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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. 167 of 2017 August 14, 2017

USD 64.03 | EUR 75.71 | GBP 83.27 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20055	41950	**83.41**

Domestic Futures Price (Ex. Gin), July

Rs./Bale	Rs./Candy	USD Cent/lb
18590	38886	**77.32**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.25
ZCE Cotton: Yuan/MT (Sept 2017)	15,105
ZCE Cotton: USD Cents/lb	**87.40**
Cotlook A Index – Physical	**78.45**

Cotton & currency guide: The cotton December futures in the last week settled lower near 68.20+ cents per pound. The contract fell sharply from 71 cents during the week post the USDA WASDE Report released stating US supply numbers to increase 20+ million bales and global stocks and supplies to rise in 2017-2018.

The trading volume was high in the last week with higher open interests. From the CFTC report the speculative positions have turned net short keeping the underlying lower.

This morning Cotton is seen trading steady near 68.20 cents per pound. No major activity today while this week we would be keenly watch the US export sales figure as the season 2016-17 has come to an end.

From the price perspective the December is expected to trade in the range of 67 to 69.50 cents in the near term. For today we expect a sideways trend.

Coming to domestic market the spot S6 variety which held steady in the last week fell marginally to Rs.42750 per candy on Friday. In the similar lines J34 variety also declined.

The effect was seen on the futures price. The October future MCX cotton ended the week lower. We expect cotton to trade in the range of 18400-18750 per bale.

Indian rupee appreciated by 0.3% to trade near 63.95 levels against the US dollar. Rupee benefitted from some stability in equity market as market reaction to North Korean tensions subsided. The US dollar is also pressurized by weaker inflation data which adds to uncertainty about Fed's monetary policy. USDINR may trade in a range of 63.85-64.1 and bias may be on downside.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Cotton USA highlights US cotton quality to China, Pak

An eight-member executive delegation of Cotton USA emphasised on the quality of cotton produced in US to China and Pakistan textile mill leaders during their visit to Dubai, UAE, and Qingdao, China for quality conferences. These conferences by Cotton Council International (CCI) were a platform to know about the benefits of using US cotton fibres.

The COTTON USA Quality Conference encouraged participants to 'Take a Closer Look at US Cotton'. The executive delegation participants gave presentations about sustainability, quality, transparency and premium value of US cotton to show how it can help textile mills prosper. The conference helped the delegates know the areas of improvement in the US cotton industry.

"The executive delegation will use what we learned to strengthen our industry's commitment to supplying our textile mill customers with the cotton the world trusts," CCI president Eduardo Esteve said.

The delegation's first stop was Dubai, where the members had a private meeting with the leadership of the Pakistani textile industry in addition to speaking at the conference. Thirty-one representatives from 27 mills attended the Dubai conference, as well as nine exporter agents.

In China, the delegation participated in the second quality conference and visited a textile mill in Zibo, Shandong Province, met with government officials in Beijing (CNTAC and CCA). Fifty-five participants from 38 textile mills attended the conference in China. Among the 38 participating mills, 67 per cent were first-time attendees while the others had also attended the conference in 2016. The participating mills' cotton usage in 2016 was 1.8 million bales and US cotton usage was 193,405 bales, which accounts for 26 per cent and 73 per cent of total China industry consumption respectively.

The 2017 Cotton USA executive delegation participants included Eduardo Esteve, CCI president; Jeff Johnson, ACSA chairman; Raymond Faus, ACSA vice-chairman; Keith Lucas, AMCOT; American Cotton Producers representatives Nathan Reed, board of directors, National Cotton Council) and Brent Nelson, secretary treasurer, Plains Cotton Growers Association;

Matthew Ryan, ICE senior director, Global Soft Commodities; and Marc Lewkowitz, Supima president & CEO.

Source: fibre2fashion.com- Aug 14, 2017

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US raises global cotton production estimates for FY 2018

The Foreign Agricultural Service (FAS) of the US Department of Agriculture (USDA) has significantly raised the estimates of global cotton production, trade, use and ending stocks for 2017-18. The United States, Australia, India and Brazil will be the major exporters of cotton.

The FAS forecasts Indonesia, Mexico, Vietnam and Bangladesh will be the four major cotton importers in the next US fiscal, according to an August USDA circular.

The US balance sheet has area down but production up on higher yields, resulting in greater exports and ending stocks. The forecast for US season-average farm price remains unchanged at 61 cents per pound.

Sales from China's state cotton reserve remain strong with cumulative sales since the start of auctions on March 3 this year reaching over 10 million bales recently. The average sale price has been $0.966 per pound, 10 cents higher than the A-Index average of 86 cents during the same period, says the circular.

About 138,000 bales have been offered for sale each business day in that period in China. Sales have been split roughly equally between cotton from the 2012 and 2013 crops, while sales from the 2011 crop account for only 3 per cent of the total. Purchasing has been evenly split between spinners and traders.

The demand for cotton from Xinjiang has been very strong with over 99 per cent of its cotton being sold, amounting to over 60 per cent of total sales. Cotton from the eastern Chinese provinces was less than 40 per cent of the cotton sold. Sales rates in the eastern provinces greatly vary, depending primarily on the warehousing location, while quality factors, such as length or colour grade, are less influential.

Source: fibre2fashion.com- Aug 14, 2017

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Pak-Saudi trade ties: Potential and prospects

Ever since its establishment in 1947, Pakistan has enjoyed close relations with Saudi Arabia. The two sides have established time-tested strategic ties. Saudi Arabia has always extended economic cooperation to Pakistan in the hour of need. Workers remittances from this brotherly Islamic country play a substantial role in strengthening the balance of payment of Pakistan. When seen in the backdrop of this overall picture, one aspect of the ties i.e. bilateral trade seems relatively less pronounced and depicts a story of unrealized potential.

