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IBTEX No. 2 of 2017 Jan 03, 2017

USD 68.08 | EUR 71.39 | GBP 83.75 | JPY 0.58

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
19051	39850	**75.61**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
19890	41605	**78.94**

International Futures Price

NY ICE USD Cents/lb (March 2017)	70.65
ZCE Cotton: Yuan/MT (January 2017)	14,850
ZCE Cotton: USD Cents/lb	**82.82**
Cotlook A Index – Physical	**79.40**

Cotton & currency guide: Cotton price made a high of 19570 and settled at 19550 higher by Rs 230/bale compared to Friday. Price gained in line with our expectations. Cotton prices firmed up Rs 200/candy in Central India and by Rs 300-900/candy in South India triggered by renewed demand amid slower arrivals. Renewed demand from local spinning mills across South India set cotton price on the uptrend at the beginning of the year, nearing a 2-month high on Monday.

U.S cotton futures were closed on account of NEW YEAR holiday.

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

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INTERNATIONAL NEWS

Vietnam textiles and garments exports to US increasing with or without TPP

Vietnam's biggest export market, the US which consumes 50 percent of Vietnam's total textile & garment export turnover, if TPP takes effect, analysts estimate that Vietnam's textile & garment export turnover would increase by 30-40 percent in the first year of the agreement implementation, and would increase by twofold after three to four years.

In October 2016 alone, Vietnam exported $9.476 billion worth of textile & garment products to the US. This means that export turnover would reach $16 billion by 2018, an increase of $3 billion, and to $20 billion by 2020.

However, the figures may be unattainable after Donald Trump, who takes office as the 45th US President on January 20, 2017, is against the TPP because of concern about jobs for US citizens, as the domestic industry will have to compete with imports from TPP countries.

Truong Van Cam, Vitas' secretary general, said that Vietnam will still see its textile & garment exports to the US increasing, with or without TPP.

In recent years, the export turnover to the market has been growing steadily by 12-13 percent per annum, while the US import turnover has been growing by 3 percent only. Vietnam's products just account for 9 percent of the US total textile & garment imports.

According to Le Quoc An, a textile & garment expert, and former chair of Vitas, there are three possible scenarios for Vietnam.

First, TPP could take effect, but the content of the agreement would change. If so, Vietnam's export turnover to the US would be 50 percent lower than initially designed.

Second, TPP fails. If so, Vietnam's exports to the US will still enjoy MFN like other WTO members. In this case, exports would depend on US economic performance

Third, there is no TPP, and the Trump administration imposes a monitoring scheme and anti-dumping duties on imports from Asia, including Vietnam. If so, Vietnam's exports would decrease.

Nguyen Duc Thanh, head of VEPR, is of the view that the US withdrawal from TPP won't affect Vietnam's exports to the market. However, textile & garment exports would not increase as sharply as initially planned.

Source: yarnsandfibers.com– Jan 02, 2017

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Vietnamese textile sector workers need retraining to compete with robots

With the technology movement in Vietnam, millions of workers in the textile sector to get affected, according to a survey by the Chamber of Commerce and Industry of Vienam on labour market trends.This is one of the major downsides of the technological revolution that has for many years also greatly benefited people and economies. To ensure jobs, not only the State and enterprises, but also the workers themselves have to improve their skills to adapt.

Dao Thi Thu Hien, chief of office of Canon Viet Nam, said that seven years ago, Canon Thang Long Plant in Dong Anh District employed 13,000 workers, but the number had dropped to 8,000 with automation, while turnover and production remain stable. According to Hien, with robots and computing advancements replacing workers, especially those performing repetitive tasks, low-skilled workers are the most harmed.

Deputy General Director of the Garment No.10 Corporation, Nguyen Thien Ly, said that the trend of using technology to replace human labour is indispensable in order to reduce costs and compete.

In recent years, the company had to invest in equipment to cut labour costs, she said. For example, an automatic cutting machine could replace 12-15 employees, said Lý. Over the past year, the garment industry faced difficulties due to the increase of labor costs in Vietnam while there were fewer preferential tax policies so application of new technologies replacing labour will partly help solve this difficulty.

