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IBTEX No. 56 of 2017 Mar 18, 2017

USD 65.48 | EUR 70.41 | GBP 81.19 | JPY 0.58

Cotton Market (17.03.2017)

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

Rs./Bale	Rs./Candy	USD Cent/lb
20318	42500	**82.60**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
21520	45015	**87.49**

International Futures Price

NY ICE USD Cents/lb (March 2017)	78.17
ZCE Cotton: Yuan/MT (May 2017)	15,850
ZCE Cotton: USD Cents/lb	**85.77**
Cotlook A Index – Physical	**87.40**

Cotton guide:

Cotton price traded steady to slightly positive on Thursday's trading session across the globe. The spot price for S-6 traded above Rs. 43,000 per candy equivalent to 84 cents per pound at the prevalent exchange rate. The effect was visible on the futures contract trades at MCX. The most active April future ended the session higher at Rs. 21520 up by Rs. 80 from the previous day's close.

The average daily arrivals stood near 1450-150,000 bales across the country. However, as per the latest development Cotton Association of India (CAI) released its February estimates of the cotton crop for the year 2016-2017 starting 1st October 2016. As per CAI the production is pegged at 34.1 million bales while consumption is 29.50 million bales. In the meanwhile, the import figure has been revised higher to 2.1 million bales. So the total cotton is pegged at 40.70 with total available surplus of 11.2 million excluding exports data taken into account.

The domestic market overall continues to remain tight and price is hovering near Rs. 43,000 per candy however the future contract is taking smart cues from both underlying spot price in India as well as futures movement from the ICE platform.

Coming onto the global scenario; the ICE May future advanced in the entire week and on Thursday ended the session at 78.17 cents per pound. The market has been predominantly bullish since past several weeks and the major reasons being the excessive non-commercial long positions built and spread across ICE futures contract. As per the latest report, speculative long positions are more than 53% of aggregate open interest lying in the ICE market. For reference the total open interest is around 254,313 while the speculative longs are around 135,847. This indicates market to remain upbeat unless fresh round of profit booking comes into play. Besides the unfixed on call sales position was around 114,635; 45% of total open interests which has recently declined to 43% meaning the millers are now booking their earlier unfixed contract at higher price. We believe unless long liquidation happens at a larger scale the counter may remain positive.

Further the US export sales data was released on Thursday, for the week ended on 9th March. Net export sales registrations of upland cotton for shipment during the current 2016-17 season amounted to 316,500 running bales. For 2017-18, net sales of 141,700 running bales were reported for China (66,600), Pakistan (41,800), Bangladesh (15,300) and Thailand (7,300). The total exports stood at 458.2 slightly lower than the previous week's data of 464.50.

Overall we believe cotton market to remain sideways and as discussed above unless huge profit booking comes market may remain on a positive trajectory. This morning ICE cotton is seen trading at 78 cents marginally lower from the previous close. For the day the trading range would be 78.45 to 77.75 cents per pound. Likewise, at the domestic market the April contract is expected to trade in the range of Rs. 21370 to Rs. 21620 per bale.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	US: Leading organisations partner to provide organic textile labelling
2	Pakistan, Turkey to hold 6th round of FTA talks
3	Pakistan: Hike in cost of doing business continues to haunt textile sector
4	Despite receiving record loans, Pak slump textile exports
5	Indonesia seeks tie-ups with universities
6	Vietnam Textile Industry Making Strong Recovery in Global Market
	NATIONAL NEWS
1	Global apparel trade contracts for second consecutive year in 2016: ICRA
2	Textile exports slump 4.5 pc to $26 bn in Apr-Dec
3	India’s Textile Commissioner to feature at Planet Textiles 2017
4	Apparel and fabric industry in knots over sluggish exports, demonetisation
5	Jharkhand to promote ethnic textile, handloom products
6	Government taking steps to promote natural fibres under R&D scheme
7	GoI keen to launch scheme to support power loom weavers
8	Rising output costs hits textile export

INTERNATIONAL NEWS

US: Leading organisations partner to provide organic textile labelling

The Global Organic Textile Standard, Organic Trade Association, and Textile Exchange coordinating to provide the industry with guidance on textile labeling webinar that contain organic material for sale in the US.

