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IBTEX No. 242 of 2016 Dec 01, 2016

USD 68.41 | EUR 72.51 | GBP 85.68 | JPY 0.60

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
18549	38800	**72.36**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
19060	39869	**74.36**

International Futures Price

NY ICE USD Cents/lb (December 2016)	72.46
ZCE Yuan/MT (January 2017)	15,745
ZCE Cotton: USD Cents/lb	**88.17**
Cotlook A Index - Physical	**79.80**

Cotton & currency guide: The 70 zone has been critical for ICE cotton March future. Every time market corrects near 70 a heavy speculative buying is pushing the price higher. On Wednesday the ICE march ended the session at 71.58 cents/lb up by 28 cents while recovered more than 128 points from the intraday low. Most of such action is taking place during the mid US session. Looking at the trading volume and open interests' trend and recent CFTC report suggests speculators are active in the market near 70 areas. However, on the higher side 72 to 72.50 cents remains a zone where hedgers are creating hefty short positions for protecting their physical exposure. Therefore, we are seeing a price band of 69 to 73 cents/lb for the past several weeks. We believe the market is expected to remain in the same zone.

On the contrary the Indian cotton price has been moving by its own fundamental factors especially with the recent supply surplus. The average daily arrivals in the market are holding steady near 120,000 bales. On Wednesday the arrivals were around 115,000 bales (including 35,000 from Gujarat and 40,000 from Maharashtra) and the spot shankar-6 cotton traded marginally lower at Rs. 39250 against Rs. 39500 from the previous close. Therefore, the effect was also visible on the futures contract. The most active December future ended the session at Rs. 19060 down by Rs. 110 from the previous close. We believe overall scenario continues to remain bleak for the local cotton price amid higher supply, thin export and domestic demand.

This morning ICE cotton is seen trading at 71.60 cents/lb no major change from the previous close while Chinese ZCE cotton is trading marginally higher by 0.67% at 15865 Yuan/MT. We believe today market may remain sideways while the domestic cotton price trade under stress. The trading range for the day should be Rs. 18900 to Rs. 19200 per bale and recommend selling on rise.

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

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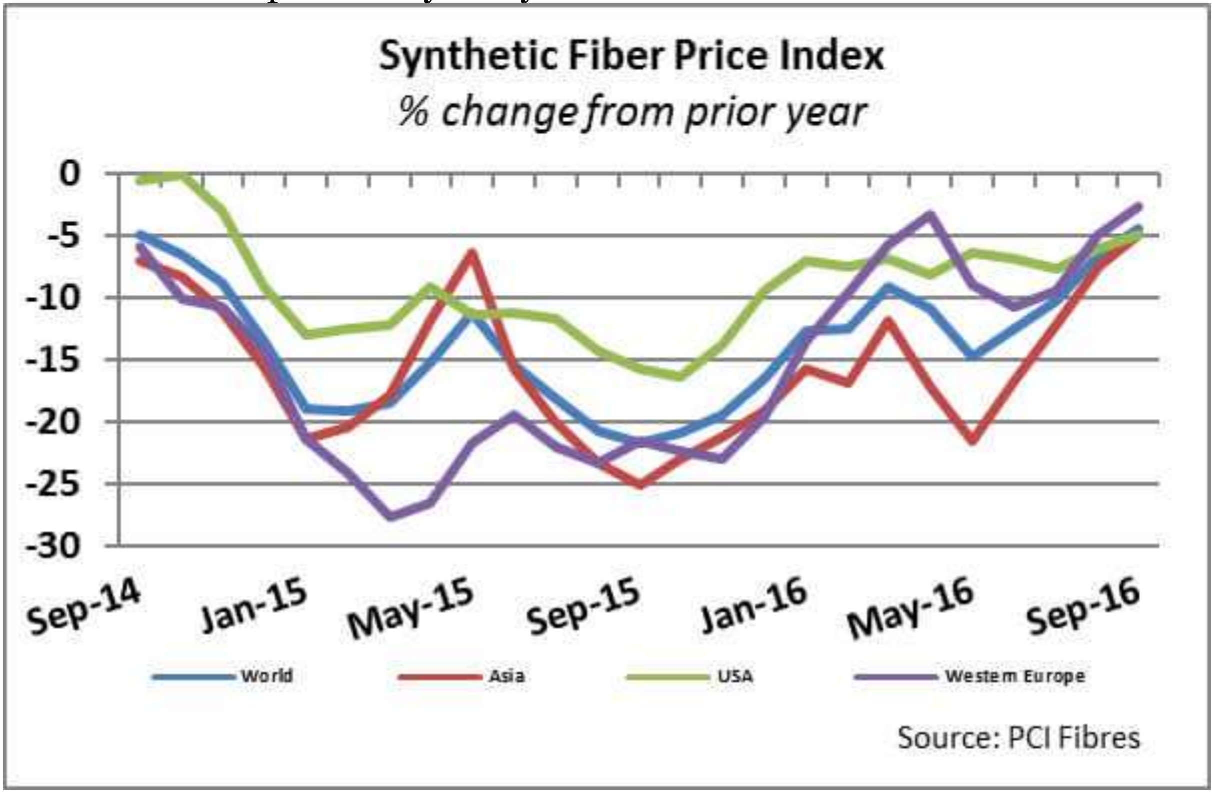
INTERNATIONAL NEWS

Are Synthetic Fiber Prices Finally Heading Up?

Global synthetic fiber prices continue to fall, but not by the precipitous rates of earlier this year, pointing to a potential firming, if not an actual increase, in prices by early 2017.

According to recent data from consulting firm PCI Fibres, in August and September, the global price index declined by 6.5% and 4.4%, respectively, the smallest drop in nearly two years.



Rising demand for apparel and textiles in developing markets has helped firm prices, as have expectations that increasing oil prices will result in higher fiber intermediates costs.

In Asia, the world's largest fiber-producing region, synthetic fiber prices fell by almost 5 percent year-over-year in September, their smallest drop since July 2014. Demand for polyester, the dominant synthetic fiber in the world based on consumption, remains strong.

Nylon prices are expected to rise on a shortage of raw materials, according to the division of PCI Wood Mackenzie, especially HMD (hexamethylene diamine) due to at least one Force Majeure.

The spandex business has been relatively strong, with prices rising due to healthy demand and higher raw materials costs. There is speculation in the industry that Invista's apparel fibers business, including Lycra spandex, is up for sale.

Asian synthetic fiber prices remain more than 24 percent below the world average.

The European synthetic fiber price index fell by almost 3 percent compared to September 2015, its smallest year-over-year drop in more than two years. European prices are more than 21 percent above the global average.