According to a survey by the World Labour Organisation (ILO), to meet the trend of integration, some foreign-invested garment factories in Vietnam put advanced technology in use last year to replace 10 to 15 workers in each stage of production.

In the coming years, 86 percent of Vietnamese workers are at high risk of losing their jobs to automation, according to the ILO's study. Robots will replace three-quarters of the workers, the study said.

This requires Vietnam to develop a comprehensive and synchronous strategy, said Vu Tien Loc, chairman of VCCI.

Dao Van Vinh, director of the Institute of Labour and Social Sciences under the Ministry of Labour, Invalids and Social Affairs (MOLISA), said that globalisation and the scientific and technological revolution are posing challenges for the labour market.

Over million of workers in the country had undergone training and gotten diplomas and certificates. But the country still lacks skilled workers as well as corporate governance, finance, banking, information technology and automation.

According to statistics of the Vietnam National Productivity Institute, the Vietnamese are assessed to be hard working and dedicated labourers, but labour productivity remains lower than in other ASEAN bloc countries.

Vietnam would take many more decades to catch up with them as well as with other advanced countries in the world, Vinh said.

The working environment at enterprises was a good school and enterprises should actively participate in the training process to meet the demand of the labour market.

Most employees have to be retrained when they are recruited. Enterprises are looking forward to State support in training qualified workers.

Source: yarnsandfibers.com– Jan 02, 2017

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Nigeria losing $6.5bn cotton export revenue

Nigeria is missing out among the selected 15 African countries on the share of cotton in product exports by the World Cotton Market on cottonguide.org, as cotton farming in Nigeria due to lack of improved seeds, access to extension services and low prices of the produce have been facing major setback over the years.

As a result, Nigeria is said to be losing about $6.5 billion export opportunities in cotton annually. It's contribution to GDP dropping from 25 percent to 4 percent.

It has also been revealed that the country spends $4 billion annually importing textiles and readymade clothing, which could have gone into the pocket of Nigerian farmers if the industry is revived.

Cotton farmers, especially in Northern Nigeria, have been lamenting over recording low yield and returns despite working hard and investing so much in the production of cotton. This development forced many farmers to divert attention to the cultivation of other crops like maize, sorghum, soybean and cassava.

Today, cotton which is essentially produced for its fibre, which is universally used as a textile raw material served as an important commodity in the world economy and is being used more than any other fibre.

Considering the arable fertile land Nigeria possesses, with the important use of cotton across the country and the world, coupled with states like Kaduna, Kastina, Zamfara, Sokoto, Ondo, Ogun, Oyo, Osun and others where cotton grows, farmers say Nigeria can achieve 60 to 70 percent of what America is getting today .

If government at various levels could provide improved seeds, fertilizer, modern equipment like tractors for clearing of land and give right supports.

In order to revive the cotton industry, stakeholders said that Nigerian authorities must adopt biotechnology cotton, which they say has a high potential for added value.

The industry will continue to witness tremendous decline in production of high yielding, pest and disease-resistant variety such as the biotechnology cotton failed to be fully adopted by the Federal Government, according to stakeholders.

Government need to now graciously revisit those schemes and ensure that there is cotton corporation just like the board as a guide because there is no way farmers can produce cotton without government intervention.

A cotton farmer from Zamfara, Dinladi Hassan Dinladi, said that farmers are no longer cultivating cotton because of low yields, lack of competitive price and market, and no improved seeds to replace the conventional ones. Since the dissolution of the Marketing Board, there has been no particular cotton market in Zamfara where farmers can take their cotton to be graded to determine the levels of the quality.

Before the dissolution of Marketing Board, cotton used to be graded and rated A, B, C and D according to its quality. This is because any contaminated cotton will be rejected right at the spot. These are done for farmers to get value for their produce.

The government is urged to provide special intervention funds for cotton farmers, which would enable them to be committed to cotton farming and production.