In this free webinar, participants will learn more about US regulations for organic textile labelling, different kinds of organic claims, and how the Organic Content Standard (OCS) and Global Organic Textile Standard (GOTS) can be used to help support labelling organic textiles.

Government regulation on the labelling of organic textiles falls under the Federal Trade Commission's truth in advertising guidelines and the definition of organic as presented in the US Department of Agriculture's National Organic Program. However, there remains confusion about labelling language and how brands can provide verification of compliance.

The Organic Trade Association's Vice President of Regulatory & Technical Affairs, Gwendolyn Wyard will explain the US regulations for organic labelling with a focus on textiles. Lori Wyman, the GOTS North American Representative, will speak about GOTS and the claims allowed for GOTS certified organic products. Textile Exchange's Ashley Gill, Integrity Specialist, will cover the OCS and raw material content claims.

The Global Organic Textile Standard (GOTS) is a leading textile processing standard for organic fibres, including ecological and social criteria, backed up by independent certification of the entire textile supply chain. The aim of the standard is to define worldwide-recognized requirements that ensure organic status of textiles, from harvesting of the raw materials, through environmentally and socially responsible manufacturing up to labeling in order to provide a credible assurance to the end consumer.

Textile Exchange (TE), is a non-profit organisation that works closely with all sectors of the textile supply chain to find the best ways to minimise and even reverse the negative impacts on water, soil, air, animals, and the human population. TE accomplishes this by providing the knowledge and tools the industry needs to make significant improvements in three core areas: Fiber and Materials, Integrity and Standards, and Supply Chain.

The Organic Trade Association (OTA) is the membership-based business association for organic agriculture and products in North America. Its members include growers, shippers, processors, certifiers, farmers' associations, distributors, importers, exporters, consultants, retailers and others. OTA is the leading voice for the organic trade in the United States, representing over 9,500 organic businesses across 50 states.

Any company with product sold in the United States or that is planning to begin sales in the US is invited to attend the webinar, which will take place two times on 11 April, to allow attendees from Europe, Asia, and North America to take part.

Source: yarnsandfibers.com - Mar 17, 2017

HOME

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Pakistan, Turkey to hold 6th round of FTA talks

Paksitan and Turkey will hold sixth round of negotiations on Free Trade Agreement (FTA) in April, which had been postponed due to Prime Minister visit to Turkey.

Pakistan and Turkey will also discuss specific items including textile sector. Both the sides will hold discussions on agreement on goods, services and investment.

Pakistan's trade balance started decreasing after additional duties were in 2011, said a senior official of Ministry of Commerce, while talking to APP here on Friday.

He said before this, Pakistan had positive trade balance with Turkey. After the signing of new FTA with Turkey, both the countries will have again the same positive trade balance, he added.

The official said that Pakistan will get market space in agriculture and pharmaceutical sector.

Replying to a question, he said both side would exchange provisional lists for a final agreement in upcoming round of dialogue.

The official said that Pakistan's major exports to Turkey are denim PET, ethanol, cotton yarn, fabric and rice, garments,leather, carpets, surgical instruments, sports good, chemicals.

Pakistan's major imports from Turkey are manmade textiles, towels, steel structure, tanning and plastic chemicals, processed milk and whey, he added

Source: samaa.tv- Mar 17, 2017

HOME

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Pakistan: Hike in cost of doing business continues to haunt textile sector

The hike in cost of doing business continues to haunt the textile sector as the package of Rs180 billion meant to give impetus to textile exports has served no purpose except surge in miseries.

More importantly, the textile package announced by the government is not only unworkable, rather it is more an electioneering stunt. This was the essence of the presentation about the textile sector that was given in the meeting of the Senate Committee on Textile held here with Senator Mohsin Aziz in the chair. "More or less the observations made by the meeting participants are also the same," reveals the presentation and the minutes of the meetings of which the copy is available with The News.

The committee observed that in Phase II, 10 percent per year increase in exports was required to avail the package, but no refunds on account of the package could be possible till the end of period i.e. July 2018 and that this makes the package unworkable.

The presentation unfolds that the textile industry in Punjab is in jeopardy as 70 textile units in Punjab alone have so far shut down and it is feared that half of the industry will get closed down in the next summer season triggering new surge in unemployment and social unrest in the country if energy prices for the industry were not contained at affordable level.

