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USD 66.75 | EUR 70.76 | GBP 82.02 | JPY 0.59

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20389	42650	**81.49**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
21170	44283	**84.61**

International Futures Price

NY ICE USD Cents/lb (March 2017)	77.28
ZCE Cotton: Yuan/MT (May 2017)	16,410
ZCE Cotton: USD Cents/lb	**88.18**
Cotlook A Index – Physical	**85.75**

Cotton & currency guide:

The cotton spot price in India for the past one month continued to trade firm with a minor gain however in last 15 days the gains have been more than 2%. At the spot front the cotton price in India continues to hold above Rs. 43,000 per candy. The effect is visible at the futures contract. The most active March future at MCX ended the gone by week at Rs. 21170 per bale. Overall in last two months cotton price has been rising incessantly. In the meanwhile, globally traded ICE cotton for May contract has been also rising. In last seven weeks cotton price has gone higher by more than 8% and recently trading above 78 cents. In the gone by week cotton for the given future contract advanced to 78 cents up by 150 points from the preceding week. Basically cotton price is advancing across the globe. Various reasons attributed to the rise in the price. A) Global cotton is advancing due to heavy speculative positions built at the futures market as latest data shown by the CFTC figure. The size of the Managed Fund's net long position, as of February 28th, stood at a net 99,766 contracts and has increased since the report. B) The exports of cotton sale have been huge. In the latest report released last week export sales figure were more than 500,000 bales. This has been record since the season started in last October. We believe as long as US cotton exports rise amid good domestic demand in the country is supporting cotton price to trade higher.

C) Heavy on- call sales is also supporting the price rise globally.

As per the latest data week ending on 24th February the volume of unfixed on call sales fell slightly but held near the record in the May and July contracts. D) Australian cotton price are trading firm. The 2017 Australian crop, at the farm gate, is moving past 70% sold as prices in Aussie Dollar per bale terms remain attractive reaching 540 AD per bale. This is near the psychologically important level of 550 a bale. Prices benefited during the week from both the futures rally early and then the Australian Dollar weakness against the USD.E) Indian cotton price is gradually taking cues from the global cotton price trend. The spot price in India is holding near Rs. 43,000 per candy ex-gin. The equivalent parity is around 82 cents per pound. The supply tightness that is ruling despite the average arrivals is expected to increase in the near term. As of now the arrivals are around 180,000 bales. F) In the meanwhile, China will begin the daily Reserve auctions next week offering 30,000 tons daily. The daily floor price will continue to be an average of the inland domestic price and the Cotlook A Index. One million tons has been regarded in preparation for the auction and much of the cotton to be offered will be off grade with some stocks five years old. This cotton is expected to carry large discounts which may increase demand. The high floor price will make any higher grade cotton expensive. Overall we expect cotton price may remain positive. However, volatility cannot be ruled. In the meanwhile unless long speculative positions change their stance the cotton price may remain elevated. This morning cotton future is trading at 78.47 cents up by 0.62% and likely to have impact on the domestic cotton futures. The trading range for the day would be Rs. 21000 to Rs. 21400 per bale for March future contract at MCX.

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

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

Indicative Prices of Cotton Yarn in China Date: 03/03/2016 ***Prices in US$ FOB***		
Country	**20s Carded**	**30s Carded**
India	2.45	2.75
Indonesia	2.56	2.85
Pakistan	2.44	2.82
Turkey	2.90	3.10
Source: CCF Group		

The cotton yarn market has been fairly dull in reflection of high asking rates. Spinners in Pakistan have continued to lament poor demand from downstream manufacturers. Export demand has also been slow. Textile workers in India's Tamil Nadu state have taken industrial action in protest against prohibitively high yarn costs.

Source: CCF Group

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INTERNATIONAL NEWS

USA: Trade Changes Are Coming, Apparel Must Be Part of the Conversation

The apparel industry is in danger of becoming collateral damage. That's what Rick Helfenbein, CEO and president of the American Apparel and Footwear Association, warns regarding the U.S. federal government's trade and tax plans.

Helfenbein opened the 2017 AAFA Executive Summit in Washington, D.C. Wednesday by recounting a dinner he'd had with Paul Ryan during which it was decided that the garment industry is moving through the five stages of grief, as it relates to the "painful" process of tax reform in general, and dealing with the proposed border adjustment tax (BAT), in particular.

First comes denial, which the industry indulged in for a prolonged period from early summer when the "A Better Way" Republican plan was introduced all the way through most of the fall. Once we finally decided to pull our heads out of the sand, stage two set in in earnest: anger. Though the indignation may be warranted, he said, cooler heads must prevail if we're to move to the next, most important stage: bargaining.

During the "Trade Transformers in the Trump Era" panel, which Helfenbein moderated, the focus was on actionable steps everyone can take to ensure the industry is insulated against any upcoming assaults.

But first, talk turned to how we got here.

Clearly the industry missed something during the presidential campaign season but we weren't alone. Almost everyone else—from pundits to the papers—called the outcome wrong until the very end.

Tom Glaser, president of global supply chain and vice president of VF Corporation, said after the election, his first thought was that the industry was moving from offense, working with an incoming president who could be swayed on things like the Trans Pacific Partnership, to defense with a president-elect who had made no secret of his contempt for trade.

The second thought I had was, How could we have missed the dissatisfaction around globalization and how many people have been left behind?" Glaser said. "We have a lot to learn about what that means about the populism and the level of anxiety. People are feeling like their jobs are insecure."

What can we do?

The causal link that some drew between trade and unemployment made Steve Lamar, executive vice president of the AAFA, realize the industry's failure has been one of communication.

"We do a lot of things well, but talking about it is not one of them," Lamar said. "We need to talk about how trade creates jobs and opportunities so when they go into the ballot booths [they'll understand], and politicians will hear them."

And we can't wait till the midterms. The panel agreed that the industry must educate the public and Beltway insiders on how the proposed BAT and possible renegotiations of the North American Free Trade Agreement will affect the industry, consumers and the American workers.

"We have been reaching out to share the concerns on a whole host of issues including BAT, NAFTA and even the travel goods situation and the GSP program," Lamar said. "Interestingly, they're telling us they're most interested in hearing from the members of Congress. They are very much reaching out to members of Congress, realizing they have to work with them."

Since congressmen have their ear, the more companies and individuals protest to their representatives, the better. To simplify that process, the AAFA has a link on its site where anyone can generate a letter to Congress opposing the BAT.

Lamar says the AAFA also needs to know what questions businesses may have about the BAT so that it can alert U.S. representatives to the many issues surrounding this matter.

"We need to know what are the questions about how [BAT] works. We're channeling those questions to folks on the hill who are writing and reacting to this," Lamar said. "We need answers to access it, but [also] to illustrate how complicated it is. It's not a simple thing."

Then what?

Though much is unknown about how the new tax system may work, corporations must prepare.

"We're going to assume the worst and work backward and make our business plan around that," said Juan C. Zighelboim, cofounder and president of TexOps. "With the potential ramifications of TPP, we planned on it passing. It didn't happen but Vietnam is still going gangbusters."

Zighelboim credits TexOps' doomsday planning with his company's ability to go head to head with Vietnam today.

