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IBTEX No. 264 of 2018 December 28, 2018

USD 70.00| EUR 80.16 | GBP 88.63 | JPY 0.63

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20526	42900	**78.01**

Domestic Futures Price (Ex. Gin), January

Rs./Bale	Rs./Candy	USD Cent/lb
20960	43806	**79.66**

International Futures Price

NY ICE USD Cents/lb (March 2019)	72.06
ZCE Cotton: Yuan/MT (May 2019)	14,860
ZCE Cotton: USD Cents/lb	**98.32**
Cotlook A Index – Physical	**81.95**

Cotton Guide: ICE Futures were moving North on Wednesday, whereas yesterday ICE futures dropped quickly, therefore not being able to thrust further ahead after building a slight momentum. ICE March futures settled at 72.06 i.e a drop of (-144) points after touching a low of 71.87 cents/lb and a high of 74.18 cents/lb. ICE May futures also followed similarly with a drop of (-141) points settling at 73.32 cents/lb.

ICE July settled (-150) points lower at 74.28 cents/lb. All the other ICE contracts were in Negative figures. Total open interest (OI) dropped by 564 contracts to 211,484. March contract OI reduced by 307 at 127,287, July contract OI reduced by 259 at 17,174, whereas the May contract OI saw a short increase.

At the domestic front MCX contracts emanated red adjustment figures. January contract experienced a loss of (–20) and settled at 20960 Rs/Bale with lower volume of -1989 lots at 3019 lots and higher open interest of +436 at 7704 lots. February contract settled at 21,210 Rs/Bale i.e a (-30) loss whereas March settled at 21,410 Rs/Bale with a (-10) loss.

Indian Shankar 6 is trading around 43,200 Rs/Candy. Based on the pressure of arrivals the markets might trade in the range of Rs 42,500 to Rs 44,000 per candy next in the entire January. Cotlook index A has been adjusted to 81.95 (+0.30). This week Export sales figures would not be released due to the US government shutdown.

Cotton prices fell of the seventh time in eight sessions on sign of limited demand for US Exports as China is inclining its purchases to India. In December the commodity has plunged 8.6%, heading for the biggest drop since August 2016. Earlier in June, Cotton futures at ICE had attempted to break the 98 level but failed and then market has now crashed to 72.

On the technical front, when we see an average price of last six months, the figure amounts to 71 cents. This means the market could bring some more decline. We expect it to continue in the range of 70.50 to 75.50. Unless the 75.50 figure is breached we should not turn bullish on cotton. ICE MAR futures however, failed to sustain above the 74 level and slipped towards the supports at 72.00 level in yesterday’s trade.

As shown in the charts , the next support levels exists at 71.90 zone (76.4% Fibonacci level), only decline below could bring further selling towards 70 followed by 69 levels, else it seems that the price will retrace towards 74.50 zone as oversold RSI restricts the downside for the near term. On the higher side above 74.50, 75.50 is the crucial resistance zone followed by 76.20. In the domestic markets trading range for Jan future will be 20720-21240 Rs/Bale.

Currency Guide

Indian rupee has opened higher by 0.4% to trade near 70.07 levels against the US dollar. Rupee has benefitted from weaker crude oil price, some stability in equity market and RBI's open market operation to boost liquidity.

Brent crude trades higher near $53 per barrel today after a 4.2% slide yesterday. Crude price remain pressurized by unexpected rise in US crude oil stocks and concerns about US and Chinese economy.

US DJIA index ended a volatile session Thursday with a 1.1% marking its second consecutive rise and this has helped Asian market trade largely higher today. As per report, RBI got bids worth 364.8 billion rupees at open market operation auction.

The US dollar is under pressure amid mixed economic data and concerns about government shutdown. US consumer confidence index fell from 136.4 to 128.1 as against forecast of 133.5.

Partial US government shutdown is likely to continue into 2019 after House Republicans said no votes planned this week. While risk sentiment has improved, we may not see much further improvement given concerns about Chinese and US economy, uncertainty about US-China trade deal and US government shutdown.

Rupee may witness choppy trade amid mixed cues however global economic challenges will continue to weigh. USDINR may trade in a range of 69.8-70.25 and bias may be on the upside.

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

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INTERNATIONAL NEWS

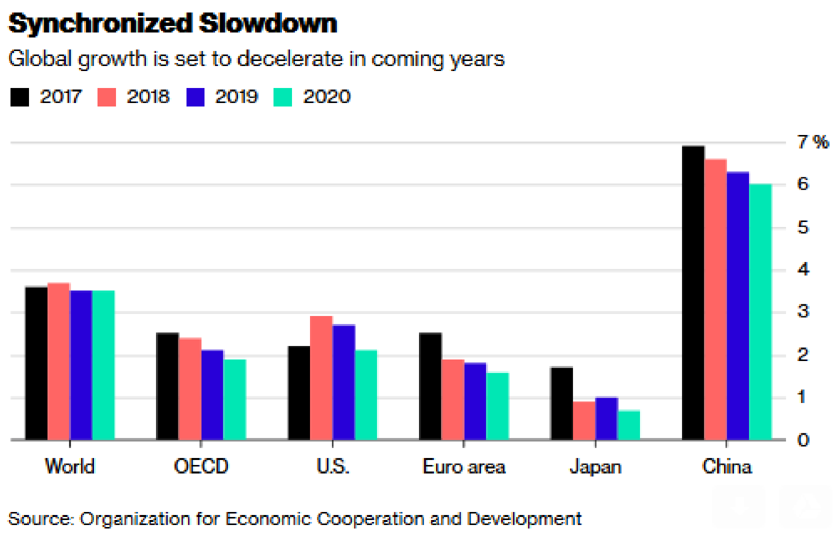
World Economy Is Set to Feel the Delayed Trade War Pain in 2019

While 2018 was the year trade wars broke out, 2019 will be the year the global economy feels the pain.

Bloomberg's Global Trade Tracker is softening amid a fading rush to front-load export orders ahead of threatened tariffs. And volumes are tipped to slow further even as the U.S. and China seek to resolve their trade spat, with companies warning of ongoing disruption.

Already there are casualties. GoPro Inc. will move most of its U.S.-bound camera production out of China by next summer, becoming one of the first brand-name electronics makers to take such action, while FedEx Corp. recently slashed its profit forecast and pared international air-freight capacity.

"Any kind of interference with commerce is going to be a tax on the economy," said Hamid Moghadam, chief executive officer of San Francisco-based Prologis Inc., which owns almost 4,000 logistics facilities globally. "And the world economy is probably going to slow down as a result of it."



Financial markets have already taken a hit. Bank of America Merrill Lynch estimates that the trade war news has accounted for a net drop of 6 percent in the S&P 500 this year. China's stock market has lost $2 trillion in value in 2018 and is languishing in a bear market.

Recent data underscore concerns that trade will be a drag on American growth next year. U.S. consumers are feeling the least optimistic about the future economy in a year, while small business optimism about economic improvement fell to a two-year low and companies expect smaller profit gains in 2019.

What Our Economists Say...

For the world economy, the threat of trade war has dissipated, not disappeared. Three risks stand out.
First, 90 days of talks between China and the U.S. might end in failure, with higher tariffs following.

Second, even without an increase in tariffs, front-loading of exports in 2018 will reduce shipments in 2019. Finally, looking beyond the trade war, early warning signs from PMI surveys to FedEx profit warnings flag a softening of demand.

The International Monetary Fund forecasts trade volumes will slow to 4 percent in 2019 from 4.2 percent this year and 5.2 percent in 2017. They warn that trade barriers have become more pronounced.