The RLNG cost has emerged as headache for the textile industry which has exposed it to the huge competitive disadvantage as the cost of re-gasified LNG is too much at higher side. More shockingly, the textile industry would be wiped out completely when Chinese products to be prepared in the Xinjiang province equipped with huge incentives bordering Pakistan for export to CPEC will start coming in Pakistan and it is strongly feared that Pakistan's textile industry will not be able to compete with Chinese textiles given the robust textile package given by Xinjiang.

This will mean a loss of the bulk of jobs, 4.5 million direct and another 12 million indirect, exposing the country to social and political unrest. It is therefore essential that Pakistan’s textile industry be rejuvenated through a textile revival package.

The primary reason for competitive disadvantage and dismal performance is the much higher energy prices for Pakistani exporters and especially Punjab whereas 70 percent of capacity is located in Punjab.

As per the presentation, the industry pleaded that disparity in energy pricing both within Pakistan and regionally is seriously retarding Pakistan’s bid to accelerate economic development as a major exporting sector of the economy is crashing.

The textile industry wants government of Pakistan to exempt it from all surcharges in electricity bills pertaining to cross subsidisation and inefficiencies, arguing this would entail a cost of Rs3 billion which cost can be spread by reducing the negative fuel adjustment surcharge by less than 22 paisas per kwh This very small adjustment in fuel adjustment surcharge would put the textile export industry back on its competitive feet and as a result Pakistan will be able to regain lost imports and expand.

The textile industry in its presentation also said, “Energy is an important element of cost of production, particularly for spinning, weaving and processing industry. Its availability at regionally competitive price is important. In this respect, five exporting sectors zero rated by FBR be also zero rated from different tariff equalisation surcharges worth Rs3.63/kwh to bring the tariff in line with regional competitors.”

It said that the current electricity tariff is Rs11/kwh which should be reduced to Rs7/kwh. It also demanded that RLNG should be merged with system natural gas to reach a weighted average cost of gas (WACOG) to provide uniform pricing to industrial consumers both for captive and processing use across the country. “Rate should not be more than Rs600 per mmbtu,” it added.

Source: thenews .com– Mar 18, 2017

HOME

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Despite receiving record loans, Pak slump textile exports

Despite receiving record amount of loans in fiscal 2016-17, exports from the Pakistani textile and apparel sector have dropped, amid mounting challenges from Asian competitors. Lending to the industry amounted to a record Rs 90 billion in fiscal 2016-17, but exports slumped to $6.151 billion as against $6.545 billion in the previous fiscal.

The Pakistan government has also committed to pump Rs 64.15 billion in order to boost exports, under the new Textile Policy, which runs from 2015-2019.

Pakistani media reported that government has also extended an additional incentive package of Rs 180 billion to lift dipping exports and the export financing rate offered to the sector stands at just 3.5 per cent, the lowest in the past ten years.

Source: fibre2fashion.com– Mar 17, 2017

HOME

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Indonesia seeks tie-ups with universities

With thousands of Indonesian students going abroad every year for higher studies, the scope for university-level tie-ups is high for educational institutions in Coimbatore and Indonesia, said Saut Siringoringo, Consul General of the Republic of Indonesia.

Mr. Siringoringo told The Hindu here on Friday that many students of Indian origin are now pursuing higher studies in south India. Indonesian students also go to countries such as Japan and Australia. The possibility of a tie-up between Mumbai University and Symbiosis University with those in Indonesia is being worked out. "India should make use of this opportunity," he said.

Another major area of focus for Indonesia is tourism. The number of tourists from India to Indonesia in 2016 was 3,80,000.

In 2015, it was 2,90, 000. "In two years, we want tourism to be our biggest industry. We got totally 10 million tourists last year. We want it to go up to 20 million in 2019," he said. In this connection, there are efforts to have air connectivity with more Indian cities.

Bilateral trade between India and Indonesia reached 12.96 billion $ in 2016. India was now the third largest trade partner for Indonesia.
The main exports from Indonesia to India were coal and crude palm oil. "We want to diversify to more sectors," he said.

Industries in south India can look at exporting agricultural products, textile machinery, and textiles.

