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IBTEX No. 122 of 2017 June 16, 2017

USD 64.70 | EUR 72.10 | GBP 82.58 | JPY 0.58

Cotton Market (15-06-2017)		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20079	42000	**83.31**
Domestic Futures Price (Ex. Gin), May		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20210	42275	**83.86**
International Futures Price		
NY ICE USD Cents/lb (July2017)	77.22	
ZCE Cotton: Yuan/MT (Sept 2017)	15,625	
ZCE Cotton: USD Cents/lb	**86.84**	
Cotlook A Index – Physical	**85.50**	

Yet another bearish day set for cotton at the global frontier. The July future slipped below 200-day moving average at 74.27 and this morning trading at 73.35 cents. We would not be surprised to see it coming down to 70 cents area in the very near future. We have cited following below reasons for price correcting down side and believe those factors may continue to weigh on the market. In line July the next key December contract also has slipped to 70.80 cents. We believe the scenario has turned completely bearish and likely that the cotton price trend may remain bearish.

In line with the global counter parts the domestic spot price has also softened. However, the fall has been very nominal because the superior quality cotton demand is still high due to lesser availability of stocks. The S-6 variety is maintained at Rs. 43,650 per candy higher by Rs. 150 from the previous close.

However, other varieties like J-34 have declined to Rs. 4670 per Maund. The futures contract has certainly been affected with the global price trend. The most active June has declined to 20210 down by Rs. 70 from the previous close. Likewise, the other future contracts have also softened in the last 9 trading sessions. We expect cotton futures to remain bearish today and likely that June future may come below Rs. 20K per bale. The trading range for the day would be Rs. 19950 to Rs. 20200 per bale.

As said above the S-6 is holding firm therefore the fall in future contract in the domestic market is falling with a lesser pace. ICE July contract may trade in the range of 72.50 to 74.30 cents/lb.

Reasons attributed to fall in price:

a) US Planting crop for the year 2017-18 has advanced to 92% vs. 87% last year. The 5 year average is 90%

b) USDA boosted projected U.S. ending stockpiles by 10% and reduced export prospects

c) The crop in the US is expected to be around 19.20 million bales

d) Massive long liquidation from July to December has been pulling cotton price lower

e) World's largest producing cotton i.e. India is expected to see a large crop this year amid higher acreage and better yield is also adding pressure to cotton price globally to trade down.

China Auction Result: Cumulative sales to date are now just over 1.48 million tonnes. Turnover represents just over 70 percent of the total lots offered.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

U.S. Textile Industry Outlines Changes Needed in NAFTA

With a Washington, D.C., hearing coming up on June 27 to discuss possible changes to the North American Free Trade Agreement, the U.S. textile industry has put together a wish list of items it would like to see implemented.

The **National Council of Textile Organizations**, a textile trade group based in Washington, D.C., said it would like to see NAFTA restructured so more U.S. cotton and textiles are used by Mexico and Canada when making apparel.

In comments filed with the U.S. trade representative's office, which could start NAFTA renegotiations as early as Aug. 16, the trade group said it would like to do away with certain NAFTA provisions that promote using textiles from countries that are not members of NAFTA.

"Eliminating loopholes that shift production to third-party countries like China and devoting more customs enforcement resources to stop illegal third-country transshipments are two changes that would make the agreement better," said William V. McCrary Jr., NCTO chairman, who is also chairman and chief executive of **William Barnet & Son**, a synthetic fiber/yarn/polymer company based in Spartanburg, S.C.

The U.S. is the fourth-largest exporter of textile-related products in the world, with China being No. 1. Fiber, textile and apparel exports combined from the United States totaled $26.3 billion in 2016. That is a little more than one-third of the total U.S. output of textiles and apparel, which added up to $74.4 billion in 2016.

One of the U.S. textile industry's saviors has been free-trade agreements that require that regional yarns and fabric be used in production. If you look at the $13 billion in man-made fiber, yarn and fabrics exported from the United States, a big chunk, $4.4 billion, is sent to Mexico, and $1.6 billion is shipped to Canada.

Countries that have free-trade pacts with the United States can receive duty-free entry of their apparel and textiles into the country if they adhere to a yarn-forward rule. That means everything from the yarn on has to come from within the free-trade-agreement region, with the United States being a big supplier of yarn and cotton.

But NAFTA allows for an exception to this rule under something called trade-preference levels. TPLs allow for a certain amount of yarn and fabric produced outside the free-trade-agreement region to be used in apparel production as long as the non-regional inputs are cut and sewn within the free-trade countries.

Overall, Mexico and Canada combined are permitted to ship nearly 236 million square meter equivalents (SME) of apparel, made-ups and fabric and 12.8 million kilograms of yarn containing third-party components.

NCTO and its members would like to see the TPLs completely eliminated under NAFTA so fabrics from places such as China, Vietnam and South Korea cannot be used.

The U.S. textile industry would also like NAFTA negotiators to decide whether to change or eliminate three rules that are said to hurt U.S. cotton and fabric sales.

The first is for component exemptions, which says that sewing thread, pocketing and narrow elastics do not have to come from the NAFTA region. Under the Dominican Republic–Central America Free Trade Agreement, these items must come from the region.

