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IBTEX No. 121 of 2017 June 15, 2017

USD 64.27 | EUR 72.13 | GBP 81.92 | JPY 0.59

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20079	42000	**83.31**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
20210	42275	**83.86**

International Futures Price

NY ICE USD Cents/lb (July2017)	77.22
ZCE Cotton: Yuan/MT (Sept 2017)	15,625
ZCE Cotton: USD Cents/lb	**86.84**
Cotlook A Index – Physical	**85.50**

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

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

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

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

Reasons attributed to fall in price:

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

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

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

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

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

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

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

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INTERNATIONAL NEWS

Vietnamese textile and clothing industry set for strong growth

Strong growth is predicted for the Vietnamese textile and clothing industry, according to a new report from the global business information company Textiles Intelligence – Prospects for the textile and clothing industry in Vietnam.

Between 2016 and 2020, production is forecast to rise by an average of 12-14% per annum. Exports are expected to rise by 15% per annum and, as a result, they are set to reach US$50 billion by 2020 -- up from US$28 billion in 2016.

To achieve these targets, however, a number of policies will need to be implemented. For a start, Vietnamese companies will need to shift their in focus away from CMT (cut, make and trim) garment production where they act merely as subcontractors for foreign firms. Instead, they will need to produce more garments on a so-called fob (free on board) basis and deal directly with foreign buyers.

Also, only a small percentage of Vietnamese clothing is made from domestically produced fabric and this needs to increase significantly. Additionally, there needs to be a shift from producing lower end clothing items to producing high quality, high value fashion items. There also needs to be a move towards more efficient sourcing through vertical integration, as well as an improvement in productivity by enhancing research, training and development.

The industry has already begun to make significant investments in its textile manufacturing facilities. For example, Vietnam was the second biggest investor in shuttleless looms among member countries of the Association of South East Asian Nations (Asean) during 2006-15.

Moreover, it was the biggest investor among these countries in ring spindles and open-end rotors. There has also been a marked expansion in the knitting sector.

The industry's development has been assisted by strong government support which has encouraged high levels of investment -- especially from foreign investors.

Development has also been assisted by government success in negotiating a number of free trade agreements (FTAs). Having said that, not all Vietnamese clothing exports benefit from preferential tariffs under these FTAs because many of the agreements stipulate the use of locally produced fabrics – and a large proportion of the fabrics used for clothing production in Vietnam are imported.

Vietnamese fabric production accounted for barely 15% of the clothing industry's fabric needs in 2015. Furthermore, growth in clothing production has outpaced that of fabric production in recent years.

Another issue for the industry is that activities such as marketing and distribution are underdeveloped. Consequently, the industry relies heavily on the help or participation of foreign companies to carry out these activities.

However, the position is beginning to change. The government is promoting opportunities for the textile and clothing industry by pursuing a programme of specialisation and modernisation. Its objective in doing so is to produce more items with greater added value, and it is significant that a number of internationally recognised brands are increasingly active in the country -- including Adidas, Puma, Nike and Gap.

There is also scope for clothing producers to enhance their product offerings by developing their own brands and becoming original design manufacturers (ODMs) rather than mere subcontractors. However, much will depend on nurturing local design talent and establishing brand names which have a resonance with consumers in sophisticated Western markets.

Significant opportunities will arise for supplying Vietnam's growing domestic clothing market.

The market is being powered by a young age profile, increasing urbanisation, rising personal disposable incomes and continued strong economic growth. In fact, the country's retail sales are reported to be rising by 20% per annum.

Moreover, consumer spending on clothing is the second highest category of expenditure, being exceeded only by food purchases.

Source: innovationintextiles.com- June 14, 2017

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Aussie cotton prices to remain strong in 2017-18: Rabobank

Cotton prices in the domestic Australian market will remain strong at above AUD 520 per bale through 2017-18, according to a report by Rabobank. The report cites currency weakness, the premium for Australian cotton (largely due to its quality) and global economic recovery as the three factors underpinning the local sector's profitability in the near term.

Beyond the next 12 months, there is a cause for optimism, largely due to the prospect of recovering Chinese import demand, says the Australian Cotton Outlook – Three good reasons for optimism report by Rabobank.

Report author, Rabobank commodity analyst Charles Clack said the near and medium- term outlook bodes well for growth and investment in Australia's cotton industry. "This is despite the anticipated softening in global cotton prices, with the recent run of high prices driving an expansion in global acreage."