For VF Corporation, Glaser says it's in "listening mode." With so much up in the air, the company has to wait and watch for signs of what's to come. VF is also trying not to become too fixated on one thing.

"From the point of view of a company with a global interest, we're listening to the details. The details really matter," Glaser said, adding the BAT is just one part of a larger tax overhaul. "What are the other components of it beyond the BAT? We're going to have to analyze all of that."

NAFTA next?

The panel was not enthusiastic about the idea of tinkering with NAFTA, an agreement, they say, works pretty well as is. Though they conceded it could do with a few updates, given that it is more than 20 years old.

"From everyone I've had conversations with, the general agreement is it is generally works," Glaser said. "It's a 25-year-old deal, and perhaps some things can be renegotiated, but generally it works for our industry."

Better support for U.S., fiber spinning and manufacturing are areas that should be considered if NAFTA does go under the knife, Glaser said.

“We should be starting from the presumption that it’s working and how can we make it better.” Lamar said. “Several million jobs are dependent on NAFTA continuing. If that gets disrupted, it would be terrible.”

Zighelboim hopes the Central America Free Trade Agreement will continue to fly under the radar. “When you look at a globe and the pie chart, 80 percent of trade is westbound from China not eastbound,” he said. “With NAFTA, it’s a lot more balanced. [CAFTA is] net positive to the U.S. in terms of trade balance.”

As the government mulls its next steps, other countries have already become vocal about how they may react if the U.S. does enact tariffs, the BAT or other changes in trade that might conflict with World Trade Organization rules.

Lamar said, if we violate the same trade rules that we’ve been using to challenge trade barriers in the rest of the world, trade wars will almost certainly follow.

“That’s a problem in terms of retaliations, and agriculture and apparel usually end up on those lists,” he said. “I’m hoping we don’t go down that road.”

Source: sourcingjournalonline.com– Mar 04, 2017

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US disdain for WTO threatens global trade order

With U.S. President Donald Trump expressing flagrant disregard for the World Trade Organization rules in a recent policy report, the international trade regime Washington itself helped create in the postwar era faces a major turning point.

Trump's pick for U.S. trade representative, Robert Lighthizer, faces delays in his confirmation process. As a result, the trade policy agenda report "was crafted mainly by National Trade Council chief Peter Navarro and other White House officials," an international trade source said.

Trump focused heavily on economic growth and toned down his aggressive rhetoric on trade Tuesday in his speech to Congress, which was received favorably by the market. Yet the report, which came just one day later, returned to a combative tone, calling for the "use of all possible sources of leverage to encourage other countries to open their markets to U.S. exports."

WTO dispute-settlement procedures require the losing country to cease all actions deemed a violation of the organization's rules. But the report said a ruling against the U.S. will not "automatically lead to a change in U.S. law or practice." The report goes all out to push Trump's protectionist policies, which include imposing significant tariffs in defiance of the WTO.

The U.S. currently does not draw upon many of its trade laws for fear of violating WTO rules. One example is Section 301 of the 1974 Trade Act, which allows the U.S. trade representative to retaliate against unfair trade practices by foreign countries through tariffs and other measures. "Section 301 can be a powerful lever," the report said.

Trump may be suggesting he will not hesitate to take retaliatory action should bilateral trade frictions arise. During the 1980s and 1990s, the U.S. used the so-called Super 301 -- a provision enacted in 1988 that made it easier to impose trade-related sanctions -- to pressure Japan to open its market. Super 301 has since expired, but Trump could easily use a similar threat to demand that countries limit their exports and open their markets.

"The U.S. has been using loopholes in WTO regulations in order to protect domestic industries," said Keiichiro Sue, a lawyer familiar with Japan-U.S. trade relations. "The report could be taken as a message that the U.S. will decide for itself what fair and free trade is."

While former U.S. President Barack Obama sought to work with other nations, Trump is taking a more traditionally American approach.

The new president's biggest target is China. "While the current global trading system has been great for China, since the turn of the century it has not generated the same results for the United States," the report said. American growth has slowed considerably since China joined the WTO in 2001, the report noted.

At a news conference Thursday, Chinese Foreign Ministry spokesman Geng Shuang stressed Beijing's support for "preserving and improving the WTO-centered, rules-based, fair and open multilateral trade regime."

Source: nikkei.com– Mar 04, 2017

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Myanmar: Ministry plans to reduce imports

Maung Maung Win, deputy minister for planning and finance, says measures are being taken to cut the trade deficit without hampering trade policies.

On behalf of the Commerce Ministry, the deputy minister explained the principles of the National Planning Bill for the 2017-18 financial year in Parliament.

“In an attempt to promote the export sector, the country could re-export sugar, betel nut and fuel. Plans are under way to allow the re-export of garlic, white and black sesame seeds, dried chilli, groundnut, cotton, textiles, tyres, fruit, electronics, beauty products, soft drinks, clothes, foods and cooking oil,” he added.

The Myanmar Trade Promotion Team is working to develop the export sector and promote the National Export Development Strategy. Efforts were being made to promote exports of rice, beans and pulses, oil crops, marine products, textiles and clothes and timber products, he continued.

In 2017-18, imports are estimated to reach US$15 billion. Until February 17 this financial year, imports amounted to US$14.4 billion, down US$187 million from 2015-16.

The value of capital goods imported by the state-owned sector declined by US$1.8 billion, while private-sector imports increased by US$1.6 billion. The ministry encourages entrepreneurs to reduce imports of goods which are available domestically in a bid to lower the trade deficit.

Since 2012-13, there has been a trade deficit every year with trade expected to reach US$29 billion in 2017-18 with a deficit of about US$1 billion.

Source: elevenmyanmar.com– Mar 05, 2017

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Nigeria: 'Growth prospects in textile industry dims'

The nation's textile sec-tor appears the most affected by the economic downturn, the Director-General, Nigerian Textile Manufacturers Association (NTMA), Alhaji, Hamma Kwajaffa, has said. He expressed sadness that the sector which had about 187 textile mills in the 1980s and the early 1990s, now has only 24.

In addition, the over 250,000 workers that were engaged then, have shrinked to just 24,000, with the likelihood that the sector's workforce may decrease further.

He said the sector is bedevilled by poor electricity supply, smuggling of textile materials from Asian countries, poor regulation and multiple taxation, adding that except these are taken care of, reviving the sector will remain an uphill task.

Kwajaffa said: "The sector, just like any other sector of manufacturing, is having its fair share of the harsh economic environment. It is operating on an average of 20 per cent capacity utilisation."

The challenges of the sector, he added, include non-availability of cotton, as growers prefer to export the product than sell to local textile manufacturers due to the fall in value of naira ; inadequate forex to import spare parts and raw materials; inclusion of some textile raw materials in the list of 41 items barred from interbank forex market and high cost of gas to power the generators.

Others are low patronage of locally manufactured textile; influx of smuggled, sub standards textile materials in the country; and counterfeiting and faking of textile materials of local companies".

