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# IBTEX No. 77 of 2017 Apr 18, 2017

USD 64.50 | EUR 68.69 | GBP 81.06 | JPY 0.59

## Cotton Market

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

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 20127 | 42100 | **83.18** |

**Domestic Futures Price (Ex. Gin), May**

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 20870 | 43655 | **86.25** |

**International Futures Price**

| | |
|---|---|
| NY ICE USD Cents/lb ( May 2017) | 77.03 |
| ZCE Cotton: Yuan/MT ( July 2017) | 15, 580 |
| ZCE Cotton: USD Cents/lb | **86.32** |
| **Cotlook A Index – Physical** | **85.75** |

**Cotton guide:**

The effect of roll over has pushed the cotton price higher. The both front and near month contract i.e. May and July reversed higher to settle the session at 77.03 and 78.17 cents per pound gained almost 180+ points in a single trading session. Ahead of contract expiry and 1st notice period on 24th of April positions are being rolled over from May to July causing price to trade positive.

Monday was the second consecutive settlement higher and gains over those two sessions amounted to 194-points.

From the trading perspective; total open interest decreased by 3,740 contracts to 242,112. May contract interest decreased by 13,067 contracts to 31,516 while both July and December interest increased by 6,254 and 3,038 contracts respectively, to 111,062 and 88,073 contracts.

However, the domestic cotton market continues to trade very differently and independently on a downward trend. The spot price of cotton according to CAI for 28 mm fine grade quoted at Rs. 41,500 while for 29 mm at Rs. 42,700 per candy. The effect is clearly visible on the futures contract as well. The April future at MCX ended the session lower at Rs. 20,660 down by Rs. 70 from the previous close while rebounded from the intraday low of Rs. 20540.

We are precisely seeing difference in the price of domestic and global cotton price. The former is now correcting because of excessive higher price and the basis between them were earlier quoted above 16 cents. As of Monday the basis has corrected down to below Rs. 15.

We believe there may be the difference of price performance in the near term however we need to be cautious because the market may any point in time could take cues from positive movement of ICE cotton price. Therefore, we are restricting our views from being much bearish on the domestic cotton futures price and likely that soon it may align with the global counter parts.

This morning ICE cotton for July is seen trading at 78.42 cents up by 25 cents from the previous close and believe on today's trading session the contract may move in the range of 78.00 to 78.75 cents per pound. In the meanwhile, the USD index is trading onto lower trajectory to 100.28 cents and likely to fall below 100 which may possibly support the cotton price higher. The domestic cotton price for the given contract is expected to trade on a positive trajectory today and the range would be Rs. 20540 to Rs. 20850 per bale.

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

# NEWS CLIPPINGS

# INTERNATIONAL NEWS

## World Trade Growth in 2017 Highly Uncertain, WTO Says

World Trade Organization economists are forecasting global trade growth of 2.4 percent in 2017 but are placing this figure within a range of 1.8 percent to 3.6 percent due to "deep uncertainty about near-term economic and policy developments" and "the prolonged period of weak trade growth in recent years."

The WTO is also projecting trade growth of between 2.1 percent and 4.0 percent in 2018 after a weak 1.3 percent increase in 2016.

The WTO said leading indicators of real trade growth are up in the early months of 2017.

For example, container throughput of major ports has reached a record high, a key index of world export orders rose to its highest level in several years in February, and estimates of world GDP growth at market exchange rates have risen.

On the other hand, the WTO added, there are a number of clear and significant risks.

Growing anti-globalization sentiment and the rise of populist political movements have increased the likelihood of broad trade restrictive measures or the abandonment of existing trade agreements, which could damage consumer and business confidence and undermine international trade and investment.

With inflationary pressures building gradually in developed countries, central banks could accelerate their pace of monetary tightening, with negative consequences for economic growth and trade in the short run. Negotiations on the United Kingdom's pending withdrawal from the European Union will increase uncertainty about the shape of their trade relations in the future.

Source: strtrade.com- Apr 18, 2017

HOME

*****************

## Vietnam textile, apparel exports grow 11 pc in first quarter

Vietnam earned 6.84 billion USD from garment and textile exports in the first quarter of this year, a rise of 11.2 percent year on year, according to the Vietnam Textile and Apparel Association (VITAS).

Currently, Vietnamese garment and textile products have been available in 40 countries and territories over the world, with major markets including the US, Japan, the Republic of Korea, China and the EU.

Most businesses have had orders for the second quarter this year. However, orders have been in shorter and shorter terms with price not increasing.

The VITAS urged enterprises to optimize the capacity of their equipment to reduce production costs and seek orders for high-quality products.

This year, the garment and textile industry has set a target of reaching a growth rate of 6.5-7 percent compared to 2016 with the total export earning of over US$30 billion.

Source: yarnsandfibers.com- Apr 17, 2017

HOME

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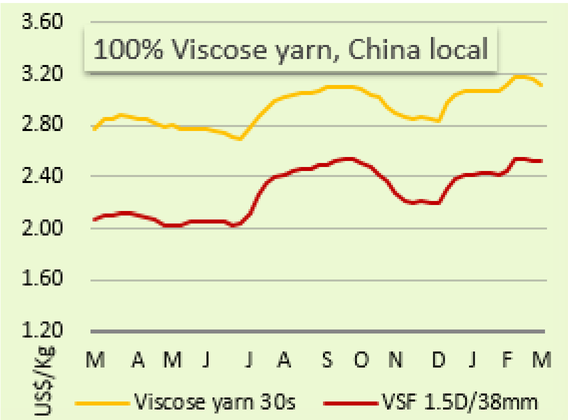
## Viscose yarn price declines in line with VSF prices




In China, offers for ring-spun 30s weaving yarn in Xiaoshan fell US cents 7 a kg in the first week of April, while compact siro-spun 40s yarn in Jiangsu declined US cents 5 a kg on the week.

Viscose spun yarn prices trended south rapidly in China as the decline in VSF prices accelerated that week.

Discussions for ring-spun 30s and siro-spun 40s yarn generally fell. Due to a long period of slow liquidity and tight funds, some yarn makers offloaded goods aggressively, leading to a mixed atmosphere in the market.