"The US is expected to drive much of the four per cent increase in global plantings that is foreseen in 2017/18, but production could also increase in India, Pakistan and China," added Clack.

He said that the increased global availability of cotton for export is likely to place downward pressure on world prices, despite strong demand which is forecast to increase as economic growth improves.

"In the next 12 months, we don't see the increase in cotton demand exceeding the anticipated hike in global cotton production. However, Australian cotton prices are expected to be largely buffered from any fall in international prices, as the Australian dollar provides some offset," stated Clack.

The cash premium for Australian cotton is also expected to remain high (over alternative origins), due to Australia's off-cycle export season and superior fibre quality and, to a lesser extent, Australia's freight advantage into Asia.

Clack added that these factors, as well as strong hand-to-mouth demand from spinning mills as they replenish stocks, should support Australian prices above AUD 520/bale in 2017-18. However, much will hinge on production prospects, with the current season throwing up many challenges and resulting in highly variable yields.

The report adds that with the world's 'cotton heavyweight' China looking for imports by the end of the decade, a golden opportunity could open for exporters, and in particular Australia.

It cites Australian cotton's superior quality, off-cycle export year, and market access as factors that should see it hold considerable competitive advantage over many other exporters.

"China currently holds 50 million bales in reserve," Clack said, "which is equivalent to 54 per cent of global cotton stocks. However at their current destocking rate, Rabobank anticipates China could reduce their stocks by close to 10 million bales per year."

Clack added that this would see Chinese stocks return to a more manageable 20 million bales by 2019-20. At this point, with consumption remaining at a similar level, a supply deficit of around 10 million bales per annum would need to be filled by a substantial increase in local production or a change in government policy to allow for more imports.

"Although it is too early to call, it appears that a combination of both these factors will be required to fill this gap, putting Australia in the 'box seat' to fulfil Chinese demand, given its geographic proximity, reputation for quality, and export focus," concluded Clack.

Source: fibre2fashion.com- June 14, 2017

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US cotton imports up slightly

During January to April 2017cotton imports by the US surged marginally in volume terms by 0.1 per cent on a year-on-year basis. Total cotton imports include imports of cotton yarn, cotton fabrics, cotton made-ups and cotton apparels.

Cotton fabrics and cotton made-ups recorded a boost by 3.8 per cent and four per cent in volume terms. Imports of cotton yarns and cotton apparels fell six per cent and two per cent in volume terms.

In April, only cotton made-ups recorded a growth in volume-wise imports of 2.5 per cent whereas imports of cotton yarns, cotton fabrics and cotton apparels were down by 5.7 per cent, 5.1 per cent and 1.4 per cent when compared with April 2016.

India's apparel exports to the US fell by four per cent year-on-year in April 2017. Among the top four apparel exporting countries to the US, only China and Vietnam registered a growth in apparel exports. China, the leading exporter of apparels to the US, saw an increase of 4.4 per cent in its exports. Resultantly, the country's share in the US apparel import market rose by 150 basis points to 29.9 per cent.

Apparel exports of Vietnam to the US rose by 11.4 per cent. The country's market share expanded by 170 basis points to 15.2 per cent.

On the contrary, apparel exports of Bangladesh and Indonesia fell by 7.6 per cent and 3.5 per cent respectively.

The market share of Bangladesh contracted by 50 basis points to 6.6 per cent and that of Indonesia shrunk by 20 basis points to 6.5 per cent.

Source: fashionatingworld.com- June 13, 2017

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World cotton stocks set to be lowest in six years

THE United States Department of Agriculture's (USDA) latest cotton outlook has raised projections for 2017/18 world cotton production, consumption and ending stocks, but has reduced trade estimates by two per cent.

Since its last report a month ago, the USDA has lifted production estimates for Pakistan, China, and Mexico based on a higher estimated planted area.

Predictions of higher global consumption reflect increases for China, India, and Pakistan, largely due to higher domestic supplies.

China's consumption is raised in both 2016/17 and 2017/18, as sales from the national reserve and steady imports suggest that consumption there is stronger than previously estimated.

A reduction of nearly 800,000 bales in world imports results primarily from lower expected demand by Pakistan and Mexico.

Exports are lowered for the United States, India, Brazil and others.

World ending stocks are now projected at 87.7 million bales, the lowest since 2011/12.

