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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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USD 68.20 | EUR 72.35 | GBP 82.91 | JPY 0.59

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
19864	41550	**77.72**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20690	43279	**80.95**

International Futures Price

NY ICE USD Cents/lb (March 2017)	72.34
ZCE Cotton: Yuan/MT (January 2017)	15,105
ZCE Cotton: USD Cents/lb	**842.67**
Cotlook A Index – Physical	**82.25**

Cotton & currency guide: The cotton price in the US plummeted on Thursday's trading session to end at 72.34 cents/lb. This morning on Friday during early Asian session the same cotton future is quoted lower at 72.15 cents/lb. The major reason for price fall was the USDA report released for the month of January stating US production is likely to increase to nearly 17 million bales. To be précised an upward revision to US cotton output at 16.96 million bales, against 16.52 million bales in the December estimates. USDA cited higher expected production was mainly due to higher output in Texas. Mill use was unchanged at 3.3 and export figures and ending stocks were raised to 12.5 and 5.0 million, respectively.

The global scenario suggests, larger production is the main factor driving a 1.5 million bales increase in projected global 2016-17 ending stocks. In addition to the increase for the United States, production is raised 1.0 million bales for China, where inspection data indicates higher production than previously anticipated for the Xinjiang region, partially offset by a decrease for Pakistan, which is based on ginning arrivals. Consumption is reduced for India, Mexico, and Turkey, mostly offset by an increase for China. World trade is raised slightly, due mainly to higher projected imports by Pakistan and Bangladesh. Higher exports are projected for the United States and India, partially offset by decreases for Uzbekistan and Australia. World ending stocks are now projected at 90.6 million bales.

World estimates showed slight changes and a marginal increase in world production to 105.34 million with increased to the US and China with a slight decrease for Pakistan.

The forecast range for the marketing year average price received by producers is narrowed 1 cent on each end to 65 to 69 cents per pound, with the midpoint unchanged at 67 cent

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NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Advanced economies growth to edge up 1.8%: World Bank
2	Pakistan: Govt's export incentives
3	African Development Bank (AFDB) fund could help revive the textile industry in the Northern Nigeria
4	Bangladesh: Textile makers get good response at German fair
5	Australia says TPP not dead, despite Trump opposition
6	The World Isn't Waiting for Trump on Trade
7	As TPP hopes fade, Vietnamese companies chart new paths for expansion
8	Pakistan: Textile package: Garment is the key!
	NATIONAL NEWS
1	MoUs worth Rs. 8,835 crore signed in textile sector during Vibrant Gujarat 2017
2	Vibrant Gujarat: NRI seeks assurance to invest in demonetisation's wake
3	Kenya woos Indian investors to explore 'enormous' Africa markets
4	Planet Textiles 2017 summit upcoming this May in Bangalore
5	India to consume 313 lakh bales cotton this year: CCI
6	Haryana to get hosiery and carpet clusters soon
7	DGAD initiates sunset review on nylon filament yarn import
8	Knitwear exporters hail Trump's statement
9	Biz as usual in garments this Sankranti

INTERNATIONAL NEWS

Advanced economies growth to edge up 1.8%: World Bank

Growth in advanced economies is expected to edge up to 1.8 per cent in 2017, while growth in emerging market and developing economies as a whole should pick up to 4.2 per cent from 3.4 per cent in the year just ended amid modestly rising commodity prices, says a recent report. Global economic growth could accelerate moderately to 2.7 per cent in 2017.

The global economy will grow after a post-crisis low last year as obstacles to activity recede among emerging market and developing economy commodity exporters, while domestic demand remains solid among emerging and developing commodity importers, according to the World Bank's January 2017 Global Economic Prospects report.

"After years of disappointing global growth, we are encouraged to see stronger economic prospects on the horizon. Now is the time to take advantage of this momentum and increase investments in infrastructure and people. This is vital to accelerating the sustainable and inclusive economic growth required to end extreme poverty," said Jim Yong Kim, Group President, World Bank.

The outlook, however, is clouded by uncertainty about policy direction in major economies. A protracted period of uncertainty could prolong the slow growth in investment that is holding back low, middle, and high income countries.

The report analyses the recent weakening of investment growth in emerging market and developing economies, which account for one-third of global GDP and about three-quarters of the world's population and the world's poor. Investment growth fell to 3.4 per cent in 2015 from 10 per cent on average in 2010, and likely declined another half percentage point last year.

"We can help governments offer the private sector more opportunities to invest with confidence that the new capital it produces can plug into the infrastructure of global connectivity. Without new streets, the private sector has no incentive to invest in the physical capital of new buildings.

Without new work space connected to new living space, the billions of people who want to join the modern economy will lose the chance to invest in the human capital that comes from learning on the job," said Paul Romer, chief economist, World Bank.

China is projected to continue an orderly growth slowdown to a 6.5 per cent rate. However, overall prospects for emerging market and developing economies are dampened by tepid international trade, subdued investment, and weak productivity growth. Among advanced economies, growth in the US is expected to pick up to 2.2 per cent, as manufacturing and investment growth gain traction after a weak 2016, notes the report.

"Because of the outsize role the US plays in the world economy, changes in policy direction may have global ripple effects. More expansionary US fiscal policies could lead to stronger growth in the US and abroad over the near-term, but changes to trade or other policies could offset those gains. Elevated policy uncertainty in major economies could also have adverse impacts on global growth," said Ayhan Kose, World Bank development economics prospects director.

Regional growth in South Asia is expected to pick up modestly to 7.1 per cent in 2017 with continued support from strong growth in India. Excluding India, growth is expected to edge up to 5.5 per cent in 2017, lifted by robust private and public consumption, infrastructure investment, and a rebound in private investment.

Europe and Central Asia's growth is projected to pick up to 2.4 per cent in 2017, driven by a recovery in commodity-exporting economies and recovery in Turkey. The forecast depends on a recovery in commodity prices and an easing of political uncertainty. Russia is expected to grow at a 1.5 per cent pace in the year, as the adjustment to low oil prices is completed.

Latin American and Caribbean region is projected to return to positive growth in 2017 and expand by 1.2 per cent. Brazil is projected to expand at a 0.5 per cent pace on easing domestic constraints.

Weakening investment in Mexico, on policy uncertainty in the US, is anticipated to result in a modest deceleration of growth this year, to 1.8 per cent.

Growth in the East Asia and Pacific region is projected to ease to 6.2 per cent in 2017 as slowing growth in China is moderated by a pickup in the rest of the region. Output in China is anticipated to slow to 6.5 per cent in the year.