In Pakistan, viscose yarn was cheaper on the Karachi market following the retreat in VSF prices back to four-week ago levels. Demand has been slow for viscose yarn as downstream processors were anticipating lower prices in the coming weeks.

Viscose yarn prices declined on the week with 35s down PakRs3 per pound (down US cents 6) while 40s were down PaksRs2 a pound (down US cents 2) in Karachi market.

In India, although VSF prices have stayed put while viscose yarn prices moved down to neutralize the impact of INR appreciating in recent weeks. 30s viscose spun knitting yarn prices fell INR3 a kg (down US cents 4 on the week).

Source: yarnsandfibers.com - Apr 17, 2017

HOME

*****************

## Morocco to show denim collections at Premiere Vision

The Moroccan Investment Development Agency (Invest in Morocco) will be displaying an innovative and unique 'Made in Morocco' denim collection, designed by the world renowned denim visionary, Francois Girbaud at Denim Premiere Vision, which begins April 26 in Paris. The travelling collection developed with Girbaud has the theme of 'Cleaning the Planet'.

The collection will highlight Morocco's creative denim industry committed to a responsible production. The denims on display are biodegradable wash off products and dyed without using water; alternative solutions to respect and protect the environment.

The Moroccan team will also present the economic and industrial assets of Morocco at a conference titled 'Moroccan denim cluster: sustainable development, the engine for growth', where the team will also propose concrete, 100 per cent Moroccan solutions to brands that seek to combine technological innovation, responsible production and creativity in their denim collections.

Source: fibre2fashion.com - Apr 17, 2017

HOME

*****************

## Bangladesh: Govt, RMG makers move to address ILO conditions

Both the government and the apparel makers have moved forward to address certain conditions of the International Labour Organization (ILO), related to workers' rights, in the wake of the recent warning on withdrawal of the European Union's (EU) GSP facility for Bangladesh.

The European Commission (EC) recently issued the warning on temporary withdrawal of the Generalised System of Preferences (GSP) benefit for the country, if it fails to address the labour rights issues and come up with a proper plan of action in this regard within a certain timeframe.

"We have taken the latest warning seriously, and are trying our level best to address the issues concerned," Labour Secretary Mikail Shipar told the FE.

He further said: "The EU's GSP is important for us, as the EU is the major destination for Bangladeshi exports."

The government has already advanced one step regarding ensuring the workers' trade union rights in the country's Export Processing Zones (EPZs), and full implementation of the labour law in the EPZs may take some more time.

The government is going to discuss the issues relating to possible amendments to the labour law in the ensuing meeting of the National Tripartite Committee, he further said.

Besides, the government has also initiated the process of establishing a database to look into the trade union registration activities, especially the complaints made by the workers to this effect.

The government has recently formed a Tripartite Advisory Committee for the garment sector to address the labour-related issues, Mr Shipar added.

On the other hand, the apparel makers have already discussed the issues among themselves and decided to do everything possible to avert any untoward move from the EU.

"We are also serious about the EU's concern, and going to put forward our opinions and suggestions to the government shortly," said Mahmud Hasan Khan, vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The industry insiders, however, said since the concerns expressed by the ILO and the EU are very much related to the factories operating in the EPZs, the apparel units outside the EPZs do not have much to do in this regard.

According to them, exports from the factories of the EPZs account for only 8.0 per cent of the total exports, so the industry does not want that the country's total exports get affected by the EPZ-related labour issues.

"We will lose our competitiveness, if the EU withdraws its GSP for Bangladesh. Duty at the rate of 12.50 per cent has to be paid by the importers," a fish exporter said.

Nearly 80 to 85 per cent of the country's total frozen fish and shrimp exports go to the EU, he added.

Meanwhile, experts suggested that both the exporters and the government should take prudent steps for safeguarding the EU GSP facility.

According to them, suspension of the trade facility by the EU might create an adverse impact on the country's overall trade and economy, especially on bank and insurance sectors.

"Bangladeshi relevant authorities should take immediate steps to address the concerns and let the EU know about the country's time-bound plan of actions in this regard," said Mustafizur Rahman, distinguished fellow of the private think-tank Centre for Policy Dialogue (CPD), while talking to the FE.

Bangladesh is the EU's 33rd largest trade partner in goods, and the country's exports to the EU are dominated by clothing and textile.

Bangladesh fetched $17.15 billion, 61 per cent of its total garment exports, from exporting garment items to the EU in the fiscal year 2015-16.

The EC's latest warning has come following suspension of Bangladesh's GSP benefit by the US government in June 2013.

After the US GSP suspension, the EU earlier reminded Bangladesh of taking necessary measures for ensuring workplace safety and labour rights in order to retain its GSP benefit in the EU markets.

Source: thefinancialexpress-bd.com - Apr 17, 2017

HOME

*****************

## UK: Yorkshire’s textile trade enjoys spirited revival

The Textiles Growth Programme, a private and public sector partnership which was established by Sir Vince when he was Business Secretary, is helping to create jobs through a grant-funded scheme.

It supports capital projects, skills training and research and development in the textile industry.

Altogether, 113 textiles manufacturing businesses across West Yorkshire have invested £44.5m in the Textiles Growth Programme over the last four years, which has unlocked more than £10m in grants through the Government’s Regional Growth Fund.

This has helped to create 1,124 jobs and 166 apprenticeships in the industry, a growth programme spokesman said.

Bill Macbeth, the managing director of the Huddersfield-based Textile Centre of Excellence, which has more than 100 textiles manufacturing businesses in its membership, said: “The Textiles Growth Programme has illustrated the willingness and capacity of companies to invest in the sector.

“It’s also been instrumental in increasing the Government’s awareness of the strength of the sector and its potential for growth.”

Mr Macbeth said the sector must move forward to develop its plans for skills development, export and innovation.

“This is particularly important as we prepare for Brexit negotiations,” he added.

Sir Vince Cable said: “The textile industry was widely thought to be extinct in the UK, but some outstanding entrepreneurs, using new technology plus modest Government help under coalition industrial strategy, have turned things around. Reshoring is real and growing.”

