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The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 120 of 2017 June 14, 2017

USD 64.35 | EUR 72.17 | GBP 82.02 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20079	42000	**83.29**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
20280	42421	**84.12**

International Futures Price

NY ICE USD Cents/lb (July2017)	77.22
ZCE Cotton: Yuan/MT (Sept 2017)	15,625
ZCE Cotton: USD Cents/lb	**86.84**
Cotlook A Index – Physical	**86.90**

As expected cotton price has slid to 74.50 cents per pound on Tuesday's trading session at ICE platform for July future contract approaching to test 200-day moving average. The setup has turned completely bearish and we believe market may remain under stress in the near term.

Reasons attributed to fall in price:

a) US Planting crop for the year 2017-18 has advanced to 92% vs. 87% last year. The 5 year average is 90%

b) USDA boosted projected U.S. ending stockpiles by 10% and reduced export prospects

c) The crop in the US is expected to be around 19.20 million bales

d) Massive long liquidation from July to December has been pulling cotton price lower

e) World's largest producing cotton i.e. India is expected to see a large crop this year amid higher acreage and better yield is also adding pressure to cotton price globally to trade down.

f) More on the trading front, July open interest began Tuesday at 51,842 contracts, down 6,429 contracts from previous day. Compared to a year ago, the July-16 open interest was 51,100 contracts. In the meanwhile, December open interest began the day at 151,106 contracts, up 6,237 contracts from previous close. Total open interest was 234,071 contracts, up 1,086 contracts.

g) From the technical perspective 74.27 (200-day SMA) has an immediate support however, breach of which market may move into another trajectory where price may drift fast towards 73 zone. For now the key resistance is seen at 75.70 cents.

Domestic Market Scenario:

The better quality S-6 variety cotton continues to trade near Rs. 43,500 per candy ex-gin with equivalent price of 86.10 cents. However, buyers are unattractive take fresh positions as the inferior quality of cotton is being quoted lower by more than Rs. 1000 per candy. Prices for Punjab J-34 have been slightly weaker at Rs. 4,700 per maund (88.65 cents per lb). From the futures front the June contract traded down to close the session lower at Rs. 20280 down by Rs. 260 from the previous close.

Strategy:

Market is expected to trade lower today and recommend selling on rise. The trading range for the day would be Rs. 19950 to Rs. 20350 per bale. The ICE future may have support at 74.27 cents. Those who have previous positions may book their contracts and make a wait and watch policy. Either sell again the contract on rise or once 74 zone support is cleared onto downside.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

US retail imports expected at record high

The rate of import growth at the US' major retail container ports has begun to slow after double-digit surges earlier in 2017 but volume should nonetheless hit an all-time high by the end of summer with some of the largest import volumes expected, according to the monthly Global Port Tracker report by the National Retail Federation and Hackett Associates.

"Year-over-year comparisons are slowing down but that's largely because we had some unusual numbers early this year and strong volume in the second half of last year. Despite that, we're expecting some of the largest import volumes we've ever seen, and that's because retailers are responding to strong consumer demand," NRF vice president for Supply Chain and Customs Policy Jonathan Gold said.

Ports covered by Global Port Tracker handled 1.61 million Twenty-Foot Equivalent Units in April, the latest month for which after-the-fact numbers are available. That was up 4.8 per cent from March and up 11.3 per cent from April 2016. One TEU is one 20-foot-long cargo container or its equivalent.

May was estimated at 1.69 million TEU, up 3.9 per cent from the same time last year. June is forecast at 1.64 million TEU, up 4.1 per cent from last year; July at 1.68 million TEU, up 3.5 per cent; August at 1.74 million TEU, up 1.6 per cent; September at 1.64 million TEU, up 2.8 per cent, and October at 1.69 million TEU, up 1.3 per cent.

The August figure would be the highest monthly volume recorded since NRF began tracking imports in 2000, topping the 1.73 million TEU seen in March 2015. The May and October numbers would be among the five highest ever recorded.

April's 11.34 per cent year-over-year figure and a 15.8 per cent year-over-year increase in March were unusually high anomalies because of where Lunar New Year fell on the calendar and affected production at factories in Asia.

The first half of 2017 is expected to total 9.6 million TEU, up 6.4 per cent from the first half of 2016. Cargo volume for 2016 totaled 18.8 million TEU, up 3.1 per cent from 2015, which had grown 5.4 per cent from 2014.

NRF has forecast that 2017 retail sales - excluding automobiles, gasoline and restaurants - will increase between 3.7 and 4.2 per cent over 2016, driven by job and income growth coupled with low debt. Cargo volume does not correlate directly with sales because only the number of containers is counted, not the value of the cargo inside, but nonetheless provides a barometer of retailers' expectations.

Hackett Associates founder Ben Hackett said the falling rate of growth in imports has been reflected in lower industrial output growth at factories in China, which increased 6.5 per cent in April compared with 7.6 per cent in March and is expected to drop further when May numbers are released.