Europe isn't insulated either. While Germany's key machinery sector will produce a record 228 billion euros ($260 billion) this year, the trade disputes are among reasons why growth will slow, according to the VDMA industry association. Output will increase about 5 percent in real terms in 2018, the most since 2011, before growth slows to 2 percent next year.

Then there's the risk of the U.S. placing tariffs on auto imports from Europe and Japan, a move that would damage relations between some of the world's biggest economies. The arrest of Huawei Technologies Co. Chief Financial Officer Meng Wanzhou illustrates the risk of unexpected developments that can quickly inflame already tense relations.

"'Trade divergence' since 2018 and the 'Tariffs-Limbo' into 2019 are likely to keep a high degree of uncertainty and continue to have an impact on trade and investment plans," New York-based Citigroup global markets economist Cesar Rojas wrote in a recent note.

The critical question is whether Washington and Beijing can strike a deal by the March 1 deadline. If they succeed, a cloud will be lifted off the world economy. But for now, the threat that tensions will linger is a brake on business expansion plans, and thereby the global economy.

Dippin' Dots LLC is among those caught in the crossfire. The U.S.-based maker of ice cream and other frozen products spent three years breaking into the Chinese market and opened its first stores in the country this year, only to pay double-digit tariffs on imported dairy products. CEO Scott Fischer said if the U.S.-China talks fail and additional tariffs are added, he'd be forced to rethink strategy, supply chains, and where in the world he expands. "From an entrepreneur's perspective, our question is how long will this continue?" Fischer said. "It's hard to plan business in this environment."

Source: bloomberg.com- Dec 26, 2018

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Trump's Tariffs Shake Up the Global Trade Order

Since President Donald Trump was elected in 2016, he has made trade one of his key policy priorities. His rejection of globalism, support for U.S. national security, and retaliation against unfair foreign trade practices marked a fundamental shift in America's trade policy.

In 2018, trade conflict rose to its highest level in more than three decades following Trump's decision to impose tariffs on steel, aluminum, and Chinese goods. The United States also imposed restrictions on foreign direct investments.

Trump pursued trade protectionism, which has ironically long been a Democratic priority. But he repeatedly asserted that he favored trade that was both free and fair.

"First of all, I understand the benefits of trade. I just want a better deal for American businesses and workers," Trump told his campaign's economic advisers, Stephen Moore and Arthur Laffer, who co-authored the book "Trumponomics."

His focus on bringing back jobs and protecting American businesses was one of the pillars that shaped his economic policies, including trade.

After his election, he followed through on his promises and began ending what he called “broken trade deals.” In one of his first acts as president, Trump withdrew the United States from the Trans-Pacific Partnership (TPP). He discarded the U.S.–European Transatlantic Trade and Investment Partnership negotiations. He announced plans to renegotiate the terms of the North American Free Trade Agreement (NAFTA), which he called “the worst trade deal in the history of the country.”

Rise of Bilateralism

Trump made it clear that he preferred bilateral trade deals to regional or multilateral agreements.

“Believe me, we’re going to have a lot of trade deals. But they’ll be one-on-one. There won’t be a whole big mash pot,” he told Republican lawmakers on Jan. 26, 2017.

He and his administration saw the big advantage of bilateral deals. They knew that the United States, being the world’s largest economy, would be able to get more concessions from its bilateral partners than its multilateral partners.

Trump launched a tariff campaign early this year, as part of his hard-nosed strategy to level the playing field for American workers and end unfair trade practices against the United States.

“We’re going to see who’s treating us fairly, who’s not treating us fairly,” he said at the White House on March 8 while rolling out his steel and aluminum tariffs.

A few weeks later, Trump announced his first trade win in reaching a deal with South Korea. According to the White House, it was the first renegotiation of a trade pact in U.S. history. Both sides signed the revised bilateral free trade deal known as the U.S.–Korea Free Trade Agreement (KORUS) in September.

Through this deal, the United States has reduced steel imports from South Korea by 30 percent and has gained concessions for U.S. automotive exports. Trump boasted about his deal, saying that the new agreement would reduce the U.S. trade deficit with South Korea and widen opportunities for American exporters.

The deal has important national security implications as well, since it reduces America's dependence on foreign steel and aluminum. Tariffs on metals imposed in March sparked reinvestment in domestic production, bringing back thousands of jobs.

NAFTA Revamp

The Trump administration landed its biggest trade win this year by overhauling the 24-year-old NAFTA and ending tensions with two of the United States' biggest trading partners, Canada and Mexico. The three countries signed on Nov. 30 a new trade deal, the U.S.–Mexico–Canada Agreement (USMCA), on the sidelines of the G-20 Summit in Argentina. The pact has to be ratified by lawmakers in the three countries.

Critics called the deal a minor update to NAFTA. The new pact, however, has strong labor rules, which makes it an important milestone for international trade.

Trump succeeded in altering the agreement in ways that Democrats have longed to achieve for years, said Edward Alden, a senior fellow at the Council on Fore---ign Relations, praising Trump's accomplishment.

The new "rules of origin" on cars is a substantial improvement to the old agreement, which promotes production and jobs in the region. Under the new deal, 75 percent of automobiles' content must come from North America, up from the original threshold of 62.5 percent. The rules also incentivize the use of high-wage manufacturing labor in the auto sector.

The new deal with Canada and Mexico also revealed Washington's plan to isolate Beijing in a new global trade order by edging China out of trade deals with allies. The USMCA has a so-called "poison pill" provision that essentially blocks any trade flirtation with China.

According to the agreement, "entry by any party into a free-trade agreement with a non-market country" like China would allow the other parties to terminate the pact.

Patrick Mulloy, a former member of the U.S.–China Economic and Security Review Commission, called it a "brilliant provision."

"Because that changes the whole parameters," Mulloy said during an interview in October.

U.S.–China Trade War

Trump's trade war with Beijing goes beyond the rationale of reducing the U.S. trade deficit with China. For years, the Chinese communist regime has refused U.S. demands that it change its unfair trade practices.

The United States has accused China of stealing key technologies and intellectual property (IP) from foreign companies using various tactics that include physical and cyber theft and forced technology transfers.

Since China's accession to the WTO in 2001, globalization has been all about incorporating China, according to Diana Cheylova, chief economist of Enodo Economics.

"Despite joining the WTO, China never became a fully-fledged market economy, which the Americans expected," she said.

According to Cheylova, the Chinese people were the primary beneficiaries of globalization. Meanwhile, "a large chunk of the electorate in the Western World felt left behind" in relative terms, she said.

In December, Trump came away from the G-20 summit with several triumphs, including a trade truce with China and the WTO reform.

Trump and his Chinese counterpart Xi Jinping declared a 90-day ceasefire on tariff increases on Dec. 1 at the end of their bilateral meeting on the sidelines of the summit. As part of the deal, China for the first time made a firm commitment to deliver structural reforms to address Washington's long-standing concerns.

It is not clear whether China will fulfill its pledges within the 90-day ceasefire. However, "if it happens, it goes down as one of the largest deals ever made," Trump said after the meeting.

During the summit, leaders of the world's top economies also agreed for the first time to reform the 23-year-old WTO, backing Trump, who has repeatedly called the organization a "disaster."

The G-20 countries collectively acknowledged that the multilateral system was failing and needed improvement.

Source: theepochtimes.com- Dec 27, 2018

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Apparel and Textile Duty-Free Status Key Objective of US-Japan Trade Agreement

The U.S. will seek comprehensive duty-free treatment for textile and apparel products, and other industrial goods in the proposed bilateral free trade agreement (FTA) with Japan.

