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USD 64.09 | EUR 76.11 | GBP 85.76 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19362	40500	**80.54**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
20060	41961	**83.45**

International Futures Price

NY ICE USD Cents/lb (March 2018)	77.43
ZCE Cotton: Yuan/MT (Jan 2018)	14,670
ZCE Cotton: USD Cents/lb	**86.42**
Cotlook A Index – Physical	**88.60**

Cotton & currency guide: The US market was opened for short hours on Tuesday after long weekend holiday. The cotton contracts were available for trading only 6 hours in ICE platform. The trading volumes were very much light near 12000 contracts. The lowest volume in last 9 months.

Market participants are in holiday mood however the open interest continues to rise. In fact the open interest is at highest in this season. On the pricing front ICE March opened the session steady made a new contract high of 78.16 while settled the session much lower at 77.43 cents per pound. The subsequent contracts also traded in the similar trend. May future ended the session at 78.33 cents.

There are no new factors ruling in the market and participants are also slow amid holiday season.

However with the open interest rising continuously indicating speculators are on a full bullish mood to drive price higher. From technical front as long as March future contract holds above 74 cents the trend is said to be positive. We might see March future moving soon to 80 cents. The daily prices are near overbought phase so profit booking cannot be ruled out from higher level.

On the domestic front spot markets were mostly shut on Monday and Tuesday the trading activities were also low. Spot price for Shankar-6 held near Rs. 40400 to Rs. 40500 per candy. The arrivals stood near 185 to 190K bales a day. The future contracts for cotton at MCX traded positive. The 29th December expiry cotton future traded at Rs. 20060 per bale while January ended the session at 20260 per bale.

We are not expecting any major change in December contract and surprising the January future is still holding positive.

Criticality is that with so much supply this year from India and daily arrivals coming close to 200K bales having no impact on the price. Instead prices are rising on a daily basis. The spot prices of cotton are holding firm and New York futures trading positive making the entire cotton dynamics in a different scenario.

For the day the trading range for January contract would be Rs. 20100 to Rs. 20400 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

Half of UK textile units saw higher turnover in 2017

Despite economic uncertainty and issues related to skilled manpower availability, 2017 has been a great year for British fashion and textile manufacturers, half of whom saw an increase in turnover, says the annual Make it British survey. On an average, textile production was up by 25 per cent and many are now running double shifts to keep up with the demand.

Make it British is an independent company founded by designer Kate Hills to help promote UK manufacturing and brands.

The survey covered nearly 100 manufacturers from across the fashion and textile sector, ranging from small workshops producing luxury womens wear to big textile mills.

As more British companies look to source locally and restore their production back to the United Kingdom, 58 per cent of manufacturers received more interest from customers, a press release from the company said citing the survey.

The increase in production and turnover is being helped in part by the exchange rate working in UK manufacturers favour. “As the pound loses its value our turnover has increased by 30 per cent,” one manufacturer reported.

Thirty per cent of UK textile manufacturers are exporting more than they were in 2016, yet still a third of those surveyed said that they weren’t yet exporting.

Ageing workforce is a concern, with nearly half of the manufacturers worried about the age of their staff. Two thirds have an average workforce age of over 40 at their factories, but many are taking on young people through apprenticeships. But attracting young people to the industry is proving tough.

Source: fibre2fashion.com- Dec 26, 2017

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US remains Vietnam's top market

In 2017, the United States remained Vietnam's top export market, accounting for 48.3 per cent of Vietnam's textile and garment exports.

Contrary to pessimistic forecasts following the withdrawal of the US from the Trans-Pacific Partnership, Vietnam's textile and garment firms signed export contracts with United States' importers.

Garment and textile enterprises have increased their investment in improved production systems, designed more competitive products, and sought new markets.

This achievement is attributed to businesses' careful preparations and the country's policy of supporting the development of auxiliary industries.

After many years depending on imports, Vietnam gained 3.5 billion dollars from exports of fiber and yarn as well as 1.5 billion dollars from textile accessories.

As the fiber sector is encountering anti-dumping tariffs in some major export markets like Turkey, India, and Brazil, this outcome proves encouraging.

After Turkey imposed anti-dumping tariffs on several types of export fibers, such as draw textured yarn and synthetic fiber in 2016, Vietnamese firms have been successful in finding alternative markets, which was the factor behind the more than 20 per cent jump in the fiber sector's ten-month export value.

Vietnam's total export turnover is expected to be up ten per cent over last year.

Source: fashionatingworld.com- Dec 26, 2017

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Asian Emerging markets to drive fashion in 2018

In 2018, more than half of the revenues for the global fashion industry will come from new markets in the east than long established markets in Western Europe and North America.

Emerging markets in Asia (India, Vietnam, China etc.) will achieve revenue growth of 6.5 per cent to 7.5 per cent in 2018 with their European counterparts (Romania, Russia, Turkey etc.) slightly behind at between 5.5 per cent and 6.5 per cent.

By way of contrast, mature markets in North America and Europe will grow only one per cent to three per cent.

Average revenues for the global fashion industry are expected to rise between 3.5 per cent and 4.5 per cent in the coming year.

That is more than the 2.5 per cent to 3.5 per cent growth projected for 2017 and more than triples the growth in 2016 but still below the long-term average of 5.5 per cent.

The industry's profit margin (before taxes) is projected to hold steady at ten per cent.

New technologies, new consumers and an unpredictable macroeconomic environment continue to challenge leaders to rapidly shift their strategies and operating models.

Value creation at companies in this rapidly shifting market varies dramatically.

The top 20 per cent of fashion providers earn a total 144 per cent of the industry's value increase.

Source: fashionatingworld.com- Dec 26, 2017

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Egyptian exports have Israeli component

Many brands have links to a scheme that allows Egyptian manufacturers to export garments to the US tax-free so long as Israeli materials are used.

The program, known as Qualifying Industrial Zones (QIZ), was enacted by the US in 1996 in an effort to normalise relations between Israel, Egypt and Jordan through economic cooperation.

Through QIZs, Israeli manufacturers supply at least 10.5 per cent of the products used in a garment. Then Egyptian factory workers sew the final product which is exported to the US and exempted from taxes of between five per cent and 40 per cent, but typically at a 15 per cent average.

When a consumer buys garments from brands that include Gap, Levi's and Ralph Lauren, there is no mention of the Israeli component on clothes' labels. They only say Made in Egypt.

Since its launch in Egypt, the program has more than doubled garment exports to the US.

Products enter the US as Egyptian, but if a product is 100 per cent Egyptian, so not part of QIZ, it is not exempt from tax.

However QIZ is hated in Egypt for linking Egypt to the Israelis.

Egypt is highly attractive as a sourcing hub for garment and textile companies as a result of its low wages and duty-free access to the US market, the largest clothes buyer on the planet.

Source: fashionatingworld.com- Dec 26, 2017

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UK cotton back in production in Manchester

The city and surrounding region was built on the success of spinning and sewing during the industrial revolution, giving rise to its catchy nickname, Cottonopolis.

But as production slowed, moved off shore and we began to import, the beautiful red brick mills in the North West fell silent.

Now, ending a 40-year hiatus, cotton is once again back on the production line.

After a £6m investment, textile manufacturer English Fine Cottons has started spinning cotton imported from the sunny fields of southern California to here in Greater Manchester, producing yarn that's being used across the region in a newly reopened supply chain.

"It's really re-engaged the weavers and the finishers and the dyers to pull together and forge those chains back again, and there's an enormous appetite for provenance and British made and the quality that we're making here as well," says Tracy Hawkins, managing director of English Fine Cottons.

Spin cycle

We decided to follow the supply chain from bale to rail, challenging businesses in the North West to make a garment from cotton in its rawest form, all the way through to a shirt.