Middle East and North Africa are forecast to recover modestly to a 3.1 per cent pace this year, with oil importers registering the strongest gains. Sub-Saharan African growth is expected to pick up to 2.9 per cent in 2017 as the region continues to adjust to lower commodity prices.

Source: fibre2fashion.com– Jan 12, 2017

HOME

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Pakistan: Govt's export incentives

The government has announced an incentive package to the exporters of the country that amounts to a total of 180 billion rupees and comprises partially of duty drawbacks for textile garments at 7 percent, textile made-ups 6 percent, processed fabric 5 percent, yarn and grey fabric 4 percent and sports goods, leather and footwear at 7 percent, and partially of a complete end of customs duty on man-made fibres excluding polyester and sales tax on the import of textile machinery.

In simple terms, a drawback is a government scheme that pays back excise duties, import duties and other taxes on imported goods which are exported again after processing indigenously, in order to boost the competitiveness of the country's exports sector. While it may be a moment to rejoice for the exporters of the textile industry, however, looked at from a holistic perspective, it betrays a fundamental flaw with the over-arching policy of the country's exports; the costly electricity.

The exports industry, by and large, has been suffering from the monstrous price of electricity provided to the industrial sector which jacks up the costs of manufacturing goods.

By the time the end product comes out of the factories, it already is cumbered with an exorbitant cost, making it more expensive for the consumers within the country and importers without, making indigenous products highly undesirable.

The goods coming out of China, for example, leave the Pakistani products in their wake due to their low costs. China, and now India, have the world's lowest average costs of electricity; while Pakistan, despite its proverbial abundant natural resources, has a tremendous cost of electricity.

The statistics are harrowing if the cost of labor is taken into perspective. The minimum wages of workers in Pakistan, as things currently stand, are amongst the lowest in the world. Globally, China has been able to send the US job market into a meltdown by making US companies outsource their manufacturing to China due to the cheap labor available there.

While conditions for Pakistani wage workers are similar to, if not worse than, those in China; the volume of Pakistani exports is incomparably low. Apart from the poorly skilled labor available in Pakistan, the single most significant factor in this difference is the cost of manufacturing goods.

Although the electricity tariff is close to 11 rupees per unit for the industrial sector after reduction from 16 rupees per unit by the present government, but it is attributable to the government partially taking up the burden of some of that cost rather than the low cost of electricity production. This is why, all things considered, circular debt is endemic to the yearly budget.

A silver lining was presented by the Prime Minister Nawaz Sharif's address to the exporters. His speech indicates that the highest echelons realize that the cost of electricity needs to be brought down.

(On another note, a much needed up-gradation of the narrative that spoke only of decreasing load-shedding before, not that a revolution has swept that problem aside) Perhaps a viable respite is offered by entry into renewable sources of energy, including wind and solar, costs of which are lowering by the day due to advances in technology, besides moving quickly with hydel projects the likes of Diamer-Bhasha dam.

Source: dailytimes.com.pk – Jan 13, 2017

HOME

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African Development Bank (AFDB) fund could help revive the textile industry in the Northern Nigeria

During a brief meeting with Aminu Tambuwal, Governor of Sokoto State, the African Development Bank (AFDB) president, Akinwunmi Adeshina said the bank is interested in partnering with the state and the North-West region.

During the 14 years of the calamity that rocked the Nigerian textile industry, major garment factories ran out of business and almost 3 million jobs lost in the process. Even with the 100 billion naira federal government intervention fund, the North's economy which included the profit from the textile sector still feels the effects.

Before the collapse of the industry, cotton production was the main focus of textile manufacturers, as cotton is the life of the textile industry. In the past, the federal government supported the industry through the ban on imported textile products but the boom in the oil sector caused a neglect for other important resources within Nigeria's boundaries, the government relaxed on the law and unbanned importation, which favoured the big players that had easy access to funds, and started importing from China, Indonesia and other Asian countries.

Often times, the Nigerian government effects policies to actually solve the problems afflicting a certain sector, however, these policies look good on paper but how far they go is what we cannot ascertain, just like the policies on education, agriculture, child right law and others.

Also, government policy on National Electricity Power Authority (NEPA) now called the Power Holding Company of Nigeria (PHCN) didn't permit factories to invest in solar energy. However, if the use of solar was allowed to generate power the production of cotton, employment, and market control could have been guaranteed to a certain level.

In an interview with Daily Times, Pa David Odedokun, a retired textile technologist cites power generation as a major resource to revive the textile industry. He believes the textile industry is a massive labor intensive organization that will address the issue of unemployment, youth restiveness, drugs, and crime.

He said if new textile industries are built more jobs will be created as the textile mill embodies three complete factories: the spinning, weaving and finishing departments.

For instance, Funtua Textile is the only integrated industry in Katsina state as it starts from the ginnery to finish products, the company's initial staff strength of 1500 which grew up to 2500 in the past now as a current staff strength of 750.

Ibrahim Muazu Isa, the head of human resource, Funtua textile told LEADERSHIP that in spite of all the problems of power and multiple taxations, the company has not closed down for a day.

He also states that at first the company produced 12,000 metric tons of gray baft but at the moment, the production capacity is less than 7,000 metric tons because of the decrease in the market for products and lack of new machines for production.

Even with the support from Bank of Industry, the fear of not being able to refund is a constant worry as the loan gotten from the bank might not be paid because of low profit, Isa said they need all the assistance they can get.

However, the cotton industry would be given utmost priority in order to resuscitate the ailing textile industry in the region. Adeshina said AfDB would also facilitate the state government's effort to engage with the private sector to mobilise resources for a number of projects.

Towards the development of the North-west geopolitical zone, the Sokoto State Government plans to establish an agro-industrial park to revive major industries in the zone.

But funding is not a lasting option rather Sokoto State and the other Northern States can make and implement policies that would favor the market for cotton production by tackling the issue of power generation and providing funds for reopening the textile companies.

Governor Tambuwal praised Adeshina for his contribution in actualising the partnership, stating that the state government was prepared to host the AfDB's delegation visiting Sokoto state later in the year to seal the deal.

Some of the projects include medical tourism, healthcare delivery, renewable energy, agriculture with a focus on fertilizer delivery.

Source: venturesafrica.com– Jan 12, 2017

HOME

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Bangladesh: Textile makers get good response at German fair

Bangladeshi companies received positive response from international retailers at the annual Heimtextil fair, the world's largest home textile exhibition, currently taking place in Frankfurt, Germany.