The second is the single-transformation rule. This means that certain apparel items—including some men’s dress shirts, cotton nightwear and certain underwear, bras and silk and linen apparel that is cut and sewn in the region—can receive duty-free status even if the key yarns and fabrics used in them come from outside the NAFTA region.

The justification for granting these items cut-and-sew status was based on a determination that key yarns or fabrics for these products were not “commercially available” in the NAFTA region at the time the agreement was negotiated. Despite the low NAFTA value-add, these apparel items are awarded the same duty-free status as products that fully comply with the yarn-forward rule of origin, which some feel is unfair.

The third provision to be discussed is the special-regime rule. This calls for a special provision that apparel made in the United States from fabric made in the United States but spun from yarn coming from outside the NAFTA region can receive duty-free status if exported to NAFTA members.

NCTO believes this is more liberal than the yarn-forward provision, but the downside is that all components (except sewing thread, pocketing and narrow elastics) must be woven or knit in the United States—not just the essential character fabric as under yarn forward.

NCTO would like to see this provision reviewed to see if it should be eliminated, adjusted or added to enhance the benefits for U.S. textile manufacturers.

Source: apparelnews.net- June 15, 2017

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US warns Kenya in push to bar second-hand clothes imports

US Secretary of Commerce Wilbur Ross on Wednesday urged African countries to fulfil their obligations under the terms of Agoa, a preferential trade programme of considerable benefit to Kenya.

More than 66,000 jobs in Kenya are linked to Agoa, which earned the country Sh35.2 billion in textiles and apparel exports last year.

It is essential, Mr Ross declared at a US-Africa Business Summit, that "countries currently benefiting from trade preferences granted by the African Growth and Opportunity Act continue complying with eligibility requirements established by US law."

That comment by a Trump administration cabinet member could be construed as a warning to Kenya and the other member-states of the East African Community.

The US-based Secondary Materials and Recycled Textiles Association has lodged a complaint with a US government trade agency alleging that the EAC countries violated Agoa's terms by deciding to bar imports of used clothing from the US beginning in 2019. The association wants the EAC countries declared ineligible to take part in Agoa.

Mr Ross, a 79-year-old billionaire investor, made the general reference to Agoa compliance in the course of a speech that served as the Trump team's first major policy pronouncement regarding US-Africa relations. The commerce secretary spoke positively about Africa's economic potential. He also suggested that Agoa offers important opportunities for development.

But Mr Ross hinted that Agoa, which gives 37 countries duty-free access to the US market for many products, may not be the Trump administration's preferred instrument for trade relations with African nations.

"Bilateral trade agreements rather than large multilateral deals can be very effective tools" for African development, Mr Ross said in a keynote speech at the three-day summit sponsored by the Washington-based Corporate Council on Africa. He further suggested that African governments should treat US companies favourably.

Directly addressing African officials at the summit, Mr Ross urged that they "make sure US companies are in the best position possible to enter African markets and that those already there are successful."

Source: nation.co.ke- June 15, 2017

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Euratex focuses on circular economy of European textile

The Euratex General Assembly conference on Circular Economy in textile and apparel manufacturing was recently held in the presence of close to 100 delegates to discuss the opportunities and challenges for the European textile sector. During the conference, Euratex called for collaboration to prosper and showcase art in the circular economy.

The three main areas on which the textile and clothing sector should focus on are the importance of free and fair trade between key global trading partners; sustainability, as value for the society and the 'new quality' for many companies, which place it at the core of the business' strategy, investments and a key factor for competitiveness; and the need to intensify market-driven applied research to defend Europe's position as an innovation leader in the global marketplace and the help that the RegioTex Initiative should play at regional level.

"Sustainability and notably circular economy is one of the biggest change in our industrial society and, just like the digital revolution, it has the biggest potential to positively impact our society. Moving from a linear to a circular model, may change the way in which people use things, industries produce, the society uses its limited resources and dispose of waste, if any of it is left," said Huneke.

The keynote speech was given by Grzegorz Radziejewski, responsible of green growth at the cabinet of the commission vice president Katainen. Radziejewski highlighted the growing number of people and organisations interested and committed in the circular economy and the real benefit of it for resources saving, societal gains such as new jobs creation or increase in disposable, income, environmental footprint among others.

"To benefit from the enormous potential of circular economy, we need to change people's, business and consumers' mind-set, which is the hardest challenge to tackle," said Radziejewski. He also underlined two other essential financing elements to reach circularity goals: to engage private capital and to count on business engagement. He concluded indicating possible ways to finance circular projects.

A panel discussion was held during the event and Radziejewski participated in it along with Hilaturas Ferre, European Spinning Group, Marchi & Fildi and TDV Industries, four companies committed to circular economy.

The companies presented their success stories and proved that circularity in the textile and apparel supply chain is possible, is already happening and that SMEs (small and middle-sized enterprises) have a crucial role to play but need proper policy actions.

To improve the existing efforts on circularity in the textile and apparel supply chain two needs emerged from the companies' views – a clear definition of what recycling really is to protect consumers from false claims; and better visibility for SMEs capacities to create awareness and trigger new partnerships

Drawing the conclusions, Mauro Scalia, Head of Sustainable Businesses at Euratex, introduced the industry's policy brief and the upcoming line of action of Euratex with its members, based on three ideas – gather online successful business cases from 100 companies, especially SMEs, to learn about capacities, challenges and to support new partnerships; joining the relevant platforms launched by EU institutions, business and society organisations to contribute by sharing information and technical inputs; and stock taking of results and new actions planning in a public event within one year, by June 2018.