So with a bobbin of freshly spun Manchester cotton in hand, we headed 45 miles north to Blackburn.

We arrive and hand across our yarn. Colour is the next stage of the process. "We're going to take this into our dye house, we're going to load it onto a dye stand, we're going to bleach it, we're going to dye it and we're going to dry it," says Anthony Green, managing director of Blackburn Yarn Dyers. "The whole process should take about eight hours."

Our bobbin then joins scores of others and is submerged into a huge boiling kettle of dye. A short while later, it reappears from behind clouds of steam as newly dyed pink cotton yarn.

Good yarn

After a trip through a huge dryer, our bobbin is fresh and dry, then we're back in the car and heading up the road to Burnley.

Debbie Catterall is the boss of John Spencer, a sixth-generation family weaving business run by the great-great-great grandson of the original founders. The mill is the last remaining traditional cotton weaver in Burnley.

"Our order book is really healthy," she says. "The number of developments that we're doing have huge potential, so the next six months' forecast is looking great.

"So much so that we're having to put on extra shifts and recruit additional staff to fulfil that need."

It's a story that's reflected nationally by the UK's fashion textile manufacturers.

BBC News and the trade body Make it British surveyed 90 businesses in the industry. Almost 50% said they have increased their turnover in the last year, while 30% are exporting a higher volume of Made in Britain goods.

Stitched up

We hand over our pink bobbin and it's mounted on to the loom. Within moments, the loom gets to work and at rapid speed, the yarn is interlaced and a woven pink fabric begins to appear. We can see the emergence of a garment we could wear.

It's 25 miles back down the M66 to Manchester for the last stage of this reconnected supply chain. With pink cloth in hand we arrive at Private White VC, another factory that has survived the turbulent changes of clothing manufacture.

At the peak of the industry, an estimated eight billion yards of cloth were produced in 1912. Today we're making a shirt from little more than two yards. But it is British spun. British dyed. British woven - and now British stitched.

James Eden is the boss at Private White VC: "I don't think we'll ever see a return to those halcyon days of Cottonopolis, of regional manufacturing and textiles.

"However, certainly on a global scale, there's huge opportunities for businesses and brands like ours to create sustainable viable and ultimately very profitable businesses by making things here again in the UK and selling to an international marketplace."

After a 100-mile round trip across the North West, we've seen the rawest of materials become the finest of garments, cutting out garments travelling from China, Bangladesh or Vietnam.

In an area rooted in centuries of textile history, expertise and resounding pride, the cotton process has slowly been sewn back together.

Source: bbc.com- Dec 26, 2017

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Australia seeks 80% free trade coverage by 2020

Australia's government remains eager to conclude more free trade agreements in its region, both bilateral pacts and regional deals like the Trans-Pacific Partnership, Foreign Minister Julie Bishop tells The Nikkei.

"We want to expand our trade networks to ensure that by 2020 we have FTAs with countries that account for 80% of our trade," Bishop said in a written interview.

Australia has already concluded free trade agreements with 10 countries and regions -- including the Association of Southeast Asian Nations, the U.S., Chile and China -- accounting for 67% of its trade.

In the Indo-Pacific region, Australia "will review and upgrade our regional trade agreements with ASEAN and bilateral FTAs with Singapore, Malaysia and Thailand," the foreign minister wrote. Canberra also seeks to conclude negotiations with India and Indonesia, two of the region's most populous nations, according to Bishop.

The TPP lost its biggest economy, the U.S., when President Donald Trump withdrew America from the trade and investment pact early this year. But Bishop said Australia is working with the remaining members, which include Japan, to bring the agreement into force without the U.S.

'Significant regional power'

On foreign policy and defense, Bishop said Australia "is committed to defending and strengthening the international rules-based order," describing her country as "a significant regional power and a well-respected voice in the international community."

In its 2017 foreign policy white paper -- the first in 14 years -- Australia's government writes that "China's power and influence are growing to match, and in some cases exceed, that of the United States."

Bishop did not explicitly mention China in the interview but did appear to allude to its rise: "While an overwhelmingly positive development, rising prosperity has allowed nations to spend more on their militaries and expand their influence as their ambitions evolve and grow."

Australia has "a long-standing and ever-deepening alliance with the United States, the world's only superpower in the foreseeable future, a close strategic relationship with Japan, and deepening economic and security relationship with other key regional democracies, in particular India," Bishop said.

Source: asia.nikkei.com- Dec 26, 2017

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Counterfeit clothing a major problem in South Africa

The South African Revenue Service (SARS) seized more than ZAR 97-million worth of fake clothing in its crackdown against illegal clothing and textile imports in 2017.

About 75 000 counterfeit shoes were also confiscated. The country's clothing and textile sector is tremendously hit by illegal import of counterfeit goods, according to Customs Investigations.

The import of counterfeit clothing and textiles and other infringements, including under-declaration and misclassification, is a massive problem in South Africa.

Therefore, the customs department is also focusing on plugging the leaks at non-designated border posts, a South African newspaper quoted a senior customs official as saying.

Several factories closed down in the last few years due to the proliferation of cheap legitimate imports, as well as the illegal imports of second-hand clothes and counterfeit clothes and shoes, particularly from Asia.

Source: fibre2fashion.com- Dec 24, 2017

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Bangladesh's apparel exports saved by sturdy dollar

The favourable dollar-taka exchange rate has lent a helping hand to apparel exporters in the outgoing calendar year, cushioning the fallout from the uncertain political climate in the Western world.

In the first 11 months of 2017, Bangladesh exported garment items worth $26.40 billion, up 1.38 per cent year-on-year, according to data from the Export Promotion Bureau.

At the start of the year, the greenback traded between Tk78 and Tk79 and during the course of the year it crawled up. On Dec 20, it traded at Tk83.20.

"The current exchange rate is favourable for exporters. We should handle the exchange rate softly," said Ahsan H. Mansur, executive director of the Policy Research Institute of Bangladesh.

He went on to suggest that the dollar can be allowed to appreciate to up to Tk85.

If it goes past the Tk85-mark, it will be bad for the balance of payment and macroeconomic stability as imports would become costlier.

However, exporters want further devaluation of the local currency.

“The exchange rate has only started becoming export-friendly,” said Faruque Hassan, managing director of Giant Apparels, a leading garment exporter.

The local currency should be devalued further against the dollar to compensate for the rising cost of production such that exporters can continue to be competitive on the global stage.

At least 10 per cent devaluation of the currency is fine for the sector as garment exporters have faced low exchange rate over the last five years, he added.

“The exchange rate is still not up to the mark when compared with our competing countries like India and Turkey,” said Abdus Salam Murshedy, managing director of Envoy Group, another major garment exporter.

Source: drapersonline.com - Dec 27, 2017

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Pak-China trade in yuan: Real benefit lies in enhancing export

The business community and the financial experts have welcomed the Planning and Development Minister Ahsan Iqbal’s announcement that government is considering the China’s proposal to use renminbi (RMB) or yuan as trading currency in bilateral trade with Pakistan, advising that the real benefit lies only in enhancing local exports.

They said that use of yuan as trading currency between two countries would make the move mutually beneficial and go a long way in strengthening economic ties between the two countries until Pakistan takes serious measures to improve its exports to China .

Noted economist Dr Salman Shah said the objective of the Currency Swap Arrangement is to promote bilateral trade and investment between the two countries in the respective local currencies. Since the CSA is a bilateral financial transaction, all terms and conditions apply equally to both countries and the pricing is based on standard market benchmarks which are widely acceptable in the respective domestic markets. The execution of bilateral CSA was achieved through series of technical level team discussions between both central banks. He said both the governments must disseminate information regarding this imperative agreement among their respective trade bodies and chambers of commerce and industry.