"We can assume that part of the reason for the lower-than-expected increase was due to continuing slow growth in the Western Hemisphere. Retail sales continue to hold up but nothing coming out of Washington suggests an impetus to growth," Hackett said.

Source: fibre2fashion.com- June 13, 2017

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USA: RMG exports support Bangladesh credit profile: Moody's

Bangladesh's (Ba3 stable) sovereign credit profile is supported by the robust growth of an economy that is bolstered by garment manufacturing industry exports, says a recent report. However, weakening inflows of remittances from overseas-based workers could hurt consumption. The RMG industry makes up about 70 per cent of Bangladesh's total exports.

The ready-made garment industry of Bangladesh also accounts for significant foreign investment inflows. While the agricultural sector is still the biggest employer in Bangladesh, the garment industry employs over three million workers and offers continued opportunity for labour productivity gains that will support future economic development and growth, according to the 'Government of Bangladesh - Garment Industry

Sustains High GDP Growth But Lower Remittances Pose Downside Risks to Consumption' report by Moody's Investors Service.

"Bangladesh will continue to invest in its garment manufacturing sector to capitalise on its strong comparative advantage of abundant low-cost labour," said William Foster, vice president and senior credit officer at Moody's. "It will remain a leading global supplier of basic garments and the industry will continue to drive the nation's growth, exports and job creation."

The country's focus on low-value garment exports helps to insulate it from the impact of higher trade tariffs that could result from greater protectionism globally.

Nonetheless, while Bangladesh's garment industry benefits from some of the lowest wage levels in the world, the country's overall economic competitiveness lags that of its peers such as Vietnam (B1 positive), Cambodia (B2 stable) and Sri Lanka (B1 negative). When factoring in the quality of its physical infrastructure, skill levels and transparency of the business environment, the country's low competitiveness hampers the ability of its economy to absorb shocks, notes the report.

Source: fibre2fashion.com- June 13, 2017

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APAC Region to Account for Over 50% of Global Technical Textile Revenues by 2027

Future Market Insights' recent report on global technical textile market projects that Asia-Pacific will be observed as the world's largest market for technical textiles during the forecast period, 2017-2027.

The report values the global technical textiles market at little less than US$ 166 Bn, and anticipates it to reach US$ 260.3 Bn by the end of 2027.

While the global market for technical textiles is projected to grow at below average pace and register a value CAGR of 4.6%, the demand for technical textiles is likely to gain traction across Asia-Pacific countries such as India and China, among others.

The report, titled "Technical Textiles Market: Global Industry Analysis and Opportunity Assessment, 2017-2027," also projects that in terms of consumption, the market shall incur a promising growth, exhibiting a volume CAGR of 5.3%. By the end of 2017, more than 34 million tonnes of technical textiles will be consumed across the globe.

And, this number is likely to reach 57 million tonnes by 2027-end. During this forecast period, the report is anticipating a sluggish revenue growth for global technical textiles market, primarily due to high prices of technical textiles as opposed to alternative fabrics and lack of awareness regarding benefits of technical textiles.

According to the report, more than 50% of global technical textiles revenues will be accounted by the Asia-Pacific region. While the Asia-Pacific technical textiles market will registers rampant expansion at value CAGR of 6.8%, regions such as North America, Western Europe, Eastern Europe, and Middle East & Africa will showcase sluggish growth through 2027. Sales of technical textiles in Latin America, on the other hand, are likely to depict a relatively favourable growth at 4.5% CAGR.

Companies such as E.I. du Pont de Nemours and Company, Low and Boar PLC, Ahlstrom Corporation, 3M Company, Avintiv, Arville Textiles Ltd., Milliken and Company, Dickson-Constant, Baltex, and Freudenberg & Co. KG are profiled in the report as key players of global technical textiles market. The report also reveals that over 20% of technical textiles produced in the world are procured for mobiltech applications.

Demand for technical textiles is also expected to remain high across buildtech, indutech, meditech, geotech and oekotech applications. With respect to process used for manufacturing technical textiles, more than 45% of technical textiles produced across the globe will be non-woven by end of 2027. And, this segment is likely to exhibit a value CAGR of more than 5%.

Source: textilefocus.com- June 13, 2017

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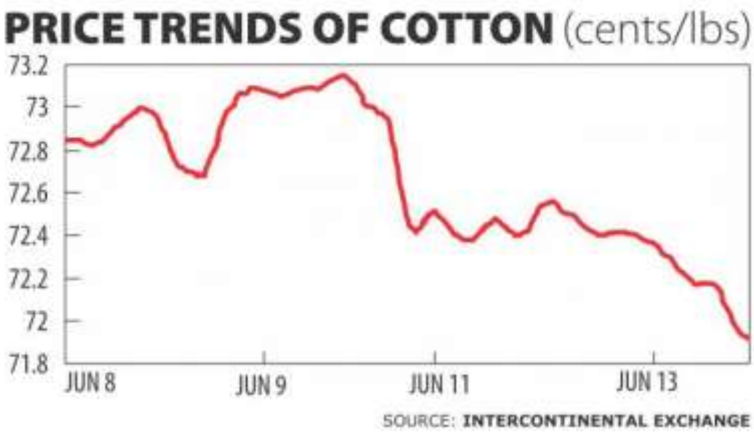
Bangladesh: Cotton import on the rise

Bangladesh's cotton import will creep up to 7.1 million bales in 2017-18, further consolidating its position as the world's largest importer of the fibre, according to the United States Department of Agriculture.

