent.

Upcycled handmade cotton bags, earlier not taxed, are now being taxed at 18 per cent, with manufacturers scrambling to figure out how to pay tax on their raw material (waste fabric is often donated to them). “I believe that any tax above 18 per cent is a punitive tax meant for alcohol or tobacco,” says Sethi. “Why levy it on handicrafts that are produced sustainably, using recycled or locally available raw materials?”

Sethi and others from the crafts sector are especially critical of the minutiae that the GST has delved into, and have caused great confusion among artisans. For example, terracotta roofing tiles used in rural homes are taxed at five per cent, while earthen pots and lamps are not.

Terracotta products such as tableware, bells, and toys are being taxed at 18 per cent, while the latest September 9 GST amendment has removed the tax on religious idols made from terracotta!

Ensuring the future of Indian handicrafts in this entirely new tax climate could require several changes. “We’ve suggested an All-India registration drive of artisan-producers and reviving the Artisan Card Scheme,” says Tyabji. The idea is to distinguish between small-scale craft products and big-ticket items such as Jamawar shawls and hand-knotted carpets while determining tax slabs for them. “The main thing is to differentiate between the small artisan-producer selling his own products and a retailer selling craft items in a five-star hotel boutique!” she says.

Pamnani, who works directly with artisans, has been observing with dismay his vendors struggling with the added paperwork. He believes that ideally, the government should not levy any tax on craft. If it does, then the process of filing should be simplified. “Filing the GST three times a month is proving highly impractical, and even more so for illiterate artisans in far-flung rural areas,” he advocates. “Perhaps it would be a better idea for the government to ask for the filing of the GST once in three months instead of three times a month!”

Sethi and Mastani believe that the GST on all handloom and handicraft below a certain price must be removed altogether. “Instead of levying taxes on the craft sector, the government needs to make it competitive and ensure its future!” he said.

The country's rich and diverse tradition of craft should be acknowledged as an integral part of the government's much-vaunted Make in India campaign. More importantly, Indian handloom and handicraft are much more than simply the livelihoods of those who practise them. "They represent India's unique aesthetic and the wonderful creative combination of hand, eye and mind," says Tyabji. "This makes them essential to our cultural survival."

Source: business-standard.com- Sep 23, 2017

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Here's how online fabric industry is mushrooming in India

The Indian fashion trajectory is a wide, rich structure of folklore, mixed with modern sensibilities, navigating through various phases while maintaining its integrity through every touch points of its evolution.

Starting from the mellifluous Darzi era, petering through pride in retail stitched garments, being surrounded by the flux of e-commerce and creeping into age of customization; fabric has been there and seen it all, says Anupam Arya, director, Fabriclore.

Hence, according to Arya, what we see today is a beautiful amalgamation of "something old, something new", creating an immersive experience for all to follow in awe.

A snapshot

The Indian Textile Industry is said to be vividly varied, with the hand-spun and hand-woven textile sector at one end of the spectrum, while the capital intensive sophisticated mills at the other end of the spectrum. As widely known, the decentralized power looms/ hosiery and knitting sector forms the largest component of the textile industry. The close ties interwoven between the textile industry and agriculture for raw materials such as cotton, has led to interdependency in both the sectors. The ancient culture and traditions utilized in terms of textiles make the Indian fabrics unique in comparison to other countries, adding to the rise in demand from nations like United States of America, England, Russia and others. This need to create a global platform has facilitated the rise of online platforms selling internationally.

Role of Ministry of Textiles

Ministry of textiles is actively working towards supporting the artisans in every possible way- be it through Pehchann (providing government mandated identity cards) or Adarsh gram. Also initiatives by the government to promote Indian handlooms are on full swing, through events such as Textile India 2017 "Symphony of weaves". To establish an online proliferation, the campaign #cottoniscool by Smriti Irhas gathered great traction, garnering a viral status in the process. The Government is utilizing the digital medium for spreading awareness about the Indian handloom and as a result, entrepreneurs are dawning up to the incorporation of textile for modern trade.