The U.S. index fell by 4.9% percent in September, its smallest jump in two years. U.S. synthetic prices remain more than 60 percent above the word average.

Source: sourcingjournalonline.com– Nov 30, 2016

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NAFTA Monthly Freight Flow Values Fall for 20th Time in 21 Months

The value of monthly freight flows between the U.S. and its NAFTA partners fell 2.1 percent from August to September to $91.1 billion, according to statistics released Nov. 29 by the Department of Transportation.

The value of NAFTA freight flows was also down 2.3 percent in September from a year earlier, marking the 20th time in the past 21 months that this value has declined year-on-year.

The value of total U.S. trade with Canada fell 4.4 percent to $46.2 billion as all modes of transportation except rail carried a lower value of freight.

The value of U.S. trade with Mexico slipped 0.04 percent to $44.9 billion despite the pipeline, rail, air, and vessel modes all carrying higher values.

	Total		Canada		Mexico	
	Imports	Exports	Imports	Exports	Imports	Exports
Truck	-5.1	-2.4	-3.9	-3.1	-5.8	-1.6
Rail	+7.8	+8.4	-0.2	+13.0	+18.3	+3.8
Vessel	-9.8	-3.6	-21.9	-40.4	-1.9	+15.5
Air	+2.7	+3.9	-3.5	+1.6	+14.3	+8.3
Pipeline	-10.1	+18.7	-10.1	+19.3	-15.5	+17.5

Vehicles and parts retained their spot as the top commodity category for all modes transported between the U.S. and Canada, while electrical machinery stayed in the top spot in U.S.-Mexico trade.

Percentage changes in the value of monthly U.S. freight flows with Canada and Mexico by mode of transportation from September 2015 to September 2016 include the following.

Source: strtrade.com– Dec 01, 2016

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Pakistan: Demand for better grades kept lint prices slightly higher

Cotton trading at Pakistan cotton market remained firm as buyers made deals for better grade of lint on slightly higher price. The leading buyers also strengthen their long position by making deals for better grade lint, as per traders.

Around 1,000 bales changed hands while fine quality cotton fetched better price around Rs 6,600 per maund.

The KCA spot rates remained strong at Rs 6,300 per maund. But some ready market deals changed hands below KCA's prevailing spot rates during the trading session.

According to a senior trader, Ghulam Rabbani, the ginners remained on front foot and brought fine stocks on higher price in market.

Price fixation of cottonseed is on cards.

They are looking the cottonseed price and shrinking stocks coupled with growing demand have provided them opportunity to ask higher price. He said around 200,000 cottonseed is left, however the prices are firm and there seems no immediate panic in the market.

According to KCA following deals changed hands: 200 bales of upper Sindh changed hands at Rs 6,050 per maund, 200 bales of Rahimyar Khan at Rs 6,100 per maund and 200 bales of southern Punjab at Rs 6,200 per maund. The textile sector remained eager for better grade of lint on the back of growing demand of yarn and cloth.

Source: yarnsandfibers.com - Nov 30, 2016

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Post-Brexit Zero Tariff Trade Policy Called For By Textile Trade Coalition

The UK government has today been called on by a coalition of ethical fashion producers and retailers to maintain tariff-free access for African goods after Brexit. The request comes as an attempt to strengthen the nascent African garment and footwear industry, which has the potential to become a major ethical source for the UK market.

They presented a compelling business case for trading sustainably and ethically in Africa, at an event organised by Proudly Made in Africa and Soul of Africa at the House of Lords, which would allow individuals and communities to trade their way out of poverty, and also improve performance in product supply chains at the same time.

As UK and European retailers and brands seek to innovate and strengthen their market position by diversifying existing supply chains, Africa's growing garment and leather industry provides a new source for ready-to-wear garments, shoes and fashion accessories. That potential is very much yet to be fulfilled and companies and brands that engage early will gain a competitive advantage, while helping to realise the promise of a vibrant ethical fashion sector in Africa that creates jobs and brings sustainable development.

“The rapid growth in many African economies offers opportunities for greater sustainability in our value chains and there is a creative industries sector that adds value to African natural resources rather than exporting them raw. This creates job, skills and livelihoods in African countries so that the benefits of production are shared along amongst all those involved. For UK retailers this can render value-chains shorter, more manageable and more transparent, and will create new business opportunities.”

Fashion goods from Africa currently benefit from a tariff free access to the UK market as part of the EU trade policy, which makes them significantly cheaper than products imported from Asia (for example, African goods have a 12% advantage over Chinese items). Proudly Made in Africa, a non-profit that facilitates trade between ethically produced African products and European retailers, makes a series of recommendations for the UK’s trade policy with Africa after Brexit in a policy paper published today, “A Stitch in Time.”

Fair trade expert Albert Tucker, Trustee of Proudly Made in Africa and former Managing Director of Twin Trading, said:

“The zero tariffs and zero quotas regime is now at risk with Brexit. It is essential that the tariff free market access be maintained for African fashion products as it makes the crucial difference for the African supply chains engaging international buyers.

“Proudly Made in Africa calls on the UK government to send a clear signal to traders by committing now that when entering the UK, products from sub-Saharan Africa shall face no worse conditions than at present. Brexit can present an opportunity to implement a trade policy that will incentivise UK retailers and brands to engage actively with the nascent African fashion industry in a way that will also advance the UK international development agenda.”

Soul of Africa, which co-organised the event, presents the perfect success story of a profitable social enterprise making shoes in Africa and selling products globally while contributing to the development of the communities where it operates. Lance Clark, Founder of Soul of Africa and former Managing Director of Clarks Shoes, said:

“Pursuing the idea of giving people the means, the ambition, the pride to help themselves, setting up a quality shoemaking enterprise in Africa was an obvious option for me.”

For European buyers, sourcing from Africa is good for business and presents an opportunity to engage customers with ethical products that help enhance brand reputation. Andreas Streubig, Sustainability Division Manager with German retailer Otto Group, highlighted the opportunities and challenges of sourcing sustainable goods from Africa-based suppliers.

“Increasing the textile value creation would be important for Africa. More than that: it’s an imperative to improve the overall situation of the people, as the textile industry is a pioneering industry that paves the way for others. But we must also be realistic. The basic conditions are still very challenging and some preconditions of textile mass production are still weak or even missing.

Hence both sides – western buyers as well as African suppliers – have to learn how to cope with the status quo and work together in an atmosphere of understanding, patience and eagerness to learn and develop.”

Representing the other side of the value chain, Nebil Kellow, Managing Director, Enterprise Partners (Ethiopia), a social enterprise facilitating market development to create jobs and raise income for Ethiopians, explained the potential that exists in Africa for the global textile industry.

