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IBTEX No. 112 of 2017 June 03, 2017

USD 64.42 | EUR 72.68 | GBP 83.06 | JPY 0.58

Cotton Market (01-06-2017)

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

Rs./Bale	Rs./Candy	USD Cent/lb
20270	42400	**83.93**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
21000	43927	**86.95**

International Futures Price

NY ICE USD Cents/lb (July2017)	77.22
ZCE Cotton: Yuan/MT (Sept 2017)	15,625
ZCE Cotton: USD Cents/lb	**6.94**
Cotlook A Index – Physical	**87.20**

Cotton guide:

Cotton market has breached the long period moving average of 100-day SMA at 77 cents while on Wednesday the counter closed at 76.98 and the same this morning is seen trading at 76.85 cents per pound. Since market has cleared the support level we believe the July future at ICE contract may remain vulnerable.

We believe now cotton price may approach to hit the recent low of 76.17 cents witnessed on 11h of May 2017. For the short term the 76.17 would be considered as strong support levels while 77.70 would be treated as resistance point. Overall now the trend looks bearish and we recommend selling from higher levels.

Currency Guide:

Indian rupee trades little changed near 64.5 levels against the US dollar. Weighing on rupee is disappointing GDP data. India's GDP rose 6.1% in Q1 as against market expectations of 7.1% growth. The slower growth is attributed to continued effect of demonetization.

Also weighing on currency is choppiness in global equity market amid uncertainty about UK elections, China and Trump. However, supporting rupee is general weakness in US dollar amid Fed and Trump uncertainty. Rupee may trade in a range of 64.35-64.6 and bias may remain weak.

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

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INTERNATIONAL NEWS

USA: Cotton production outside of China to touch 19mn tons

High prices prevailing this season would boost cotton sowing, resulting in production outside of China to grow by 5 per cent to 19 million tons in 2017-18. In 2016-17 season, production outside of China is estimated up by 10 per cent to 18 million tons. 2016/17 represents the second consecutive season where mill use has exceeded production.

In India, cotton area is forecast to expand by 7 per cent to 11.3 million hectares, and assuming yield is similar to the 4-year average of 528 kg/ha, production could increase by 3 per cent to 6 million tons in 2017-18, according to the International Cotton Advisory Committee (ICAC).

In the US, farmers are projected to expand cotton area to 4.6 million hectares with production expected to rise by 12 per cent to 4.2 million tons. Pakistan's cotton production is projected to increase by 13, and if high prices continue through the end of 2017, cotton production in Brazil could increase to 1.5 million tons. "Given that cotton production is projected to grow in the large consuming countries the need to import cotton will likely decrease," ICAC said in its latest report.

After falling by 1 per cent to 16.5 million tons in 2016-17, mill use outside of China may increase by 2 per cent to 16.9 million tons in 2017-18 due to much stronger growth in the global economy in 2017 and 2018. Consumption in India is forecast to increase by 3 per cent to 5.2 million tons in 2017-18 as prices for cotton and yarn are likely to be competitive due to the increase in supply.

Pakistan's mill use is expected to rise modestly by 1 per cent to 2.3 million tons as competition from other mills in Asia remains stiff. Consumption in Bangladesh is projected to rise by 5 per cent to 1.5 million tons while Turkey's mill use is expected to decline by 15,000 tons to 1.4 million tons due to weak domestic demand.

Source: fibre2fashion.com- June 02, 2017

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UK: 13 firms pledge to use 100% sustainable cotton by 2025

Thirteen of the world's most renowned clothing and textile companies signed up to a sustainable cotton communiqué, through which they have pledged to use 100 per cent sustainable cotton by 2025. The pledge was the result of a meeting organised by The Prince's International Sustainability Unit (ISU) with Marks & Spencer and The Soil Association.

The thirteen companies that have signed the sustainable cotton communiqué are: ASOS, Eileen Fisher, Greenfibres, H&M, IKEA, Kering, Levi Strauss & Co., Lindex, M&S, Nike, Sainsbury's, F&F at Tesco and Woolworths Holdings. Together these companies use more than 300,000 tonnes of cotton annually.

