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IBTEX No. 7 of 2017 Jan 09, 2017

USD 68.20 | EUR 71.82 | GBP 83.33 | JPY 0.58

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
19672	41150	**76.95**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20250	42358	**79.21**

International Futures Price

NY ICE USD Cents/lb (March 2017)	73.78
ZCE Cotton: Yuan/MT (January 2017)	15,050
ZCE Cotton: USD Cents/lb	**85.41**
Cotlook A Index – Physical	**82.70**

Cotton & currency guide: In last two weeks cotton price has surged sharply in the global market. ICE futures reached 75 cents in March for the second time this season as a new round of speculative fund buying entered the market. Speculative fund's long position has been displaying unusual features for some time, especially during the fourth quarter of 2016. The CFTC data for the week ending January 3rd revealed the Speculative funds were the major buyers which lifted prices higher during the holiday week adding a total of 8,283 contracts of new longs pushing them to a net 123,588 contracts across all three categories

In line with the global market cotton price in India has surged over Rs. 41,000 per candy. However, the excessive positive move is noticed at the futures contract. The most active January future at MCX ended the week at Rs. 19950 while it had made a high of Rs. 20240 per bale. In last two weeks cotton futures in India has advanced over Rs. 1200+ per bale. From the physical front, Shankar-6 has advanced further on last Friday, to be placed at roughly Rs. 41,300 per candy, ex-gin, or 77.50 US cents per pound, with a slightly weaker rupee. Punjab J-34 has ruled around steady, at Rs. 4,305, the equivalent of just over 77.00 cents per pound. Nationwide, daily seed cotton arrivals are estimated up to 140,000 lint equivalent bales (170 kgs). The Cotton Corporation has not released any official arrivals data since December 20, but private estimates have suggested that the cumulative total by January 5 was approaching 10,000,000 bales, representing around 28 percent of anticipated total output in the current season.

We will discuss in detail in our weekly report releasing today the cotton outlook in the near term. This morning cotton futures at ICE for March 17 contracts is seen trading marginally lower at 73.73 off from the recent high of 75 cents/lb. We expect the Indian futures which retreated from the weekly high and closed at Rs. 19950 may see marginal correction on today's trading session. The trading range for the day would be Rs. 19700 to Rs. 20030 per bale for January future at MCX

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

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INTERNATIONAL NEWS

Pakistan's textile industry crippled by energy crisis

Pakistan -- As Pakistan slowly emerges from a long-term power crisis, its once booming textile sector is scrambling to find its feet — but high energy costs and a decade lost to competitors mean recovery is far from assured.

Energy production was severely depressed for more than 10 years due to chronic under-investment, inefficiencies in the power network and an inability to collect sufficient revenue to cover costs.

The result was crippling for manufacturers and in particular the textile sector, which employs 30 percent of the working population.

Pakistan is the world's fourth largest cotton producing country but interminable power and gas cuts have stopped exporters from producing their orders on time.

Many have watched helplessly as their clients have instead turned to Vietnam or Bangladesh.

A third of the production capacity of the sector has disappeared, thousands of factories have closed, and most of the others are running below full capacity, says Rehan Bharara, a former loom owner who now runs a public infrastructure project for the textile industry.

Half the time, "we had to run our factories on diesel generators, which was very expensive. We decided to close down rather than losing money every day," he said.

Only those manufacturers which invested heavily in their own energy production survived.

These include plants run by the Sadaqat company, which provides house linen to major Western retailers such as Debenhams, Tesco and Target. Energy supply to huge printing, cutting and sewing departments is rotated according to need.

"We have three sources of electricity: the main and cheapest one is generation through gas, if we don't have gas, we go to Wapda (the public utility), if Wapda closes, we go to diesel generators," says chairman Mukhtar Ahmed.

"I have no choice. If I stop producing, we lose our customers."

Smaller plants, notably the hundreds of thousands of cotton loom workshops, lack backup generators and are dependent on the public network.

'No power, no wages'

Each time the power cuts, work is interrupted.
"We loom workers only get paid if there is power and looms are running. If there is no power, there are no wages," said Mohammad Rizwan, a 21-year-old weaver.

Source: chinapost.com– Jan 09, 2017

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Nigeria reduces import duties on 89 items

The federal government has reduced import duties on more than 89 items in various sectors of the nation's economy.