Pakistan mainly imports oil and oil products from Saudi Arabia, which accounts for 90 percent of our total import bill for the Kingdom. In turn, Pakistan supplies rice, meat, meat products, spices and fruit, home textile products, chemicals, footwear and leather goods. The total value of the merchandise being traded between the two countries is around $2.5 billion. Pakistan's exports to Saudi Arabia are worth about $0.5 billion whereas the rest comprises the value of items imported by Pakistan. Pakistan's exports to Saudi Arabia have seen consistent growth and have tripled in value during 2001 and 2014. There has been a slight downward trend since 2014, which may be partly attributed to somewhat slowing down of economic activities in Saudi Arabia due to falling oil prices. However, even if one disregards the phenomenon of temporary slow growth in Saudi Arabia, it is still palpable that the magnitude of trade relations between the two countries is not in sync with their long-established close-knit ties.

The fact of the matter is that Pakistan caters to a merely 0.3 percent of the import market of Saudi Arabia. Considering the manufacturing base of Pakistan and our thriving services sector, Pakistan has much more to offer to Saudi Arabia and actually, there is a huge potential of bilateral trade lying unrealized between the two countries.

Due to Pakistan's geographical location, bilateral trade is comparatively feasible both through air and sea routes. Moreover, Saudi Arabia hosts the largest expatriate community of Pakistan in the world. Pakistani citizens are employed in almost all the large business groups and companies where they are offering valuable services and are ultimately contributing to the strengthening of the local economy. The presence of this large expatriate community can play a significant role in furthering the bilateral trade relations.

There are a number of areas in which the trade volume can be possibly enhanced. Pakistan specializes in textiles products, which account for more than half of our total global exports. But in the case of Saudi Arabia, textiles comprise merely 20 percent of our export mix. The share of textiles especially value-added garments can see a big jump if circumstances are aligned. Similarly, Pakistan manufactures state-of-the-art surgical instruments and world-class sports goods, which can easily find their place in the Saudi market. There is also a great scope for food products. Pakistan can easily cater to the rapidly growing sector of organic foods in Saudi Arabia. Similar potentials exist in the services sector be it financial services, insurance sector, facilities management, IT services, entertainment industry etc.

A free-trade agreement between Pakistan and the Gulf Cooperation Council (GCC) is already on the cards. The agreement will help boost trade between Pakistan and the entire Gulf region. The signing of a bilateral investment treaty between Pakistan and Saudi Arabia is also a possibility in near future. This agreement will liberalize, promote and reciprocally protect investments made by companies of the two countries and will help them capitalize on the opportunities arising on both sides i.e. the Vision 2030-related investments opportunities in Saudi Arabia and projects related to China-Pakistan Economic Corridor (CPEC) in Pakistan.
Apart from this, bilateral business bodies are warranted to play an active role. Frequent exchange of business delegations and enhanced business-to-business interactions are guaranteed to accelerate the commercial relations. Liberalized business visa regimes on both sides will greatly facilitate such interactions.

Pakistan and Saudi Arabia both understand the significance of enhanced economic and trade relations and the two sides are already making progress in various areas. Pak-Saudi Joint Ministerial Commission exists since 1970, which serves as the apex body to discuss all bilateral matters relating to trade and commerce. The commission is slated to meet this year.

It is sincerely hoped that coming days shall see Pakistan emerging as a major trading partner of Saudi Arabia.

Source: arabnews.com- Aug 14, 2017

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Pakistan: Active trading continues amid firm prices at cotton market

At lint market, buyers made majority deals which were grade-selective while some buyers made deals for second grade stuff on premium price. Forward deals also changed hands as buyers consolidated inventories in Sindh and Punjab stations during trading session, floor brokers said.

Buyers made deals on slightly higher price on shrinking better grades of lint that also kept general prices in green zone. Buyers also made deals for all grades besides deals for fine and second grade lint for blending purpose changed hands at around Rs 6,625 per maund to Rs 6,650 per maund during the trading session.

The Karachi Cotton Association (KCA) spot rate remained intact at Rs 6,450 per maund. According to KCA, 200 bales of Multan changed hands at Rs 6,450 per maund, 200 bales of Hyderabad at Rs 6,375 per maund, 200 bales of upper Sindh at Rs 6,400 per maund and 200 bales of southern Punjab at Rs 6,625 per maund.

At the Karachi Cotton Exchange on Thursday, trading continued to remain active while spot rates remained unchanged at Rs6,450/maund (37.324kg) and Rs6,912/40kg. Ex-Karachi rates also remained unchanged at Rs6,595/maund and Rs7,067/40kg after an addition of Rs145 and Rs155 as upcountry expenses, respectively.

KCE recorded 17 transactions of around 15,000 bales at a price of Rs6,450 to Rs6,700/maund. Transactions were recorded from Mirpurkhas, Sanghar, Hyderabad, Kotri, Shahdadpur, Tando Adam, Sinjhoro, Khadro, Moro, Burewala, Mian Channu, Haroonabad, Khanewal, Gojra, Sahiwal, Vehari and Chichawatni.

The ginners of Punjab offered cotton of all grades to the buyers around Rs 5,975 per maund to Rs 6,750 per maund while ginners of Sindh offered raw grade of lint to the buyers around Rs 5,975 per maund depending on trash level.

