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IBTEX No. 119 of 2017 June 13, 2017

USD 64.47 | EUR 72.15 | GBP 81.56 | JPY 0.59

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20127	42100	**83.49**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
20540	42965	**85.20**

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**

Cotton is extending its downhill movement breaching 150-day moving average and attempting to touch the long period 200-day SMA near 74.27 cents/lb. The trend is clear bearish and is likely to prolong in the near term.

The major action is seen in July and December contract where July is shifting gear with reduction in open interest and getting parked in December contract. For ready reckoner the OI in July has declined to 58K contracts while the December OI is at 0.145Million contracts.

We believe market would continue to remain bearish with the recent development in the supply facts released by the USDA. As said in our weekly report the recent action is all about supply dynamics that to pull cotton price globally lower.

Currency Guide:

Indian rupee trades little changed near 64.43 levels against the US dollar. Supporting rupee is better than expected inflation and industrial production data. However, weighing on the currency is Fed's rate hike expectations, lower bond yields and choppiness in equity market. Mixed factors may keep rupee in a range but overall bias may remain weak. Rupee may trade in a range of 64.25-64.6 but bias may remain weak.

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

Indicative Prices of Overseas Ring Spun Cotton Yarn in Chinese market:

Indicative Prices of Cotton Yarn in China Date: 12/06/2017 ***Prices in US$ FOB***		
Country	**20s Carded**	**30s Carded**
India	2.50	2.80
Indonesia	2.56	2.85
Pakistan	2.44	2.82
Turkey	2.90	3.10
Source: CCF Group		

China yarn

Cotton yarn price kept stable to lower. Polyester yarn price showed largely stable and some high-end-offer declined. Polyester/cotton yarn and polyester/rayon yarn price trended flat. Rayon/cotton yarn price also showed stable and sales ratio hiked this week.

International yarn

Cotton yarn values have shown little movement. Higher count business in Pakistan was said to be poor. Bangladesh's garment export earnings in May continued to show growth compared with the same month last year. Knitted goods again outperformed woven garments. Uzbekistan aimed to develop its downstream textile and garment sectors.

Source: CCF Group

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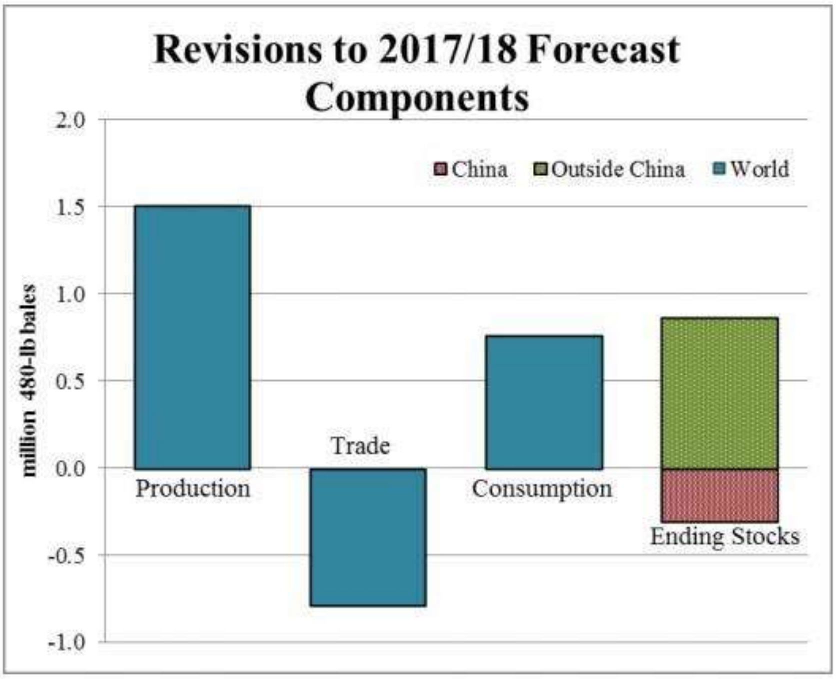
INTERNATIONAL NEWS

USDA raises 2017-18 global cotton production forecast

For 2017-18 cotton marketing season, the US department of agriculture (USDA), in its June forecast, has upwardly revised global production from 113.2 million bales to 114.7 million bales, or about 1.3 per cent. In combination with some slight revisions in the current and previous crop years, production is forecast to grow 8.2 per cent over the previous year.



The projected increase in cotton output is due to price-driven area increases for most major cotton producers, and significant improvements in the outlook for a few countries, namely Pakistan, China, and Mexico, the USDA said in its monthly report 'Cotton: World Markets and Trends'.