"We import a lot of fabric from China," he pointed out. "Business partnership between India and Indonesia in sectors such as finance, automotive and textiles must be increased and strengthened as both the countries have huge markets in those sectors," he said.

The Indonesian Government is working on incentives, including tax incentives and lower gas prices, that will make the country a top exporter of textiles.

The Indonesian Textile Association suggested that the Government facilitate partnerships between the domestic industry and Indian textile machinery manufacturers.

Indonesian textile manufacturers also prefer to buy cotton from countries such as the U.S, Australia, and India. Hence, the potential for strengthening investments and trade between the two countries in textiles is huge, he said.

The 32nd TradExpo Indonesia will be held in Jakarta from October 11 to 15 and the details are available on www.tradexpoindonesia. com
On Friday evening, Mr. Siringoringo addressed the trade and industry here in a meeting organised by the Indian Chamber of Commerce and Industry, Coimbatore.

Source: thehindu.com– Mar 18, 2017

HOME

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Vietnam Textile Industry Making Strong Recovery in Global Market

Vietnam has been facing fierce competition in the global textile industry in recent years. However, multiple initiatives and changing global conditions have been giving the country the push it needs to maintain its status as a global textiles leader.

Promising Future for Silk Production in Vietnam

After struggling to compete with China in the global silk market for several years, Vietnam's silk market is beginning to recover. As a result of several initiatives in the country, silk production has increased, and the country produced approximately 450 metric tonnes of silk in 2015.

In addition, new innovations and technologies are on the horizon that promise to boost Vietnam's silk industry in the future. Silk production is expected to move away from traditional methods in many areas in favour of high-tech and high-production technologies, with companies such as Kraig Biocraft Laboratories, Inc. initiating research and production in the country.

Vietnam Holds Strong Position in Cotton Industry Despite Decreasing Production

While Vietnam's cotton production has been falling recently, the country's position in the global cotton industry appears to be under little threat. Vietnam is the world's fifth-largest garment exporter, and textiles and garments is its second-highest earning sector.

Vietnam has faced challenges such as falling cotton prices internationally and insufficient national production to meet demand. However, with investments both from within the country and from abroad, as well as some favorable international developments, Vietnam's trade ministry expects the country's cotton exports to continue to rise for the next several years.

Vietnam's Top Textile Manufacturers

Vietnam's textile and apparel industry is one of the most important contributors to its economy, and its export value is continuously growing: in 2015, textile exports to the US grew by more than 11% to reach USD 10.9 billion. Kyungbang Vietnam Co., Ltd and Hantex are among the country's top 10 textile manufacturers, competing with many other strong players in a diverse and competitive market.

Source: businesswire.com– Mar 17, 2017

HOME

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NATIONAL NEWS

Global apparel trade contracts for second consecutive year in 2016: ICRA

The global apparel trade remains under pressure, having contracted for the second consecutive year in calendar year 2016, owing to subdued demand conditions in the key importing countries, according to ICRABSE 0.24 %. While the volumetric growth remained marginally positive, primarily aided by a recovery in demand from Europe, the realisations experienced a decline. Further, the latest trends point to a modest recovery so far in calendar year 2017.

Mr. Jayanta Roy, Senior Vice-President and Group Head, Corporate Sector Ratings, ICRA said: “Amidst the weak and volatile phase in the global apparel trade, India’s apparel exports remain flat and unencouraging, growing by a tepid 1% (in US$ terms) for the second consecutive year in FY2017. This trend, however, needs to be looked into in conjunction with the declines in global apparel trade in value terms during the period.”

The pace of growth for the other Asian apparel exporters like Bangladesh, Cambodia, and Vietnam has also moderated during the past two years, though they continue to grow at a relatively better pace vis-a-vis India. Nevertheless, scrapping of the proposed Trans Pacific Partnership (TPP) has weakened prospects for Vietnam, which augurs well for India, as the risk of increased competition from Vietnam has abated to an extent for now.

Given the weak trend in global apparel trade, the domestic market-focused apparel manufacturers are expected to perform relatively better than the exporters for the second consecutive year in FY2017. However, given the temporary pressures observed in domestic consumption owing to the demonetisation process, the gap between the growth rates is likely to narrow significantly.

