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IBTEX No. 3 of 2017 Jan 04, 2017

USD 68.23 | EUR 71.00 | GBP 83.53 | JPY 0.58

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
19147	40050	**74.76**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
20010	41856	**78.13**

International Futures Price

NY ICE USD Cents/lb (March 2017)	71.78
ZCE Cotton: Yuan/MT (January 2017)	15,005
ZCE Cotton: USD Cents/lb	**83.83**
Cotlook A Index – Physical	**79.65**

Cotton & currency guide: Cotton price made a high of 19790 and settled at 19710 higher by Rs 160/bale compared to Monday. Price gained as demand was good and arrivals have slowed down leading to tightness in the local market. Cotton prices increased Rs 200-600/candy in Central India and surged nearly Rs 1000/candy in South India triggered by sustained demand amid slower arrivals.

U.S cotton futures benchmark contract closed at 71.78/lb higher by $1.55/lb

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Australia interested in FTA with Peru

The Australian government said it considers the possibility of negotiating an FTA with Peru, as the Asia-Pacific faces the potential collapse of the Trans-Pacific Partnership (TPP).

"We will discuss the possibility of a Peru-Australia Free Trade Agreement (FTA) with Peruvian authorities. In the meantime, we are working on the process to ratify this agreement with our Parliament, since Australia is committed to the TPP," Australian Ambassador to Peru Nicholas McCaffrey said.

In this sense, the diplomat highlighted the need to wait until Donald Trump's inauguration as U.S. President on January 20 to learn about his final stance on the agreement.

"Between his first visit to Peru as a tourist in 2009 and his recent visit as Prime Minister [during the APEC Summit last November], our PM Malcolm Turnbull has seen significant changes in Peru; it exemplifies what you can build when a country opens up to the world," he told El Peruano official gazette.

Trade ties

On the other hand, McCaffrey estimated Peru-Australia trade exchange at US$400 million, which could further rise with the TPP.

"Nowadays, the [bilateral] economic relation is based on Australian investments in Peru. However, with this inter-continental agreement [TPP] underway, it will grow more extensive," the Ambassador explained.

Australian entrepreneurs are seeking new opportunities in Peru's various economic sectors aside from mining, such as gas production, tourism, education, among others.

"That will promote the diversification of Australian investments in Peru. It's a good signal: ties will not be merely centered around mining, even though it is a relevant economic sector," McCaffrey stressed.

To date, there are 90 Australian enterprises in Peru. "I see a relation that continues to grow every year. I think we'll see more Australian companies operating in Peru in the future," he projected.

Projects unblocking

Australian investors are interested in major infrastructure projects soon to be unblocked in the country.

"The Australian Trade and Investment Commission (Austrade) in Peru is working on ports, highways, water and the Pan American Games. We are trying to bring Australian investors to Peru."

In this respect, Australia's foreign official highlighted Peru is well-positioned thanks to its business-friendly environment, which has succeeded in luring foreign capitals.

"This is a clear sign of the confidence in the direction taken by the country," he said.

Water

Lastly, McCaffrey informed Australia's leading scientific organization in water scarcity has entered into an agreement with Tacna's regional government to prepare a drought management plan.

The two Asia-Pacific countries shared their experiences in water-related issues at the last APEC Forum's Summit in Lima. Thus, the Ambassador anticipated further bilateral exchange and cooperation in water.

Source: andina.com.pe– Jan 02, 2017

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Indonesia's exports to still rely on primary commodities

Despite Indonesia's efforts to climb up the value chain, the country's exports will remain dependent on primary commodities in the long term, a trade report says. Until 2020, the country's overseas shipments will be largely dominated by agricultural produce, mineral fuels and raw materials, according to the HSBC Trade Report published last Friday. These types of items will also make up nearly 60 percent of overseas shipments from Southeast Asia's largest economy in the later period from 2021 to 2030.

"Although higher value-added sectors like chemical, industrial, machinery and wood manufactured [commodities] show relatively strong growth over the long term, the top five export goods will continue to reflect Indonesia's traditional strength in the primary sector," the report said. In a change from the current situation, India and China are set to become Indonesia's top export destinations by 2030, replacing the United States and Japan, it said.

At present, China and India are the third and fifth biggest markets for the country's shipments, which mostly comprise coal and palm oil. The report particularly underlined that India may need mining and primary commodities to support its economic expansion in the next five years. Indonesia has struggled to rebuild its manufacturing industry since the 1997-1998 financial crisis, before which the sector had always expanded robustly and mostly outpaced the country's economic growth.

Poor infrastructure, expensive energy costs and red tape have been among the major stumbling blocks that have prevented Indonesia from reaching its potential. A commodity boom in the past decade provided leeway to boost exports despite a still weak manufacturing industry. Indonesia's manufacturing industry expanded only by 4.25 percent last year, which was lower than the economic growth of 4.79 percent, according to the Industry Ministry.

It contributed 20.84 percent to gross domestic product (GDP), of which 18.8 percent was generated by the non-oil and gas industry. In the short term, as commodity prices start to head upward and global demand is on its way to recovery, there will be stronger interest for Indonesia's exports in the next few years, the report said.