The government said the reduction, approved by President Muhammadu Buhari, is to promote development in critical sectors of the economy, and is part of its 2016 Fiscal Policy Measures.

A circular issued by the Ministry of Finance on Friday said the measures supersede the 2015 Fiscal Policy Measures.

According to the circular signed by finance minister, Kemi Adeosun, the directive was made up of the Supplementary Protection Measures (SPM) for implementation together with the ECOWAS CET 2015 – 2019.

The minister explained that the ECOWAS CET, which will cover the 2017 to 2019 fiscal periods, is composed of three categories made up of an Import Adjustment Tax list of 173 tariff lines, a national list consisting of 91 items and an import prohibition list of 25 items, which is applicable to certain goods originating from non-ECOWAS member states.

An analysis of the national list consisting of 91 items shows a downward review was approved for 89 items.

The items in the national list whose import duties were reduced from 10 per cent to five per cent are tea; milk and cream; tomatoes prepared or preserved by vinegar; under natured ethyl alcohol for medical, pharmaceutical or scientific purpose; hypochlorites; synthetic organic colouring matter; grease for treatment of textile materials; prepared glues and adhesives.

Other products are organic composite solvents and thinners; mixes alkylbenzenes; industrial monocarboxylic fatty acids activated carbon fats of sheep or goat; malt extract; petroleum oils and oils obtained from bitumen minerals other than crude.

The federal government also approved a reduction from 10 per cent to five per cent for tubes, pipes, hoses, sheets, foil, tape, polyethylene, paper and paper board, yarn, synthetic staple fibres, semi-finished products of iron or non-alloy steel, stranded wire ropes, and completely knocked down or unassembled for the assembly industry.

For items such as automatic circuit breakers, switches, lamp-holders, electrical apparatus for switching or protecting electrical circuits, the government reduced their import duties from 20 per cent to 10 per cent.

Items like machineries and equipment used in sectors such as agriculture, cement, hospitality, power, iron and steel, solid minerals, textile and aviation, attracted an approval of a zero import duty.

The two line items that retained their 2015 duties are articles for the conveyance or packaging of goods, plastics, stoppers, lids, caps, and other closures; and other articles of plastics and other materials. The duty was placed at 10 per cent, the same rate it was in the 2015 Fiscal Policy Measures.

Source: allafrica.com– Jan 08, 2017

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Pakistan: Local lobby fears Chinese entrance in textile sector

Pakistan seems to have placed a lot of faith in the 'game-changing' China-Pakistan Economic Corridor (CPEC), but the local business community still has some concerns.

Stakeholders of the country's textile sector are anticipating a further decline, fearing that if Chinese companies started relocating their textile units in different tax-free industrial zones in Pakistan, they would go out of business.

"Whenever China enters any country it damages the domestic market – it's a fact," said Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) Senior Vice President Jawad Choudhry while talking to a group of journalists.

"Our industry is currently facing a declining trend due to the high cost of doing business and productivity, whereas China plays with price by increasing its production," he added.

Industry experts believe that if China locates its textile units to Pakistan they will have an edge over the existing players due to the benefits, such as tax-free zones, under CPEC.

An additional benefit for them would be the energy prices as they are setting up their own power plants to feed their industries in Pakistan.

"We expect the government to share CPEC cost and benefit ratio with the local industry so we can plan for our future investments," said PRGMEA Central Chairman Ijaz Khokhar, adding that CPEC business wing should be established to safeguard the existing local industries as well as international investors.

Khokhar said that Pakistani government should bind Chinese investors to establish new industries as a Joint Venture with local stakeholders with 49:51 equity ratios.

"It is not possible for existing local players to relocate their industries in tax free zones in the current scenario."

Source: tribune.com.pk– Jan 08, 2017

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Sri Lanka – Pakistan Business Council supports Pakistani fair in Colombo

The Sri Lanka – Pakistan Business Council of the Ceylon Chamber of Commerce (CCC) will be partnering with the High Commission of Pakistan in Sri Lanka, Trade Development Authority of Pakistan (TDAP) and the Sri Lanka Export Development Board to organise the Business Matchmaking Session at the 'Single Country Exhibition of Pakistan', on January 13-15 at the BMICH, Colombo.

More than 150 Pakistan companies are seeking local partners to expand their business in Sri Lanka, hence pre-registration is required to attend the B2B meetings, the CCC said in a media release.