Euratex will work with policy makers and help designing measures which fit, removing barriers, incentivising a demand for circular economy and drive the transition through innovation and investment. It will also work with any other business and society organisation to build on our common interests and let the transition happen.

To close the event with a surprise, a massive piece of art was unveiled giving the sense of how circularity in textiles is not just a matter of manufacturing, but is also relevant in art. The piece – Le Bélier de Verviers (The Ram of Verviers) – realised by the French artist Pierre Matter with recovered materials from the old industrial plants of Solvent and wool from Traitex was exhibited to witness expertise and know-how still strong today.

Source: fibre2fashion.com- June 16, 2017

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Pakistan: Buyers seen making deals for better grade at lint market

With steady physical prices trading at lint market remained grade selective, buyers made deals for better grades of lint on slightly higher price besides forward deals also changed hands.

Floor brokers said that during the trading session, buyers made deals for all grades besides deals for better and second grade of lint for blending purpose remained firm and deals changed hands at around Rs 6,600 per maund to Rs 6,700 per maund.

This market buying-interest sentiments pushed general prices in green zone while weak ginners got some strength to capitalize on their dealing, traders said.

The Karachi Cotton Association (KCA) kept the spot rate at Rs 6,800 per maund.

A senior trader, Ghulam Rabbani said that leading buyers consolidated their long positions and made deals for second grade on paying premium price for it.

The shrinking fine lint put general price in firm zone and buyers also made forward deals on slightly higher price at around Rs 6,750 per maund in Sindh and Punjab stations.

The private sector commercial exporters consolidated their long positions through buying from old stocks. The buyers remained selective on grade and consolidated their future positions with fresh fine lots also, he added.

In domestic market mills and spinners remained eager for quality lint on the back of growing demand of end textile made up products.

The ginners of Punjab offered cotton of all grades to the buyers around Rs 5,975 per maund to Rs 6,775 per maund while ginners of Sindh offered raw grade lint to the buyers around Rs 5,975 per maund, depending on thrash level.

According to KCA deals that changed hands includes 200 bales of southern Punjab changed hands at Rs 6,550 per maund, 200 bales of Sanghar at Rs 6,600 per maund, 100 bales of upper Sindh at Rs 6,575 per maund and 100 bales of Bahawalpur at Rs 6,600 per maund.

Source: yarnsandfibers.com- June 15, 2017

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EU asks Dhaka to step up efforts

Bangladesh needs to step up its efforts to prevent the exploitation of textile workers, Members of the European Parliament (MEPs) said in a non-binding resolution adopted on Wednesday.

The 2013 Sustainability Compact, aimed at preventing tragedies like the April 2013 Rana Plaza disaster, had resulted in moderate improvements in workplace safety, but respect of workers' rights was lagging behind, MEPs noted in the resolution adopted by a show of hands.

Textile workers in Bangladesh, many of whom were young women, suffer long working hours, low wages, uncertainty and hazardous conditions, they said. "Trade union leaders are often persecuted."

Reviewing the implementation of the 2013 Compact, MEPs suggested a series of measures, according to the European Parliament website.

The government of Bangladesh should swiftly amend the 2013 Labour Act to ensure freedom of association, collective bargaining and to recruit more factory inspectors, they suggested.

The mandate of the “ACCORD”, a platform including EU companies that help to implement the Compact, should be renewed after its expiry in May 2018 and international brands ought to take their CSR policy more seriously to ensure decent working conditions, they observed.

They suggested that the EU Commission table an EU-wide legislative initiative on the garment sector for a due diligence system.

Bernd Lange, chair of the Committee on International Trade (INTA), said, “Despite some progress in recent years, the situation on the ground remains worrisome."

"We are very concerned about the lack of meaningful progress in implementing the commitments of the Sustainability Compact by Bangladesh. Countries, which disrespect fundamental rights at work, should not be encouraged by benefiting from unrestricted access to our market," he said.

Lange said the government of Bangladesh would need to demonstrate that it is willing and able to deliver on its own promises and the demands of the international community.

Standing rapporteur for South Asia, Sajjad Karim, said the EU trade policy was powerful and based on values, meaning they demand their trading partners respect core principles in the areas of human, labour and environmental rights.

"I have done all I can as chair of the INTA Monitoring Group for South Asia to get Bangladesh to comply.

It seems they are not listening. We cannot keep issuing appeals and statements every year -- we have to see tangible results on the ground for privileged market access to be continued," he said.

Bangladesh benefits from the most favourable regime under the EU's trade preferences that grant duty and quota-free access to the EU market, except on arms and ammunition.

In July 2013, in response to the Rana Plaza tragedy, the EU took the initiative of launching a Sustainability Compact for Bangladesh to improve labour rights and factory safety.

The initiative brings together the EU, the government, the USA, Canada -- the main markets for Bangladeshi garment products -- as well as the International Labour Organisation.

The EU is Bangladesh's main trading partner, absorbing 46.7 percent of its exports in 2015. Bangladesh is the world's second largest garment producer, with the textile sector providing almost 81 percent of total exports; almost 60 percent of the clothing goes to the EU.