In 2016-17, 7 million bales are expected to be imported. One bale equals 480 pounds or 218 kg, and the cotton year begins on August 1 and ends on July 31.



Local growers can only supply less than 3 percent of yearly demand, leading to the imports worth over $3 billion.

Bangladesh has overtaken China after the latter stopped sourcing for having ample stocks of its own.

The demand for the natural fibre is on the rise in Bangladesh as it is the only country that is still mainly dependent on raw cotton for making yarns and fabrics.

The other countries have shifted to other manmade fibres like filament, polyesters and viscose, as a result of which the global consumption of cotton is on the decline in recent years.

Currently, the ratio of cotton and manmade fibre use is 28:72 worldwide, with a pronounced tilt towards artificial fibres, due to its lower price, improved functionality and ease of use, according to International Textile Manufacturers Federation.

However, the ratio is not applicable in Bangladesh yet as more than 90 percent of the yarns and fabrics are made from natural cotton in the country.

“We are upbeat about the future trend as cotton consumption is rising from the spinners' end,” said Mehdi Ali, general secretary of the Bangladesh Cotton Association, adding that the demand for both yarn and fabrics is increasing every year. The over 430 local spinning mills can supply nearly 90 percent of the yarn for the knitwear sector and 40 percent of the fabrics needed by the woven sector for higher consumption of cotton.

“Many may think that the recent slowdown in garment export will have a negative impact on cotton consumption but that is not true.”

Garment shipments have been declining in value but the volumes are increasing, he said. Since the volume is increasing, so is cotton consumption.

By the end of 2020, cotton consumption in Bangladesh will hit 7.9 million bales, Ali said.

Currently, Bangladesh imports 55 percent of its demand for cotton from India, thanks to favourable prices, geographical proximity, shorter lead time and the quality of the fibre.

“We are also looking for alternative destinations as it is not right to depend too much on one country,” Ali said, citing Africa, Australia and the US as the other options that are being looked at.

This month's USDA report mentioned of higher forecasts for both global production and mill use in the upcoming 2017-18 crop year.

There would be additional harvest of 1.5 million bales from previously forecasted 113.2 to 114.7 million, according to Cotton Incorporated. The rise in the global production figure was primarily a result of heightened expectations of Pakistan, China and Mexico. Last week, cotton traded between 72 cents per pound and 73.2 cents per pound in the future market.

Source: thedailystar.net- June 11, 2017

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Bangladesh, Vietnam surpass India in knitwear export

Bangladesh and Vietnam has leaped ahead of India in knitwear export over the past decade, said The Hindu citing sources.

Export share of Bangladesh in cotton underwear in US market had grown from 5.5 per cent in 2005 and presently grown to 16.4 per cent.

In the same period, cotton-made underwear garment exports from Vietnam grew exponentially from a minuscule 0.3 per cent to 20.9 per cent.

But, the market share of cotton-made underwear garments from India to the United States was 3.9 per cent in 2005 and presently grown to 9.9 per cent.

Source: thefinancialexpress-bd.com- June 14, 2017

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NATIONAL NEWS

Reorienting India's trade policy

India's commerce ministry is conducting a mid-year review of its trade policy to closely align it with the roll-out of the goods and services tax (GST) on 1 July. Truth be told, GST is important but probably too narrow a peg to hang India's trade policy from; it might make more sense to re-anchor the policy in the shifting framework for global trade and the rapidly evolving nature of globalization.

Deep resentment against globalization's misaligned distribution effects, a widening wage gap and increasing inequality have given birth to an aggressive brand of nationalism. Strands of these have now found utterance in the economic and political policies of many countries. Brexit in the UK was sold as regaining economic independence from the European Union.

US President Donald Trump's executive decisions on trade (withdrawing from the Trans-Pacific Partnership, restricting H1B visas, threatening the North America Free Trade Agreement) or geopolitical moves (hectoring European leaders or abandoning the Paris climate change agreement) were custom-built to address localized grievances.

The sharp pivot by both countries—main actors in constructing the post World War II global trade, financial and security architecture—has made globalization a guessing game, bereft of its earlier certainties and confidence. Both countries are now seen as flag-bearers of a neo-isolationist doctrine.

