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1. Textile ministry to promote Indian textiles to new markets

Declining textile exports have prompted India to look outside traditional markets and tap the ones being served by competitors such as China. The textiles ministry of India is planning to do roadshows to promote textile exports in the new markets. They used to hold roadshows in the past and wanted to approach new markets through these. They have identified Russia, South America and West Asia to boost exports. The plan to do roadshows abroad comes in the wake of a 3.3% decline in exports in 2015-16 to $40 billion from $41.4 billion in the previous year due to India losing its competitive edge to Bangladesh and Vietnam. Textiles sector is among the largest contributors to India's exports, with a share of almost 11%. The US, European Union and parts of Asia are the main markets for Indian textile and apparel exports. The government had in June announced a Rs 6,000-crore package for textiles and apparels sector to help it wrest a bigger share of the global market. Besides pushing exports, roadshows abroad will also benefit the domestic textile industry, which employs about 40 million workers and 60 million indirectly. Russia and West Asia are not our traditional markets but have been developing as important destinations in recent years. So, it is a good idea to promote our textiles there. If the government is doing roadshows at its level for the entire industry, it is a first of its kind. Nair said the government had held roadshows in India earlier while different export promotion councils promoted products internationally. Roadshows abroad may not translate into immediate exports, Nair said, but will create a market for Indian products in markets that have been served by China till now. The textiles ministry, which has set a target of doubling textile exports in 10 years, plans to enter into bilateral agreements with Africa and Australia, along with working on a new textile policy to promote value addition.

(Source: Yarn and Fibres.com)

2. Textile ministry pushing for FTA with EU Officials

Government recognises the significance of signing the free-trade agreement with EU and the advantages it holds for the country, a top official said today. Textiles Secretary Rashmi Verma said her Ministry "is in constant touch with the Ministry of Commerce to pursue an FTA with EU to boost international trade especially in the textile sector". Verma pointed out that while Bangladesh enjoys preferential treatment and tax benefits for textile exports, India has greater competitive advantage in terms of environmental compliances. As countries of the European Union lay huge importance to environmental compliances, India stands to gain over Bangladesh, she said, laying out the benefits for the country arising post the free trade agreement. Observing that India's textile industry was at a turning point, Verma said: "On one hand, China's export growth in textiles is decreasing, India, riding on cost advantage, has a huge potential to play a prominent role in international textile trade". She further said that roll out of the Goods and Services Tax will greatly help in streamlining the tax structure and improve compliance. The Textiles Secretary appealed to industry to take full advantage of the special package announced by the government for the textile sector, stressing that it needs to focus on innovation, modernisation and technological advancement to become world-leaders in the textile sector. Stressing on the importance of skilling the workforce to become globally competitive, Verma said that at least 10 lakh workers need to be skilled every year to meet the demands of the industry and create employment in the textile sector.

(*Source: Business Standard)*

3. Centre backs low GST rate, EU FTA to spur textiles jobs

With an eye on job creation, the government is going all out to make the textile sector more competitive by pursuing a lower Goods and Services Tax rate and is even willing to allow automobile and wine imports from the European Union in return for market access for Indian apparel. “We are at a critical juncture for Indian textiles as China is moving out of global markets due to increase in labour costs and higher domestic demand. It’s the right time for us to occupy the space, especially in countries where China was exporting, besides the EU and the U.S.,” Textiles Secretary Rashmi Verma said in the capital on Thursday. Conceding that Bangladesh is poised to overtake India on garment exports and others like Vietnam, Kenya and Ethiopia are catching up, Ms. Verma said the government was seeking to nullify the competitive disadvantage that arises due to these countries getting duty-free access to the EU and U.S. Indian products attract a 9.5 per cent duty in the EU. Finance Minister Arun Jaitley has chaired about six meetings on India’s strategy towards free trade agreements (FTAs) with the textiles and commerce ministries, with a view to offset this disadvantage, she said, adding that the entire cabinet is on board with a proposal to trade-off access to automobiles and wine imports under an India-EU FTA in return for access to Indian textiles. “It was recognised by the cabinet that the trade-off from allowing automobile and wines from the EU (may be worth it) as the loss is much bigger if we don’t do an FTA and lose jobs in the textile sector,” Ms. Verma said at a conference hosted by the Confederation of Indian Industry. “The commerce ministry is trying but these negotiations take time and the EU has to respond,” she added. “A one crore rupees investment in most sectors creates ten to twelve jobs, but in textiles it creates 100 jobs. The government realises the need to incentivise the sector for its job-generation potential, especially for women who form 70-80 per cent of its workforce,” Ms. Verma said. Asking the industry to take advantage of the recently announced 3-year package for the sector, Ms. Verma said that the upcoming GST regime will make Indian textiles more competitive. “It will solve many problems, the tax on tax will go away, input tax credits will be given and the differential tax rate on man-made fibres could be fixed in line with the long-standing demand for fibre neutrality,” she pointed out. The textiles secretary said that the industry should engage with a committee in the revenue department on its concerns about GST so that it got a fair deal. “Most probably, the sector is likely to get a lower tax rate. That’s been our discussion with the finance ministry. But the final view will be taken by the GST Council,” she said. The GST Council, chaired by the finance minister, is slated to meet next week to start determining the tax rates for the new indirect tax regime.

(*Source: The Hindu)*

4. India’s yarn export decline

India’s cotton yarn exports fell 11.58 per cent in value terms and 4.44 per cent in terms of volume during April - June this year compared to the same period last year. Exports to China, the main buyer of Indian cotton yarn, have declined, industry sources said. China imported 149.66 million kg of cotton yarn during the first three months of last financial year (2015-2016) and it dropped to 99.09 million kg during the same period this year. The decline in exports started in April 2014. Total cotton yarn exports from India used to be 140 million kg a month and it has dropped to about 100 million kg now, says M. Senthil Kumar, chairman of Southern India Mills’ Association. With a drop in demand in the domestic and export markets, capacity utilisation in textile mills has also come down. With the existing capacity, India can produce up to 500 million kg of yarn a month. However, it is only about 470 million kg now. Bangladesh is the second largest buyer of cotton yarn from India and exports to Dhaka went up by 38.87 per cent in value between April and June this year and 52.1 per cent in terms of volume during the same period. This year, India’s exports to Pakistan have also improved in terms of value and volume. Competitiveness of Indian cotton yarn in the international market should improve. Further, fluctuations in cotton price have hit the textile mills, Mr. Kumar said. The government should give two per cent under the Merchandise Export Incentivisation Scheme and three per cent under the interest equalisation scheme for one year. This will help India increase export to other countries too. Cotton Corporation of India should buy 70 lakh to 80 lakh bales of cotton in the peak arrival period and supply it to the mills later to stabilise the prices, he said.

(*Source: The Hindu)*