Technological Advancement

With the recent advancement of digital mediums, technology is playing a greater role in how humans go about their daily- including that of business operations. Technology is effectively bridging the gap between the two ends of the supply chain i.e. Artisans and the Customer through building a platform for curating and showcasing the rich diaspora of Indian fabrics. Young generation of the artisans is resorting to the use of digital interferences and mediums of selling, bringing a sense of tech-suaveness to the age-old practices, while actively taking part and benefitting from the government schemes.

E-Commerce Boom for Designers and Manufacturers

The above technological advancement has paved the way for fabrics to witness firsthand, benefits of an e-commerce boom. With the rate at which businesses are opting for an online vertical, it is time for the fabric industry to sweep in and take up the cause.

It is an open fact that new-age audience is technologically sound and can be better tapped through online platforms. This, especially for the designers has become a profitable medium as now; even Social Media has been transformed into a veritable source of business. This e-commerce explosion also has made curation of fabrics a pleasurable task as designers stand exposed to a plethora of fabrics, at the click of a button.

#Customization and Change in Taste

The buying habits of people have molded itself around the current advancements, with consumers becoming selective when it comes to apparel. The talk of the day revolves around customizing- with fusion and boho outfits ruling the roost.

Having fabrics being available from across the country at one-single platform, promotes the scope of improvisations to another level, as awareness about crafts and handlooms increases as we speak. Also availability is a huge factor- the incredibly busy schedules are resulting to a greater reliance on online platforms, right from their daily needs like groceries to specific needs like customized garment stitching.

Although there may be a long way to go before complete digitalization of fabric industry takes place to the fullest effect, yet the above positive points are playing their role to nudge the industry to a positive growth.

Source: economictimes.com- Sep 23, 2017

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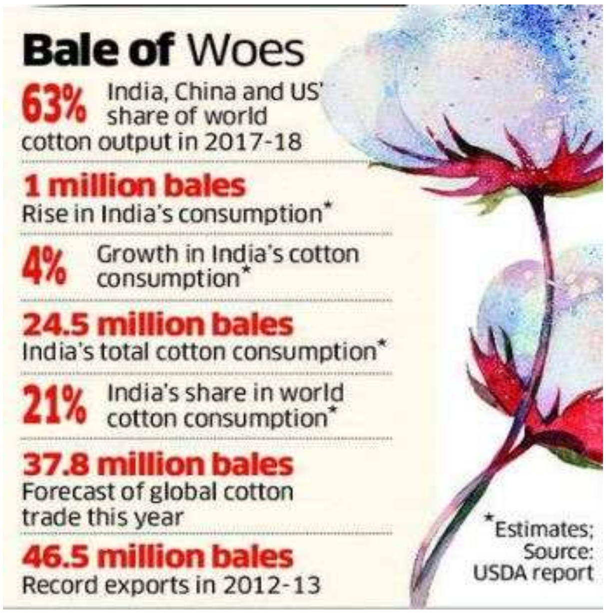
Cotton forward export contracts halve as global prices stay low



India's forward export contracts of cotton for November December delivery have halved compared to the previous year amid lower international prices, as traders fear domestic prices may remain high with the government of fering mini mum support price to growers.

The forward export contracts have declined to about 7 lakh bales from 15 lakh bales contracted by September last year, said an industry executive.

"International prices are ruling low everywhere. Though our domestic prices are also likely to decline, possible MSP operations by government will keep prices from falling. Hence traders are cautious while entering into forward export contracts," said BS Rajpal, a Maharashtra-based ginner.

Cotton acreage is up 19.3 per cent in 2017-18 compared to previous year, at 121.51 lakh hectares, according to government figures.

India, which became the world's largest cotton production in 2016-17, has retained the position this year too. Though there are concerns about production losses due to floods in Gujarat and prolonged dry spell in peninsular India in August, the industry is upbeat about production and expects 2017-18 output at 375380 lakh bales of 370 kg each.