“Africa’s lions are on the industrial march. As China transitions towards higher value-add in manufacturing and services, what we are also witnessing is the beginnings of structural transformation across the continent, whose educated youth are eager for jobs and ready to take up the mantle.”

Source: blueandgreentomorrow.com - Nov 30, 2016

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Italian business delegation to sign MoU between PRGMEA and ACMIT

A delegation of Italian businessmen including President Association of Italian Textile Machinery Manufacturers (ACMIT) to visit Pakistan from 4 to 7 December. The delegation during its stay will visit Lahore and Islamabad. This was disclosed by Ijaz A Khokhar, Central Chairman Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA).

The Italian delegation will be signing a Memorandum of Understanding (MoU) between Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) and Association of Italian Textile Machinery Manufacturers (ACMIT) for mutual cooperation to enhance trade and investment.

Ijaz further stated that the proposed MoU will be supportive in getting a partner in Italy, help in exchange of technology and facilitate in business development in Italy and strengthening business cooperation between Pakistan and Italy. PRGMEA chairman said that Free Trade Agreement (FTA) between Pakistan and Turkey will open new venues of business opportunities especially for textile and leather sectors.

The Turkish garment sector was producing highly advance products and FTA will provide an opportunity to Pakistani garment sector to gain the experience of Turkish firms in further improving their products. Ijaz said that PRGMEA was making adequate efforts for developing close contacts with Turkish associations.

PRGMEA was taking revolutionary steps for tracking the industry modern production lines enabling it to compete with international market easily. PRGMEA will be also taking drastic steps for the promotion of entrepreneurship and female and male students of fashion designing institutes would be trained under this programme.

Ijaz further revealed that necessary arrangements are being finalized for setting up state of the art Pakistan Readymade Technical Training Institute costing over Rs 125 million and development work on institute will soon be carried out.

Pakistan Readymade Technical Training Institute after regular functioning will help the exporters engaged with readymade garments industry to induct trained workforce to improve the overall productivity and quality of the product.

There are wide and bright chances of increase in textile products, Ijaz suggested that federal government should prepare marketing plan with the active consultation of trade bodies including PRGMEA for capturing traditional and non traditional markets too.

Source: yarnsandfibers.com- Nov 30, 2016

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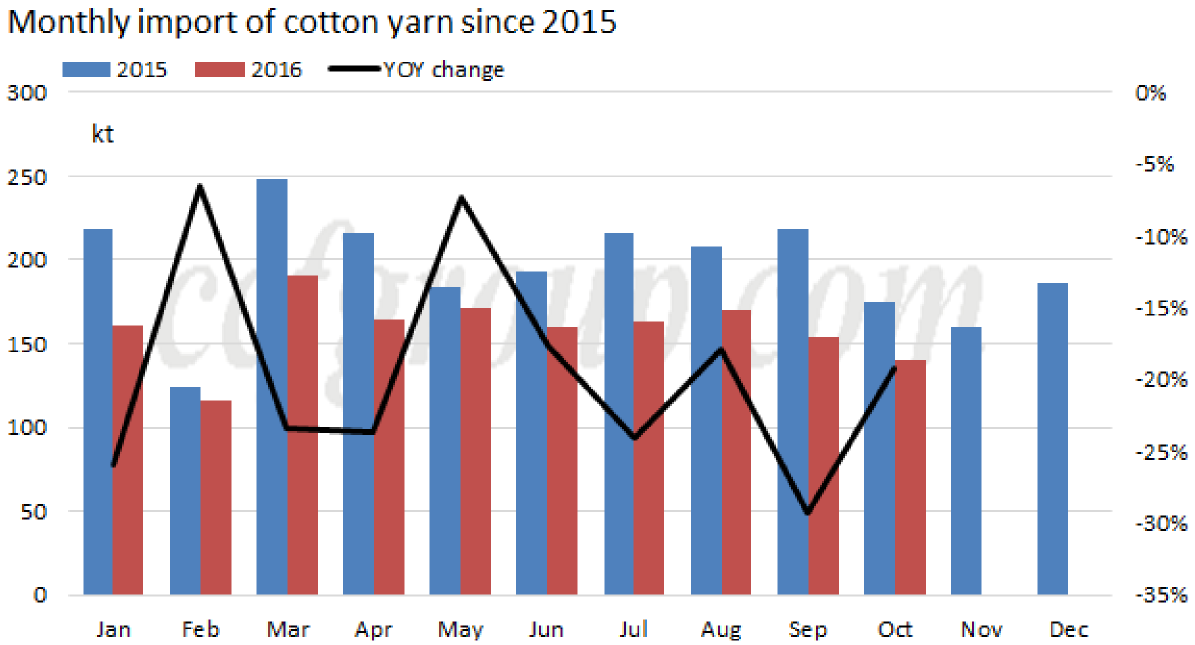
China: The strike back of Indian cotton yarn

Cotton yarn imports declined 8.6% m-o-m in Oct 2016 to around 140.7kt, and the shrinkage was mainly attributed to the reduction of Vietnamese and Pakistani cotton yarn, down by 7,677 tons and 7,813 tons respectively on the month. Vietnam remained the biggest import origin, sharing around 37.5% and staying at 52.8kt, and India ranked the second place, occupying 17.4%, while proportion of Pakistan declined to around 16.6%, ranking the third position.

