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IBTEX No. 157 of 2018 July 27, 2018

USD 68.58| EUR 79.87 | GBP 89.87 | JPY 0.62

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22601	47275	**87.66**
Domestic Futures Price (Ex. Gin), July		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22130	46291	**85.84**

International Futures Price	
NY ICE USD Cents/lb (Dec 2018)	88.23
ZCE Cotton: Yuan/MT (Jan 2019)	15,985
ZCE Cotton: USD Cents/lb	**91.04**
Cotlook A Index – Physical	**97.95**

Cotton Guide: Weather in the US has been playing an important role while the responses in last few weeks have been quite high which is determining the various crops in the country especially cotton. Earlier we have been seeing drought situation in the US in Texas region, the major cotton growing belt however, off late there has been shower in some pockets but seems inadequate. Therefore, the repercussion is felt on the price. This week cotton has advanced from 86.10 cents to 88.20 cents per bale. We think more room for the price to witness. Whenever there is natural calamity- “currently weather concern in the US” make a supply shock in the commodity and the resultant is generally positive for the underlying price. We aren’t so sure about the crop situation at this moment while last month USDA reduced production estimates by a million from 19.50 to 18.50 million bales. We think this might continue to keep cotton price elevated. In the meanwhile, the export numbers have been quite high and we think this season the exports may be in the range of 16 to 16.50 million bales, largely higher in last few years.

On the trading front, four days past the trading volumes on a daily basis has maintained around 14 to 20K contracts while aggregate open interests have increased marginally but no major difference and hovering around 260K contracts.

The major highlight for cotton on Thursday was the USDA weekly export sales report that was good on sales but light on shipments with 12 shipping days left to be counted. For the week ended July 19th it showed combined net sales for 2017-18 and 2018-19 at 211,800 bales (upland 201,400/pima 10,400). That included 1,100 bales in cancelations. Weekly shipments were 311,800 bales (upland 293,300/pima 18,500). Total shipments stand at 14,900,600 bales (upland 14,298,700/pima 601,900).

Further from the east, Chinese State Reserve cotton auction on Thursday had a turnover rate of 71.88 percent, spinners only. Offered were 30,012.109 tons (137,846 bales); and sold were 21571.3771 tons (99,077 bales). The turnover rate has been the highest this week since the beginning of June. The cumulative turnover rate is 59.97 percent (offered versus sold). This auction series started at 24.1 million bales and there were 16.2 million bales remaining. The ZCE cotton future is also advancing gradually from the low of 16045 Yuan/MT and trading at 16910. We think more room in the price could be expected in the near term.

From India, the physical cotton price has traded steady however holding near Rs. 23,160 per bale or around R.s 47300 to Rs. 47600 per candy ex-gin. The equivalent price at the prevailing exchange rate is around 88.50 cents per pound. Lastly on the future front the MCX October future ended the session at Rs. 23520 per bale down by Rs. 70 from previous day's close. We think market might remain sideways today.

This morning ICE cotton is seen trading at 88.21 cents no major change, the ZCE is up and the local currency rupee is flat 68.64. We think market might remain sideways for the MCX future and the trading range would be Re. 23400 to Rs. 23700 per bale.

Currency Guide:

Indian rupee trades little changed near 68.64 levels against the US dollar. Rupee trades in a narrow range amid mixed cues. Supporting price is easing tensions between US-EU trade worries and strength in domestic equity markets. However, weighing on rupee is choppiness in crude oil price and general strength in US dollar. The US dollar index rose 0.6% yesterday as European Central Bank reiterated support for keeping interest rate unchanged until summer of 2019. Brent crude trades above $74 per barrel supported by reports that Saudi Arabia has temporarily halted exports through the Red Sea. Rupee may witness choppy trade amid mixed cues but we expect to see some depreciation on general upbeat outlook for US dollar. USDINR may trade in a range of 68.45-68.75 and bias may be on the upside..

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

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INTERNATIONAL NEWS

US, EU take u-turn; agree to work toward zero-tariffs

Indicating a u-turn in their trade relations, the United States and the European Union have agreed to launch a new phase in their relationship, including working together toward zero tariffs. The decision was taken during a meeting between US President Donald Trump and the President of the European Commission Jean-Claude Juncker in Washington, D.C.

US-EU trade relations in recent months had soured after the US imposed tariffs on steel and aluminium imports, which was retaliated by EU by initially imposing tax on €2.8 billion worth of US products with effect from June 22, 2018.

A joint US-EU statement after the meeting described the new phase in their relationship as "a phase of close friendship, of strong trade relations in which both of us will win, of working better together for global security and prosperity, and of fighting jointly against terrorism."

"The United States and the European Union together count more than 830 million citizens and more than 50 percent of global GDP. If we team up, we can make our planet a better, more secure, and more prosperous place," Trump and Juncker said in the joint statement.

As of today, the US and the EU have a $1 trillion bilateral trade relationship, which is the largest economic relationship in the world. "We want to further strengthen this trade relationship to the benefit of all American and European citizens," the leaders said.

They agreed, first of all, to work together toward zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods. "We will also work to reduce barriers and increase trade in services, chemicals, pharmaceuticals, medical products, as well as soybeans," the joint statement said.

This will open markets for farmers and workers, increase investment, and lead to greater prosperity in both the US and the EU. It will also make trade fairer and more reciprocal.

Secondly, the leaders agreed to strengthen US-EU strategic cooperation with respect to energy, wherein the EU will import more liquefied natural gas (LNG) from the US to diversify its energy supply.

Thirdly, a close dialogue on standards will be launched in order to ease trade, reduce bureaucratic obstacles, and slash costs.

Fourthly, the US and EU will join forces to protect American and European companies better from unfair global trade practices. “We will therefore work closely together with like-minded partners to reform the WTO and to address unfair trading practices, including intellectual property theft, forced technology transfer, industrial subsidies, distortions created by state owned enterprises, and overcapacity,” the statement said.