The communiqué defines sustainable sources as Organic, Fairtrade, Better Cotton Initiative (BCI), Cotton Made in Africa and recycled cotton certified to an independently verifiable standard such as the Global Recycled Standard (GRS) or the Recycled Claim Standard (RCS). In addition, Cotton Connect's REEL programme and code provides a starting point for businesses aiming to for greater sustainability in their cotton supply chain.

Over the past years, ISU has been working in collaboration with Marks and Spencer and The Soil Association to convene leading companies and various 'standards' organisations to discuss how to reduce the negative environmental and social impacts that are all too often associated with cotton production.

There have been substantial gains made over the past few years in scaling the production of more sustainable forms of cotton, with production higher than ever before. However, companies are only actively sourcing less than a fifth of more sustainable material.

Source: fibre2fashion.com - June 02, 2017

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Vietnam's biggest trade deficit is with South Korea

VietNamNet Bridge - A report of the General Statistics Office (GSO) shows a significant increase in Vietnam's exports to South Korea in the first four months of the year, reaching $4.4 billion, an increase of 32 percent compared with the same period last year.

However, imports from South Korea increased even more sharply by 45.3 percent with import turnover of $13.7 billion. This means the excess of imports over exports in trade with South Korea has reached 9.3 billion.

Previously, Vietnam's biggest trade deficit was with China. Chinese and South Korean markets alone have brought the trade deficit up to $18.3 billion.

Vietnam mostly exported to South Korea phone and phone components (33 percent), computer and computer components (up by 59.4 percent), machines & equipment (64.3 percent) and textile & garment products (16.7 percent).

It imported machines & equipment, instruments, computers, electronics, petroleum, phones and plastics.

Vietnam mostly exported to South Korea phone and phone components (33 percent), computer and computer components (up by 59.4 percent), machines & equipment (64.3 percent) and textile & garment products (16.7 percent).

Dau Tu quoted Deputy Minister of Industry & Trade Tran Quoc Khanh as saying that Vietnam mostly imports from South Korea products that serve domestic production and outsourcing for exporting.

Following Samsung, more and more South Korean investors have flocked to Vietnam. By April 2017, South Korea had registered $54 billion worth of foreign direct investment in Vietnam, topping the list of foreign investors in Vietnam, far outstripping the second biggest foreign investor – Japan.

The presence of many South Korean investors in Vietnam has led to an increase in imports of machines & equipment for domestic production. This explains the sharp increase in imports from South Korea.

Nguoi Lao Dong quoted Vu Thanh Tu Anh, an economist, as reporting that in order to make up 20 percent of Vietnam's export turnover, Samsung needs to import a large volume of input materials, components and accessories from other countries, including South Korea.

This showed that Vietnam not only heavily relies on the foreign-invested economic sector, but also saw the trade deficit increasing after the FTAs (free trade agreements) with the markets took effect.

Vietnam, for example, saw its trade deficit with Thailand and Malaysia increasing once the FTAs with the markets took effect.

Dat Viet quoted a report as showing that the trade deficit with South Korea has been increasing very rapidly. In 2008, the trade deficit was $6.27 billion. The figure rose to $8.46 billion in 2011 and then to $20.6 billion in 2016.

Dinh Trong Thinh from the Finance Academy said that in trade relations, the deficit is always a worrying problem.

Source: vietnamnet.vn- June 02, 2017

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Pakistan loses market share in Turkey

With a view to gaining its lost market in the very important country of Turkey and increasing its share in exports, Pakistan is sending its high level seven-member experts team headed by Secretary Commerce Younas Dagha for crucial and result oriented talks on Free Trade Agreement.

Pakistan's delegation is to leave for Turkey on Sunday and will hold FTA talks with Turkish counterparts on Monday and Tuesday. On Monday Morning Younas Dagha will also have a meeting with Turkish trade minister, a senior official at the Commerce Ministry told The News.

Since President Tayyib Erdogan, the official said, has got more grips in corridor of powers of Turkey as a result of recent referendum which is why the authorities concerned in Istanbul on trade will be clear headed on how to proceed with Pakistan. The new situation in Turkey that will trigger to more stable economic policies has allured the new Commerce Secretary to sit on driving seat for result oriented talks.

"Pakistan's exports to Turkey once shot up to close to $1 billion in 2010-11 has alarmingly gone down to just $280 million. This has jolted the authorities concerned headed by new Secretary Commerce Younas Dagha enough to move and rectify the situation."