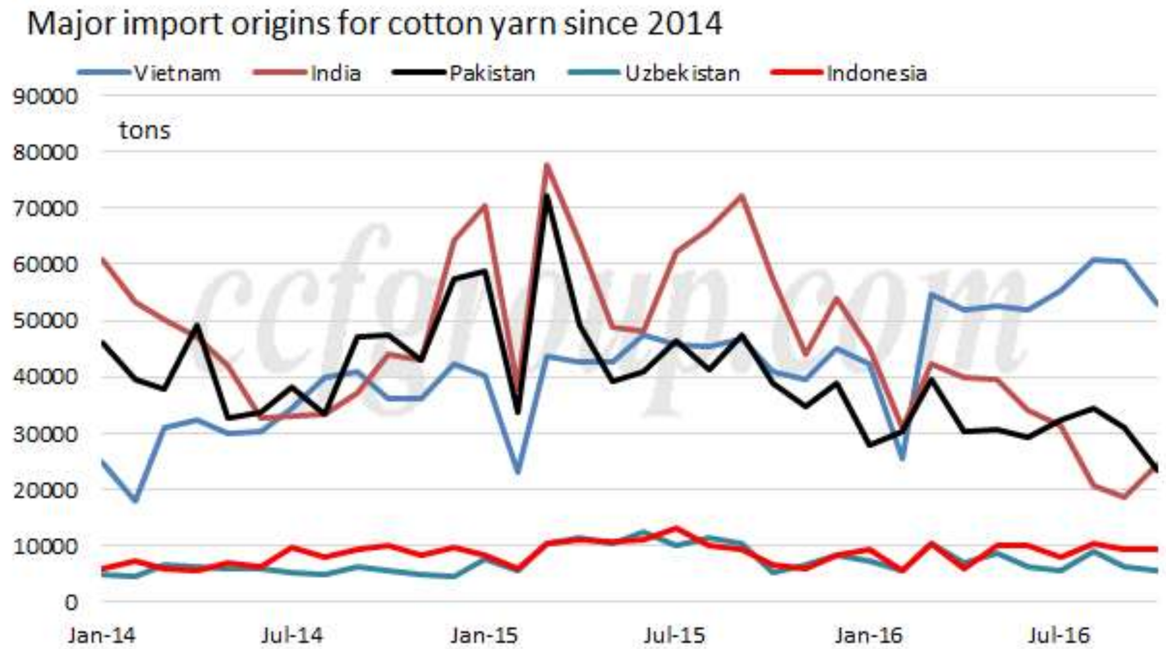


Registered volume of Indian cotton yarn to China in Oct increased compared with Sep, so arrivals of Indian cotton yarn may rise in Nov in

China. Price of Vietnamese cotton yarn remained stable since Sep, and default is expected to be scarce. Arrivals of Vietnamese cotton yarn may inch up in Nov. Orders for Pakistani cotton yarn were stable to bleak in Oct, and imports of Pakistani cotton yarn in Nov may be flat with Oct.

Change of major imported cotton yarn in Oct 2016					
Unit: tons	**Vietnamese cotton yarn**	**Indian cotton yarn**	**Pakistani cotton yarn**	**Indonesian cotton yarn**	**Uzbekistani cotton yarn**
Oct-15	40,817.63	57,421.57	38,890.09	6,790.67	5,382.09
Sep-16	60,515.44	18,469.62	31,132.29	9,211.97	6,226.24
Oct-16	52,837.79	24,554.13	23,319.1	9,347.51	5,553.32
YOY change	29.45%	-57.24%	-40.04%	37.65%	3.18%
MOM change	-12.69%	32.94%	-25.10%	1.47%	-10.81%

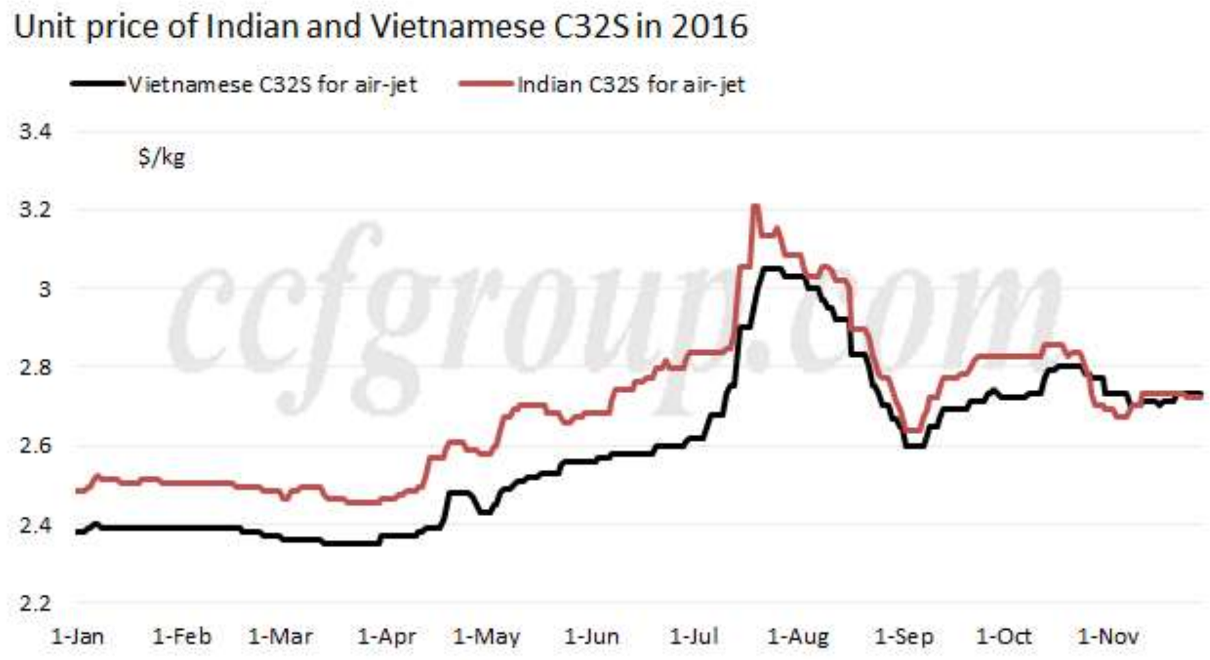
Imports of Pakistani cotton yarn in Oct 2016 declined on the month and on the year, which was mainly because price of forward siro-spun cotton yarn has been higher than the spot goods in China. Imports of Indonesian cotton yarn in Oct 2016 increased on the month and on the year as Chinese buyers' demand for combed and contamination free cotton yarn ascended with rising overseas orders for spring and summer apparel, and Indonesian cotton yarn met this demand, while import volume of Indonesian cotton yarn was small, having small influence on overall market.



Vietnam kept the largest import origin in Oct 2016, but the advantage weakened. H2 Sep loaded Vietnamese cotton yarn was mainly ordered in end-Jul or mid-Aug, and cotton yarn price was high at that time. Price of Indian and Vietnamese cotton yarn kept dropping in Aug but rebounded slightly in Sep, still around 20cents/kg lower than price in H1 Aug, with the gap of the highest and lowest price staying around 50 cents/kg. Under such status, some traders defaulted, and shipment of Vietnamese cotton yarn to China reduced in H2 Sep, leading to shrinking cotton yarn exports to China in Oct.

Price of Pakistani cotton yarn fell apparently in Oct, while that of Indian cotton yarn bottomed out. According to Indian customs statistics, exports of Indian cotton yarn to China were rising since Aug. Therefore, imports of Indian cotton yarn in China may keep mounting in Nov and Dec.

Price factor was the major reason for rising imports of Indian cotton yarn but dropping imports from Vietnam.