Source: yarnsandfibers.com- Aug 11 2017

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Continue garments sector reforms, Canada urges Cambodia

Praising Cambodia's trade reforms, Canadian ambassador to the country Donica Pottie has urged the ASEAN nation's government to continue with that policy to facilitate trade and investment, particularly in the garments sector. Pottie made the call while paying a courtesy visit to commerce secretary of state Ok Boung in Phnom Penh recently.

Pottie, who urged Ok Boung to work further to ensure lower cost of production, better factory management, smoother documentation and more simplified export procedures, said she hoped to see a bilateral forum for bringing together Canadian importers and Cambodian exporters in the garment sector, a leading English-language daily from Cambodia reports.

Cambodia's garment and footwear exports rose by 7.2 per cent to $7.3 billion in 2016, up from $6.8 billion in 2015. In 2016, around 8 per cent of the nation's exports in this sector went to Canada, up from 7.5 per cent in 2015.

Pointing out to reforms undertaken, including digitialisation of procedures to obtain certificates of origin and the implementation of trade facilitation agreements, Ok Boung said while it took two weeks earlier to obtain a certificate of origin, now that can be issued in two days.

Welcoming the trade reforms, the Garment Manufacturers Association in Cambodia (GMAC) said more could be done to help facilitate exports..

Source: fibre2fashion.com- Aug 13 2017

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GINETEX registers 5 trademarked symbols in India, China

GINETEX's five trademarked symbols have been registered in India and China. The International Association for Textile Care Labelling (GINETEX) is an international network that provides consumer with information on textile care by means of pictograms. The five main care symbols are registered with the World Intellectual Property Organisation (WIPO).

These are an international trademark owned by GINETEX, India and China are two important markets for GINETEX licensees as many national apparel brands are exporting and importing textile products in these markets.

GINETEX has cooperated with the International Standards Organisation (lSO) and allows ISO to use its care labelling system to help ensure those care symbols have a global reach. The ISo 3758:2012 standard - "Textiles – Care labelling code using symbols" informs textile and apparel manufacturers, suppliers and retailers all over the world about care labelling symbols and the appropriate related tests for materials and clothing to avoid causing any irreversible damage during washing, bleaching, drying, ironing and professional care.

During the last year, GINETEX has also concentrated on registering the symbols in South America, South Africa and several Arabian countries as these markets become more globally significant.

Among GINETEX licensees, SGS Global Laboratories has the rights to use these symbols through their global membership of GINETEX.

SGS Global Softlines has an extensive network of over 40 laboratories worldwide, with a strong team of committed professionals from multi-disciplinary backgrounds. Its internationally accredited state-of-the-art testing laboratories offer a comprehensive range of physical, chemical and functional testing services for components, materials and finished products.

Source: fibre2fashion.com- Aug 11, 2017

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Columbia recycling programme expands in US stores

Columbia Sportswear has announced the roll out of its ReThreads recycling programme in more than 100 Columbia stores across the United States to help people recycle used clothing and footwear. The programme aims to reduce textile waste by asking people to drop off garments, outerwear, and footwear (in clean, dry condition) at each of their store locations.

Once the garments and footwear are dropped in the ReThreads bins in each Columbia store, they are sent to a processing facility through I:CO, a textile recycling solutions company. Items that are still re-wearable are sold as second-hand goods through I:CO's network. Non-wearable items are reused for products like cleaning cloths or recycled into fibres for products such as insulation and new fabrics.

"The issue of clothing ending up in landfills is a significant problem, and we want do our part to help conserve our material resources and reduce our collective carbon footprint," said Columbia Sr. global corporate relations manager, Scott Welch. "We are thrilled to build on last year's successful ReThreads pilot programme and roll it out to all of our stores and their communities around the country."

According to the US Environmental Protection Agency's (EPA) website, Americans discarded over 32 billion pounds of clothing, shoes and other textiles in 2014, accounting for over 6 per cent of the municipal waste stream. According to the EPA's website, programmes like ReThreads help keep these items out of the landfill and contribute to the over 5 billion pounds of consumer textile waste being reused or recycled today.

In celebration of this ReThreads launch, Columbia will donate $1 for every pound of clothing collected at its stores till September 10, 2017. Also, for the first month of the national programme, Columbia will make a financial contribution to a non-profit organisation for every pound of clothing that is recycled and kept out of landfills. Participants in the programme will be given a token once they drop off their gently used items and can use that token to place their vote for one of the participating non-profits namely American Hiking Society, National Park Foundation and Children and Nature Network.

“Protecting the environment by recycling materials that hikers use is essential for the next generation to explore the places we all love to hike,” explained American Hiking Society executive director Dr Kate Van Waes. "Columbia Sportswear and American Hiking Society have partnered for over 10 years, and we are excited to collaborate on the Rethreads programme."

Source: fibre2fashion.com - Aug 12, 2017

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More "Made in China" textiles made in North Korea, and it's legal

DANDONG, CHINA Chinese textile firms are increasingly using North Korean factories to take advantage of cheaper labour, traders and businesses in the border city of Dandong said.

The clothes made in North Korea are labelled "Made in China" and then exported across the world, they said.

UN sanctions, introduced to punish North Korea for its missile and nuclear programmes, do not include any bans on textile exports.

"We take orders from all over the world," said one Korean-Chinese businessman in Dandong, the Chinese border city where the majority of North Korea trade passes through.

Clothing agents in Dandong act as go-betweens for Chinese clothing suppliers and buyers from the US, Europe, Japan, South Korea, Canada and Russia, he said.

"We will ask the Chinese suppliers who work with us if they plan on being open with their client - sometimes the final buyer won't realise their clothes are being made in North Korea. It's extremely sensitive."