A total of 23 home textile companies from Bangladesh are participating in the four-day fair that began on Tuesday. Messe Frankfurt, one of the largest trade fair companies in the world, has been organising the event since 1971.

“The response from buyers is very positive. Most of our old customers in the EU are coming to our stalls,” said Rashed Mosharraf, general manager for marketing at Zaber & Zubair Fabrics Ltd, a concern of Noman Group.

In fact, the interest this year has been higher than last year, he said, adding that the fair is a good opportunity to network with European retailers.

“The EU is our largest market,” Mosharraf said, adding that 70 percent of the company's export receipts come from the region. Zaber & Zubair exports $16 million worth of home textile in a month.

Almost all the Bangladeshi participants echoed the views of Mosharraf: they received overwhelming response from retailers from Germany, the second largest export destination for Bangladesh after the US.

Presentation is the most important factor for attracting buyers, said M Shahadat Hossain Sohel, managing director of Towel Tex Ltd, a Gazipur-based factory.

But, Bangladeshi home textile makers are facing challenges from Pakistani products, which also enjoy the zero-duty benefit to the EU.

Pakistan has the benefit of being a cotton grower, whereas Bangladesh is a net importer of the fibre.

"This is why Bangladesh has been facing stiff competition in the home textile product segment," Mosharraf said.

Bangladeshi textile manufacturers should counter the threat by bringing diversified products into the market, he added.

"We are very much interested in Bangladeshi goods as the products are of high quality and the prices are very competitive," said HM Saiful Islam, a representative of Japanese brand Nitori.

Nitori has a longstanding business relationship with Bangladeshi companies, he said.

This year, nine companies from Bangladesh are participating in the fair under the supervision of Export Promotion Bureau, said AKM Ali Ahad Khan, joint secretary of the commerce ministry.

The other companies took part in the show on their own. "We are trying to bring more Bangladeshi companies to the Heimtextil as this is a very important place for networking with retailers, brands and manufacturers," he added.

Heimtextil is a global mini market, where manufacturers of home textile and home decor exhibit their latest products, said Nazneen Salahuddin, country manager of Messe Frankfurt Bangladesh.

By participating in the expo, a manufacturer can improve the quality of its products and know about the customers' preferences. It may be that the participant did not get any buyer but it would still be able to establish a network, she added.

A total of 2,963 companies from 67 countries are participating in the fair this year.

Source: thedailystar.net – Jan 13, 2017

HOME

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Australia says TPP not dead, despite Trump opposition

Australia has declared the Trans-Pacific Partnership (TPP) not dead ahead of key trade talks with Japanese Prime Minister Shinzo Abe in Sydney on Saturday, despite opposition to the trade pact from U.S. President-elect Donald Trump.

The talks between Australian Prime Minister Turnbull and Abe also come amid heightened regional tension as China asserts its claims over the disputed South China Sea, setting up a potential clash with the incoming Trump administration.

"Talk of the TPP being dead is premature. We need to give the Americans time to work through this issue," Australian Trade Minister Steven Ciobo told the Australian Broadcasting Corporation (ABC) radio on Friday.

The 12-member TPP, which aims to cut trade barriers in some of Asia's fastest-growing economies but does not include China, cannot take effect without the United States.

The deal, which has been five years in the making, requires ratification by at least six countries accounting for 85 percent of the combined gross domestic product of the member nations.

Given the sheer size of the American economy, the deal cannot go ahead without U.S. participation.

U.S. President Barack Obama has said not moving forward with TPP would undermine the U.S. position in the Asia-Pacific.

Ciobo said if the TPP was rejected, Australia would seek free trade agreements with individual Asian nations. "We will certainly continue to look for trade opportunities. Australia is a trading nation," he said.

Japan is the only signatory to have ratified the TPP, which has a two-year timetable for all members to sign into law.

Besides trade, Turnbull and Abe are expected to discuss regional security, with tensions rising as China flexes its territorial claim in the South China Sea and Trump and his incoming administration challenging Beijing.

China's recent naval exercises in the disputed seaway and the building of islands there, with military assets, has unnerved its neighbours. Taiwan scrambled jets and navy ships this week as China's only aircraft carrier sailed through the Taiwan Straits after exercises in the South China Sea.

Trump's nominee for secretary of state has said China should be denied access to islands it has built in the South China Sea.

China claims most of the resource-rich South China Sea through which about $5 trillion in ship-borne trade passes every year. Neighbours Brunei, Malaysia, the Philippines, Taiwan and Vietnam also have claims.

While Trump has threatened to impose tariffs on China and raised questions over the "one China" policy, which sees Beijing claiming the self-ruled island of Taiwan as part of China.

Source: business-standard.com – Jan 13, 2017

HOME

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The World Isn't Waiting for Trump on Trade

During the campaign, Donald Trump slammed current and potential U.S. free-trade deals, called for possible tariffs on China, Mexico, and other countries, and promised to use the presidential bully pulpit to attack companies that outsource.

In the transition, he's appointed a U.S. trade representative known for fighting to impose punitive tariffs, lashed out at companies he believes have outsourced jobs from America, and created a special office on trade and industrial policy to be led by an extremely harsh critic of free trade.

While it seems unclear how committed Trump is to many of these promises—he also chose a U.S. ambassador to China with long experience promoting bilateral trade—the president-elect has already triggered a counterreaction in global trade and business, showing that other countries aren't going to wait for him to act. They'll go ahead and determine their own economic futures.

The biggest beneficiary may be China, which is positioning itself as the defender of the global economic order. In a speech to the Asia-Pacific Economic Cooperation forum in late November, Chinese President Xi Jinping, obviously commenting on Trump's election, urged Asian and Pacific nations to "deepen and expand cooperation in our region" and announced that, no matter what happens in the U.S., Beijing would take the lead on promoting global economic ties.

Despite Trump's investments and branding deals across South and East Asia, many business leaders and economic officials in the region feared his election. One of their greatest concerns is likely to come to pass: Trump has vowed to withdraw the U.S. from the biggest potential free-trade deal, the Trans-Pacific Partnership, on his first day in office. A few Asia-Pacific leaders called on TPP signatories to finalize the deal even without the U.S. in it, but Japanese Prime Minister Shinzo Abe denounced that idea, saying the "TPP is meaningless without the United States."

Only days after Trump's election, leaders from Australia, Malaysia, and other nations that promoted the TPP changed course and embraced a rival China-led agreement, known as the Regional Comprehensive Economic Partnership, which Beijing has been pushing for years. The RCEP, which pointedly excludes the U.S., would allow China much more influence to set regional trade rules and norms.

