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IBTEX No. 62 of 2017 Mar 27, 2017

USD 65.08 | EUR 70.73 | GBP 81.80 | JPY 0.59

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20318	42500	**83.26**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
21540	45057	**88.27**

International Futures Price

NY ICE USD Cents/lb (March 2017)	77.47
ZCE Cotton: Yuan/MT (May 2017)	15,790
ZCE Cotton: USD Cents/lb	**85.16**
Cotlook A Index – Physical	**86.85**

Cotton guide: The week gone by cotton price in the global market softened a tad. The most active May contract ended the week at 77.47 cents per pound down by 81 points from the previous week's close. This has been three consecutive weeks cotton is managing to trade near 77 cents while failing to break the recent high of 79.50 cent. We are seeing gradually run down in the price with cut in the open interest. For reference the open interest in the current active May contract has shrunk to 0.154 million from 0.162 million contracts. We believe it's the long liquidation that is pulling cotton price lower however we are not yet observed significant drop in the price because the unfixed on call cotton sale figure is increasing gradually. As per the latest report by CFTC the number is 119,291 up by around 750 contracts from the last reported figure. Nonetheless we expect there would be a scenario market may continue to remain sideways while profit booking could be noticed from higher levels.

In the meanwhile, US Weekly export sales of cotton continue at a pace that will quickly have ramifications for US ending stock levels and the quality make up of those stocks. In the week ending March 16 the US sold 539,500 running bales for the 16/17 and 17/18 season. 328,200 running bales of the sales were for shipment before July 31. The broad based nature of the off take again illustrates that global free stocks of cotton are tight and that cotton demand has improved and mills have limited coverage.

Coming to domestic market cotton price in last fortnight has been moving steady and trading near Rs. 21000 per bale or Rs. 43000-433000 per candy. Therefore, the future contract for most active April has been moving in a very tight range. In the last week cotton price for the given contract ended at Rs. 21540 sheer down by Rs. 60 from the previous week's close.

We shall discuss in detail about the likely price trend and market dynamics in our weekly report releasing today. However, broad factors that continue to weigh on market are: a) US robust export sales figure, b) Higher unfixed on call open sales figure holding up, c) Need to check the movement of long/short positions at the ICE platform, d) Indian supply flow and its average performance vs. demand, e) Australian rainfall causing threat to crop loss, f) Chinese reserve auction sale, g) Technical study – ICE , ZCE and domestic cotton price chart.

This morning ICE cotton for the aforementioned contract is seen trading marginally steady to lower at 77.42 cents per pound down by 0.06% and believe price correction looks inevitable. The effect could be observed in the Indian market while trading range would be limited. The trading range for MCX April contract would be Rs. 21380 to Rs. 21640 per bale.

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

Indicative Prices of Overseas Ring Spun Cotton Yarn in Chinese market:

Indicative Prices of Cotton Yarn in China Date: 24/3/2017 ***Prices in US$ FOB***		
Country	**20s Carded**	**30s Carded**
India	2.50	2.80
Indonesia	2.56	2.85
Pakistan	2.44	2.82
Turkey	2.90	3.10
Uzbekistan	2.20	2.50
Source: CCF Group		

China Yarn:

Sales of cotton yarn turned slower this week affected by falling cotton futures and cooler trading of reserved cotton, and offers for cotton yarn were largely stable with low stocks of finished goods. Price of polyester yarn and rayon yarn dropped in line with feedstock market, and that of polyester/rayon yarn and polyester/cotton yarn was largely flat.

International Yarn:

The cotton yarn market has lacked any new feature. In Pakistan, export demand has remained slow. Volume sales have been difficult to conclude. Yarn prices have edged higher in Bangladesh. Export demand for Egyptian textiles has been dull.

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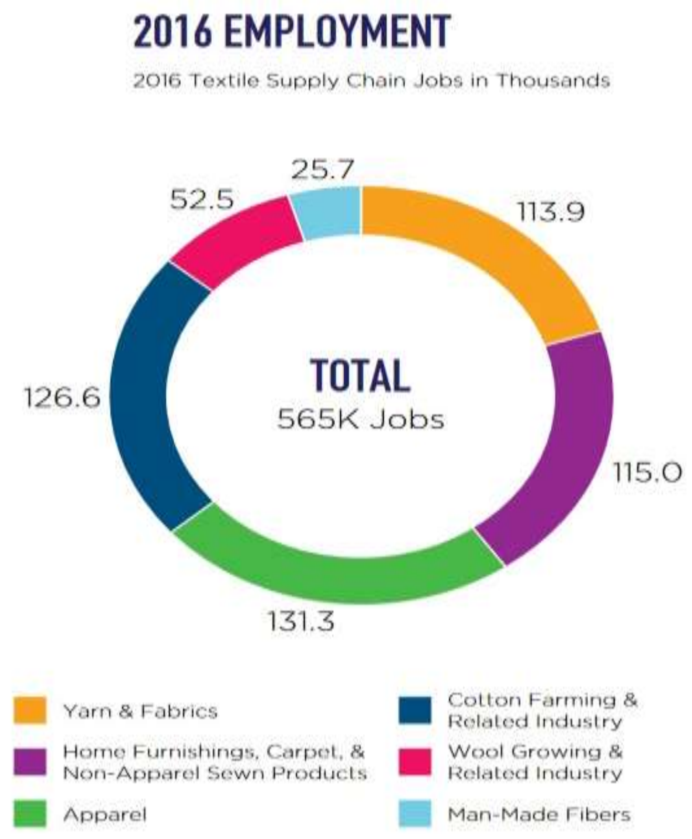
INTERNATIONAL NEWS