World and U.S. Supply and Use for Cotton 1/
Million 480-lb. Bales

			Output	Total Supply	Trade 2/	Total Use 3/	Ending Stocks
World	2015/16		96.79	208.53	35.30	111.22	97.17
	2016/17 (Est.)		105.99	203.15	36.80	113.57	89.34
	2017/18 (Proj.)	May	113.22	202.75	37.63	115.75	87.14
		Jun	114.73	204.07	36.84	116.51	87.71
United States	2015/16		12.89	16.57	9.15	3.45	3.80
	2016/17 (Est.)		17.17	20.98	14.50	3.30	3.20
	2017/18 (Proj.)	May	19.20	22.41	14.00	3.40	5.00
		Jun	19.20	22.41	13.50	3.40	5.50
Foreign 4/	2015/16		83.90	191.96	26.14	107.77	93.37
	2016/17 (Est.)		88.82	182.17	22.30	110.27	86.14
	2017/18 (Proj.)	May	94.02	180.34	23.63	112.35	82.14
		Jun	95.53	181.66	23.34	113.11	82.21

1/ Marketing year beginning August 1. 2/ Based on export estimate. 3/ Includes mill use only. 4/ Total Foreign is equal to world minus United States. See global cotton tables for treatment of export/import imbalances.

Source: USDA, https://www.usda.gov/oce/commodity/wasde/latest.pdf

Source: graincentral.com- June 11, 2017

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China, Singapore in RCEP pledge

China and Singapore will do their best to expedite talks on the Regional Comprehensive Economic Partnership, Singapore's foreign minister said yesterday, calling the potential pact a statement on the importance of free trade.

The China-backed RCEP has been given new impetus by US President Donald Trump's withdrawal from the Trans-Pacific Partnership trade agreement, to which China is not party.

The two trade deals are not mutually exclusive, and some countries would be members of both.

"If we can successfully conclude these negotiations quickly, it will be an important statement in favor of free trade and economic integration," Vivian Balakrishnan told reporters in Beijing after meeting Chinese Foreign Minister Wang Yi.

"At this point in time, it is more necessary than ever before," he said.

Wang repeated China's position that it would work to conclude RCEP negotiations as soon as possible. The Association of Southeast Asian Nations is joined in RCEP talks by China, India, Australia, New Zealand, Japan and South Korea, but not the United States.

Nations party to the talks, launched in 2012 and expected to create a free trade area of several billion people, have expressed the hope of a deal by the end of the year, though previous targets have been missed. RCEP is less comprehensive than TPP and the main focus is on reducing tariffs. Coverage of services is more modest than in the TPP.

This year marks the 15th anniversary of the establishment of a strategic partnership between China and ASEAN.

Wang said China believes Singapore will add wisdom and strength to the healthy and stable development of China-ASEAN ties.

He said both sides need to think about how to upgrade the partnership to a higher level with greater influence in order to contribute more to regional development.

Balakrishnan said Singapore is willing to take on the opportunity to be a coordinator country between the ASEAN and China and, when it becomes rotating president of the ASEAN in 2018, to advance cooperation in politics, economy, trade and culture to add new impetus to China-ASEAN ties.

Wang said China and Singapore can increase cooperation under the Belt and Road initiative via platforms for connectivity, finance and a third-party market.

Hailing the development of bilateral ties with Singapore since the beginning of the year, Wang said the two countries need to continue to implement the consensus reached by both leaders and promote the “partnership of all-round cooperation in keeping with the times.”

China welcomes Singapore’s participation in Belt and Road construction and is ready to work with the country to carry out the Belt and Road memorandum of understanding, Wang said.

Balakrishnan said the Belt and Road initiative is of historic importance and Singapore has supported it from the very beginning as it connects Asia, Europe and Oceania and brings prosperity to all.

Singapore is an important point along the Belt and Road and could provide support for the financing of the initiative as it is a regional financial hub, Balakrishnan said.

Source: shanghaidaily.com- June 11, 2017

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Ivory Coast forecasts 2017/18 cotton output steady at 350,000 T

Ivory Coast's raw cotton output is forecast to hit 350,000 tonnes in the 2017/18 season, little changed from 340,000 tonnes in the last season, the Cotton Ginners' Association's executive secretary Christophe N'Dry said on Friday.

Ivory Coast, the world's top cocoa producer, is also one of Africa's largest cotton exporters. Its annual output was about 400,000 tonnes before a 2002-2003 civil war halved it.