Many Asian nations—longtime U.S. partners—are fearful of China's rising influence, even though they accept that they're becoming more dependent on Chinese trade and investment. Beijing retains many state-owned companies, and other Asian nations worry that China might use the RCEP to protect the power and influence of those enterprises. The RCEP contains weaker environmental and labor standards and fewer tools to ensure intellectual-property protection.

It also would likely provide only a small initial boost to growth in poorer nations such as Vietnam, which would have benefited massively from the TPP, according to the Peterson Institute for International Economics. The RCEP will lead Asian companies to favor trade with companies in countries that are part of the China-backed trade deal; the White House's Council of Economic Advisers estimates that the passage of the RCEP will lead U.S. industries that now export more than $5 billion in goods to Japan to lose market share to Chinese exporters.

Many Asian officials privately say they would still prefer the TPP but will support any deal that even marginally maintains the momentum for trade in Asia. They also say they could eventually support a broader, regionwide trade deal known as the Free Trade Area of the Asia-Pacific that also excludes the U.S. (and includes China). Leaders of Asean, the Southeast Asia regional organization, recently proposed another trade pact that would expand the deal covering the region to include other Asian economies.

While some Asian businesses are trying to use their ties to the president-elect to bolster their companies, there appear to be many more searching for ways to ensure their businesses grow even if the U.S. embraces protectionism. Many aren't waiting for the RCEP or another replacement TPP deal to be completed to examine the long-term risk of investing in the U.S. for the next four years, or for the possibility that Trump will deliver on his suggestions of a 5 percent or 10 percent tariff on imports.

Japanese companies, for example, are ramping up their ties and investments in Southeast Asia and Latin America, even as Trump attacks by name prominent Japanese manufacturers such as Toyota, which he threatened to punish for putting factories in Mexico. Leading Japanese companies joined Abe on a visit to Argentina in November, where he signed 57 trade deals with Buenos Aires. Chinese companies and Beijing appear ready to increase the value of Chinese technology exports and ensure that the nation's businesses are less dependent on sales to U.S. customers.

Trump and his border wall have so alarmed Mexico's leaders and businesspeople that the country's economy minister is looking to negotiate new trade deals with Asia-Pacific economies as soon as possible. Many Mexican businesses—and international companies with manufacturing operations in the country—are scrambling for backup plans to move operations dependent on the U.S. market in case the new administration follows through and substantially changes the North America Free Trade Agreement.

Canada, whose economy is heavily dependent on trade with America and which stands to be hit hard by any significant changes in Nafta, signed a free-trade deal with Europe in the fall. Canada is also working to sign agreements with South American and Asian states.

Some senior Republican officials are privately worrying that other major economies are much better equipped to adapt to U.S. protectionism in the long run than the incoming administration believes. The Trump transition team has offered no clear clues about how it will address the possible impact on the U.S. if other countries respond to potential tariffs by erecting their own to American exports, or by taking the U.S. to the World Trade Organization over and over. Meanwhile, Indian politicians and companies in Hyderabad and other tech hubs are welcoming the prospect of Trump cutting highly skilled legal immigration to the U.S., saying it will lead to more jobs being created in India, including for American companies with offices there.

The potential for financial mayhem is huge. After all, China isn't just a target of Trump's anger over supposedly unfair trade deals but also America's largest trading partner and the biggest holder of U.S. Treasuries. U.S. companies have spent billions of dollars building manufacturing operations in China, Mexico, Vietnam, and many other countries. Chinese and European leaders already have made veiled threats of countertariffs—including reductions in purchases of U.S. agricultural and manufactured products—if the U.S. erects trade barriers.

In the long term, a protectionist shift in U.S. policy is likely to backfire. It will probably exacerbate some of the patterns of economic and financial deglobalization—that is, globalization in reverse—that have existed since the 2008-09 worldwide downturn. According to reports by the WTO, trade flows have sharply slowed since 2007 and might decelerate further in the Trump years.

European and Asian banks, which have already slashed foreign lending because they're subject to rules promulgated after 2008 to bolster capital requirements, may keep more of their money at home as well. This would further reduce international capital flows, especially to developing nations, where companies have little ability to raise their own money through domestic banks and local stock markets.

That will certainly affect their ability to buy U.S. goods. American exports contribute about 14 percent of gross domestic product, and that figure is rising each year. And so while Trump is ramping up for trade conflict, the deglobalization it's promoting will undermine the very prosperity that he's promised to deliver.

Source: bloomberg.com - Jan 13, 2017

HOME

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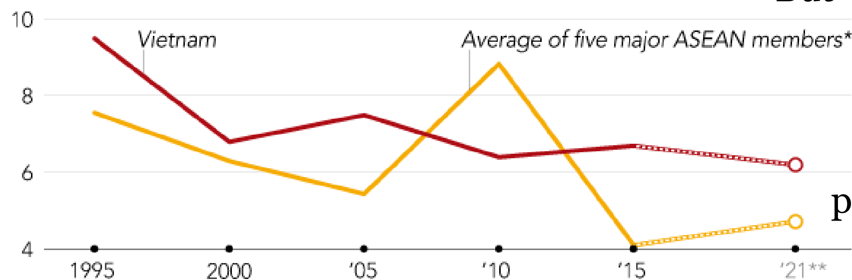
As TPP hopes fade, Vietnamese companies chart new paths for expansion

The atmosphere inside the offices of Vietnam's Garment 10 became strangely charged when the news came in that Donald Trump had been elected president of the U.S. Than Duc Viet, deputy general director of the state-run textile company, broke into a rousing speech. "If the TPP falls through, we can always look to Europe or South Korea," he told managers. "After all, we haven't been making all these improvements just for the TPP!"

Duc was referring to the Trans-Pacific Partnership, the comprehensive, 12-nation trade pact that would have given Vietnamese exports easy access to a vast market. Unfortunately for Hanoi, Trump has vowed to scrap the deal on his first day in office.

GDP growth rate *(in percent)*



*Indonesia, Malaysia, Philippines, Thailand, Singapore **Forecast
Source: IMF

But while this is a setback for Vietnam's industrial policy, resourceful companies already have their own plans for going global well underway.

Vietnam's GDP per capita *(in dollars)*

*Forecast
Source: IMF

ALWAYS IMPROVING Garment 10, or Garco 10 for short, is a symbol of Vietnamese industry. Revolutionary leader Ho Chi Minh toured its factory on the outskirts of Hanoi in 1959. During the Vietnam War, workers manned anti-aircraft guns on the roof when they were not busy sewing. The company is taking the likely failure of the TPP in stride, confident that the improvements Duc referred to will serve it well.