NCTO endorses President Trump's trade policy

The National Council of Textile Organizations (NCTO) has elected William "Bill" V. McCrary Jr as the new NCTO Chairman at its 14th Annual Meeting in Washington, DC, this week. Mr McCrary is Chairman and CEO of William Barnet and Son LLC, a synthetic fibre/yarn/polymer firm headquartered in Spartanburg, South Carolina, with plants and offices in the Americas, Europe, and Asia.

Also at the meeting, outgoing 2016 National Council of Textile Organizations (NCTO) Chairman Robert "Rob" H. Chapman, III delivered the trade association's 2017 State of the US Textile Industry overview. Mr Chapman's statement outlined US textile supply chain economic, employment and trade data, as well as the 2017 policy priorities of domestic textile manufacturers. Mr Chapman is Chairman and CEO of Inman Mills, a yarn and fabric manufacturer headquartered in Inman, South Carolina.



According to the NCTO, US employment in the textile supply chain was 565,000 in 2016. The value of shipments for US textiles and apparel was US$ 74.4 billion last year, a nearly 11% increase since 2009. US exports of fibre, textiles and apparel were US$ 26.3 billion in 2016. Capital expenditures for textile and apparel production totalled US$ 2 billion in 2015, the last year for which data is available.

Trump policy dynamic

“How history went on to unfold reminds us of just how much change can occur in twelve months. And nowhere has change been more dramatic than in Washington, DC. Unforeseen by most pollsters and pundits, the election of President Trump turned conventional political wisdom on its head and reignited debate on largely stagnant policy issues ranging from trade to tax and immigration reform,” said Mr Chapman.

“Consequently, if there was ever a time for the U.S. textile industry to fully marshal its resources and decisively engage in Washington, it is now. Thanks to the new Trump policy dynamic, the next twelve months represent the best opportunity in a generation to reorient US manufacturing policy, level the playing field, and usher in a new era of growth for U.S. textile makers.”

Policy issues

“Another cause for optimism is President Trump’s forceful call to reinvigorate domestic manufacturing,” continued Mr Chapman. “Precisely because they will stimulate manufacturing and kick start job creation, NCTO enthusiastically endorses President Trump’s macro policy objectives of fighting for free, but fair trade, enforcing US trade laws, making the US tax code more internationally competitive, cutting unnecessary regulation, revitalizing infrastructure, buying American, ensuring cheap energy, and fixing health care.”

"Drilling down to the details, NCTO agrees with President Trump that US trade policy must be changed to reflect the reality of the twenty-first century economy for it to truly benefit a broad swath of American society."
"That is why NCTO supported President Trump's executive action to withdraw the United States from the twelve-country Trans-Pacific Partnership (TPP) even though NCTO had endorsed the agreement just one year earlier."

Addressing challenges

"Although the US textile industry has stabilized its position in the global economy, it cannot afford to rest on its laurels. There will always be intense and sometimes unfair competition from abroad, changing consumer demands and inevitable economic downturns," concluded Mr Chapman.

"Again, that is why it is so important for the U.S. textile industry to seize this generational moment to influence federal policies if it wants to usher in a new era of growth."

Source: innovationintextiles.com - Mar 24, 2017

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After crisis, Spain textiles sector dons new colours

Spain's textile sector, flush with the glittering success of brands such as Zara, is beginning to recover from a crisis sparked by cut-throat competition from Asia that destroyed a third of its firms in less than a decade.

Inditex, owner of a range of brands such as Zara, Massimo Dutti and Bershka, easily beat its closest rival, Sweden's H&M, in terms of earnings last year, booking a bottom-line net profit of over €3.0 billion ($3.4 billion).

Thanks to the success of Inditex's "fast-fashion" brands, along with that of two other major Spanish high street clothing retailers, Mango and Desigual, Spain is a key player in the global fashion sector.

Clothing and textiles account for nearly three percent of the country's gross domestic product. And in terms of sector sales, Spain is Europe's fifth-largest producer behind Italy, Germany, Britain and France, according to Spanish textile association Texfor.