The government aims to boost output to 600,000 tonnes by 2020. Cotton farmers in Ivory Coast sow cotton by late May and the harvest runs from November through January or February.

Source: cnbcafrica.com- June 13, 2017

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Bangladesh: Export to Germany crosses $5 billion

Country's merchandise export to Germany crossed $5 billion level during the first 11 months of the current fiscal year (FY17).

Official statistics, released by the Export Promotion Bureau (EPB), showed that total export to Germany stood at $5.04 billion in July-May period of the current fiscal year.

The amount was $4.44 billion in the same period of the past fiscal year (FY16). Thus export earnings from Germany registered 13.5 per cent growth during the period under review.

The EPB data also showed that annual export to Germany stood at $4.98 billion in FY16. As a result, total export to Germany in 11 months crossed the past fiscal year's annual export.

Source: thefinancialexpress-bd.com- June 13, 2017

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Sri-Lanka: Govt should not create unrealistic expectations about GSP Plus

The European Union restored GSP+ to Sri Lanka on 19 May 2017. The EU has three GSP schemes. The GSP scheme for the least developed countries with a per capita income below USD 1,025 provides zero duty access to the EU market.

The 'general GSP' scheme for lower-middle income countries with a per capita income between USD 1,025 and USD 4,035 allows access the EU market on payment of a concessionary import duty. These two EU-GSP schemes have undoubtedly helped many developing countries to build export industries.

The EU's GSP+ scheme allows lower-middle income countries which would normally be charged a concessionary import duty, to enjoy zero duty access to the EU market – but at a heavy price.

Applicants for GSP+ must ratify 27 international conventions and place themselves under the political supervision of the EU. As a result, only nine countries including Sri Lanka have joined the GSP+ scheme.

Fulfilling the conditions to qualify for GSP+ could cause permanent damage to a country's political, legal and institutional framework, which is why my government allowed GSP+ to be withdrawn in 2010 without agreeing to the political demands the EU made for the continuation of GSP+ such as instituting war crimes inquiries against our armed forces and greater devolution of power.

After we lost GSP+ in 2010, we came under the general GSP scheme and our exports were charged a concessionary rate of duty by the EU. Since GSP+ was restored to Sri Lanka last month, the government has said that there will be a boom in exports of everything ranging from fisheries products to apparel and other industrial goods to Europe.

Hopes have been generated of foreign investors flocking to Sri Lanka to make use of duty free access to the EU market. The government keeps telling the people that our entire future can be built upon GSP+. However, it should be understood that GSP+ offers only temporary economic benefits.

The EU's GSP schemes are governed by Regulation No: 978/2012 of the European Parliament and the Council of 25 October 2012. A country can benefit from GSP+ only so long as it is a lower-middle income country with a per capita income less than USD 4,035.

Upper-middle income countries above that threshold are not entitled to any EU-GSP scheme at all, and goods from such countries are charged the full import duty by the EU. Sri Lanka's per capita income was USD 3,843 in 2015 and USD 3,835 in 2016 which means that we are just USD 200 away from the threshold of USD 4,035 which will make us ineligible for any kind of EU-GSP scheme.

How close are to that threshold can be gauged from the fact that during my nine years in office, our per capita income grew by an average of USD 286 per year. After Sri Lanka reaches the USD 4,035 mark in a particular year, we will be under observation for a further two years and then given a grace period of about one year before being taken out of all EU-GSP schemes.

Georgia, which used to be a GSP+ recipient, crossed the USD 4,035 threshold and was declared ineligible for both the general GSP and GSP+ schemes by the EU with effect from 1 January 2017 by EU Commission Delegated Regulation No: 2015/1979 of 28 August 2015.

The EU-GSP schemes were always designed to take a country gradually from zero duty to paying a concessionary duty and later to paying the full duty.

Zero duty access or concessionary duty access under the EU's GSP schemes was never meant to be perpetual. Countries lose GSP concessions as their economies grow. At times such concessions can be withdrawn by the donor countries for other reasons as well. In 2005, the quota system for apparel imports into the USA which countries like Sri Lanka relied on heavily, was abolished.

Yet our apparel exports to the USA continued to grow. Our export industries have certain marketable strengths such as the absence of child labour, adherence to high environmental standards and comparatively good working conditions for employees. Buyers can thus rely on getting an untainted product from Sri Lanka.