Kwajaffa also complained about what he called hostile and ill-thought out policies that have consistently affected the sector by the Central Bank of Nigeria (CBN), he advised the CBN to conduct its research very well and consult widely with the Organised Private Sector (OPS) before banning any raw material from imports. He said rather than the new CBN policy growing the economy it would kill the manufacturing sector and lead to factory closures if not reviewed.

He said the worse casualty of the new CBN policy may be the textile industry due to the unavailability of a petrochemical industry in the country.

The Textile boss said they are not comfortable with the exclusion of 41 items from the FX market because a very important raw material, Polyester, which is a basic material in the sector was excluded from FX allocation from CBN.

Kwajaffa said as at today some of the 41 banned items that are supposedly available at the Eleme Petro-Chemicals are not available, especially the Polyester. This is because of non refining of crude oil locally. He stressed the reversed policy on forex was not in their interest. He said it never favoured manufacturers in the first place.

In the first place the forex was never adequate because 60 per cent allocated to manufacturing sector was never seen anywhere. Lots of companies had filled their Letters of Credit and rushed to their banks, but never got the Forex. So, the $390 million allegedly allocated to manufacturers is debatable.

He said: “There are specific raw materials that are not produced here at all such as Polyester fill PET and Metlocene LDPE. The PET can only be found in India, China and Egypt, while the Metlocene LDPE can be purchased only in the US and Europe.

The implication is that the lack of these raw materials has hastened the closure of companies, the most affected are Stallion Industries at the Gbagada Industrial Estate as well as Globe Spinning and Woollen and Synthetic.”

Source: thenationonlineng.net Mar 06, 2017

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China's textile mills work off cotton inventories ahead of state sale

China's textile mills have worked off cotton inventory in the hope of picking up lower-priced fiber when the government in the world's top textile market resumes annual sales of state reserves on Monday even after getting caught short last year.

China will offer 30,000 tonnes of cotton per day for sale until the end of August, the National Development and Reform Commision announced late last year, as Beijing seeks to whittle down its large, ageing stockpile.

"Most of the companies have low stocks, as they expect cotton prices would drop with the coming state reserves auction," said Ye Jianchun, vice president of China Cotton Textile Association, at an annual cotton industry conference held in Beijing on Friday.

"They are also confident that the quality of auctioned cotton would be quite good," Ye said.

Last year, delays in the auctions until May from March and poor quality of the fiber in the first few sales tightened supplies, leading to panic buying by mills and spurring a surge of almost 70 percent in prices in just under nine months.

The most-active futures hit 4-1/2-year highs in November.

Industry insiders, however, think this year will be different.

A purchasing manager at a textile company in Shandong province, a major producer of the fiber, said she only had one month of cotton in stock, rather than the usual two to three months of inventory.

"Last year, (the auction) was rushed. This year, (the government) is better prepared," she said. She declined to give her full name as she is not authorized to speak to the media.

Traders say they are confident that the government will be able to meet its daily auction target this time, and prices will drop, at least in the short term.

Still, hurt by price volatility last year, the industry is more guarded against potential risks.

"If (the government) meets its promise, in terms of the volume and quality structure of the auctioned cotton, it will benefit the market a lot," said Wei Gangmin, chairman of Henan Tongzhou Cotton Trade Co Ltd, a cotton trader and processor in China. The company has 11 ginning mills and two spinning mills.

"But if it can't, it will cause volatility. If prices went up, it would restrain demand and obstruct the goal of reducing stocks." Wei said.

The international market is closely watching China's state sales, as it holds more than half of the world's stocks in reserves and an increase in domestic supplies would further dent imports.

Source: uk.reuters.com– Mar 05, 2017

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African textiles in the fashion industry

Inside the central market building of Burkina Faso's capital, Ouagadougou, with its tiered terraces and concentric staircases, the vendors are arranged in arrondissements: meat and fish at the centre, moving outwards to cooking pots, wooden carvings and musical instruments. At the edge, textile merchants display wax-printed cloths in a cacophony of colours.

West Africa is the nucleus of African textile production, and many of the techniques used to make these rich variety of designs and styles, such as stripweaving and bògòlanfini mud cloth, are unique to the continent.

But although the double-sided, wax-printed cotton fabrics — inspired by anything from Masai beadwork and handwoven kente cloth to household appliances — are wildly popular across west and central Africa, they are almost all manufactured in Holland using an Asian technique. In the 19th century, during their colonisation of what is now Indonesia, the Dutch began automating the batik resistance dye methods of the region, creating wax cloth; the fabric was sold to Africans along the Dutch East India Company's trading routes.

Stalwarts of Paris Fashion Week Viktor & Rolf and Junya Watanabe, as well as Alexis Temomanin, the British-Ivorian founder of menswear brand Dent de Man, have all collaborated with Vlisco, the Dutch company that has a monopoly on wax-print production. “Customers weave narratives into the wax fabrics, so over years they become part of central-west-African culture,” says Temomanin’s partner, Elbert van Hunnik. “For example, Vlisco introduced a series of designs featuring handbags, which became known as ‘Le sac du Michelle Obama’. The Real Dutch Wax seal stands for quality and craftsmanship, no different from German cars and Italian leather.” Today, Africa accounts for 95 per cent of Vlisco’s sales.

Nigerian fashion designer Maki-Oh refuses to use wax cloth because of its complex history. She is part of a growing movement among young west African designers — including French-Ivorian Laurence Chauvin-Buthaud of LaurenceAirline, and Chi Atanga, the British-Cameroonian founder of Walls of Benin — who are exploring ways of incorporating more Africa-made fabrics in their work. According to Omoyemi Akerele, the founder of Style House Files, a Lagos-based creative agency for African designers, this transition reflects the demands of consumers.

“There has been a growing realisation among Nigerians over the past decade that the fabrics we are buying aren’t as African as we thought they were,” she says. “It’s part of a growing global phenomenon where people are questioning the origin of their clothes and consuming more consciously.”

The Ethical Fashion Initiative (EFI), which aims to reduce poverty by connecting artisans from developing countries with international fashion brands, has worked with the likes of Marni, Stella McCartney and Vivienne Westwood since 2009. Last month, the EFI’s head Simone Cipriani launched a project with the European Commission to address the root causes of the migration from Africa to Europe.

“The objective is to create jobs and decent living and working conditions in Mali and Burkina Faso, and simultaneously to train migrants at our centres in Bologna, Italy, so that they can return to their home countries and work in the supply chain we have developed there,” says Cipriani, speaking from his office in Geneva.

"Today, African textile design centres on artisanal, high-quality, high-value work. There are more designers working on the continent as well as the diaspora. They travel and have access to the internet. This has contributed to the shift from 'ethnic' clothing to the global African fashions we are seeing." A prime cotton-growing region, west Africa was on track to become an epicentre for global textile production until the early 1990s, when it could no longer keep up with Asia's low price points and colossal output. Since then, textile manufacture in countries such as Nigeria has fallen by 75 per cent.

When a textile factory on the outskirts of Dakar, Senegal, closed its doors 25 years ago, French-Senegalese artist Aïssa Dione saw an opportunity and took over the lease. She had recently started working with one of the last Mandjaque communities in the country, an ethnic group from Guinea-Bissau, with its own language and weaving technique. At the time, the community had one loom between them; now Aissa Dione Tissus has a staff of 100 and counts interior designers Jacques Grange and Rose Tarlow, architect Peter Marino and fashion house Hermès among their clients. In January, Dione opened a permanent showroom in Paris.