A delegation of the International Trade Committee visited Bangladesh on a fact-finding mission in November 2016.

Source: thedailystar.net- June 16, 2017

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NATIONAL NEWS

Indian exports grow 8.32% in May; trade deficit hits 30-month high

Strong performance by petroleum, engineering, textiles and gems and jewellery sectors propelled the country's exports growth during the month.

The country's exports rose by 8.32 percent to USD 24 billion in May, even as the trade deficit shot up to nearly 30-month high of USD 13.84 billion, mainly due to increase in gold imports.

Strong performance by petroleum, engineering, textiles and gems and jewellery sectors propelled the country's exports growth during the month. India's exports stood at USD 22.1 billion in the corresponding month a year ago.

The total outward shipments had registered a 19.7 percent growth in April this year.

India's imports too increased by 33 percent to USD 37.85 billion in May this year.

Nearly three-fold jump in gold imports at USD 4.95 billion led to widening of trade deficit during the last month. It was USD 6.27 billion in May 2016. The previous highest level for trade deficit was in November 2014 when it was recorded at USD 16.86 billion.

Commenting on the figures, exporters body Federation of Indian Export Organisation exuded confidence that the shipments will continue to record positive growth in the coming months.

"The exporters are of the view that the timely support will help in giving further fillip to this growth trend. Challenges with regards to currency appreciation and protectionism should also be looked into by the government," the Federation of Indian Export Organisations (FIEO) President, Ganesh Gupta, said in a statement.

The country's merchandise exports during April-May period of the current fiscal too recorded a growth of 13.83 percent to USD 48.7 billion.

Imports too rose by 40.63 percent to USD 75.74 billion, leaving a trade deficit of USD 27 billion.

"Exports have been exhibiting positive growth for the last eight months," the commerce ministry said.

During May, major commodity groups of export having a share of 72 percent in total export basket which have shown positive growth over the corresponding month of last year are engineering (8.25 percent), gems and jewellery (6 percent), Petroleum Products (24.92 percent) and textiles (8 percent).

Further, the ministry's data said that oil and non-oil imports last month grew by 29.54 percent to USD 7.69 billion and 34 percent to USD 30 billion, respectively.

Source: moneycontrol.com- June 15, 2017

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Value for money

GST helps cut taxes by its focus on value added

How will GST reduce prices through taxing only the value added?

Let us first understand how the current system works. A manufacturer pays central excise at 20 per cent on a shirt of value ₹100. At the time of sale, another tax VAT is to be paid at 15 per cent to the State government, which should be ₹15 in this case. But the State government charges VAT not on the ₹100 but on ₹120 which is the value of shirt plus the central excise tax that was already paid. So, the VAT rate of 15 per cent in effect becomes 18 per cent, leading to a higher price of the shirt. The current system has many such inconsistencies.

GST resolves the issue by integrating tax systems of central and State governments by introducing a facility to set off taxes paid across the value chain.

Consider a simple three-stage operation of a small shirt-making unit owned by a person called Ria. She buys fabric from John, makes shirts and sells them to Vijay, the retailer who finally sells shirts to the end consumers.

The GST rate for fabric is 5 per cent and garments is at 18 per cent. If John, Ria and Vijay are located in the same State, the transactions among them will be considered under the intra-State sale provisions and GST payable would be the total of CGST and SGST.

If one of them is located in a different State, the transaction will be considered inter-State and GST payable would be the IGST, which would be the total of CGST and SGST. The tax liability would remain same in both cases.

Let us see the how the GST is paid at each stage of business operation.

Stage 1: Raw material Purchase. John sells fabric of value ₹1,000 to Ria. He pays GST of ₹50 at 5 per cent on the fabric value of ₹1,000. The total price of fabric shown by John in the invoice given to Ria would be ₹1,050. This includes the basic value of the fabric at ₹1000 and the GST paid of ₹50.

Stage 2: Manufacturing and sale. Ria manufactures shirt using fabric bought from John. Here, she adds ₹100 as value during the conversion of fabric to shirts. Ria pays GST of ₹18 on the value added ₹100. The total price of the shirt shown by Ria in the invoice given to the retailer would be ₹1,168. This includes the basic value of the shirt at ₹1,100 (₹1000+100) and GST paid of ₹68 (₹50+₹18).

Stage 3: Retail sale. Vijay adds his margin of ₹200 in the price of the shirt. He pays GST of ₹36 on this value (GST at 18per cent on ₹200). The total price of the shirt shown by Vijay in the invoice given to a customer would be ₹1,404.

This includes the basic value of the goods at ₹1,300 (₹1,000+₹100+₹200) and GST paid of ₹104(₹50+₹18+₹36). The end consumer pays ₹1,404 for the shirt. This includes the GST of ₹104.

What stands out here? The supplier, manufacturer and retailer, each pays GST only on the value added by them. No one pays GST on the value that includes the tax paid earlier as it happens in the current system.

This feature makes GST superior to the current system and reduces the tax burden on the consumer.

Source: thehindubusinessline.com- June 15, 2017

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GST on job work being addressed

Union Textile Minister Smriti Irani responding to a question during a press conference today said that 'GST on the job work has been brought down from 18 to five per cent.