The exhibition will display an array of products such as engineering products, auto parts, agro foods, textile and clothing, designer wear, handicrafts and traditional textiles, pharmaceuticals, gems and jewellery including promotion of various services where strong partnerships could be established to further strengthen trade between Sri Lanka and Pakistan.

A Pakistani Food Festival and a Cultural exhibition will be held alongside the main event.

Source: sundaytimes.lk – Jan 08, 2017

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Bangladesh will propose duty-free market access to BIMSTEC member countries

The government has started preparing the draft trade facilitation agreement (TFA) to submit it to BIMSTEC, proposing duty-free market access to the member countries of the regional group, officials said.

To prepare the draft agreement, a committee has been formed recently comprising officials from different ministries and representatives from trade bodies.

The committee headed by the director general (DG) of the World Trade Organisation (WTO) Cell under the ministry of commerce (MoC) has been asked to submit its recommendations to the senior secretary of the MoC by February 17, 2017, a high official of the ministry told the FE.

"The committee has started working. They will submit their report/recommendations to the senior secretary of the MoC by February 17, 2017," a high official of the MoC who is involved with the process of preparing the draft agreement on trade facilitation told the FE.

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is an international organisation involving a group of countries in South Asia and South East Asia.

The countries are: Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal.

The MoC official said Bangladesh is also taking preparation to host the 21st BIMSTEC TNC (Trade Negotiating Committee) meeting to be held in Dhaka in February or March 2017.

The meeting will discuss issues of free trade agreement (FTA) and non-tariff measures among the member countries of BIMSTEC and review the decisions taken in the meetings earlier.

Besides, it will discuss issues relating to trade and investment and cooperation in energy, agriculture and communication sectors.

At present, there is a framework agreement among the BIMSTEC member countries. But there is no agreement among BIMSTEC members on agriculture, trade and investment, tourism, fisheries, transport and communication, textiles and leather sectors etc.

Officials from the BIMSTEC countries will attend the three-day meeting. A secretary-level meeting of BIMSTEC countries will take place on the fourth day.

The MoC official said Bangladesh has converted HS-Code 2007 to HS-Code 2012 as per the decision taken in the previous meeting of BIMSTEC TNC.

On 6 June in 1997, a new sub-regional grouping was formed in Bangkok and named as BIST-EC (Bangladesh, India, Sri Lanka and Thailand Economic Cooperation).

Myanmar attended the June inaugural meeting as an observer and joined the organisation as a full-member at a special ministerial meeting held in Bangkok, Thailand on 22 December in 1997, upon which the name of the grouping was changed to BIMST-EC.

Nepal was granted observer status by the second ministerial meeting held in Dhaka in December 1998. Subsequently, full membership was granted to Nepal and Bhutan in February 2004.

In the first Summit held on 31 July 2004, leaders of the group agreed that the grouping should be known as BIMSTEC or the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation.

The BIMSTEC headquarters is located in Dhaka, Bangladesh.

The main objective of BIMSTEC is to bolster technological and economic cooperation among south Asian and southeast Asian countries along the coast of the Bay of Bengal.

Besides, commerce, investment, technology, tourism, human resources development, agriculture, fisheries, transport and communication, textiles, leather etc have been included in the objectives of BIMSTEC.

Former finance adviser to the caretaker government Dr AB Mirza Azizul Islam told the FE that duty-free market facility, rules of origin and non-tariff measures must be kept in the draft deal in order to protect Bangladesh's interests.

Source: thefinancialexpress-bd.com – Jan 08, 2017

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France: Exhibitors up 30% at Apparel Sourcing Paris

The 12th edition of Apparel Sourcing Paris which begins February 6, 2017, has received registrations from almost 300 exhibitors, a massive jump of 30 per cent compared with the 2016 edition. ‘

The trade show will be offering a huge variety of solutions for clothing and accessories production offering shorter lead times, a key demand of buyers.

China, which is always represented by large numbers of exhibitors, is expanding the made-to-measure ranges, Bangladesh and Pakistan will be attending with their denim ranges, while the number of exhibitors from India has increased significantly.

There will be returning exhibitors from Myanmar and Guatemala and an exhibitor from Morocco is offering products with short lead times.