Traders expect domestic cotton prices to decline by October or November, when arrivals of new kharif crop begin in full swing. According to US Department of Agriculture estimates for 2017-18, global cotton production at about 120.8 million bales is expected to be 13 per cent more than in the previous season as farmers shifted from other crops to cotton due to more attractive prices.

Source: economictimes.com- Sep 25, 2017

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GST: MSMEs to gain via better competitiveness

The Goods and Services Tax (GST) is all set to enhance the competitiveness of the almost five crore Micro, Small and Medium Enterprises (MSMEs) that account for 25% of employment, 40% of industrial output and 45% of exports of the country. This, by making them a part of organised commerce and offering them a level-playing field.

A simplified tax structure and a unified market are the two great promises of GST but the key benefits for MSMEs, a majority of whom are getting into the indirect tax net for the first time, include lower freight costs, which is estimated to come down by 1.5-2%. Significant benefits will be seen in lower cost of raw materials (in the past 2% CST was applied to raw materials imported from other states), and a lower tax burden.

These benefits will have a more significant effect on boosting the cost competitiveness of MSMEs — a sector comprising tens of thousands of self-funded proprietary firms, private self-help groups, private cooperatives, khadi, village and coir industries.

The market base for MSMEs will grow as tax complexities of interstate sales disappear. Original equipment manufacturers and corporates will come forward to procure components, semi-finished and finished products from MSMEs irrespective of location. Since there is no burden of tax on interstate sales, MSMEs will also have no issues in accepting orders from other States. They can also compete with low-cost imports, as the tax is the same for both locally manufactured as well as imported products — especially those coming from overseas low-cost producers.

GST treats sales and services as one and the same. Hence, there is no additional tax burden for MSMEs that operate on the sales and services model of business.

MSMEs will also enjoy ease of doing business as there will be no complexities in registration. Centralised registration has now replaced multiple tax and registration rules in different states. There will be no, or minimal, physical interface of bureaucracy as registration, payments, input tax credit and tax liability adjustment, returns, and refunds will now happen electronically. This will bring transparency in compliance and will also reduce the compliance cost.

Thus, GST will allow flexibility in transfer of goods across states and reduce the cost of doing business for MSMEs.

'Varying impact'

However, the impact of GST on MSMEs will not be the same for all segments — electrical equipment, for instance, is expected to benefit from lower freight costs and tax rates, while there may be no big positive impact for leather and footwear sectors that are facing stiff foreign competition.

On the other side, the cost of compliance is a big issue for MSMEs that do not have enough specialised manpower, managerial bandwidth, access to facilitation services. GST-registered organisations will have to file returns more often and regularly.

MSME staff are, mostly, not familiar with using computers and web portals. Hence, they may have to seek the help of intermediaries to use a technology-enabled platform like the GST.

In this context, it is important that there is handholding for MSMEs in transitioning them to this new tax regime. There is also a need to educate MSMEs about the various provisions and compliance requirements under GST for MSMEs through seminars, conferences, training sessions.

There is a view that availing input credit only for tax paid by the supplier shifts the onus on to the customer and this could affect the trust between supplier and customer, especially for one-time transactions. On the other hand, there will be a new situation where the customer and supplier relationship will be based on compliance.

That is, customers will prefer to do business only with suppliers who are compliant. MSMEs will have to get used to regularising the filings of their returns, as compliance will become a business imperative.

GST is a massive reform and some hiccups in the initial months are unavoidable. The advantages of having a unified tax system and easy input credits will outweigh the teething troubles the industry may experience in the short term.

MSMEs can hope that most of the current challenges will be a story of the past soon. If the government can take corrective measures in a proactive manner, the GST system will prove to be a boon for industry in general, and MSMEs in particular.

Source: thehindu.com- Sep 25, 2017

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