It has been duly addressed by Finance Minister Arun Jaitley and the GST Council.

The concern of the textile industry has been addressed by reducing GST rates on job work of textile yarn and fabric manufacturing from 18 to 5 percent and this has been done for the entire textile chain.

The decision was hailed by the textile industry stakeholders as recently GST rates on the job work provided by merchant manufacturers to the wholesalers and retailers was reduced.

A job work implies a manufacturer sending goods out of the factory for specialized processing job without having to pay taxes.

Source: yarnsandfibers.com- June 15, 2017

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Huge scope for textile production in Goa: Irani

The possibility of attracting investments in Goa to set up technical textile production units is being explored, Union minister for textiles Smriti Irani said on Thursday. Irani also said that her ministry has extended support for revival of the Kunbi saree, which is specific to Goa.

Irani said that chief minister Manohar Parrikar and his cabinet colleagues have been invited to the international conference and exhibition on textiles from June 30 to July 2 at Gandhinagar, Gujarat.

"Under the textiles ministry, I have been engaging with the chief minister's office. Technical textiles have huge scope in Goa.

We have the first ever international conference and exhibition hosted by India, where we have participants from 60 countries, and we can encourage those in the field of technical textiles, which is a sunrise sector to come and invest in Goa," Irani said.

A technical textile is a textile product manufactured for non-aesthetic purposes. Currently, technical textile materials are most widely used in filter clothing, furniture, hygiene medicals and construction material.

Stating that her ministry is keen on revival of the craft of weaving the Kunbi saree fabric, Irani said, "The curtain raiser of the textile event featured the Kunbi saree in Delhi and we found people even from outside Goa who are making Kunbi sarees.

I have just met the art and culture minister and I have appealed to him that if there are people who want to revive it in Goa or outside Goa, the government of India is happy to extend its support, especially for the revival of skills and crafts."

Source: timesofindia.com- June 16, 2017

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TCS develops software for textile manufacturers on GST compliance

Clothing Manufacturers Association of India (CMAI), the premier apparel body, in association with Tata Consultancy Services (TCS) has developed a software for garment manufacturers to alert them about GST (Goods and Services Tax) compliance.

Priced at Rs 18,000 for the initial six months, the software has a unique feature for highlighting the stage of compliance. The software automatically sends reminders to a vendor or a supplier who has not paid a tax at any stage in the textile value chain.

"This is a unique software developed by TCS and is being launched today for the betterment of textile manufacturers at a minimal cost. The best part of this software is that it identifies the stage of non-compliance and sends automated reminders for tax compliance.

A garment manufacturer knows which vendor in the value chain has not paid the tax and hence the garment manufacturer can guide the vendor to pay their tax," said Rahul Mehta, President, CMAI.

From cotton traders to ginners and fabric manufacturers, anyone found non-compliant of the GST will be identified through this software.

Source: business-standard.com- June 15, 2017

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Meghalaya to seek GST exemption for textiles

Meghalaya will seek exemption for textiles from GST in the meeting of the GST council scheduled to be held in Delhi on Sunday.

Taxation Minister Zenith Sangma, who will attend the GST meet, said on Thursday that currently 12 per cent tax is imposed on textiles and Meghalaya, with the support of other northeastern states, will seek exemption.

Sangma said the GST council should exempt hand-woven fabric from the purview of GST as a large number of people in the North East depend on textiles for their livelihood.

"The Centre can impose tax on specially designed fabrics, but the hand-woven textiles should be exempted from GST," he said.

Sangma said Meghalaya will also seek reduction of tax on products of soft wood as the current tax is 28 per cent.

Source: theshillongtimes.com- June 15, 2017

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GST clearance sales: Upto 60 per cent off on clothing, apparel and footwear from top brands

With the Goods and Services Tax (GST) roll out just two weeks away, several fashion and sports brands are holding clearance and end-of-season sales to sell out current stocks before the new tax regime kicks in.

Some of the biggest clothes and footwear brands are offering steep discounts on various products and if you're an avid shopper, you will want to take advantage of this particular opportunity to save money on premium buys that you won't regret.

GST is the reason that retailers are hustling to clear stocks before July 1, and shoppers are sure to benefit from this sudden sale season. Some of the major retail chains, online and retail stores, as well as online shopping websites are offering as much as 40 to 50 per cent discount on some of the top clothing, apparel and footwear brands like Puma, Bata, Only, Jack & Jones, Vero Moda, etc.

Top online shopping websites like Flipkart, Amazon and others are also holding end of season sales on fashion products, clothes and footwear.

There are heavy discounts on fashion accessories like watches and jewelry, as well as hand bags, and electronics like smartphones, etc. Here are some of the end-of-season-sales that you might want to check out:

1. Puma is offering as much as Rs 6000 off on running shoes, sports shoes, limited edition shoes, and men's and women's jackets. You can check out the discounts and offers at the online store of the brand or head to your nearby retail store.

2. Sports retail brand Decathlon is also holding an end of season clearance sale on products ranging from hiking boots and shoes, socks, shirts and trousers, to sunglasses, sports watches, and other sports and camping gear. The discounts and offers of upto 50 per cent are available on there online store as well.