Since we are very close to the USD 4,035 per capita threshold, we should prepare for a future without any GSP concessions from the EU, by building on the strengths we already have. Ironically, the transition to a future where we will have to pay the full import duty to the EU would have been easier if we had simply remained within the ‘general GSP’ scheme paying a concessionary duty until we cross the USD 4,035 mark.

It should be borne in mind that because GSP+ was restored to Sri Lanka, once we cross the USD 4,035 mark, we will have to make a sudden transition from enjoying zero duty status to paying the full import duty. The government should inform the people and the export industries that we are on the verge of losing not only the recently restored GSP+ but the ‘general GSP’ concession that we had since 2010 as well.

The government should not create unrealistic expectations about GSP+ among the public. Programmes should be started to help businesses prepare for the inevitable transition to a future without any EU trade concessions, through the diversification of products and markets.

Providing low interest capital to modernize factories, tax incentives for expansion, upgrading the skills of the labour force may be some of the measures needed to facilitate this transition. It is hoped the government will give due consideration to these matters.

Source: dailymirror.lk- June 15, 2017

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NATIONAL NEWS

Government working on proposal to merge DGFT with CBEC

The government is working on a proposal to merge the Directorate General of Foreign Trade (DGFT) with Central Board for Excise and Customs (CBEC) to promote ease of doing business for exports and imports.

The DGFT and CBEC are under the ministries of commerce and finance, respectively. The proposal also assumes significance as a bulk of the current work profile of the foreign trade regulator DGFT is going online with digitisation and roll-out of the goods and services tax (GST).

The DGFT, headed by an Indian Administrative Service (IAS) officer, facilitates exports, formulates foreign trade policy and administers programmes like the Merchandise Exports from India Scheme, Advance Authorisation and Export Promotion for Capital Goods.

Indian Trade Service (ITS) cadre officials mainly work in this body. According to sources, the matter was discussed recently in an inter-ministerial meeting convened by the Cabinet Secretariat.

“There are some synergies between customs and the DGFT. The two can be merged so that policy and implementation is with one body. Outward looking infrastructure support related activities will be taken care of by the DGFT post merger,” they said.

With the focus on digitisation, most of the activities are now being handled online like providing export-import code numbers and the like.

Once the new indirect tax regime GST comes into effect, all the remaining work will be carried out digitally, sources added.

As India is also implementing WTO’s trade facilitation agreement, it would be prudent that all trade facilitation related work comes under a single body.

As per the World Bank’s ease of doing business report (2017), India is ranked 130th out of 190 economies and further lower at 143rd when it comes to ‘trading across borders’.

Source: livemint.com- June 14, 2017

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WPI inflation for apparel dips 0.4% in May 2017

India's annual rate of inflation, based on monthly wholesale price index (WPI), dropped to 2.17 per cent for May 2017 over same month of the previous year. The index for 'Manufacturing of wearing apparel' declined by 0.4 per cent to 133.5 in May from 134.1 in April 2017 due to lower price of leather garments, including jackets and shirts.

Meanwhile, the official WPI for all commodities (Base: 2011-12 = 100) for the month of May, 2017 declined by 0.4 per cent to 112.8 from 113.2 for the previous month, according to the provisional data released by the Office of the Economic Adviser, ministry of commerce and industry.

The index for manufactured products (weight 64.23 per cent) for May, 2017 rose by 0.4 per cent to 112.6 from 112.1 for the previous month. The index for textiles sub-group increased by 0.3 per cent to 113.6 from 113.3 for the previous month due to higher price of cotton yarn (2 per cent) and manufacture of other textiles, texturised and twisted yarn and manufacture of made-up textile articles, except apparel (1 per cent each).

However, the price of synthetic yarn (2 per cent) and manufacture of knitted and crocheted fabrics and manufacture of cordage, rope, twine and netting (1 per cent each) declined.

The index for 'Manufacture of Wearing Apparel' sub-group declined by 0.4 per cent to 133.5 in May, 2017 from 134.1 for the previous month due to lower price of leather garments, including jackets (2 per cent) and shirts/half shirts of cotton and/or man-made fibre and babies garments, knitted (1 per cent each).

However, the price of men's/boys' suits, coats and jackets (2 per cent) and trouser/pants made of cotton and/or man-made fibre (1 per cent) moved up.