However, the authorities remained unmoved since 2011 and showed indifference to the fact that Pakistan has almost lost its exports share up to $700 million in the market of Turkey. This is the new Secretary Mr Dagha who brought the issue to the fore from the back burner and keeping in view the export potential of Pakistan's products, the free trade agreement talks are being touted as very important from Pakistan's perspective.

Egypt is reported to have eaten up Pakistan's share as Cairo had managed to ink and operationalise its bilateral trade agreement with Istanbul.

Pakistan's export to Turkey started declining when tax authorities in Turkey imposed additional duty by 8-18 percent on 60 percent tariff lines for all countries which is allowable in WTO laws.

Under WTO, Turkey is bound to reduce tariffs on 34 percent tariff line and is not bound on remaining 60 percent items.

So Turkey increased the import duty on 60 percent tariff line to primarily safe guard its local industry from the influx of Chinese products, but with this action Pakistan export sustained the mammoth set back as textile, leather, surgical and sports goods which are considered Pakistan's backbone of the exports were badly affected.

However, the country like Egypt that had the FTA with Turkey managed to exploit the situation as Egyptian products were not affected by the additional duty imposed on the items such as textile, leather, surgical and sports goods. This was the main reason which is why Pakistan share in the Turkish market has evaporated to Egypt.

Source: thenews.com.pk- June 02, 2017

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China helping to revive South Carolina's textile industry

South Carolina, once a center of the American textile industry, has seen the business rebound through an influx of Chinese companies.

"The exciting thing that I heard today is many of the Chinese investors that we were talking to today were textile (focused). Many of our communities in South Carolina were traditionally textile," said Thomas "Tommy" Pope, speaker pro tempore of the South Carolina House of Representatives.

"The Chinese companies are kind of bringing back the textile industries here," said Knox White, mayor of Greenville.South Carolina, a growing city in the northwest corner of the state and home to the US operations of about 20 Chinese companies.

White spoke to more than 100 business executives from China in Greenville on Wednesday. Textiles, mostly cotton, once dominated the economy of the South. Employment in the textile industry peaked in June 1948 with 1.3 million workers.

US textile manufacturing plunged in the 1990s and 2000s, as the industry shifted to countries with lower labor costs, mainly in Asia. About 650 US textile plants closed between 1997 and 2009, draining thousands of jobs and depressing communities.

In North Carolina, 40 percent of the state's jobs were in textiles and apparel making in 1940. By 2013, just 1.1 percent of that state's jobs were in textiles, according to a report in USA Today.

"Some Chinese companies moved into buildings that are abandoned textiles plants. They do find that we still have a workforce that understands textiles. They can readily pick right up again," said White.

In February 2013, Chinese manufacturer Keer founded its American headquarters on a 165-acre textile campus in Lancaster County, where it plans to invest $218 million and create more than 500 new jobs by 2018.

"We started trying to talk to Chinese businesses and develop the relationships almost 15 years ago. Those relationships have now grown into some great successes in attracting Chinese businesses to this region of South Carolina," said White, who has traveled to China about 16 times and has a daughter who studies at Suzhou University.

"For the citizens in South Carolina, it's an exciting opportunity to see textile coming back," said Pope, whose father, mother and grandmother all worked in the industry. "We would like to see if there are opportunities here as our partner, Keer, has already opened their factory here," said Qiu Jianlin, chairman of Zhejiang Hengyi Group Co Ltd.

Hengyi, which had a profit of about $120 million in 2016, is a polyester and petrochemical products manufacturer based in Hangzhou, East China's Zhejiang province.

"The transparency of policy makes investing in the US less uncertain to us," Qiu said.

Zhu Shanqing, Keer's chairman, told The New York Times that the reason Keer decided to come to South Carolina is because of incentives, land, the environment and the workers. "The community is very open to that and very welcoming. It's very pro business, low tax, climate ... that works well for all kind of businesses," White said.

Source: chinadaily.com.cn- June 01, 2017

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USA: Volume of cotton with Chinese govt down to 7.2mn tons

In China, sales of cotton from state reserves through May 2017 has reached over 1.1 million tons, bringing down the total volume of cotton held by the Chinese government to 7.2 million tons. If cotton stocked with non-government entities is added, China's total cotton stocks are projected down 17 per cent to 9.2 million tons at the end of July 2017.