3. Flipkart has announced its biggest ever end-of-season sale that started on June 11 and will go on till June 19. The sale features some of the biggest fashion brands. The Flipkart Fashion Days sale has discounts and offers on not just clothes and footwear, but a range of other products.

4. Shop Clues is also holding its end of season sale with heavy discounts on brands like Liberty, Action in footwear, Globus, Libas, Soch, Folklore and Femella in clothing, and fashion accessories from Lavie and Baggit. Check the website for more information.

5. Jabong is also holding a clearance sale on men's shirts, t-shirts, trousers, jeans and shorts, as well as women's kurtis, shirts, tops, trousers and jeans, dresses and other clothing items. The sale features brands like Park Avenue, Wrangler, Levis, United Colors of Benetton, Arrow for men and Global Desi, Vero Moda, Only, Elle and other for women. The discounts are as high as 50 per cent.

6. Aditya Birla's abof is also holding a clearance sale of clothing and footwear with discounts going up to 60 per cent.

Source: india.com- June 15, 2017

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Revival strategy mooted for textile industry

It includes a one-time capital infusion with a sustainable development

A one-time capital infusion with a sustainable development and modernisation strategy has been mooted for reviving the State's textile industry.

An expert committee headed by P. Nandakumar, comprising, among others, M.P. Sukumaran Nair, chairman, Public Sector Restructuring and Internal Audit Board, has recommended a fund infusion of Rs. 494.81 crore, Rs. 317.89 crore for capital investment, and Rs. 176.93 crore as working capital for putting the 17 mills in the State back on track.

The recommendation for one-time investment assumes significance as Rs. 521.09 crore granted in different phases during the past one decade has not done any good in bailing out the industry from the red.

The 17 mills, in the public and cooperative sectors, offer direct employment to 5,000 and indirect employment to 15,000.

Annual revenue

Though not in the pink of health, they still earn an annual revenue of Rs. 100 crore, after making statutory payments to the exchequer.

Supply and demand mismatch, high cotton prices, low realisation from yarn sales, labour absenteeism due to uncertainty, mounting dues to raw material supplies and other commitments have been cited for the crisis.

According to Mr. Nandakumar, a thorough government intervention, monitoring, and one-time financial assistance will increase the capacity utilisation of the mills from the present 55.40% to 98.50%.

"Thorough modernisation, training, creation of a conducive milieu to win workers' confidence, and creation of a central purchasing and monitoring system after implementing the reforms will improve internal efficacy and also equip the mills to face market competition.

Time-bound execution of the recommendations will register instant palpable results and make them self-reliant. Moreover, the products can be channelised for distributing school uniforms and also other textile needs of various departments," Mr.Nandakumar says.

Loan conversion

The committee has recommended retrospective conversion of loans into equity and waiver of accrued interest to improve the financial credit worthiness of the mills.

It has proposed to slash the interest rate from 11.5% to 10.35%.

Govt. control

It has proposed to bring the mills under government control and monitoring of RIAB and also constitution of centralised committees for purchase of capital goods and sales of used machinery and other things.

A professional management system and creation of a Kerala brand are some of the key recommendations. The government has accepted the report, incorporated in the Industrial Policy, 2017 and may implement it soon.

- ***Strategy to put 17 mills in the State back on track***
- ***They offer direct employment to 5,000 persons***

Source thehindu.com- June 16, 2017

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Farmers, workers gear up to resist RCEP terms

As India gets ready to host the Regional Comprehensive Economic Partnership (RCEP) meeting among ASEAN members, a group of farmers, trade unions, intellectuals and non-governmental organisations have gathered here to oppose the talks.

They alleged that the provisions of the free trade agreements could severely hurt the Indian economy and could impact the incomes of farmers, the dairy industry, agri-based industries and some other sectors.

The meeting here on Wednesday was intended to educate stakeholders and discuss the likely adverse impacts of the RCEP on the Indian economy and on livelihoods.

The crucial round of the RCEP is scheduled to be held in Hyderabad in July, with representatives from 16 ASEAN members and representatives from the countries that were associated with it forming into working groups to deliberate on various aspects of the partnership.

Talking on the RCEP negotiations, Afsar Jafri of the Focus on the Global South, alleged that there was no transparency in the deliberations. “There is no process of ratification by Parliament. The States are not being taken into confidence though agriculture is a State subject in India,” he said.

The RCEP is one of the three largest ‘mega regional’ FTAs (free trade agreements) being negotiated in the world. Apart from India, the RCEP includes China, Japan, South Korea, Australia and New Zealand, along with the 10 ASEAN countries.

Shalini Bhutani, a Delhi-based researcher on FTAs, said the RCEP was more demanding than the WTO (World Trade Organisation). “The WTO offers some flexibility, but the RCEP offers none,” she said.

The RCEP requires countries to reduce make import duties to zero as soon as the agreement comes into force.

Representatives from AITUC, IFTU, Telangana Rythu Joint Action Committee, Rythu Swarajya Vedika, Telangana Raithanga Samiti, National Alliance of Dalit Organisations and Doctors Without Borders attended the meeting to discuss the RCEP fallout.

“The next meeting of the committee will happen on June 19 to chalk out the specific actions planned to protest the RCEP negotiations,” Kiran Kumar Vissa of Rythu Swarajya Vedika, said.