The garment maker's main factory, now staffed with 400 workers, is the very embodiment of continuous improvement. In 2010, the company chose eight highly skilled workers and tasked them with reporting on new ways to boost productivity.

The company has also invested in physical capital. Affixing buttons and ironing, tasks previously done by hand, were automated in 2014, more than doubling productivity. A year later, an automated distribution system was put in place on a dress-shirt line to deliver to each worker exactly the number of garments that he or she can effectively handle.

Both are state-of-the-art technologies in Vietnam. Veteran worker To Thi Hien said that in the more than 10 years she has been with Garco 10, productivity has risen consistently, leading to higher output and greater quality even as the number of employees stays the same.

As an alternative to TPP nations, Garco 10 is setting its sights first on South Korea. A free trade pact between that country and Vietnam took effect in December 2015. Next is the European Union, which is slated to have a functioning free trade agreement with Vietnam by 2018.

Vietnam has trade agreements with more than 10 economies, including Australia, Chile and the ASEAN Economic Community, which links the country to fellow members of the Association of Southeast Asian Nations. Unlike the TPP, these deals do not include rules of origin for products and materials, so exporters can compete on quality alone, Duc said. This means vast opportunity for Vietnam's textile industry, which combines low wages and high quality, he added.

LOOKING OUTWARD Since the Doi Moi reforms of the 1980s aimed at turning Vietnam into a fledgling market economy, the country has sought to attract foreign investment by deepening bilateral ties with certain countries.

Source: asia.nikkei.com - Jan 12, 2017

HOME

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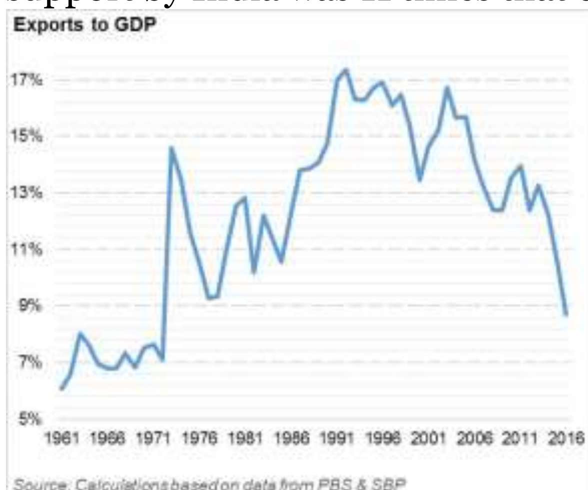
Pakistan: Textile package: Garment is the key!

It was long due; finally, the PM's focus is on dwindling exports. The move is welcomed by the industry players as what could be better for them than to pocketing cash on overall exports proceeds. But the question is how swift will be the rebate payments by SBP, and continuation of the package for its full duration of 18 months. The other more important element here is how to enhance the export base in employment generating industries.

Exports Package	
Rebate on:	
Yarn	4%
Grey Fabric	5%
Home Textile	6%
Knitwear	6%
Ready-wear	7%
Removal of:	
Customs Duty	Cotton, Man-made fibre (except polyester)
Sales Tax	Cotton, Machinery

Pakistan has long lost its competitive edge in exports; especially in textile. In terms of GDP the exports peaked in FY13 at 13.4 percent, which has nosedived since then to stand at multi decade low of 7.8 percent in FY16 (see graph). It was not only energy shortage and bleak security that hurt the country's export; the support offered in other economies also took away the potential share.

For example, $3.5 billion were allocated as textile outlay in India during its 11th five-year plan (2007-12), and its implementation was higher than the promised amount. On the contrary, only 15 percent was implemented out of announced $2.3 billion during 2009-14 textile policy at home. Fiscal support by India was 11 times that of Pakistan in that period!



In 12th five-year plan (2012-17), India offered $5 billion to textile players; and there was nothing to match here. That partially explains the increase in Indian textile exports by 76 percent, or $16 billion since 2007 with its market share in global exports increasing from 3.5 to 5 percent. On the flip, there has been zero growth in Pakistan in the last five years, and our market share has shrunk from 2.2 percent to 1.6 percent. 14 million spindles were added in India versus only one million in Pakistan.

It's no brainer to gauge the benefits of fiscal support on textile sector. Therefore, competitive countries keep spending to support the industry. In 2012-17 plan, India has allocated $5 billion for textile sector. Bangladesh has its own ways to support the industry, which includes duty free market access, cash incentives, duty drawbacks and tax holidays for industrial units.

In Pakistan to date; there are more talks and less in numbers to show government support for the industry. The artificially currency appreciation is one disadvantage Pakistan exporters have.

Nonetheless, lately energy and security situation has improved for our players to regain some of the lost share.

But we have to be current with other economies; India today is offering 2-5 percent rebate on FOB value, while for Bangladesh rebate on apparel goods is at 4 percent on FOB. In Pakistan, 1-4 percent rebate was announced earlier on incremental basis, which was simply meaningless.

Finally, some air is provided to the industry. In the export package announced by PM earlier this week, the government has given rebate ranging from 4-7 percent for various textile and other exporting manufacturers for 18 months - rate is higher for value added products; and it's on FOB value, not on incremental basis. It is warmly welcomed by both down and upstream industry players across the country.

Today the textile industry is almost producing at 50 percent of the installed capacity; and there is ample room for the players to regain the lost share. The catch can be in liquidity as how quickly SBP would provide the rebate amount to exporters. With SBP being the provider, chances are that it would be swift.

But for how long? The skeptics are of the view that if there is no growth in exports during coming few months; government may stop the rebate scheme. And it would take a few months before the benefit tis translated into export numbers as orders are usually pre-booked for 3-6 months. The government has its fiscal constraints as the deficit was 1.3 percent in the first quarter, and meeting 3.8 percent full year target is simply impossible.

The issue now is to what length the fiscal support will continue. For example, there was a fertilizer package for full year that was surprisingly halted just a day before textile package was announced. Is it a coincidence? or realignment of fiscal resources?

Anyways, the timings of the package are good as right now Heimtextil, an annual textile fair, is happening in Germany. The exporters participating there have better negotiating powers to get incremental orders. The market is efficient today, the buyers would have full information of package offered in Pakistan; and will get some discount. This is fair as it will increase the quantum of exports, and hence the dollar value.

The rebate mechanism is giving some respite to ailing exporting sectors, which may halt the steep fall in exports for the time being. But is it enough? Not really, especially when the other non-debt based foreign inflows are not increasing (such as home remittances and FDI).