The declining stock in China is due to shortfall in production, according to the International Cotton Advisory Committee (ICAC). "In 2016-17 season, China's cotton production declined by 2 per cent to 4.9 million tons, but its mill use is projected to increase by 2 percent to 7.7 million tons.

Imports by China are anticipated to increase by 10 per cent to 1.06 million tons, which is the first increase since 2011-12, though any further increase is limited by the import quota. Thus, sales from the reserve are being used to make up for the shortfall in production while mill use is forecast to remain unchanged at 7.7 million tons in 2017-18," ICAC said in its latest report.

While cotton stocks are diminishing in China, stocks held outside of China are forecast to rise by 6 per cent to 8 million tons at the end of July 2017. Despite the growth in stocks held outside of China, international cotton prices as measured by the Cotlook A Index have averaged 82 cts/lb from August 2016 through May 2017, which is well above the long-term average of 70 cts/lb.

Source: fibre2fashion.com- June 03, 2017

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Brazilian cotton prices witness slight increase in May

The domestic prices of cotton in Brazil have oscillated in May, but ended the month with a slight increase. During the month, the CEPEA/ESALQ Index, 8-day payment terms, for cotton type 41-4, delivered in São Paulo, increased 0.52 per cent, to close at 2.7785 BRL ($0.8583) on May 31, CEPEA, the Centre for Advanced Studies on Applied Economics, said.

In general, liquidity was low in May. Quotes were underpinned by the firm position of sellers in the off-season period and by the devaluation of Real against dollar, mainly in the second fortnight of the month, CEPEA said in its fortnightly report on cotton.

In addition to lower cotton availability in the spot market, the gap between asking and bidding prices also contributed to limited trade.

Based on estimates for a good 2016-17 harvesting, some processors expect prices to drop and hence were interested in buying only small volumes to meet their short-term needs.

For the anticipated trade of the new season, the gap between asking and bidding prices has been wide as well. However, some contracts were closed based on the CEPEA/ESALQ Index and the contracts at the New York Exchange Stock (ICE Futures).

However, the pace of export trade was faster in May, mainly for shipments in 2018 (2017-18 crop). International price rises, mainly in mid-May, encouraged agents to close new contracts and/or fix prices for open contracts, the report said. (RKS)

Source: fibre2fashion.com- June 02, 2017

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Pakistan: Buyers at lint trading remains selective on grade issue

Leading buyer remained cautious in making any big deal as they only made deals on selective note depending on grade issue and their immediate need of lint in anticipation of decline in spot rate during trading session and with firm physical prices at lint market, fibre traders said.

Forward trading for a month period also took place, traders at the Karachi Cotton Association (KCA) said. KCA kept the spot rate intact at Rs 6,800 per maund in order to provide support to weak stakeholders of raw grade to ward off minimal price level.

During the trading session, buyers in Sindh and Punjab stations made deals for lint on cautious note while sellers offered second grade of lint at around Rs 6,625 per maund to Rs 6,675 per maund on increasing demand and in order to capitalise maximum returns on their proceeds, floor brokers said.

Mills and spinners in Sindh and Punjab stations made deals for better grades on competitive price at around Rs 6,775 per maund to Rs 6,825 per maund while secondary buyers made deals for all grades in Punjab and Sindh stations at around Rs 5,975 per maund to Rs 6,275 per maund, traders said.

Due to grade issue in parts of Sindh and Punjab stations buyers made forward deals for all grades of lint at around Rs 6,625 per maund to Rs 6,650 per maund. More than 960 bales changed hands with more than 60 percent of Punjab's share in trading.

While at the Karachi Cotton Exchange on Thursday normal trading was recorded. The spot rates remained unchanged unchanged at Rs6,800/maund (37.324kg) and Rs7,288/40kg. Ex-Karachi rates also stood firm at Rs6,935/maund and Rs7,433/40kg after an addition of Rs135 and Rs145 as upcountry expenses, respectively.

The cotton market recorded three transactions of around 2,500 bales at Rs6,800 to Rs7,100/maund. Haroonabad's 2,000 bales were sold at Rs7,100/maund on conditional basis, 136 bales of Pakpattan were sold at Rs6,800/maund, while 400 bales of Bahawalpur exchanged hands at Rs7,000/maund.