"Despite this improving outlook, however, global production remains below the levels seen before the extremely poor-yielding 2015-16 crops. Recovery in production has varied by region, but it is notable that almost alone among major cotton-producing regions, the African Franc Zone is forecast to yield its largest crop ever obtained, at about 5.2 million bales," the report said.

The forecasts show an upward revision for consumption growth from 2.2 per cent last month to 2.6 per cent. Forecasts for China, India, and Pakistan were all raised appreciably, boosting the forecast growth rate for consumption without greatly increasing forecast demand for imports, especially as China and Pakistan have larger forecast 2017-18 production, and thus comparatively ample expected supplies.

The consumption revision, however, is smaller than the upward revision to global production, resulting in higher forecast ending stocks. Furthermore, global trade forecasts are lowered, driven by lower import demand in producer countries, especially Pakistan.

These higher forecast 2017-18 ending stocks are located outside of China (where forecasts of the degree of destocking have been increased), with the result that USDA continues to expect pressure on prices, forecasting a year-over-year decline in the US farm price.

The 2017-18 US season-average farm price forecast is unchanged at 64 cents per pound. For 2016-17, the US season-average farm price forecast is reduced half a cent to 68.5 cents per pound.

Source: fibre2fashion.com- June 13, 2017

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Pakistan: Value-added textile sector is backbone of economy: PBIF

President Pakistan Businessmen and Intellectuals Forum (PBIF), President All Karachi Industrial Alliance (AKIA) Mian Zahid Hussain on Monday said the value-added textile sector is the backbone of the economy which deserves attention of the government.This sector is providing employment to millions of the people after agriculture, have the largest share in exports and paying taxes, therefore, its problems should be resolved immediately, he said.

Mian Zahid Hussain said that energy crisis, stuck-up refund claims, rising input costs, the burden of taxes, infrastructure issues, lack of enabling rules and regulations, has increased the cost of doing business, it said.

Our production is restricted, exports are shrinking and we stand at a disadvantage as far as economy and government’s support is concerned which has compelled this sector to start protest which is sending the negative signal, he noted.

He said that instead of moving forward with the value addition, the country is going backwards by exporting more of the raw materials like cotton and yarn.

The business leader said that all the regional countries are following good practices, paying hidden subsidies while India allows export of surplus cotton, he said. A proper regulatory policy for cotton and yarn exports can save one of the most important small scale industry from losing its share to Bangladesh, Sri Lanka, China, Vietnam and India.

The government should introduce the liberal import policy for raw materials for re-export like duty-free import of fabrics and accessories which are not being manufactured in Pakistan

Source: pakobserver.net- June 12, 2017

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Technology to boost Chinese fashion industry

The clothes-sharing service generated buzz last week at the 2017 Asia Fashion Federation China Conference held in Hangzhou in East China's Zhejiang province, where fashion designers from Asia gathered to discuss the latest industry trends.

For Chinese fashionistas, a new party dress can be a huge purchase, Dora's Dream, a women's clothing start-up, runs a subscription-based service that allows style-conscious Chinese to borrow designer clothes with just a small monthly payment.

One of those trends, said Chen Dapeng, vice director of China National Textile and Apparel Council, was the integration of the online and fashion industries in China.

The internet is making it easier to dress sharp without a big price tag or long-term commitment. The internet has enabled consumers to have their own definitions of 'fashion' and allowed them to participate in design, Chen said that Fashion is becoming more and more personalized.

As Chinese manufacturers try to move up the value chain as part of the country's "Made in China 2025" plan, designers in China are working to reinvent themselves from mere imitators to innovators.

Unlike in France or Italy, China's fashion industry took off around the same time as the development of the Internet, which made it easier for industry insiders to have an "Internet mindset" and computer skills, experts said.

According to Chen, technology will help fashion designers with tailored marketing and flexible production, making personalized customer experiences possible. Designers in China are also experimenting with a mix of design and lifestyle by opening spaces that offer coffee, books, exhibitions, and clothes.

Zhang Qinghui, president of the China Fashion Association said that instead of just selling products or services, Chinese fashion companies are now also selling culture.

According to Zhang, China's strong manufacturing power has laid a solid foundation for the development of the fashion industry, allowing ideas to be executed and products to be sold more efficiently.

Almost every fashion center in the world has advanced manufacturing capability and support resources. While it seems that fashion is a showcase of design capability, it also represents the manufacturing power of a country, said Zhang.

Adding to the optimism for a boom in the industry is China's shift in consumption, as an increasing number of shoppers crave high-quality products with great design.

The industry has attracted talented designers who have returned from studying and working abroad, including those who have worked for world-renowned luxury brands such as Celine and Burberry. More than 200 colleges and universities in China now offer design-related majors, preparing fashion aficionados for jobs in the industry.