Source thehindubusinessline.com- June 16, 2017

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Prospects for India-Germany FTA

The negotiations on the much-touted India-European Free Trade Agreement had reached a dead end in 2013 after hard bargaining by both sides on some of the contentious issues.

The resurrection of the stalled FTA talks after Prime Minister Narendra Modi's recent visit to Europe has raised new hopes to push globalisation especially when more advanced nations like USA were inclined toward protectionism triggered by global recession and mounting unemployment.

Modi's visit to Germany and talks with German Chancellor Angela Merkel have given a boost to FTA negotiations, which is now expected to resume from July this year. Early conclusion of the India-EU FTA agreement is critical for both India and EU.

While Industrialists in Europe are looking for opportunity for investment elsewhere as their economies are faltering barring a few. India is among the few large economies, which is on a bright spot offering huge investment opportunity particularly in infrastructure. India also needed to become a global manufacturing hub to reverse the jobless growth so as to take advantage of the demographic dividend.

FTA will be a win-win situation for both sides as many European large economies like Germany, France and Spain are looking for investment opportunities and India is the only economy which had a potential to grow in double digit at least for next couple of decades.

India also wants to push up employment growth and wants to become a developed economy to meet the aspirations of the vast 1.25 billion populations.

Foreign direct investment and infrastructure development is critical for this. Europe had the expertise, technology and money to invest in India, which had traditionally enjoyed friendly relationship with them.

The India-European Union free trade negotiations over the agreement, officially known as the Bilateral Trade Investment Agreement (BTIA) began as early as 2007. But it got stalled in 2013 after wide differences emerged on some of the contentious issues.

Germany's ambassador to India, Martin Ney, said recently that "if you want to shape globalization, you do it by writing it into treaties as international law... This (the India-EU bilateral FTA) is an instrument by which you shape globalization. If you don't do it (shape globalization), you leave it to other countries to do it."

This is a strong warning to India that it might miss the bus again to become a global manufacturing hub if early conclusion is not reached in the FTA negotiations and rightly Modi agreed to the resumption of the stalled talks. Despite trade-related disagreements, cooperation between the two countries has remained close, with Germany supporting India in carrying through some of Modi's pet projects, such as "Smart Cities" and "Clean Ganges."

During Modi's visit to Germany, Berlin also committed to financing long-term strategic projects in India in sectors like roads, railways, ports and power stations across India to support its development, which augur well for pushing the FTA.

Germany is one of the early investors in India after independence. Germany is very strong in manufacturing and several of its major companies have set up units here and were in the process of expanding in a big way. Several small and medium enterprises too have evinced keen interest in investing in India with opportunities for growth increasingly drying up in Europe.

Anandi Iyer, head of the Fraunhofer Institute in India, said that besides smart cities, another potential area where there could be deep cooperation between the two sides relates to smart manufacturing - also known as Industry 4.0 in Germany.

This is an area that brings the mutual advantages of Germany and India to the fore, Iyer said adding India has rich software capabilities whereas Germany is extremely strong in engineering skills, and a combination of these two can generate very exciting opportunities for the two countries. FTA will form a critical component.

The starting of FTA negotiations is expected to ease concerns of German businesses, who have been warning that potential investments in India could be at risk, unless an investment protection treaty is negotiated.

Hubert Lienhard, a prominent businessman who heads the Asia-Pacific Committee of German Business, underlined the importance of the investment protection pact at a conference where both Modi and Merkel were present. “Lots of German businesses are worried about the expiry of the India-Germany bilateral investment treaty. Tension is not good for investment. Let us join forces to push for a stable framework for future collaboration. Let us commit ourselves to globalisation.”

That sums up the urgency for concluding the FTA without which India could lose out on investment. Of course there are some thorny issues on which both sides will have to adopt some give and take approach. There are more than 1,600 German companies, 600 German joint ventures operating in India, who brought in $2 billion in foreign direct investment in the last two years.

But these figures are dwarfed by Germany’s relationship with China: India’s trade with Germany stood at €17.4bn in 2016 to China’s €169.9bn in 2016, according to figures published by the country’s Federal Statistics Office earlier this month. China is Germany’s largest trading partner, while India ranks number 24, below Romania, South Korea, Norway and Ireland.

Prime Minister Modi talked of the opportunities that India provided for investment to Germen business community and Germany's participation in training the 800 million Indian youth who could contribute to the global economy if they acquired skills, as well as transport and smart cities.

But it is up to him now to create the necessary ambience for it. The resumption of talks is one positive step towards this end.

Source echoofindia.com- June 16, 2017

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Jobs creation: Mckinsey suggests situation may not be so bleak

If it is disappointing the economy hasn't been growing to its potential, it is even more worrying that an average GDP growth rate of 6.6% between 2011 and 2017 doesn't seem to have created too many jobs.

While the rate of unemployment itself is steady at 4%, this is probably not meaningful given the high levels of underemployment—in an economy as poor as India, few can afford to remain unemployed and work even if their productivity is very low.

The headline numbers put out by the quarterly enterprise surveys of the Labour Bureau in select sectors suggest growth has been pretty much jobless. Fewer than two million jobs are being created annually, at a time when the working age population grows by some 16 million every year.

However, consulting firm McKinsey has pointed out in a discussion paper, these surveys suffer from the flaw that the sample represents only about 1.4% of all enterprises in the country and accounts for just 21% of non-farm employment.