Source: yarnsandfibers.com- June 02, 2017

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NATIONAL NEWS

Good news for India Inc as GST Council may consider raising input tax credit

India Inc., looking to scale down inventory ahead of the expected rollout of the goods and services tax (GST) on July 1 to overcome the tax credit problem, may have something to cheer about. The GST Council will consider raising input tax credit from the current 40% at its meeting on Saturday.

“There is a proposal to raise it... the council will take it up," said a government official. It could be pegged higher at 50-60%. According to the draft transition law, companies can get credit of up to 40% of their central GST liability against excise duty already paid on stocks lying with traders or retailers when GST is implemented.

This has prompted many in the consumer goods sector to cut down on inventory lying with distributors, dealers and stockists. Industry had lobbied the government and the GST Council on the issue seeking an increase.

The government is keen to ensure that transition to the new tax framework--which seeks to replace multiple central taxes such as central excise duty, services tax, cesses and state taxes including value added tax, central sales tax, octroy, entry tax with a single levy--be smooth for both businesses and consumers. “Possible loss of tax on transition stock is a key concern of the industry leading to de-stocking in many industries,” said Pratik Jain, leader, indirect tax, PwC India.

Jain said if the percentage of deemed credit increased, it would be a big relief for industry, particularly where the GST rate on products is 28%. “It would minimise the impact on sales in the last month before introduction of GST," he said.

The draft transition rules had provided that credit would be given once the central GST has been paid on the supply and the applicant provided evidence of purchase of these goods. For those items that enjoyed exemption under excise duty, the same principle would apply.

The transition rules will be taken up by the GST Council at its meeting along with other crucial issues including setting the rate of gold and six other items including textiles, leather footwear, packaged foods and biscuits. Some states such as Kerala have proposed a 5% rate on gold while others want it pegged lower at 4%. The Centre is not inclined toward creating new slabs for items or going in for differential rates for the same goods. The council will also take stock of preparedness of the GST Network, the mechanism for implementing the anti-profiteering provision and rules for return forms.

Source: economictimes.indiatimes.com- June 03, 2017

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Gujarat cotton cheaper in Punjab as industry faces shortfall

Contrary to claims of a level playing field for industry, cotton from Gujarat and Maharashtra is actually cheaper in Punjab even as local cotton farmers from the state prefer to sell their produce in Rajasthan due to an uneven tax structure.

Amidst shortfall of cotton in Punjab, aggravated by white fly attacks during recent years, the cotton industry in the state is struggling with deficit in supply, forcing it to import cotton from cotton surplus states of Gujarat and Maharashtra. This actually puts double financial burden on them as besides paying transportation cost of cotton, they have to again pay for carrying the yarn to the ports.

Rakesh Rathi, president, Indian Cotton Association Limited (ICAL), told TOI, "The current scenario is disadvantageous for the Punjab industry. Either we shut shop or import cotton from other states. The government can intervene by offering incentives as in case of Rajasthan and lowering the market fee."

"Despite Punjab offering free power to farmers and use of previous ground water, cotton produce is being sold in Rajasthan. This results in the state losing out on value added tax as well. So the present scene is detrimental for the state, industry and also the cotton farmers. Cotton from Gujarat and Maharashtra is still cheaper and it is a reflection on how uneven the present economics is," he added.

Punjab has consumption of around 85 lakh bales of cotton but the supply is close to 45 lakh bales, leaving a huge shortfall. The higher price of home grown cotton is prompting the industry to import cotton.

"To add to it, Rajasthan has lower market fee at 80 paise per new unit, apart from other incentives, which attracts cotton from Punjab and Haryana. In Punjab, there is market fee plus rural development cess, which comes to Rs 2.20. Rajasthan also has the advantage of not having menacing truck unions. So if cotton is available at Rs 44,300 per candy (1 candy=356kg) here, it can be got at Rs 43,500 per candy from the cotton surplus states. February onwards prices of cotton begin to go up," he added.

The issue was recently brought to the notice of chief minister Captain Amarinder Singh and he too was surprised. He has asked departments concerned to look into the matter, said a member of PHD Chamber of Commerce and Industry. The cotton industry has to shell out Rs 5 per kg extra as transportation charges to get cotton from other states but they still prefer this option to keep their mills running.