The index for primary articles (weight 22.62 per cent) declined by 1.5 per cent to 126.5 from 128.4 for the previous month.

The index for fuel and power (weight 13.15 per cent) also declined by 2.1 per cent to 90.8 from 92.8 for the previous month due to lower prices of LPG, bitumen, electricity, naphtha, ATF, petrol and HSD.

However, the price of petroleum coke, lignite and kerosene moved up.

Source: fibre2fashion.com- June 14, 2017

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Reduce GST for job work after garmenting to 5%: TEA

The Tiruppur Exporters' Association (TEA) has appealed to the Goods and Services Tax (GST) Council to reduce the rate for job work operations after garmenting activities to 5 per cent from 18 per cent. While the Council reduced the rate for job work in textiles to 5 per cent, it did not cover the job work on apparel within the ambit of this rate reduction.

The negative step of not considering job work on apparel is likely to cause huge hardships to several micro industries in textile clusters like Tiruppur, said the association.

Only the services which can be classified as 'job work in relation to yarn and fabrics of textiles' alone is eligible for the reduced rate of 5 per cent. The major concern was that in textile clusters like Tiruppur, a host of job work operations such as garment printing, embroidery, garment washing, tie and dye, checking, button fixing, labeling, ironing and packing are carried out by micro industries on job work basis only and this is in relation to wearing apparel, said Raja M Shanmugham, president, TEA.

Shanmugham pointed out that some of these processes such as checking, ironing and packing, button fixing, etc., are actually carried out by people ‘who take work to their home for job work’, which was also rightly described by finance minister Arun Jaitley in his press interview on June 11 after the Council meeting.

As the processes are only of B2B nature and since the final product garments is falling under the 5 per cent slab, levying 18 per cent on job work will create an inverted duty scenario disturbing the seamless credit flow thereby defeating the very object behind GST, said TEA in a press release.

TEA president emphasised that the laudable intention of removing the hardship for the MSME industry by reducing the GST Rate on job work will not be fully served if only these tiny and micro industries such as those listed above are excluded from the benefit of rate reduction.

He also felt that as these job workers fall in the middle of the textile manufacturing value chain where the credit is ultimately passed on to the final manufacture, there is absolutely no revenue implication because of this change as suggested.

TEA has appealed to the Union minister of finance to discuss the concerned issue at the ensuing GST Council meeting scheduled for June 18, 2017 and requested to make a suitable amendment/clarification so that this unintended hardship faced by micro and small textile units in Tiruppur cluster are duly addressed.

Source: fibre2fashion.com- June 14, 2017

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Telangana allocates Rs 1,200 crore to textile sector

A budget of Rs 1,200 crore has been allocated by the state government of Telangana for the textile sector for the year 2017-18. Close to Rs 373 crore will be used for the handloom sector, while RS 827 crore has been allocated for powerlooms and their modernisation. The state has generated about Rs 73,000 crore in investments and created 2.56 lakh jobs.

The investments were made in the state after the introduction of the Telangana State Industrial Project Approval and Self-Certification System (TS-IPASS), said KT Rama Rao, state information technology and industries minister while releasing the Department of Industries and Commerce's 2016-17 annual report.

Some industrial parks which include the Kakatiya Integrated Mega Textiles park and Sircilla Apparel park will also be established in Telangana, said media reports quoting Rao.

Telangana has achieved a YoY growth of 10.1 per cent in gross state domestic product (GSDP) as compared to the national average of 7.1 per cent in FY17, according to the annual report.

The state has also been ranked first for ease of doing business reforms for 2015-16 by World Bank due to TS-IPASS, said the minister.

Source: fibre2fashion.com- June 14, 2017

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Indian Textiles Ministry organizes roadshow for Textiles India '17

Textiles Ministry of India organized a roadshow for 'Textiles India 2017' on June 12 in Mumbai, Maharashtra, to promote the international trade show, slated to be held from June 30 to July 2 in Gandhinagar, Gujarat.

"Textiles India 2017 is a landmark global trade event for the Indian textile and handicraft industry that will showcase the entire range of textile products from 'Fibre to Fashion'," said **Textile Secretary Anant Kumar Singh** during the roadshow in Mumbai.

This mega event will have more than a thousand stalls and will witness the presence of over 2,500 discerning International buyers, agents, designers and retail chains from across the world.