It will also aim to ensure that Japan avoids manipulating exchange rates to prevent effective balance of payments adjustment or to gain an unfair competitive advantage and wants the agreement to have a mechanism to ensure transparency and take appropriate action if Japan negotiates an FTA with a non-market country, presumably China.

These provisions were included in the Office of the U.S. Trade Representative's (USTR) negotiating objectives for a U.S. trade agreement with Japan. Formal discussions with Japan can begin as early as Jan. 21, based on the Bipartisan Congressional Trade Priorities and Accountability Act of 2015.

The objectives also include strengthening procedures and creating new ones to address antidumping and countervailing duty evasion, which has been a key tool for the Trump administration specifically, and the U.S. in general, in recent years.

The notification to Congress from USTR states that the U.S. wants to reduce tariff and non-tariff barriers and achieve fairer and more balanced trade with Japan. The U.S. goal is to improve the trade balance and reduce the trade deficit with Japan, increase transparency in import and export licensing procedures, and discipline import and export monopolies to prevent trade distortions.

The U.S. imported $483.96 million worth of apparel and textiles from Japan in the year through October, a 5 percent increase over the year-earlier period. In the same time period, the U.S. exported $568,501 in textiles and apparel, a 9.26 percent gain over the previous 12 months.

Additional provisions will be targeted at obtaining fair and more equitable trade in the motor vehicle sector and securing greater regulatory compatibility to facilitate U.S. exports in key sectors such as pharmaceuticals, medical devices, cosmetics, information and communication technology equipment, motor vehicles and chemicals.

In the area of customs, the U.S. wants to increase regulatory transparency and ensure more expedience in releasing shipments after determining compliance with applicable laws and regulations.

This area would include streamlined and expedited customs treatment for express delivery shipments and simplified customs procedures for low-value goods, which would facilitate cross-border e-commerce.

On September 26, 2018, President Trump and Prime Minister Abe announced that the U.S. and Japan would begin negotiations for a U.S.-Japan Trade Agreement.

U.S. goods and services trade with Japan totaled an estimated $283.6 billion in 2017. Exports were $114 billion, while imports were $169.5 billion. The U.S. goods and services trade deficit with Japan was $55.5 billion in 2017.

Japan was the U.S.'s fourth-largest goods export market in 2017. The top export categories were machinery, optical and medical instruments, aircraft, mineral fuels and electrical machinery.

Japan was the U.S.'s fourth largest supplier of goods imports in 2017. U.S. goods imports from Japan totaled $136.5 billion in 2017, up 3.4 percent from 2016. The top import categories vehicles, machinery, electrical machinery, optical and medical instruments, and aircraft.

Source: sourcingjournal.com- Dec 27, 2018

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Trump's Trade War Comes With an Unexpected Bonus: More Trade

A few days before Christmas, the container ship "SM Shanghai" was steaming toward California's Port of Long Beach. Just ahead and coming to the end of an 11-day journey from China, the "Ever Lucent" was headed for the nearby Port of Los Angeles, where the "Thomas Jefferson" was preparing to sail in the opposite direction for Xiamen.

The global economy, in other words, was chugging along nicely on one of the world's busiest sea lanes. Trade wars be damned.

In fact, President Donald Trump's assault on globalization has had a paradoxical effect on world trade flows. A rush to get ahead of new and higher tariffs, particularly on U.S. imports from China, has motivated retailers and other American companies to increase orders, which has helped boost volumes at the country's ports.

"The warehouse and distribution centers are full in southern California," said Phillip Sanfield, a Port of Los Angeles spokesman. "We're experiencing some logistical issues at the San Pedro ports just because there's so much cargo in play here."

Busy December

After an active 2017 when the Port of Los Angeles moved the equivalent of 9.3 million shipping containers—an all-time high for the facility—a busy December has put it on track to report another record year in 2018, according to Sanfield. Traffic at the Port of Long Beach increased more than 7.3 percent through November, on pace to surpass the record 7.5 million containers it handled last year.

There are many other signs that international commerce did just fine in 2018, thanks in no small part to a busy trade year in America, the world's biggest buyer of goods.

Despite Trump's efforts to reduce his country's appetite for foreign-made products, the U.S. imported more goods and services in value terms than ever in October, the latest Commerce Department data show. U.S. exports were near the all-time monthly record set in May.

And while the World Trade Organization in September forecast global trade growth would ease this year by 0.8 percentage point to 3.9 percent, the gain would still be high by recent standards. As recently as 2016, international trade volumes grew by just 1.8 percent.

"Many people want to shout that the sky is falling on trade because of these trade measures" such as tariffs imposed by the Trump administration, WTO chief economist Robert Koopman said. But for now, "we think 2018 is going to end up with a fairly solid year."

The story of global trade in 2018 does have subplots and offers warnings for the future.

Record volumes at West Coast ports illustrate at least one uncomfortable trend for Trump: His trade war so far has done more to reduce American exports to China than to lower imports from the Asian nation.

Increased traffic at the Port of Long Beach included a surge in empty containers being shipped back to Asia. In November alone the port saw more than 186,000 empty containers sent on that trip, 11 percent more than last year.

While U.S. retailers have stepped up purchases of Chinese products to avoid tariffs later on, "you're seeing the opposite effect on the other side of the ocean," said Mario Cordero, the port's executive director.

"Chinese businesses seem to be already looking to other countries for goods and raw materials, meaning there's less demand for American exports and more empty containers."

A Concern

Meanwhile, the 2018 trade rush could be followed by a slowdown in 2019. That's a concern for the Port of Los Angeles, which expects the scramble to beat tariffs to cause a slowdown in purchases later on. "We're probably going to see a softening of trade," Sanfield said.

But it's not clear how soon the surge of imports will end.

Trump and China's Xi Jinping agreed to a truce on Dec. 1, prompting the White House to delay for 90 days an increase in tariffs on some $200 billion in annual imports from China. The agreement called for talks to get underway in earnest in January and postponed the rise in tariffs until at least March 1.

A U.S. delegation will head to China in the week of Jan. 7 to hold talks with Chinese officials, two people familiar with the matter said.

What comes after that is unclear, as the moratorium could easily be extended for another 90 days if the two sides make even faint progress in negotiations. For many retailers, such a move would extend the uncertainty—and quite possibly their buying spree from China.

That for many means continuing the push to stock up on products from existing vendors in China rather than shifting supply chains that have taken years to establish, said Jonathan Gold, the National Retail Federation's resident supply-chain expert.

"Many are trying to find those alternative sources," he said. "The problem is it takes time. It's not like a light switch. You can't just switch vendors."

Source: sourcingjournal.com- Dec 27, 2018

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USA: Clothing Sales Jump 7.9 Percent This Holiday

Based on early data from Mastercard, retailers made Santa's "nice" list this holiday and enjoyed a very merry Christmas with consumer spending up 5.1 percent to $850 billion between Nov. 1 and Dec. 24. It's the best growth seen in the past six years, the company said, and ahead of the 5 percent projection predicted by IHS Markit.

Apparel is a perennial holiday gifting favorite and this season consumers responded to what clothing sellers had on offer, boosting category sales 7.9 percent over the same period in 2017—and the strongest growth rate recorded in the past eight years, according to the Mastercard SpendingPulse, which tracks non-automobile transactions across channels and all payment types. Shoppers' enthusiasm for new clothing started during the back-to-school season and strengthened into autumn, the company added.

"By combining the right inventory with the right mix of online versus in-store, many retailers were able to give consumers what they wanted via the right shopping channels," noted Steve Sadove, a Mastercard senior advisor and the former Saks Incorporated chairman and CEO.

Their 1.3 percent year-on-year decline comes on the heels of two consecutive years of sub-2 percent growth. Some of that turmoil can be linked to the rash of store closings many have labeled as a "retail apocalypse" but consumers have also shown a preference for shopping smaller format stores rather than sprawling mall anchors.