As China joins the global 'fashion family,' the industry can take advantage of more resources worldwide.

Source: yarnsandfibers.com- June 12, 2017

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World cotton futures die a quiet death

Existing US benchmark may be flawed, but ICE's alternative failed to take off

Creating a new cotton futures contract took Intercontinental Exchange years of planning, multiple rounds of wrangling with cotton merchants and finally an act of US Congress — but the exchange operator has quietly pulled the plug just 18 months after its debut.

The global product was designed as an alternative to the US cotton futures contract that has been the industry benchmark for decades, but whose limitations have contributed to wild price swings.

The new product, however, failed to take off, underlining the challenge of creating new derivatives products from scratch. Despite early expressions of interest, the global contract never attracted much volume after its launch in November 2015.

The last trade took place a year ago. Late on Friday, ICE said it was delisting world cotton futures effective on Monday.

The world futures were designed so traders could buy cotton grown on farms from west Africa to Brazil for delivery to warehouses in several countries. Listing the product required an act of Congress to amend rules pertaining to how bales are graded — a legislative saga that included a temporary block by Ted Cruz, a senator from the top cotton-producing state of Texas.

Merchants had advocated for a world futures contract to overcome the constraints of the longstanding benchmark, which allows only US-grown bales to satisfy delivery obligations. When domestic supplies are tight, market squeezes and wild price moves sometimes result.

“I think the exchange responded to the strong urgings of some of the leading members of the trade, but it never made sense,” said Herman Kohlmeyer, a cotton broker in New Orleans. “And it was too complicated.”

The failure of the world cotton futures contract speaks to the difficulty of generating interest in a new derivatives market when liquidity is concentrated in another one, however flawed it might be.

The costs of entering and exiting positions in a thinly traded market can outweigh the benefits of a contract that better addresses a company’s risks. Without commercial traders, hedge funds and proprietary trading firms will be reluctant to dive in and provide volume.

Despite its drawbacks, the ICE’s US cotton futures contract has registered record open interest of more than 200,000 contracts this year. ICE on Friday called the surviving contract the “global benchmark for cotton prices and risk management”.

“When a mill in Bangladesh buys cotton, they consult the ICE price,” Trabue Bland, ICE Futures US president, said at an investor event last week in reference to the US contract.

ICE said it would consult with traders about the possibility of relisting the world futures, but did not suggest that would happen. “Based on customer feedback we are reviewing the world cotton contract’s original terms, and how we might improve its usefulness to the global cotton trade,” the exchange operator said.

Source: ft.com- June 11, 2017

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Cotton Update

USDA Report Update: The USDA June report is sloped towards Supply.

The 2017-18 US production is estimated at 19.2 million bales while exports have been declined by 500K bales to 13.5 million bales amid higher production estimation from other producing countries. Meanwhile, domestic use and beginning stocks have been left unchanged at 3.4 million bales and 3.2 million bales respectively.

However, the ending stock is projected higher at 5.5 million bales up by 0.5 million bales from the preceding month's report. The estimated ending stock is set at 9 year high. From the global front USDA's June forecasts show an upward revision in global production (essentially due to higher area while yield is estimated unchanged), from 113.2 million bales to 114.7. Interesting point to notice here is despite higher supply outlook global production remains below the levels of 2015-16 extremely poor yielding years.

Technical Chart: ICE July Future: 100 & 150-Day Moving Average is breached, signaling bearish tone to persist, what can go wrong for ICE contract not to hit 200-day SMA @ 74.20

Consumption, meanwhile, is forecast higher in several large consumer-producer countries. Forecasts for China, India, and Pakistan were all raised noticeably, boosting the forecast growth rate for consumption without greatly increasing forecast demand for imports, especially as China and Pakistan have larger forecast 2017-18 production, and thus comparatively ample expected supplies.

World imports included a reduction by 800,000 bales, mainly owing to lower expected demand from Pakistan and Mexico. World ending stocks are forecast at 87.71 million versus last month's 87.14 million.

Overall we contemplate the June report to have negative outlook on cotton price due to higher supply estimates. The market has also reacted post the data released. The most active July future trades at ICE have declined sharply towards 75 cents. This morning in Asia the same counter is trading down at 75.55 cents per pound. We believe market may remain under stress. For detailed analysis access our weekly report releasing later today.

In line with ICE performance the ZCE cotton is also seen trading lower this morning. The most active September contract is down by 220 points from the previous close and trading at 15395 Yuan/MT. We believe market may remain under stress.

The domestic cotton future for June which closed at Rs. 20740 is expected to trade in the range of Rs. 20500 to Rs. 20850 levels. Note upon break below Rs. 20500 the fall may extend to Rs. 20350 per bale and we recommend selling from higher levels.