When I asked Dione what lured her away from a career as a painter and into textile design, she replied, "Seeing the meditative process of weaving every day. You repeat the same action over and over like a mantra — it's yoga for the mind." Mandjaque technique, then, is the bikram of weaving, pushing makers' abilities to the limit.

Indigo dying is one of the main means of colouring cloth in west Africa. The Paris-based home linen brand Tensira, founded by Guinean Hamidou Diallo and his wife Tuulia Makinen, manufactures its products by hand in workshops in Guinea. The Breton-like designs are inspired by the striking indigo striped clothes worn in the Fouta Djallon region where Diallo was born. Since 2015, the couple has collaborated with French style icon Inés de la Fressange on a collection that comprises cushions, throws, aprons and table linens.

While Africa has a wealth of skilled, sophisticated textile designers and makers, it remains under-represented in the global fashion industry.

Recognising this, in 2013 Samuel Mensah, a former banker, founded Kisua, a fashion brand which now has distribution centers in Africa, Europe and the US and will launch its third collaboration with Yoox Net-a-Porter next month.

For Mensah, it's imperative that Africa takes ownership of its designs. "Collections by big international brands such as Burberry, Louis Vuitton and Valentino, have taken inspiration from African culture," Mensah tells me over the phone from his Johannesburg home. "It's great to see Africa's 1.2bn people and their 3,000 or so cultures providing critical content for the fashion industry. But on the other hand, very little of the sourcing or production is done here." He adds, "As the world begins to recognise and celebrate the beauty of contemporary African fashion, it also needs to include Africa in the supply chain, so it too benefits economically from the cultural expropriation of its textiles."

Source: ft.com– Mar 04, 2017

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Belarus & Pakistan organise 1st apparel manufacturer forum

The first Belarus-Pakistani forum of manufacturers of textile, apparel and footwear goods will be held to offer an opportunity for discussion of joint projects and networking of the international businesses. It will take place on the margins of the BelTEXlegprom Spring 2017 exhibition of textile, apparel and footwear goods from March 29-31 in Minsk, Belarus.

The two countries aim to look at new avenues for bilateral cooperation in the form of joint ventures and investment projects during the forum, according to a Belarusian news agency.

Andrei Yermolovich, Ambassador of Belarus to Pakistan recently met Hassan Iqbal, secretary of the ministry of textile industry of Pakistan to discuss their plans and reached an agreement to organise the forum.

The embassy of the Republic of Belarus in the Islamic Republic of Pakistan has also invited Pakistani textile, apparel and footwear production enterprises to take part in the 40th BelTEXlegprom.

Source: fibre2fashion.com– Mar 03, 2017

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Afghanistan: Garment Factories Face Recession

A big number of garment factories in Kabul industrial parks are facing a recession because their services are being given to foreign producers.

The Industrial Union says currently only $15 million USD has been invested in Kabul's garment factories. Garment factories were one the high-income sectors in Afghanistan in past when they received military cloth and tailoring contracts, but now they do not have access to these contracts and are faced with hardship.

According to officials of industrial union most garment services are being given to contractors is foreign countries. "Contracts are mostly given to Chinese and Pakistani factories, while our country has enough capacity to produce those materials," said Abdul Rahman Faizan, deputy head of industrial union.

"The factory is not working now, because contracts are given to foreign factories. In the past years, lots of workers had jobs here, but now there is no work to do," said Maria Omary, owner of a factory.

Economic analysts blame government negligence for not supporting domestic production and say if the situation continues, the factories will all face recession.

"Afghanistan's industry needs government support to stand on its feet, otherwise, the situation will get worse day by day," Shabir Bashiri, economic analyst said.

Source: tolonews.com– Mar 04, 2017

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Connecting Asia's growth poles

A new chapter of Asia's growth story is being written either side of the Ganges Delta. South Asia is rising. China is striving to reach a new level. Along the Mekong, startling growth is reversing decades of stagnation.

There's just one element missing that could elevate this growth curve to new heights, not just for Asia but globally. If India and other South Asian nations-collectively forecast to grow by 7.3 per cent in 2017-can integrate their dynamic economies into the rest of Asia, they could lift the region to a higher plane of social and economic development-just as Japan and China led Asia into the modern economic era.

An economic engine of this size could potentially erase extreme poverty in the region. Removing obstacles to trade and investment between South Asia, Southeast Asia and other parts of Asia is the key to making this happen. If South Asia and Southeast Asia each cut non-tariff barriers by 50 per cent and trade costs by 15 per cent, gains in South Asia's prosperity would total an impressive 8.9 per cent of gross domestic product (GDP), and 6.4 per cent of GDP in Southeast Asia.

The channel for that growth should run along India's east coast, through Bangladesh and Myanmar into the rest of Southeast Asia and China. Myanmar and Bangladesh are ideally located to open the economic floodgates between the economies on the southern side of Asia and those to the east.

These two countries are the connective tissue between Asia's growth poles. Given the paucity of trade between South Asia's constituent countries-only 5.0 per cent of total trade is done with each other compared to 35 per cent in East Asia and 26 per cent in Southeast Asia-Asia's next growth spurt is more likely to come from synching strengths across sub-regions in ways that compensate for their respective weaknesses.

This is happening, but not fast enough. Trade between the economies of South Asia and Southeast Asia climbed from just $4.0 billion in 1990 to $90 billion in 2013. But that's just a fraction of the potential gains. Large economies on either side of the Ganges need to work harder to build the mutual trust, consensus, and political commitment needed to forge closer trade and transport links.

South Asia can take some cues from its eastern neighbours. Their economies grew quickly even after the global financial crisis through new trade agreements, highways, shipping routes, and cross-border logistics.

They plugged themselves into regional and global production networks-not just building products for export, but building components or adding value to products built in multiple countries and striking trade deals particularly between China and neighbouring countries. They made it easier to communicate by phone and internet connections between countries.

South Asia lacks the institutional framework provided by ASEAN (Association for South East Asian Nations), which has galvanized economic integration throughout Southeast Asia by liberalizing investment and trade regimes, pushing down production and logistics costs. Regional production networks have gravitated to Southeast Asia, attracted by differences in wage and labour productivity levels across countries.

To play an important role in global growth, South Asia's economies need to be more tightly integrated with each other, with Southeast Asia and other parts of Asia. The Trilateral Highway connecting India, Myanmar and Thailand will deliver physical connectivity. But for such links to translate into efficient movement of goods it is crucial to develop more robust value chains with Southeast Asia and East Asia.

Market and institutional links are equally important. There has been progress, but more is needed. ASEAN and India have forged a free trade agreement to deepen trade in goods and services and strengthen investment ties. India is partnering with Myanmar to deepen maritime trade by developing Sittwe in northern Myanmar as a deep-sea port.

A host of new economic corridors are another key to connecting Asia's fastest-growing countries.