However, department stores' digital investments show signs of paying off; e-commerce sales for these retailers grew 10.2 percent, part of the overall 19.1 percent lift among all online retail sales compared to 2017.

Mastercard noted that retailers may have been hampered by less-than-ideal weather during the holiday shopping season that brought frigid temperatures to the East Coast on Black Friday and drenched both coasts the weekend of Dec. 15-16. That's on top of a stormy final Friday before Christmas, all of which begs the question: if not for inclement weather, could retailers have made it to $1 trillion?

Source: sourcingjournal.com- Dec 27, 2018

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US shutdown to postpone publishing of economic data

The partial shutdown of the federal government set to enter its sixth day

The US Department of Commerce's Bureau of Economic Analysis and Census Bureau will not publish economic data during the ongoing partial government shutdown, the Wall Street Journal reported on Wednesday, citing an agency spokeswoman.

The Commerce Department releases key figures on gross domestic product, inflation, personal income and spending, trade and new home sales, much of which are closely watched by investors and policymakers.

“Due to the lapse in Congressional Appropriations for Fiscal Year 2019, the US Department of Commerce is closed,” a notice on the department's website said. “Commerce Department websites will not be updated until further notice.”

A Commerce Department official said previously that new home sales data scheduled for release on Thursday would be postponed as long as the partial government shutdown continued.

Other data likely to be postponed includes revised figures on US building permits that had been scheduled for Thursday and a report on advance economic indicators, including the goods trade balance, that had been scheduled for Friday.

The partial shutdown of the federal government was set to enter its sixth day after President Donald Trump said he was prepared to wait as long as it takes to get $5 billion from taxpayers for his US-Mexico border wall.

The Wall Street Journal reported that the Labor Department would continue to release the data it compiles, including new claims for jobless benefits, the monthly employment report and other inflation measures. The Commerce Department did not respond to Reuters' request for comment.

Source: thehindubusinessline.com- Dec 27, 2018

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Iran textile exports up 40 per cent

This year, Iran's textile exports grew 40 per cent and textile production grew by two per cent. Efforts are on to make things easy for garment manufacturers to enhance exports. The decision to prohibit imports of some items has created huge opportunities for local manufacturers to increase their exports despite all challenges pertaining to the currency.

The country has taken measures aimed at renewing the garment manufacturing industry, in a bid to enter international markets. Exporting apparel products to neighboring countries, including the CIS and, in particular, Azerbaijan, is on the agenda. There are about 50,000 apparel manufacturing units in the country.

Foreign representatives, branches and distributors of apparel in Iran who seek business licenses have been mandated to produce goods worth 20 per cent of their import value inside Iran and to export at least 50 per cent of this domestic production.

The initiative is aimed at increasing domestic production, creating jobs and reviving Iran's apparel industry. Public interest in domestic products has dramatically surged over recent months.

Plans are underway to establish a new apparel industrial town in Fashafouyeh, located in Tehran province's Rey county, with the aim of limiting imports, boosting domestic production and making the price of Iranian clothing more competitive.

Source: fashionatingworld.com- Dec 27, 2018

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Pakistan: Textile industry continues to disappoint with its inefficiency in 2018

The year 2018 has been another disappointing year for our textile sector that failed to deliver despite 29 percent depreciation of rupee during this calendar year, as the industry is plagued with inefficient technology and low-skilled workforce.

It is worth noting that the rupee was valued Rs109 against the US dollar on January 1, 2018 the existing dollar rate of Rs140 is 29 percent higher than it was at the start of year. Pakistani exports have not picked up in recent months despite high devaluation of rupee.

The exports in fact declined in the month of November 2018 by over six percent compared with November 2017. The exports are unlikely to surge under the current circumstances. The decline in energy and power rates at best can stem the decline, but is unlikely to boost exports.

The mills in basic textiles are still closing. Last week, a weaving mill called it a day in Punjab despite lucrative concessions from the federal government. The total number of mills that have closed down is over 125; majority closed in 2018.

The international market has not been responsive during most of the year. The US sanctions against China equally hit Pakistani textile exports, as most of our yarn and fabric goes to that country.

The value-added textile exports did increase, but the growth was no way near the devaluation of the rupee. In fact, the exports of both readymade garments and knitwear increased robustly in quantity but there was a sharp decline in per unit value. The value-added textile sector is facing efficiency and sustainability issues.

International Finance Corporation, a member of the World Bank Group, has signed an agreement with leading global apparel company, Gap Inc in Pakistan to boost resource efficiency in its operations and drive long-term sustainability.

This programme, if successfully implemented, may boost value-added exports in future. Under the agreement—the first of its kind in Pakistan's textile industry—IFC's Advisory Services will assess the use of resources at Gap Inc's supplier factories in the country, and help them implement efficiency measures to reduce the use of water, energy, chemicals, and other resources. This will also help Gap Inc improve competitiveness and sustainability.

The perception of the country has also not improved and there are reports that some US importers are reluctant to place repeat orders with Pakistani exporters, probably on lobbying from anti-Pakistan forces.

Textile sector is also facing shortage of skilled hands. In four years, the sector fired most of their best hands due to decrease in exports. Many of them have either changed profession or are self employed in different sectors. Most of them are not in a position to take the risk of rejoining the industry that dumped them; they are content with what they are earning regularly.

While government policies did play a role in increasing the plight of the textile sector, the industry itself increased the stress due to its lethargic attitude towards achieving efficiencies. Perhaps several decades long textile exclusive facilitations by the government played a role in making the sector complacent.

They expected a bailout package from the government. They did not upgrade technology nor did they improve efficiencies.

Take the case of the spinning industry, where 90 percent of the spindles are power inefficient because of old technology. The new high tech spindles consume 40 percent less power. Had efficient technology been used, the industry would have survived high power and energy prices in the past 5 years. The present government, realised the high power and gas rates, and rationalised. But the technology was still old, which meant it ended up subsidising power inefficiency to the tune of 40 percent.

This subsidy should have been conditional. The government should have asked each industry to improve power efficiency by at least 10 percent per year, which meant technology upgrade of ten percent each year.

This way the government would not have had to increase the subsidy even if the exporting industry grew by 10 percent. In case of failure to improve power efficiency, a tariff penalty of 5 percent should have been slapped on the defaulting mills. This would force the exporters to improve efficiency, or else subsidy would increase every year. If we look at the current scenario the textile sector, the competitiveness of the textile sector stands fully restored. The only handicap now is their obsolete technology and general inefficiencies (IFC has jumped in to remove these inefficiencies).

The other parameters are ideal for any industrial sector in Pakistan. The minimum wage of Rs15,000 that was equivalent to almost $150/month a year back is now equivalent to $105/month. This minimum wage is only $10 higher than that of minimum wage in Bangladesh.

Indian worker gets minimum wage of $175 per month that is $60 higher than current minimum wage in Pakistan. The minimum wage in China is $240 and Vietnam is $145.

Rupee devaluation is icing on the cake. Water charges for industries in Pakistan are half than the charges borne by industries in China, India, and Bangladesh. The power and energy rates are at par or lower than most competing economies.

The domestic textile sector lost another advantage of procuring its main input - cotton - from local production that continues to decline. The decline in cotton production that was an institutional failure, also stressed domestic textile industry.

In 2012-13 Pakistan produced 12.88 million bales from 2.8 million hectares. In 2017, the cotton sowing area was reduced to 2.41 million hectares while the production declined more sharply to 10.73 million bales. Cotton productivity declined in Punjab from 701 kg/hectare in 2012-13 to 664 kg in 2016-17. The projections for 2018 crop are also not very bright.