Texfor calculates that the number of Spanish suppliers of fabric, fibres and accessories such as buttons has plunged by about a third since 2008.

The Spanish sector, like its counterparts in other western countries, has been hit by fierce competition from Asia, as well as a slump in demand due to the global economic downturn.

Spanish textile firms were slow to innovate and adapt to the increasingly fast-changing demands of the fashion industry, said Antonio Valdivia, professor in strategy and marketing at the EAE Business School.

Many company bosses in the sector still have "a mentality of industrialists, not of entrepreneurs," he complained.

'Respond more quickly'

But last year, the number of textile firms stopped falling for the first time since 2008, stabilising at around 3,500 companies.

The sector is benefitting from Spain's economic rebound - growth stood at 3.2 percent in 2016, double the eurozone average -- and the disappearance of less competitive firms.

"The firms that survived were those that were export-orientated, able to diversify their order book" and respond more quickly to customers' demands, said Manuel Diaz, the head of the CIE, the body that represents Spain's main textile firms.

Spain's textile exports, which account for 60 percent of sector-wide sales, rose by 7.0 percent last year.

Indeed, Spain now ships raw fabric to Morocco - the number one destination for Spain's textile exports - where it is transformed into clothes for major international brands.

After having "neglected" Spanish suppliers in the past, major retailers such as Inditex and Mango have started using them more and more, but there is still room for improvement, Diaz said.

Inditex says the number of Spanish suppliers that it uses, not only for textiles, has increased by nearly nine percent since 2012.

Higher added value

The focus on international sales adopted by major fashion retailers has also pushed smaller firms to modernise and shift their focus to activities with higher added value, analysts said.

"I would rather see 50 people busy doing high-level graphic design than 50 people sewing T-shirts," said Frederic Sabria of the IESE business school.

Companies have also diversified away from fabrics destined only for fashion and now also make "technical" fabrics for the automobile, agriculture or sports sectors.
Products with a higher added value represent 60 percent of the output of Spain's textile firms, according to Texfor chief, Andres Borao.

The textile sector hired 45,000 people in 2016, 3.7 percent more than in the previous year, welcome news in a country grappling with the EU's second-highest jobless rate of 18.6 percent.

While most new hires in Spain are offered temporary contracts, the majority of those hired by the textile sector last year were given open-ended contracts, said Borao.

"That's satisfying," he said.

Source: thelocal.es - Mar 26, 2017

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Pakistan: Hard times for textile industry

Almost half of the 46 textile factories at the Khurrianwala industrial estate outside Faisalabad, to quote the industry sources, have gone out of business over the last several years — mainly owing to severe energy shortages in Punjab. Others are operating at far below their full capacity.

Some may argue — and rightly so — that energy crunch wasn't the 'only factor contributing to the closure of some of these factories'.

But few would dispute the contention that the energy shortages spanning over last one decade have been the single most important reason for the widespread bankruptcies up the textile value chain in Punjab.

Ever since the energy supplies to the industry have enormously improved after the induction of the imported LNG (liquefied natural gas) last year. However, the chances of an immediate recovery of the industry and revival of the closed factories remains far from assured.

"We (the textile industry) are just hanging in... in the hope of better days," insists Khurram Mukhtar whose own company, Sadaqat Limited, was able to survive energy shortages by investing in expensive, alternate sources. "Not everyone could bear the high cost of alternate power generation. So they closed down to avoid their losses as their customers turned to other textile producing countries in the region," argued Khurram, whose company exports home and other textiles worth $150m a year, while talking to this writer at his factory last week.

“If the closed factories resume production and others start operating at the full capacity, we can easily double textile exports from Khurrianwala industrial estate alone to $3bn in no time.”

Improved power and gas supplies aside, few believe that that the closed textile units will start to produce for overseas buyers and exports pick up any time soon.

“Power and gas are now available to the industry round the clock, the cost of export refinance is at its historic low, banks are flushed with liquidity, and the prime minister has announced a Rs180bn package to lift textile exports. Still no one is investing in the textile manufacturing. Have you ever considered why the textile factory owners are moving away from the manufacturing and investing in other businesses like real estate and retail?,” asked Ajmal Farooq, chairman of the Faisalabad-based Pakistan Textile Exporters Association.

These are tough times for Pakistan’s textiles industry, he argued. The industry’s competitiveness in the world markets has in the recent years been eroded by higher-than-regional average cost of electricity and the liquidity crunch it has been facing owing to the delays in the release of export refund claims worth billions of rupees.

“Power supply has indeed improved, but its price has also doubled to Rs12 a unit — much above the cost in the competing countries like Bangladesh, and the entire bill of expensive gas imports has been passed down to industrial consumers in Punjab. On top of that massive working capital of textile exporters has been held in sales tax, custom rebate and income tax refund regime, increasing their financial stress. No payment has been made to exporters against the RPOs (refund payment orders) issued since July 1, 2016, despite the law that money should be refunded to the holders of RPOs in 72 hours of their issuance.