Australia, New Zealand and Singapore are also following in the US' footsteps, complicating India's traditional trade matrix. The picture is further muddied by two momentous shifts occurring in the subcontinent's neighbourhood. One is the ambitious Belt-Road initiative, a vehicle designed to rejuvenate China's surplus domestic capacity and to give expression to its expansionist aspirations.

The second is the recent schism in the Gulf with Saudi Arabia, Egypt, Bahrain, the United Arab Emirates, Libya, Yemen and the Maldives collectively imposing informal sanctions against Qatar by shutting down transport links and choking essential supplies.

All these developments are bound to reorder the global trade system. Therefore, it is imperative that India's trade policy, while taking due cognizance of GST's nitty-gritties, also realigns domestic trade infrastructure with the altering global trade landscape. It is also perhaps the perfect opportunity for the policy to be more of a strategy document rather than a manual.

The statement accompanying the 2015 Trade Policy states: "Change has been a constant in the global economy, not least in the international trading landscape." Never was a truer word spoken, and never has there been a better time to factor this truism into the national trade policy.

Three areas demand trade policy's attention.

One is to prepare for less reliance on traditional trade partners in the West while increasing India's trade and investment footprint in alternative markets, such as the African continent. India started looking at Africa seriously after the launch of economic reforms in 1991 and then with renewed vigour after the 2008 crisis.

However, promises to increase two-way trade between India and Africa to $90 billion by 2015 have remained largely unfulfilled. India's trade with Africa touched $56.7 billion during 2015-16, down from $72 billion in 2014-15. The drop is largely due to the fall in oil prices, which contracted India's import bill with Nigeria. Meanwhile, China-Africa two-way trade touched $215 billion during calendar 2014.

India has intensified its relationship with Africa, which includes initiating several high-level visits since 2015. Prime Minister Narendra Modi, President Pranab Mukherjee and vice-president Hamid Ansari have between them visited 16 countries, with senior cabinet ministers visiting the remaining countries on the continent. During May, the African Development Bank held its 52nd annual meeting in Ahmedabad.

More needs to be done, of course. Trade policy can examine how coordinated action between commerce, finance and external affairs ministries might help in expanding India's trade efforts; for example, a larger presence of Indian banks outside the conventional East African theatre can help reduce export credit costs.

This includes reducing delays in implementing projects under Lines of Credit, India's flagship instrument for development diplomacy.

Second, there is a need for a clear link between India's trade policy and Make In India, including strategic linkages through global value chains. Policy clarity will be required whether India desires domestic manufacturing platforms that double as supply hubs for a global market, or assembly units that can be folded up and relocated elsewhere when cost arbitrage dries up (Chinese mobile units are perhaps a good example). Trade policy may be able to play a role here.

Finally, there is trade in services. There seems to be a concerted move within the rich countries—through the Organisation for Economic Cooperation and Development—to open up trade in services, including movement of professionals. This has been India's longstanding demand because trade in services has been asymmetric so far—high in capital flows, information and communication technology, but low in free movement of professionals.

Rising unemployment, particularly in Europe, could be driving Western agencies to prise open employment markets elsewhere. India's demand (and strategy) for trade facilitation in services should find some articulation in the revised trade policy.

Source: livemint.com- June 14, 2017

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India's retail inflation rate drops to 2.18%, the lowest since 2012

Retail, or consumer price indexed (CPI), inflation in India during May falls to 2.18 percent, as compared with 5.76 percent in the same month of a year ago, pulled down by sharp fall in food prices, official data showed in New Delhi on Monday.

The mining output rose by 4.2 per cent and that for electricity generation edged higher by 5.4 per cent. The consumer price inflation decelerated to 2.18 percent from April's 2.99 percent on a year-on-year basis.

Consumer price index (CPI) drops to just over 2 percent as food prices contract over 1 percent and vegetable prices shrink over 13 percent.

The cumulative growth for the period April-March 2016-17 over the corresponding period of the previous year stood at 5 percent, as per the data released by Central Statistics Office Friday.

Sunil Kumar Sinha, Principal Economist, India Ratings & Research, said though inflation is going to remain low and well within the comfort zone of RBI, probability of large policy rate cut is low. "Industry is looking forward to forthcoming foreign trade policy review to further encourage manufacturing exports", said Ficci President Pankaj Patel.

At its interest rate announcement on 7 June, the RBI said it's unclear whether such forces are transitory. That looks like a high price to pay, but much would depend on what the potential rate of growth actually is and there is little agreement on that. On the other hand, IIP decreased 3.1% in April, compared to a revised growth of 3.8% in March, but lower than 6.5% in April 2016.

The Reuters poll had expected factory output to have risen 3 per cent. Monsoon is crucial for the Indian economy as two-thirds of the population depend on farming for their livelihood. This is the lowest level that inflation has touched ever since the new series was introduced in 2012.

While inflation has been touching low levels, economists have been expecting a rate cut and revision in the inflation rates by the RBI. Clearly, no wonder why the government is asking for a rate cut boost. "For FY'18, CPI inflation average could thus be 3.5% with a significant downward bias".