Saarc CCI vice president Iftikhar Malik observed that without first fixing the trade balance against China , Pakistan would not have much to gain from the move, so the government will have to adopt a serious approach in improving exports to China . China must be encouraged to become an increasing large importer of goods from Pakistan, besides becoming producer of value-added goods in Pakistan.

Iftikahr Malik said that Pakistan could be a large hub of Chinese investors in export-oriented industries due to its rich natural resource-base, low cost labour and geographical advantages. Instead of just considering Pakistan a major source of cheap raw material, China should consider Pakistan a competitive base for value-addition while greatly benefiting from easy access to Middle East and European markets through Gwadar.

Iftikhar Malik, who is also chairman of the United Business Group, the ruling group of FPCCI for the last four consecutive years, said that the CSA signed in 2013 is still treading on a vague trajectory with no destination at all. The governments of Pakistan and China should make special endeavours to uplift the confidence of importers of both countries on benefits of Currency Swap Agreement (CSA). He said that smooth trading with China is possible after RMB payments as first we pay dollars; a commission is paid on exchange through New York, which will stop if RMB is used.

The leader of Lahore Businessmen Front and noted importer of housewares from China , Sardar Usman Ghani said that it would reduce Pakistan's heavy dependence on US dollar-dominated trade while the move may also strengthen Pakistan rupee against the greenback. He said both the economies were visibly different from each other in terms of structure, size and trade dependency.

He said the case of promoting Pakistan-China trade in local currency has a real underlying risk of further flooding the local markets with Chinese goods.

Usman Ghani said that China has much to benefit from trade in local currency. Pakistan can also benefit from the gradual shift taking place in international financial system, but we should link our strategic economic objectives with those of China aiming to become an equal trading partner. Rice Exporters Association chairman Samee Ullah Ch said the government takes decision unilaterally without considering the other stakeholders like the industrialists.

Reap chairman said the opening of Letters of Credit would be easier since Bank of China is already operating in Pakistan. However, he expressed the fear that China would soon exploit the situation in its favour as ultimately, we will have to arrange a foreign currency yuan instead of the dollar. It will only benefit China which has absolute domination in bilateral trade .

PIAF chairman Irfan Iqbal Sheikh said that although Pakistan's economy is much smaller than that of China's in terms of GDP, trade , reserves etc, yet the CSA offers a huge potential for Pakistan's economy. He urged the government to take serious actions to resolve the issues that are impediment to the implementation of currency swap agreement.

Irfan Iqbal said that in order to get maximum benefits from CSA agreement between Pakistan and China , there is a need to ensure several measures at the part of government, policymakers and trade bodies,

Noted economist Dr Ashfaq Hasan said that CSA is a good opportunity for Pak-China exporters and it could be an opportunity if all the stakeholders including Ministry of Commerce, Textile Industry, and exporters make appropriate plans by revisiting their priorities and hurdles hindering to move ahead in this direction.

Source: nation.com.pk - Dec 24, 2017

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Vietnam: Garment-textile export earnings likely to hit $31 billion

Vietnam's exports of textile and garment in the last two months of 2017 was estimated at 5.27 billion USD, bringing the total export revenue this year to 31 billion USD, a year-on-year increase of 10.23 percent.

According to the Ho Chi Minh City Association of Garment and Textile (AGTEK), producers are busy fulfilling remaining orders of the year; many of them have received orders for the first quarter of 2018.

This year, the industry has made efforts to gain strong footholds in foreign markets, such as the US, EU, Japan and the Republic of Korea while significant growths have also been seen in others like China, Russia, Cambodia, and more.

The AGTEK forecast that 2018 will be better for the industry than in 2017 and the industry is likely to maintain a double-digit growth.

Source: vietnamnet.vn - Dec 25, 2017

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Pakistan: Textile exports: value-addition leads growth

Textile Exports

USD (Mn)	5MFY18	5MFY17	YoY
Cotton yarn	553	550	1%
Cotton cloth	888	898	-1%
Knitwear	1099	980	12%
Bed wear	948	888	7%
Towels	317	318	0%
Readymade garments	1019	888	15%
Others	687	595	15%
Total	5511	5117	83%

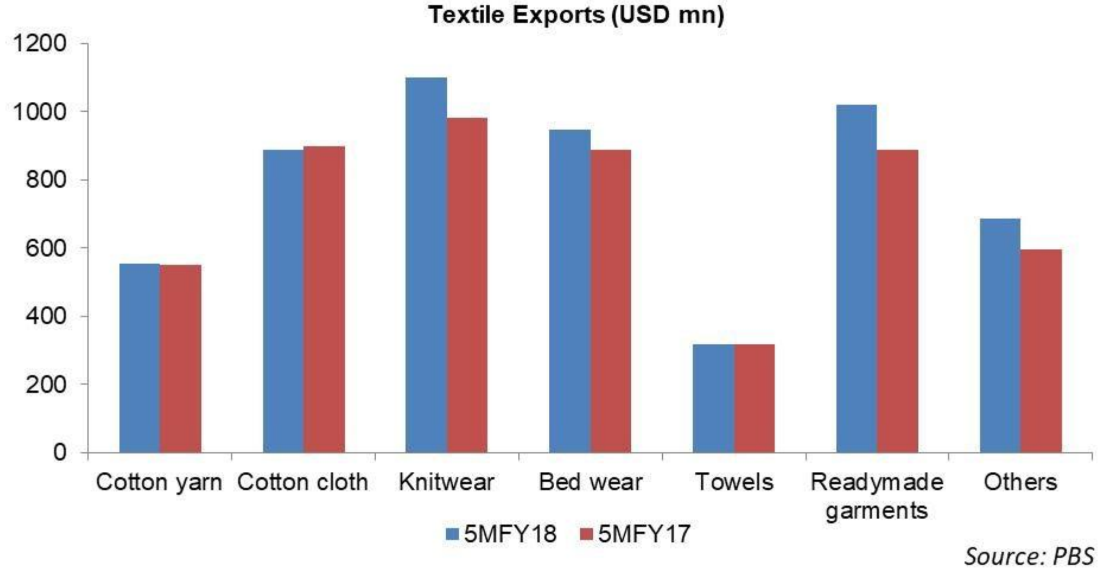
Source: PBS

Textile exports for the 5MFY18 have shown a moderate increase of 8 percent on a year-on-year basis to clock in at $5.51 billion.

According to the Pakistan Bureau of Statistics (PBS) numbers released last week, textile exports for Nov-17 increased by 7 percent as compared to the corresponding period last year.

The growth was led by value added segments, which managed to counteract the effect of dampening cotton yarn and cotton cloth exports.

Taking a closer look at the PBS statistics reveals decent growth in double digits for knitwear exports, which increased by 18 percent while readymade garments and bed-wear posted a 14 percent and 12 percent growth respectively, on a year-on-year basis.



Source: PBS

On the other hand, cotton yarn and cotton cloth continued their lacklustre performance to post negative growth of 8 percent and 7 percent respectively, on a month-on-month basis. As this column has analysed over the past months, the scope of these products is diminishing at a rapid pace in the global markets.

Even when it comes to value added segments such as ready-made garments, global trends are shifting towards synthetic fibres, whereas the share of cotton made products has been on a steady decline. Therefore, both the private sector as well as the government needs to focus their policies towards enhancing value addition and abandon the predominant share of cotton in manufacturing.

However, as things stand currently, players in the value added segments especially ready-made garments have complained to BR Research of the many hurdles they face in remaining competitive in rapidly transforming global markets.

Countries such as Vietnam and Bangladesh have focused on shifting their product mix in line with evolving textile consumer preferences, which have allowed them to increase their market share whereas Pakistan's textile sector is struggling to cope up.