The Bangladesh-China-India-Myanmar economic corridor will spur economic integration. The 2,500 km East Coast Economic Corridor (ECEC) along India's east coast includes the Vizag-Chennai Industrial Corridor, which could link into Bangladesh, Myanmar and China and finally to the ports of Vietnam.

The ECEC's strategically located ports provide an opportunity to develop multiple international gateways to connect India with global markets and value-chains. Matching the strengths of India's northeast in products such as wood, rubber, cement and steel to ASEAN's needs would maximize the ECEC's potential as an eastern gateway. There is great scope also for economic corridors connecting India with Nepal, Bangladesh and Sri Lanka, to maximize the export earnings of these growing regional economies.

For all this to happen, behind-the border barriers to trade in South Asia need to be addressed, including better IT infrastructure and regulatory regimes to make it easier for businesses to grow, innovate, and create much-needed jobs.

Asia's growth poles will drive the global economy for years to come. By standing together, they can take the next step towards even greater prosperity.

Source: business-standard.com– Mar 05, 2017

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NATIONAL NEWS

Indian textile and clothing industry to reach US $ 314 billion by 2025

The value of India's domestic market for textiles and clothing is expected to reach US $ 314 billion by the year 2025 – representing average growth of 14 per cent annum over a 12-year period.

This has been stated in a report in the latest issue of Textile Outlook International from the business information company Textiles Intelligence.

Strong expansion of the domestic market as well as higher exports, aided by Government incentives and support policies under New National Textile Policy will be key factors behind the growth.

For instance, the Indian Government announced a Special Package for the textile and clothing industry in 2016 with an aim of securing a substantial increase in exports and generating 35 million new jobs, most of which would be taken by females. "Make in India" initiative is also expected to play vital role in growth of the industry in the country.

"Such policies have provided considerable impetus behind foreign direct investment (FDI) inflows to the extent that India became the world's leading recipient of FDI in 2015 – ahead even of China and the USA.

And, looking ahead, there are still opportunities for the textile and clothing industry to attract much more foreign investment," the report states.

Source: apparelresources.com- Mar 04, 2017

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Govt reviews textile park plan after norm violation report surfaces

The government is reviewing the Scheme for Integrated Textile Parks (SITP) after a report found that the scheme failed to achieve its objectives and special purpose vehicles of the parks violated norms.

"We are reviewing the Scheme for Integrated Textiles Parks as many SPVs were found violating its norms as non-textiles units were operating from inside the parks," a senior Textiles Ministry official said.

"The report commissioned by us has also revealed many loopholes in the scheme which need to be rectified," the official said.

The report by Wazir Advisors to the Ministry has cited various reasons, including high rentals in some parks, changes in other government schemes or regulations, lack of marketing efforts, no special benefits available for investors in parks, poor accessibility and challenges for units in SEZ Parks, for the scheme failing to attain its objectives.

The report has recommended that a new scheme -- Mega Textile Parks -- be launched with parks having minimum land size of 1,000 acres, and infrastructure support in the form of readymade factory sheds, warehouse, incubation centres and testing labs, with express connectivity to seaports and airports.

The implementing agencies for the new scheme should be entrepreneurs-led SPV (special purpose vehicle), industry associations or state government either through their institutions or in PPP mode, said the report on review of the SITP scheme.

Textiles Minister Smriti Irani last month had informed Parliament that the ministry was examining complaints against certain SPVs of textile parks sanctioned under the SITP for violation of guidelines.

She had said that show cause notices to at least four SPVs, namely the Vraj Integrated Textile Park; GILT Textile Park; Surat Super Yarn; and EIGMEF Apparel Park, had been issued for violation of norms.

"The Government has sought response of Infrastructure Leasing and Financial Services Ltd. (IL&FS) which was the Project Management Consultant (PMC) for Vraj Integrated Textile Park regarding violation of guidelines/criteria of the Scheme for integrated Textile Parks (SITP) by the Special Purposes Vehicle (SPV) of the said Park.

"Based on the response of IL&FS, the SPV and PMC have been directed to get those non-textile units which were not part of the approved project of Vraj Integrated Textile Park relocated outside the textile park area sanctioned under the SITP," Irani had said in a reply to the Lok Sabha.

The Vraj integrated textile park is owned by the Chiripal Group and is based in Gujarat.

The Textiles Ministry has also cancelled several projects after the SPVs were found flouting the SITP's guidelines.

Source: business-standard.com– Mar 05, 2017

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SIMA appeals to TN govt to withdraw hike in VAT on petrol,diesel

The apex body of textile mills, The Southern India Mills Association (SIMA), has appealed to the Tamil Nadu government, to withdraw the hike in VAT on petrol and diesel.

In a communication to the Chief Minister, SIMA Chairman, M .Senthilkumar, termed the hike as unwarranted considering that the Centre has announced implementing the GST from July 1.

Further, this would not only impact the textile industry but also the common man, he said.

The government has increased the VAT on diesel from 21.43 per cent to 25 per cent, which has pushed up its price by Rs. 1.76 a litre and that of petrol from 27 per cent to 34 per cent, up by Rs. 3.77 a litre.

The textile industry in the state is already in a disadvantageous position as the spinning sector spends around Rs. 6 per kg to procure the raw material from upcountry markets, and another Rs. 4 per kg to sell the yarn in those markets, while other states enjoy huge incentives.

The present hike in VAT would, therefore, have considerable impact on the transport cost of all items as the textile clusters of different value segments are located in different places, and with the mill sector using diesel generators to tide over load shedding and tripping, it could increase the power cost as well, he said.

Source: thehindubusinessline.com– Mar 05, 2017

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No textile production in Odisha in 5 years

Odisha has not produced any textile product during the last five years as all the 13 textile industries, including the Orissa Textiles Mills (OTM), have remained inoperative for long.

Handlooms, Textiles and Handicrafts Minister Snehangini Chhuria informed this in the State Assembly in response to a question of BJP MLA Dilip Ray on Saturday.

While the OTM is located at Choudwar, the other 12 defunct power loom units are Shree Parbati Powerloom WCS Ltd at Rahama in Jagatsingpur, Baldevjew Powerloom WCS Ltd, Kendrapada, Maa Bauti Powerloom WCS Ltd, Athagrh, Siminoi Sizing Unit, Dhenkanal, Manikeswari Powerloom WCS Ltd in Kalahandi, Madhunagar Powereloom WCS Ltd at Madhupatna in Cuttack, Chhatia Weaving Mill in Cuttack, Barunei Powerloom WCS Ltd at Bajapur in Khordha, Berhampur Powerloom WCS Ltd at Brahmapur, Ramnagar Powerloom WCS Ltd, Bargarh, Baripada Powerloom WCS Ltd and Mahalaxmi Powerloom WCS Ltd at Kundukela in Sundargrh district.

The Minister said the State Government has no knowledge about textile products produced if any by units run by the Central Government and private owners.

She too informed that 13 spinning mills, which were supplying threads to textile firms, have also been closed. The State Government has no plan to revive the textile units now, she said.

In response to a related question of Congress MLA Naba Kishore Das, the Minister said seven of the spinning mills were running by the State Government. While a total of 9,598 employees and workers have lost jobs due to closure of these units, the Government has paid financial support of 43.33 crore to 8,532 of them.