Textiles were North Korea's second-biggest export after coal and other minerals last year, totalling US$752 million (S$1.02 billion), according to data from the Korea Trade-Investment Promotion Agency.

Total exports from North Korea last year rose 4.6 per cent to US$2.82 billion.

Manufacturers can save up to 75 per cent by making their clothes in North Korea, said a Chinese trader in Pyongyang.

"North Korean workers can produce 30 per cent more clothes each day than a Chinese worker," he said.

"In North Korea, workers don't go to the toilet whenever they feel like, they think it slows down the assembly line.

"They aren't like Chinese factory workers who work for the money. North Koreans have a different attitude - they believe they are working for their country, for their leader."

North Korean workers at the now-shuttered Kaesong industrial zone just across the border from South Korea received wages ranging from a minimum of around US$75 a month to an average of around $160, compared with average factory wages of $450 to $750 a month in China.

Source: tnp.sg- Aug 14, 2017

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Ethiopia's Textile and Garment Exports Remain Disappointing

August 13, 2017 - Ethiopia's textile and Garment sector export revenue during the Ethiopian Fiscal Year 2016/17 that ended on July 8 only achieved a third of planned revenue. Ethiopia earned 89.3 million US dollars out of a planned 271 million US dollars during the previous Ethiopian fiscal Year. Despite this performance, Ethiopia has plans to become the top textile manufacturing country in Africa.

According to Assefa Tesfaye, Corporate Communications Director at Ethiopia Ministry of Industry (MoI) , insufficient supply of manufacturing inputs, delay in commissioning of several industries contributed to the underachievement of Ethiopia's textile sector. Ethiopia is building or has commissioned more than a dozen industrial parks across the country with a view to become a light manufacturing hub in Africa by 2025 especially in textile and garments.

It in particular Ethiopia had its ambitions set on the Hawassa Industrial Park, located in southern part of Ethiopia, to revolutionize its budding textile and garment sector.

However, the Ethiopian ministry of Industry said a lag in commissioning of some textile and garment plants in the Hawassa Industrial Park contributed to the disappointing export result of Ethiopia's textile and Garment sector.

Built by China Civil Engineering Construction Corporation, Hawassa Industrial park was inaugurated in July 2016; with already 18 companies having started operations inside the industrial park. Six of them are currently exporting their textile and garment products to the global market, generating export income to Ethiopia.

Once operational at its full potential, the park is expected to generate 1 billion US dollars for Ethiopia mainly from textile and garment products.

Source: ezega.com- Aug 13, 2017

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Pak Cotton production may fall short of 14.04m-bale target

ISLAMABAD: Pakistan is going to miss its cotton production target this year as it is expected to produce 12.6 million bales against the target of 14.04 million.

Though the output will fall short of the goal, it will be significantly higher than last year's production of 10.7 million bales.

According to a statement, the Cotton Crop Assessment Committee (CCAC) held its first meeting under the chairmanship of Ministry of Commerce and Textile Secretary Hassan Iqbal on Thursday.

Representatives of provincial governments, the Pakistan Central Cotton Committee, Pakistan Cotton Standards Institute, All Pakistan Textile Mills Association, Pakistan Cotton Ginners Association, Karachi Cotton Association, Pakistan Oil Mills Association, Trading Corporation of Pakistan and progressive growers took part in the meeting.

Following thorough discussions, the CCAC unanimously agreed in its assessment that the cotton crop for 2017 would stand at 12.6 million bales, lower than the target of 14.04 million bales, as suggested by initial estimates.

Punjab will produce 8.8 million bales, Sindh will have an output of 3.7 million bales whereas Khyber-Pakhtunkhwa and Balochistan will produce 0.10 million bales.

Cotton Commissioner Dr Khalid Abdullah apprised meeting participants that the crop was planned to be planted over 3.11 million hectares (7.68 million acres) with production target at 14.04 million bales. However, sowing stood 13% lower as 2.753 million hectares (6.803 million acres) were cultivated during the current season.

He stressed that relevant departments remained proactive in training the farmers for tackling the threat posed by pink bollworm insect and leaf burning syndrome. Moreover, cotton prices were also encouraging for the farmers.

Cotton industry: ‘Reduction in insurance charges to benefit ginners’

A representative of Punjab stated that the second cotton crop survey report would be released by the end of August, which would have accurate data of the area sown with the crop.

Sindh’s representative described the condition of cotton crop as good, saying second picking of the produce had also been done in lower Sindh. He expected the province to achieve the production target.

A representative of Khyber-Pakhtunkhwa revealed that around 1,800 acres had been planted with cotton crop in Dera Ismail Khan. He asked the government to support the farmers by ensuring supply of quality seeds, fertiliser and pesticides at subsidised rates and making procurement arrangements.

Commerce and Textile Secretary Hassan Iqbal insisted that the government was making all efforts to boost cotton production with equal support measures for all stakeholders.

He pointed out that the Ministry of Textile Industry was working to establish the National Textile University in all four provinces for technology upgrading and skill development.

Moreover, the ministry has also asked Khyber-Pakhtunkhwa government to set up a cotton ginning factory in DI Khan at the earliest in an attempt to facilitate the farmers in cotton procurement.

Source: tribune.com.pk - Aug 11, 2017

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UAE's Jebel Ali Free Zone trade reaches $80.2billion in 2016

DUBAI, 13th August, 2017 (WAM) -- Dubai-based Jebel Ali Free Zone (Jafza), a subsidiary of global trade enabler, DP World, has announced the growing of its non-oil foreign trade by 17 percent from 23.9 million to 27.9 million tonnes in 2016, worth $80.2 billion.