Lorna Fitzsimons, the founder and director of the Textiles Growth Programme, said the programme had been launched five years ago, to recognise the opportunity for increasing UK fashion and textiles manufacturing.

She added: “This started us on a journey which led to the most extensive study on supply and demand for UK fashion and textiles manufacturing in decades.

“There is still more to do but this is a success story no one saw coming.”

Textiles production in the UK was worth £9.1bn in 2016, according to research from the Textiles Growth Programme.

The programme focused on LEP (local enterprise partnership) areas, which had previously had a history of textile manufacturing, including West Yorkshire, Greater Manchester, Lancashire, Leicestershire, Nottinghamshire and Derbyshire.

Exports of UK fashion and textiles have increased by 28 per cent since 2012, with 26 per cent of these exports heading to customers outside the European Union, the growth programme’s research found.

Source: briefreport.co.uk– Apr 17, 2017

HOME

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# China Yarn Market Operation Report

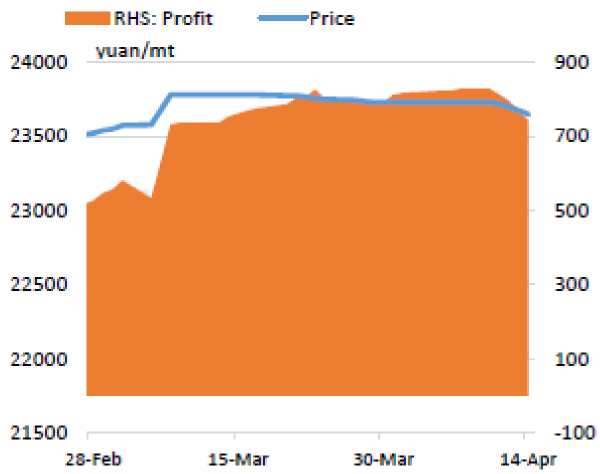
| Domestic yarn and spot imported cotton yarn price | | | |
|---|---|---|---|
| | 1-Apr | 14-Apr | Change % |
| Cotton open end yarn 10S | 14,695 | 14,630 | -0.44 |
| Cotton carded yarn 32S | 23,730 | 23,650 | -0.34 |
| Cotton combed yarn 40S | 27,660 | 27,500 | -0.58 |
| Polyester yarn 32S | 11,580 | 11,800 | 1.90 |
| Rayon yarn 30S | 20,300 | 19,900 | -1.97 |
| Polyester/Cotton yarn 45S (65:35) | 18,600 | 18,600 | 0 |
| Polyester/Rayon yarn 32S (65:35) | 15,560 | 15,550 | -0.06 |
| Pakistani C20S | 21,500 | 21,500 | 0 |
| Indian C32S | 23,650 | 23,600 | -0.21 |
| Uzbekistani C32S | 23,700 | 23,650 | -0.21 |
| Taiwanese open-end 10S | 16,000 | 16,200 | 1.25 |
| **Prevailing trading price** | | | |
| yuan/mt (after-tax) | 1-Apr | 14-Apr | Change % |
| Cotton high-grade carded yarn 32S | 24,000 | 23,800 | -0.83 |
| Cotton combed yarn 32S | 26,750 | 26,500 | -0.93 |
| Cotton high-grade combed yarn 40S | 27,950 | 27,500 | -1.61 |
| Polyester yarn 32S | 12,500 | 12,000 | -4.00 |
| Polyester yarn 50S | 15,500 | 15,500 | 0 |
| Polyester/Cotton yarn 45S (65:35) | 19,500 | 18,600 | -4.62 |
| Rayon yarn 30S | 21,600 | 20,200 | -6.48 |
| Rayon yarn 40S | 23,000 | 22,000 | -4.35 |
| Cotton type acrylic yarn 32S/2 (Taicang) | 22,000-24,000 | 22,000-24,000 | 0 |
| Spandex/Nylon covered yarn 2012 (semi-dull) | 60,000-85,000 | 60,000-85,000 | 0 |
| Spandex/Nylon covered yarn 2070/24F (semi-dull) | 32,000-40,000 | 32,000-40,000 | 0 |
| **Exchange rate** | | | |
| | 3-Apr | 14-Apr | Change |
| USD/RMB | 6.9061 | 6.9011 | ↓0.072% |
| Euro/RMB | 7.3831 | 7.346 | ↓0.502% |

## CCFGroup

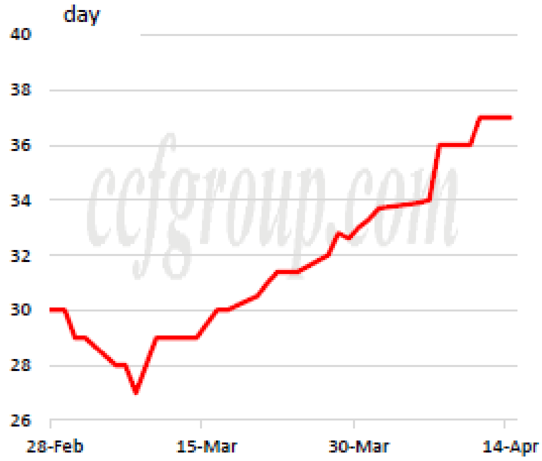
### Market review

Sales of cotton yarn turned weaker during the first half of April, and price moved down with lower cotton cost as more spinners used reserved cotton for production. Theoretical spot profit of cotton yarn 32S was around 800yuan/mt now, and spinners witnessed better margins than weavers. Most spinners still purchased cotton on a need-to-basis, with stocks mainly around 37 days. Inventory was accumulated more quickly than prior period, especially cotton yarn for knitting and 32S. Cotton yarn carded 40S for rapier was mainly quoted at 23,900-24,200yuan/mt after-tax. Price of cotton yarn is supposed to keep inching down and weakness may maintain in short run.