She added that steps are being taken to make three of the seven Government spinning mills functional through privatisation and liquidation process is on for the rest four mills.

Source: dailypioneer.com- Mar 05, 2017

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Bhiwandi's looms on road to recovery

Three months after demonetisation hit pause at the power looms of Bhiwandi, the textile industry is slowly whirring back in action.

Migrant workers who had left for their hometowns, have started returning to the city.

Last year, on December 4, mid-day had reported how loom owners's inability to pay hard cash to daily-wage labourers, had resulted in many leaving in droves for their native in UP, Gujarat and Rajasthan. The exodus caused hundreds of power looms to shut shop.

However, when mid-day recently visited Bhiwandi, the scenario seemed to have improved, if not changed. With little or no work in their own hometowns, workers have started trickling into the city.

If this continues, the power loom industry is likely to pick up pace, owners said.

'We need the job'

Udal Prasad (28), who hails from Allahabad and was among the many labourers affected due to demonetisation, said he returned to Bhiwandi a month ago. "When I came here, I found that the loom that I used to work in, was shut. Instead of wasting time, I decided to work at a maintenance shop where looms are repaired."

Mohammed Akram (45), who returned from his village, Gorakhpur, in UP, said he has started approaching other power loom owners. "People are doing whatever jobs they are getting," he said.

Situation changing

With labourers returning to find work, power loom owners are hopeful. Bhiwandi businessman Fahad Bubere, said, "If we can't accommodate them in the mills, we send them to the dying or packing department."

Rashid Tahir Momin, who owns 500 looms, says that 50 per cent of his looms are already functioning. "The situation has improved since February," he said.

50 Percentage of looms that are back in business

Source: mid-day.com- Mar 05, 2017

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Indian Textile Sourcing Exhibition 2017 scheduled this December

Indian Textile Sourcing Exhibition (ITS Exhibition) aims at meeting industry needs and promotes Gujarat as the Global Textile Sourcing Hub and will be the platform to converge the entire supply chain partners for three-day extravaganza at the erstwhile "Manchester of East" – Ahmedabad, organisers report.

Spinners Association Gujarat (SAG) is a nonprofit organization of the Spinning & Textile Industry entrepreneurs from the organized mill sector situated in and around Gujarat. SAG is working towards the promotion and protection of the interests of the organized textile sector which has over 100+mills.

K AND D ITMACH EXPOSITIONS LLP brings rich experience of organizing large scale B2B trade shows for various leading industrial sectors. The company aims to assist Indian industry to expand its market, customer base and adopt state-of-the-art technology & processes to derive growth through successful exhibitions and unmatched services.

ITS Exhibition and ITMACH India are the two flagship events of the company for textile industry which is country's largest manufacturing sector that contributes 14 percent of industrial production.

SAG and leading exhibition organizing company K AND D ITMACH EXPOSITIONS LLP joined hands to host Indian Textile Sourcing Exhibition (ITS Exhibition). The show will follow the international seasonal sourcing trends-Spring/Summer and Autumn/Winter.

ITS Exhibition will build conducive business environment, generate business ideas & create opportunities for Textile and Apparel industry globally.

India offers enormous opportunities to source textile raw materials, find new partners, strengthen the supply chain, product innovation and exchange of ideas. This necessitates a platform for adequate interaction among buyers and sellers as well as with the peers to Discover, Collaborate and Prosper in the trade.

ITS Exhibition is going to be a true marketplace for global textile and apparel industry which is scheduled from 7-10 December 2017 in Gandhinagar at the outskirts of Ahmedabad.

Source: yarnsandfibers.com- Mar 04, 2017

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Economic Survey Points Out Make In India Challenges

One chapter in the latest Economic Survey tantalizingly refers to apparel and footwear in the headline while asking if India can reclaim low cost manufacturing.

Futuristic, forward looking and optimistic as the chapter seeks to sound, the message is loud and clear: the Indian economy is not even close to taking the first baby steps towards making Make in India a spectacular success as envisaged by prime minister Narendra Modi.

According to the Survey, sectors like apparel and footwear hold out the most promise when it comes to generating gainful employment which could also be socially transformational as the two sectors employ a lot of women. But there is a lot of distance to be covered before promise becomes reality.

Here are some sobering words from the Survey: "India has an opportunity to promote apparel, leather and footwear sectors because of rising wage levels in China that has resulted in China stabilizing or losing market share in these products.

India is well positioned to take advantage of China's deteriorating competitiveness because wage costs in most Indian states are significantly lower than in China. Alas, this is not happening, or at least, not enough. The space vacated by China is fast being taken over by Bangladesh and Vietnam in case of apparels; Vietnam and Indonesia in case of leather and footwear (Figures 2(b), 3(b), 4).

Indian apparel and leather firms are relocating to Bangladesh, Vietnam, Myanmar, and even Ethiopia. The window of opportunity is narrowing and India needs to act fast if it is to regain competitiveness and market share in these sectors. Hence, the urgency."

There is a compelling reason why the Survey has singled out the two sectors, apparel and footwear. In terms of job creation, the reasons are immediately and painfully apparent.

The Survey says: "The data show that the apparel sector is the most labor-intensive, followed by footwear. Apparels are 80-fold more labor-intensive than autos and 240-fold more jobs than steel. The comparable numbers for leather goods are 33 and 100, respectively.

Note that these attributes apply to the apparel not the textile sector and to leather goods and footwear not necessarily to tanning. Drawing upon the World Bank employment elasticities, we estimate that rapid export growth could create half a million jobs annually".

But the jobs are not being created. At least not at the rate needed. In stark contrast, poor Bangladesh which is still designated as a Least Developed Country has moved miles ahead of India in apparel exports. The average annual growth rate of apparel exports from Bangladesh over a 20 year period is close to 30%.

For India, it is less than 13%. No wonder that apparel exports from Bangladesh have gone ahead of India and the gap is widening year after year. One reason for this, according to the Survey, is that exports from Bangladesh get tariff free entry to crucial markets like the EU and America.

In contrast, exports from India attract at least 10% tariff making them less competitive. In some ways, this reflects the failure of successive governments to sign trade agreements with countries.

The Survey admits as much.

But the Survey does project an optimistic scenario as this government is systematically plugging the policy and procedural constraints that previous governments had ignored or failed to fix. After all, Rome was not built in a day.

Source: businessworld.in- Mar 04, 2017

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Traders cautious on roll out of GST

VAT dealers, traders and industrialists cautiously welcomed the approval of the draft of supporting legislations to enable possible rollout of the Goods and Services Tax (GST) from July 1.

After the GST Council cleared the final draft of the GST Bill and Integrated GST (IGST) Bill, members of the business organisations are keeping a close watch on the progress of the Bill.

PL Seth, president, Punjab Pradesh Beopar Mandal, said, "It was a prudent move of excluding small businesses with an annual turnover up to Rs 20 lakh from purview of the proposed GST. Similarly, offering a business entity with a turnover of up to Rs 50 lakh composition scheme under which it has to pay a much lower tax rate and has to fulfil very minimal compliance requirements would provide reprieve to a large number of segments."