With 10pc of my sales flowing into refund regime, how can you expect me to survive?,” Ajmal asserted, who estimated that claims of over Rs150 billion had already been accumulated in the FBR’s refund regime.

He was of the opinion that the 'refund money' should be parked separately by the FBR and must not be shown as part of its tax collection. "Unless this paradigm change is brought about and transparency is ensured, the exporters will never be able to get their refund claims on time."

Sohail Pasha, another exporter from Faisalabad, argued that this was the worst period for the textile industry and exports. "Theoretically the government has zero-rated the textile industry. Practically, we continue to pay myriad of taxes that are never returned to us.

For example, the government hasn't zero-rated energy fuels like coal, furnace oil, etc. Apart from paying international price for gas, we are also being charged for the inefficiencies of the SNGPL. Although the Economic Coordination Council (ECC) had decided that the consumers will pay only actual UFG (unaccounted for gas), we are being charged SNGPL's average UFGs. Last but not the least, the Punjab Revenue Authority (PRA) is taxing our exports separately. In all, the exporters are paying 11pc of their sales in un-refundable taxes. These taxes are the hidden costs that we cannot export."

The exporters are not much optimistic about the implementation of the Rs180bn export enhancement package announced by prime minister Nawaz Sharif in December. The package allowed the 4-7pc rebate to textile exporters across the value chain rewarding value-addition. Besides, imports of cotton and machinery for the industry was also made duty-free to encourage investment for boosting exports.

"Our past experience with the government is not very encouraging. It makes promises with us but never implements them," PTEA secretary Azizullah Gohir asserted. "The finance division is yet to allocate funds for rebates the package promises to help the industry cut its costs and get back to its feet. No exporter has so far been paid any paisa so far although they already have partially passed the benefit to their foreign buyers to book orders. We don't know if the government is going to pay what it has promised and when. So far it hasn't allocated money for this purpose. But we are submitting export realisation documents to our banks."
He reminded that the government also owed Rs40bn to the textile exporters accumulated in the last three years under the textile policy incentives. "The government wouldn't need to give any support or subsidy packages if it truly zero-rated textile and other exports and reduce the cost

of doing business by pulling down the electricity prices to the regional average. Who needs a package if the government cleans up its own mess?," he concluded.

Source: dawn.com - Mar 27, 2017

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Pakistan: 'Govt responsible for decline in textile exports'

Pakistan Apparel Forum Chairman Muhammad Jawed Bilwani said Saturday that the government is responsible for the current decline in textile exports because of its delay in refunds to exporters.

According to Bilwani, the government still hasn't released Rs250 million to exporters which has hurt the textile industry.

Despite govt support, Pakistan's textile industry lags behind

"This is not a business friendly government which it previously claimed to be," he said. "The country's exports, especially from the textile industry, are not among the government's priorities. The textile ministry is still being run without a minister and the delaying tactics in payment of refunds has brought disastrous effects."

The textile exports have reduced by 2.53% in February 2017 compared to the same month in the previous year, according to a recent report compiled by the Pakistan Bureau of Statistics. Meanwhile, exports in February 2017 decreased by 6.48% compared with the previous month.

Textile bodies put off black day protest plan

The Pakistan Apparel Forum chairman lamented that the current government's marginalisation of the export sector is the primary reason for the fall in numbers.

"When the PML-N-led government took over in 2013, Pakistan's exports in fiscal year 2012-13 were $24.5 billion, where textile exports stood at $12.8 billion. However, exports saw a drastic decline in fiscal year 2015-16 after coming down to $20.8 billion, while the share of textile industry was still stagnant at where it was in 2012-13," he said.

Bilwani added that if the government fails to control the situation, then it would further deteriorate in the coming months. “To provide breathing space to the industry, it is important that refunds to exporters be released on priority basis; otherwise, the country’s export targets cannot be achieved.”

Source: tribune.com.pk - Mar 26, 2017

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Pakistan fails to grab opportunities to boost textiles business

Pakistan’s textile exports are not growing. Pakistan is the fourth largest cotton producer in the world after China, India and the US. Despite having this advantage, Pakistan has been unable to compete with Bangladesh, a country that imports almost 95 per cent of its cotton.

One of the biggest problems for Pakistan is that its annual cotton production has dropped from about 15 million bales to just 10 million bales. As a result, the country imports cotton and this increases the cost of production. The textile industry contributes about 60 per cent to Pakistan’s total exports.

China, the world’s largest apparel exporter, is facing problems due to rising labor wages. The rise in labor wages meant apparel manufacturing, a 80 billion dollar industry in China, could no longer be done cost effectively. The area was left vacant for Bangladesh, Pakistan and Vietnam, where wages are far lower than China’s. After China, only these three had the economies of scale and the idle labor capacity.