The central bank tweaked its language in the latest statement to say risks were evenly balanced.

GST is touted as the biggest tax reform since India's independence in 1947 and is expected to add 2 per cent to the country's GDP. This is because India is already sitting on huge inventory of food grains from last year's record harvest.

Source: clicklancashire.com- June 13, 2017

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Textile industry welcomes rate reduction for job work

Welcoming the GST council's decision to reduce the rate for job work from 18 % to 5 % for weaving, processing, and knitting, the textile industry here has sought reduction of the rate for garment and made ups too.

Job works for this sector still comes under 18 % slab, said J. Thulasidharan, chairman of Confederation of Indian Textile Industry, in a press release. The 18 % rate for made ups and garments will escalate the price of the end product, he said.

With regard to some of the speciality textile fabrics, that remain under the 12 % slab, Mr. Thulasidharan said this would be unsustainable.

The input credit was meagre for many of these fabrics and hence the prices would go up. Similarly, the GST for man-made fibre and yarn should be reduced to 12 %. If the government was unable to revise the rates for MMF, it should allow refund of unused credit that was accumulated at the stage of fabric manufacturing, he said.

Chairman of Southern India Mills' Association M. Senthil Kumar said in a press release that the rate for job work for any sewn textile product should also be reduced to 5 %. The term fabric applied only till the stage where the fabric was cut to be stitched.

In the case of MMF, he said that the 18 % rate would increase the cost of synthetic products which were pre-dominantly made in clusters such as Surat and Bhiwandi.

Synthetic fibre should be made available at internationally competitive prices for the industry to grow in the country and this was an opportunity to bring down the rates for it, he said.

Source: thehindu.com- June 14, 2017

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Textile traders not to seek GST registration

Despite Goods and Services Tax Council accepting the demand to bring down GST rates on textile job work from 18 per cent to 5 per cent, a section of traders in the country's biggest man-made fabric (MMF) wholesale market in Surat have appealed to their fellow traders to stop purchasing fresh stock of grey to oppose the central government's failure in providing relief under GST to them.

Vyapari Sangarsh Samiti (VSS), which was formed on Saturday under the leadership of Tarachand Kasat, leader of the trading community, has appealed to the traders to abstain from purchasing grey fabrics and registering under GST.

A meeting called by textile traders association was stormy with most traders wanting to launch an agitation. It was unanimously decided in the meeting that the traders will adorn black ribbon on June 14 and keep the textile markets shut on June 15.

The MMF sector in the city manufactures around four crore metres of grey fabric per day on more than 6.5 lakh powerloom machines.

A delegation of Federation of Surat Textile Traders Association (FOSTTA) had gone to Gandhinagar on Friday to represent the higher GST rates to deputy chief minister Nitin Patel and member of GST Council from Gujarat, DP Vaghela. The FOSTTA office-bearers demanded that there should be uniform GST in the entire textile value chain, otherwise it will dent the margins of the traders and weavers leading to job losses in the industry.

However, most of the textile traders in the market are unhappy with the leadership of FOSTTA. During the meeting on Saturday, the traders shouted slogans against FOSTTA and demanded a separate committee to fight out the GST issue.

Vyapari Sangarsh Samiti president Tarachand Kasat told TOI, "We are demanding uniform GST structure in the entire textile value chain. The traders will have to pay 5 per cent GST, but they won't be able to get input tax credit. On the other hand, the cloth manufactured by composite units will be much cheaper. This will lead to joblessness in the sector.

We have appealed the traders to clear their old stock and payments. After the bandh on June 15, we will meet the officials concerned in the government. If the GST Council fails to accept our demand for uniform GST in textile sector, we will launch an indefinite agitation from July 1."

Source: timesofindia.com- June 14, 2017

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Domestic units face closure as govt cuts import duty on blankets

Thousands of jobs likely to be axed after GST rollout

Prime Minister Narendra Modi's 'Make in India' slogan seems to have evaporated into thin air for over four crore workers engaged in the country's textile and mink blanket manufacturing units, as these industries are staring at a bleak future due to the Central government's decision to cut the levy of import duty and GST from 29% to 16% on all imported blankets and fabrics.

The GST Council's decision to decrease the customs duty and other taxes under the GST regime is set to result in shutting down of over 50 largescale mink blanket manufacturing units in the country, as these units won't be able to compete with cheap imported mink blankets after the GST rollout.

These units produce nearly 1.5 lakh mink blankets every day, out of which 15% are exported to North America, Europe, Russia and Australia.

"How can we compete with mink blankets imported from China as these would be cheaper by at least 13% due to decreased duties on imported blankets from July 1. We will be left with only two options. Either, we will be forced to shut down our units or we will have to import blankets from China and stop domestic production.