An Executive Working Group will be set up to carry forward the agenda agreed by the two presidents. The Group will also identify short-term measures to facilitate commercial exchanges and assess existing tariff measures.

“While we are working on this, we will not go against the spirit of this agreement, unless either party terminates the negotiations,” they said. “We also want to resolve the steel and aluminum tariff issues and retaliatory tariffs.”

Source: fibre2fashion.com- July 26, 2018

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US parents prefer cotton back-to-school apparel for wards

With summer in the rearview in the United States, parents prefer cotton fibre for their children's back-to-school apparel, says a recent survey.

It was seen that the majority of parents (85%) preferred their children to be dressed in cotton, and a majority (53%) said that they usually or always checked the garment label to ensure clothes are made of cotton.

Parents should also know that, both students and adults can get a better night's sleep on cotton sheets and in cotton sleepwear, said the Cotton Incorporated Lifestyle Monitor Survey.

This year, back-to-school clothing shoppers plan to spend about $277 per person, according to the survey. Performance is of key interest to parents, who want quality clothing that is durable.

Nearly two-thirds of back-to-school clothing shoppers said they would be willing to pay more for their child/children's clothing offering 72 per cent shrink resistance, 70 per cent stain resistance, 68 per cent fade resistance, 64 per cent odour resistance and 64 per cent durability with performance technologies, compared to clothing without those features.

"There are a lot of reasons why cotton is a comfortable choice for back-to-school wardrobes," says Dr Mikhail Varshavski who has partnered with Cotton Incorporated to raise awareness about the benefits of cotton for sleep and personal health.

"Cotton fabrics have unique characteristics such as breathability and a more rapid release of bacteria in a laundry load, compared to synthetics. Some synthetics can actually encourage the growth of bacteria, which can create health issues and smell unpleasant," explained Varshavski.

Dr Varshavski points out that cotton can also contribute to a good night's sleep. "Studies have demonstrated that the breathability of cotton sheets and sleepwear keep the body comfortable, which leads to uninterrupted sleep.

A good night's sleep can do a lot for mental focus and general good health."

Source: fibre2fashion.com- July 26, 2018

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Lighthizer Says Tentative NAFTA Deal May be Inked Next Month

U.S. Trade Representative Robert Lighthizer said it's possible Nafta partners will reach a tentative agreement next month to revamp the 24-year-old pact.

In congressional testimony Thursday in Washington, Lighthizer said the timetable would meet the Mexican objective of having President Enrique Pena Nieto sign a new North American Free Trade Agreement before he leaves office in December.

That's because U.S. trade law requires a three-month period after a deal is reached before the parties can sign it. In other words, if the three countries don't strike a deal until September or even later, the incoming Mexican president, Andres Manuel Lopez Obrado, would have to sign off on it after he takes office.

"You're probably looking at having to have some conclusion during the course of August, and my sense is that that's not an unreasonable time frame if everybody wants to get it done," Lighthizer said in testimony to the Senate Appropriations Committee.

But Lighthizer said Canada may be the sticking point in reaching a new deal.

"My hope is that we will before very long have a conclusion with respect to Mexico and that, as a result of that, Canada will come in and begin to compromise," he said. "I don't believe that they've compromised in the same way the United States has or Mexico has." The Mexican peso reversed an earlier depreciation and advanced during Lighthizer's hearing, while the Canadian dollar trimmed losses and briefly turned positive.

Speaking to reporters after talks with USTR officials Thursday in Washington, Mexican Economy Minister Ildefonso Guajardo said it's possible to reach a tentative deal in August. Jesus Seade, the chief Nafta negotiator for the incoming government, said he was cautiously optimistic about the direction of the talks.

Source: sourcingjournal.com- July 26, 2018

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US Denim Consumers Value Comfort Over Fashion, Report Says

For an item that is as universally loved as jeans, finding the right pair and size doesn't come easy—and a new report finds consumers just want to feel comfortable and confident in their jeans.

Data from YouGov Omnibus found that 46 percent of U.S. consumers prioritize comfort when searching for jeans, followed by cost and style.

The fact that comfort trumps fashion may indicate that consumers have been burned one too many times by buying jeans based on fashion trends as opposed to how they feel wearing them. YouGov reported that 56 percent of Americans have at least one pair of jeans that no longer fit.

One in 10 consumers report having just one pair of non-fitting jeans in their closet, while 17 percent reported owning two pairs that don't fit. Meanwhile, 8 percent said they have six or more pairs of jeans in their closet that don't fit them.

The fit problem may begin in stores. Despite services like personal shopping and fit guides and wider availability to brands with inclusive sizing, YouGov found that 46 percent of women say they are "not very confident" or "not at all confident" that they know their size when they initially go into a store.

Men fare better, with 24 percent saying they are not very confident that they will know which clothing size will fit them best.

Online shopping presents even greater uncertainty for both genders. Of the women surveyed, 63 percent said they are not confident about finding the rise size when shopping at an online retailer for the first time, compared to 43 percent of men.

That uneasiness wanes once a consumer is familiar with a brand or store. YouGov found that 81 percent of Americans say they are "very" or "somewhat" confident that they will know the clothing size that will fit them best from somewhere they've shopped before.

Once consumers find a jean that fits, they tend to stick with it. Sixty-nine percent of consumers surveyed said they buy one to three different brands over a typical one-year period. The percentage of people who buy four to six pairs drops to 13 percent.

However, they don't necessarily feel loyal to the brand itself. Thirty-five percent of consumers said they feel "somewhat loyal" towards clothing brands that they buy jeans from, while 19 percent said they are "not very loyal" and another 19 percent said they are "not at all loyal."

Source: sourcingjournal.com- July 26, 2018

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More sourced from Bangladesh due to remediation: Alliance

Global retailers and brands have raised their apparel import from compliant factories in Bangladesh as the country's readymade garments (RMG) sector has become one of the safest places for workers following the remediation work of the Alliance, the Accord and a national action plan, according to Sean Cady, vice president of US apparel company VF Corporation.