The three-day fair will include global conferences with six themes, to be chaired by concerned Union Ministers and the Valedictory session presided over by the Union Finance Minister. Maharashtra, Assam, Andhra Pradesh would be the partner states of the event and Jharkhand would be the Special focus state.

Over 24 round tables will be held on issues of concern for the various segments of textiles and handicrafts with prominent international speakers and industry leaders. This event shall have Dedicated Sector Specific Theme Pavilions, Pavilions of Focus Countries which include UK, USA, Germany, Japan, South Korea, Turkey, Australia, ASEAN and BIMSTEC.

The roadshow was coordinated and organized by Powerloom Development and Export Promotion Council (PDEXCIL).

Source: apparelresources.com- June 14, 2017

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Kannur's handloom weavers opting for e-commerce

Handloom weavers of Kannur, a Kerala district known for quality handloom, are mounting the bogey of e-commerce in a big way - they have started selling products including shirts with traditional designs through e-commerce giants like Amazon. The sector has been in crisis due to lack of demand among the new generation and lack of marketing avenues.

The district administration has initiated steps to help the handloom sector regain its reputation. Weavers are being trained in creating attractive designs and the administration is helping them tie up with e-commerce giant Amazon to start with to get a wider and direct market for their products, an agency report said.

The “Cannloom” brand products including men’s formal shirts in cotton and linen and with traditional designs of Kerala’s popular martial art “Kalaripayattu” and “Theyyam” (a popular ritual form of worship of North Kerala) and cotton dhotis are already being sold on Amazon, according to the report.

District Collector Mir Muhammed Ali said “Cannloom” brand with shirts having “Kalari” and “Theyyam” designs, went online on May 14, 2017 on Amazon and the response had been encouraging.

Presently, 80 weavers and workers of Kuthuparamba Weavers Cooperative Society had gone online with the two products while 16 other weavers’ societies had completed training at National Institute of Fashion Technology (NIFT) and would launch their products soon online.

Launching the products on a major platform like Amazon was an unexplored territory and a first by a weavers’ society in the state, Ali told a news agency.

“We started by designing attractive handloom bags and as we moved on we wanted to combine looms and lores of the region and thought of taking “Kalaripayattu” and “Theyyam” motifs, which are part of Kannur’s tradition,” he said.

Each shirt has a unique tag, which means each product was one of its kind.

There are plans to bring sarees, towels and bags with unique traditional designs of Kannur online, he said. While "Theyyam" shirt is pure handwoven linen priced at Rs 2,000, the "Kalari" shirt costs Rs 1,500 and ordinary handloom shirt, Rs 1,200.

"We are in talks with Amazon to reduce their fees which will cut prices by 10-12 per cent," he said.

So far, the handloom products were being sold across the counter with sales being significant only during the festival seasons of Onam and Christmas. The new endeavour will help remove middlemen with benefits going directly to society's weavers, the report said.

According to Kuthuparamba Weavers Cooperative Society secretary Sujesh, products worth Rs 15,000 have already been sold by selling through Amazon. "There is good demand for the products and weavers have realised that with changing times and habits, there is need to incorporate new designs to attract more customers," he said. There are also plans to sell products through Flipkart and Myntra.

Anusree, who is designing the products, said efforts were on to launch Theyyam-inspired sarees, cotton dhoties with traditional printed borders of Theyyam and Kalari. "We are in the process of doing a complete collection of shirts, dhoties, and sarees of 'Theyyam' and 'Kalari' designs by Onam," she said.

Work on some 120 shirts had been completed. Initially, the weavers were hesitant with the new ideas, but with enquiries pouring in, things were changing, the 25-year-old designer who has passed out of National Institute of Design, Mumbai, said and added there were plans to incorporate printed shirts with contemporary motifs like wifi symbols to attract youngsters.

Source: fibre2fashion.com- June 14, 2017

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Expect Cotton futures to be under pressure: Angel Commodities

According to Angel Commodities, Cotton futures are expected to be under pressure on reports of good sowing progress and higher stock levels in the country.

MCX cotton fell more than 1.2% on Tuesday on anticipation of good production in the next season as sowing progress in the country starts in a brisk manner. As per latest data from Agricultural Ministry, cotton is planted in 14.1 lakh hectares (l ha) till last week , higher by 43 % compared to last year acreage of 9.87 l ha for same period.