Note: price of Indian carded 32S for air-jet here is the actual price*(1+3.5%), having taken import tariff into consideration

Price of Vietnamese cotton yarn was competitive to Indian cotton yarn during Jan-Jul, 2016, but the price advantage started waning obviously since Jul, resumed in mid-Sep and lost again since mid-Oct.

Price decrement of Vietnamese cotton yarn was smaller than Indian cotton yarn since mid-Oct, so Vietnamese cotton yarn lost price advantage. Because Indian and Vietnamese cotton yarn had strong mutual substitute effect, so price was the key factor impacting Chinese buyers' purchasing orientation.

Therefore, falling Vietnamese cotton yarn but rising Indian cotton yarn in Oct was mainly because price advantage of Vietnamese cotton yarn waned but that of Indian cotton yarn strengthened.

If Vietnamese cotton yarn price declines or Indian cotton yarn price increases, price edge of Vietnamese cotton yarn may recover, but such situation is more likely to appear after Spring Festival (around late Jan) as orders have continued into Jan now.

All in all, India promoted to Chinese second largest import origin for cotton yarn in Oct, which was mainly attributed to rising price advantage compared with Vietnamese one.

Once Vietnamese cotton yarn regains advantage, competitiveness of Indian cotton yarn may weaken, but such situation may be hard to emerge in recent two months.

Imports of Indian cotton yarn may keep rising in Nov, that of Vietnamese cotton yarn in Nov may inch up compared with Oct and that of Pakistani cotton yarn in Nov may be flat on the month.

Overall cotton yarn imports in China may inch up in Nov on monthly basis.

Source: ccfgroup.com - Dec 01, 2016

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China's cotton reserves company merges into Sinograin

The China National Cotton Reserves Corporation (CNCRC) will become a wholly-owned subsidiary of China Grain Reserves Corporation (Sinograin), the state-owned Assets Supervision and Administration Commission (SASAC) has announced.

CNCRC is a state-owned company which purchases cotton as a reserve stock, and later sells in market at pre-announced prices.

"CNCRC will no longer be under the direct supervision of SASAC," the statement from SASAC said. The merger is part of the reorganisation of state-owned companies in a bid to reduce costs, raise efficiency and make them more competitive.

Source: fibre2fashion.com - Nov 30, 2016

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Ivorian cotton farmers get raise in mandated price

The Ivory Coast is largely market-based and depends heavily on the agricultural sector. In a bid to increase production in the wake of a unsatisfactory cotton harvest, the Ivory Coast government increased mandated cotton price for farmers by six percent for 2016-17 seasons hoping that this increase will permit an expansion in the number of farmers and bump up production, a government spokesman said.

Ivory Coast, before a 2002-2003 civil war which split the country in two and halved production was one of the region's major cotton exporters, with an annual output of about 400,000 tonnes.

Ivorian farmers will be paid 265 CFA francs ($0.44) per kilogramme when harvesting begins later this month, up from 250 CFA francs per kilogramme last season, Bruno Kone told reporters following a cabinet meeting in the commercial capital, Abidjan.

According to the cotton ginners' association, they are expecting the raw cotton production for the 2016/17 season to reach 360,000 tonnes, The West African nation's cotton season runs from May to April, with planting beginning with the first rains in May and harvesting opening in late November.

In the 2015/16 season, due to bad weather the output dropped to 310,000 after reaching 450,000 tonnes the year before

Source: yarnsandfibers.com - Nov 30, 2016

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Bangladesh: Plain apparel export unlikely to up growth

Bangladeshi readymade garment (RMG) companies are required to add more value to their product range by adopting the latest technology for achieving the US$50 billion export target by 2021, a sector expert has said.

"By exporting only plain garments it will be difficult for Bangladesh to continue its growth in garment exports," Indian textile printing expert Narendra Dadia said.

"The target is not so easy, but achievable. The RMG manufacturers should multiply the profit for their products ensuring the highest quality by adopting new technology," he told the Financial Express in an interview prior to launching the Bangladesh operation of his company, Dhaval Color Chem (DCC) print Vision LLP at a city hotel on Tuesday.

Mr Dadia is the chairman of the Indian company, which provides textile printing solution to several countries.

The company provides digital textile printing, sublimation digital printing, screen textile printing solutions and training to the clients. Headquartered in Mumbai, the company was established in 1978.

The company has already established a facility in the capital's Banani area for exhibiting the printing technology for garments industry. It will also provide technology, training and everything required for textile printing. Mr Dadia said Bangladeshi garment entrepreneurs can get benefit from the DCCs operations through sharing the experience directly by visiting the facility, where they can also collect the sample, and get firsthand experience.

Asked about the motivation behind the DCCs operation in Bangladesh, he said, "Following our visit and discussion with some prominent Bangladeshi RMG brands, we observed there were lot of scopes for further improvement, especially in value addition for printing."

He also said geographical location and cultural similarities between Bangladesh and India have inspired his company to start its operations.

"We came into Bangladesh for not merely making profit. We want to be a development partner of the country," he said.

Regarding the investment in the country he said: "Our initial investment is huge, we shall invest more and employ human resources according to the requirement."

Lauding Bangladesh's success in garments export, the businessman said the global garment industry is quite big, where Bangladeshi ventures are still flourishing.

"The sector is competitive. You must stay updated to sustain in the sector." He said. Referring to the DCC's success, he said one needs to be professional, share the knowledge, accept the challenge and get updated with the changes.

Source: thefinancialexpress-bd.com- Dec 01, 2016

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NATIONAL NEWS

Make in India initiative to push textile machinery industry

The textile machinery manufacturing section is one of the important segments of the industry in India. With the government initiatives like 'Make in India' and incentives for manufacturing sector, the domestic textile machinery industry is likely to touch Rs 32,000-35,000 crore in the next five years from the present Rs 22,000 crore, according to India International Textile Machinery Exhibitions Society Chairman Sanjiv Lathia.

The textile sector is one of the largest contributors to India's exports, accounting for approximately 11 per cent of the total outbound shipments. India's overall textile exports during FY16 stood at USD 40 billion and is expected to reach USD 223 billion by 2021, the chairman said.

The textile industry is the second largest employer in India after agriculture and hence it is utmost necessary that the machine manufacturing industry strengthen its base for quality output and efficiency through innovations, he added.

Through the event, India ITME Society provides a global platform for exhibitors to showcase their products and disseminate information on innovative technologies.

Foreign and domestic businessmen, academicians, research scholars, government officials from countries such as the Philippines, Myanmar, Bangladesh, Sri Lanka, Iran, Turkey, Brazil, Indonesia, Poland, Malaysia, Kenya, Ethiopia and Egypt will visit India ITME 2016 to take place from December 3 to 8 in Mumbai.