“Apparel Sourcing Paris offers visitors the most relevant products and services, whether this means sourcing with short lead times or sourcing from suppliers who are farther away, but who offer rare and original expertise”, Michael Scherpe, president of Messe Frankfurt France said.

Source: fibre2fashion.com- Jan 09, 2017

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Bangladesh signs Tk454 cr jute deal with Australian firm

A jute export deal amounting to take 454 crore (approx. $5.74 crore) has been signed between Bangladesh Jute Mills Corporation (BJMC) and Golden Fiber Australia Private Limited (GFAPL). BJMC has agreed to export Bangladeshi jute and jute products like hessian, sacks, jute CBC, binola and jute mess in the next two years to the Australian firm.

The agreement was signed at the conference room of the textile and jute ministry of Bangladesh and will be renewed every two years, according to a statement released by the ministry.

GFAPL has agreed to be a strategic partner of BJMC and will help Bangladesh expand its market for jute goods to countries like Australia, New Zealand, the US, Indonesia, Vietnam and Papua New Guinea.

The agreement was signed between BJMC secretary Mohammad Saleh Uddin and GFAPL representative Sakib Ahmed Khandoker.

Source: fibre2fashion.com- Jan 07, 2017

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NATIONAL NEWS

GST rate: In surprise move, polyester makers seek higher imposts

It's not that a tax waiver or a low rate of tax is everyone's choice. The input tax credit (ITC) facility, which will be the hallmark of the proposed goods and services tax (GST), has several industrial segments pitching against their potential exclusion from the tax regime while some other asking for higher rates than proposed by the government.

After solar and wind power companies demanded GST on their output (electricity), a segment of the upstream textile industry has now asked for 12% GST on the textiles and garments, while as essential goods, the lowest GST rate of 5% looks likely on them.

According to sources, many participants of a recent stakeholders' meeting with the textile commissioner in Mumbai were surprised when the Synthetic & Rayon Textiles Export Promotion Council (SRTEPC) indicated that 12% GST should be fine for the textile and garments industry.

Currently, natural fibres — including cotton — do not attract any excise duty, while a 12.5% excise duty is levied on man-made fibres, such as polyester. A 4-6% value added tax (VAT) is imposed by states on both man-made and natural fibres.

SRTEPC chairman Anil Rajvanshi told FE that the industry, in another meeting with textile minister Smriti Irani and textile secretary Rashmi Verma in New Delhi on November 9, "unanimously" agreed on two things: The entire textile sector should be subject to "one rate without any exemptions" and a "low possible rate" should be imposed.

Asked why he is asking for "a low possible rate" and not the "lowest rate" of 5%, Rajvanshi, who is also a senior vice-president of the country's largest man-made fibre producer, Reliance Industries Ltd, said: "You should ask for what is possible. If you ask for zero tax, is it possible? You know the excise duty on cotton yarn is 6%; it's a separate issue that there is an option route also (to get refunds against the duty paid)."

Rajvanshi said, "the industry hasn't prescribed any rate because nobody knows today in which rate brackets what items will fall". "It's a fruitless exercise to say the tax rate should be 5% or 12% because this is the jurisdiction of the GST council, which has not yet taken a decision."

However, the sources suggested that a 12% tax incidence under the GST regime for the entire textile and garment industry will benefit only a very few large man-made fibre companies with an integrated set-up. Such firms can fully utilise the ITC facility and also as dominant players, it is easier for them to pass on the tax cost to downstream industries. However, natural fibre-based textile players will be at a disadvantage if the tax rates go up.

The man-made fibre production chain is as follows: from crude oil to paraxylene to purified terephthalic acid (PTA) or mono-ethylene glycol (MEG) to polyester staple fibre (PSF) and polyester filament yarns (PFY). So if a company, for instance, produces both the PTA and the PSF, it will be able to set off the duty paid at the PTA stage on sale of the PSF.

However, natural fibres like cotton fibre is produced out of raw cotton and since no duty will be paid on the raw material due to the fact that it's a farm produce, the entire 12% tax burden will fall on the ginners/spinners that produce cotton fibre/yarn. Only if you are an integrated player with weaving, processing and garmenting facilities, the input tax costs can be seamlessly offset against output tax liability.