Source: kotak commodity - June 12, 2017

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NATIONAL NEWS

'Rebate on garments exports likely to change in GST'

The scheme for Rebate of State Levies (RoSL), which aims at making garment exports competitive in the international market, is expected to undergo some changes in the Goods and Services Tax (GST) regime, a top official said here on Monday.

"It will probably undergo some changes because VAT (value added tax) is being subsumed under Goods and Services Tax (GST). It is being studied right now," Ministry of Textiles Joint Secretary Subrata Gupta told reporters here.

"Whatever be the loading on the industry in terms of state taxes... that is proposed to be offset... we sought views from the industry. Once they give their views, we will examine it," Gupta added.

The Union Cabinet, in June last year, had approved Rs 6,000 crore special package for employment generation and promotion of exports in the textile and apparel sector.

The special scheme for remission of state levies by the Textiles Ministry for three years was part of the package.

The ministry disbursed Rs 400 crore under RoSL to exporters in the last year and provisioned Rs 1,554 crore in the current fiscal for giving supports to the exporters, Gupta said.

The textile industry has already urged the government to continue with the RoSL for three years as committed in the package because the scheme has benefited the exports of garments.

"Exports of garments have gone up over 31 per cent in April this year, over corresponding month last year. This is due to interventions of the ministry," said Anil Buchasia, Chairman, AEPC (EP).

The ministry organised a roadshow in the city for the Textiles-India 2017 Fair which is to be held from June 30 to July 2 at Mahatma Mandir in Gandhinagar in Gujarat.

With an exhibition area of about 125,000 square metres, over 1,000 exhibitors are likely to showcase their products and services. More than 2,500 international and over 15,000 domestic buyers are expected to attend the show.

Source: business-standard.com- June 13, 2017

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GST: Imported garments to become 5-6% cheaper

Imports are likely to remain 5-6 per cent cheaper than locally made apparel, despite the goods and services tax providing input credits to the textile industry.

Apparel imports are subject to a countervailing duty (CVD) of 6 per cent on cotton and 12.5 per cent on polyester, which importers receive as a central value-added tax credit. The CVD is optional at a flat 2 per cent if the importer does not claim a set-off against input costs.

The government has provided a 40 per cent abatement on this optional flat duty, which works out to 0.8 per cent. Thus, the total applicable tax is 1.2 per cent for importers who do not claim the set-off. This apart, importers pay a 4 per cent special additional duty (SAD) without any duty protection, which after considering cesses, works out to over 5 per cent.

“The government had levied this duty as protection for domestic players. With the GST, this duty protection will be removed and imported garments will be 5-6 per cent cheaper. The government has fixed 5 per cent as the GST rate on all textile products and apparel,” said Rahul Mehta, president, Clothing Manufacturers Association of India.

The textile industry fears an increase in imports from Bangladesh and China, where the cost of manufacturing is lower due to cheaper labour. “The GST subsumes all taxes, including protections. Garment imports will become cheaper due to removal of the SAD,” said an official from the Cotton Textiles Export Promotion Council. The textiles ministry has set an export target of $45 billion for FY18, marginally lower than the $48 billion set for FY17.

The government plans to present a new textiles policy by September. It is also organising Textiles India 2017, a seminar to bring global buyers under one roof, between June 30 and July 2 in Gandhinagar. While 61 countries have booked pavilions, 1,900 stalls are expected to be booked by state governments and industry players.

"Our aim is to increase textiles exports and create a competitive environment. We would like states to take such initiatives to help the industry showcase its products directly," said Anant Kumar Singh, secretary in the textiles ministry. Singh said his ministry had done some work on the new textiles policy, which would focus on India's competitiveness in the world market.

Effective levies on imported garments

Before GST

* Countervailing duty include excise duty on cotton 6% and polyester 12.5% with Cenvat credit

* Optional duty of 2% with abatement of 40% on it (i.e. 0.80%) means effective duty of 1.2% without Cenvat credit

* 4% of special additional duty, which along with cess, educational cess and others wok out to Rs 5.5%.

* Thus, duty protection of 5.5% from cheap import

After GST

* All duties subsumed in 5% of the GST for both domestic manufacturers and importers

* No protection, as both domestic manufacturers and importers would require to pay same duty

Source: business-standard.com- June 13, 2017

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Centre may extend sops for exporters

They may be part of the FTP review

With exporters raising concerns over the issue of working capital under the upcoming GST regime, the Commerce Ministry is expected to provide incentives such as enhanced interest subsidy to sectors like agricultural commodities to boost exports. The incentives could be announced as part of the foreign trade policy review, an official said.