This will lead to unemployment of thousands of workers currently engaged in the mink blanket manufacturing industry," said Abhishek Vij, Director of Jalandhar-based Shital Fibres Ltd., a mink blanket manufacturing unit that contributes around 70% in India's mink blanket exports. The company produces nearly 45,000 blankets daily.

"Cutting down of import duty, cess and GST on imported blankets from 29% to 16% will be disastrous for domestic textile and blanket manufacturing units. We will raise the issue with Union Finance Minister Arun Jaitley soon and request him to review the decision," said Ramesh Jagota, president, All India Mink Blanket Manufacturers' Association.

He said the textile industry employs nearly six crore workers. "Under the GST regime, not only mink blanket industry will suffer huge losses but the textile, yarn and fibre industries, too, will also incur losses," he added.

Source: tribuneindia.com- June 14, 2017

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New textile policy may be finalised in three months' time; aims to achieve $300 bn exports by 2024-25

The much-awaited new textile policy is likely to be finalised in the next three months, a senior official said on Monday.

"After consultation is done with stakeholders we have finalised the draft. We are now trying to incorporate international response and output from foreign players at the forthcoming Textiles India-2017 conference, which will serve as input to our textile policy," Textiles Secretary Anant Kumar Singh told reporters at an CII event.

"There is no harm in having wider consultation. After having inputs, we will process and finalise the policy in next three months period", the officer added.

The policy aims to achieve US $300 billion (over Rs 20 lakh crore) worth of textile exports by 2024-25 and create an additional 35 million jobs.

According to Singh, the Centre is organising Textile India Conclave and Exhibition in Gujarat from 30 June to 2 July, for the Indian textile and handicraft sector which will showcase the entire range of textile products from 'fibre to fashion'.

It will be inaugurated by Prime Minister Narendra Modi, added Singh.

The event will have over 1,000 stalls and will witness the presence of over 2,500 discerning international buyers, agents, designers, retail chains from across the world, and 15,000 domestic buyers.

The three-day event will include global conference with six themes, to be chaired by concerned Union ministers.

The valedictory session will be presided by Union Finance minister Arun Jaitley.

Source: firstpost.com- June 13, 2017

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Government examines drawback benefit schemes in GST regime

The Union government is seeking industry feedback on how to readjust the duty drawbacks in the new Goods and Services Tax regime.

"It will change. Sought views of the industry as state levies are subsumed in GST," Union Textiles Joint (rptng Joint) secretary Subrata Gupta said when asked whether the ROSL (Rebate of State Levies on Export of Garments) scheme will continue in the present form during GST regime.

He was in the city in a CII-supported roadshow - Textiles India 2017.

ROSL, a remission scheme to offset state levies is an import additional duty drawback scheme anncouned by the Textile Ministry for exporters in late 2016.

"We are surviving on drawbacks. ROSL is very important benefit with great positive impact on exports. Monthly exports of apparel in April, 2017 grew by almost 32 per cent to $174 billion over the same month last year.

The benefit of ROSL is to the tune of four per cent to our cost," chairman export promotion committee of Apparel Export Promotion Council, Anil Buchasia said.

Exporters remained wary about the duty drawbacks as clarity over continuation or in which form remained a grey area till now.

"We are still in the dark about drawbacks in the GST era, but we are continuing to book orders presuming it will continue," Buchasia said.

Source: economictimes.com- June 12, 2017

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World's largest cushion representing the 'Fabrics & Embroideries of India' to be showcased at Heimtextil India

With an aim to draw attention to India's dominant position in textiles and home furnishings, Messe Frankfurt Trade Fairs India is set to create the world's largest cushion at Heimtextil India this year. At 20 feet tall, this textile masterpiece, representing the 'Fabrics and Embroideries of India' is expected to create a record for the largest cushion in the world.

The cushion will be on display at India's leading home fashion business platforms – Heimtextil India and Ambiente India from 20th – 22nd June at Pragati Maidan trade grounds in New Delhi.

The organiser has partnered with India's Limca record holder Ms Kanika Bawa to create this gigantic installation titled 'CushionKari' which will be curated with fabrics from India's largest and the most renowned home furnishing brand D'décor.

Mr Raj Manek, Executive Director and Board Member of Messe Frankfurt Asia Holding Ltd said: "India is recognised for its exquisite home textiles and furnishing fabrics globally and Heimtextil India – with its mix of brands, design trends and home fashion innovations, best represents this on a single platform. With this unique art installation, our aim is to draw attention to the 'Fabrics of India' and its strength in furnishings which is one of the largest export product segments in the country."

The CushionKari is based on a unique design concept of 'harmony in nature' and the congruence of man and the woman inspired by DaVinci's famous portrait.

Having previously entered the Limca book of world record through her art installations during the Make in India week for the Kathakali Chair and the Surya Namaskar Art Yoga – Bawa has now tried to encompass this concept of harmony in nature through the five elements found in Vedas – Bhumi (Earth), (Jal) water, (Agni) fire, (Vayu) air and (Aakash) space through her design.