Source: thenews.com.pk- Dec 28, 2018

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Pakistan: Gas shortage puts half of textile exports at stake

Value-added sector on Thursday feared a 50 percent reduction in textile exports if the government fails to ensure uninterrupted gas supply to the industries.

"Textile export industries of Karachi contribute 52 percent share in the national textile exports. Depriving of gas to the textile industries means affecting of 52 percent of textile exports as well as foreign exchange reserves and revenue losses," Jawed Bilwani, chairman of Pakistan Hosiery Manufacturers and Exporters Association (PHMA) said.

Textile export sector is compelled to work only six days a week due to weekly one-day industrial gas holiday by Sui Southern Gas Company (SSGC) since last several years. Competing industries in the regional countries remain operational round the year.

"Now amid frequent low gas pressure the situation has further aggravated," Bilwani added.

PHMA chairman said textile export industries are starving for the most essential raw materials – indigenous gas due to most frequent low pressure.

"It is most unfortunate that the situation of gas supply to the textile export industries is worsening every coming day which has brought disastrous effects on the export consignments."

Bilwani said export production has been crippled and industries remained without gas from four hours up to 13 hours during 14 days out of 27 days in December.

Out of 27 days, export industries could not operate for 16 days up to its full capacity due to gas problem, which means industries produced 60 percent less goods.

"(This) may result in failure of exporters to meet their export commitments on time and cause colossal losses on shipments by air," Bilwani said.

"Due to exorbitant cost of manufacturing as compared to regional competing countries, Pakistani exporters are already working on very narrow margin of profits."

PHMA chairman said gas generators producing electricity time and again are shut down owing to low gas pressure, causing faults in the machinery and electronic equipment and machinery programs get corrupt or damaged due to power fluctuation.

Resultantly, labourers sit idle for complete one shift and sometime two shifts.

"If the crisis situation prevails, many exporters fear colossal losses and (will be) compelled to shut down their industries."

Bilwani slammed inefficient gas management. When SSGC was asked for the reason behind low gas pressure, it said compressed natural gas stations are operative and therefore the gas pressure is low.

PHMA chief said the sitting government has accorded priority to export sectors, including textile for supply of gas and also segregated it from general industry to enhance the exports.

"Nevertheless, SSGC is violating the government's gas priority policy and instead supplying gas to other low priority sectors."

Bilwani urged the government to direct SSGC to comply with the policy and supply gas to textile export industries on priority basis to save them from losses and closures.

Source: thenews.com.pk - Dec 28, 2018

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NATIONAL NEWS

India preparing specific strategy & mulling incentives to boost exports : Suresh Prabhu

India is preparing a specific strategy for exports to each geography as part of plans to make 2019 a year when outward shipments would start driving the Country's overall economic growth, Commerce and Industry Minister Suresh Prabhu has said.

The Minister said India's exports performance has been "extremely good" in the past 14 months, but he is not fully satisfied as yet and the plans for 2019 also include a special focus on boosting shipments to the African continent and Latin America given huge growth potential there.

He said the Indian exports are growing at a time when the global trade is witnessing worst ever headwinds, countries are fighting at import duty front and there is increasing protectionism and slowdown in demand.

"(But) I am not fully satisfied. I want exports to drive India's growth. To do that, the situation is very challenging as each Country is trying to put their own borders," Prabhu said recently.

Since 2011-12, India's exports have been hovering at around $300 billion. During 2017-18, the shipments grew by about 10 per cent to $303 billion.

Experts have cautioned that growing trade tensions between the US and China could impact the global trade growth. Imposition of high import duties by the US this year on certain steel and aluminium products have triggered a trade war kind of situation.

The World Trade Organisation (WTO) too has stated that escalating trade tensions and tighter credit market conditions in important markets will slow trade growth in 2019.

"In 2019, we would like to ensure that all measures that we initiated earlier and the new measures get consolidated and 2019 should be a new year for exports. So I am preparing a strategy. For each of the geographies, we will prepare a specific strategy," Prabhu said.

Elaborating on his plans, the Minister said African continent holds huge potential for domestic exporters and there is a need to significantly boost shipments to that region.

Prabhu said his Ministry is in process of creating a template for some kind of a free trade agreement with Africa which will take into account the overall difference of level of growth of that continent and the Country specific profiles.

Similar plans are there for other regions as well, including for Latin America, he said. Central America, South East Asia, Central Asia and South Asia hold huge potential for domestic exporters, but "our performance is at sub-optimal level" in these regions, he added.

Emphasised on the need to promote value added exports, Prabhu said his Ministry is trying to bring Japanese and Korean companies on board to increase outbound shipments of marine products.

He also hoped that the recently announced agri-export policy will help boost exports from the sector to $60 billion in the next five years and $100 billion in the next 10 years.

"This is doable because we are the largest producers of milk and the second largest producer of fruits and vegetables," he said. The Ministry would be drawing a strategy to promote shipments of five categories -- plantation crops, meat, fisheries, agriculture and horticulture, he added.

For this, the Minister will be meeting all plantation boards, farmers associations and organisations and discuss issues related to every segment.

"We are asking States for product-specific clusters. For example, in Jalgaon (Maharashtra) we are promoting cluster for bananas, and for grapes in Nashik," he said.

The Ministry is also preparing an incentive package for labour intensive sectors like leather to address issues faced by exporters.

"We are preparing a package which will ensure that exporters' woes are addressed properly. There have been challenges for the export sector over a period of time and one big challenge is credit," he said.

The Ministry is also looking at quality of goods being exported by India as foreign firms are keeping a special tab on this.

"If Government will take all these steps in the coming months, we can register 20 per cent growth in exports," the Federation of Indian Exports Organisation (FIEO) President Ganesh Kumar Gupta said.

Promoting exports helps a Country to create jobs, boost manufacturing and earn more foreign exchange.

Source: dailyshippingtimes.com.com- Dec 27, 2018

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Strong sales growth for India's textile manufacturing sector in Q2

The manufacturing sector, particularly textile and iron and steel segments, maintained its pace of sales growth in the second quarter of 2018-19 as compared to the year-ago period, the RBI said on Wednesday.

Demand condition in the manufacturing sector "maintained its pace in the September quarter 2018-19 as reflected in strong sales growth (year-on-year)", as per the RBI analysis of 2,700 listed private sector non-financial companies.

"The manufacturing sector sales growth was mainly supported by robust demand conditions in chemical and chemical products, iron and steel, and petroleum products industries coupled with significant improvement recorded by textile industry," the RBI said.

The central bank said heavy moderation was seen in the sales growth of motor vehicles and other transport equipment, driven in part by a large adverse base effect, and pharmaceutical and medicine industries.

The information technology (IT) sector also recorded further improvement in sales growth over the year-ago period.

The manufacturing sector continued to record strong growth in net profits, which received support from other income.

The RBI said companies in manufacturing sector posted a net profit of Rs 47,100 crore in the reported quarter, up 29.4 per cent from the same period last year. The data is based on abridged financial results of 1,734 companies in the manufacturing sector.

"Despite continuous contraction in the telecommunication, the services (non-IT) sector posted a turnaround riding on the support from wholesale and retail trade," the RBI said.

The profit of IT sector, based on data of 172 firms, was Rs 17,700 crore in the second quarter, up 5.8 per cent over the July-September period of 2017-18.

As per the RBI, the combined sales of 2,700 companies was Rs 9,81,800 crore in the September quarter, up 18.2 per cent from the year-ago period. Their net profit was Rs 71,900 crore, an increase of 41.7 per cent year-on-year.