In Haryana, acreage was at 630,000 ha, up 28% on year, while in Punjab, the area under cotton was up 52% at 382,000 ha, the data showed. As per ICAC, Cotton area in India is forecast to expand by 7% to 11.3 million hectares, and production could increase by 3% to 6 mt in 2017/18. ICE futures dropped to their lowest since end - January on Tuesday on expectations of a robust harvest.

Moreover, lower U.S. export outlook for the new crop, weighed on the prices. Net upland sales for the 2016 - 17 crop last week was totaled 82,700 running bales, down 26% from the previous week. US sowing data showed 92% of cotton crops were planted in the US by the week ended June 12, up from 80% in the previous week.

USDA June report draw a bearish trend (from 14 million to 13.5 million bales) for the US cotton exports while ending stocks at 9 year high at 5.5 million bales. Speculators reduced a bullish stance in cotton futures and options to the lowest since November 2016.

Outlook

Cotton futures are expected to be under pressure on reports of good sowing progress and higher stock levels in the country. Normal monsoon forecast and higher prevailing price of cotton may encourage farmers to plant more cotton as prices of oilseeds and pulses are at multi year lows.

Source: moneycontrol.com- June 14, 2017

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Farmers shifting out of pulses, oilseeds due to low realisation

Farmers are shifting from oilseeds and pulses to more remunerative crops like cotton and maize this kharif season.

The area under oilseeds and pulses is likely to decline with prices ruling below minimum support prices in many mandis.

Farmers are agitating because their produce is not being lifted by government agencies and traders are also not buying ahead of the GST.

Low sowing is likely to rebalance the demand-supply situation in 2017-18 (July-June). India is dependent on imports for 55 per cent of its edible oils (14 million tonnes) and 25 per cent (5.5 million tonnes) of its pulses.

SHRINKING AREA

	Kharif sowing as of Sep 30 (mn ha)		Kharif production (mn tonne)	
	2015-16	2016-17	2015-16	2016-17 *
Rice	37.90	38.89	91.41	96.09
Bajra	7.05	7.04	16.05	19.17
Tur	3.77	5.28	2.56	4.60
Urad	2.85	3.57	1.25	2.16
Moong	2.56	3.41	1.00	1.53
Groundnut	2.66	4.70	5.37	6.26
Castorseed	1.10	0.84	1.75	1.55
Sesamum	1.72	1.60	0.85	0.80
Sunflower	0.15	0.16	0.07	0.10
Cotton #	11.64	10.28	30.01	32.58
Jute & mesta ##	0.77	0.76	10.52	10.27

Million bales of 170-kg each, ## million bales of 180-kg each; *Third Advance Estimates
Sources: Directorate of Economics & Statistics/ crops and TMOP division DAC

The area under cotton and maize might increase on better realisation. This will, however, pull down their prices in the next season.

Nationwide farmers' unrest over the last two weeks has affected kharif sowing. In Maharashtra, the sown area is 1.1 per cent of the area covered a year ago. With forecasts of a normal monsoon, sowing is likely to intensify in the next few days.

"Cotton and maize yielded better prices than soyabean, tur and groundnut last year. Farmers might shift to such remunerative crops," said Aurobinda Prasad, vice-president, Kotak Commodity Services.

Prices of pulses and oilseeds have been under pressure due to record production. Farmers were also lured into planting more by the government through higher MSPs. Additionally, imports kept prices low.

Between October 2016 and May 2017, tur prices fell 45.71 per cent to trade at Rs 3,800 a quintal, 25 per cent lower than its MSP. Moong and urad prices also fell by 23 and 30 per cent, respectively, to Rs 4,600 a quintal and Rs 5,650 a quintal, substantially lower than their MSPs.

Prices of soyabean and groundnut fell by 11 per cent and 17 per cent, respectively, to Rs 2,886 a quintal and Rs 3,725 a quintal.

Cotton prices reported a decline, but the fall was less steep than in oilseeds and pulses. The benchmark medium staple cotton price fell by 4.7 per cent to trade currently at Rs 11,477 a bale (170 kg).

"Oilseed is a traditional crop in which substitution is low, but farmers growing pulses might migrate to other crops. Since soil conditions favour oilseeds, pulses farmers may shift to oilseeds," said Madan Sabnavis, chief economist, CARE Ratings.

"There is a possibility that farmers may go slow in pulses and oilseeds unless the government increases import duties," said Ritesh Kumar Sahu, analyst, Angel Commodity Broking.

Source business-standard.com- June 15, 2017

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