The imposition of anti-dumping and regulatory duties on raw materials used by the industry has resulted in increased cost of production for garment exporters.

Given that the sector is one of the leading earners of foreign exchange for the economy, policies should be drafted for relief to garment manufacturers and exporters.

Source: brecorder.com - Dec 26, 2017

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UK: Buyers to suffer if benefits of EU trade deals cease: BRC

The British Retail Consortium (BRC) has emphasised the need for the UK Government to assure citizens that all trade deals with the European Union (EU) will be transferred in time to the individual EU member countries to ensure that British consumers do not have to pay a steep price for many consumer durables and food items imported from EU nations.

“New or higher tariffs inevitably mean consumers would face higher prices in their everyday shop, as staple products such as fruit, vegetables, fish, and clothing would be hardest hit. Price increases of any scale would add to the burden of hard-pressed consumers whose finances are already being squeezed by inflationary pressures,” according to Andrew Opie, BRC director of food and sustainability.

BRC research shows the importance to British consumers of maintaining the benefits of trade deals the EU has negotiated with other countries.

The United Kingdom currently benefits from zero or low rate tariffs on various imports from trade deals that the EU has negotiated with third countries.

But when the country leaves the EU on 30 March 2019, it will no longer be covered by these international agreements, and therefore, imported goods will be subject to higher tariffs and potential customs barriers. This would result in higher prices for consumers.

Using import data from UK retailers, the BRC has identified the countries where negotiating replica trade agreements will make the most difference to ensure prices don't rise immediately on exit, said a BRC press release.

These deals are particularly important for the price of food and clothing for shoppers in the United Kingdom. For example, in the event of a no deal, the tariff on clothing from Turkey, a major supplier,, could rise from zero to 12 per cent, and fish from Iceland from 3.4 to 11 per cent.

"Now that an agreement has been reached to move the negotiations on to trade, the focus must be on securing the continuity of free trade with Europe, alongside replicating these existing agreements with countries outside of the EU. These are the crucial next steps that Government needs to take to avoid a cliff-edge situation on Brexit day and to deliver a fair Brexit for consumers," Opie added.

Source: fibre2fashion.com - Dec 27, 2017

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NATIONAL NEWS

Assocham urges interest equalisation of 3% in yarn exports in 2018-19 budget

Assocham on Tuesday urged the government to provide interest equalisation of three per cent in respect of yarn exports in the budget for 2018-19, with a view to boost yarn exports and ensure that domestic product can compete in global markets.

As part of its pre-budget recommendations on indirect taxes submitted to the Centre, the industry lobby also requested that two per cent of the benefits of the Merchandise Exports from India Scheme (MEIS) be extended to the spinning sector as the recent spike in raw material and other input costs have made the industry's survival difficult. On the Technology Upgradation Fund Scheme, Assocham requested that sufficient provision be made in the Union Budget 2018-19 to take care of old left out cases and the current dues.

"While this scheme has been operating since 1999 and has been prevalent over the period with various amendments and is currently valid up to March 2022, during last 3-4 years there have been problems in its implementation," the Assocham pre-budget memorandum on indirect taxes pointed out. The chamber urged the government to reduce the hank yarn obligation by half from the current level of 40 per cent.

Assocham sought abolition of customs duty on import of wool fibre, stating: "The apparel grade wool of fine micron (25 micron and finer) and other animal hair are not available indigenously in our country as such the woollen industry is dependent on imports."

The industry chamber requested the Centre to reduce the Goods and Services Tax (GST) on man-made fibre from 18 per cent to 12 per cent so that it is fully set-off at the yarn stage.

Seeking exemption from payment of GST on export of goods, the industry chamber said under the present system, an exporter has to pay IGST on export of goods, which is refunded to him on submission of shipping bills which involves blockage of working capital for a long time.

Source: financialexpress.com- Dec 26, 2017

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Commerce ministry panel suggests change in SEZ rules

A commerce ministry-appointed panel has suggested that the Board of Approval (BoA), the highest decision making body for SEZs, should be given additional powers to exempt units and developers from certain rules to promote these zones. Under the existing SEZ (special economic zones) rules, the BoA has no power to relax any rule. The inter-ministerial board BoA is headed by the commerce secretary.

"Even when the BoA considers it appropriate, it has to take approval of commerce and industry minister. Hence, wherever BoA feels that there is genuine hardship to the trade and industry and relaxation in SEZ rule is required, it should be empowered to do so," the committee said in its report.

In order to align the SEZ rules 2006 with the GST (Goods and Services Tax) laws as well as for removal of various difficulties faced, the committee was constituted by the ministry to make necessary recommendations.

The other suggestions include submission of GST registration certificate instead of sales tax registration. It also provides for obtaining national security clearance as per guidelines issued by the home affairs ministry. Further the panel has asked for setting up of an SEZ Rules Interpretation Committee. "This measure will help in ease of operations," the report added.

The five-member committee would include officers from commerce and finance ministries. The ministry has sought suggestions from stakeholders till December 31. The other recommendations include cut in paper work for setting up of SEZ units.

"One copy of consolidated application seeking permission for setting up of a unit and other clearances, including those indicated below, shall be made to the Development Commissioner," it added.

Currently, there is requirement of five copies of application for setting up of unit in SEZ to the commissioner. Certain industry experts have however raised concerns over certain recommendations. “Several suggestions would impact existing business on units.

Trading activities would be severely impacted by this report. They are regulatory in nature. The report should focus on new areas and dimensions like tourism SEZ,” former chairman of Export Promotion Council for EOUs and SEZs (EPCES) Rahul Gupta said.

Exports from SEZs rose by 15.4 per cent to Rs 1.35 lakh crore during the first quarter of this fiscal. Till September 7, the government has approved as many as 424 zones, of which 222 are operational.

Source: financialexpress.com- Dec 26, 2017

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Indian economy witnessed many ups-downs in 2017; here is a round-up

It has been almost a decade since the world underwent a litany of economic crises beginning with the financial meltdown of 2008-09 immediately followed by the European debt crisis of 2010-12 and then by the global commodity price adjustments between 2014-16. The year just ending was when the global economy showed the first promising signs of recovery. In contrast to a global economic growth of 2.4 per cent in 2016, it is expected to grow at 3 per cent in 2017, the highest since 2011.

It might have still been a challenging year for some commodity-exporting nations, but a taste of recovery has reached most economies, and in that sense, this year could be termed as a hopeful one. India, on the other hand, has had a forgetful year in terms of growth.

It was recovering from the twin shocks of demonetisation and GST along with the twin balance sheet problem of banks and corporates. Due to these issues, GDP growth fell consistently until it reached a 3-year low of 5.7 per cent in the April-July quarter before recovering to 6.3 percent in July-September. By all means, growth in the current financial year will not exceed 7 percent.

The country's economic performance has been of concern throughout the year at all levels. First, consumption, which is the largest component of the Indian economy, now accounts for only 54 per cent of the GDP as compared to 59 per cent in December 2016. Consumption growth fell for three consecutive quarters in the calendar year from a high of 11.1 percent to 6.5 percent. Demand for consumer durables seems to have been the most affected.

The IIP (Index of Industrial Production) growth for consumer durables fell to a low of a negative 1.8 percent by September 2017 as compared to 5.9 percent a year ago. Both demonetisation and GST have contributed to these subdued consumption trends. Considering that consumption is the primary driver of economy's growth, reviving it should be the foremost matter of concern stepping into 2018.

Second, investments have also taken a hit this year owing to the twin balance sheet problem. Banks have become wary of lending due to a rising proportion of bad loans on their balance sheets while corporates with overleveraged balance sheets are postponing any borrowing for later. Investment activity has been affected at both ends.