Source: financialexpress.com – Jan 09, 2017

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'Cotton prices may rule range-bound'

Low prices of crude oil, lesser purchasing power of oil producing nations will affect the fibre's prospects

Low crude prices tend to push up man-made fibre usage, hurting cotton demand, says Rs. Jalan, Managing Director, GHCL, a listed company that is an integrated manufacturer of cotton textiles. He sees price stability and is positive that GST will level the playing field for all and benefit the cotton industry. Excerpts from an interview:

How is the cotton supply situation in India currently?

The crop supply situation is good in India this year. It is expected that about 350 lakh bales will be available during this season. There is a temporary delay in the supply because of demonetisation. Usually, around this time of the year, the daily arrival would have been more than two lakh bales per day. But it has only been 1.25-1.5 lakh bales per day, likely due to demonetisation. This will lead to a prolonged season, but this impact will eventually pass. Globally also, the supply situation is good — about 9 per cent increase in total cotton production is expected.

What has changed on the supply side of the equation in the global market in recent years?

We see a higher share of Bt cotton. This has been positive as it helps with better yield and better margins for farmers. India has now become the number one cotton growing country in the world, displacing China. The downside of Bt cotton is that it has lower staple length compared to other cotton varieties such as the MCU-5 grown in South India. As a result, the 32mm cotton fibre used to spin medium counts is shrinking. We see imports or a shift to new spinning methods to overcome the staple length issue.

Given the current dynamics, where do you think prices will head?

Historically, prices remain range-bound — fluctuating between 8 and 15 per cent in a normal cotton year. Prices vary based on crop size and demand outlook. We saw a high of about ₹60,000 per candy (of 356 kg) about four years ago. Globally, there was a surplus in 2014-15, when production was 26 million tonnes (mt), but consumption was 24 mt. In 2015-16, demand remained static but production dropped to 21 mt.

This has helped in price stability. In a year, price is low at the start of the cotton season, around October. Prices increase after the season, about early April. Considering the expected lower export to Pakistan, the crop size this year can be taken as a normal one. This year, the lowest price so far is ₹38,000 per candy (spot) for S6 cotton. Currently, it is about ₹40,000. Prices are expected to be mostly steady and range-bound.

How is the cotton textile industry looking globally?

The cotton textile industry is expanding in Bangladesh and Vietnam and shrinking in China. Chinese cotton production has decreased from about 7.5 (mt) about seven years ago to 4.55 mt currently as the area of cultivation has decreased.

Yarn and garment industry is also hit with higher labour and power costs, making it less competitive; the per capita consumption is up locally and hence, export is down.

Bangladesh and Vietnam have lower production costs and duty advantages in export; still, India is at an advantage due to local availability of the fibre. In the past, China ramped up cotton imports and currently has sizeable inventory. Also, its policy changed from buying cotton at a high price from farmers to providing subsidy. Imports by local mills have reduced due to higher availability of cheaper cotton.

Going forward, higher disposable income in developing countries will help in demand growth. We see a trend towards cotton-rich blended garments, both in knitted and woven segments. The increase in demand for cotton fabric due to improvement in macro-economic conditions will be met by improvement in yield.

What changes will impact the Indian cotton textile industry?

The continuous low price of crude will hurt the cotton industry. Moreover, the purchasing power of oil producing countries has also come down. In the last few months, rural demand is down. This, along with the shift to synthetic fibres, has dampened yarn prices. Implementation of GST may be positive for the industry.

Currently, different States have different tax structures and this price variance is hurting the cotton industry as a whole. When GST is in place, it will create a level playing ground for everyone and will be positive, particularly for companies such as GHCL that have integrated processing that is distributed geographically.

Source: colombogazette.com– Jan 08, 2017

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Maharashtra govt fails to recover ₹1,700 crore from spinning mills

Cotton mills have failed to pay back as much as Rs1,700 crore to the government for years, according to the latest figures collated by the textile department. This has prompted the government to tweak its cooperative funding scheme. The old scheme was launched in the early 1990s to promote investment in the textile industry.

In a recent meeting, the textiles department took review of the outstanding share capital to 130 cotton mills across the state in the past 25 years. The department came across some startling figures as the government could recover only Rs73.61 crore, of the Rs1,748 crore that had been released towards the share capital over the last two decades. Most of the mills are under leaders from political parties.

Though 130 societies sought the funding as share capital to set up the mills, 29 of them have gone into liquidation, while three have been shut down. Twenty four of them are still under construction, while only 34 of them are running.