Commenting on the announcement, Sultan Ahmed bin Sulayem, Group Chairman and CEO of DP World, said, "The value and volume of trade through Jafza underlines the strength of the national economy and its ability to adapt to global trading conditions, create investment opportunities and open up new markets to exports from the UAE." Mr. Bin Sulayem added that Jafza supports economic diversification in line with the directives of Vice President, Prime Minister and Ruler of Dubai, His Highness Sheikh Mohammed bin Rashid Al Maktoum, to provide services and incentives to investors that meet their aspirations and provide additional benefits to compete in local, regional and global markets.

He added, "Jebel Ali Port plays a pivotal role in enabling international trade so companies operating in Jafza can import and re-export their goods and products to the various countries of the region. The Dubai Logistics Corridor connects Jebel Ali Port and Al Maktoum International Airport in one customs zone, reducing the time taken for the movement of goods between sea and air transport modes and making the area the main transit gateway in the Middle East." China has maintained its position as Jafza's largest trading partner, with $11.3 billion worth of trade during the year with many Chinese companies in Dubai using logistics capability to re-export goods and products. Saudi Arabia is the second largest Jafza trading partner with $7 billion, while Vietnam was third with $4.3 billion through the import of electronics and electrical appliances, followed by the United States with a trade volume of $3.7 billion.

Machinery, electronics and electrical goods accounted for 49 percent of Jafza's total trade with Jebel Ali Port’s ability to handle heavy equipment playing a key role, coupled with high consumer demand in the sector. Petrochemicals, oil and gas sector had 16 percent of total trade, followed by food and FMCG (8 percent), textiles and garments (7 percent), automotive and spare parts (6 percent).
Trade with the Asia Pacific region came to $32.4 billion, followed by the Middle East at $27.2 billion, the European continent ($9.9 billion), the Americas ($5.5 billion) and Africa ($5 billion).

Source: zawya.com- Aug 13, 2017

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NATIONAL NEWS

Jobless growth rising crisis for Modi Sarkar

The government seems to work for big business, with its emphasis on reducing the influence of labour.

Jobless growth, widely applied to the era of high growth from 2004 to 2009, has now become the bane of the Narendra Modi government. Not only is the economy flailing in its ability to deliver on its promises of "Make in India", Swachchh Bharat, eradicating black money and bringing back the billions stashed abroad, it has also failed to give any succour to those seeking a livelihood. None of its programmes have seriously worked out the economic and job implications. The present government has been unable to generate enough jobs. The problems are partly structural — of being a few decades behind the countries in East Asia and Southeast Asia in catching the export boom. But such a situation has also arisen because of the government's inability to forge a suitable policy, its indifference to the crisis in people's lives and its obsession with things like cow slaughter without bothering about its consequences on farmers' livelihoods.

The numbers tell a straightforward story even if they are incomplete. India was able to add only 135,000 jobs in eight labour-intensive sectors surveyed by the Labour Bureau in 2015 (the figure for 2016 has not yet been released), steadily declining from a peak of 930,000 jobs added in 2011. Both figures are much lower than the need to cater to the 10 million people entering the "labour force" every year.

In its appraisal of the 12th Five-Year Plan (2012-17) released recently, the Niti Aayog noted: "Higher focus on investment in capital- and skilled-labour-intensive sectors in the country meant that the movement of workers out of agriculture into industry and services has been specially slow for the past 65 years." The Modi government has concentrated on capital-intensive and high-skilled sectors. This has meant that the fast-growing sectors in India with job opportunities have been automobile and its parts, two-wheelers, machinery, chemicals, petroleum refining, telecommunications, software and pharmaceuticals. The concentration on capital-intensive sectors has meant that the sectors that are employment intensive, like textiles and garments, leather tanning and processing, diamond polishing and jewellery manufacture, agro-industries like food processing and cold storages have been ignored. A case in point is the labour-intensive clothing industry. The Aayog said: “India has performed rather poorly in this sector. (Clothing) exports from India started at a lower level in 1997 and also grew at a significantly slower pace. By 2013, these exports from China had risen to $177 billion, while those from India amounted to just $17 billion”.

“Unfortunately, more than China’s exceptional performance, this comparison testifies to generally poor performance of Indian exports of labour-intensive products. Today, India’s exports of clothing and accessories in absolute terms fall short of not just Bangladesh but also Vietnam, whose population is 90 million. The story is similar in other labour-intensive items such as leather products, food processing and electronic assembly”, the Aayog said. Two social sectors that are largely ignored by the Niti Aayog are health and education. This is in keeping with the government policy to gradually reduce the money allocated to them.

Instead of a mindless rush to fund universities and colleges that pretend they are equal to the world’s best, a balanced approach on school education would raise the level of schools around the country and provide more jobs than industry can. Most village schools have just one teacher, who single-handedly handles Class 1 to Class 8. By having four teachers for each school in India’s seven lakh villages would not only raise the level of education and ability of students to deal with the world, it would also generate useful employment for nearly three million otherwise disgruntled youngsters.

Similarly, by ensuring that the primary health centres are manned by a sufficient number of trained medical helpers would not only give employment but also improve medical care. From 1991, Dr Manmohan Singh had initiated the new economic policies. Though the share of agriculture in national GDP has been steadily going down that of manufacturing has remained unchanged with almost all the gain going to services. Part of the decline in employment in cotton textiles and food products is because of sickness or obsolescence, which accounted for a sizeable part of factory employment. One reason why employment has not gone up as it should have is that when jobs are created almost an equal number are lost. A recent report by the Boston Consulting Group (BCG) states that employment has not kept up with growth because of productivity increases. Between 1999-2000 and 2012-13 only 52 million jobs were created instead of 355 million, because owners invested in machinery to reduce dependence on labour. Labour is mainly concentrated in the small informal sector in which something like 84 per cent of all industrial employment is found. Any government serious about tackling unemployment would turn here for solutions. But for all the brave talk of "Make in India", the Modi government has ignored this sector totally. "Microenterprises have the potential to propel growth and job creation", says the BCG report. However, for this to happen, the government must be sensitive to their needs — providing financial help and training.