But much of the share has gone to Bangladesh and Vietnam. Ironically neither is a cotton producer, which Pakistan is. Nor do they have a large-scale upstream industry such as ginning, spinning, weaving and fabric processing, which Pakistan has.

Source: fashionatingworld.com - Mar 24, 2017

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CCI shows US cotton textiles at Intertextile Shanghai expo

The Cotton Council International (CCI), the global marketing arm of the US cotton industry, promoting cotton fibre, fabric, and fashion, along with 16 COTTON USA licensees; displayed quality US cotton home textiles, at the Intertextile Shanghai Home Textiles trade show, international expo for home textiles, held from March 15 to 17, 2017, in China.

The COTTON USA booth, themed "COTTON USA: Travel in Comfort with the Cotton the World Trusts," had four distinct areas designed to simulate a cosy hotel: a reception area, a lobby sitting area, coffee shop and guest room, all outfitted with COTTON USA licensees' textile products.

A COTTON USA home furnishing licensee, not only displayed its curtain and home furnishing fabrics, but also provided furniture with US cotton-rich bedding products provided by Pac-Fung International Ltd. The hotel room area also featured US cotton hotel bedding and home textile products from Jiangsu Sidefu, Natural Home, Hua Fang, and Loftex.

Karin Malmstrom, CCI director of China and Northeast Asia said, "With the rapid rise of China's economy and tourism in the past decade, the hospitality industry in China and Asia has experienced meteoric growth. The hospitality players worldwide are tailoring their offerings to provide hotel guests with familiar comforts by outfitting guest rooms with textile product, such as bedding, curtains, towels, bathrobes, etc., made of natural fibres. Due to the continued strong demand for cotton-rich fabrics in this segment and to capture this market, COTTON USA is introducing our hotel collection to potential partners and licensees in the hospitality industry."

CCI's unique promotions and licensing programs cover the whole US cotton textile supply chain, ranging from cotton fiber to retailers' shelves. CCI links customers of home textile products with renowned global COTTON USA-licensed suppliers and brands to establish long-term partnerships for effective procurement throughout the cotton supply chain.

Source: fibre2fashion.com– Mar 27, 2017

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Kenya: State in bid to improve textile, apparel quality

The Ministry of Industry and Trade says it is enhancing partnerships with local textile and apparel sector in a bid to improve quality of products.

The partnership between the government and private sector is aimed at fast-tracking the ‘Buy Kenyan, Build Kenya’ initiative, CS Adan Mohamed said.

“One of the most interesting and new developments that you will see is the recent waiver of duties and taxes on the apparel, clothing and garments that will be captured in our Export Processing Zone entities that will now be sold in the Kenyan market without VAT and without duties,” Mohamed said.

Speaking during a tour of Athi River-based Hela Clothing Ltd, Mohamed said it expects good news for the sector at a time when the Textile and Apparel industry globally expects a tougher year due to uncertainties of the global economy.

The $6 million (Sh617.70 million) undergarment production facility has so far exported $1.5 million (Sh154.43 million) worth of undergarments in 6 months to US clothing conglomerate Phillips-Van Heusen Corporation through its well known brands such as Calvin Klein and Victoria Secrets.

“Their export target of $50 million (Sh5.15 billion) worth of intimate goods to the US and Europe in 2017 is representative of the type of new investments we encourage,” he said. “That the company will be employing 5,500 workers by 2018 is the direct effect of our efforts to spur industrialisation.”

This is the country’s first undergarment production facility which is also aimed at slicing Kenya’s clothing import bill currently at over $815 million (Sh83.86 billion).

The ministry will host a clothing fair set between March 29 and 31 at the KICC grounds. The exhibition will showcase high fashion, top quality apparels including trousers, shirts, jeans, jackets and undergarments.

“Today, a pair of jeans manufactured here by some of our export processing entities that retails in the US between $48 (Sh4,939.2)and $50 (Sh5,147.5) will be made available for Kenyans for as low as between Sh400 and Sh600,” Mohamed said.

He sought to assure Kenyan textile and apparel manufacturers of government support ahead of a relatively tougher year. This is due to a stronger US dollar, implications of the US new administration’s new policy regime on African Growth and Opportunity Act and the stalling European Union’s Economic Partnership Agreement deal with the East African Community.