The ITME exhibition will provide an opportunity to propagate government schemes and incentives for the textile industry in India, Lathia said. The idea of 'Make in India' in textile engineering will be promoted to the visiting foreign business visitors.

Source: yarnsandfibers.com- Nov 30 2016

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Adoption of modern technology to accelerate Indian textile industry's growth

As the industry aims to double its exports and turnover in next five years, it will give a big fillip to textile machinery sector, says India ITME Society

With Indian textile industry aiming to double its exports and turnover in next five years, the textile machinery industry is expected to witness a robust demand. “For textile industry to achieve this growth, it has to rely on modern technology and engineering.

Thus, we anticipate a strong demand for textile machinery and accessories, especially with foreign textile brands expanding their presence in the country,” said Sanjiv Lathia, chairman, India International Textile Machinery Exhibitions (ITME) Society, which is organising India ITME 2016 expo in Mumbai from December 3-8, 2016.

The textile sector is one of the largest contributions to India’s exports with approximately 11 percent of total exports.

The country’s overall textile exports during FY 2015-2016 stood at $ 40 billion and the industry is expected to reach $ 223 billion by 2021.

“The textile industry is the second largest employer in India after agriculture it is utmost necessary that Indian textile machine manufacturing industry has to strengthen its base for quality output and efficiency through innovation and best technologies available anywhere in the world to be accepted globally.

India is now developing in manifold in most of the sectors especially in the spinning machinery manufacturing segments,” Lathia added.

At present, Indian textile machinery is estimated at $ 3.5-4 billion with imports accounting for about 30-35 percent, which mostly caters to high-end segment of textile and garment manufacturing.

India ITME 2016 will host over 1050 exhibitors from 38 countries and expects 150,000 visitors (domestic as well as from abroad).

The once-in-four-years exhibition will also witness launch of 24 products over 6 days besides discussions, knowledge sharing, profiling of artisans, photography exhibition, etc. “India is not only a strong market but also is explored as a hub for training and skill development by many countries in the field of textile & textile engineering,” stated India ITME Society.

Source: business-standard.com- Nov 30, 2016

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US patent propels RIL Vimal Only brand

Reliance Industries Ltd. CEO (textiles business) Pradeep Bhandari announced that the US Patent & Trademark Office has granted patent to its textile brand ‘Only Vimal’. The patent is for its DEO2 process technology that helps fight perspiration odour.

He said that the US patent award is a testimony to their thrust on the technological innovation. Their textile manufacturing processes are amongst the best technologically and innovative process available globally. He added that at Reliance emphasis is on making cutting-edge concept design, processes and products research that provides benefits to the end customers.

A statement by by Reliance Industries Ltd. said that DEO2 helps fabric resist micro-organisms from settling in, offering freedom from perspiration odour and had been awarded patent by the Indian government in July 2015.

DEO2 process innovation allows it to process wool, rayon, polyester, polyester/viscose, polyester/wool and other combination fabrics with anti-microbial coating, it added.

It said adding that both ‘Only Vimal DEO2’ fabrics and apparels had already made a strong inroads into domestic markets.

The company is focusing on domestic market because of the typically warm and humid tropical environments in India which cause perspiration and provide ideal condition for growth of bacterial and fungi on once cloths.

RIL sells both fabrics as well as apparel with DEO2 under Only Vimal brand. RIL Textile Division continues to maintain technological edge and continues to enjoy the status as one of the most modern, state-of-the-art textile plants in the country.

Source: yarnsandfibers.com- Nov 30, 2016

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Rupee Cancellation Affects India's Textile Industry

India's textile industry is taking a hard hit from the nation's latest currency dilemma.

After the cancellation of Rs 500 and Rs 1,000, Indore textile units are axing production from 20 percent to 30 percent, The Times of India reported. Due to the rupee cancellation, local textile units are unable to resume manufacturing, resulting in major layoffs for contract workers.

"Demonetization has led to severe shortage of funds for regular operations in the textile industry hitting day to day business operations," Vippy Spinpro managing director and Madhya Pradesh Textile Mills Association chairman Piyush Mutha said.

According to vicinity sources, about 20 percent of non-perennial job holders are contract workers. Contract workers in the textile industry are not paid on a salary basis and do not have access to bank accounts for wage deposits.

"The main worry is how to dispense payment to workers next month," ssociation secretary M C Rawat said. "Textiles is a cash intensive industry where cash is required for running daily activities."

India's legal tender removal also impacts other areas of the garment industry, including finished product sales, facility equipment purchases and routine factory expenses. Raw material availability is also limited, since many farmers are contributing less produce after the currency cancellation. Apparel sales have also slowed throughout the nation.

The cash crunch caused consumers to curb their spending on many essential items, including clothing and footwear. Unable to pay for products in cash, many shoppers are minimizing their retail engagement until India's financial situation improves.

"Sales have gone down drastically as purchasing power of consumers have declined," Maharaja Tukojirao Cloth Market Merchants Association president Hansraj Jain said. "Rotation of money has stopped and businessmen are not in a position to accept new orders."

Source: sourcingjournalonline.com- Nov 29, 2016

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Telangana Government will develop Textile Park: Collector

Asserting that the government will certainly cooperate to develop Textile Park in the district, Collector Krishna Bhaskar sought the Additional Director of Textile department to prepare a report about the prices of power units in other states along with a Detailed Project Report on the problems of stakeholders, who established various units to produce quality cloth in the park.

He held a meeting with district-level committee at his chamber here on Wednesday. He suggested Panchayat Raj department engineers to prepare an estimation report on drainage canals and water supply in the park.

About 90 per cent of water supply works, which were started in the park at a cost of Rs 2.75 crores, are completed. The collector ordered the officials of Public Health department to finish up the remaining works at the earliest.

About 26 units in the park were closed due to delay in providing subsidy and other reasons, he added. Various units established in the park are still have to pay Rs 10 crore to the banks.

Krishna Bhaskar said proposals were already submitted to extend 50 per cent of financial help on behalf of the government to re-establish the closed units.

Separate electric line will be set up to supply uninterrupted power supply to the units present in the park, the Collector informed. He suggested the stakeholders to form a society with at least 50 members and send proposals to the Central government for releasing funds to establish more units in the park.

Additional Director of Textile department V Ashok Rao, Additional Director of Hyderabad Powerloom Services Vijay Kumar, Hyderabad Weavers Society representative Ramakrishna and the stakeholders Anil, Srihari and Parushuramulu were present along with others.