Given the state's poor finances and ballooning debt, the government has now decided to review its norms for the recovery of the dues.

"We are now thinking to appoint Class-1 government officers in the board of directors, besides getting the provision of attaching the property of the other directors on board, if the mill goes into liquidation. Instead of extending funding to too many mills, our endevour would be to complete the funding to the existing entities so that their liabilities are fixed. It is fact that when private cotton mills are running in profit, the cooperative mills find it difficult to go operational due to the lack of professionalism," Subhash Deshmukh, textiles and cooperation minister told HT.

The state government extends a share capital of 45% to cotton mills set up on a cooperative basis by the board of directors in general categories. With the 50% loan from the open market, the mills are expected to bear the cost of 5%. For cooperative mills run by the Scheduled Castes members, the social justice department shares another 50% as share capital, in addition to the 45% by the textiles department.

According to the officials from the department, the government has failed to recover the dues due to the political patronage the mills enjoy. "The mills are expected to start paying back as soon as production starts.

To avoid the repayment, some mills do not draw the last installment of the government share. Some of the them have recruited excessive manpower, while in few cases the management has paid an exorbitant price to make the business unfeasible," the officer said .

Source: hindustantimes.com- Jan 09, 2017

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Retail growth, increase in revenue make Arvind Ltd good long term bet

Arvind is one of the leading integrated textile players in India with exposure to both textile and apparels segments. It is also one of the largest denim manufacturers in the world. India is the world's second-largest raw cotton producer and textile exporter, next only to China.

And China is losing its competitive edge in textiles due to increasing labour costs and this should help Indian textile companies such as Arvind. Government initiatives, such as Make in India and enhanced Technology Upgradation Fund Scheme, will also benefit the sector.

Though the textile segment continues to be Arvind's cash cow, contributing Rs 465 crore to cash flows in 2015-16, the company plans to focus on its garments business. To increase its margin, Arvind is looking to increase the share of fabric sold as garments from 6% now to 20% in the next few years.

The expected growth in the Indian retail space, due to rising incomes, urbanisation, attitudinal shifts, etc., will be the main trigger for this expansion. Since its garments segment holds several well-known foreign-licensed brands such as Arrow, Tommy Hilfiger, US Polo, Flying Machine, Calvin Klein, Nautica and Izod, Arvind should be able to benefit from the growth in the retail sector.

Arvind recently sold a 10% stake in its fully-owned subsidiary, Arvind Fashions, for Rs 740 crore to Multiples, a private equity firm. This strategic investment will help Arvind Fashions to improve its position in the domestic apparels market.

The transaction was done at overall enterprise valuation of Rs 8,000 crore for the company's branded apparels business, significantly higher than the previous analyst estimates of around Rs 5,000 crore. This higher valuation captures the increased growth opportunity in the garments business and will help in the counter's re-rating.

Since sale proceeds will be used for paying-off debt, it will provide Arvind with the required financial muscle for future investments and acquisitions and is another reason why the counter is ready for a rerating. Arvind is already planning two garments units in Ethiopia and this should add an additional annual revenue of around Rs 1,000 crore. There is also a possibility that Arvind Fashions may go for a separate listing, another re-rating trigger.

Though the counter is ripe for rerating, don't ignore the short-term risks. Since 50% of its revenue come from the domestic market, expect pressure in both December and March quarter numbers due to the demonetisation impact. Get in only with a long-term view.

Source: economictimes.com– Jan 08, 2017

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Odisha's new Apparel Policy to attract investors

The Odisha Apparel Policy recently introduced by the state is a welcome gesture to attract textile investors from various clusters like Tiruppur for setting up industries in the state, said a top official from the Odisha Cooperative Spinning Mills Federation Limited (Spinfed Odisha). Companies investing in Odisha will also receive various incentives.

Two apparel parks will also be established near Bhubaneswar in Odisha as per the policy, Narayan Sahu, deputy general manager of Spinfed Odisha told a leading daily while on a visit to Tiruppur.

He also said that standalone production units for apparel employing a minimum of 200 workers will get an incentive of Rs 1,500 per worker per month for 36 months. The companies can also avail interest subsidies.

Capital grants amounting to 20 per cent of the project cost would also be provided to the companies setting up units within the upcoming apparel parks, said Sahu.