Source: .the-star.co.ke – Mar 27, 2017

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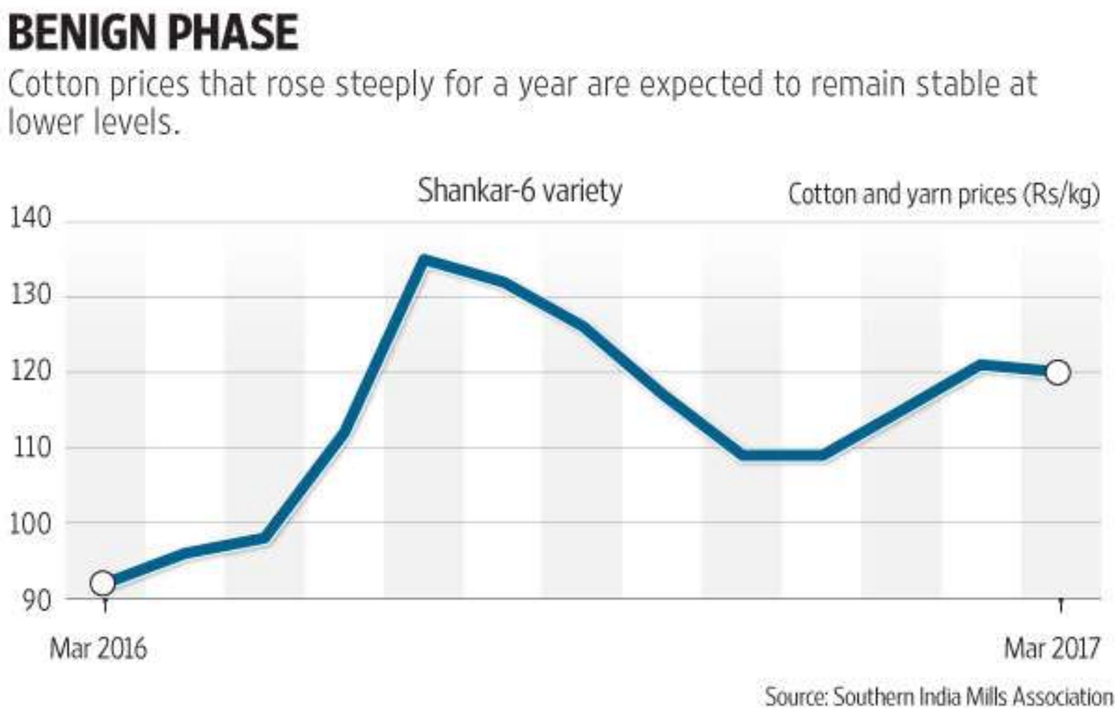
NATIONAL NEWS

Mills to spin a happy yarn on stable cotton supply

If cotton prices remain stable from here on, it will help contain raw material costs for a few quarters ahead

Southern India Mills Association's (SIMA's) statement assuring spinning mills of stable cotton prices and supply should provide mills some comfort. The sharp 10-15% rise in cotton prices in the domestic markets between October and February had led to concerns about cotton supplies for the season.

But latest estimates indicate that cotton production of around 34.5 million bales for the 2016-17 season should be more than adequate to meet the demand from spinning mills. This should check a further rise in the price of cotton. Moreover, international prices are expected to be benign as well, thanks to a bumper crop in Australia, an 18% increase in production in the US and restricted imports by China.



If cotton prices remain stable from here on, it will help contain raw material costs for a few quarters ahead. Meanwhile, higher domestic demand for textiles and garments and higher exports will improve demand for yarn. Price of yarn (40s count) is up by around 14% over 12 months.

Leading mills such as Vardhman Textiles Ltd, KPR Mills Ltd and Ambika Cotton Mills Ltd have reported double-digit year-on-year (y-o-y) growth in sales over the past three quarters, although exports have been subdued during this period.

And despite the high cotton prices and the challenges related to demonetization, these companies managed stable operating margins over the past three quarters in the range of 18.5% to 20%. Thanks to the robust performance, stocks of these firms have rallied substantially in the past year and are now trading close to the 52-week high prices.

To be sure, stocks of spinning mills still trade at relatively low valuations of 10-12 times estimated one-year forward earnings. The cyclicality and vagaries of the cotton crop tend to suppress valuation. And while SIMA's assurance of stable cotton supply may support stock prices, the upside may well be limited for the above-mentioned reason. For any re-rating, investors will look for news of higher yarn exports on the back of higher global demand.

Source: livemint.com- Mar 23, 2017

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New textile policy seeks special focus on handicraft

The new policy aims to achieve USD 300 billion textiles exports by 2024-25 and envisages creation of additional 35 million jobs.

The new textiles policy will focus on a three-pronged approach to boost the growth of Indian handicraft sector, which is facing tough competition from international players. According to sources, the approach involves incentivising expansion of production base for quality manufacturing of handicraft products used for interior decoration and lifestyle purposes.

"We are focusing on promoting premium handicraft products for the niche market along with preservation and protection of heritage and endangered crafts," a senior Textile Ministry official told PTI. The new policy aims to achieve USD 300 billion textiles exports by 2024-25 and envisages creation of additional 35 million jobs.