Surjit Mehta, president, Punjab Chemist Association; and general secretary Surinder Duggal said they welcomed the amendments made in the draft legislation of the GST.

They added, "Nearly 25,000 chemists across the state demand threshold limit to be fixed at Rs 50 lakh per annum for exemption from the GST, a particular tabular format for printed and digital table for the software as it will hold seamless transition of invoice data. It also help the extract required data for filing of returns."

Similarly, the annual turnover limit may be kept as Rs one crore for retailers for enabling it to avail benefit of the composition scheme.

They said for the initial two years dealers should be given a chance to submit certified copy of ledger for cross-verifications and necessary input tax credit, may be granted to them without levying interest and penalty.

Sandeep Khosla, textile industrialist, said, “The excise exemption limit for textile industry has been stagnant at Rs 1.50 crore for the past eight years and it should be increased to Rs 5 crore.”

Similarly, the capital investment limit of the Micro Small Medium Enterprises (MSME) had been Rs 5 crore since 2006 and now this needs to be increased to Rs 10 crore, he said.

“It will give an advantage of a low rate of interest on loans. Imported machinery is required to modernise the units to check the ever-changing designs of global competition. Besides, import duties must be reduced”, he added.

He sought the administrative control of the central, state and international Goods and Service Tax from a single department to save industrialists and businessmen from hassles of dealing with multiple departments.

Source: tribuneindia.com- Mar 06, 2017

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Fashion e-commerce luring customers from ‘like’ to ‘buy’

Even as social networks around the world have been competing to encourage small businesses and introduce commerce features, Indian fashion discovery platforms Wooplr and Roposo are following their successful Chinese peers to add commerce in addition to branding/advertising as a source of revenue. With the expansion of in-app shopping, social e-commerce is bound to leapfrog in 2017.

In 2016, it is estimated that sales worth around $50 billion were generated using social networks, an increase of $20 billion from the previous year. No wonder leading social networks like Facebook, Instagram and Pinterest have introduced ‘shop now’ features.

But what distinguishes niche fashion discovery sites in India from deep-pocketed players like Instagram is that they are focusing on monetisation early on.

Wooplr claims to have positive unit economics on every transaction and charges upward of 20% as commission from brands. However, it plans to stay away from sponsored posts and banner ads.

Instead, it does fashion campaigns with brands. “We worked with brands like Zara and Levi’s to launch their new collection and also did a campaign with Forever21 and helped them create the 2016 calendar with 12 influencers,” says Wooplr’s CEO Arun Zacharia.

The women-centric social buying platform claims to be having 40% month-on-month growth and higher user engagement. The platform has one million monthly active users and 200 brands on board. It aims to achieve annualised GMV run-rate of $100 million by 2019.

On the revenue front, Roposo has tie-ups with marketplaces and works as an affiliate marketer to e-commerce players like Jabong. Recently, it also started monetising through its ‘chat and buy’ feature.

“Brands are approaching us for influencer marketing. To leverage this we recently launched Bizdum to connect brands with influencers for their social reach.

This will work as another revenue stream for us,” says Mayank Bhangadia, co-founder and CEO, Roposo. The company plans to reach $100,000/month in the next eight-nine months and break even by mid-next year.

Conversation to commerce (C2C) is the future and that’s where social commerce will play a role, says S Swaminathan, CEO and co-founder, Hansa Cequity. “The C2C social commerce will play a key role in building a tangible business for brands too.

That’s where the future of brands and commerce is going to be,” he sums up.

Source: financialexpress.com- Mar 06, 2017

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Why female employment is falling

Despite rapid fertility transition, broad increases in women's educational attainment, and substantial economic growth over the past two decades, the share of Indian women who work has fallen over time. Currently, only about one-third of India's half a billion adult females report being part of the labour force. These low and declining rates of female employment are potential causes for concern, because market work for women is often associated with better access to economic opportunities and greater decision-making power within the household. It also implies significant underutilisation of labour resources in the economy.

Why might Indian women be defying global trends in female labour force participation? In a recent International Growth Centre (IGC) study (Afridi, Dinkelman and Mahajan, 2016) we use three rounds of National Sample Surveys (NSS) to examine the demographic and socioeconomic characteristics of women that can account for the fall in their labour force participation rates (or LFPR) in and between 1987-1999 and 1999-2011.

LFPR over time, by gender and urban/rural area, for the sample of adults aged 25-65, show that men work at substantially higher rates than women, and rural women work at higher rates than urban women. Strikingly, rural Indian women experience the largest declines in LFPR over time — by 11 percentage points between 1987 and 2011. Within the sample of rural women, those who are married drive the overall decline in women's LFPR.

Using decomposition techniques, we divide these changes in female LFPR into the part that can be accounted for by changes in observable characteristics, and the part that can be accounted for by changes in the returns to these characteristics.

Our results reveal three broad patterns:

Changes in individual attributes (increasing education and changing age distributions) and household factors (increases in household wealth and improvement in men's education level) fully account for the fall in women's LFPR between 1987 and 1999.

Changes in these variables account for a much smaller share (just over half) of the decline in LFPR between 1999 and 2011.

We do not find strong evidence that observable variables correlated with social stigma against women working outside the home (example, caste, religion) can account for a substantial proportion of the fall in women's LFPR in either period.

Increasing education levels among rural married women and the men in their households are the most prominent attributes contributing to the decline in LFPR in both decades.

Why should more women's education contribute to lower LFPR? There exists a U-shaped relationship between women's education and their labour force participation in India. As women move from being illiterate to having primary and middle levels of schooling, LFPR falls and only starts to rise as education increases to completed secondary schooling and to the graduate level.

Over the last three decades, women in rural India have gained enough education to move younger cohorts from illiteracy to primary and middle schooling. But, in contrast to urban areas, schooling in rural areas has not yet expanded enough to pull most women into high school or further education. Human capital improvements may not yet have reached sufficiently high levels for women to earn high enough returns to market work in rural India.

Even with more education and fewer children, rural women's time may be relatively more valuable in home production. This could be because women are objectively more productive at home with higher levels of education, or because men's or women's preferences for home versus market work change with more education.

We show that the decline in rural married women's LFPR has been accompanied by an almost equivalent increase in the proportion of women who report domestic work as their primary activity in the past reference year during 1987-2011 (from 55 per cent in 1987 to 69 per cent in 2011). Other results suggest that the decline in the LFPR of women aged 25-40 was larger than the decline for 40-65-year-olds in both decades. These younger cohorts are most likely to have children of school-going age — almost twice as many 6-14-year-old children as women aged 40-65 — in the NSS, and therefore most likely to experience high returns to childcare at home.

We explore the relationship between education and time spent on childcare and other household activities using data from the 1998 Indian time-use survey. The data suggest distinct increases in women's time spent in childcare and other chores at higher levels of education, up to higher secondary schooling.

Findings from other research give some reason to think that more education makes women's time at home more valuable. First, returns to education in home production may have increased during the period of study because returns to children's human capital were rising. Second, the cross-sectional evidence (from 1998) is in line with broad patterns in some other parts of the world like Brazil, where dramatic improvements in female education and reductions in family size only translated into more market work once women attained over eight years of education.