The materials used in the making of the CushionKari represent fabrics of the nation such as - Khadi, Brocade, Morr, mixed Embroideries; together with the perfect blend of sustainable textiles such as - yarn, knit waste, fabric waste shredded as well as eco-friendly materials such as - banana fibre fabric, aloe vera fabric among others, embroidered to perfection.

Mr Ajay Arora, Managing Director, D 'décor said: "Heimtextil India is an important effort by Messe Frankfurt to create a trade show which can showcase India's capabilities in home textiles and we are proud to partner with this trade fair brand again. When Heimtextil India floated the idea of the world's largest cushion, the first such installation of its kind in the home décor space, D'Decor's association with the endeavour was almost a foregone conclusion.

The installation, a tribute to Indian capability, is meant to epitomise prowess, excellence, quality, vision and a capacity to overcome any challenge – all of which are an integral part of D'Decor's ethos and DNA." D'Decor also confirmed that it will be launching its new Diwali collection at the show and many new initiatives around digital will be introduced for the first time.

Besides this record-breaking showcase, the trade fair has also created new records in exhibition space which is exceeding by over 25 per cent in 2017.

Market leaders of home textiles and interior décor segment including D'décor, Welspun, Reliance, Raymond, AWKenox Steelware-Sanjiv Kapoor Brands, Flair Houseware, Organic Home (Stonemen Crafts), Lifestyles 360 Degree, Gomaads among others are expected to launch their newest collections for 2017.

In all, over 180 companies from India, Bangladesh, China, Korea, Nepal and Thailand will be exhibiting at this three-day home fashion fair.

For home stylists, architects, interior designers, retailers and design experts, it will be a one-time opportunity to see this record-breaking CushionKari live at the fair.

Background information on Messe Frankfurt:

Messe Frankfurt is the world's largest trade fair, congress and event organiser with its own exhibition grounds. With some 2,400 employees at 30 locations, the company generates annual sales of over €640 million.

Thanks to its farreaching ties with the relevant sectors and to its international sales network, the Group looks after the business interests of its customers effectively. A comprehensive range of services – both onsite and online – ensures that customers worldwide enjoy consistently high quality and flexibility when planning, organising and running their events. The wide range of services includes renting exhibition grounds, trade fair construction and marketing, personnel and food services.

With its headquarters in Frankfurt am Main, the company is owned by the City of Frankfurt (60 percent) and the State of Hesse (40 percent).

Source yarnsandfibers.com- June 13, 2017

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Lower GST on job work of textile yarn to help SMEs: CITI

Reduction in the goods and services tax (GST) rates on job work of textile yarn and fabric manufacturing to 5% from 18% will give a leg-up to small and medium-sized enterprises (SMEs) in power loom, knitting and processing sectors, the Confederation of Indian Textile Industry (CITI) on Tuesday said.

According to CITI chairman J. Thulasidharan, reduction of service tax on job work would bring relief to the textile industry from the extra burden, as bulk of the work is with SMEs and carried out through job works.

A job work involves a manufacturer sending goods out of the factory for specialised processing job without having to pay taxes.

The move "would now help SMEs of power loom, knitting and processing sectors not to face much financial burden", he said in a statement.

Job work in the textile sector is taken as services and was subject to 18% goods and services tax (GST), Thulasidharan said. Under such situation, the manufacturer who does not have integrated composite units to complete the process of embroidery, printing and finishing as per the market requirements would have been in a great loss, he added.

The CITI chairman also welcomed the decision of the GST Council for increasing turnover limit from Rs50 lakh to Rs75 lakh under the composition scheme for traders and manufacturers.

This is seen as helping micro, small and medium enterprises (MSMEs) grow their business and carry out their activities efficiently. However, the chairman suggested reduction in GST on speciality textile fabrics, man-made fibres and yarns.

Source: livemint.com- June 13, 2017

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Why India should set store by its FTA with EU

The gains accruing to India in business services and textiles outweigh possible losses in automotives and machinery sectors

During the latest intergovernmental talks between India and Germany, the media was abuzz with talk of resuming negotiations on the EU-India Free Trade Agreement, dormant since 2013.

Though the EU-India strategic partnership has been in existence since 2004, with a focus on security, trade and cultural exchange, it looks more promising on paper than it really is when compared to the breadth and depth of relationship shared with the US and the UK.

There are some exceptions such as defence cooperation, where the Indo-French relationship is decades-old. In addition, Germany has grown to become India's most important trading partner in EU.

New equations

How the sectors stack up ($ million)

India	Top gainers	EU	Top gainers
Textiles + Apparel	6,639	Public Admin/Defence/ Health/Education	4,151
Business Services	6,473	Machinery & equipment	4,082
Trade Services	3,413	Minerals	3,446
Public Admin/Defence/ Health/Education	2,557	Motor Vehicles & Parts	3,109
Construction	1,982	Metals	2,315
	Top losers		**Top losers**
Motor Vehicles & Parts	1,618	Wearing Apparel	2,580
Minerals	1,189	Textiles	2,540
Oil	954	Petroleum & coal products	1,888
Paper	583	Business Services	1,490
Machinery & Equipment	499	Oil	1,304

Recent developments such as Brexit and an isolationist Trump have prodded EU to diversify its economic relationships.