“Overall, growth for apparel manufacturers has been relatively weaker at ~8-10% during FY2016 and FY2017 compared to the past few years, wherein the revenues of both apparel exporters and domestic-market focussed players grew at a CAGR of 13%-14% during 2011-2015,” Mr. Roy added.

The subdued off-take by apparel manufacturers, in addition to meagre fabric exports, continue to weigh on fabric demand as well. Accordingly, India's fabric production remained tepid in H1 FY2017 with a modest growth of 2%, following a flat production trend in FY2016.

Further, the demonetisation drive increased the challenges faced by this highly fragmented and unorganised segment of the domestic textile industry as is reflected by a 6% de-growth in fabric production during Q3 FY2017. This in turn is expected to constrain the total fabric production and is likely to result in around 1% de-growth in FY2017.

Source: economictimes.indiatimes.com- Mar 17, 2017

HOME

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Textile exports slump 4.5 pc to $26 bn in Apr-Dec

The country's textiles exports dipped by about 4.5 per cent to USD 26 billion during April- December of this fiscal

New Delhi, Mar 17 (PTI) The country's textiles exports dipped by about 4.5 per cent to USD 26 billion during April- December of this fiscal.

"The exports of textiles during 2016-17 (April-December) were USD 26 billion compared to USD 27.2 billion during 2015-16 (April-December)," Minister of State for Textiles Ajay Tamta said today in a written reply to the Rajya Sabha.

He also said that during the three quarters of this fiscal, the total production of man-made fibre stood at 1,037 million kg while spun yarn production was 4,254 million kg.

In a separate reply, he said that in order to develop the textiles industry and infrastructure, the government has implemented various schemes such as technology upgradation fund scheme and the one for integrated textiles parks, among others.

Source: india.com- Mar 17, 2017

HOME

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India's Textile Commissioner to feature at Planet Textiles 2017

It's now official that the Indian Government's Textile Commissioner, Dr Kavita Gupta, will make an opening address at this year's Planet Textiles Summit to be held in Bangalore on 24th May.

It can also be confirmed that Dr Gupta will be joined by experts on zero liquid discharge from the textile wet processing sector in India, leading brands such as Puma which will outline ZDHC plans on wastewater discharge, together with the leading NGO water.org which will discuss the pressing issue of water availability. Planet Textiles is is being organised in partnership between the Sustainable Apparel Coalition and MCL News and Media – the publisher of Ecotextile News.

Known for her engagement and interest in environmental issues in relation to India's vast textile industry, Dr Gupta will use her opening address to outline some of the key approaches and new challenges that the Indian Government will help the textile industry to address going forward as it continues a rapid growth trajectory.

The value of the Indian textiles industry, is currently estimated at around US$ 108 billion, but is expected to reach US$ 223 billion by 2021, according to the India Brand Equity Foundation (IBEF) – a trust established by the Department of Commerce, Ministry of Commerce and Industry, Government of India. The textile industry is the second largest employer in India after agriculture, providing employment to over 45 million people directly and 60 million people indirectly.

One of the key environmental issues for India's textile sector surrounds wastewater treatment, pollution and remediation, an issue which has also been a massive issue for the global textile sector at large.

As an international event taking place in India this year, Planet Textiles will also hold a special breakout session on wastewater in the textile sector featuring Sajid Hussain, Chief Operating Officer of Tamilnadu Water Investment Co. Ltd, a company which was instrumental in the zero liquid discharge (ZLD) initiative in Tirupur – a city at the epicenter of India's knitted fabric sector.

Sajid will discuss experiences of the ZLD project and possible ways forward including the development of policy framework, and challenges such as how ZLD can mean the generation of hazardous solid wastes, which pose new disposal challenges for the global textile sector.

Wastewater discharge guidelines

He will be joined on the panel by Stefan Seidel, Head of Corporate Sustainability at Puma Group who will also flag up the work of the ZDHC's wastewater discharge initiative and how brands and retailers and the textile industry in general can roll out these guidelines across the whole sector.

Planet Textiles delegates will also hear from a special session run by the ZDHC, which will also partner with the event to reveal new work and include new results from some important pilot projects on water use and wastewater in textile mills dotted across the globe.