"Currently, we are not getting interest subsidy benefits. The government should consider extending this to us besides other incentives so that we can increase rice exports," KRBL CMD Anil Mittal said. KRBL is a leading rice exporter and sells basmati rice under the India Gate brand.

The Federation of Indian Export Organisations too said the cost of liquidity is high and the government should look to reduce that. "The ministry should look at increasing the interest subsidy and Merchandise Exports from India Scheme each by 2%," FIEO director general Ajay Sahai said.

Source: thehindu.com- June 12, 2017

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GST Council forms 18 groups to sort out industry worries

The GST Council has set up 18 sectoral groups to interact with the sectors like telecom, banking and export and sort out their issues in a time-bound manner for a smooth transition to the new indirect tax regime.

These sectoral working groups consist of senior officers from the Centre and states and they will interact and examine representations received from trade and industry associations/ bodies of their respective sector.

Also, the groups will highlight specific issues for the smooth transition of the respective sector to the Goods and Services Tax (GST) regime and prepare sector-specific draft guidance.

"These 18 sectoral groups representing various sectors of the economy and containing senior officers of the Centre and states are being set up to ensure smooth implementation of GST by timely responding to the issues and problems of their respective sectors," a finance ministry statement said.

The other sectors which would be looked into by the group include IT and ITes, textiles, gems and jewellery, food processing, e-commerce, oil and gas, pharma and MSME.

The officials of these sectoral groups will deal with the issues of the respective sectors they represent.

"Concerned industry groups/associations or even individual industry representatives may approach the respective sectoral group officers with their problems relating to GST implementation who, in turn, will try to guide and help them in resolving the same," the statement said.

This exercise will help in dealing with most of the sectoral problems and issues at the local/regional level, it added.

The GST Council, chaired by Union Finance Minister Arun Jaitley and comprising state counterparts, have already decided on the tax rates for goods and services under various sectors to be levied under the new tax regime from July 1.

The Council in its 14th meeting on May 18-19 decided to set up these sectoral groups to better understand industry concerns as India moves towards the GST, which will subsume 16 different taxes including excise, service tax, VAT and other local levies.

Source: economictimes.com- June 10, 2017

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Textile units fret over 18% GST, fear job cuts

The textile industry has said it is worried over government's decision to impose 18 per cent GST on manmade fibre as the levy will dent the margins of firms manufacturing synthetic yarn and could lead to job losses.

The industry is also uneasy about the effect on jobs like weaving, knitting, cutting and packaging, which it fears could hurt the small units badly.

Manmade fibre fabric and yarn, along with dying and printing units and embroidery items will attract 18 per cent levy under the Goods and Services Tax (GST) regime slated for a rollout from July 1, leading to an increase in input costs.

"The 18 per cent service tax will impact a lot. This is a big worry as presently there is no tax on job work. It will mainly affect the small and medium scale exporters engaged in job work activities," Cotton Textiles Export Promotion Council Chairman Ujwal Lahoti said.

He said there is also a possibility of job losses in the industries manufacturing synthetic fibres.

Confederation of Indian Textiles Industry Chairman J Thulasidharan observed that the 18 per cent GST rate on manmade fibre and synthetic yarn would have inverted duty structure problem as the fabric would attract only 5 per cent GST rate.

He also pointed out that the high GST rate can also lead to an increase in input costs and adversely affect the entire textile value chain. Echoing similar views, Southern India Mills Association Chairman M Senthilkumar said the GST rate would have inverted duty structure problem

The industry fears that high tax rates will intensify the tough competition it faces from countries like Bangladesh, Vietnam and China by leading to cheaper imports, increase the prices of textiles products and hit the business of domestic manufacturers.

Source: economictimes.com- June 10, 2017

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DGFT creates GST facilitation cell for exporters

Directorate General of Foreign Trade (DGFT), functioning under the ministry of commerce and industry, Government of India, has constituted a Goods and Services Tax (GST) facilitation cell. The cell will assist and advice exporters, trade and industry for smooth transition from present tax regime to GST regime with effect from July 1, 2017.

Functioning from DGFT headquarters in New Delhi, the GST facilitation cell is headed by Nikunj Kumar Srivastava, additional DGFT, and comprises two other officers—Rakesh Kumar, joint DGFT and Kaushlendra Pratap Singh, deputy DGFT. Exporters can email their queries concerning GST and pertaining to Foreign Trade Policy (FTP), to these officers.

Similarly, all regional offices of DGFT have constituted GST facilitation cell, which would be headed by head of the regional office i.e. additional DGFT/ joint DGFT with other two officers of the rank of deputy DGFT or assistant DGFT.