The abandoning of cotton resulted to textile industry in Nigeria going moribund. If cotton industry is revived, the textile industry will come alive and if the textile industry is revived, cotton production will be on the rise. The two industries need each other. So government must do something about it as a matter of urgency.

The African countries that share of cotton in product exports by the World Cotton Market on cottonguide.org, are Burkina Faso ranked number one along with Benin with exports of 71.5 percent and 63.2 percent while Mali, Zimbabwe and Togo possessed exports of 35.6 percent, 12.4 percent and 11.7 percent respectively.

However, United Republic of Tanzania and Uganda recorded exports of 6.4 percent and 5.7 per cent respectively while Cameroon and Zambia also accounted for exports of 5.6 percent and 5.4 percent respectively.

Meanwhile, Malawi, Sudan and Cote d'lvoire have exports of 3.8 percent, 2.5 per cent and 2.2 percent while Burundi, Ghana and Central African Republic possessed exports of 1.8 percent, 0.8 percent and 0.7 percent respectively.

Source: yarnsandfibers.com– Jan 02, 2017

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China's cotton output down 4.6% in 2016

Total cotton output in 31 autonomous regions and municipalities in China, including the main cotton producing province of Xinjiang, decreased by 4.6 per cent or 260,000 tons in 2016 compared with that in 2015. This decrease was despite the increase in yield per unit area, according to a bulletin released by the National Bureau of Statistics of China.

The Bulletin on the National Cotton Output in 2016 is based on the result of nationwide statistical survey in 31 Chinese provinces. The cotton sown area of Xinjiang was acquired through remote sensing survey.

The total cotton sown area stood at 3,376,100 thousand hectares, down by 11.1 per cent or a decrease of 420,500 thousand hectares compared with 2015, the Bureau said.

However, the cotton yield per unit area amounted to 1,582.5 kg/ha, up by 7.2 per cent or an increase of 106.5 kg/ha compared with 2015.

The total cotton output accounted for 5,343,000 tons, down by 4.6 per cent or a decrease of 260,000 tons compared with 2015.

Source: fibre2fashion.com– Jan 02, 2017

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Pakistan: Aptma seeks duty withdrawal on cotton imports

The All Pakistan Textile Mills Association (Aptma) Sindh-Balochistan Zone has urged the government to immediately withdraw four percent import duty on raw cotton, as the local crop is likely to remain 11.25 million bales this year, while the requirement is above 14.5 million bales.

In a statement on Monday, a spokesman for the association said that Aptma has also demanded the withdrawal of import duty two months ago and the relevant ministry had said that it was too early to remove this duty and the government wanted to wait till the major portion of the local crop was sold by the farmers.

Currently, around 80 to 82 percent of the crop has been absorbed by the textile industry, the spokesman said.

The association spokesman also said that it is misleading to state that the ginners and TCP had sufficient stocks of cotton lint to fulfill the needs of the industry.

“Since it is clear that the local crop is short of the requirements of the industry, it is necessary that timely action may be taken so that the exports of the country do not suffer any further.”

“It is not possible for the textile industry to bear the additional burden of four percent import duty and compete in the export market against countries, which have a lower cost of raw cotton due to local availability without import incidentals,” he added.

Since the textile sector exports were already declining, it is in the interest of the country and the industry, as a whole, to take stock of the position in a realistic manner so that the production capacity may not close down any further, he added.

Source: thenews.com.pk– Jan 03, 2017

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Vietnam: Three scenarios for textiles & garments after Trump takes office

Vietnam's textile & garment sector will maintain current growth if the US withdraws from the TPP, analysts say, but the growth would be higher if the TPP is approved by the US.

Donald Trump, who takes office as the 45th US President on January 20, 2017, is against the TPP because of concern about jobs for US citizens, as thevdomestic industry will have to compete with imports from TPP countries.

The US is now the biggest export market for Vietnam which consumes 50 percent of Vietnam's total textile & garment export turnover.