"We are proud of Brand Bangladesh. Made in Bangladesh has a strong recognition in the world," Cady, a board member of Alliance for Bangladesh Worker Safety, a platform of North American buyers and retailers, told a press conference in Dhaka recently.

He said the country's RMG sector was strong, business was coming and more business was coming to equipped factories.

According to Alliance executive director Jim Moriarty, the platform would not continue after its timeframe, which ends in December, but were negotiating with the government and factory owners to set up an independent body to monitor the post-remediation safety standard in the RMG units.

The confidential worker helpline — Amader Kotha — established by the Alliance will turn this month into an independent initiative and will can expand its services beyond the Alliance-affiliated factories, he said.

Source: fibre2fashion.com- July 26, 2018

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Textiles a key focus of trade push between Myanmar and Taiwan

Myo Thet, vice president of the Union of Myanmar Federation of Commerce and Industry (UMFCCI), said the agreements would help boost bilateral economic ties, reflecting Taiwan's pledge to support Myanmar with capacity building and technical assistance in core sectors including textile and food processing.

The agreements were signed at the event on Tuesday with the Chinese National Federation of Industries.

"Taiwan is very well-known for their advanced technology in agro-based food products. By using the latest technology, they manage to produce a wide range of value-added products. So, we are happy to cooperate with them," Myo Thet.

He said technology transfer from Taiwanese counterparts is the main priority, as Myanmar plans to expand its manufacturing capacity in export-oriented sectors like garments and textiles.

Cheng-Wai Yu, deputy director general at Taiwan's Industrial development Bureau, considers it is the right time for Taiwanese businesses to trade with Myanmar. He believes in the future of Myanmar, though it is now facing international pressures on the government's handling of conflicts in some ethnic areas.

Chun-Fu Chang, a representative of the Taipei Economic and Cultural Office in Myanmar, said both chambers have agreed to prioritise two sectors: textiles and food processing. He said the cooperation would be strengthened through a number of training programmes in the pipeline.

"We do have a very long history of cooperation. As we enter the digital era, we need to strengthen our industrial collaboration for mutual benefits.

Taiwanese investors' interest in Myanmar is also on the rise, so we need more efforts to make sure the bilateral cooperation reaches a new height," he said.

Chau-Chyun Chang, deputy general director at the Industrial Technology Research Institute's industrial economics and knowledge centre, said vegetables and textile products were the top two categories that Taiwan imported from Myanmar last year. Mostly, Myanmar imported machinery, mechanical and electrical products from Taiwan.

According to Myanmar's Ministry of Commerce, the bilateral trade volume has increased five-fold over the past three years. In the 2015-16 fiscal year, the total trade volume was only US$34.1 million. It rose to $81.7 million in fiscal 2016-17, and to $189.1 million in fiscal 2017-18, ending in March.

As of June 30, 17 Taiwanese firms have been approved to invest US$42.2 million in Myanmar, according to the Directorate of Investment and Company Administration.

"We are looking to a broader cooperation with Myanmar. It will not only stimulate the industrial upgrading of Myanmar but also extend the market for Taiwan's industry, achieving mutual benefits on a win-win basis," said Chang.

According to Chang, Taiwan has successfully transformed itself from an agricultural society into an industrial one with incessant efforts by both the public and private sectors.

"The experience accumulated has allowed us to build up our unique industrial capacity, which we are happy to share with Myanmar," he said.

Myint Soe, chairman of Myanmar Garment Manufacturers Association, said the nation's garment industry could yield tangible benefits from the training programmes for workers, supervisors and technical staff at factories across the country.

Than Lwin, senior consultant at KBZ Bank Ltd and a former deputy governor of the Central Bank of Myanmar, also welcomed the move. He foresees more successful talks between the two sides. He expects the cooperation agreements will help Myanmar to draft a carefully crafted industrial strategy.

Source: nationmultimedia.com- July 26, 2018

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Chinese firms to benefit from localizing light industry in South Africa

The popularity of Chinese commodities in South Africa, combined with Chinese enterprises' expertise in light manufacturing and fast-growing bilateral ties, provide broad scope for industrial cooperation, said experts and local businesspeople.

"A wide variety of products from China, including textiles, small commodities, household appliances and building materials, are popular here," Xu Changbin, chairperson of a chain mall called African Trade, a platform for Chinese entrepreneurs in South Africa, told the Global Times.

With the increasing popularity of Chinese products in South Africa, Xu has opened three malls, two in Johannesburg and one in Durban.

A local Chinese entrepreneur surnamed Wang, who sells toys in a China mall based in Johannesburg, told the Global Times that although profits have fallen in the past year due to rising costs and fierce competition, small commodities from China are still competitive among people in South Africa, compared with those from Europe or other Asian countries.

Most of Wang's products are imported from Yiwu, in East China's Zhejiang Province. But he said that "Chinese enterprises could make good profits by making those products here."

"South Africa's light manufacturing industry is underdeveloped, but the people need daily goods such as clothes, toys and blankets. Domestic light manufacturing companies could fill that gap and take advantage of low labor costs here," he said, adding that "we would also benefit from that."

With the two countries celebrating the 20th anniversary of diplomatic relations and moving into a comprehensive strategic relationship, he said, "it's a great opportunity."

Yejoo Kim, a research fellow at the Center for Chinese Studies at Stellenbosch University in South Africa, told the Global Times that the manufacturing sector in South Africa has shrunk in the past decade.

Stagnant economic growth and logistics costs, inefficient procedures and a volatile currency - among other factors - have discouraged investors. There have been substantial job losses in such sectors as food processing, beverages, textiles, and furniture.

"From what I know, a number of trade and investment agencies have tried to bring Chinese investors in by providing various incentives," said Kim.

For example, Hisense got support from the South African government's Manufacturing Investment Program when the company expanded its facility.