The need is to expand the overall export base; and within existing exporting avenues, the country requires to build labour intensive industries. The choice in hand is to expand the base of garments. According to an Indian study, one crore Indian rupee investment generates 70 jobs in garment sector, as compared to 10 in steel; and 25 in automobile. The dynamics of Pakistan's industries are not much different.

It is utmost important to have the focus of policy makers on garment sector. It has gotten the highest rebate of 7 percent but is paying 2 percent on packaging. Hence, the net benefit is 5 percent as against 4 percent for yarn producers. That is not fair; PM and commerce minister need to revisit the rebate and let the garment sector have the full benefit.

The sector is primarily SME and needs serious expansion. Pakistan is exporting cloth in bulk to Bangladesh where the value addition takes place, and from there re-exported to the final destination.

The objective should be to have that kind of value addition in Pakistan. The garment industry works on just-in-time philosophy. Pakistan cloth takes 30 days to reach Bangladesh and once we have production here that time can be saved; and it will work as an advantage to Pakistan.

The rebate is for 18 months for all the sectors; the column suggests that it should be expanded to 5 years for the garment sector. The non-garment players making extra money from rebate in 18 months should invest to come in garment; and those already in the business should expand.

And players should come up with more lines apart from traditional cotton based products. 80 percent of world market today is based on manmade fibers; and Pakistan should excel in the sector for not only generating foreign surplus but also in creating employment.

The government has announced duty free machinery import, and has abolished duty on cotton and fibers other than PSF. But there is a gap in processing the fabric - best technologies in the sector are in Korea and China.
The government should facilitate, maybe under CPEC, to have joint ventures of local players with foreign experts to open the conduit. Eventually the spillover will create domestic industry in dyeing and other processing. Till that time the imports of processed fabric should be abolished for local garments player to expand.

Nevertheless, the recent packaged announced is a right step in the right direction. The need is to go beyond the cash rebates and provide long term incentives for the industry to expand. And in the process, currency adjustment is also required as artificial equilibrium cannot sustain for long.

Source: brecorder.com - Jan 12, 2017

HOME

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NATIONAL NEWS

MoUs worth Rs. 8,835 crore signed in textile sector during Vibrant Gujarat 2017

Union Textiles Minister Smt. Smriti Zubin Irani said that given the entrepreneurial spirit of Gujaratis & the investment inflow, the textile story of Gujarat has just begun.

She said that as an area with one of the largest concentrations of textiles in India, Gujarat is a one-point sourcing hub for all kinds of textiles.

The Minister also said that there are huge possibilities in textile education in Gujarat. She said that the skill development programme in textile sector conducted at 28 ITIs of Gujarat running the Textiles courses has recorded a placement figure of 75%.

The Minister said that two major institutes of Gujarat, namely, NIFT and NID, and various engineering colleges offer degrees in textile technology, textile processing and textile engineering.

The Minister witnessed signing of MoUs worth Rs. 8,835 crore in textile sector. MoUs have been signed in different sectors such as textile parks, textile processing, machinery, carpet development, etc.

The Textiles Minister said that Gujarat produces 29% of India's total cotton production; she said this indicates the trust of textile industries in the prospects of the state.

Smt. Irani assured the support of her Ministry to the development of the textile value chain of Gujarat and to explore possibilities in technical textiles and research.

Source: business-standard.com- Jan 12, 2017

HOME

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Vibrant Gujarat: NRI seeks assurance to invest in demonetisation's wake

An NRI investor from UK raised the largely unaddressed question on demonetisation at the 8th Vibrant Gujarat Global Summit on Thursday. At a session on textiles, moderated by Textiles Commissi-oner Dr Kavita Gupta, which was also attended by Union textiles minister Smriti Irani, the government also came in for sharp criticism by an industry titan on its ambiguity on technical textiles.

As Gupta asked a panel comprising textile stalwarts on the roadmap for "technical textiles" at the session, Mohan Kavrie, MD of Supreme Nonwovens, said that the governments and successive textile commissioners had been promoting technical textiles for the past 15 years and urged the audience that it was "time to act".

A Gujarat-origin participant at the session, Ratilal Govind, Labour councillor for Evington Ward, Leicester (UK), told the paper he was representing a diverse group of potential investors from there who wish to invest in the textile sector of Gujarat and export globally.

He asked the panel on the guidelines to set up business in Gujarat and his concerns on demonetisation. Govind said, "Under the current climate, which we are following, and the trend that Narendrabhai has recently done in removal of the currency, what assurance would be there for us who wish to invest here?" Gupta did not respond to this and asked him to check the DIPP (Department of Industrial Policy and Promotion) website.

In the discussion, panelist Tushar Patel, MD of Sanrhea Technical textiles Ltd and president of Ahmedabad Management Association, highlighted the government's ambiguity and lack of data on the technical textiles sector. Patel said, "All these white papers, put out by government bodies, are summaries and statistics databases, nothing to drive really — the man who wants to get into technical textiles.

I am into the mobiltech (automotive textiles) that enhances strength of lot of rubber products. Mobiltech happens to be the largest segment in this and when I come back to the (point about) the government having ambiguities – there are so many things the government doesn't know about the depth of this industry which is not put into a policy or promotion matter that

dissuades guys in it..Imports are coming into this country and eating into 'Make India' shining glory segment of textile industry. Every month, container loads of materials are coming in — like conveyer belts and who is the biggest buyer of conveyer belts — (it is) the Steel Authority of India & Coal India."

He added, "Nowhere in the world do you use nylon conveyer belts — it's polyester and it's cheaper and we have been making a more expensive product here. That data had to be from the government's side...again that was lack of data on a semi-government body. We have to start off from our government and semi-government bodies' side to bring up more clarity and awareness."

Reacting to Patel, Gupta said his input was very "insightful" and added that they were having a seminar on technical textiles on Januray 18, urging him to come up with specific suggestions on what capacities the dept requires.

Source: indianexpress.com – Jan 12, 2017

HOME

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Kenya woos Indian investors to explore 'enormous' Africa markets

India announced a %100 million Line of Credit to Kenya for agricultural mechanisation after talks between Prime Minister Narendra Modi and the Kenyan President

Asserting that Kenya is a "safe and lucrative" investment destination, its President Uhuru Kenyatta today exhorted Indian businesses to invest there and use the country as a launchpad to explore "enormous" African markets.

Addressing a business gathering here, the Kenyan President said the country seeks to sign an agreement with the Indian government "confirming and securing a place for Kenyan pulses in the Indian market for a number of years".