Recently, DG, DGFT also convened a meeting of stakeholders (FIEO/ trade/ industry) to understand the issues being faced by them in GST system. These issues have been taken up with department of revenue and GST Network (GSTN), who have informed that most of the issues have already been resolved. Earlier this month, DGFT, jointly with FIEO, had also organised an outreach programme to educate the exporters about GST regime. This programme was attended by large number of exporters.

Ajay Bhalla, director general DGFT addressed the exporters and explained them about all aspects of GST including benefits that will accrue to them because of automatic and quick refund of all taxes paid on inputs. DG also responded to many queries of the exporters regarding various export promotion schemes, filing of GST returns and claiming refund.

Meanwhile, the department of commerce had announced aligning the mid-term review of FTP with roll out of GST for the convenience of exporters and industry.

Source: fibre2fashion.com- June 12, 2017

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Tiruppur Knitwear exporters consider making wool items

Knitwear apparel exporters from the Tiruppur cluster are keen on developing and marketing wool-based products, considering that there is a huge potential for them in the global market, according to The Woolmark Company. The company recently conducted a secondary level workshop to impart knowledge about merino wool to exporters and manufacturers.

The Woolmark Company had also conducted a workshop in Tiruppur on the natural properties of merino wool in June last year.

A few companies from the cluster had also developed garment samples using the wool, said Arti Gudal, country manager, The Woolmark Company in a press release.

Gudal, who visited Tiruppur for the secondary level workshop, also said that South India is a crucial market for Woolmark as it has rapidly grown in the readymade knitted garment sector.

The aim of Woolmark behind organising the workshop was to promote merino wool as a fibre to manufacturers in the region.

Gudal added that the joint efforts by the company and exporters from Tiruppur will help produce and position Merino wool garments in a different light, and drive consumption locally as well as globally. Merino wool can be used in the production of sportswear, casuals, T-shirts and more, apart from sweaters, which can be used in both cool and hot climatic conditions.

Raja Shanmugham, president of Tiruppur Exporters' Association (TEA) said that wool products can be a good option for diversifying the products of the industry.

Source: fibre2fashion.com- June 12, 2017

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Dream start for cotton sowing

Area under cultivation likely to cross 3.3 lakh hectare mark

It was a dream start for cotton sowing in Adilabad district, thanks to the rainfall pattern during the last week.

Rain in the night and sufficient sunlight in the day, which enables sowing of seed, is the pattern of pre-monsoon since June 4, which has brought enormous joy to the beleaguered farming community here.

The area under cotton in erstwhile Adilabad district is likely to cross the 3.3 lakh hectare mark which is the normal area under this cash crop.

The area had decreased by about 40,000 hectares last kharif, thanks to a call given by the State government to shun cotton cultivation.

Statistics are not available yet on the extent of sowing that has taken place in the last few days but it is estimated that it could be about 30,000 hectares so far. Even if the monsoon is delayed by a few more days, the tempo in cotton sowing is not likely to come down.

Source thehindu.com- June 12, 2017

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Textile exporters stare at Rs 1,500 cr loss under GST

If the duty drawback policy is not tweaked, the textile industry may lose close to Rs 1,500 crore refunds

A 5% overall GST rate might have pleased the cotton textile industry, but there are significant worries among garment exporters as the migration to the new tax regime would need significant tweaking of the duty drawback schemes that have helped Indian exports compete in an increasingly adverse global market.

"The major concern of the textile exports industry is what would happen to the various drawback benefits, and particularly how the refund mechanism would play out.

Today the industry is surviving because of drawbacks. We don't know how the changeover will play out and concerned with the drawback benefits whether they would stay or go away," Anil Buchasia, eastern region chairman of Apparel Export Promotion Council, said.

To illustrate, the government's recently launched policy of refunding state levies to exporters called Remission of State Levies (RoSL) can't exist in the new tax regime as there would be no state taxes.

If the policy is not tweaked to accommodate GST, the textile industry is set to lose close to Rs 1,500 crore refunds budgeted for the current year. According to a textile ministry secretary, the scheme is being studied to make it compatible with the GST regime.

"It will probably undergo some changes because VAT (value added tax) is being subsumed under GST. It is being studied right now," said Subrata Gupta, joint secretary, Union Ministry of Textiles, at a road show for Textiles India.

Exporters had been getting duty drawback on the central levies imposed during the process of manufacturing of goods for exports. And, beginning December, they started to get reimbursement of state levies as well.

The scheme, under which Rs 400 crore was disbursed since its launch in December is largely seen as helping boost exports in recent times. While there would be input tax credits under GST, there are many costs which were being taken care of under the various duty drawback schemes.

"There are many hidden costs as well. Unless they are addressed under GST, India would lose out to neighbouring countries, particularly while exporting to the European Union," Buchasia said.