Source: timesofindia.com - June 03, 2017

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India to Review its Lofty Export Target in Trade Policy Rejig

India is set to prune its ambitious export target of $900 billion as Prime Minister Narendra Modi's government works on reviewing the foreign trade policy amid continued global weakness and uncertainty.

The reassessment comes as India slogs it out in negotiations for a regional trade deal that would account for almost 30 percent of global GDP and over a quarter of world exports, involving with China, the 10 Asean nations, Australia, New Zealand, South Korea and Japan, known as the Regional Comprehensive Economic Partnership.

The government unveiled its first foreign trade policy for 2015-2020 in April, setting a merchandise and services export target of $900 billion by 2020, almost double the $465.9 billion achieved in 2013-14. However, with the fragile global economic recovery and increasing protectionist economic policies, India is re-assessing the exports situation.

“We will review the target," Commerce Secretary Rita Teaotia told Bloomberg News in an interview on May 30. "When we fixed the target, the global situation was different and it looked achievable. Since then there has been a great deal of change. There was economic slowdown, a fall in oil and other commodity prices."

India’s export market has been sliding since 2014-15 when it contracted by 1.29 percent and further dipped 15.85 percent in 2015-16 from a growth of 4.66 percent in 2013-14, according to data from the Ministry of Commerce website.

Global Slowdown

The exports have been adversely impacted by a global slowdown, a sharp fall in commodity prices and currency fluctuations, Teaotia said. "Prices of crude and petroleum products, which are very important commodities in both exports and imports basket, made a large dent in our trade numbers". Crude prices have declined 54 percent since June 2014.

In financial year ending March, merchandise exports registered a growth of 4.7 percent at $274.6 billion, up from $262 billion a year before, government data show.

The Federation of Indian Export Organisations -- a body set up by the commerce ministry -- estimates that to achieve the $900 billion target exports will have to grow at compounded annual growth rate of 28 percent, a tall order under the current global scenario.

"This growth rate is very high," director general of Fieo, Ajay Sahai, said by phone. "On a 15 percent growth rate, we will achieve $725-$750 billion by 2020." Global trade continues to remain subdued, he said, and with softening of crude and commodity prices the majority of the nations have "lesser appetite for imports".

Foreign Trade

The revised merchandise and services export target will be detailed in the mid-term foreign trade policy review scheduled before the roll out of a new nationwide sales tax from July 1. "It will be pragmatic that the government does course correction," Sahai said. "Global conditions are not as conducive as we initially thought".

Trade is a top priority for India. The Modi government has described infrastructure bottlenecks, high transaction costs and manufacturing constraints as the biggest domestic challenge for the exports. With the implementation of goods and services tax, however, India will become a unified market subsuming more than a dozen federal and provincial levies in a bid to free up trade.

"Theoretically GST should be better for exports due to better capturing of input tax credit. Foreign trade policy review will take into account all aspects," Teaotia said.

The commerce ministry is aligning the trade policy review with the roll out of GST. Currently, exporters are allowed duty-free import of materials that go into manufacturing products for exports. However under the new tax regime, exporters will have to pay the duty upfront and later claim refund.
Export Growth

Global trade is expected to expand 2.4 percent in 2017, up from 1.3 percent in 2016, according to the World Trade Organisation. Exports contribute over 20 percent to the GDP of Asia's third-largest economy.

"If exports grow by 15 percent they add about 3 percent to the GDP. India's growth can easily go in double digit if exports grow," Sahai of Fieo said. "For every $50 billion exports, one million jobs are created in the country."

Source: bloomberg.com- June 02, 2017

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GST Council to finalise rates on biscuits, footwear, textiles

With less than a month to go for the implementation of the Goods and Services Tax (GST), States are likely to seek a lower rate on items such as gold, footwear and biscuits at the GST Council meeting here on Saturday.

Sources said that States are likely to call for a four per cent rate on gold under GST but will also seek input tax credit, which in effect will halve the rate.

Similarly, for biscuits, footwear and textiles, many States are keen to have differing tax slabs — lower rates for cheaper biscuits and footwear and five per cent GST for textiles.