The discourse on free trade in Europe, politically difficult a year ago with widespread street protests against the proposed Transatlantic Trade and Investment Partnership (TTIP), has taken an about-turn as seen in the success of Macron's election campaign based on more globalisation and openness. How this would translate into a push for an FTA with India remains to be seen.

India has been active in its free trade discussions, concluding deals with many South Asian countries. Regional Comprehensive Economic Partnership talks are gaining momentum.

Indian exports, though, have not benefited immediately following its agreements with ASEAN as well as those with Malaysia or Thailand. Some sectors, such as plantation, have been affected.

Win-win situation

The Bertelsmann Stiftung, a German not-for-profit foundation, recently launched a study on potential effects of the EU-India FTA based on economic modelling by the IFO Institute for Economic Research in Munich. The results point to benefits for both partners with EU gaining by $ 22.5 billion (0.14 per cent increase) and India by $28.4 billion (1.3 per cent increase).

Due to the difference in size of populations and economies, the per capita increase for India would be $22 as against $44 for the EU. Within the EU, Ireland and Belgium would gain the most in relative terms and Germany the most in absolute terms with its GDP gaining by almost $5 billion (not considering the UK) .

As for sectors which would gain or lose from this FTA, India would gain the most in business services ($6.4 billion) and textiles/apparels ($6.6 billion). Automotive and mineral sectors would lose $1.6 billion and $1.1 billion respectively. Increased competition in the machinery and equipment sector would cause losses of almost $500 million. (*See table*)

The automotive and textile sectors contribute significantly to GDP as well as export. The textile industry employs relatively low skills as compared to automotives. With increasing automation, and smart machines and low-cost competition from other South and South-East Asian countries, the textile industry can face strong headwinds.

A loss of $1.6 billion is not an existential threat to the $74-billion Indian automobile industry and the chances of being more tightly integrated with the global value chain would make up for the losses. However, a government aiming to strengthen local manufacturing should strengthen the automotive sector through skill development and innovation, especially in emerging electromobility to fully utilise the potential of such an FTA.

The benefits for India from a trade agreement with the EU cannot be measured just by the growth of one sector or another. Access to a large market would pay off in the future, especially when Indian firms improve their productivity, and can compete with European players. A step-by-step easing of tariff and non-tariff barrier would allow a gradual growth in productivity and the resilience to compete with global markets.

India should take a leap of faith with a region with which it shares economic and political values — more so in a world faced with a US administration in favour of protectionism and a China with hegemonic ambitions.

Source: thehindubusinessline.com- June 13, 2017

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Garment units in a fix over confusion in GST rates on job work

Claiming that the the confusion over tax rates on job work on garments has not been addressed, the textile industry has knocked the doors of the Ministry, seeking a clarification on the issue.

At the June 11 meeting, the GST Council had said that services by way of job work on textile yarns (other than man-made and filament) and textile fabrics would be brought down to five per cent from 18 per cent

But the textile sector thinks that processes such as stitching, printing, embroidery might still attract 18 per cent, not five per cent. Their reason for their worry these processes come into play after the fabric is converted to a garment.

A senior industry representative from Tirupur says this confusion has arisen because the notification calling for a reduction in the GST rate from 18 per cent to five per cent stops at the fabric level and is silent on the rate applicable on job work carried out on garments.

Tirupur Exporters Association has made a representation urging the government to clarify the actual rate applicable to such job work.

Confederation of Indian Textile Industry's (CITI's) Chairman, J Thulasidharan said that the industry is apprehensive about the made-up and garment sector, as the job work on these still comes under the 18 per cent tax slab. "This will have a serious implication on the cost of the final goods of made-up and garments, rendering them uncompetitive in the domestic and international markets," he said, adding that these products ought to be brought under the five per cent GST slab.

Specialty textile fabrics like impregnated, coated, covered or laminated remain under the 12 per cent GST slab which is unsustainable and will have huge bearing on the final cost, Thulasidharan said.

The Confederation's unfulfilled demand of reducing GST on man-made fibre and yarns to 12 per cent or refund of inverted tax at the fabric stage will be a win-win situation both for industry and Government once implemented, Thulasidharan said. It would enable textile manufacturers to absorb the cost and the government not lose out on revenue either.

As an alternative, the industry suggested that if the government is unable to revise the MMF rates, then it must allow refund of unutilised credit accumulated at the stage of fabric manufacturing to the extent of five per cent. This has been provided for under the GST Act, where GST Council has been empowered to recommend the refund of unutilised credit under inverted duty structures.

Source: business-standard.com- June 14, 2017

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