Gross fixed capital formation, which measures the level of investment in the economy, has been plunging. It had reached heights of 38 per cent a decade ago in 2007 and remained above 35 per cent till 2011, which is the level it needs to maintain a minimum growth rate of 7 per cent. However, it has fallen to an average of 29 per cent in 2017.

The credit growth to industry has fallen to negative levels, underlining the gravity of the situation. The recent bank re-capitalisation plan of Rs 2.11 trillion will help, but the process will be completed only by 2019. Therefore, additional measures need to be taken to revive investment activity in the short-term.

The final major aspect of GDP is the government expenditure, which had been largely driving investments in 2017. The government spending averaged 18 per cent in the first three quarters of the calendar year 2017 as compared to 12 per cent during the same period last year. However, even this has fallen to a lowly 4.1 percent in the July-September quarter.

The drastic reduction was imminent due to the tight fiscal situation that the government finds itself in after having incurred 98 per cent of the budgeted expenditure for the financial year in October itself.

Moreover, to make matters worse, tax revenue collection has witnessed a slowdown. The receipts were 48 per cent of the budget estimates during April-October 2017 as compared to 51 percent a year ago.

The recent reduction in GST rates will only widen the shortfall and make the fiscal situation even more challenging.

The inflation readings are not promising either. Despite RBI's best efforts to control inflation within its medium-term target of 4 per cent, it hit a 15-month high of 4.33 per cent in November. If the Central government exceeds the fiscal deficit targets for the year, it will spark higher inflationary trends.

Thus, 2018 is going to be a challenging year considering these aspects. Subdued consumption levels, low investment activity and constrained government spending leave no scope for complacency.

Boosting exports aided by a favourable global environment can help, but only to an extent. Also, the external sector will be largely dependent on how oil prices move during the year. A slight indication of unrest in the Middle East can push prices upwards and escalate India's import bill.

Therefore, since investments are tied up with the problem of bad loans and government spending is constrained by fiscal limitations, a lot will depend on whether the government can revive the consumption pattern of Indians.

Hopefully, now that the effects of demonetisation and GST have worn off and GST rates have been slashed, household spending will see an uptick.

Source: financialexpress.com- Dec 26, 2017

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Bivoltine silk output may rise 19% to 6,200 MT in 2017-18, says government

The production of import substitute bivoltine silk in the country is expected to reach around 6,200 million tonnes (MT) in 2017-18 as compared to 5,266 MT a year ago, registering an increase of 19 per cent, the Textile Ministry said on Tuesday.

The ministry, in an official statement on the significant achievements in the current year, said Muga silk has recorded highest ever production of 170 MT and has acquired a new growth momentum.

"Bivoltine silk production has grown by 105 per cent in the last three years and has enabled substantial import substitution," it said.

On the cotton sector, the textiles ministry said India has acquired the first place in the world in cotton acreage, with an area of around 105 lakh hectares.

"India has emerged the largest producer of cotton in the world, with a production of 345 lakh bales in 2016-17. India is also the second largest exporter of cotton," it said.

In the present cotton season 2017-18, 88.31 lakh bales of kapas had arrived till December 13, 2017, out of which, 3.62 lakh bales have been procured by Cotton Corporation of India under Minimum Support Price operations, the Textiles Ministry said.

Besides, it said a total of 3,504 cases have been approved under Amended Technology Fund Scheme (ATUFS), with a projected investment of Rs 12,426 crore against government subsidy of Rs 956.50 crore.

According to the ministry, these new projects have the potential to create about one lakh new jobs, in addition to supporting about 3 lakh existing employees.

Source: indianexpress.com- Dec 26, 2017

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Textile sector in Telangana sees sops, subsidies in 2017

Allocation of a budget of Rs 1,200 crore for fiscal 2017-18, a gamut of incentive and subsidy schemes to boost the handloom and powerloom sectors, initiating work to set up the Kakatiya Mega Textile Park in Warangal district and efforts to woo weavers who migrated to other states marked the year in the textiles sector of Telangana state in south India. Dipesh Satapathy discusses the key developments.

Telangana was earlier part of undivided Andhra Pradesh state. There are 16,879 working handlooms and 49,112 powerlooms in the state at present.

About Rs 373 crore was earmarked for the handloom sector and Rs 827 crore for powerlooms and their modernization in the budget. In August, the state announced a string of incentives, including capital subsidy, for the next five years for new and existing enterprises to boost the textile sector. Part of the Telangana Textile and Apparel Incentive Scheme 2017, the sops aim to attract investment and generate job opportunities.

A capital subsidy of 25 per cent for conventional textile units and 35 per cent to technical ones manufacturing medical textiles, geotextiles, agrotextiles and protective clothing was announced.

In government textile parks, the state will take complete responsibility for providing a common effluent treatment plant for use by individual industrial units, the circular said.

Sops to facilitate return of weavers from Telangana who migrated earlier to other states were also announced. More than 23,000 weavers from the state are said to have returned home following government initiatives in the last three and a half years.

In November, the government launched a revised Rs 100-crore 'yard subsidy' scheme in cotton-rich Warangal to benefit nearly 35,000 weavers.

The 20 per cent subsidy on purchase of cotton, wool and silk yarns, dyes and chemicals by weavers and their cooperative societies was doubled to 40 per cent. Additionally, beneficiaries can avail the central government's 10 per cent subsidy.

A host of other measures, including a Rs 10.5-crore loan waiver, setting up of handloom and powerloom corporations, and administrative sanction for a handlooom park in Gadwal city, were announced as well. The loan waiver will benefit about 2,500 handloom weavers. Each weaver will receive a waiver of up to a lakh rupees.

Handlooms and textiles minister KT Rama Rao asked officials in April to formulate a handloom directory containing details of the weavers so that policies could be framed to directly offer subsidy benefits to them.

Rama Rao also sought setting up of a separate corporation for wide marketing and increase in sales of handloom items. Geo-tagging and Aadhaar-linking of all the 16,776 handlooms functioning in the state under 5,505 weavers' societies was completed to implement welfare schemes. The officials of the handlooms department also carried out a study of the Cooptex of Tamil Nadu to work on the same model in Telangana.

In June, the government placed an order for one crore saris worth Rs 200 crore with powerloom weavers in Rajanna district's Sricilla town, which has been in the news for high suicide rates due to unemployment. The saris were distributed to women living below the poverty line during a festival. The state government also placed orders for bedsheets and blankets for hospitals with powerloom weavers there.

In November, the government decided that orders for producing fabric for school uniforms under the Rajiv Vidya Mission and Bathukamma sarees and other materials will be placed only if powerloom weavers upgrade their looms to produce value-added fabric.

Out of a total 50,000 powerlooms in the state, Sircilla town hosts more than 30,000. The government also undertook upgradation of powerlooms in Sircilla.

State chief minister K Chandrasekhara Rao on October 22 laid the foundation stone of the Kakatiya Mega Textile Park, an integrated textile cluster on 1,200 acres near Shayampet in Warangal. This is the first industrial park project to reach this stage in three years after the state was formed.

The government plans to invest Rs 1,000 crore in the project featuring common effluent treatment, zero-liquid discharge facilities and readymade sheds. With an estimated 27,000 direct and 50,000 indirect employment potential from this park, there is a plan to expand it to 2,000 acres.

Rao said over a dozen firms have come forward to set up their manufacturing bases at the park with a cumulative investment of over Rs 3,900 crore. The project aims to bring back local textile workers who had migrated to Surat in Gujarat, Bhivandi in Haryana and Sholapur in Maharashtra after the Azam Jahi Textile Mill in Warangal closed.

A visiting Korea Federation of Textile Industries (KFTI) delegation in August had expressed satisfaction over the location and infrastructure of the park.