Price and profit of cotton yarn 32S

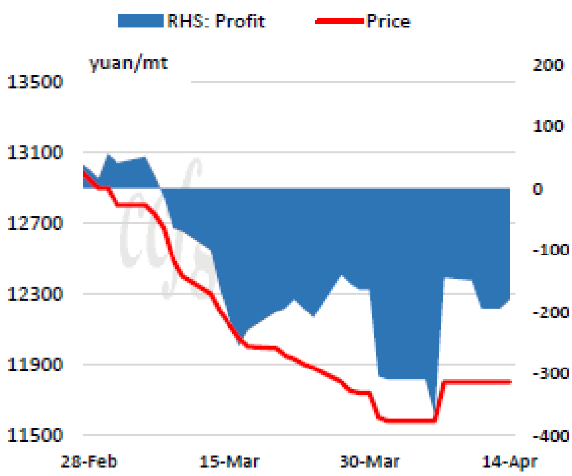



Cotton stocks in cotton yarn mills

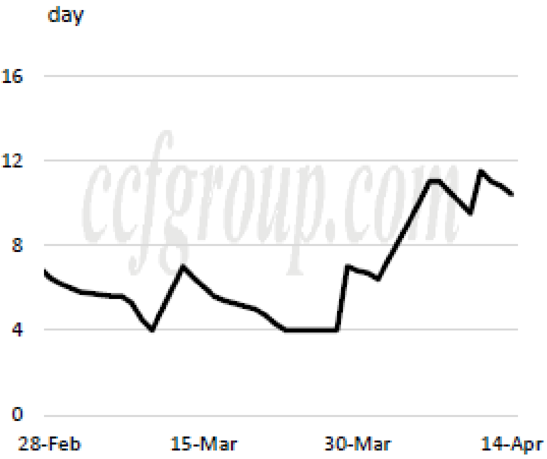



Market sentiment recovered boosted by crude oil price hike. Thus polyester yarn price went up after the Tomb-sweeping festival along with PSF price hike, sales also warmed up in Fujian, Guangdong and Jiangxi. Plant inventory significantly dropped down. However, as polyester feedstock went down, polyester yarn showed stable in the second week of Apr. At present, stocks of plants prevail at within 10 days with some even having orders to be delivered. Operating showed largely stable. Cash flow kept a little negative.

Price and profit of polyester yarn 32S

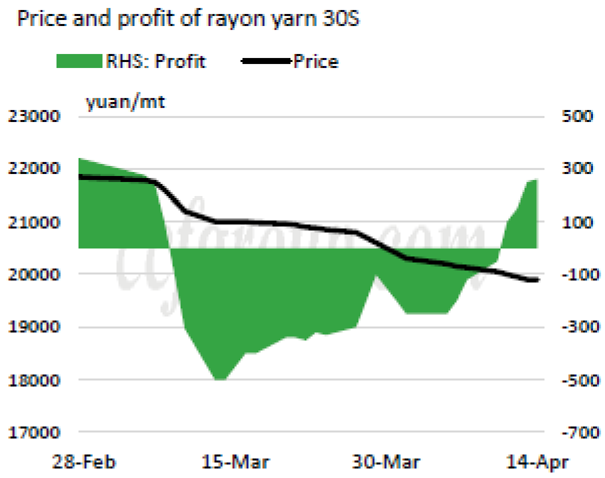


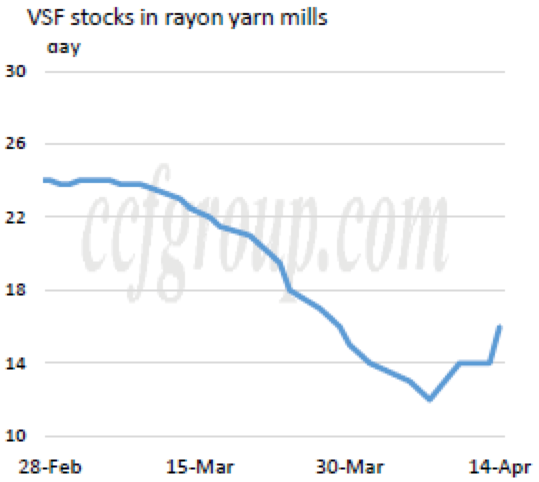

PSF stocks in polyester yarn mills



# CCFGroup

Rayon yarn prices kept moving down on fewer orders and falling feedstock market and some spinners started to cut operating rates after Tomb Sweeping Festival due to bigger inventory burden. After monthly settlement of VSF was put forward, rayon yarn mills in major areas replenished stocks and prices stabilized on increasing sales volume of VSF, but inventory was still high. OER30S was pegged at 18,800yuan/mt and compact siro-spun R40S was round 23,000yuan/mt by mid-Apr.




| Operating rate of spinners | | | |
|---|---|---|---|
| | 1-Apr | 14-Apr | Change % |
| Cotton yarn mills operating rate (%) | 62.90 | 63.00 | 0.16 |
| Rayon yarn mills operating rate (%) | 75.00 | 74.40 | -0.80 |
| Polyester yarn mills operating rate (%) | 71.50 | 71.50 | 0 |

| Downstream market | | | |
|---|---|---|---|
| | 1-Apr | 14-Apr | Change % |
| Greige inventory (day) | 22.70 | 22.90 | 0.88 |
| Loom operating rates (%) | 68.00 | 67.00 | -1.47 |

Source: ccfgroup.com - Apr 17, 2017

HOME

*****************

# APTMA exhorts China to invest in Pakistan's textile sector

Aamir Fayyaz, chairman of the All Pakistan Textile Mills Association (APTMA) exhorted the Chinese textile sector to invest in Pakistan by setting up joint ventures with Pakistani entrepreneurs or by relocating their facilities to Pakistan. He said the Chinese investors could take advantage of the duty free market access under the GSP+ facility.

"Fayyaz was addressing a delegation of textile companies from Tianjin city of China in the APTMA Punjab office," Pakistan media reported.

He also pointed to the incentives provided to textile value added exporters by the government recently, which include provision of DLTL at 4 per cent on yarn and gray fabric, 5 per cent on processed fabric, 6 per cent on textile made ups and 7 per cent on apparels against export realisation.

Fayyaz also added that Pakistan's foreign investment policy allows zero per cent duty on imports of capital goods, zero per cent corporate income tax rate and 10 years corporate income tax holiday among various other subsidies.