Kim said that manufacturing can make a great contribution to entrepreneurship, skills transfer and job creation, and there must be a number of areas where China, as a manufacturing powerhouse, can cooperate with South Africa.

Erwin Pon, the investment banking director for East and Southeast Asia at Rand Merchant Bank in South Africa, told the Global Times on Wednesday that Chinese investments have indeed benefited local development. As an example, he mentioned China malls.

"I saw a lot of China malls that have been established in recent years, but what should be noted is that most of them are located in less-developed suburbs of Johannesburg, rather than in the city center.

"These popular malls have revived once-deserted areas, drawing in many stores and restaurants," Pon said. "We call it a 'knock-on effect'."

Nevertheless, Pon also mentioned that when some Chinese light manufacturing companies go to South Africa, they might face some obstacles, such as visa barriers, which the South African government has already vowed to improve.

Source: globaltimes.cn- July 26, 2018

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EU targets $20 billion US goods for retaliatory tariffs

The European Commission is drawing up a list of $20 billion worth of US goods to impose duties if Washington imposes tariffs on imported cars. In response to the US metals tariffs, the EU has already imposed its own import duties on €2.8 billion ($3.3 billion) worth of US goods, including products like bourbon and motorcycles. The next potential round of EU tariffs would target €9 billion worth of general goods such as agricultural products, machinery, high-tech products and other things.

EU budget commissioner Guenther Oettinger suggested the EU would be ready to discuss mutual tariff cuts provided the Washington lifts punitive metals tariffs first. The two parties could try to forge a lighter version of the planned US-European trade deal known as the Transatlantic Trade and Investment Partnership (TTIP).

Source: fashionatingworld.com - July 26, 2018

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Bangladesh pushing for LDC benefits beyond 2024

One of the fastest growing nations, Bangladesh is looking to becoming a developing nation from Least Developed Country (LDC); however, its tensed economic situation is giving opposite signals. Some economists say, given the country's rate of progress, it is expected to graduate from being an LDC to developing nation by 2024.

The healthy indicator of the country's socio-economic progress, making it to the league of the developing nations would come at some cost, the cost of losing trade benefits that it currently enjoys. It will have to give away its competitive edge which it was getting owing to many trade privileges.

United Nations' resident coordinator in Bangladesh Mia Seppo recently maintained the country's exports on graduating to developing nation status will face 6.7 per cent tariff, which could result in an estimated export loss of about $2.7 billion in a year. As an LDC, Bangladesh enjoys 12 per cent preference margin for its apparel exports to biggest export destination Europe under the European Union's Everything but Arms (EBA) Initiative.
The possible fallout

At present, Bangladesh is a major user of duty-free and quota-free market access, with shipments under this Bangladesh pushing for LDC benefits beyond 2024 001 facility accounting for 72 per cent of the total exports in fiscal 2015-16. Upon graduation from LDC, exports will be subjected to additional tariff as duty-free and quota-free benefits from different countries and trading partners will be withdrawn.

With this, the preferential market access to more than 40 countries in varying degrees that Bangladesh currently enjoys would be gone on becoming a developing nation. And lastly, as per the United Nations Conference on Trade and Development, Bangladesh's exports may decline from 5.5 per cent to 7.5 per cent on becoming a developing nation. This list is quite unnerving to say the least, and more so if one is into apparel exports.

If the government on one hand is reportedly working on signing new preferential and free trade agreements with major trading partners, it is also planning to push for enjoying LDC-related benefits for an extended period through various platforms. During a media conference, Secretary of the Economic Relations Division Kazi Shofiqul Azam, stated they are assessing challenges and opportunities after graduation under the high-powered taskforce headed by the Prime Minister's office. Further this, the taskforce will recommend action plans for off-setting any probable bad impact on overseas trade.

Going by recent measures, it seems Bangladesh will push for LDC-related benefits for an extended period by co-hosting an international event on 'Supporting Smooth Transition of the LDCs towards a Sustainable Graduation' during the upcoming 'High Level Political Forum' at New York.

Commerce Minister Tofail Ahmed says after graduation from the LDC, the country will go for Free Trade Agreements with other countries. By 2021, its export will cross $60 billion and the government will work to achieve the goal.

Source: fashionatingworld.com - July 27, 2018

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NATIONAL NEWS

TEXPROCIL Welcomes GST Council's decision to refund accumulated Input Tax Credit on fabrics

The GST Council took a series of decisions in its 28th meeting held on 21.7.2018. Shri Ujwal Lahoti, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL) said "the decisions taken by the GST Council are in the right direction which will promote growth of the textiles sector". A very significant decision taken by the GST Council is to provide refund of accumulated input tax credit on account of the inverted duty structure to the fabrics manufacturers.

"This facility will certainly lead to reduction in the prices of fabrics which in turn will make Made ups and Garments competitive in the export markets", said Shri Lahoti.

The Chairman, TEXPROCIL thanked Smt Smriti Zubin Irani, Hon'ble Union Textile Minister and Shri Piyush Goyal, Hon'ble Union Minister for Railways, Coal, Finance & Corporate Affairs for this very important decision which will go a long way in the growth and development of the textiles sector and will make India a global trading hub for fabrics.

The GST Council has reduced the GST rates on certain textiles items like Chenille fabrics, Handmade lace, Hand-woven tapestries, Hand-made braids and ornamental trimming in the piece, Handmade carpets and other handmade textile floor coverings etc from 12% to 5%. According to Shri Lahoti, the reduction in the GST rates will give a boost to the SME sector as these products are mainly manufactured in this sector.

The GST Council also simplified the tax filing for 93 % of the assesses by raising the annual turnover threshold under which businesses can file quarterly returns from Rs 1.5 crores to 5 crores. Certain decisions have been taken which will lead to procedural simplifications.

Another significant change was the deferment of the reverse charge mechanism till September 2019. Shri Ujwal Lahoti complimented the GST Council for the overall direction to lower rates and ensure ease of compliance.