India yesterday announced a USD 100 million Line of Credit to Kenya for agricultural mechanisation after talks between Prime Minister Narendra Modi and the Kenyan President, during which they also decided to deepen

economic cooperation, identifying expansion of bilateral trade as a "priority".

Describing Kenya as a safe country and a very lucrative investment destination, Kenyatta said the two nations are working towards closer collaboration between the Bureau of Indian Standards and the Kenya Bureau of Standards.

"I believe this will eliminate a lot of problems that have existed in the past and also result in greater alignment between our two countries in terms of standardisation, conformity assessment, certification as well as testing.

"This would lead to considerably reducing some of the non-tariff barriers that are currently impeding trade between our two countries. I am confident that once this is done trade flows will see a significant boost".

Stating that opportunity exists for those who are willing to take risk and a chance, Kenyatta said: "India is our second largest source of imports. The balance of trade is currently weighed heavily in India's favour. I would encourage Indian investors to work and cooperate closely with their Kenyan counterparts, especially those in the private sector."

He further said there is a lot of potential for Kenya to increase its exports to India and there also exists a greater potential for Indian companies to invest in Kenya to increase their exports also to the region of Eastern and Central Africa.

"The state visit by the Prime Minister (Modi) to Kenya last year has also given a lot of impetus. I want to encourage Indian companies to invest in Kenya, especially in the following fields — cotton, textile industry, agri business, fertiliser manufacturing, manufacture of medical equipment, pharmaceuticals, as well as our blue economy," Kenyatta said.

He said the joint business council and joint technical committee would give impetus to bilateral trade relations and enhance cooperation in fields of bilateral investment, infrastructure development, SMEs, agriculture, health, energy as well as entrepreneurship.

"Kenya's position in East and Central Africa is conducive for investors to use Kenya as a launchpad to penetrate the enormous markets of Eastern,

Central and Southern Africa. We are making further progress in widening this market which will ultimately provide a market of over 650 million people," Kenyatta said.

Source: indianexpress.com – Jan 12, 2017

HOME

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Planet Textiles 2017 summit upcoming this May in Bangalore

Leading, independent, textile industry event, Plant Textiles, annual summit on environmental issues for the global textile sector is once again co-organized by MCL News & Media and the Sustainable Apparel Coalition with support from leading organizations such as long-time partner Messe Frankfurt which will take place in Bangalore, India.

This year's high-level event will tackle the crucial issue of textile wastewater pollution, chemical management and natural resource conservation including both energy and water use. These significant issues are becoming even more critical to the growth of India's vast textile industry and remain under the microscope of apparel buyers that are considering sourcing from the region.

Planet Textiles 2017 will be part of a week-long series of events on textiles and sustainability in Bangalore including the Sustainable Apparel Coalition's annual member's meeting. As in 2016, the vast majority of attendees at the SAC members meeting are expected to attend the Planet Textiles Summit, so delegate places are expected to sell out once again.

Last year the event took place in Copenhagen and attracted around 450 senior industry executives and speakers from brands such as VF Corporation, Nike, Marks & Spencer, Puma, Gap, Levi Strauss, along with many others.

Due to the influential nature of Planet Textiles the event also draws interest from NGOs and policymakers. Last year senior representatives from the German, Danish, and Honduran Governments were present in Copenhagen, this included Juan Orlando Hernandez, the President of Honduras.

The entire textile industry is invited to register their interest to either sponsor, attend or book an exhibition space at Planet Textiles 2017 The event will be held on Wednesday 24th May 2017 at the JW Marriott Hotel in Bangalore.

Source: yarnsandfibers.com- Jan 12, 2017

HOME

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India to consume 313 lakh bales cotton this year: CCI

The total cotton consumption of India is likely to increase to 313 lakh bales in the current crop season as compared to 312 lakh bales during the previous year, said the Cotton Corporation of India (CCI). The acreage under cultivation could decrease by 12 per cent to 105 lakh hectares, but production may increase by about 4 per cent to 351 lakh bales.

"During current cotton season 2016-17, the acreage under cotton cultivation is expected to decrease by around 12 per cent to 105 lakh hectares as against 118.77 lakh hectares during previous year due to delayed rains, fear of pest attacks viz white fly in Northern zone and pink boll worm in Gujarat region and farmers switching over to other crops," MM Chockalingam, chairman and managing director (I/C), CCI, told Fibre2Fashion.

Nevertheless, cotton yield will increase from 338 lakh bales in 2015-16 to 351 lakh bales this year owing to above normal rains and favourable agro-climatic conditions, he said.

Rise in the consumption of cotton will help reduce India's dependability on cotton export.

"After including import and opening stock, the exportable surplus availability of cotton in the country is getting concentrated and it is expected that during cotton season 2016-17 cotton export may reduce to 48 to 50 lakh bales as against 69 lakh bales during cotton season 2015-16," added the CCI chief.

Owing to the demand and supply balance, domestic cotton prices are not likely to touch the MSP level and are expected to remain stable throughout the year, said Chockalingam.

The cotton production of the country for 2016-17 will be adequate to meet the demands of the textile industry of the country.

“During the current cotton season, cotton production in the country is estimated at 351 lakh bales as against estimated total consumption including mills, SSI and non-textile consumption of 313 lakh bales. After adding import and excluding export, the closing stock in the country is expected to be 48 lakh bales, which is equivalent to about two months consumption of the domestic textile industry,” he noted.

However, CCI advises the government to keep a continuous watch on cotton exports during the entire cotton season and intervene if the export exceeds the expected limit.

Speaking about India’s cotton exports, Chockalingam said, “Up to cotton season 2013-14, China was the biggest importer of Indian cotton and imported about 55 to 60 per cent of the total cotton export from India.

Thereafter, due to changes in import policy of China for lesser import up to bare minimum requirement as per WTO agreement and huge unsold stock, export to China started reducing and reduced to 9 per cent of total export by India during 2015-16.”

After cotton season 2013-14, demand of Indian cotton by other neighbouring countries like Bangladesh, Pakistan, Vietnam, Indonesia, Turkey and Thailand increased due to an increase in their consumption and establishment of numerous newly constructed spinning and weaving mills.

Source: fibre2fashion.com– Jan 13, 2017

HOME

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Haryana to get hosiery and carpet clusters soon

The Government of India will soon set up a hosiery cluster at Sirsa and a carpet cluster at Panipat in Haryana, said Union textiles minister Smriti Irani. She also said that the government will provide its support for establishing a trade facilitation centre and encourage major design initiative to help the state have a huge influx into the industry.