Source: fibre2fashion.com - Apr 18, 2017

HOME

*****************

# NATIONAL NEWS

## Will rupee's gain be Indian exporters' loss?

Indian exporters have had some hard times over the past two years, with exports falling for 19 consecutive months till June 2016.

Even after that, recovery has been lacklustre, and does not project the prospect of a long term positive growth, in the backdrop of shaky recovery of the world economy.

A growth of above 27% in March 2017, was heartening but a sharp appreciation of the Indian rupee against the dollar is threatening to play spoilsport.

**The cause of the problem**

The Indian rupee has appreciated around 5% since the beginning of this year, and experts' forecast for the rest of the year is not good from an exporter's perspective.

Many analysts believe that the rupee will settle at Rs 63 against the dollar by the end of 2017.

Exporters have reached out to the government, asking for support.

“We are in a difficult situation. The price of steel has increased by 12-15%, and this has increased the price of the final product by about 5%.

Engineering exports were under pressure between 2015 and 2016, and now the rupee value is hurting the recovery,” said SC Ralhan, president, Federation of Indian Export Organisations (FIEO).

FIEO has approached the government for incentives under the Merchandise Exports from India Scheme (MEIS) scheme.

## Will government pay heed to exporters' demand?

In a conference held in Tokyo, Union Commerce Minister Nirmala Sitharaman hinted that the government expects the exporters to get used to an appreciated rupee.

"I would think it is important for us, and I am sure the exporters would be fairly clear in their head about it; currency-based lack of competitiveness is far lesser in the context of rupee strengthening for the Indian exporter, even though I grant it that strengthening of the Indian rupee of late is not against just one currency," *Mint* newspaper quoted her as saying on 17 April.

Even as the government looks unwilling to do anything to provide a cushion to exporters in terms of the value of the Indian currency, the RBI is known to intervene in case of steep rise or fall in the value of the rupee. But in case the rupee settles at Rs 63-65 against the dollar due to high liquidity inflow in the Indian markets, the RBI may not be able to do anything.

"RBI intervention seems to be decreasing as forex markets and turnover are increasing quickly. We see this trend continuing, and might see the rupee appreciate up to 63 levels, this works favorably for foreign investors who are buying up Indian debt on the back of higher returns caused by a currency move in the rupee's favor," *Moneycontrol* quoted Nikhil Kamath, co-founder & head of trading, Zerodha, as saying.

## Is there a way out in the short to medium term?

DK Nair, former secretary general of the Confederation of Indian Textiles Industry, says: "As a manufacturing country, we are not competitive. Our productivity is very low compared to any of the Asian competitors, and a depreciated rupee is the only help that Indian exporters get to remain competitive. In case even that goes, it will actually affect our exports."

Talking about short-term relief to exporters under MEIS, Nair says that by 2018, India has to weed out any sort of subsidy for its textiles sector under WTO guidelines. India now accounts for more than 3.25% of global textiles exports, and WTO rules prohibit India from subsidising its exports beyond 2018. Therefore, the government may be unwilling to make Indian exports competitive under MEIS for now.

As a long-term solution, Nair emphasises on the need to improve Indian infrastructure and electricity availability, to mitigate the risks of an appreciating currency.

On an average, industrial units in India face power cuts of up to 12 hours a day during summers – which last for more than six months – forcing exporters to rely on expensive diesel-powered generators to run manufacturing units.

Given the present scenario, the Indian exporters can only hope that the Indian rupee settles at the current level, and the government improves the domestic infrastructure before the currency appreciates further.

Source: catchnews.com- Apr 17, 2017

HOME

*****************

## WPI inflation for textiles rises 0.2% in March 2017

India's annual rate of inflation, based on monthly wholesale price index (WPI), increased to 5.70 per cent for March 2017 over corresponding month of the previous year. The index for textiles sub-group rose by 0.2 per cent to 142.9 in March from 142.6 in February 2017 due to higher price of tyre cord fabric (5 per cent) and man-made fibre (1 per cent).

Build up inflation rate in the financial year 2016-17 so far stood at 5.70 per cent compared to a build up rate of minus 0.45 per cent in the same period of the 2015-16. Annual rate of inflation was 6.55 per cent for February 2017 and minus 0.45 per cent in March 2016.

Meanwhile, the official WPI for all commodities (Base: 2004-05 = 100) for the month of March, 2017 declined by 0.1 per cent to 185.3 from 185.5 for the previous month, according to the provisional data released by the Office of the Economic Adviser, ministry of commerce and industry.

The index for manufactured products (weight 64.97 per cent) for March, 2017 declined by 0.1 per cent to 158.7 from 158.8 for the previous month.

The index for textiles sub-group rose by 0.2 per cent to 142.9 from 142.6 for the previous month due to higher price of tyre cord fabric (5 per cent) and gunny and hessian cloth, man-made fibre, jute yarn and cotton fabric (1 per cent each).

The index for primary articles (weight 20.12 per cent) declined by 0.2 per cent to 257.5 from 258.1 for the previous month. The index for fuel and power (weight 14.91 per cent) also declined by 0.1 per cent to 203.7 from 203.8 for the previous month due to lower price of bitumen and furnace oil. However, the price of LPG and aviation turbine fuel moved up.

Meanwhile, the all-India consumer price index (CPI) on base 2012=100 stood at 3.81 (provisional) in March, 2017 compared to 3.65 (final) in February, 2017 and 4.83 in March, 2016, according to the Central Statistics Office, ministry of statistics and programme implementation.

Source: fibre2fashion.com- Apr 17, 2017

HOME

*****************

## Sircilla textile town gets new garment production centre

A new training and garment production centre has been launched at the textile park near Sircilla in Telangana by the state government in order to provide employment to women.

As many as 40 Juki sewing machines have been installed at the centre to provide training as well as manufacture garments. The number of machines will gradually be increased to 150.

Close to 50 women will be trained over a period of 15 days and the centre will provide employment to 200 women who can earn anywhere between Rs 400 and Rs 500 per day by manufacturing 30 garments.

The centre was inaugurated by KT Rama Rao, minister of handlooms and textiles, Telangana.

He said that the government has also planned to set up an apparel park at Sircilla by investing Rs 30 crore with a view to increase employment opportunities for local people.