In October 2016 alone, Vietnam exported $9.476 billion worth of textile & garment products to the US.

If TPP takes effect, analysts estimate that Vietnam's textile & garment export turnover would increase by 30-40 percent in the first year of the agreement implementation, and would increase by twofold after three to four years.

This means that export turnover would reach $16 billion by 2018, an increase of $3 billion, and to $20 billion by 2020. However, the figures may be unattainable as Trump announced the US would withdraw from TPP soon after he takes office in January.

Truong Van Cam, Vitas' secretary general, said on Hai Quan that Vietnam will still see its textile & garment exports to the US increasing, with or without TPP.

In recent years, the export turnover to the market has been growing steadily by 12-13 percent per annum, while the US import turnover has been growing by 3 percent only. Vietnam's products just account for 9 percent of the US total textile & garment imports.

Nguyen Duc Thanh, head of VEPR, also thinks that the US withdrawal from TPP won't affect Vietnam's exports to the market. However, textile & garment exports would not increase as sharply as initially planned.

According to Le Quoc An, a textile & garment expert, and former chair of Vitas, there are three possible scenarios for Vietnam.

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Third, there is no TPP, and the Trump administration imposes a monitoring scheme and anti-dumping duties on imports from Asia, including Vietnam. If so, Vietnam's exports would decrease.

In 2002, when the Vietnam-US Bilateral Trade Agreement (BTA) took effect, Vietnam's textile & garment export turnover soared to $957 million from $50 million in the years before.

Source: vietnamnet.vn– Jan 03, 2017

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Bangladesh assures 5% cash incentive to apparel exporters

Bangladesh finance minister Abdul Muhith has assured garment exporters that the government would favourably look at their demand for an additional five per cent cash incentive, by relaxing a previous condition.

As per the condition, an exporting unit qualified to receive the additional incentive, only if it exported worth more than $3.5 million per year.

Following the assurance by the finance minister, readymade garment exporters are likely to get 10 per cent cash incentive instead of 5 per cent they are getting currently.

The demand was earlier made by the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the assurance was given to a delegation from the two trade bodies.

Additionally, the minister also gave a positive response to another demand of charging flat energy rates instead of the increased rates in the peak hours, until improvement in the power situation.

Source: fibre2fashion.com - Jan 03, 2017

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Global cotton prices to remain firm on tight demand-supply scenario

Lower realisation prompted farmers to opt out of cotton crop, thereby reducing the area by over 10 per cent for the year 2016-17, informed cotton experts.

Also, as per the estimates by international cotton body, global cotton prices are likely to remain firm amid tight demand-supply condition.

At the Annual General Meeting (AGM) of the Cotton Association of India (CAI), its President Dhiren Sheth maintained that cotton prices were at lower levels almost during the entire 2015-16 season, resulting in lower realisation.

This has led to a reduction of over 10 per cent in the acreage under cotton during 2016-17.

“However, due to the improvement in productivity expected on account of better weather conditions across all cotton growing regions of the country, the country expects to produce about 345 lakh bales (of 170 kg each) during 2016-17,” Sheth maintained in his address.

On the international demand-supply front, the International Cotton Advisory Committee (ICAC) has predicted consumption outpacing the production thereby leaving less room for a bearish trend in cotton prices.

Global scenario

As per the ICAC estimates, world cotton production for 2016-17 crop year is estimated at 22.83 million tonnes — higher by 1.76 million tonnes than the 21.07 million tonnes produced in 2015- 16.

The global consumption of the fibre for 2016-17 is estimated at 24.25 million tonnes, up 0.05 million tonnes than the consumption of 24.20 million tonnes during 2015-16.

“The fall in production during 2015-16 crop year was not anticipated and has led to a 14 per cent decline in both the world ending stocks and in stocks outside of China. This pushed cotton prices up till the end of the last cotton season,” stated Sheth.

International prices have remained high with the Cotlook A index averaging 79 cents/lb during the period from the beginning of the season.