In April, a new training and garment production centre was launched with 40 Juki sewing machines at the textile park near Sircilla to provide employment to women. The number of machines will gradually be increased to 150. The government has plans to set up an apparel park at Sircilla by investing Rs 30 crore.

Amazon India signed an agreement in August with the state department of handloom and textiles to educate and train weavers and artisans to directly sell their products to the firm's customers online. This will boost sale of popular handloom products from Pochampally, Warangal, Gadwal, Narayanpet and Siddipet.

Cotton was sowed on a record 47.72 lakh acres in the state this year. However, cotton production is feared to have come down drastically because of pink bollworm pest, unseasonal rains and inferior quality seeds.

Pink bollworm is estimated to have eaten up 40 per cent of the crop this year. The state's agriculture and marketing departments estimate a fall in production from 3.30 crore quintals estimated earlier to 2 crore quintals.

Incidents of distressed cotton farmers committing suicide were reported in the state in November-December.

The state also directed all district collectors in December to take stringent action against sale and supply of unapproved herbicide tolerant cotton variety developed by Monsanto and directed them to immediately destroy the produce. The state is concerned over widespread cultivation of this genetically-engineered cotton seed by farmers.

Source: fibre2fashion.com- Dec 26, 2017

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E-commerce firms in India to follow new norms from Jan 1

The Indian Government has made it mandatory for all e-commerce entities operating in the country to display the exact maximum retail price (MRP) of their packaged products both on the online platform and on the products beginning January 1.

They will also need to mention the name of the country where the products are manufactured or assembled.

The step followed complaints that some of the e-commerce companies don't show the exact MRP while offering huge discounts to attract consumers, according to a top Indian daily.

The consumer affairs department has brought in amendments to the Legal Metrology (Packaged Commodities) Rules, which also bans the practice of dual MRP for the same product for all packaged items.

The companies can put barcode or QR code and e-code for net quantity assurance. They are also free to use government initiatives, such as Swachh Bharat, on the labels of their products.

Source: fibre2fashion.com- Dec 24, 2017

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Ease of doing business in India: Logistics has a major role to play

India is the fourth-fastest growing major economy in the world, with an expected growth rate of above 7% in the current fiscal year, owing to rising exports and increasing government spending—according to the latest edition of the Global Economic Prospects report of the World Bank. India also made it to the top 100 rankings in the World Bank's Ease of Doing Business index recently. All these numbers indicate the growth potential of the country. Going forward, much more is possible with the government's focus on overall development, especially the vital role that the logistics sector can play in enabling this growth.

A number of initiatives have been and are bring taken by the government to make India the manufacturing hub of the world and a lucrative investment destination. However, high logistics costs in the country is one of the significant concerns and requires a viable solution soon to support the country's growth plans. According to a July 2017 report by the ministry of road transport and highways, logistics cost in India is about 14% of the total value of goods, compared to just 6-8% in some of the developed economies. Therefore, the need of the hour for the logistics industry is to improve efficiency in the interstate flow of goods and significant acceleration in the demand for logistics services.

Increase in cost-efficiency

Logistics costs can be brought down only when the service providers are able to reduce their operating cost without compromising on the service and customer experience.

Optimisation of resources to reduce costs and bring down the turnaround time is a crucial improvement required to move in the right direction. Cargo aggregation and distribution need to be seen as one integrated process rather than two disjointed functions. Greater synergy across railway, road and maritime transport to ensure the best turnaround time, while keeping a check on the cost, is a key requirement.

In addition, introduction of dedicated freight corridors, especially in the eastern and western parts of the country, is a crucial requirement to empower Indian Railways to better support the sector. Simultaneously, maximising double stack movement can be a reliable solution for better usage of the existing resources. The goods and services tax (GST) has also helped the operators by eliminating the multiple layers and types of taxes, and consolidating them into one.

Customer value-creation

Considering the size of the industry and the rate at which it is growing, it is high time that third-party logistics (3PL) and fourth-party logistics (4PL) models become functional in the country. The idea is for the operators to grow more than just logistics service providers and become business partners. In a 3PL or 4PL model, the entire logistics operations are outsourced along with aspects like financial planning for the same, which allows the customers to focus on their core operations.

Digitisation of processes

Inventory management and tracking of containers are processes that need solutions that can result in significant improvement and efficiency. Digitisation of these processes can be the answer that the sector is looking for. At CONCOR, for example, we have automated inventory management and introduced tools on mobile and desktop platforms for real-time container tracking.

These deployments, I must say, have not only improved the efficiency of our operations, but also enhanced the customer experience by enabling watertight monitoring of containers and management of inventory without the need of any physical reach out. These have also allowed us to stay connected with our 70-plus facilities, while ensuring continuous cargo visibility, giving us complete control over the services we provide to our customers while maintaining operational quality. The mobile app, in addition, offers total transparency to our customers, as they are able to track their cargo in real-time, on the go.

Future possibilities

Our aim should be to create an ecosystem that enables simultaneous functioning of all container logistics processes. The industry will need to look at Multi-Modal Logistics Parks leading the operations, with seamlessly synergised logistics services. The sector will eventually have to graduate to operating Integrated Logistics and Manufacturing Zones (ILMZs) that combine railway, road and port infrastructure made available along with the manufacturing set-up to ensure smooth functioning of container management and movement along with the operations of the manufacturers. This will benefit not only the logistics industry, but also the entire economic zone.

Lastly, I am sure technology is going to play a significant role in the future of the sector. Technologies like Big Data Analytics, trend analysis, etc, to develop predictive analysis, and the use of robotics in warehouse management, cargo aggregation, etc, are the way forward. Artificial intelligence and machine learning will impact the way the sector functions, in the long run, to significantly improve efficiency and lead customer value-creation.

India is poised to be a commercial hub for the world in the future and container logistics is a key ingredient to ensure that it happens. While the future looks promising for the industry and the country, it is crucial that we take full advantage of the available technologies and resources to ensure that this promise becomes a reality.

Source: financialexpress.com- Dec 26, 2017

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With GST, Bangladesh enters Indian garments market

Bangladesh has started making inroads in India's readymade garments (RMG) market, due to manufacturing cost advantages there after implementation here of the Goods and Services Tax (GST).

The over-arching tax was implemented in India from July 1. And, import of RMG from Bangladesh jumped 56 per cent to $87.4 million from then to November over the corresponding period last year.

Of this, import of knitted apparel surged 69 per cent to $30.1 mn. Import of woven apparel contributed the rest, $57.3 mn, from $38.1 mn in the same period last year.

In terms of volume and market size, overall import from Bangladesh isn't so much. However, the fast increase poses a threat for Indian manufacture. The effective protectionist duty on import from Bangladesh during the pre-GST regime ended with the new tax. For, the cost of production at Bangladesh manufacturers provides them an advantage.

"We have written to the government, seeking changes in the provisions," said Sanjay Jain, chairman, Confederation of Indian Textile Industry. Garment makers in Bangladesh, says the industry, procure fabric from China duty-free.

Their two other basic advantages over Indian manufacturers are cheaper electricity and cheaper labour. Indian garment makers have to pay 20 per cent import duty for the same fabric from China; their power and personnel costs are also higher.

"We have taken a number of steps, including a Rs 6,000 crore special package, technology upgradation funds, etc, to make cost of manufacturing garments in India competitive," said a senior government official.

Industry sources say many RMG retailers in the organised sector have started procuring from Bangladesh in a big way.

"In the pre-GST regime, the government had protected domestic garment manufacturers through levy of countervailing duty on import, equivalent to the excise duty on domestically manufactured garments, in addition to education cess. This protection has gone away after GST implementation.