However, there are some areas , pointed out Shri Lahoti, which need to be addressed such as the refund of Input Tax Credits related to Capital Goods on exports, payment of IGST on exports in the case of domestic procurements under deemed exports, refund of transitional credits on exports etc.

The Chairman, TEXPROCIL said if these issues are also addressed, most of the problems faced by the textiles sector will get resolved.

Source: Texprocil Textile Intelligence - July 26, 2018

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Transport Strike has hit textiles exporters badly – TEXPROCIL

All India Motor Transport Congress (AIMTC) started a nationwide indefinite strike on July 20. Their demands include a reduction in central and state taxes by getting diesel under the GST so that price of the deregulated commodity can be reduced.

“The transport strike has started adversely affecting textiles exports and is a matter of deep concern for us”, said Shri Ujwal Lahoti, Chairman of The Cotton Textiles Export promotion Council (TEXPROCIL).

There is sharp disruption in the movement of raw materials to the factories and finished goods to the ports for exports, pointed out Shri Lahoti.

In the case of Cotton textiles, raw cotton are mainly produced in Gujarat and Maharashtra whereas their consumptions are in the textiles units located in the Southern states of Tamil Nadu and Andhra Pradesh. The transport strike has brought the movement of textile products to a standstill.

There are strict shipment schedules given by the foreign buyers for exports and many of the textiles exporters will miss these schedules which may result in the loss of export orders , said Shri Lahoti .

There is a possibility that our competitors in the export markets will benefit from this strike.

The Chairman, TEXPROCIL expressed his serious concern that if the strike continues, it will lead to loss of reputation in the international markets for many of the textile exporters apart from loss of business.

Shri Ujwal Lahoti appealed to the Government to resolve this issue so that the strike gets called off at the earliest and textile exports , which otherwise is facing many other challenges , can meet the commitments made to the overseas buyers on time.

Source: Texprocil Textile Intelligence -July 26, 2018

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Limited success for special textile package

The special package for the textile and garment sector, launched by the government in June 2016 and hailed by many as a potent tool for creation of decent jobs, has met limited success only.

Despite a crucial component of the package being an undertaking that the government will bear the entire 12% of the employer's contribution to the EPF scheme for the first three years ? against 8.33% for other sectors under the Pradhan Mantri Rozgar Protsahan Yojana (PMRPY) till it was enhanced to 12% for all others sectors in the previous Budget ? just 2.65 lakh workers have till date enrolled under the Pradhan Mantri Paridhan Rozgar Protsahan Yojana (PMPRPY) for the textile-garment sector. And not all of these are new employments either.

According to the labour ministry data, just 788 units have availed themselves of the benefit so far. After getting necessary clearances, enrollment under the PMPRPY started in October and, finally, in December, direct credit to the scheme by the government started.

The scheme's objective was very ambitious: to achieve a cumulative increase of $30 billion in export of textiles and garments and Rs 74,000-crore investments in the employment-intensive sector over three years.

The package for the sector included making EPF optional for employees earning less than Rs 15,000 per month.

While the PMPRPY for the textile sector had only little success, the PMRPY, aimed at accelerating job creation in the formal sector for all other sectors, has done relatively better as 75,753 units have availed themselves of the benefits of the scheme and the number of beneficiaries (workers) stood at 60.81 lakh.

Only 6,588 establishments availed the benefit and over 3 lakh workers had enrolled under the scheme till July 30, 2017.

Under the scheme launched in August 2016, the government is obliged to pay the entire employee pension scheme (EPS) component of the employer's EPF contribution for workers with a salary up to Rs 15,000 per month for the first three years of their employment. Later in the Budget, the government sweetened the scheme by agreeing to pay out employers' 3.67% into EPF as well.

Of the employer's share of EPF kitty, 8.33% goes to EPS, 3.67% to EPF, 0.65% towards administrative charges, 0.5% to employees' deposit-linked insurance scheme and 0.01% for EDLI maintenance.

Source: financialexpress.com-July 27, 2018

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GST return: Draft forms to be released for public comments by July 30

The drafts of new forms for filing GST return will be put in public domain by early next week for stakeholder consultation, a revenue official said today. GST Commissioner Upender Gupta said in the new return filing system 'nil' filers, who don't have purchase or supplies in a quarter, can file returns by just sending an SMS. The new return forms will give option to taxpayers to make amendments till September next year.

"We will put the new return filing format in public domain by Monday. Industry can send their comments on the form for one month. Your feedback will help further improve the system," Gupta said while addressing a industry meeting organised by CII.

The GST Council, chaired by Union Finance Minister, had last week cleared the new return filing form. It would replace the current GSTR-1 and GSTR-3B returns.

“A new return system has been approved by the GST Council wherein the nil filers where there is no supply or purchase in a quarter, return can be filed by sending an SMS,” Gupta said.

The revenue department plans to put in place the new return filing system by January 1, 2019.

He said the amendments to the GST law, as approved by the Council, will be placed before Parliament in the ongoing monsoon session.

Thereafter the state legislatures will have to pass it and consequently the amended law will come into effect. As per the amendment, threshold for availing composition scheme will be hiked to Rs 1.5 crore, from Rs 1 crore at present.

Gupta said GST Council will take a final call as to when and by how much the composition scheme threshold would be hiked.

The amendments, among other things, provide for a modification of reverse charge mechanism, separate registration for companies having different business verticals, cancellation of registration, new return filing norms and issuance of consolidated debit/credit notes covering multiple invoices.

Gupta, further, said the Council has allowed businesses registered in the earlier Service Tax, VAT, excise regime to migrate to the GST regime by filing application to tax authorities by August 31.

For such taxpayers who would migrate, late fee for filing returns from July 2017 to August 2018 will be waived and they can possibly claim transition credit.