New office bearers

Nayan C Mirani of Khimji Visaram & Sons has been appointed as President Cotton Association of India. Udayan B Thakkar of U B Cotton Pvt Ltd has been appointed as Vice-President, CAI at the board of directors meeting held on December 31.

Source: thehindubusinessline.com - Jan 03, 2017

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NATIONAL NEWS

Productivity of cotton remains well below world average: CAI

Productivity of cotton in the country continues to remain well below the world average productivity mark, top officials of the Cotton Association of India (CAI) said.

As per the latest estimates of the Directorate of Cotton Development (DOCD), the acreage under cotton is expected to go down to about 105 lakh hectare during 2016-17 from 118.77 lakh hectares during 2015-16.

However, due to the improvement in productivity expected on account of better weather conditions across all cotton growing regions of the country, India expects to produce about 345 lakh bales during 2016-17.

However, looking at the initiatives taken by the government and continued research by scientists, one can hope that India would soon achieve the world average productivity mark, Dhiren Seth, ex-president of the Association said.

Seth who has been the president of the association for 8 years said the production of cotton in the country which had reached a record high of over 4 crore bales during the 2013-14 crop year fell to about 386 lakh bales in 2014-15, he said,adding that the production of cotton in the country declined further during the 2015-16 crop year to around 338 lakh bales, the lowest during the last five years.

This drastic reduction in the crop during 2015-16 was mainly due to the whitefly attack especially in the northern region, he said.Cotton prices sought lower levels almost during the entire 2015-16 cotton season, resulting in lower realisation of prices by farmers for their produce.

This has led to a reduction of over 10% in the acreage under cotton during 2016-17, Seth said.

“The world-over, trading of cotton is done on the basis of quality parameters. In order to be in sync with this trading norm and looking to its crop size, our country requires a huge boost in infrastructure.

Our association has set up eleven laboratories across the country, with one more laboratory in the pipeline.

Apart from providing cotton testing facilities to the cotton community at various cotton growing centres locally in a cost effective manner, these laboratories also work as regional centres of our Association and provide other services to the cotton sector in their respective regions," he said.

Seth said that globally, cotton is losing its share in textile manufacturing because of the stiff competition it faces from polyester and other manmade fibres.

In order to arrest the declining trend of cotton consumption, countries like USA, Australia and Brazil have effective demand enhancement programmes.

The Association has also embarked on the generic promotion of cotton and as a medium through School Contact Programmes (SCP). In the pilot phase of SCP, we covered 20 English medium schools in Mumbai across all boards and targeted school children of fifth to seventh standards to create awareness amongst them about cotton and to familiarise them about the benefits of cotton. We have successfully completed the pilot of the SCP this year, he said.

Source: financialexpress.com– Jan 03, 2017

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India, Mercosur step up efforts to expand trade pact

India and the Mercosur bloc, comprising Brazil, Argentina, Uruguay and Paraguay, have stepped up efforts to expand their preferential trade agreement (PTA) to make greater inroads into the other's market.

The two sides, in a recent meeting, exchanged lists of items where each wants greater market access. "We are at present going through the Mercosur's list of demand. The group wants lower duties in both industrial and agricultural products. We have to weigh our options carefully," a government official told *BusinessLine*.

A PTA is a limited free trade agreement where partner countries reduce import duties on a few identified products for the other. While the PTA between India and Mercosur is presently limited to just 450 products, the two sides have raised their ambitions manifold and are now aiming at providing preferential access to about 3,000 items.

"Going in for an expanded PTA with the Mercosur is in line with India's objective of trading more with Latin America and diversifying its trade beyond the EU and the US," the official said. India's exports to the bloc in 2015-16 were $3.4 billion, while imports were $6.6 billion. This was just a fraction of the country's bilateral trade with the US valued at $68.6 billion and the EU at $115 billion in the same year.

India wants to export processed foods, more engineering goods and a wider range of pharmaceuticals to the Mercosur.