The event is being produced in partnership with leading man-made cellulosic supplier Lenzing and is also being kindly sponsored by Oeko-Tex, Covestro, ZDHC and Proviera. Supporters include Messe Frankfurt and The Dyestuff Manufacturers Association of India.

Source: dnaindia.com- Mar 17, 2017

HOME

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Apparel and fabric industry in knots over sluggish exports, demonetisation

Credit rating agency ICRA on Friday noted that the global apparel trade remains under pressure, having contracted for the second consecutive year in CY2016, owing to subdued demand conditions in the key importing countries.

While the volumetric growth remained marginally positive, primarily aided by a recovery in demand from Europe, the realizations experienced a decline.

Further, the latest trends point to a modest recovery so far in CY2017.
Mr. Jayanta Roy, Senior Vice-President and Group Head, Corporate Sector Ratings, ICRA said: ?Amidst the weak and volatile phase in the global apparel trade, India?s apparel exports remain flat and unencouraging, growing by a tepid one percent (in USD terms) for the second consecutive year in FY2017.

This trend, however, needs to be looked into in conjunction with the declines in global apparel trade in value terms during the period.?

The pace of growth for the other Asian apparel exporters like Bangladesh, Cambodia, and Vietnam has also moderated during the past two years, though they continue to grow at a relatively better pace vis-a-vis India.

Nevertheless, scrapping of the proposed Trans Pacific Partnership (TPP) has weakened prospects for Vietnam, which augurs well for India, as the risk of increased competition from Vietnam has abated to an extent for now.

Given the weak trend in global apparel trade, the domestic market-focused apparel manufacturers are expected to perform relatively better than the exporters for the second consecutive year in FY2017. However, given the temporary pressures observed in domestic consumption owing to the demonetisation process, the gap between the growth rates is likely to narrow significantly.

Overall, growth for apparel manufacturers has been relatively weaker at eight to ten percent during FY2016 and FY2017 compared to the past few years, wherein the revenues of both apparel exporters and domestic-market focused players grew at a CAGR of 13 percent to 14 percent during 2011-2015,? Roy added.

The subdued off-take by apparel manufacturers, in addition to meager fabric exports, continue to weigh on fabric demand as well. Accordingly, India?s fabric production remained tepid in H1 FY2017 with a modest growth of two percent, following a flat production trend in FY2016.

Further, the demonetisation drive increased the challenges faced by this highly fragmented and unorganized segment of the domestic textile industry as is reflected by a six percent de-growth in fabric production during Q3 FY2017. This in turn is expected to constrain the total fabric production and is likely to result in around one percent de-growth in FY2017.

Source: dnaindia.com- Mar 17, 2017

HOME

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Jharkhand to promote ethnic textile, handloom products

To promote livelihoods of craftspersons in textile, apparel and footwear sectors, the government of Jharkhand is mulling initiatives to market its ethnic textile and handloom products.

The state government's efforts, led by Jharkhand Silk Textile and Handicraft Development Corporation Ltd (Jharcraft), were discussed at a seminar in Delhi today.

Jharcraft is a government of Jharkhand undertaking formed to initiate steps to provide sustainable livelihood opportunities in the rural areas, based on sericulture, handloom, handicraft and other allied activities.

Government of Jharkhand Chief Secretary Raj Bala Verma said: "The major benefits of policies of Jharkhand in the textile industry is that the state is offering major incentives for the investors and providing 50 per cent of the rebate for land acquisition tax."

"Jharcraft hopes to provide a platform to the artisans and weavers to merchandise their own products, through the maximum utilisation of resources and manpower of Jharkhand," Jharcraft Managing Director K Ravi Kumar said.

Source: indianexpress.com- Mar 17, 2017

HOME

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Government taking steps to promote natural fibres under R&D scheme

Government taking steps to support Research and Development in natural fibres such as Banana, Himalayan nettle, Bamboo and hemp under the R&D scheme for the Textile Industry including Jute of the Ministry of Textiles.

Under the scheme, Government provides financial support to the extent of 70 percent of the project cost for undertaking applied research and to the extent of 100 percent for undertaking basic research by reputed research agencies including Textile Research Associations (TRAs), Universities, Industry Associations, Government approved research centers such as IITs/Government aided Institutions/ recognized engineering colleges/institutions approved by DST/DSIR etc.