It has to simplify procedures of dealing with the government. Instead, Mr Modi's recent moves have made life more complicated — first the demonetisation gambit hurt the capacity to raise working capital. Then the level of paperwork involved in the GST will drown any entrepreneurial spirit in bureaucratic hurdles. The government seems to work for big business or lobbies, with its emphasis on reducing the influence of labour. It has made no attempt to seriously consider employment. The stage is being set for the violent confrontation we have seen in Gujarat, Rajasthan and now Maharashtra.

Source: deccanchronicle.com- Aug 12, 2017

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SITA set to catalyse $80 mn investments

Supporting Indian Trade and Investment for Africa (SITA), a project of the International Trade Centre covering five East African countries (Ethiopia, Kenya Rwanda, Uganda and the United Republic of Rwanda) and India, aims to catalyse at least $80 million worth investment from 16 deals by 2020.

According to Govind Venuprasad, coordindator of SITA, Office of Asia and the Pacific, the project had facilitated negotiation of more than $64 million worth investment, of which $23 million had been catalysed in the last two years. This includes investment in sunflower oil, leather, cotton, textiles and apparel, and spices. The size of investments range between ₹3.5 crore to ₹163 crore.

SITA not only facilitates direct trade and investment but also works on capacity building interventions so that East African small and medium-scale enterprises increase efficiency of production and quality. In the last two years, it has conducted over 50 trainings for businesses in east Africa to build capacity across sectors. In an effort to enable technology transfer, it has supported over 10 exposure missions of East African companies to see technologies in India, he said. It is also trying to link East African and Indian trade and investment support institutions.

Mr.Venuprasad said that studies show that Indian SMEs are increasingly interseted in exploring opportunities in African markets. However, they are not aware of the new geographies, political and socio-economic situations, investment climate, regulatory framework, etc. SITA helps bridge this gap through awareness building workshops and seminars. It also disseminates sector-focused information. “There is space for Indian SMEs to enter the African market, particularly in labour-intensive and light manufcturing sectors,” he said.

Exports from Africa have largely beenprimary commodities, nearly 85 % in 2014. SITA is currently in dicussions with a few large Indian enterprises on the scope to form a consortium for large-scale infrastructure investments in east Africa, such as irrigation or setting up of an agri business company. If this happens, the lines of credit, which all five East African countries have access to from the Indian government will come into play, he added.

Source: thehindu.com- Aug 12, 2017

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Madhu Jain revives 'Bambooo Silk Ikat', plans to make it big

Craft revivalist and textile conservationist Madhu Jain is set to unveil her latest creation -- Bamboo-Silk Ikat -- which, according to the designer, has the potential to change the face of the way people understand the evolution of textiles.

Jain promises that the world will take notice of her latest offering, which according to her is the very first textile of its kind.

"This collection reflects a convergence of three different schools of weaving in my inimitable style, which is to craft distinctive combinations of two different weaving traditions to create new, museum-worthy textiles, high on quality and design," Jain told IANS.

"My interpretation of the Ikat traditions of Indonesia, Uzbekistan, and India, rendered faultlessly in bamboo-silk, is a historic creation," she added.

Since 2001, Jain has been working on developing and refining bamboo yarn, and in 2004, in tandem with the Ministry of Textiles, she formally introduced bamboo in India as an alternative, eco-friendly textile at the 7th World Bamboo Congress here.

Her passion with bamboo has an economic purpose too.

"Very few people are aware that India is the second-largest bamboo producing nation in the world, making it eminently ecologically sustainable. What's more, the bamboo textile is extremely versatile as it breathes well, has anti-bacterial properties, and is naturally UV protective, all of which makes it highly suitable for Indian climatic conditions, besides being extremely easy on the pocket," she said.

Jain is justifiably proud of her new line.
"
'I've worked for 15 long years along with my master weavers in perfecting the bamboo-silk Ikat, and it is only now that I feel my persistence has finally paid off.

"I love the fact that this new textile does not eat into the ear'h's meagre resources; rather, with bamboo being so plentiful in India, we can provide livelihood options for bamboo growers. The silver lining is that bamboo is biodegradable, so this fabric will leave a very negligible ecological footprint. It truly is a fabric of the futur"," said Jain.

Minister of Textiles Smriti Irani is going to launch Jain's textile on Friday at Organo in Hauz Khas Village, here.

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

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CM to lay foundation for Warangal Textile Park on Aug 16

The Textile Park, which is aimed at facilitating reverse migration of handloom weavers. is one of the poll promises of Chief Minister K Chandrashekhar Rao. 12 August, 2017

Hyderabad: Chief Minister K Chandrashekhar Rao will lay the foundation stone for the ambitious Rs 1,150 crore mega Textile Park in Warangal on August 16.

The major project, which is aimed at providing employment to locals and handloom weavers from Warangal, will come up on a sprawling 1,190 acre campus, an official release said on Friday. The Park site is located between Geesukonda and Sangem mandals in Warangal (Rural) district. The mega Textile Park is expected to attract investments to the tune of at least Rs 11, 500 crore and provide direct or indirect employment to 1.13 lakh people.