The minister also said that Rs 1,283 crore has been allocated by the government for textile and handlooms sector in this year's budget.

More such training and production centres will be established by allocating funds for it in the budget and giving more subsidies.

Source: fibre2fashion.com- Apr 17, 2017

HOME

*****************

## Beyond Hype Over 'Make in India', Where Are the Jobs & Investment?

How does one judge 'Make in India'? Recent news that foreign direct investment (FDI) flowing to defence in 2016-17 was an absurd trickle of Rs 61,000 (or perhaps $61,000, the Ministry of Defence didn't specify) seems to have not caused much of a ripple.

Nor has the fact that FDI in defence in the past three years has been – this isn't a typo either – $1,74,000, notwithstanding several liberalisation announcements.

Defence is just one, albeit telling, sector, with its own peculiarities such as the much-delayed "strategic partners" policy and a single buyer – the Ministry of Defence. But it is an exaggerated version of the story playing out across the high-profile Make in India campaign, which promises to generate millions of jobs in India by increasing the share of manufacturing to 25 percent of gross domestic product (GDP).

### Struggle to Emerge as a Manufaturing Major

India has seen strong FDI flows in the last couple of years, but most of this is going to ride-sharing services like Uber and Ola and e-commerce providers like Amazon and Flipkart.

FDI in manufacturing hit a high of US$9.6 billion in 2014-15 (slightly better than the previous 2011-12 record), but actually fell the next year to US$8.4 billion.

A major pickup in 2016-17 seems unlikely.

Despite rising costs in China, India has made little headway into becoming a global manufacturing alternative, particularly at the low end that generates the most jobs.

***Textiles and clothing jobs from China are moving to Myanmar, Cambodia and, yes, Bangladesh, while Vietnam, Thailand and Indonesia are gaining in electronics production.***

India has become a global small-car hub over the last couple of decades, but this relatively high-end segment is not a massive job-creator.

**Labour Reforms in BJP-Ruled States**

Things are slowly changing. India has a large domestic market to leverage, and the two dedicated freight rail corridors it is now building (connecting Delhi with Mumbai and Kolkata) should contribute to a major reduction in logistics costs in a few years. But, for now, southeast Asia is eating India's lunch.

There are limits to what a government can do. India can't, and arguably shouldn't, try to emulate China's labour suppression that kept manufacturing costs down, which Myanmar, for instance, could.

This government isn't even pushing the smaller measures forcefully enough.

The focus on "ease of doing business" reforms is commendable, but only four of 31 states have implemented meaningful labour reform in the last three years. Even if the Opposition doesn't want to cooperate, the BJP could certainly prod its 12 other states to follow suit.

**Myths About 'Make in India' Initiative**

And let's not forget the self-goals. Demonetisation might have contributed to the BJP's political victory in Uttar Pradesh, but it has shredded the informal sector.

Large companies in sectors from automobiles to consumer goods have laid off thousands of workers, as have their suppliers. Demonetisation may have delayed the goals of Make in India by months, if not years.

It’s not a bad thing for India’s aspirations to exceed its political grasp, but a trending social media hashtag won’t generate jobs.

India has always done its bit of manufacturing, and the true test of Make in India lies in whether its GDP share meaningfully rises, not in photo-ops.

Source: thequint.com - Apr 17, 2017

HOME

*****************

## ITF urges Tamil Nadu govt to announce textile policy

The Indian Texpreneurs Federation (ITF) has urged the state government of Tamil Nadu to introduce a 3-year textile policy to support the industry.

The state has a robust eco-system for manufacturing textiles and garments and the government should introduce a policy to help sustain as well as improve the existing production units in the state.

States such as Madhya Pradesh, Maharashtra, Gujarat and Telangana already have such policies, which are bringing textile investments into these states.

The federation also said that various states including states that have cotton offer capital subsidies, giving a price advantage to textile units.

With the new textile policy, the government should help improve technology in manufacturing units of the state and work towards making them more energy efficient.

Area under cotton in Tamil Nadu should also be increased. Some of the other measures include skill development initiatives, promoting 'Made in Tamil Nadu' brand and working towards the growth of Tiruppur, Karur and Erode clusters, according to a report in a leading daily.

The federation also wants the state government to support the e-commerce sector and promote textile items made of man-made fibres. It seeks a policy that is along the lines of the Central government's textile policy. The government should also set up a task force to discuss its growth plans with the industry.

Members of ITF will meet the state's CM and other ministers to propose the introduction of the textile policy.

Source: fibre2fashion.com- Apr 17, 2017

HOME

*****************

## US, UK & Singapore: Why the world wants to keep the Indian techie out

The US is not the only country averse to Indian tech workers. The UK too has revised its immigration laws. In November last year, the UK announced its new visa rules which set a higher salary threshold for anyone applying under the Tier 2 intra-company transfer (ICT) category under which Indian tech companies take their workers to the UK.

Singapore is the latest to join the so called 'keep the techie immigrants out' camp. It is showing resistance to Indian tech workers. Since 2014, the Singapore government has increased the minimum salary for eligibility to apply for a job in Singapore.

It has asked companies to advertise jobs locally before applying for a work permit. Since February 2016, it has been withholding decisions on work permit applications of Indian companies.

Visas for IT professionals to work in Singapore have dropped to a trickle, prompting the Indian government to put on hold the review of the Comprehensive Economic Cooperation Agreement with the country citing violation of the trade pact.

The world is increasingly resisting Indian tech workers whose hard work for frugal salaries has become a legend. It's a bit of a stretch to see the Indian techies as the new imperialists, but the fear they evoke in the west might be based on what happened nearly a century ago.

With the industrial revolution in the west, India became a big importer of textiles from being a leader in textile exports in a matter of decades—due to cheap mass-manufacture technology.

England's cheap machine-made textile goods ruined India's superior but costlier textile industry and a sophisticated banking system that financed it.

Indian tech companies are the new textile mills of Manchester and Lancashire, churning out cheap services with which the local IT services industry in the US cannot compete.

While the English mills had a free run in absence of any tariff barriers in India, Indian tech companies face growing restrictions.