Government has granted approval for a project titled Development of products from Himalayan Indian nettle with project cost of Rs. 67.48 lakh, to Department of Jute and Fibre Technology, Institute of Jute Technology, University of Kolkata.

Similarly, for Banana Fibre, Government has given approval for two projects titled Development of eco-friendly recyclable/bio-degradable value added technical textiles from banana yarns" (Completed in 2013) and Development of banana fabric suitable for extreme cold Weather by plasma Technology" (Completed in 2015) to Manmade Textile Research Association, Surat.

Source: yarnsandfibers.com - Mar 17, 2017

HOME

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GoI keen to launch scheme to support power loom weavers

The government to protect the interest of power loom weavers will soon launch a scheme.
The Minister of State for Textiles Ajay Tamta said during Question Hour in the Rajya Sabha that they are taking steps to address the concerns of power loom weavers and soon will be launching a scheme to help them.

Lack of regular supply of electricity and availability of sufficient yarn, and among other such problems are faced by the power loom weavers

The minister said that solar energy will be promoted and subsidy support is given to power loom weavers.

The government has launched a special package for garment and made—ups segment besides implementing various schemes for upgrading decentralised power loom, handloom and handicraft sector, said the minister in the Rajya Sabha.

Source: indiainfoline.com - Mar 17, 2017

HOME

****

Rising output costs hits textile export

Weak global demand and rising rupee were a problem, despite govt's booster package 18 March, 2017
Textile export contracted in calendar year 2016 for a consecutive year, due to weak global demand and India's losing competitiveness.

Data from the ministry of textiles shows a five per cent fall to $34.9 billion (Rs 2.3 lakh crore) for calendar 2016, from $36.7 bn in 2015.

In September 2016, the central government announced a Rs 6,000-crore package to boost textile export. This was on recommendations from the industry, and a commitment from it to raise annual export to $50 bn and create 100,000 new jobs.

"Textile demand remained sluggish, following uncertainty in globally economy. And, India has been losing its competitiveness to China, due to almost flat (rise in) cost of production there and depreciation in their currency. In contrast, the cost of production had increased sharply in India over the past year. Additionally, the rupee has appreciated around five per cent. So, India's receivable export proceeds have declined proportionately," said Rahul Mehta, president, Clothing Manufacturers' Association of India.

According to trade sources, the past year has seen a 25-30 per cent jump in apparel production's labour cost. Since labour is a major component of the overall cost, this rose proportionately. And, while the Chinese yuan weakened by nine per cent over the year, the rupee rose against the dollar by five per cent.

"Overall, therefore, India's textiles and apparel export are estimate to remain flat in calendar 2017, as the benefits offered by the government are negated by a sharp increase in the cost of production and appreciation in the rupee," said Mehta.

Rating agency ICRA says the global apparel trade remains under pressure, having contracted in 2016 for another year, with subdued demand in key importing countries. While volume growth was marginally positive, primarily aided by a recovery in demand from Europe, realisations fell. The latest trends point to a modest recovery in calendar year 2017.
"India's apparel export grew a tepid one per cent (in dollar terms) for a second year in FY17. This trend, however, needs to be looked into in conjunction with the decline in global apparel trade in value terms," said Jayanta Roy, senior vice-president at ICRA.

The pace of growth for other Asian apparel exporters Bangladesh, Cambodia, and Vietnam has also moderated during these two years, though their growth was better. Scrapping of the proposed Trans Pacific Partnership (TPP) has weakened the prospects for Vietnam, which augurs well for India.

Given the weak trend in global trade, home market-focused apparel makers are expected to do relatively better than exporters in FY17. However, given the temporary pressures observed in domestic consumption, owing to demonetisation, the gap in growth rates is likely to be narrower.

Subdued offtake by apparel makers, in addition to meagre fabric export, continue to weigh on fabric demand. The country's fabric production was tepid in April-September 2016, first half of this financial year, with modest growth of two per cent, after a flat trend in FY15. Demonetisation added to the challenges faced by this fragmented and unorganised segment, seen in a six per cent fall in fabric production during the December quarter. This is expected to hit total output in FY17, which might see a one per cent fall.

Source: cottonyarnmarket.net- Mar 18, 2017

HOME

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