The hosiery cluster in the Sirsa district of Haryana will help create more employment opportunities, said Irani at the Pravasi Haryana Diwas held in Gurugram. She noted that the district produces 40 per cent of the total cotton produced in Haryana.

The minister said that the government would support the design initiative so that the second and third generation of Haryana can take the legacy of Panipat forward. She also urged pravasi Haryanvis to contribute towards the development of the state by being a part of Swa-Prerit Adarsh Gram Yojna.

Chief Minister of Haryana Manohar Lal Khattar said during the event that the Haryana state government will introduce policies for various sectors including textile.

two NRI cells will also be set up to safeguard the interests of non-resident Indians belonging to the state, said the CM.

Source: fibre2fashion.com - Jan 12, 2017

HOME

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DGAD initiates sunset review on nylon filament yarn import

The Directorate General of Anti-Dumping & Allied Duties (DGAD), department of commerce, Government of India, has initiated sunset review investigation of anti-dumping duty concerning imports of nylon filament yarn originating in or exported from six Asian countries. The period of investigation for the review will be April 2015 to September 2016.

Anti-dumping duty was first imposed on imports of nylon filament yarn from China, Taiwan, Malaysia, Indonesia, Thailand and Korea vide a department of revenue notification dated August 29, 2006.

Post first sunset review in 2011, the duties were imposed in January 2012. Now, DGAD has initiated the second sunset review to examine whether cessation of the duty is likely to lead to continuation or recurrence of dumping or injury.

The product under consideration in the present investigation is synthetic filament yarn of nylon, also known as polyamide yarns or nylon filament yarn.

It includes all kinds of synthetic filament yarns of nylon or polyamides, other than sewing thread, such as flat yarn – twisted or untwisted, fully drawn yarn, spin drawn yarn, fully oriented yarn, high oriented yarn, partially oriented yarn, textured yarn – twisted or untwisted, and dyed yarn, single, double, multiple, folded or cabled. Also, all types of high tenacity nylon filament yarn are not within the scope of the investigation.

Nylon filament yarn has vast applications in textiles applications, which includes saree, dupatta, women's dress material, fashion wear, fancy casual knitwear, stockings, intimate wear, lingerie and night wear, kidswear, sportswear, activewear, swimwear, etc

Source: fibre2fashion.com - Jan 12, 2017

HOME

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Knitwear exporters hail Trump's statement

The possibility of the U.S. withdrawing from the Trans-Pacific Partnership (TPP), a trade agreement among 12 countries, is being viewed with relief by Tirupur knitwear exporters.

The agreement otherwise could have given trade advantage to Vietnam, a main competitor in global apparel market.

The U.S. president-elect Donald Trump had promised that he would issue a 'note of intent' to withdraw from the agreement on the first day in office, and instead would look for better bilateral trades that could bring back jobs and industrial activities to the U.S.

The Tirupur Exporters Association president, Raja Shanmugam, told *The Hindu* that Mr. Trump's statement gives us an opportunity to improve the market share in the U.S., as the agreement ontains steps to cut down both tariff and non-tariff barriers to trade between the signatories.

The signatory nations include the U.S., Vietnam, Japan, Malaysia, Chile, Peru, Singapore, Brunei, New Zealand, Canada, Mexico, and Australia. The final proposal of the agreement was signed earlier this year.

"It should be noted that Vietnam has already overtaken India in the global apparel market share even though the country started apparel exports about a decade back. The agreement will give undue advantage to Vietnam than the knitwear exporters from Tirupur in the U.S. market.

Almost 30 per cent of the apparel exports from Tirupur is to the U.S., Mr. Shanmugam said.

The knitwear exporters here feel that Mr. Trump was unlikely to go back on the stance.

Source: thehindu.com- Jan 12, 2017

HOME

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Biz as usual in garments this Sankranti

Even as businesses such as jewellery and accessories continue to reel under the demonetisation effect, the drive has hardly had any impact on the apparel segment in the three north-coastal districts of Srikakulam, Vizianagaram and Visakhapatnam.

According to the sources, there are nearly 5,000 small, medium and branded shops in the three districts selling clothes, jewellery and mobile phones. Of this, 70 per cent of the rush has been to the garment shops since beginning of this week for Sankranti shopping.

Meanwhile, customers to jewellery and mobile shops have reduced as compared with the previous year.

Sankranti celebrations begin from January 13 with Bhogi and conclude with Kanuma on January 15, while Sankranti is celebrated on January 14 in the two Telugu-speaking states.

Palakonda Road, Seven Road Junction, Surya Mahal Road in Srikakulam town, Dabagardens, Poorna Market, Dwarakanagar, Jagadamba Centre, Maddilapalem, Gopalapatnam in Vizag and Prince of Wales Market, Ghantasthambham in Vizianagaram town generally witness huge rush during Sankranti.

According to sources, all merchants are doing business of nearly Rs 300 crore daily during this period this year, which is short of thier expectation of Rs 400 crore. Branded garment shops alone are doing nearly Rs 1 crore per day in the city, while the medium scale merchants are doing nearly Rs 40 lakh to Rs 50 lakh.

K Bhimeswara Rao, joint partner of Men.Com (Men Dot Com) at Dwarakanagar, said the demonetisation impact on the garment business had faded and customers were making payments in cash and cards in a 50:50 ratio.

"The ratio between digital transaction and currency transaction was 40:60 before demonetisation, 85:15 during demonetisation drive and 50:50 now. This indicates that digital transactions have improved," Bhimeswara Rao told TOI.

J Raghunath, general manager (marketing) of Vaibhav Jewellers at Dwarakanagar, said demonetisation was still haunting the jewellery business. Jewellers did business of nearly Rs 20 crore a day, which has now come down to Rs 15 crore to Rs 16 crore, he said.

"However, to overcome the demonetisation effect, we are coming up with various offers and schemes to attract customers. We are also accepting both the digital currency and cash for purchase of jewellery," Raghunath said.

P Mohan Prasad, managing director of Cellpoint India Pvt Ltd said, "The smart phone business dropped to 20% this year when compared with last year in this festival season. This is a result of the demonetisation effect.

The volume of smartphones also came down despite a vast propaganda of importance of smartphones for digital transactions."

Andhra Bank deputy general manager B Vijaya Lakshmi said cash flow at banks has improved. "Now, our focus is to see that every customer goes for the digital transaction and improve our own bank business.

The number of digital transactions would increase if the flow of currency is tightened," Lakshmi added.

Source: timesofindia.com- Jan 13, 2017

HOME

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