Source: economictimes.com - Apr 17, 2017

HOME

*****************

## Indian handmade carpets may get government trademark

The government is developing standards and a trademark to reinforce India's position as the top source of handmade carpets and ensure that products comply with quality benchmarks.

**Weaving a Brand**

**Govt to create a brand for Indian handmade carpets like Australia's Woolmark**

Aim is to guarantee quality for the global carpet market

Carpets from Kashmir, Mirzapur, Bhadohi and Varanasi to get mark of quality

Training for weavers to meet certification

Carpet shipments growing nearly 10% every year

India has 40% share of handmade rug exports

Europe and America chief importers of handmade carpets

The textile ministry has begun efforts aimed at creating a brand for Indian handmade carpets along the lines of Australia's Woolmark, which is a guarantee of the highest quality of wool. "We are working on a brand… a trademark that will ensure that the products comply with the standards set by the organisation," said Mahavir Pratap Sharma, chairman, Carpet Export Promotion Council.

"We will take two or three years to create parameters on turnover, employment and compliance with effluent treatment norms." India has a 40% share of world's handmade rug exports at around Rs 9,000 crore. Shipments are growing almost 10% annually.

Iran, China, India and Nepal are the key players in the global carpet trade. Iran accounts for about 20-25% of total exports, China for about 20% and Nepal for a nearly 10%.

Other significant exporters include Turkey, Afghanistan and Pakistan.

China's carpets are largely machine-made. Europe and America are the chief importers, accounting for almost 95% of total carpet imports. In EU, Germany dominates with a 40% share of all carpet imports. Consumers in Russia, China and Brazil and Chile are expanding rapidly.

The idea is also to use existing geographic indications on handmade carpets from Kashmir, Mirzapur, Bhadohi and Banaras (Varanasi) and showcase them across the world using the planned mark of quality.

The council also plans to set training standards so that weavers can meet certification norms. Sharma said competition from machine-made carpets is increasing. However, India has less than 1% share of global machine-made rugs.

"We want India's handmade carpets to become synchronous with the brand. We want to put it across that handmade carpets can be as per customers' choice, unlike machine-made rugs," he said.

Source: economictimes.com- Apr 18, 2017

HOME

*****************

## Tantuja handloom sari set to go global with Amazon US

The Amazon India and Flipkart are already marketing the iconic Tantuja handloom saris for sometime but with the online shopping portal Amazon-US deciding to market Tantuja handloom saris and other products, it is set to go global.

MSME, handloom and textiles minister Swapan Debnath stated that Amazon-United States will sell tantuja sari. This is a new initiative which will promote and sell Tantujas products in the United States.

So far, online marketing of the saris and other handloom products was restricted to the domestic market as till recently Tantuja was passing through a severe financial crisis.

Tantuja will continue to take the omni-channel marketing route for reaching out to customers.

In order to add value to its products portfolio, Tantuja has invited weavers from Varanasi to work on its special Benarasi saris.

Tantuja, under the West Bengal State Handloom Weavers Cooperative Society, will work together with Amazon-US for overseas promotion and marketing of the products.

Source: yarnsandfibers.com - Apr 17, 2017

HOME

*****************

## E-commerce may cover commodity exchanges in GST: ASSOCHAM

The scope of the e-commerce definition as given in the Goods and Services dispensation has been left so wide that it could go well beyond Amazon or Flipkart marketplace platforms and may even cover the commodity exchanges, ASSOCHAM has said.

The body seeks clarity from the government to remove uncertainty among businesses, as the GST is set for a roll out.

"The scope of the terms 'electronic commerce' is very wide and does not restrict itself to cover electronic marketplace service providers like Amazon and Flipkart. It covers all businesses where the supply of goods/services is through a digital or electronic network," the ASSOCHAM said in communications to different concerned ministries.

The association said since the term 'e-commerce' covers all businesses where the supply of goods/services is through a digital or electronic network, there is a possibility of 'unwarranted interpretations' which may lead to future and commodity exchanges being treated as an electronic commerce operator in respect of commodity derivatives which result in actual delivery of the goods.

"In our opinion such an interpretation will not be in consonance with the object and intent of special provisions for the electronic commerce business. There are distinguishing legal and operational factors between e-commerce operators and commodity exchanges.

The commodities exchanges cannot be treated as electronic commerce operator in their legal capacity as well as in common parlance," the chamber pointed out.

"The ASSOCHAM would like a seamless and flawless roll out of the GST to infuse a sense of confidence among the consumers, trade and industry. Eventually, the GST should become a showpiece of our reforms," said DS Rawat, secretary general, ASSOCHAM.

Rawat said the chamber, is doing its bit to reach out to the stakeholders and holding a large number of workshops and training seminars for the industry and trade in different parts of the country.

Source: fibre2fashion.com - Apr 18, 2017

HOME

*****************

## V-Bazaar expects to make Rs 500 crore in revenue by 2020

Fashion and apparel retailer V-Bazaar Retail expects to earn Rs 500 crore in revenue by 2020 and plans to add as many as 45 new stores in tier II and III cities in India at an investment of Rs 75 to Rs 90 crore.

V-Bazaar already has 14 stores in Bihar and Uttar Pradesh that earned Rs 44.8 crore in revenue during the financial year 2016-17.

The retailer will open new stores in Jharkhand, Gujarat, Uttarakhand and Rajasthan, besides Bihar and Uttar Pradesh, said the company in a statement.

V-Bazaar plans to take its store count to 56-57 by the end of fiscal 2019-20, said Hemant Agarwal, retail chairman and managing director, V-Bazaar.

The company is currently only focusing on tier II and III cities, added Agarwal.

Close to 40 per cent of the total revenue earned by V-Bazaar Retail comes from men's apparel, while womenswear and kids apparel contribute 25 per cent and 23 per cent, respectively.

Agarwal also said that close to Rs 2 crore will be invested in opening a single new store, which will come from internal accruals.

Source: fibre2fashion.com - Apr 17, 2017

HOME

*****************

## Zero-defect plan : Tirupur cluster seeks Centre's support for workforce skilling

Apparel exporters in Tirupur have set their sights on making the cluster a 'zero defect textile manufacturing hub' in India. To achieve this vision, they have sought government support for a one-time intervention.