Both Bangladesh as well as Vietnam have now surpassed India in apparel exports.

"On top of it, Sri Lanka has recently got the GSP plus status from EU under General System of Preference, which is being enjoyed by Bangladesh and Vietnam.

With a significant portion of Indian apparel export going to EU, we need desperate measures to protect our turf," he said.

FACING LOSSES

If the duty drawback policy is not tweaked, the textile industry may lose close to Rs 1,500 crore refunds

According to textile ministry, the scheme is being studied to make it compatible with the GST regime

Source: dnaindia.com- June 13, 2017

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Roadshow highlights textile products

Event held ahead of the Textiles India 2017 scheduled later this month

Mumbai: The Union Ministry of Textiles organised a road show in the city on Monday to give an impetus to the textile industry and to showcase the entire range of textile products from 'Fibre to Fashion', in the run up to Textiles India 2017 to be held later this month.

Leading the proceedings at the roadshow were Anant Kumar Singh, Secretary of Textiles, and Dr. Kavita Gupta, the Textile Commissioner. Textiles India 2017, supported by the Confederation of Indian Industry (CII), will be held at Mahatma Mandir in Gandhinagar from June 30 to July 2.

"The aim is not only to provide a platform to those who are already established in the textile society, but to also give an opportunity to the young entrepreneurs and fashion students," Mr. Singh said.

He also emphasised the authenticity of the Indian textile industry, focusing on how it is not merely about weaving the cloth, but weaving the country's culture into it.

Mr. Singh said the government has tried to encompass the entire ambit of the textile industry in the exhibition. “One of the primary objectives of the event is to provide a market for the product, and to give an opportunity to those who cannot venture outside to sell or exhibit their talent and their work. We have to congregate the entire textile industry under one umbrella and thus provide a prospect for all to represent,” he said.

Currently, 1,269 Indian exhibitors, 15 overseas exhibitors and 61 international buyers have registered for Textiles India 2017, while concurrently, 75 buying agencies have enrolled too.

“The chief intent is to showcase India’s brilliant strength in textile value chain and India’s competitiveness as a sourcing textile hub and sourcing destination,” said Dr. Gupta.

On the much-awaited new textile policy, which is likely to be finalised in the next three months, Mr. Singh said, “After consultation with stakeholders, we have finalised the draft. We are now trying to incorporate international response and output from foreign players at the forthcoming conference, which will serve as input to our textile policy.”

Source: thehindu.com- June 13, 2017

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Include made-ups in textile job work: SIMA to GST Council

The Southern India Mills' Association (SIMA) has appealed to the Goods and Services Tax (GST) Council to include garmenting, made-ups and other sewn textile products under the textile job work list which will attract 5 per cent tax. Currently, only textile yarns (other than MMF and filaments) and textile fabrics producing activities are classified under it.

The Council slashed the tax rate on textile job work from the earlier decided 18 per cent to 5 per cent in its 16th meeting held on June 11 after the textile industry appealed for the reduction.

The industry had urged to slash the rates as over 80 per cent of the manufacturing activities in the textile value chain are carried out on a job work basis by the MSME due to the decentralised nature of the segments of textile industry.

M Senthilkumar, chairman, SIMA said that garmenting and made ups predominantly work on a hub and spoke model and creates 70 to 150 jobs per crore of Investment especially for the rural women and people below the poverty line.

He has mentioned that the term fabrics would apply only up to the stage of finished fabric cutting and thereafter they would be termed as garment or made-ups or any other sewn products and therefore, suitable amendment/inclusion is required to avoid any ambiguity at a later stage.

SIMA chief has also reiterated that the industry demand of reducing the GST rate on manmade fibre, filaments and spun yarn from 18 per cent to 12 per cent as the fabric attracts only 5 per cent GST, may be considered. He has added that such an exorbitant rate would increase the clothing cost of the poor man's fabrics by 5 to 6 per cent and would seriously affect the major textile clusters such as Surat, Bhiwandi, Panipet, etc., making several lakhs of people jobless.

He has pointed out that the Indian textile industry could achieve the potential and envisaged growth rate only when the raw materials, especially synthetic fibres, are made available at an internationally competitive rate.

Meanwhile, Senthilkumar has welcomed the decision of GST Council and thanked the finance minister and the textile minister for favourably considering the appeal made by the association and reducing the service tax on textile job work to 5 per cent.

He said that under current tax structure, textile job works are exempted from service tax as such activities are manufacturing processing and not servicing in nature.

He added that 5 per cent service tax with full input tax credit would enable the various textile manufacturing segments including reeling, sizing, powerloom, handloom, knitting, yarn dyeing, fabric bleaching, mercerising, dyeing, printing and finishing segments to set off their input credits and pay very minimal GST on services.