The Textile Park, one of the elections promises of the Chief Minister, is aimed at facilitating reverse migration of handloom weavers. Officials have already prepared plans for taking up construction works on a war-footing. The government would also provide all facilities to the entreprenuers and help them start operations immediately, Deputy Chief Minister Kadiam Srihari said.

The government acquired 1,190 acre of land for the park. Srihari thanked the farmers who parted with their lands and officials and public representatives who facilitated the land acquisition. He also thanked the Chife Minister for accepting to lay the foundation stone for the park.

Source: cottonyarnmarket.net- Aug 12, 2017

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Time for India to boost apparel exports: Economic Survey

Though time is appropriate for India to expand the apparel, leather and footwear sectors as China loses global export share in these products due to rising production costs, it has to address a host of issues, including proper tax structure, labour regulations and high logistics cost, to realise the benefits, according to the latest Economic Survey.

The mid-year survey, which was tabled in parliament recently, notes India's competitors, such as Bangladesh and Vietnam, have duty free access to the US, EU and Japanese markets for their exports.

The Rs 6,000-crore special package for textile and apparel sector approved on June 22, 2016 will boost employment creation, exports and investment. The rise in subsidy under the Amended Technology Upgradation Fund Scheme (ATUFS) from 15 to 25 per cent for the garment sector will also help, it says.

While global demand is moving towards non-leather footwear, Indian policies favour production of leather items. India also faces high tariffs in partner country markets in exports of leather goods and non-leather footwear. The survey foresees benefits from the special package for the leather sector announced in the 2016-17 budget.

Implementation of the goods and services tax (GST) is expected to rationalise discrimination against non-leather footwear, the survey notes.

Source: fibre2fashion.com- Aug 14, 2017

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GST aims to bring informal sector under formal economy

The introduction of Goods and Services Tax (GST) aims to bring the informal sector under the ambit of formal economy. The GST framework captures every transaction from end to end, recording them from source to final destination, leaving no room for uncertainty while promoting transparency and corruption-free business environment, according to a minister.

The GST would enhance the tax base eventually leading to reduction in tax rates. The increased revenue from taxes would enable targeted spending towards betterment of poor, old, children and women and other deprived sections of the society. Besides, the government would be able to develop better infrastructure, said Piyush Goyal, minister of state (I/C), power, coal, new & renewable energy and mines, at a session on 'GST-The Indian Economy & the Way Ahead' organised by FICCI Ladies Organisation (FLO).

Goyal also said that GST would create a level playing field by removing discrepancies from the system with the help of technology. Earlier, with multiple taxes in place, it was easier to evade taxes but the GST framework makes it necessary for businessmen to record each transaction. He also urged women to promote and become the harbingers of GST.

Referring to different tax slabs in GST, Goyal added that one tax for the entire range of goods and services would have created an imbalance in the economy by making common goods expensive. Therefore, with different tax rates, the government attempted to keep the tax on common goods lower or equal to earlier regime wherever possible to keep them affordable.

"With this session, we aim to empower women with enhanced knowledge on GST and the implementation of it in business as also daily lives. This is in sync with the vision of FLO, which is to Change Lives - Women Empowering Women as also with our mission to promote economic empowerment and equal opportunity for women," said Vasvi Bharat Ram, president, FLO.

"FLO believes that the resources and strengths of women need to be channelised, to help their full potential. It acts as a catalyst for the social and economic advancement of women and society at large. Educational and vocational training programmes, talks, seminars, panel discussions and workshops on a vast range of subjects especially concerning women and business are a part of this process," added Bharat Ram.

She also said, "While we are happy that goods such as bindi, sindoor, kajal, bangles, which are specifically used by women, come under no tax slot. But, sanitary products, that are useful to every woman but is not accessible as widely has been made tougher to access because of its hiked up tax rate. This is something that we would request the government to look into as sanitary pads are not a luxury, it is a necessity for women."

Source: fibre2fashion.com- Aug 12, 2017

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Stronger rupee likely to hit export competitiveness

While the rupee has appreciated more than 6% so far in 2017, the U.S. dollar index has declined 8.9% over the same period

The rupee's appreciation against the U.S. dollar since the presentation of the Union Budget on February 1 and the victory of the BJP in the U.P. elections has startled Indian exporters, who had until then been in a largely comfortable zone as the currency's movements remained in a more predictable range.

Currency analysts — a majority of whom were in February predicting that the rupee would trade in a 70-72 to a dollar range by the end of 2017 — now predict the local unit will trade between 66-64 by March 2018, with some even more aggressive calls placing it at 62.

While the rupee has appreciated more than 6% so far in 2017, the U.S. dollar index has declined 8.9% this year.

"This time rupee's appreciation is on the back of strong fundamentals like low inflation, strong capital flows, economic reforms and weaker dollar in the global space," said K.N. Dey, Managing Partner, United Financial Consultants, a forex advisory firm.

Whether this appreciating trend in the local currency is going to sustain will depend on a lot of factors.

One thing is sure, said Mr. Dey, “Rupee is not going to have one-way rally going forward, lot of factors will be at play and intermittent corrections could be seen. However, the long term story is still in favour of the local currency”.

With domestic equities holding steady near record highs, the rupee story has turned quite rosy in the current environment. The strong inflows in equity and debt markets suggest a positive narrative for the currency, amid a strong economic framework and steady inflation outlook.

“The slide in dollar index towards 15-month lows, amid political uncertainty in the U.S., has been a catalyst for the rupee’s strength and till something changes dramatically on the global or domestic front, sub-65 prices are here to stay,” said Sugandha Sachdeva, VP - metals, energy & currency research, Religare Securities Ltd.