Source: financialexpress.com-July 27, 2018

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Truckers' strike: Trade bodies fear losses, seek immediate resolution

Retail prices of veggies, sugar go up in Mumbai; cotton exports hit

As the ongoing nationwide truckers' strike entered its seventh day, affecting the supplies of commodities and various other goods, trade bodies, fearing losses due to the impact, have demanded that the government intervene and resolve the crisis.

"It (the strike) has affected the arrival of kapas (raw cotton). Ginning factories are on the verge of closing down because of the lack of raw material. Traders are unable to move cotton sold and in turn all payments are stuck due to non-movement of yarn," said Atul Ganatra, President, Cotton Association of India.

CAI urged the government to find an amicable solution to the problem, which, if not resolved immediately, will compound the adversity and the losses to the entire cotton sector, stated Ganatra.

Cotton, sugar hit

The shipment of cotton has stopped, leading to non-fulfilment of obligations by exporters, and resulting in the problems of cancellation or invoice or delayed shipment with penalty. This has entailed huge losses. The textile industry is also not getting the required raw material as supply has been impacted.

Besides cotton, trading was affected at several APMCs across various States.

Trade sources said arrivals of commodities have dropped by 55-60 per cent over the past few days and farmers were being advised not to bring in their produce. However, there has been no major impact on prices so far due to ample stocks.

But in Maharashtra, at the retail level, prices of onion and potato have increased by ₹10/kg. A vendor from Chembur, S Suleman, said that in the last two days the prices of onions have increased from ₹20 to ₹30. The same is the case with potato. Prices of tomato are also up from ₹ 40 to ₹60/kg.

Sugar prices at the Vashi market skyrocketed by ₹24-94 a quintal in the absence of new arrivals due to the ongoing strike. Spot sugar rates have gone up by ₹120-200 a quintal in six days.

APMCs suffer as stocks rise

Atul Kamani, President, Commission Agents' Association at Rajkot AMPC, stated that actions for commodities like jeera were suspended till the strike is over. "We are unable to load the stock and we can't accommodate more stocks if the farmers continue to bring their crops," he said.

Ashok Waluj, Director, Maharashtra Rajya Bazaarsamati Mahasangh — the apex body of all APMCs in the State — told BusinessLine that the APMC market was functioning smoothly on Thursday.

About 600 trucks bearing vegetables and 200 trucks of onions arrived in the marketyard without any hitch.

Meanwhile, ₹300 crore worth of turmeric piled up at the marketyards in Erode, Tamil Nadu. "Due to the truckers' strike, turmeric trade has been affected and the yards are piled with turmeric stocks.

Many farmers could not bring their turmeric for sale and we are catering to the local demand by despatching turmeric bags in bullock carts," said Krishnamurthy, a trader.

Sudhakar Shetty, President, Federation of Karnataka Chambers of Commerce and Industry, said the government should invite the truckers for a discussion and resolve the issues. He said the prices of commodities may start going up once the stocks deplete.

Source: thehindubusinessline.com-July 26, 2018

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Goods movement hit at Tirupur

Inventory pileup cripples SMEs

Trade and industry in Tamil Nadu are worried over the strike by lorry owners.

Urging urgent intervention by the Centre, Tirupur Exporters Association members say they have not been able to transport finished garments for shipment.

At a standstill

An industry source said that movement of goods had come to a standstill from this morning.

“We managed to transport goods on tempos till last evening. But this service has since been withdrawn. I will now have to use my car to move the goods,” said the managing director of a spinning mill, preferring anonymity.

Several mills have started to lay off workers, unable to operate the units to their optimal capacity.

“It’s more than a week now and the government has not intervened to resolve the strike. I sent away 200 workers last week. Some more will have to go if the issue is not resolved immediately,” the source said.

Fearing derailment of exports, TEA President Raja M Shanmugham said, “Knitwear exports have been declining since October 2017. It fell by 21 per cent in the second half of the last fiscal compared to the corresponding period of 2016-17. During the first quarter of the current fiscal (2018-19), exports again fell by 21 per cent compared to the corresponding quarter of 2017-18. We are passing through a difficult phase, struggling to survive.”

“The ongoing lorry strike is going to add to our woes as there are over 6,000 MSMEs in the Tirupur cluster engaged in standalone jobs. Stoppage of vehicle movement from the garment unit to job-work units like knitting, dyeing, compacting, printing, embroidery, checking, ironing and packing has already started to impact production,” he said.

And it is not merely about transporting the yarn or finished goods. “We need chemicals for processing and for keeping the effluent treatment plants (ETPs) running.

The supply shortfall of essential chemicals for even a day would take us 60 days to rebuild the ETP,” a mill owner said.

Yarn pile-up

Meanwhile, the Southern India Small Spinners Association (SISPA) has said that around 25,000 tonnes of yarn valued at ₹550 crore have not been lifted from production points since July 21.

“While there is pile-up of inventory, we are unable to source raw materials such as cotton and fibre from upcountry markets.

We are not in a position to operate units or provide job to workers,” said SK Rengarajan, President, SISPA.

Vegetables/fruits cost more

Prices of fruits and vegetables have started to inch up, observed a buyer at the local vegetable market, emphasising the need for early end to the lorry strike.

Source: thehindubusinessline.com-July 26, 2018

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White Gold: Gujarat farmers put all their eggs in cotton basket

"You can see these dhefa (sun-baked hardened lumps of soil) and understand how little it has rained. One good rain can melt them, but we are still waiting for that shower in this monsoon season," remarks Dhiru Rajput, as he surveys the swaying cotton crop on his 1.25-hectare field adjoining State Highway 7 in Chuli village of Surendranagar district's Dhrangadhra taluka.

The 32-year-old is, however, among the few lucky farmers in Surendranagar and neighbouring Morbi district having access to groundwater. It has enabled them to plant their favourite crop — cotton — despite scanty rains in July, with hardly a week left of what is normally the year's wettest month.