The Odisha Apparel Policy is the first of its kind for apparel by any state in India

Source: fibre2fashion.com - Jan 09, 2017

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Premium men's apparel brand Rare Rabbit plans outlets overseas

Rare Rabbit, the fashion arm of Mumbai-based textile producer and exporter Radhamani group, has launched four stores in India and will add 31 more by the end of March 2018.

There are plans to open outlets overseas and the company is in talks with franchise partners in France, Germany, Amsterdam and Gulf Cooperation Council. Rare Rabbit, a premium men's apparel brand, started as a concept store in UB City mall in Bengaluru in September 2015.

The success of the brand prompted the company to three more outlets in India – Chennai, Bhopal and Amritsar. Another three outlets at Surat, Mumbai and Kochi will be operational next week. The average price of apparel is ₹3,000. Speaking to *BusinessLine* at the Chennai outlet in Express Avenue mall, Manish Poddar, Owner and Creative Director, Radhamani Group, said, "Radhamani group has been in the textile manufacturing industry for 18 years."

The company has so far invested ₹17 crore and plans to invest ₹18 crore for opening new stores in shopping malls, products and shop-in-shop models. "We are testing the market using shop-in-shop models. We have 52 point-of-sale outlets in India and plan to increase it to 100 in the next two to three years," Poddar said.

Apart from apparels, the outlets sell ceramic bow ties costing ₹4,000-25,000 and art pieces that are priced anywhere between ₹26,000 and ₹6 lakh.

Source: thehindubusinessline.com- Jan 09, 2017

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'Indian companies optimistic of economic recovery in 2017'

Indian businesses are optimistic about an economic recovery in 2017, according to the latest Grant Thornton International Business Report (IBR) survey.

India ranked second on the optimism index during the third quarter (July-September 2016) and has taken a further leap to first position this quarter with 88 per cent of the respondents voting for it.

The country continues to retain its number one position in the fourth quarter of 2016, a trend that was seen in the corresponding period in the year 2015 and 2014 as well, according to a statement by Grant Thornton. The findings are based on a global business survey conducted quarterly. The recent survey had 2,600 businesses in 37 economies.

"The rise in optimism in India can also be gauged from the fact that India tops the chart on expectations of an increasing revenue (89 per cent) where it slipped to third position in the July-September quarter." The country also ranked number one on the parameters of employment expectations (62 per cent) and selling prices (68 per cent). India Inc.'s profitability expectations further moved to second position from rank three in the third quarter and fourth position during the second quarter of 2016.

High on expectations

"India continues to stand out as the one economy which has huge potential to continue to grow and this is reflected in the survey where Indian businesses are most optimistic and high on expectations of increasing revenue, employment, profitability. "This is a great time for the policy makers to look at unleashing the next generation of reforms, apart from GST, mostly focussed on ease of doing business and minimum government, maximum governance," said Harish H.V., Partner – India leadership team, Grant Thornton India LLP. However, Mr Harish said, that requires a change in mind-set among the policy makers and implementing reforms in the legal system and contract enforcement (India's poorest ranking is in contract enforcement in the doing business ranking).

Pessimism on exports

While business confidence in India is rising, the optimism for an increase in exports has plummeted. According to the survey report, 28 per cent of the respondents expect an increase in exports, which is 10 points lower than previous quarter (38 per cent voted for an increase in exports during third quarter of 2016).

Although India ranks third on citing regulations and red tape as a constraint on growth, there is a constant decline in the number of respondents citing this as an impediment to growth. Fifty-seven per cent of the respondents have quoted this as an obstacle against 59 per cent and 64 per cent, in the third and second quarter of 2016, respectively.

The survey highlighted that lack of strong ICT infrastructure, shortage of orders, unavailability of workforce and shortage of finance were the biggest concerns for corporations in India.

Higher R&D

According to IBR, 38 per cent of the respondents are expecting an increase in investment in R&D activities. Though it shows a decline from the last quarter (43 per cent), on an average, there is an increase in optimism for R&D activities in 2016.

The survey showed no change in the confidence of an increase in investments in new buildings from the last quarter. Forty-two per cent of the respondents were expecting an increased investment in new buildings in this quarter as well. When it comes to investment in plant and machinery, 50 per cent respondents expect a rise as against 46 per cent in the third quarter.

Source: thehindu.com- Jan 09, 2017

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