The Textiles Ministry is currently engaged in consultation with stakeholders including states and working out the financial implications of the policy with its Finance counterpart. It had set up an expert committee headed by Ajay Shankar, member secretary, national manufacturing competitiveness council for review and revamp of the textile policy 2000.

Source: indianexpress.com - Mar 26, 2017

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Indian mills import cotton as local prices trend high

Indian textile mills are increasingly seeking to buy overseas cotton, which yields better yarn, as a persistent rise in prices of domestic output makes local fibre commercially unviable.

The cost advantage of local cotton has disappeared after prices rose steadily until March, prompting mills to sign import contracts. The move is both a reaction to trends this year and an insurance against price fluctuations in the last, when mills had to deal with an increase.

"Everyone will take advantage of the price situation mainly for good quality yarn. Last year, there was also a sudden increase in prices post-May , and that is why mills wants to cover their requirement now itself," said M Senthilkumar, chairman of the South Indian Millers Association (SIMA). "With very little gap in domestic and international prices, imported cotton now looks attractive to millers for its better yarn quality."

Cotton prices in India have trended higher since the beginning of the season. The benchmark Sankar-6 prices, at Rs 38,000-39,000 per candy of 355 kg at the beginning of the season, increased by about 15% to Rs 44,000 per candy . February cotton arrivals at major markets such as Guntur, Warangal, and Bhatinda fell by 25% to 50%, while prices rose 15% to 30% over the same month of the previous year.

Rise in Australia's output from 28 lakh bales last year to 45 lakh bales this year, increase in US production, and lower demand from China would help increase India's import volumes this year. The Cotton Advisory Board's October estimate was 351 lakh tonne production in 2016-17.

Source: economictimes.indiatimes.com- Mar 27, 2017

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CBEC sets up 10 working groups to address concerns issues raised by industry

The Central Board of Excise and Customs (CBEC) has set up 10 working groups to look into the concerns raised by trade and industry including MSMEs and facilitate smooth transition into GST regime.

The working groups will address issues related to banking, financial services and insurance sector; telecommunication; exports; information technology; transport and logistics; textiles; micro, small and medium enterprises (MSMEs); oil and gas; gems and jewellery; and government services.

These working groups will address questions related to procedural simplification and possible rate structure and submit their reports by 10 April.

According to a media report, these working groups will address include compliance challenges for small and medium sector in an automated environment with end-to-end matching of invoices and cascading effect due to exclusion of certain industries and clauses in the production-sharing contracts.

These working groups will also address issues related to exports and special economic zones, taxability of government services, taxation of the country’s critical infrastructure and abatements provided to the transportation sector.

They will also look at how to handle instances in some sectors where services are provided between establishments of the same entity without invoice or payment with high volumes of transactions for operations spread on a countrywide basis.

They will also seek to address issues raised by sectors employing a large workforce like textiles.

Source: knnindia.co.in- Mar 25, 2017

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India poised to grab China's share in textiles

China's competitiveness in cotton textiles is dropping rapidly, while India's competitiveness is steadily improving. This has offered an opportunity for India to capture market share from China in the developed world, especially the European Union and the United States, which cumulatively comprise around 60 per cent of the global export market.

Even if one per cent of China's market is captured by Indian exporters, there would be a big boost to India's overall shipment in the sector. The domestic market is also gradually overcoming dull demand sentiment which had arisen out of demonetisation of high value currency notes in November 2016. Steady business growth was witnessed in January and February, after subdued sales in November and December. With the wedding season on, the industry expects sales to remain up this season.

However, global apparel trade remains under pressure, having contracted for a second year in 2016, owing to subdued demand in key importing countries. While the volume growth was marginally positive, primarily aided by a recovery in demand from Europe, realisations fell. Further, latest trends point to a modest recovery so far in 2017.

The pace of growth for other Asian apparel exporters, Bangladesh, Cambodia, and Vietnam, has also moderated in the last two years, though the countries continue to grow at a relatively better pace than India.

Source: fashionatingworld.com- Mar 24, 2017

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India's home textiles gain export share

Home textiles from India are gaining share in export markets. New capacities and backward integration are expected to help firms like Himatsingka Seide and Indo Count improve profitability and market share. Himatsingka Seide has expanded bed linen capacity and is aiming to commission spinning capacity, which helps in backward integration. Indo Count is expanding bed linen capacity and is planning to build a new plant.

Indo Count expects a 10 to 12 per cent volume growth in financial year 2018. Also Indo Count believes its volume growth has the potential to grow at a higher rate after financial year '18. Even as the rupee appreciated 3.8 per cent against the dollar in the last three months, and cotton prices rose 20 per cent from a year ago, shares of Indo Count, Trident, Himatsingka Seide and Welspun gained 20 to 40 per cent in the last three months.