The dhefa notwithstanding, Rajput believes that his late-May sown crop looks good enough to yield over 40 quintals of kapas (un-ginned seed cotton) per hectare. "There's enough water in my bore-well to irrigate this crop. I'm praying for rains only because it will reduce my electricity bill," he explains.

Rajput owns 11 hectares in all, comprising four fields including the one next to the state highway. His second plot of four hectares – which he has given to a share-cropper who retains 28 per cent of the harvested produce — also has a bore-well.

"I wanted him (the share-cropper) to grow castor, but he has also ended up planting cotton on two hectares", notes Rajput, whose other two fields are rain-fed, in which he mainly cultivates jowar (sorghum) fodder for his three cows and three buffaloes.

Last year, Rajput could harvest only 30 quintals of kapas from his 1.25-hectare field, because of too much rain, in contrast to this time's. But his average realisation of Rs 5,000 per quintal was more than the Centre's minimum support price (MSP) of Rs 4,320 for long-staple varieties.

"This land is ideal for cotton. After harvesting (over three pickings from early-October to end-December), I can also take jeera (cumin seed) and onion during the winter season," he points out.

Shivraj Khachar of Gosal village in Surendranagar's Sayla taluka, too, has opted to sow cotton in his entire three-hectare holding. For him, though, there's little choice, as the 100-feet-deep open well in his field cannot supply water beyond early-November. "If I grow groundnut (which has a shorter 100-120 days duration, as against 180-200 days for cotton), there is not enough water left for a second winter crop. I can, then, only plant a single crop of cotton," he says.

Khachar was able to harvest only 40 quintals from his three hectares last year, thanks to a gulabi eyal (pink bollworm) attack late in the season. He also got an average rate of just Rs 4,250 per quintal. "I have only limited holding capacity and cannot wait for prices to rise. My hope this time is that there will be no gulabi eyal and prices, too, are better," adds the 30-year-old, who is aware that the Narendra Modi government has raised the MSP for this year's cotton crop to Rs 5,450 per quintal, but not sure about realising that price.

Gujarat – India's top cotton producing state and No. 2 in acreage behind Maharashtra – has seen 21.84 lakh hectares (lh) area being planted under the fibre crop as on July 24, compared to the 25.84 lh in the corresponding period of 2017. The Saurashtra region, which is the state's main cotton belt, has recorded a drop in sown area from 18.43 lh to 15.29 lh.

Within Saurashtra, the progressive acreage has fallen sharply in Surendranagar (from 3.90 lh to 2.56 lh) and Morbi (from 1.98 lh to 1.04 lh), while rising in Amreli (from 3.74 lh to 4.01 lh) and Bhavnagar (from 2.11 lh to 2.15 lh) and declining marginally in Rajkot (from 2.38 lh to 2.21 lh) and Botad (from 1.67 lh to 1.59 lh).

While Amreli, Bhavnagar, Rajkot and Botad districts have received very good rains in the current monsoon season, this has not been so for Surendranagar and Morbi. Dhrangadhra taluka, to which Rajput's village belongs, has received barely 10 millimeters (mm) rain since June 1 – less than two per cent of its 534 mm annual average precipitation.

Likewise, Halvad and Maliya talukas of Morbi have so far recorded only 57 mm (12 per cent of average) and 77 mm (16 per cent), respectively. And these happen to be major cotton-growing areas.

In many villages of Halvad and Maliya bordering the Little Rann of Kutch, where the groundwater is salty and hence not suitable for irrigation, it is only the release of the Narmada River waters from the Maliya Branch Canal about two weeks ago that has enabled farmers like Amrutlal Bhoraniya to even take up sowing.

“We could only have gone for cotton. Last year, groundnut prices weren’t good and the crop is, moreover, susceptible to raiding by nilgai (blue bull), wild boars and wild asses (for whom the Little Rann is a sanctuary). Last year, I harvested an average kapas yield of 37 quintals per hectare over three picking and also grew jeera and wheat in the winter season. This time, given the delayed sowing, I may be able to grow just a fodder crop after cotton,” admits Bhoraniya, who, along with his two brothers, farms nine hectares in Dhulkot village of Halvad.

While cotton acreage may eventually reach its normal average, farmers have not been very keen to grow groundnut, the second most important cash crop of Gujarat. This, in spite of good rainfall in the main groundnut belt of Saurashtra spread across Junagadh, Gir Somnath, Porbandar, Devbhumi Dwarka, Bhavnagar and Rajkot districts.

As on July 24, groundnut acreage in Gujarat was only 11.30 lh, against 16.02 lh during the same period last year. In 2017-18, the state produced a record 32 lakh tonnes crop, resulting in prices crashing well below the MSP of Rs 4,500 per quintal, inclusive of the Gujarat government’s Rs 50 bonus. The oilseed is now selling at around Rs 3,500 per quintal, despite the Centre announcing a further MSP hike for the 2018-19 crop to Rs 4,890 per quintal.

According to traders, the price outlook for cotton is bullish. India produced 36.5 lakh bales (lb) of cotton in 2017-18. The Cotton Association of India has projected closing stocks for the year ended September 30, 2018 at 22 lb, lower than the previous year’s level of 36.07 lb.

“The carry-forward for the new season is low and the ongoing US-China trade tensions may lead to further increase in demand for Indian cotton overseas. If exports (estimated at 58.21 lb in 2016-17 and 70 lb in 2017-18) go up, prices will obviously harden in the domestic market,” observes Sagar Patel, proprietor of Ambica Cotton Industries, a ginning factory in Godavari village of Surendranagar’s Muli taluka.

The benchmark global Cotlook 'A' Index price is currently ruling at around 97 cents per pound, more than the 84.5 cents a year ago. Anand Popat of Cotyarn Tradelink LLP, a Rajkot-based cotton brokerage firm, believes that kapas prices will range above the MSP in the coming cotton marketing year from October. That should be good news to cotton growers — and not bad at all for the ruling BJP ahead of the 2019 national elections.