The annual surveys of the Labour Bureau, McKinsey says, paint a picture that is a lot less bleak; these show around seven million jobs were created between 2011 and 2015, taking the tally of working people from 455 million to 462 million.

If that doesn't sound too encouraging either, McKinsey points out the sluggishness masks a significant structural change; what has happened is that, even as employment in the agriculture sector fell by 26 million, non-farm employment rose by 33 million or by more than eight million a year.

This shift of workers from the agrarian to the non-agrarian sectors, especially between 2013 and 2015, when the economy picked up pace, is important even if the switch hasn't been fast enough to account for the growth in the working age population.

The surveys also reveal a three percentage point fall in the country's overall labour force participation.

This is not necessarily a bad thing if it was the consequence of more youngsters educating themselves and acquiring skills rather than going to work at 15. The data, however, show a very sharp fall in participation levels for women—between 2004-05 and 2011-12, female participation rates fell by 12.3 percentage points (ppt) for the illiterate group in rural areas, 9.4 ppt for those who have completed secondary schooling and 13 ppt for those who had college degrees.

Even participation rate for urban males appears to have dropped from 73.7% to 69.1% over the period. This means that either there aren't enough jobs being created or that the surveys are not capturing the ones that are.

While McKinsey suggests the data be looked at more closely to ensure the trends coming through are correct, the government has already set up a panel to do precisely this.

Source financialexpress.com- June 16, 2017

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GST to be death knell for Surat's Rs 50,000-cr textile industry

TEXTILE HUB

At ₹50,000 crore, Surat accounts for 12.5% of India's textile industry revenue

25% of 2.7 million powerlooms are in the city

Surat has 150 wholesale textile markets, 50,000 wholesale traders, 20,000 manufacturers

KEY CONCERNS

Fabric to attract 5% GST from nil at present

Partial input credit for synthetic fabric makers to hurt cost structure

Imports to become cheaper by 11 %

File photo of a worker at one of the textile manufacturing units in Surat. Surat produces 40 million metres of fabric every day PHOTO: BLOOMBERG

The GST Council on June 11 said tax on services by way of job work in relation to textile yarn and fabrics had been brought down to 5% but the sector suspects it could fall in 18% bracket

Dhiraj Shah, managing director of Shalon Industries, is worried he will have to pay a higher goods and services tax (GST) rate on synthetic yarn while the fabric he makes will attract a lower rate. With an annual turnover of Rs 500 crore, Shah's unit makes synthetic fabric in Surat, Gujarat, and has a 1 per cent share of the city's Rs 50,000-crore textiles business.

Shah has two problems. He will collect 5 per cent GST from his buyer and pay 18 per cent duty on raw yarn. Also, his finished goods will face competition from cheap, imported fabric, which will attract an import duty of 15 per cent. At present, there is no excise duty on fabrics.

Surat produces 40 million metres of fabric every day, 20 per cent in composite mills that do all the value addition in-house. For these units, the accumulated duty credit and the additional working capital cost will be around 3 per cent.

The other 80 per cent of Surat's fabric is made in powerlooms and shuttle-less looms, which face an even bigger disadvantage post-GST.

"After GST, we will have to pay 18 per cent duty on yarn and another 18 per cent for job work of twisting and weaving. This will result in our costs going up by about 10 per cent," said Ashish Gujarati of the Aditya group, which has 150 powerlooms in Surat.

"Post-GST, imports of fabrics from China will cause severe damage to Indian fabric makers. The Indian weaving industry, especially the man-made fibre knitting and weaving units in Surat, Bhiwandi and Ludhiana, are already reeling under pressure and cheap imports from China will only add to their woes," said Sri Narain Aggarwal, chairman of the Synthetic and Rayon Textiles Export Promotion Council.

He explained the current taxes on imports of fabrics were 26.5 per cent: 10 per cent import duty, 12.5 countervailing duty and 4 per cent special additional duty. After the GST, imports will attract a tax of 15 per cent and as a result, imported fabric will become 11 per cent cheaper.

Cotton textile makers will not be affected because the GST rate on both yarn and fabric is 5 per cent.

At present, most imports are from China, and it may make sense for countries like Bangladesh, Sri Lanka and Vietnam to start exporting fabric to India. Annual fabric imports stood at $700 million, or Rs 4,500 crore, which the trade expects will rise manifold.

Aggarwal suggested that fabric imports be allowed only to actual users and CVD should be replaced with 23 per cent duty.

Surat's textile industry employs 1 million people, has 150 wholesale textile markets, 50,000 wholesale traders and 20,000 manufacturers, including powerloom owners.

The powerloom industry is fragmented with 2.7 million units employing 6.5 million workers in manufacturing hubs in Surat, Bhiwandi, Ichalkaranji, Malegaon, Tirupur and Coimbatore. Surat accounts for a quarter of the country's total powerlooms.

Another issue will be that of selling synthetic yarn blended with cotton. Aggarwal's said since cotton yarn would attract a 5 per cent GST rate and synthetic yarn 18 per cent, blended yarn with high polyester content could be sold as cotton yarn. Aggarwal suggested a 12 per cent GST rate for blended yarn.

Source smartinvestor.business-standard..com- June 16, 2017

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