Recalling Prime Minister Narendra Modi's call for making Indian manufacturing sector "zero defect and zero effect" from the ramparts of Red Fort last August, Tirupur Exporters' Association president Raja M Shanmugham told this correspondent that Tirupur industrial cluster is best suited to implement the initiative.

### NIFT-TEA role

Knitwear fashion institute NIFT-TEA, founded by exporters, is already involved in running several projects of the government, including skill development initiatives, with the support of the Centre and state.

"The institute, in our perception is in a unique position to undertake this exercise of making Tirupur cluster a zero defect textile manufacturing hub, albeit with support from all the stakeholders," Shanmugham said.

A NIFT-TEA study has revealed that at least two lakh employees will need to be upskilled in the Tirupur Apparel cluster.

"There is a need to modify the existing skill development scheme guidelines to include "Skill Up gradation" as the focus is now only towards creation of new skilled labour.

"As more than 80 per cent of the industries in Tirupur are categorised as MSME (Micro Small Medium Enterprises), they lack the scale for undertaking efficiency improvement initiative.

Even a cursory review of the operation of the units here would reveal that there is huge scope for improving the operational efficiency of MSMEs.

These units are not generally keen to take a professional approach because of their size, knowledge levels and capacity to absorb costs," he said.

"A massive state-funded initiative is the need of the hour to make the cluster a zero defect manufacturing hub. Even a 10 per cent reduction in wastage/ defects would result in a saving of ₹2,000 crore a year, notwithstanding the additional growth in business volume," he added.

NIFT-TEA has estimated the upskilling cost at ₹124 crore.

Source: thehindubusinessline.com - Apr 17, 2017

HOME

*****************

## Some trippy trouser trends

This summer, give trousers the attention they deserve and, in return, develop a unique style statement. Comfort stays a constant companion as you experiment with the fabric, fitting and colours.

**Cargos**

Designed as a military clothing initially, cargos are an extremely popular choice. While the baggy nature ensures some essential air flow and guarantees comfort, the four to six pockets the trousers come with will let you carry things like phones and wallets around, sparing you from the trouble of carrying a bag around.

**Khadi**

Khadi, the Indian homespun cotton cloth, is one of the best summer choices, says Ganesh Nallari, a city-based fashion designer.

"They are the best of comfort fits. I've been experimenting a lot with colours like lime green that bring about a fresh feel in the attire," he says.

**Dhoti pants**

Dhoti pants can bring a desi twist and uniqueness to your attire, shares Ganesh. Experiment with neutral tops to emphasise on the pants, which have a vibrant variety in terms of colours, patterns and fabrics to offer.

**Turkish trousers**

Also known as dimije, these baggy trousers are gathered tightly at the ankle. The costume which is part of the Turkish folk is comfort and unique style rolled in one, says Ganesh.

**Chinos**

Chinos are a subtle variation to khaki. This extremely versatile clothing, which comes in striking diversity of colours, can serve to be an office wear too. They go with any kind of tops and footwear, and offer the same comfort that cotton-based trousers do.

Source: telanganatoday.news - Apr 17, 2017

HOME

*****************

## E-way bills under GST get mixed signals from logistics players

The proposed electronic way bill under the goods and services tax regime (GST) has evoked a mixed reaction from from logistics players, who expect challenges in operationalising it in its present form in the short run.

However, they agree that ultimately this would lead to easier funds flow.

The Central Board of Excise and Customs (CBEC) put out a proposal on e-way bill, as a part of easing inter-State traffic movement under the GST regime.

"The proposed e-way bill in the GST regime will put an additional layer of documentation by way of prior online registration of the consignment for transporting shipments exceeding ₹50,000. The objective of the GST is to bring a lot of ease in doing business.

"However, the requirement of securing e-way bill for inspection by GST officials in transit seems a dilution, as this is likely to lead to interception of vehicles in all inter-State and intra-State movement of goods," said K Satyanarayana, Co-founder and Director, Ecom Express Private Ltd.

Ecom Express said that unforeseen circumstances leading to transfer of goods from one vehicle to another may nullify the earlier e-way bill and transporters would have to create a new e-way bill on the GSTN portal before moving ahead.

In case of third party logistics providers, for consignment value exceeding ₹50,000, the sender as well as the transporter will have to upload details to generate an e-way bill, Satyanarayana added.

Furthermore, Ecom Express had concerns on the rigid timelines regarding e-way bills as emergencies can arise in the course of transport, triggering delays in transit beyond the specified number of days leading to tracking etc.

The unorganised nature of the logistics sector will make it difficult for players to adopt electronic-way bills, as proposed by CBEC, as the country readies to migrate to the GST regime, Mayur Gandhi, CFO, DB Schenker Logistics, told *BusinessLine*.

"There will be less manual intervention leading to less errors and much clearer documentation. Also, there will be challenges as the sector is unorganised. E-way bill, which is in proposal form, should be implemented after two years as that would be the time taken after GST," he said.

But some aspects of the e-way bill were welcomed.

Chander Agarwal, Managing Director, TCIEXPRESS, said the provision will benefit the government and transporters.

"While it allows government to keep a tab on the movement of goods to be transported, it will also allow transporters to file a complaint if the vehicle is detained for a period exceeding 30 minutes.

The e-way bill portal allows the transporter, supplier and the recipient to be on a single platform through which tracking of goods will be enabled through Radio Frequency Identification," Agarwal said.

"As an organised player we believe also that this move by the government will help to help regularise the unorganised sector as well as curb malpractices," said Agarwal.

Jugnoo, a start-up, welcomed e-way bills and even said it was planning to launch "something in this domain". "Recommendation of e-way bills for inter-State movement of goods is a remarkable initiative as it will enable standardisation of processes and bring transparency in the system. This proposal has immense potential to completely root out the corrupt practices in this sector," *Samar Singla, CEO and Founder, Jugnoo said.*

*Anjani Mandal, CEO and co-founder, 4TiGO, another start up, said: "The advance declaration of goods being carried to authorities creates the platform and grounds for "low-risk" consignments to be treated differently and let through all check-posts."*

Source: thehindubusinessline.com - Apr 18, 2017

**HOME**

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