On expenditure front, manufacturing companies continued to face rising input cost (cost of raw materials, staff cost) pressures. In case of IT sector, staff costs accelerated in tandem with the improvement in sales growth, the RBI said.

Source: indiaretailing.com- Dec 27, 2018

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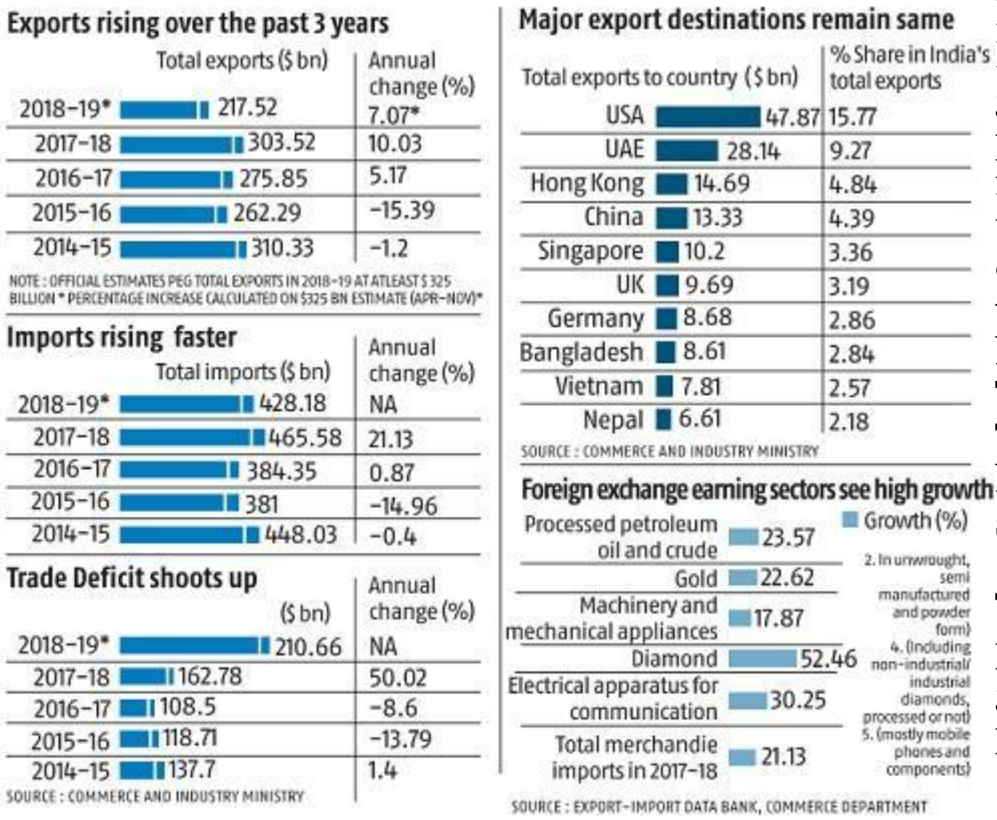
India's exports are steadily rising, but import bill hurts much more

In FY18, India's exports grew by 9.77% while imports shot up by 21.13%

Indian exports have grown steadily in the last three years. And as Commerce and Industry Minister Suresh Prabhu recently said, the country's export performance has been extremely good at a time when global trade is witnessing headwinds, as countries resort to protectionism.

But imports continue to surge.



In FY18, India's exports grew by 9.77 per cent while imports shot up by 21.13 per cent. And that too, on a higher base. The result: Trade deficit has been rising sharply.

This has prompted the government to place import restrictions and raise inbound duties on six separate occasions for hundreds of products including textile inputs, steel, mobile phones and solar panels, among others.

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

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India eyes $100 billion FDI in next two years: Suresh Prabhu

India will aim to receive $100 billion in foreign direct investments in the next two years and special industrial clusters are being created for countries like Japan, South Korea, China and Russia where their companies can invest and operate, Union Minister Suresh Prabhu said.

The commerce and industry minister said his ministry has also identified sectors and countries which holds huge potential for investments in India.

“I have given a target. $100 billion of FDI should come from different sectors into India. It will not happen in one year. We have identified companies, sectors and countries and now we are going for road shows to attract investors," Prabhu told PTI in an interview.

He said India would remain a top destination for foreign investors in 2019 and the ministry would look at all sectoral issues that may come come in the way to attracting overseas investments.

"For countries like Japan, South Korea, China and Russia, we are creating industrial clusters where they can invest and operate," Prabhu said.

The minister said China has agreed to set up industrial parks in India and the Chinese authorities have been asked to give a list of companies that are willing to set up factories in India.

Similarly, India would be happy to welcome firms from Europe and the US who want to move out of other countries and set up manufacturing bases in India, Prabhu said.

"We will be very happy to give them special status in India," he added.

The comments follow several steps taken during 2018 to further liberalise norms and improve business climate in India to attract greater FDI.

In the World bank's doing business report, India's rank has improved to 77th from 130th earlier.

Earlier this year in January, the government permitted foreign airlines to invest up to 49 per cent in debt-ridden Air India, and eased norms for investment in single brand retail, construction and power exchanges.

Norms were also relaxed for medical devices and audit firms associated with companies receiving overseas funds.

The government permitted 100 per cent FDI under the automatic route for single brand retail trading and also in power exchanges that provide an online platform for trading in electricity.

This was the second major liberalisation in FDI policy by the NDA government after major changes effected in June 2016.

Total FDI in India, including re-invested earnings, rose to $ 61.96 billion in 2017-18, from $60.22 billion in 2016-17.

In April-June period of the current fiscal 2018-19, the country has attracted $16.86 billion of foreign investments.

Experts, however, said the government needs to focus on areas like infrastructure modernisation and easing of procedures to attract global investors.

"Globally also, FDI inflows have cooled down. India needs to take steps in areas like infrastructure and procedural easing to further attract investments," Professor Biswajit Dhar of Jawaharlal Nehru University (JNU) said. India mainly attracts investments from countries like Mauritius, Singapore, Japan, UK, the Netherlands, the US, Germany, Cyprus, France, and UAE.

The sectors that received maximum FDI during 2018 include services, computer hardware and software, construction development, trading, automobile, pharmaceuticals, chemicals, and power.

To attract overseas companies, several states such as Madhya Pradesh, Gujarat, Andhra Pradesh, Jharkhand, Uttar Pradesh and West Bengal are also organising investors' meet for their respective states.

The commerce and industry ministry has also started ranking of states on their ease of doing business. In the last report, Andhra Pradesh topped the chart among all the states and union territories.

The ministry has now decided to help the states undertake a similar exercise for their respective districts.

Source: livemint.com- Dec 27, 2018

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Arvind frames expansion plans, announces 16-mn garment facility in Ranchi

The announcement is part of Arvind's plans to set up large garmenting hubs in Gujarat, Jharkhand, and Andhra Pradesh, with each of the clusters employing nearly 10,000 workers

Albeit at a mere 5 per cent as on date, the $1.7-billion textile-to-retail conglomerate Arvind is preparing for a boom in its domestic garmenting business by adding capacities across states in India.

After adding 36 million garments per annum capacity in Gujarat, making it the largest hub in the state last month, the company has now announced a 16-million annual garment manufacturing facility in Ranchi, Jharkhand, at an investment of Rs 3 billion.

The announcement is part of Arvind's plans to set up large garmenting hubs in Gujarat, Jharkhand, and Andhra Pradesh, with each of the clusters employing nearly 10,000 workers.

The company is anticipating its domestic garment business, where it services international brands and retailers for the Indian market, to flourish in the near future. According to Sanjay Lalbhai, chairman and managing director of Arvind, while exports to its overseas clientele comprises over 90-95 per cent of its garment business, the domestic share is set to rise, with brands and retail business doing well in India.