With the current regulations, Bangladeshi garment manufacturers get 10-15 per cent of cost advantage over production in India. This needs to be addressed immediately," said Rahul Mehta, president, Clothing Manufacturers Association of India.

Source: business-standard.com- Dec 24, 2017

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Be informed, buy informed

In order to help consumers make an informed choice, every garment or ready-to-wear clothing should ideally specify the fibre content and wash care instructions. This is particularly important in case of warm clothing because the warmth of a garment depends on the fibres used and their construction. Unfortunately, we do not have a regulation stipulating mandatory label information on ready-to-wear clothes. As a result, it is extremely difficult for consumers to determine the quality and, thereby, the price of garments that they purchase.

In Canada, for example, the Textile Labelling Act not only ensures complete label information on a wide range of textiles and textile products, but also provides specific provisions to protect consumers from misleading advertising vis-à-vis textiles. In the United States too, the Federal Trade Commission enforces a similar law. Similarly, in the United Kingdom, the Textile Products (Labelling and Fibre Composition) Regulations protect the interests of textile consumers.

In India, even though the Consumer Protection Act of 1986 recognises the consumers' right to information and informed choice, there is no such regulation to protect consumer interest. We are dependent on the voluntary declaration of quality and wash care instructions by manufacturers. So, when you buy cardigans or pullovers, do try and see if it has a label inside (on the side of the garment) giving you this information. That will help you determine the quality. Some manufacturers also give it on the label at the neck. So, do look for it. I must mention that whenever I ask a shop assistant for the quality of winter clothing, he/she will inevitably say it is wool. However, when I check the inside label, I notice that it is made of cotton or acrylic or a blend of two fibres. It is important to check it out. You may also find sweaters with the Woolmark, which is a third party guarantee for pure new wool, given by Woolmark company.

Having said that, I would suggest that whenever you find the information on the quality missing on a garment, do write to the company demanding that information. Such letters from consumers should make a difference. But eventually, we must have a regulation mandating compulsory labelling of fibre content of every garment sold in the country. This way, consumers not only get the required information, but can also haul up those who fail to comply or those who deliberately mislead by giving wrong label information.

Is the retailer also not responsible for what he sells? Can we not demand accurate information on the garment from the retailer?
Of course, the retailer is as responsible for the products that he sells as the manufacturer and he are duty-bound to give correct information about the quality of the product that he sells. He cannot give the excuse that he does not have information or is ignorant about the quality. The other day I saw a tag describing a cardigan as made out of 'modal'. I casually asked the retailer what it meant. Guess what, he did not know. (Modal is derived from the inner pulp of beech trees)

So not only should he have information on what he is selling, but should give correct information. Giving wrong or inaccurate information about the quality constitutes unfair trade practice under the Consumer Protection Act and he can be hauled up before the consumer court for such a practice.

Suppose you ask for a woolen sweater and he gives you a garment made of acrylic or cotton, then, he becomes guilty of misleading you, thereby leading to a wrong purchase by you. That is an unfair trade practice. Having said that, I must point that it would help consumers if they understand the various fibres used in the manufacture of winter clothing. Maybe I will write about that next week.

Source: tribuneindia.com- Dec 24, 2017

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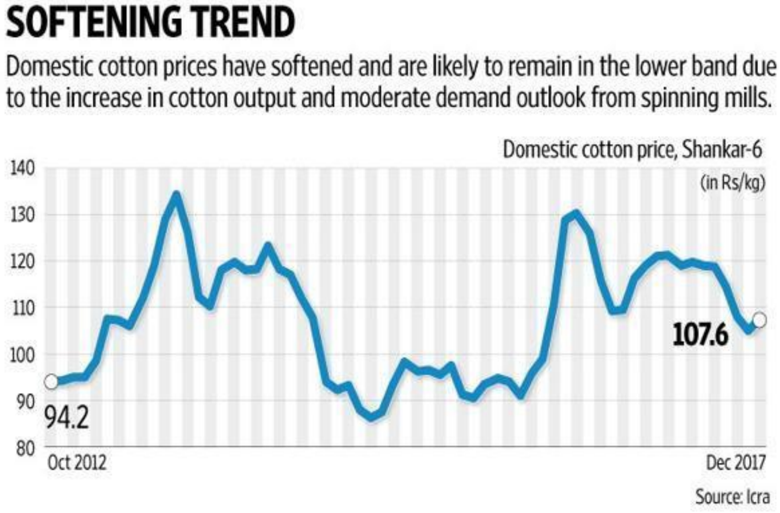
Lower cotton prices revive hope for spinning mills

Cotton prices in India have been trending lower in recent months. Indeed, this is a concern for cotton growers, but spinners are finding the going good after a long-drawn struggle endured over many quarters.

There are several reasons that support a forecast that cotton prices are likely to remain low for a while. Foremost is the 9% increase in cotton output to 37.7 million bales expected during the current cotton year. One bale is 170kg. Some northern states are likely to see a bumper crop, while southern states' output was hurt by pest attacks and untimely winter rains.

On the whole, higher acreage came under cotton cultivation as the past two years had seen cotton prices steadily rising, albeit on account of lower output. Besides, the poor quality of the output this time may keep a tight lid on prices.



Also, global cotton production is on an upswing. After a partial recovery in calendar year 2017 from a 13-year low in 2016, global output is estimated to pick up, growing by a healthy 11-13% in 2018. Therefore, both domestic and global conditions are supporting a downtrend in cotton prices.

Meanwhile, China's subdued import of cotton, following a knee-jerk policy change designed to support the domestic industry, had upset the price cycle in international markets. China is among the leading consumers of cotton and cotton yarn.

Any improved momentum in imports by China may support a recovery in global cotton prices. For now, that seems unlikely. Back home too, Sankar-6 grade cotton is selling at Rs107 per kg, far lower than the high of Rs130-140 per kg touched in August.

With news of higher output following the harvest in October, cotton prices are trending lower. The moot question is whether any policy intervention will shore up prices given the importance of the farmers' vote in the forthcoming general elections.

Certainly, low cotton prices bring succour for the spinning industry, which has posted weak sales growth and profit margins for the last four quarters. In a report, credit rating agency Icra Ltd traces the reasons for pressure in spinning mills: "While in the quarter ended September 2016, the volumes were affected because of a sharp decline in exports to China, the note ban impact affected volumes in the following quarter.

After a narrow window of demand recovery thereafter with conclusion of Chinese cotton auctions, demand pressures reverted from March 2017 onwards."

And of course, the vagaries of the goods and services tax because of a multitude of stages in the textile production chain, adversely effected production and demand for yarn in the last two quarters.

Icra's sample of 13 spinning mills showed a weak trend in volumes and pressure on contributing margins in the recent past, partly fuelled by erratic cotton prices. The aggregate operating profits of Icra's sample continued to remain 6-12% lower than healthy levels seen in fiscal 2013 and fiscal 2014, though 3% higher than in fiscal 2016.

No wonder then that yarn mills will cheer the drop in cotton prices. Eventually, however, currency movements and demand will remain the key determinants of profitability of yarn mills, especially exporters.

Source: livemint.com- Dec 27, 2017

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High demand brings acche din for cotton farmers

Minimum support price (MSP) remained a major poll issue in the recently concluded elections in Gujarat which saw BJP badly losing in Saurashtra, the hub of cotton farming.

The good news for the farmers is that the demand for cotton in Pakistan, China, Vietnam and Indonesia has gone up considerably, pushing the price of cotton by around Rs 400 per quintal in the last one week. Against the MSP plus bonus price of Rs 954, cotton farmers are now getting Rs 1,100 per cotton bale in the market yards with commitments of around four lakh bales being placed.