Our descriptive evidence suggests a compelling explanation for why women's LFPR in rural India has declined over time. As women have got more education and poverty rates have fallen, the gap between returns to home production versus market work has grown larger.

Source: business-standard.com- Mar 05, 2017

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Policy drags e-commerce exports

India had woken up to the huge potential of e-commerce exports from the country when the Centre decided to provide incentives in the Foreign Trade Policy (FTP) 2015-20 to promote exports of goods hosted on a website and dispatched through courier or postal mode.

However, exporters have now identified several 'restrictions' under the FTP and related norms as 'challenges' that are preventing them from maximising the potential of e-commerce exports.

The FTP incentives for e-commerce exports are only for low-value goods -- "falling in the category of handloom products, books and periodicals, leather footwear, toys and customised fashion garments, having free-on-board value up to ₹25,000 per consignment and finalised using the e-commerce platform."

As per the norms, the payment for goods purchased on e-commerce platform shall be done through international credit or debit cards and as per the Reserve Bank of India norms.

According to an assessment by the commerce ministry and the apex body for exporters in the country - the Federation of Indian Export Organisations (FIEO), there are more than 25,000 Indian exporters, small and medium firms and entrepreneurs present on the American multinational e-commerce company eBay alone, exporting their items directly to the consumers across the world. It is estimated that there are more than two lakh such Indian business-to-bonsumer (B2C) exporters making use of their own websites or other e-commerce platforms and social media sites.

According to FIEO, there is a market opportunity of about $5 billion in the near-term, say in the next 2-3 years, for Indian e-commerce retail exports - provided the concerns of such exporters are addressed expeditiously by the government. Since a survey had pointed out that those selling their items using eBay employ about 6.5 employees on an average, further promotion of Indian e-commerce exports is also expected to lead to greater direct and indirect employment generation.

There is intense competition in the e-commerce exports space, and several countries are actively promoting e-commerce exports. For instance, the U.K. government's Department for International Trade (DIT) has an 'E-Exporting Programme' to help U.K. companies sell their products or services overseas through e-commerce.

According to the U.K. government's website, the programme enables U.K. companies to to get expert international trade advice and support through a free meeting with DIT e-commerce advisers. The programme also helps U.K. companies to develop and implement an international e-commerce strategy, as well as to "set up on e-marketplaces and identify new e-marketplaces around the world to sell through, with the DIT's 'Selling online overseas' tool."

It also enables U.K. companies to "access better than commercial rates to list on some e-marketplaces, including lower commission fees and 'try for free' periods."

Facing competition

India's e-commerce retail exporters are also facing major competition from their counterparts in China and South Asia. According to the World Trade Organisation, in 2015, e-commerce in goods and services was worth about $22 trillion globally, and has grown the fastest in emerging economies.

As per India's FTP 2015-20, the incentives for e-commerce exports are under the Merchandise Export from India Scheme (MEIS). The rewards are in the form of freely transferable duty credit scrips (that gives duty benefits for imports of inputs / import of goods including capital goods / domestic procurement of inputs and goods including capital goods, etc). The FTP, however, states that "if the value of exports using e-commerce platform is more than ₹25,000 per consignment, then MEIS reward would be limited to free-on-board value of ₹25,000 only."

It adds that "Such goods can be exported in manual mode through Foreign Post Offices at New Delhi, Mumbai and Chennai. Export of such goods under Courier Regulations shall be allowed manually on pilot basis through airports at Delhi, Mumbai and Chennai as per appropriate amendments in regulations to be made by Department of Revenue." The FTP further says that the Department of Revenue shall fast track the implementation of Electronic Data Interchange (EDI) mode at courier terminals.

'Raise incentives, lower fees'

According to the exporters, though e-commerce is a great medium for them to expand their product lines, the FTP currently limits incentives to just a handful of items, thereby restricting the growth of Indian exporters using the e-commerce mode.

They said the list of items for incentives should be expanded to include jewellery, which is among the biggest finished product exports from India, as well as health & beauty items, auto spare parts and musical instruments. Also, in order to promote exports from the country's micro, small and medium enterprises through e-commerce, the value limit for availing MEIS benefits should be enhanced up to ₹five lakh from the current level of ₹25,000 per consignment.

In addition, they pointed out that the clearance process under the MEIS scheme is currently manual and not EDI-enabled. Therefore, it is necessary to open EDI-based clearance for e-commerce export categories including leather, apparel, home-décor, ayurveda, organic food, sports goods and fashion jewellery.

Besides, they said, through their apex body FIEO, that the application fee was too high for e-commerce exports to avail benefits under MEIS. For instance, if an exporter currently exports four consignments each worth ₹25,000 for a product attracting 2% duty benefit under MEIS, he gets a benefit of ₹2,000 (for a total export of ₹ 1 lakh). But on that amount, he has to pay an application fee of ₹1,000, thereby reducing the actual benefits. “The fee may be reduced substantially or waived off to give encouragement to this new and emerging mode of exports,” the FIEO said.

A major disincentive is that currently, when a buyer sends an item back to e-commerce exporter, import duty is charged. However, in the case of exports other than through the e-commerce route, customs duties are exempted on return of exported goods. Therefore, exporters feel that unless return of goods is exempted from customs tariff, e-commerce retail exports will not take off in India in a big way.

Also, there is no provision for ‘commercial shipment’ in the forms provided by Customs in Foreign Post Office of India Post. The options currently available are only ‘gift’, ‘sample’, ‘documents’, ‘commercial samples’ and ‘others’. Most Customs authorities are reluctant to allow e-commerce exports under the ‘others’-category.

The exporters also said presently, the Courier Shipping Bill (CSB-II) did not support commercial small-value, single-item shipment. The Bill only supports gifts or samples, and has no provision for ‘commercial shipments’. Besides, the CSB–II is highly cumbersome as it has multiple fields and requires lots of information to be furnished even for low-value shipments, the FIEO said.

“The exporter is also unable to claim any FTP or tax input related benefits if he wishes to do so,” it said, suggesting that a new CSB form be introduced and notified at the earliest.

Another difficulty being faced by e-commerce exporters is that such exports through India Post or via the commercial courier mode are ticked as "samples" or "gifts" and not as 'Commercial Shipment'. Therefore, such documents are not "recognised" or "acknowledged" by Value Added Tax (VAT) authorities, despite proof of receipt of foreign exchange through bank realisation certificate.

This leads to a situation where VAT and service tax are not refunded in such cases of e-commerce exports as there are no Custom-stamped documents in such cases to prove 'Commercial Shipment', thereby reducing the competitiveness of Indian products.

Also, an irritant is the requirement of multiple copies of invoice, making the export clearance process for a seller via the e-commerce export route difficult, expensive, paper-centric and time-consuming especially in a technology-enabled environment, according to FIEO.

"Sellers need to sign and attach multiple physical documents and pay a commercial clearance charge of ₹1,000 to ₹1200 for every shipment," said Ajay Sahai, director-general and CEO, FIEO. "A single-product shipment via private courier requires seven copies of invoices (self-declaration), while India Post requires three copies of invoices (self-declaration)," the exporters' body said.

Source: thehindu.com- Mar 06, 2017

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