Under the existing agreement signed in 2009 India has brought down duties in the range of 10 per cent to 100 per cent on 452 items. These include meat products, chemicals, raw hides and skins, leather articles, wool, cotton yarn, glass and glassware, iron and steel, machinery and equipments, optical, photographic and cinematographic apparatus.

India has preferential access in the Mercosur for organic chemicals, pharmaceuticals, essential oils, plastics & articles, rubber and rubber products, tools and implements, machinery items, electrical machinery and equipments.

"In the expanded PTA, not only will the number items covered be greater, the margin of preference will be much more," the official added.

Source: thehindubusinessline.com– Jan 03, 2017

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Self-certification for exports to EU will save time and money: MSME exporters

Making an amendment in Generalized System of Preferences (GSP), the Ministry of Commerce has allowed ‘self-certification' for Certification of Origin for exports to European Union from India.

The new rule is applicable from January 1, 2017.

'Registered Exporters System (REX) as of 1 January 2017 for the EU Generalised System of Preferences (GSP) is notified, Directorate General of Foreign Trade (DGFT) said in a notification.

The European Union (EU) has introduced a self-certification scheme for certifying the rules of origin under GSP from 1.1.2017 onwards.

Under this scheme called as REX, exporters with a REX number will be able to self-certify the Statement on Origin of their goods being exported to EU under the GSP Scheme.

Talking to KNN, garment exporter Animesh Saxena, Managing Director, Nitee Clothing, said the scheme will reduce the workload and save time and cost for MSME exporters. 'This is a very welcome step as it will reduce the workload and cost which further results in saving time and reduce hassle, said Saxena.

He also said that the scheme will eventually be beneficial for export sector and business activity will be easier. 'It will be beneficial for the exporter community. It is a step forward towards ease of doing business, added Saxena.

The DGFT notification added that the registration on REX is without any fee or charges and this system would eventually phase out the current system of issuance of Certificates of Origin (Form-A) by the Competent Authorities listed in Appendix-2C of FTP (2015-20) by 1.1.2018 (one year transition period).

Source: menafn.com- Jan 02, 2017

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Clothing sales up 44% in 7 months: Bihar CM

The sale of readymade clothes increased by close to 44 per cent in Bihar in the seven months following the ban on liquor, said chief minister Nitish Kumar. The sale of apparel as well as hosiery went up as people have begun utilising their money for buying useful items. Kumar also said that the sales of sewing machines witnessed a rise of 19 per cent.

While addressing a Chetna Sabha in Lakhisarai, Kumar said that people of Bihar are using their earnings to buy good clothes for themselves and their children post liquor ban.

Kumar made the announcement of the surge in the sales of clothing items during the sixth leg of 'Nischay yatra', according to media reports. This yatra aims to take feedback regarding the impact of liquor prohibition on common people.

Source: fibre2fashion.com- Jan 02, 2017

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Textile commissioner commends Brandix India Apparel City

During a recent visit to Brandix India Apparel City near Visakhapatnam, textile commissioner Dr Kavita Gupta called it a great success story and an example, which other Textile Parks in India should follow. Dr Gupta appreciated in particular, the world class infrastructure that Brandix has set up, which would help boost Indian textile and apparel exports.

A news website quoted Dr Gupta as commending Brandix for their water treatment and effluent plants, which helped units inside the park, meet global standards.

Dr Gupta advised the management of the Apparel City to develop an integrated value chain across all segments like spinning, weaving, garments and also technical textiles.

The Brandix India Apparel City, while being the largest textile park in the country, is also the biggest employer of women workforce at a single location, which totals to over 15,000.

Source: fibre2fashion.com- Jan 02, 2017

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Demonetisation hits cargo movers' mood, outlook

Demonetisation has worsened the business mood for domestic shipping and logistics companies, already struggling with volatile freight rates.

With cargo-owners not ready to commit for the usual quarterly, annual or bi-annual contracts in the year ahead, uncertainty in terms of revenue visibility is setting into domestic logistics companies.