Source: indianexpress.com-July 26, 2018

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Cabotage rules relaxed for movement of cotton from Gujarat to Tamil Nadu: Textile Min

The Government of India has relaxed Cabotage rule for movement of cotton from Gujarat to Tamil Nadu, said Minister of State of Textiles, Ajay Tamta in a written reply to Rajya Sabha.

For ensuring hassle free movement of cotton bales at competitive prices, Tamta said that the Ministry of Textiles took up the matter and facilitated interaction between textile industry and the shipping industry.

Further, it also organized discussions between the textile industry and the shipping industry on the availability of ships and containers for cotton transportation at competitive rates, informed Tamta.

Towards this, Ministry of Shipping granted relaxation in May 2018, under Merchant Shipping Act to permit the coastal movement of cotton on foreign flag vessels chartered by Indian individuals or the companies carrying EXIM containers and empty containers, Tamta informed the house.

In this regard, he said that the textile industry through South India Mills Association (SIMA), Coimbatore, had represented for the relaxation of Cabotage rules for movement of cotton from Gujarat to Tamil Nadu.

Source: knnindia.co.in-July 26, 2018

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Pan-India strike by truckers over six days hits the textile sector hard

The pan-India strike by truckers over six days has hit the textile sector hard, halting the movement of raw materials and finished products not only for stockists and retailers but also for exporters.

Normally, mills stock raw material for at least a month of consumption but do not hold their finished products, barring some in unavoidable circumstances. Spinning mills face no problem in cotton procurement but their yarn's transport to textile mills for fabric manufacturing has been halted completely.

“The strike has hit production, fund flow, employment and the reputation of domestic suppliers and exporters,” says Sanjay Jain, managing director of TT Ltd and chairman of the Confederation of Indian Textile Industry.

“The movements of all goods have stopped. The delay in shipment is, in addition to exporters’ monetary loss, causing damage to India’s credibility in overseas markets,” said Ujwal Lahoti, executive chairman of Lahoti Overseas and chairman of The Cotton Textiles Export Promotion Council.

As many units work hand to mouth and are now getting no material, there is a real prospect of loss of livelihood for casual workers. Even regular ones would have to do with lower wages, in the absence of production incentives and overtime.

Atul Ganatra, president, Cotton Association of India, adds: “Ginning factories are on the verse of closing because of the lack of raw material. Traders are not able to move sold cotton and all payments are stuck due to non-movement of yarn.”

Jain has urged the government to intervene for early resolution. "The delay in shipments would lead to expiry of Letters of Credit, surge in shipment costs and cancellation of orders, in addition to loss of reputation with foreign buyers," he urged.

Source: business-standard.com-July 27, 2018

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Textile sector faces up to Rs 1,500-cr losses

The ongoing indefinite strike of transporters has cast a shadow on the $130-billion textile industry which is facing a staggering loss of up to Rs 1,500 crore.

If the strike continues, the industry will have to curtail production, and it will affect the fund flow, credibility and reputation on the export front as India is one of the largest exporters of garments and other textile products, said industry sources.

The knitwear export has been declining since October 2017, and in the second half of 2017-18, the decline was to the tune of 21% as compared to the corresponding period in 2016-17.

In the first quarter of the current financial year (2018-19) also, the export has declined by 21% as compared to the same period in 2017-18, a data compiled by the industry said.

With the festive season fast approaching coupled with global order commitments by the exporters, the industry has not only lost a good amount of foreign exchange, but also will soon lose the market to competitors such as Indonesia, Bangladesh, Vietnam, Cambodia and the latest entrant Myanmar too, said Sanjay K Jain, chairman, Confederation of Indian Textile Industry (CITI).

"A staggering Rs 1,200 crore to Rs 1,500 crore export orders are lying idle due to transporters strike across the nation. In addition to this, there are hardly any movement on the domestic front," he said.

The strike has affected the entire textile industry hitting its production, fund flow, employment, credibility and reputation. The impact of the strike is so huge that it has forced the units to suspend their production in the absence of no supply of raw material.

Many units work on the basis of just-in-time arrival of raw material, and this strike would lead to loss of livelihood for lakhs of casual workers. Even regular workers would have to do with lower wages in the absence of production incentives and overtime, Jain said further.

According to Raja M Shanmugham, president, Tirupur Exporters' Association (TEA), the largest knitwear/readymade garments cluster in India, "The on-going indefinite lorry strike has created a major impact on our exporting units as they could not transport finished garments for shipment through sea ports in Tuticorin, Chennai, Cochin and Mumbai or through airports of Chennai, Bengaluru, Mumbai and Cochin. The cascading effect would be severe on the exporting units and the delay in settling the issue would derail the exports and affect entire textile industry."

He further said, "The season conscious and design-driven export market, the on-time supply is a major detrimental factor and any delay would not be cherished by the foreign buyers at a time when we are competing with advantageous countries such as Bangladesh, Cambodia, Myanmar, Sri Lanka, Pakistan, Vietnam and China in the international market."

"On a daily basis, average export goods worth Rs 75 to Rs 100 crore are stagnating with the units and the inventory started piling up. In addition to this, goods worth close to Es 100 crore meant for domestic market could not be transported/supplied due to transporters' strike," Shanmugham said.

SK Rangarajan, president, South India Spinners' Association, said: "The small spinning mills are facing the hardship for the last six days with a 25,000 tonne of yarn/threads worth `550 crore lying idle at the factory gates."

Simialrly, raw materials such as cotton, yarn and other products could not be brought to the mills, hence loss of jobs to temporary workers at the factory level, he added.

According to Sanjay Jain, if the strike continues, the industry may lose good amount of foreign exchange due to not fulfilling their export obligations.

The delay in shipments would lead to LCs expiring, air shipment costs and cancellation of orders plus loss of reputation/credibility with foreign buyers.

The industry is feared to lose thousands of crores through transaction due to this strike.

Source: financialexpress.com-July 27, 2018

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