"Currently, our garmenting business is largely export oriented. But we also service brands and retailers for the Indian market, which is set to grow in the near future.

Also, unlike buying fabrics earlier, almost everyone is looking for a complete fabric-to-finished garment solution. Hence, these additional garment capacities are expected to feed this future demand in the domestic market as well," Lalbhai told Business Standard.

At 16-million annual capacity, the Ranchi facility will not only employ 7,500 people at optimal capacity but also generate additional revenue of Rs 7 billion for Arvind.

According to Lalbhai, while it currently converts only 10 per cent of fabrics produced by it into garments, the company aims to convert 50 per cent of its fabrics into garments over the next five years.

Last month, Arvind had announced adding another 36 million garments per annum capacity to its existing garmenting operations. The hub will generate additional revenue of Rs 10 billion for the flagship Arvind.

Employing 12,000 people, the facilities have been set up at an investment of Rs 3.5 billion in Gujarat. While the Gujarat garment facilities manufacture anything from jeans, knitted garments, and athleisure, the Ranchi facility will focus on shirts.

Arvind also runs a garmenting facility in Ethiopia which, at full capacity, can produce up to 50 million garments per annum in the form of innerwear, jeans, and T-shirts.

The garmenting capacity additions are part of its new verticalisation and asset-light strategy for better profitability, wherein Arvind aims to become a strategic end-to-end partner for global fashion houses by deeply integrating into their supply chains.

Recently, the company received approval from the National Company Law Tribunal for its scheme of demerger of its branded apparel and engineering businesses into separate entities. Arvind plans to invest Rs 5 billion per annum in the next four-five years, with an aim to double revenue from its textile business to Rs 120 billion.

Arvind currently employs over 45,000 people. Once these clusters are fully operational at optimum capacity, the employment numbers of the organisation are expected to more than double.

Source: business-standard.com- Dec 25, 2018

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Tirupur apparel sector gets centre of excellence

The Centre will be involved in research in apparel manufacturing technology

The Apparel, Made-ups, and Home Furnishing Sector Skill Council has set up a centre of excellence in Tirupur to take up research and training in apparel production.

K.P. Krishnan, secretary of Ministry of Skill Development and Entrepreneurship, inaugurated the centre, set up at a cost of ₹2 crore, on Thursday.

According to a press release, the Centre will be involved in research in apparel manufacturing technology and processes, conduct short-term management development programmes, supervisory development programmes for those employed in the apparel units, and train the trainer courses.

Paid model

These will be for two to three days each. The Centre will function on a paid model, with the industries paying for the training, and the courses will be conduct by the Centre's own resource personnel.

Home furnishings

The Centre has machinery for the entire apparel production process, including automatic cutting machine, sewing machines, embroidery machines, and finishing equipment.

It has the capacity to train about 30 members for a course and accommodate 100 candidates at a time.

There are machinery for made-ups and home furnishings and trainings will be conducted for personnel working in these units too.

Mr. Krishnan said facilities such as the Centre will give the candidates experience and exposure to best practices and skills in the industry.

A. Sakthivel, chairman of the council, said the council has so far trained 6.5 lakh candidates across the country, covering jobs such as tailoring, ironing and cutting.

8 lakh workers

It plans to train another eight lakh workers this year. A centre of excellence will be opened in New Delhi next month. While the Centre at Tirupur is mainly for knitted products, the one in New Delhi will be for woven products, he said.

Government schemes

The council plans to train and certify more than two million persons till 2022 in the apparel sector. It is participating in Pradhan Mantri Kaushal Vikas Yojana and other schemes of State Governments, the release added.

Source: thehindu.com- Dec 28, 2018

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'Apparel sector to train 2mn employees by 2022'

Apparel, Made-Ups and Home Furnishing Sector Skill Council (AMHSSC) plans to train two million employees in managerial, supervising and technical skills within 2022, KP Krishnan, secretary, ministry of skill development and entrepreneurship (MSDE), said here on Thursday.

The official was in the city to inaugurate AMHSSC's Center of Excellence (CoE), which was set up at a cost of Rs 2crore "The council has set up another CoE in New Delhi.

These centres would basically be involved in research work on apparel manufacturing technology and would be conducting short-term management development programmes (MDPs) and supervisory development programmes (SDPs) for the managerial and supervisory resources in apparel manufacturing units for productivity enhancement," he said.

“The CoE is important to the industries in the Tirupur knitwear industry because of the availability of unskilled labourers from various parts of the country, especially Jharkhand, Chhattisgarh and Odisha,” said Krishnan.

“Skill India focuses on the scale of skilling, quality and employability, and aspirations for acquiring skills. With the state-of-art facility, the CoEs will focus on training the existing employees on those grounds.”

“With the two CoEs, which are results of public-private partnerships (PPP), AMHSSC is leading from the front. Unlike earlier, the skill developing programs’ centre of gravity has changed to industries from the government,” he added.

The perceived benefits to the industry would be reducing cost, increasing efficiency, reducing risk, talent management, outsourcing/offshoring, and career advancement.

Source: timesofindia.com- Dec 28, 2018

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Gujarat to focus on improving MSME connect with global market

The Gujarat government will be holding a special convention on the micro, small and medium entrepreneurs (MSME) during the Vibrant summit 2019, with a focus on how to access the international market.

MSME's are considered the backbone of the country's economy and Gujarat Chief Minister Vijay Rupani-led BJP government claims to be committed to its development. During the upcoming Vibrant Gujarat Global Investors Summit (VGGIS) 2019, there will be a special two-day convention on MSME which will be inaugurated by the Chief Minister on January 19.

Informing the media, D Thara, vice-chairman and managing director of Gujarat Industrial Development Corporation (GIDC) said, "There are lots of issues with the development of MSMEs, but the main is how to access the market. There are lots of big companies coming to Gujarat and we want the MSMEs to gain out of it. The two-day convention will provide a platform to them."

"We will be having a Vendor Development Programme during the convention which will provide the visiting international chamber of commerce a glimpse of the manufacturing capabilities of our MSMEs. The programme is basically organized by the Gujarat Chamber of Commerce and Industries (GCCI) where Gujarat government will act as as facilitator," said Thara.

There will be two sessions, an inaugural and technical one. The inaugural session will have a conclave of international, national and state chambers of commerce. The conclave will create opportunities for increased international business, technology transfer and long term business tie-ups with special focus on MSMEs.

The technical session of the convention will have eminent speakers from IIM-A, IIT Gn, MICA, NID, NABARD, SIDBI speaking on themes like Design technology and management, Credit and Finance, Marketing and Positioning in Global Value Chains Innovations.

"We are looking at developing supply chains to bigger companies. When such big companies are here, the smaller units should gain from them. The MSMEs should develop joint ventures with them and develop their capabilities."

"Maruti is coming here with 45 vendors. Similarly Opal is having five thousand vendors, another five thousand vendors are expected. Gujarat should grab this opportunity."

Till now, 53 international, around thirty national as well as different state chambers have confirmed their participation.

The Indo-Canada Chamber of Commerce, Dubai Camber of Commerce and Industry, Taiwan Computer Association, Taiwan External Trade Development Council (TAITRA), Japan External Trade Organization (JETRO), US-India Business Council, BRICS Chamber of Commerce and Singapore Indian Chamber of Commerce and Industry (SICCI) will be participating.

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

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Cotton price keeps sliding down in Adilabad district

‘Yield too has gone down from the average 8 quintals per acre to 5 quintals per acre’

There is many a slip between the cup and the lip. Cotton farmers in former composite Adilabad district are now gripped with a reality which is in tune with this old proverb.