"December saw surge in demand from Bangladesh, Pakistan, Vietnam, Indonesia and China. Cotton prices have firmed up in the international market too. This has led to increase in cotton prices in local markets by Rs 1,500 to Rs 2,000 per candy over the last 10 days or so," said Arun Dalal, a city-based cotton trader.

According to traders, the prices of benchmark Shankar-6 variety, widely grown in Gujarat, are being quoted in the range of Rs 40,200 to Rs 40,600 per candy currently (a candy weighs 356 kg). "The price even touched Rs 41,000 per candy.

However, it has come down from that level with improvement in arrivals of cotton in local markets, which had slowed down on account of marriage season and elections few weeks back," Dalal added.

Traders and exporters estimate that around 15 lakh bales so far this season have been booked for exports in India, of which nine lakhs have been dispatched. The cotton shipments from Gujarat has been 3.5 lakh to four lakh bales.

In order to meet growing demand from its textile industry, Pakistan allowed imports of cotton from India recently. "This has boosted export sentiments as the neighbouring country is expected to import 10 lakh bales from India.

Current export commitment to Pakistan is estimated at 3 lakhs to 3.5 lakh bales, shipments of which would start from January 2018. Pakistan importers are quoting higher price of Rs 41,000 to Rs 41,500 per candy for importing cotton from India," said Nirav Patel, an exporter from Ahmedabad.

As far as local market is concerned, around 42,000 to 44,000 bales of cotton are arriving daily in the market. So far, 20 lakh bales have arrived in the market in Gujarat. B R Tejani, secretary of the Rajkot APMC, said that the farmers are currently getting more price than the MSP declared by the government. The MSP was Rs 854 and a bonus of Rs 100 announced by the Gujarat government. He further said the increase in the price was because of the increase in demand.

P P Pandya, the APMC secretary of Amreli, said, "The increase in price is owning to the increase in demand in the international market." The farmers are expecting that the prices will go up further.

Source: timesofindia.com- Dec 27, 2017

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Cotton prices seen holding firm in 2018 on slow arrivals

Having witnessed a roller-coaster ride in 2017, cotton prices are expected to be range-bound with an upward bias from the current levels in 2018, experts hinted.

In the last one month, raw cotton or *kapas* prices moved up sharply by ₹1,000 a quintal from the lows of ₹4,300-4,500 in Gujarat markets. The upside is mainly attributed to the political uncertainty and lower arrivals at the mandis inspite of robust crop estimates.

On the spot markets in Rajkot, each bale (of 170 kg) of 29-mm cotton was quoted at ₹19,459 as on December 22 from ₹18,098 quoted a month ago.

In 2017, cotton prices saw sharp volatility due to climatic extremities and pest attack in key growing regions of Karnataka, Maharashtra and Gujarat.

According to trade sources, the recent upside in cotton prices is mainly due to the stocks held by the farmers in anticipation of better prices.

Farmers retain the fibre

"The arrivals have not yet hit the peak levels. Overall, 20 lakh bales have arrived in Gujarat, while the all-India arrivals are about 100 lakh bales. Also, there are export commitments for about 15 lakh bales, while nearly 9 lakh bales have already been shipped. This has created a bullish mood amid slow arrivals," said Arun Dalal, a cotton trader.

Further, a crucial election in the largest cotton grower Gujarat also prompted farmers to postpone selling their stock in anticipation of some government assistance to lift the market prices.

"The current upside in cotton prices is due to lower arrivals. The farmers have set their eyes on the ICE cotton rates, which are higher. As against the daily arrivals of 2.25 lakh bales across the country, currently only 1.50 lakh bales are arriving.

This indicates that farmers are holding back the stock expecting better prices," said J Thulasidharan, President, Indian Cotton Federation.

Global forecast

The domestic cotton prices are closely connected with the global sentiment, especially with the price movement on New York's Inter-Continental Exchange (ICE).

An estimate by the International Cotton Advisory Committee (ICAC) projected 2017-18 global cotton production at 25.57 million tonnes against 23.05 million tonnes estimated for 2016-17.

The global cotton consumption is expected to be at 25.22 million tonnes — lower than production.

However, the stock-to-use ratio of the global mills remains upwards at 76 per cent. "Higher stock-to-use ratio joined by good cotton production will keep the rally in check and limit the downward pressure as well. Hence, even if the Indian cotton scenario appears to favour a bull-run, there is not likely to be a big bull run in 2018. Nor will there be a big correction in the coming year," added Thulasidharan.

Meanwhile, domestic scenario continues to point at the future volatility in cotton prices due to speculators and hedge-funds looking at the fibre commodity as an investment tool to hedge their financial risks.

"As long as there will be volatility in New York Cotton futures (ICE Cotton), there will be reflection on the Indian cotton prices.

The crop and stock scenario shows increased availability but there is also likely increased mill consumption and higher yarn demand. Hence, we see the 2018 year to remain in a balance with some volatility due to speculators," said Nayan Mirani, a Mumbai-based cotton expert. ICE Cotton was quoted at 77.96 cents, and is likely to hit 80 cents amid speculative trades.

Balance sheet

According to the recently released data by the Cotton Advisory Board, India's cotton output is estimated to be around 377 lakh bales with lower yield of 523.83 kg/ha for 2017-18 against 540.80 in 2016-17.

Cotton acreage, however, has increased from 108.45 lakh hectares in 2016-17 to 122.35 lakh hectares in 2017-18. This is likely to be reflected in the increased production of the fibre crop from 345 lakh bales last year.

Source: thehindubusinessline.com- Dec 26, 2017

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Textile ministry seeks more funds for powerlooms

The textiles ministry, which had allocated a sum of Rs 126.76 crore for the Power Tex India scheme, is planning to seek an additional Rs 33.27 crore for 2017-18, textile minister Smriti Irani said earlier this week in the Rajya Sabha.

The Rs 33.27 crore would be in the form of supplementary demand for grants, the minister said, adding that of the Rs 126.76 crore allocated for 2017-18, Rs 83.08 crore has already been spent till now.

The information came in response to a question by R Vaithilingam of AIADMK, who also sought to know if the government is considering to enhance the capital subsidy for powerlooms in the country.

Irani said that there was no proposal as yet on enhancing the capital subsidy from the present 10% to 30 per cent.

Irani also said that in the period 2017-18, 48 yarn bank proposals and 118 group work shed proposals have been approved. "Only two applications for group work sheds are pending," the minister added.

The ministry of textiles announced the yarn bank scheme under Power Tex India with an objective of providing interest free corpus fund to special purpose vehicles or consortiums to enable them to purchase yarn at wholesale rate and give the yarn at a reasonable price to small weavers.

Source: timesofindia.com- Dec 26, 2017

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India allows manual filing of tax refund claims by traders

To accelerate pending refunds of those who are facing problems of blocked working capital under the goods and services tax (GST), India's Central Board of Excise and Customs (CBEC) has now allowed exporters and traders to manually file applications and forms related to refund claims on account of inverted duty structure, deemed exports and excess balance.

The decision, recommended by the GST Council, is a notable deviation as all filings under GST were to be done electronically online. The reason for the relaxation is the non-availability of the refund module on the common portal, said a recent CBEC circular.

Even after five months of GST rollout, exporters and manufacturers continue to face delays in receiving refunds. The refund claims will have to be filed on a monthly basis by taxpayers.

However, those assessees who have joined the composition scheme and will file returns on a quarterly basis, can seek refunds on a quarterly basis, the CBEC said. Refunds would be sanctioned by the central or state GST authority and would be cleared within seven working days.

Meanwhile, the CBEC has also extended the deadline for filing returns for input tax credit (ITC 01), non-resident taxable persons (GSTR 5) and person supplying OIDAR services from abroad to non-taxable online recipients in India (GSTR 5A) to January 31.

Source: fibre2fashion.com- Dec 25, 2017

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