"At present, there is a wide variation in the taxation of each of these commodities, with differently priced items being taxed at differing rates," said an official, adding that there was a view that to tax them all at the same level may not be fair for consumers.

For instance, in the last round of meetings in Srinagar, many States had called to exempt biscuits costing less than ₹100 per kilogram while the Centre wanted to levy a 12 per cent tax on it. The GST Council in its meeting on May 18 and 19 had fixed the rates of over 1,200 goods and 500 services in the four-tier tax structure of five, 12, 18 and 28 per cent.

But it could not reach an agreement on the rates to be levied on six commodities, including agriculture equipments, biscuits, textiles, footwear, *bidis* and *bidi* wrapper leaves (tendu patta) and precious metals, including gold. A decision is expected in Saturday's meeting, along with a finalisation of GST on lottery and packaged and branded food items.

Additionally, the Council, chaired by Finance Minister Arun Jaitley, will finalise draft GST rules on transition provisions and returns that were being vetted by the legal committee.

It will also review the preparedness of the GST Network that will provide the IT backbone for the new tax levy.

However, casting a shadow on what was being seen as one of the last round of discussions before the GST roll-out, some States may also call for a review of the target launch date.
Sources said the Centre and most States are still keen for a July 1 rollout, while some other States are apprehensive about the administrative preparedness. States like West Bengal and Delhi have already sought a re-look.

Source: thehindubusinessline.com- June 03, 2017

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ICAC lifts 2017-18 cotton price forecast, despite output upgrade

The International Cotton Advisory Committee reduced its expectation for the drop in cotton prices next season, forecasting a drop of nearly 1m tonnes in global stocks despite raising its hopes for production.

The intergovernmental group lifted by 7 cents a pound to 78 cents a pound its forecast for world cotton prices in 2017-18, as measured by the Cotlook A index of physical values, although that would still represent a fall from a spot price of 86.95 cents a pound.

The revision came even as the group upgraded by 430,000 tonnes, to 24.0m tonnes, its forecast for world cotton production in 2017-18, which starts in August, reflecting a 100,000-tonne lift to 1.5m tonnes in the Brazilian output estimate, and increased expectations for the US too.

The estimate for US area was lifted by 300,000 hectares to 4.6m hectares (11.4m acres), and for production, the forecast was raised by 200,000 tonnes to 4.2m tonnes (19.3m bales) figures in line with those from the US Department of Agriculture.

ICAC vs other commentators

Nonetheless, the ICAC forecast global cotton stocks dropping by nearly 1m tonnes to 16.41m tonnes (75.4m) bales over 2017-18, a figure which would be the lowest in six years, besides being well below estimates from some other commentators.

The US Department of Agriculture forecasts stocks closing next season at 87.14m bales, while Cotlook last week forecast a 44,000-tonne increase in world inventories over 2017-18.
The ICAC is more pessimistic than Cotlook on world production, while more upbeat on consumption prospects.

Economic boost

The ICAC forecast world demand rising by 340,000 tonnes over 2017-18 "due to much stronger growth in the global economy in 2017 and 2018", with prospects particularly strong for the Indian sub-continent.

Bangladeshi demand was seen growing by 5% to 1.5m tonnes, and that in India itself by 3% to 5.2m tonnes "as prices for cotton and yarn are likely to be competitive due to the increase in supply", the committee said.

Consumption by China, the top user, was seen flat at 7.7m tonnes.

Source: cottonyarnmarket.net - June 03, 2017

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Centre to help Manipur in promoting silk production

Union minister of state for textiles Ajay Tamta has said that the Central government would extend its help to boost the production of silk in Manipur. He added that the Centre would take all possible measures to encourage the young generation for silk rearing, as silk production plays a significant role in generating employment in the state.

Manipur is one of the largest producers of silk in the North-east region and produces multiple varieties of it, said Tamta while speaking to the media in Imphal. He added that scientists should produce high-yielding variety of silk to boost the state's silk production.

The Union minister also visited Regional Oak Tasar Research Station (ROTRS) and interacted with farmers. Officials of sericulture department, who accompanied Tamta to ROTRS, emphasised on issues related to the department's functioning. Tamta assured that necessary help will be provided to promote the state's sericulture, handloom and handicraft products.

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