Having started kharif season on a positive note, cotton growers are experiencing the vicissitudes that have come to characterise commercial crop cultivation in these parts. Good rainfall, the Rythu Bandhu scheme of investment support by the State government to the tune of ₹4,000 per acre and the ‘high’ minimum support price (MSP) of ₹ 5,450 per quintal could not get them desirable income from agriculture so far.

“Cotton arrivals are pegged at 5.5 lakh quintals so far in the season which is about half the 11.5 lakh quintals recorded during the corresponding period last year at Adilabad Agriculture Market Committee (AMC) yards,” revealed an AMC official of the slack trading.

“The yields have gone down from the average 8 quintals per acre to 5 quintals per acre,” pointed out farmer Addi Ramchander Reddy of Jamidi village in Tamsi mandal as he gave a reason for the much decreased quantum of cotton arrivals.

“The heavy rainfall in August damaged the commercial crop on about 15,000 hectare of the total of 1.4 lakh under cotton cultivation in Adilabad district. The dry spell in September-October had further impacted the yields,” Shiva Kumar, Adilabad Agriculture Officer, stated as he gave reasons for the yields going down drastically.

The last few days of trading has seen the price of cotton getting lowered than the MSP. On December 24, the produce was sold for ₹5,380 per quintal. Farmers look up the Cotton Corporation of India to come foward to purchase cotton under their MSP operations.

“The price of the 'white gold' is unlikely to go up in the open market given the slump in prices of the by-products like cottonseed, oil cake and cottonseed oil,” opined Chitikesi Narsaiah, a cotton commission agent.

"For the price of cotton to be steady and over the MSP, the market rate of cottonseed should be a minimum of ₹ 2,500 per quintal against the current one ranging between ₹1,900 and ₹2,000 per quintal," he added of the gamut.

Meanwhile, there was some crop damage in the agency areas of erstwhile united Adilabad owing to the untimely rainfall of last week. Tribal farmers usually begin their pickings late and hence the fields in the Agency can be seen laden with opened bolls showing raw cotton.

Source: thehindu.com- Dec 28, 2018

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Ministry of Textiles to facilitate young entrepreneurs

To commemorate its achievements, the Ministry of Textiles (MoT) is going to organise an event on 5th January 2019. One of the interesting highlights of the event will be facilitation of outstanding young entrepreneurs (aged 45 or below) in textile sector.

According to a note of MoT, a committee has been formed to select such young entrepreneurs. Kulin Lalbhai, ED, Arvind Ltd., Ujwal Lahoti, Past Chairman, Texprocil and Sanjay Jain, Chairman, CITI are the members of this committee. There will be five awards in various categories like fibre, yarn & fabric, garment & madeups, technical textiles and special young women entrepreneur.

"The Indian textiles sector has been one of the mainstays of the Indian economy. The textile industry contributes to 7 per cent of industry output in value terms, 2 per cent of India's GDP and 15 per cent of the country's export earnings.

With over 45 million people employed directly, the textile industry is one of the largest sources of employment generation in India. However, quite strangely, for an industry of its size and importance, it seems to keep a rather low profile.

With the world moving towards 4th industrial revolution based on cyber physical systems, the Indian textile industry must take lead in industry 4.0 in view of the distinct advantage enjoyed by us in the IT sector.

It is in this backdrop that the MoT has decided to encourage and felicitate young bright minds who have achieved outstanding success in Textiles and Clothing Business in recent years," reads a note of MoT.

Source apparelresources.com.com- Dec 27, 2018

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Jharkhand CM inaugurates 1st unit of Arvind Smart Textile

Jharkhand chief minister (CM) Raghubar Das has inaugurated the first unit of Rampur Arvind Smart Textile as part of Arvind's expansion plans. The garment manufacturing unit set up in Ranchi with an annual capacity of 16 million, will create 7,500 job opportunities. Meanwhile, the company has also extended production to Gujarat and Andhra Pradesh.

The locals are being trained through various skill development programmes to be well-equipped for the upcoming employment opportunities, said Das.

"The impact of the government's efforts on skill development is also in front. People are getting employment in their home. Earlier, our girls had to go to another State for jobs of Rs 7-8 thousand. They were exploited in every way. Now they will not only get rid of the life of hell, they will also get employment of 12-13 thousand rupees in their house," media reports said quoting Das.

Arvind also runs a garmenting facility in Ethiopia which, at full capacity, can produce up to 50 million garments per annum. To double the company's revenue from the textile segment to ₹120 billion, Arvind aims to invest Rs 5 billion per annum in the next four-five years.

Source fibre2fashion.com- Dec 27, 2018

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Domestic market key area for us, says Dipali Goenka

The Indian textile sector has witnessed significant challenges this year, including duty drawback, increase in minimum support price (MSP) for cotton and cheap imports from neighbouring countries. While a weak Indian against the US dollar gave export-oriented units a breather, the upside was mitigated owing to other challenges faced by the textile manufacturers. Dipali Goenka, chief executive officer and joint managing director, Welspun India, spoke to Ashish K Tiwari, about the overall business scenario and more. Edited excerpts.

How has the year been for textile industry?

The textile sector has witnessed quite a few ups and downs, but that's true for a lot of other industries as well. We had projected cotton prices to be around Rs 38,500 per bale, but they have reached Rs 46,000 per bale. There are concerns around Brexit for a while and we are looking at how it will pan out globally. Duty drawbacks among a few other things was another area of concern. Talking about Welspun specifically, our American markets did pretty well and we have seen decent growth in our numbers.

Did cotton prices pose a major challenge?

Based on what we budgeted and planned, cotton did take its toll, but the upside from a weak rupee helped balance it out. Overall, the markets were challenging in the UK, Europe and a few other parts of the world, however numbers from the US market were good. So it has been a leveller of sorts, neither very good nor very bad. I also wouldn't say 'Oh, we had a fabulous year'. No, it hasn't been like that, but it has been a decent year of evaluations and looking at how the businesses are getting along.

Will 2019 be any better?

We will have to see how the cotton prices are next year. We see the minimum support price at Rs 44,000 right now. In terms of international markets, the UK appears to be a bit weak, but I think other markets are looking pretty good. The Indian market is certainly growing thing and we see a definite upside coming in.

Are your margins sustainable, given the increase in input cost?

Our margins are in the 17% to 20% range, and that's the general guidance we'd stick to.

Could you tell us about your domestic business?

Domestic business is a key driver and a crucial growth area for Welspun. The market is already witnessing a growth of 25-30%. Currently, about 6% of the revenues come from the domestic market and we plan to increase it to 20% in the next couple of years. We have Spaces brand that is positioned as mass premium, but we are also looking at a mass brand that actually will target the bottom of the pyramid. Markets in Tier III, IV and beyond will be catered to through the Welspun brand. We have done a very focused, intensive consumer research. We created products including towels, sheets, beddings, bath and area rugs among others and took them to certain markets across India to get consumer feedback. The products have been tweaked based on the feedback and launched in Mumbai and Pune. We gradually plan to take these products across the country.

Where are you manufacturing the mass market products?

It will be done from one of the units. Given the volumes required, it could be done at our Anjar facility which is a large production unit. We are still working on the final details.

You will also look to export the mass market products?

Yes, definitely. There are quite a few markets globally where these products will do very well and we will certainly look at tapping them.

How is the online channel working for your products?

The online space has been pretty interesting for us. We are working with Myntra, Flipkart and Amazon for online sales. In fact, Myntra is our main partner for Spaces. Interestingly, online sales have been very encouraging in the UK and US markets and we are looking to aggressively pursue this channel across other geographies as well.

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