Source: fibre2fashion.com- June 13, 2017

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Monsanto, Bayer CropScience cut India investments

Global biotech companies are reducing research activities and investments in India following policy uncertainty over the use of genetically modified (GM) crops.

The government last March lowered by 74 per cent royalty rates for BT Cotton and asked Monsanto, which developed the seed, to allow companies to use the Bollgard-2 variety.

“The cotton seed price control order, fixing a trait fee for our Bollgard technology, and other issues have created significant uncertainty in the business environment. This has compelled Monsanto to withdraw introduction of new technologies in India," Monsanto had said then.

Two other multinational players, Bayer CropScience and BASF, are not pursuing GM seed research in India. BASF closed its biotechnology research portfolio in the country in 2016 and refocused such research in the US. Sources said even in the US, research directed towards the Indian market was not being conducted by the German company. The BASF spokesperson declined to comment, but the company recently announced crop protection solutions for India that will boost rice yields by managing diseases, weeds and pests.

“One of the major barriers to raising farm productivity in India is the lack of new technologies and new chemistry. A conducive policy environment, strong government support and reliable protection of intellectual property rights are particularly relevant for an innovation company like Bayer," said Peter Mueller, head of South Asia, Bayer CropScience.

Biotech companies have not had a smooth ride in India. In 2010, the environment ministry had placed an indefinite moratorium on the commercial release of BT Brinjal, the first GM food that was cleared by the Genetic Engineering Appraisal Committee. This derailed plans of Monsanto, which was in the process of launching BT Brinjal commercially.

“A supportive, predictable policy environment encourages innovators to make long-term investments that are necessary for driving R&D in Indian agriculture. We continue to focus on our existing businesses in corn, crop protection, vegetables, biologicals, Bollgard II technology solutions, and digital agriculture," said a Monsanto India spokesperson.

"The benefits to Indian agriculture from biotech technologies are well documented. Indian cotton production changed after the introduction of BT Cotton in 2002," said Shivendra Bajaj, executive director, Association of Biotechnology Led Enterprises-Agriculture Focus Group (ABLE-AG).

According to him, uncertainties over intellectual property rights and the requirement of clearances from states for conducting field trials are forcing biotech companies to reconsider their investments in the country.

Other countries in the region such as Vietnam, Bangladesh, Pakistan, the Philippines and Indonesia have moved ahead in biotechnology.

"It is high time India makes attempts to reclaim its leadership, which has been lost in the last few years," Bajaj added.

Raju Barwale, managing director of Mahyco, said policy uncertainty on crop biotech had forced the industry to truncate its investments in research.

For the last four years, permissions for regulatory field trials are pending with states. This has resulted in reduced employment of qualified researchers.

Source: fibre2fashion.com- June 13, 2017

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IPRCL to construct 15 rail bridge projects near ports

Indian Port Rail Corporation Limited (IPRCL), a firm formed under the Sagarmala initiative with a mandate to improve port connectivity, has identified 15 rail over-bridge and under-bridge projects for construction to improve evacuation of port cargo.

IPRCL is an organisation under the Shipping Ministry with stakes held by several ports. These are basically flyovers that cost about ₹100 crore each. The rail bridge projects were earlier implemented under the Railway Ministry.

"Some of the first few projects to be taken up include those near Machlipatnam, Krishnapatnam, Kandla port and New Mangalore Port," Anoop Kumar Agrawal, Managing Director, IPRCL, told *BusinessLine*.

Port connectivity

The firm has equity from 11 ports and Rail Vikas Nigam Limited (RVNL). Till now, IPRCL had been constructing rail link projects for port connectivity. The Ministry of Road Transport, Highways had handed over 208 such rail over-bridge and under-bridge to IPRCL under the Sethu Bharatam programme from which the above mentioned coastal connectivity projects are being implemented first.

In some of the other projects, IPRCL is also building a heavy haul rail corridor, which will be a bypass to Cuttack to link it with Paradip port.

The Odisha government will be taking equity and we are also in talks with Coal India," said Agrawal. IPRCL is also in talks with the Adanis to have a rail link for Dhamra Port and another link near Gopalpur port.

The other works where IPRCL is involved include Indore-Manmad line where JNPT will have a stake and a link for Karwar port in Karnataka. It is also undertaking two big railway yards at Sahibganj and Haldia.

At a workshop last week, Agrawal had flagged an issue for the Union Cabinet to be taken up through appropriate authorities. The issue was related to the running of a passenger train on goods railway link, which spikes the maintenance cost of a railway line, and makes the non-government railway unviable.

Source: thehindubusinessline.com- June 13, 2017

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