“There is a fear of the unknown among cargo owners. First came demonetisation, then was remonetisation (issue of new currency notes) and we do not know what comes next. Due to this, cargo owners are not ready to commit for longer contracts. They all want vessel-to-vessel basis contracts,” said a top official with SICAL Logistics. “No one wants to commit and this is impacting businesses significantly.”

SICAL has taken a 15 per cent revenue hit in the past 50 days due to demonetisation. This would increase by another five percentage points in the coming days, said the official.

“The morale is completely down. No one is ready to make long-term commitments. Apart from containers, no one is committing on even break-bulk commodities such as steel goods or bulk commodities like iron ore and fertiliser shipment,” said Kiran Kamat, managing director of Link Shipping and Management System.

“A low freight rate was already hurting business. Cargo owners’ dilemma on committing is making things worse,” said the top official with SICAL.

“Shifting to e-transactions will take time. All are not geared for it,” said an official with Mumbai-based Bhavani Shipping. Some in the secot, however, think the situation will not last. And, that the impact of demonetisation would differ from company to company.

“We did not face any challenges in terms of renewal of contracts. Demonetisation did jolt the market and also caused disruption but the markets are beginning to come back to normal since last week,” said

Prakash Tulsiani, executive director (operations), Allcargo Logistics.The integrated logistics company owns five vessels and operates on coastal moving bulk, break-bulk and project cargo. It says 90-95 per cent of its transactions are via cheques.

Source: business-standard.com- Jan 03, 2017

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GST Council to meet Commerce minister Nirmala Sitharaman today

The GST Council will meet Commerce and Industry minister Nirmala Sitharaman and representatives of IT, telecom, heavy industry, road transport, banking and insurance sectors on Tuesday to assess the implementation hurdles under the new goods and services tax regime.

Representatives of civil aviation and railway sectors will make a presentation at the two-day meeting of the GST Council, comprising Union finance minister, minister of state for revenue, and state representatives mainly finance ministers.

Nasscom, which is also scheduled to meet the GST Council, will voice its concerns over the tax treatment of software, and also make a case for single registration under the new GST regime.

“We support the introduction of GST but the implementation of GST should not complicate the business operations of IT companies,” R Chandrashekar, president of Nasscom, told news agency Press Trust of India.

He said the software association would express concerns with regard to GST implementation during the meeting with GST Council.

Nasscom’s concerns pertain to the classification of software, import of services from related parties, and taxation rules based on a location of receiving services.

Stating that the first draft of GST law had classified all ‘intangibles’ as services, thereby ensuring a uniform tax rate, the revised law removed the clarification.

This could lead to a situation where software classification can be disputed even under the GST regime.

According to Nasscom, electronic downloads should be treated as services as the majority practice prevalent globally.

Nasscom also contends that revisions in the draft GST law do not facilitate offering a single interface for overseas/domestic clients in cases where large service contracts are supplied to multiple client sites from single or multiple delivery centres.

The revised draft potentially makes onsite services delivered overseas at customer site liable to the payment of GST, followed by a refund, which blocks capital and complicates the transaction.

Nasscom is of the view that the legislation should clearly provide for centralised registration of central taxes of integrated GST and central GST.

The GST Council will also deliberate on the issue of jurisdiction of assessees in the new regime. This will be the eighth meeting of the Council since it met for the first time on September 22, 2016.

Source: business-standard.com- Jan 03, 2017

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Women’s ethnic wear tailors growth

Leading Indian womenswear brands bucked the slowdown trend on the back of mostly younger consumers shifting from tailor-made to ready-to-wear stylish designs at affordable rates and discounts. Makers of ethnic brands in the country — TCNS Clothing (maker of W and Aurelia brands), BIBA, House of Anita Dongre (AND and Global Desi brands), and Ritu Kumar — all posted 14 per cent-64 per cent year-on-year jump in their revenues last fiscal, even as the overall Indian apparel market slipped to single-digit growth at 8 per cent.

Sales of these four companies put together equals that of the apparel sections retail chains Shoppers Stop and Lifestyle International that sell around a hundred brands, and are more than Tata's Westside.