Source: thehansindia.com– Dec 01, 2016

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Companies find innovative ways to beat cash blues

Companies employing workers in labour-intensive industries such as garments and leather are finding innovative ways to beat cash blues. Firms are trying to ease pay day pain for workers by distributing prepaid cards, tokens and vouchers to purchase essential items at neighbourhood grocery stores and fill fuel at petrol bunks.

Tirupur-based Cheetah Garments is among the several export houses in the knitwear town that have tied-up with grocery stores to ensure that workers do not run of essential items. Workers can buy provisions at these stores and submit the bill details to the company.

The company would settle the dues in bulk to stores later through banking channels after which it would deduct an equivalent amount from workers' wages. "We are giving tokens for workers to fill petrol as well," says V Somu, managing director, Cheetah Garments, which employs about 150 workers.

Garment export houses in Tirupur are also issuing prepaid cards for workers who do not have bank accounts. These cards are loaded with up to Rs 10,000 in cash. "We can keep loading an amount equivalent to the wages on these cards," says Raja M Shanmugham, president, Tirupur Exporters' Association.

A leading textile exporter with units near Tirupur says that banks have promised to provide swipe machines so that they can dispense cash if ATMs go dry. While a large number of workers in Tirupur get wages in their bank accounts, firms also provide cash payments. Migrant workers from north India typically prefer to get their wages in cash and are the worst affected by the demonetisation, say industry officials.

There are about 4 lakh workers employed by the garment industry in Tirupur. An average garment unit pays around Rs 30 lakh in wages every week. Some units postponed their weekly payments from Saturday to Wednesday after the demonetisation drive was announced on November 8.

"We are giving a company token for workers so that they can buy provisions from stores," says Rafeeque Ahmed, chairman, Farida Group, a footwear exporter that has manufacturing units near Vellore. "We will settle the grocery stores with cheques. We would debit an equivalent amount from workers' accounts," he says.

The arrangement is only for workers in sub-urban and rural centres covering five units that employ about 15,000 workers. The tokens are given in denominations of 200, 500 and 1,000 and the Farida Group has tied up with three major stores in the Vellore area. "This is a temporary arrangement as cash availability is very limited," Ahmed says.

Source: timesofindia.com– Dec 01, 2016

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Why MSMEs don’t want to go cashless

That could expose their violations of PF, ESI and minimum wage norms. The government should, however, be a bit lenient here

Today, many MSME companies and workers are reluctant to receive payments through banks. It is important for the Government to consider the ground realities, understand the challenges and apprehensions of these employers and employees and address them appropriately.

The only way the Government can expect a rapid transformation from cash wages to wages through the respective bank accounts is by mandating that all wage payments are done through the bank.

There will be huge resistance to this move, and one of the reasons cited may be the absence of bank accounts. However, there are other reasons.

Why the resistance

Two important reasons for employers resisting payment through banks would be the need to make contributions to PF and ESI, and the need to pay minimum wages.

Further, even if employers are prepared make these payments, or pay minimum wages, they are afraid to do so for fear of harassment over past non-compliance.

As far as workers are concerned, they do not like their already low take-home salaries to be further reduced by contributions to PF and ESI. It would not benefit a poor worker who is already in debt with borrowings attracting interest varying from 24 per cent to 100 per cent, to keep 20 per cent of his or her earnings in a PF account and get sub 9 per cent interest.

Similarly, ESI facilities in general cannot be enjoyed by those working in MSME companies; they can be enjoyed only by employees of large companies thanks to the demands made by their unions. Workers in smaller companies do not get any meaningful service in most ESI hospitals.

The Government, therefore, needs to take a quick decision by raising the exemption limit on number of employees to enforce compulsory ESI and PF benefits. It must assure SME companies that they will suffer no harassment on account of past omissions as long as they follow the modified rules in future.

Unless the team that is trying to ease the pain post demonetisation puts on its thinking cap and acts wisely, this issue will continue to cause pain and will not allow the dream of a cashless society to fructify.

Making a few concessions to the SME sector will work well in the long run. These changes will help ease the pain and ensure better compliance in the future.

Firstly, ESI exemptions for MSMEs could be extended to cover a larger number of workers. Secondly, they could be given a year's time to slowly increase wages and comply with the Minimum Wages Act.

Thirdly, the employees' contribution to PF could be paid by the Government for two years: in full the first year, and 50 per cent the next.
What will work

These measures will help MSMEs recalibrate their costing to be viable with higher wage costs. However, we should be prepared for a slower increase in employment in this sector should the effective per worker costs move up for even MSMEs will start investing in automation.

Another important reality that should be factored in concerns working capital finance. Many MSMEs have private loans borrowed from private players as banks exercise extreme caution while lending to this sector; mostly this is in cash, forcing them to keep a part of their business outside the books.

If banks can be persuaded to increase the working capital limit for SMEs up to 25 per cent and provide in the budget an insurance amount to compensate banks should the companies fail to service the extra debt, it will go a very long way in helping the job creating sector to quickly clean up its act as well operate in a more viable manner.

In may not be out of place to remember that we are writing off close to ₹500 crore a day on loans given on hugely over-invoiced assets to a few thousands of borrowers and the Government is providing a very large sum each year in its budget to help banks clean up their books.

Extending to millions of small players a small percentage of the benefits that are being given to undeserving, unscrupulous large players will ease the passage to a cashless business model even as it accelerates job creation.

Source: thehindubusinessline.com– Nov 30, 2016

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In India's 'Dollar City', exploited garment workers are silent - filmmaker | Reuters

A fish tank with expensive Arowana fish is prominently displayed in many factories making hosiery in the Indian textile hub of Tirupur - the owners believe it will bring them wealth. But any prosperity is limited to factory owners. Few profits trickle down to the tens of thousands of workers they employ, says filmmaker P.R. Amudhan, who has made a documentary that chronicles the plight of those at the bottom of a global supply chain.

The name of his film, "Dollar City", refers to Tirupur city, which is home to an expanding garment industry, one of the pillars of India's economy - and the foreign exchange it generates through exports."It is the owners who are receiving, enjoying and consuming the dollars that come into this city, which produces garments for brands across the world," Amudhan told the Thomson Reuters Foundation.

"The worker earns very little in the city that is often referred to as dollar city. And today, there is complicit silence on the issue, even the super exploited worker is not complaining."The film has been screened 50 times across India since its release on May 1, to audiences that include manufacturers, workers and policymakers - sparking a debate on what some unions fear is the acceptance of exploitative conditions in the sector."

The documentary has revealed the enormous power wielded by the garment industry, the abominable conditions in which factory workers live and work in Tirupur," Sujatha Mody, president of Garment and Fashion Workers Union, wrote in a blog after watching a screening with workers in Chennai.