While the rupee has lost some ground recently amid global geopolitical uncertainty triggered by heightened tensions between North Korea and the U.S., the longer-term outlook remains upbeat. Prospects of a third rate increase by the U.S. Fed and the outlook for the dollar index are largely hooked on to the inflation trajectory, which is still subdued at the moment. With eyes on the progress of the monsoon on the domestic front and inflation releases and the monetary policy stance of the Fed in the U.S., volatility is expected to stay heightened for now.

“Still”, said Ms. Sachdeva, “the local unit looks poised to surpass the recent highs close to 63.57 mark and appreciate towards levels of around 62.70 in coming days.”

“Inflation differential compared to other trading partners have narrowed down,” said Tushar Arora, Senior Economist, HDFC Bank. “While it might be early to say that the RBI’s intervention strategy has changed, they seem open for marginal appreciation,” he added.

Source: thehindu.com- Aug 12, 2017

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Hopeful Telangana farmers take to cotton in a big way

Extent of fibre crop cultivation is 17.84 lakh hectares, more than half of 34.42 lakh hectares covered by all crops, says government

The increase in the extent of cotton cultivation this kharif in Telangana, up by over 26.5% compared to last year, has made the State government plan arrangements for the procurement of the fibre crop well in advance, keeping in mind the experience it had last year in the case of redgram, chilli and turmeric.

In the absence of any advisory from the State government, the poor market price for alternative crops such as pulses, maize and soyabean last year, and the favourable seasonal conditions, the farming community has taken to cotton cultivation on a large scale this season.

The Agriculture Department has put the extent of cotton cultivation this season at 17.84 lakh hectares, more than half of the 34.42 lakh hectares covered by all crops so far, against 14.10 lakh hectares last year.

Good prices

"Another major reason that has driven the farmers to go for cotton this year is the good price commanded by the crop last year — better than the minimum support price of Rs.4,160 per quintal", a senior official said. The Centre has already fixed the MSP at Rs.4,320 per quintal for long-staple variety of cotton this year.

Failure of the crop in the northern and western parts of the country due to drought conditions and the pest attack in Pakistan last year had jacked up the prices of the fibre crop in the national markets and for exports. However, an advisory issued by the Telangana government suggesting that the farmers go for alternative crops in the wake of cotton farmers' suicides a year earlier, had restricted the cultivation of the crop to only 14.10 lakh hectares.

"Minister for Marketing T. Harish Rao made a representation recently to Chairman and Managing Director of the Cotton Corporation of India (CCI) M.M. Chockalingam requesting him to increase the number of procurement centres to 150 in the wake of increase in production this year," Secretary (Agriculture) C. Parthasarathi said. He added that the marketing department had been directed to prepare an action plan for cotton procurement year before August-end.

The CCI operated 84 procurement centres in the State last year against 90 planned ones. The State government urged it to add another 66 centres this year. A representation has also been made to Union Textiles Minister Smriti Irani on the matter.

Meanwhile, State president of Bharatiya Janata Party (BJP) K. Laxman said here on Saturday that the Union Minister had agreed to direct the CCI to set up 54 more procurement centres in the current year in addition to the 90 sanctioned last year.

Official sources said they would be extra cautious from day one of cotton arrivals this year, likely to happen from October, keeping in mind the unprecedented protests from chilli and turmeric farmers last year due to a slump in the prices. Redgram procurement was far more smooth compared to other crops.

On the other hand, the Agriculture Department is worried about the cotton cultivation eating into pulses by 2.19 lakh hectares and that of maize and soyebean by another 2.31 lakh hectares this year compared to the last kharif season.

Source: thehindu.com- Aug 13, 2017

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India under pressure to ease protection of industry, agriculture at RCEP talks

India will be under a lot of pressure to raise its offer on eliminating tariffs on goods at the trade ministers' meeting of Regional Comprehensive Economic Partnership (RCEP) countries in the Philippines next month, after senior officials of the 16-member grouping failed to reach a compromise on the issue at the last round in Hyderabad.

"In Hyderabad, all members put unrelenting pressure on India to increase its commitment in goods. With Singapore, which already has zero tariffs on almost all items, heading the negotiating group on goods, members were just not ready to hear about India's sensitivities. "A team from the PMO took stock of the situation prior to the Hyderabad meet, but more difficult decisions need to be taken before the trade ministers' meeting," a government official told *BusinessLine*.

What makes the situation more tense for India is the fact that the RCEP, which includes the 10-member Asean, China, India, South Korea, Japan, Australia and New Zealand, is serious about concluding the pact sometime in 2018 and, therefore, wants offers to be concluded this year.

"It is clear that the time of dilly-dallying is over. A final decision on how much market opening India can cope with has to be taken and effectively communicated. It is now mostly a political call," the official said.

Rooting for zero tariffs

RCEP members are talking about huge numbers when it comes to tariff elimination and reduction. While most members are rooting for zero tariffs on 92 per cent of the items, some proposals further suggest that tariffs should not be higher than 5 per cent on another 6-7 per cent of tariff lines. "It is just not possible to take such ambitious commitments as both Indian industry and agriculture is not prepared for it," the official said.

New Delhi, so far, indicated to other RCEP members that it might agree to eliminate tariffs on about 80 per cent of the items, provided it is allowed to protect a larger number of items from China, Australia and New Zealand (by using deviations), with which it does not have bilateral free-trade pacts. With China, India would also like a longer period, much more than 10 years, to implement the cuts.

Indian industry, led by industry body CII, played a key role in Hyderabad in communicating to RCEP members that it was not ready to deal with zero tariffs on most products yet, as many sectors were still developing and not ready for duty-free competition.

Source: thehindubusinessline.com- Aug 14, 2017

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