In fact, with combined sales of Rs 1,600 crore in the year to March 2016 as per their annual filings, these companies have nearly doubled their business in the past two years.

Trending Last Fiscal

The 4 firms together have nearly doubled their business in 2 years

Fig: ₹cr	SALES 2014-15	SALES 2015-16	PROFIT 2014-15	PROFIT 2015-16
TCNS (W, Aurelia)	358.7	590.6	27.2	62.5
BIBA	384.9	441.2	57.9	63.6
House Of Anita Dongre (Global Desi, AND)	322	413	34.4	31.4
Ritu Kumar	136	155	10.5	16.6

"Consumers no longer are stuck to the idea of compartmentalising ethnic wear and western wear as strictly as we think it is. There is a growing market for contemporary Indian wear, which cuts across all product segments," said Anant Daga, CEO at TCNS Clothing.

The maker of W and Aurelia brands, which posted a 65 per cent growth in sales for FY16 at Rs 591 crore, is expecting a threefold jump in revenues in five years.

Experts say there's good growth opportunity as branded women's apparel is an extremely under-penetrated category and that is changing gradually.
"The number of women taking up ready to wear was smaller, which is now picking up. Also, younger women are preferring to go out wearing something which addresses both traditional aesthetic and the work environment," said Devangshu Dutta, chief executive at retail consultancy Third Eyesight.

This growth potential has helped TCNS Clothing, BIBA, House of Anita Dongre and Ritu Kumar — which are nearly two decades old or more — attract private equity investments in the past three years.

While Everstone Capital picked a minority stake in Ritu Kumar for Rs 100 crore ($16.6 million), Warburg Pincus and Faering Capital invested about Rs 300 crore to buy a stake in BIBA Apparels. General Atlantic has picked up a significant minority stake in AND Designs for around Rs 150 crore.

More recently, US-based private equity firm TA Associates invested about Rs 937 crore in TCNS Clothing.

Experts said companies can now easily support changing trends with investment in product innovation and reach. Indian wear, initially largely restricted to the older age segment, now finds acceptance among younger consumers.

That's because most companies now sell fusion clothing — a mix of modern and traditional wear — instead of just ethnic, which are reserved for special occasions.

Another growth trigger is growing popularity of online shopping that has helped these brands reach out to customers in smaller cities. Online retailing now accounts for 10-15 per cent of their sales.

While online added to overall sales, companies aren't necessarily enthused because of discounts. "We have been able to curtail ecommerce growth to a large extent as we believe in selling full price merchandise rather than going into the discount," said Bijit Nair, president – retail at House of Anita Dongre. "But the new found availability due to geographical presence is helping too," he said.

Siddharth Bindra, MD at BIBA, said, "We have got bigger stores and more locations. Our product ranges have evolved. We also brought larger heavier collections and collaborations with designers which did very well." BIBA posted sales growth of 15 per cent at Rs 441crore in FY16.

Source: economictimes.com- Jan 03, 2017

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Indian Textiles Minister for development of silk weaving units in Haryana

Indian Textiles Minister, Smriti Irani has said that Indian Government will help develop silk weaving units in Haryana. She mentioned this at the foundation stone laying ceremony of National Institute of Fashion Technology (NIFT) in Panchkula. Manohar Lal Khattar, Chief Minister of Haryana was also present on the occasion.

The Minister also mentioned that as Haryana has received investment proposals of around Rs. 7 lakh crore from various investors, the Government will also lend support to execute agreements that the state has signed for developing its textile sector. Both Central and State governments will make efforts to promote the textile industry in Panipat, Ambala, Sirsa and Panchkula districts.

The NIFT centre will take about two years to be completed and its students will be guided by international experts, considering that it has entered into agreements with 32 global institutes. The new centre will be spread over an area of 10 acres and will cost about Rs. 100 crore. The institute will offer 6 regular degree courses and admit 230 students every year.

Source: apparelresources.com- Jan 02, 2017

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