However, cost pressures can impact that advantage. Higher yuan depreciation against the rupee appreciation and a reduced cotton price spread between India and China is impacting the Indian advantage. The recently notified duty drawback scheme is expected to provide some cushion, but cost pressures outweigh the benefits from the scheme. If the external environment does not worsen, home textile makers can overcome the current cost pressures with scale benefits.

Source: fashionatingworld.com- Mar 24, 2017

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30 per cent family members of weavers don't go to school: Irani

At least 30 per cent family members of weavers do not go to school and just one per cent of them complete graduation, Textiles Minister Smriti Irani said today.

Irani said in Lok Sabha that the Centre had recently conducted a study which found that at least 30 per cent family members of weavers in the country do not go to any school and only one per cent of them studied and completed graduation.

She said during Question Hour that the government has taken a number of steps for the welfare of weavers as well as their family members.

The Minister said the Development Commissioner for Handlooms under Ministry of Textiles has entered into two separate MoUs with the IGNOU and the National Institute of Open Schooling (NIOS) on August 7, 2016 for providing education to handloom weavers and their children through open schooling and distance learning.

"IGNOU offers continuing education programmes and NIOS offers secondary and senior secondary level education. The MoUs further provide for exploring new courses especially relevant to the aspirations of handloom weavers for career progression," she said.

The Minister said all the willing handloom weavers and their children who fulfill the eligibility conditions of these institutions can avail the learning opportunities.

IGNOU has identified two academic programmes – Bachelor Prepatory Programme and Computer Literacy Programme. So far 6,175 students have been enrolled from weavers' community in these programmes.

"Rs 10 lakh has been sanctioned to NIOS for conducting the survey in connection with the designing of courses exclusively for handloom weavers and their children," she said.

Irani said to promote the weaving industry and sharpen the traditional skills of the weavers, 288 block level clusters under the National Handloom Development Programme and the Comprehensive Handloom Cluster Development Scheme have been taken up during 2015-16 and 2016-17.

"Under Block Level Clusters various interventions such as skill upgradation, technology upgradation, setting up of Common Facility Centres, including Common Service Centres, engagement of textile designer-cum-marketing executive, construction of worksheds, appointment of Cluster Development Executives etc., are taken up," she said.

Replying a supplementary, Irani said the central government will facilitate Tangaliya weavers in purchase of looms, by providing them an assistance amounting to 90 per cent of the price of looms.

Source: jantakareporter.com - Mar 23, 2017

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Govt implementing multiple schemes for jute sector

The Indian government has implemented the Jute Packaging Materials (Compulsory Use in Packing Commodities) [JPM Act], 1987, that requires a minimum of 90 per cent of food grains and 20 per cent sugar to be packed in jute sacking. The government has also launched the Incentive Scheme for Acquisition of Plants and Machinery (ISAPM) to modernise jute mills.

On an average, the annual Government support to jute industry on account of Jute Packaging Materials Act amounts to Rs, 5,500 crore, said Ajay Tamta, minister of state, textiles, in a written reply to a Lok Sabha question. Whenever the market price of raw jute falls below a certain level, the Jute Corporation of India (JCI) procures raw jute at Minimum Support Price (MSP), fixed on the basis of recommendation of the commission for Agricultural Cost and Prices (CACP), from jute growers to safeguard their interest. Government of India has sanctioned Rs 204 crore for four years starting from 2014-15 to enable JCI to be in readiness for MSP operations.

Tamta also said that ISAPM aims to upgrade technology in existing jute mills and to provide assistance to a large number of entrepreneurs to manufacture value added biodegradable Jute Diversified Products (JDP).

Jute: Improved Cultivation and Advanced Retting Exercise (Jute-ICARE) is a pilot project launched in 2015 to address the difficulties faced by jute cultivators by providing them certified seeds at subsidised rates, seed drills to facilitate line sowing, nail-weeders to carry out periodic weeding and by popularising several newly developed retting technologies under water limiting conditions. This has resulted in increased returns to jute farmers.

The National Jute Board implements various schemes for market development, workers' welfare and promotion of diversification and exports, said Tamta.

The government has also issued a notification on January 5, 2017, imposing Definitive Anti-Dumping Duty on jute goods originating from Bangladesh and Nepal. Based on the current level of imports, the industry has estimated that this is likely to generate up to 2 lakh MT of additional demand for jute goods to be met by the Indian jute industry.

Government has made it mandatory for the entire chain from importers and traders to the level before the end-users, to register with the office of jute commissioner, and furnish monthly reports on the imported goods. The office of jute commissioner, Kolkata, has also directed all manufacturers, importers processors and traders to mark/print/brand the words 'Made in- Country of Origin' on imported bags. Customs have also been requested to maintain a strict vigil so that no unregistered importers/traders can import jute and no unbranded jute goods can enter India, added Tamta.

Source: fibre2fashion.com - Mar 25, 2017

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