Other viewers were shocked by the urban squalor and poverty in Tirupur.India is one of the world's largest textile and garment manufacturers serving the international and increasingly, domestic market. Many of the workers employed in the $40-billion-a-year industry are trapped in debt bondage, face abuse or are forced to work long hours in poor conditions, campaigners say.

Traditionally, the dyeing units, spinning mills and apparel factories have drawn on cheap labour from villages across the state of Tamil Nadu to cater to the demand from Western high street shops."

Tirupur is a massive attraction for young workers because the city promises a better future," said Amudhan."But if they want to be part of it, they have to follow the script. There is no room for questions or protest, not even when the better future does not materialise." The documentary, which also explores the government's complacency in implementing labour laws, featured uncomplaining, muted voices of workers from Tirupur.

"None of the garment workers interviewed in the film spoke of their difficulties," Mody said. But at screenings in Chennai, New Delhi and Hyderabad, this silence was questioned."I view it as a collective crime, where everyone is equally responsible, even the worker," Amudhan said."

It has the workers' consent, the unions are lethargic, the government is complacent and aspirational manufacturers are busy chasing profits." (Reporting by Anuradha Nagaraj, Editing by Katie Nguyen.; Please credit the Thomson Reuters Foundation, the charitable arm of Thomson Reuters, that covers humanitarian news, women's rights, trafficking and climate change.

Source: firstpost.com– Nov 30, 2016

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Can fast-fashion brands go the sustainable way?

Apparel chains such as H&M, Zara and Forever 21 conquered the retail world by promising fast fashion: cheap, trendy and disposable.

Yet there's a growing number of consumers this holiday season who want just the opposite. Data shows that shoppers — especially millennials, the target market for fast-fashion companies — are increasingly looking for clothes made of higher-quality materials or they're keeping their existing clothes longer. Some are even seeking apparel that's been reused or recycled.

More than 14 per cent of US consumers looked for apparel and accessories made from natural materials in 2016, up from 12.9 per cent last year, according to a Euromonitor International survey. Shoppers looking for clothes that were reused or recycled rose two per cent this year. And more millennials looked for "sustainably produced" apparel and accessories than any other age group.

This shift to so-called sustainable clothing is threatening the underpinnings of a fashion industry that wants consumers to rapidly change styles and move on to the next hot trends.

“Certainly fast-fashion companies are doing a booming business, but there’s also an increased interest in vintage, learning how to sew and weave, and in repair and mending,” said Susan Brown, a fashion expert who serves as associate curator of textiles at the Cooper Hewitt Smithsonian Design Museum. “There’s the Brooklynisation of the world — interest in higher-quality, handmade things that have a narrative story.”

The challenge may come earlier than big retail chains expect. Consumers are more willing to shop at niche, smaller companies this season, according to Deloitte LLP. Some of these retailers tout sustainable premiums for longer-lasting, higher-quality products —think, Zady or Everlane.

“People want to buy trends less and less,” said Jennifer Baumgartner, a clinical psychologist and author of You Are What You Wear: What your Clothes Reveal About You. “It seems they’d rather buy items that are classic and will last a long time. The movement is happening, and it’s been gaining ground in the public eye.”

She said it’s going to be difficult for the fast-fashion concept to use high-quality, eco-friendly fabric and not create “mass waste”.

But fast-fashion companies are trying to respond. In 2013, H&M launched a worldwide garment-collecting initiative encouraging consumers to reuse and recycle their clothes. The chain also sells a “conscious collection,” a clothing line created entirely from sustainable materials. Zara launched its first sustainable line, Join Life, in September.

The collection consists of simpler designs and clothing made from recycled wool, organic cotton and Tencel — a fabric that includes regenerated wood.

Source: business-standard.com– Dec 01, 2016

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Trade costs of India remain high: UN body

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) said international and intra-regional trade costs of India remained higher compared with the trade costs of best-performing economies in Asia and the Pacific, although a declining trend has been observed since 2009.

However, it said in addition to India's robust economic growth and large domestic market, the Government's "Make in India" initiative and easing of FDI regulations for about 15 sectors including aviation, defence and pharmaceuticals may contribute to the FDI attractiveness of India. On the other hand, overseas investment from India contracted considerably by 36 per cent, which may reflect FDI diversion as Indian investors start to invest more at home than overseas, ESCAP said in its recently released Asia-Pacific Trade and Investment Report 2016.

Five-year FDI

FDI inflows to India expanded by 10 per cent on average during 2010-2015, while in 2015 inflows recorded an even stronger expansion at 27.8 per cent, which was significantly higher than the Asia-Pacific region's average 5.6 per cent, ESCAP said. The services, construction development, computer software and hardware, and telecommunications sectors attracted the highest investments, it added.

Asia-Pacific trade flows were wavering amid sluggish global economic and trade growth, downward movement of world commodity prices and an uncertain policy environment, the report said. Sluggish growth in trade is expected to continue through to the end of 2016. In 2015, Indian goods exports shrank by 17.2 per cent, which was close to twice as much as the Asia-Pacific region decline of 9.7 per cent, it said.

However, it added that India was the largest partner with several economies in South Asia, such as Bhutan, Nepal and Sri Lanka. Since India is the fastest-growing emerging economy, it is somewhat expected to start filling the void in demand for intraregional exports that will emerge with the rebalancing of China's trade patterns, the report said.

Rebounding somewhat, exports from Asia-Pacific are expected to increase by 4.5 per cent and imports by 6.5 per cent in developing countries of Asia and the Pacific in 2017, but the Report forecasts more modest growth in exports and imports in volume terms, at 2.2 per cent and 3.8 per cent, respectively, ESCAP said in a statement.

Restrictive policies

A worrying trend on another front is the increased usage of restrictive trade policies, especially non-tariff measures, within the Asia-Pacific region, which is partly driven by past distortive trade measures and current excess capacity in several key sectors, ESCAP said. Additionally, the region is seeing a proliferation of preferential trade agreements (PTA), with Asia and the Pacific rim contributing to almost 63 per cent of world PTAs, curbing a momentum towards region-wide free trade, it added.

The report revealed that the region had improved its market share in the commercial services trade, with the services trade more than doubling between 2005 and 2015, from just under $600 billion to close to $1,400 billion.

These aggregates, however, conceal the fall in the region's export and import of services by 4.5 per cent and 4.9 per cent in 2015, respectively, compared with the previous year, mainly due to persisting economic uncertainty resulting in the global decline in merchandise trade and a depressed demand for the services sector including transport.

Source: thehindu.com– Dec 01, 2016

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