Dependence on primary commodity exports will continue until 2030 India and China set to become Indonesia's top destinations by 2030, replacing the US and Japan. hammad Faisal said that the export of manufactured goods may remain stagnant in the future, hampered particularly by expensive energy and high logistics costs. Therefore, agricultural products might still become the driver of overseas shipments.

"The downstream agriculture industry must be strengthened because manufactured goods have higher value," Faisal told The Jakarta Post. Indonesian Institute of Sciences (LIPI) economist Latif Adam shared a similar view, saying that agricultural produce would likely dominate exports in the next few years because of its strong presence domestically. "However, we need to enhance the downstream agriculture industry. It is hoped that we not only export crude palm oil [CPO], for example, but its derivatives, such as margarine or cosmetics," Latif told the Post.

Processed goods, he said, have lower volatility compared to commodities, the prices of which fluctuate according to movement in the international markets. Separately, the National Development Planning Agency (Bappenas) said that it aimed to make Indonesia's manufacturing industry a key part of the global supply chain in the future, although it realized that would take a long time. "By becoming part of the global supply chain, we can reduce our dependence on commodities vulnerable to global price movements," National Development Planning Minister Bambang Brodjonegoro said Saturday as quoted by Antara news agency.

The potential industrial sectors that could be fostered include those that are natural-resource, labor-intensive, consumer goods and automotive based, he said. The HSBC report also noted that similar to the export pattern, Indonesia's import profile would also remain relatively unchanged in the designated time frame. In total, about three-quarters of all growth in the importation of goods from 2021 until 2030 will be driven by the purchase of chemicals, transportation equipment and machinery. "Furthermore, Indonesia will continue to import large quantities of petroleum products, despite attempts to encourage local producers to invest in processing plants in Indonesia," the report said.

Source: customstoday.com.pk– Jan 03, 2017

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Used textile exports 'not hurting Africa'

A report into the impact of exports of used clothing from Europe has been welcomed as evidence that they are not hitting African textile production.

Research for the Nordic Council of Ministers looked at whether used clothing donated by the public in their countries supported the circular economy through reuse and recycling, and whether accusations of negative economic and social impacts were valid.

Part of the report looks at claims that used clothing imports have been an important factor in the decline of African textile production.

It concludes that the ageing and inefficient domestic industries in Africa have been unable to compete with cheap production in Asia as trade barriers were lowered at the turn of the century.

Alan Wheeler, director of the Textile Recycling Association, said it would be reasonable to believe the report's conclusions could be applied to used clothing from the UK.

"Blaming used clothing imports and citing them as the main reason as to why some African textile producers are struggling is a red herring." he said.

"The abolition of the multi-fibre agreement by the World Trade Organisation in 2005 was the death-knell for many textile producers in this region and other parts of the world. Within months of this happening, exports of new clothing from China doubled and many African producers were simply not able to cope."

The researchers also argue that the economic and environmental benefits of used clothing are complementary.

Team leader David Watson said: "The sorting companies have such tight margins that every single fraction that can be sold for reuse, is sold for reuse, and anything else that can be recycled, is recycled. Otherwise they just wouldn't be able to pay for the sorting activities."

He said that meant only good-quality clothing was exported to Africa for reuse, while recycling grades are processed into new products.

"This should put to rest any misunderstanding that Africans are sold low-quality, low-grade clothing. This is simply not the case."

Source: mrw.co.uk – Jan 03, 2017

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China: Yarn Expo Spring 2017 Expected To Grow By 20 Percent in Scale

Yarn Expo has increased in stature in the global yarn and fibre market over recent years, and as such, is expected to feature more exhibitors at its next edition. The 2017 spring edition of Yarn Expo will be held from March 15-17 in hall 5.1 of the National Exhibition and Convention Center (Shanghai), and its scale is expected to jump by 20 percent, occupying 18,000 square meters (m^2) (2016: 15,000 m^2), to accommodate the increase in exhibitor participation. Nearly 360 exhibitors (2016: 309) will bring together some of the world's highest quality yarn and fiber products, such as natural and blended yarns including cotton, wool, flax/regenerated flax, silk, and man-made fibers and yarns, as well as specialty products including elastic, and fancy and blended yarns.

Fair's diverse buyer profile attracts strong international exhibitor participation

In 2016, Yarn Expo Spring attracted 20,527 buyers from 77 countries and regions, creating an unrivalled platform for exhibitors to reach all kinds of buyers from around the world. To take advantage of this diverse buyer profile, a number of international suppliers have already confirmed their participation this year.

"Yarn Expo engages a broad range of buyers, and it's an ideal stage for us to introduce the company and products to our target buyers as well as to establish solid business relationships with them," said Peter Dong, senior manager of Birla Jingwei Fibres Co Ltd (Aditya Birla Group). After the rewarding results in the last autumn fair, Birla Planet will return to present a series of Birla Spunshades, Birla Micro-Viscose and Birla Micro Modal products.

Furthermore, the Cotton Textile Export Promotion Council (TEXPROCIL) will once again organise the India Pavilion to feature India's top cotton yarn and fibre suppliers. Ravindranathan Narayanasamy, Director of TEXPROCIL also shared his appreciation of the fair. He said: "Yarn Expo is an important meeting point for Indian suppliers and importers from all over the world.

The fair is helping Indian suppliers meet with new customers from different parts of Mainland China and outside too such as Korea, Japan, Hong Kong, Taiwan, Europe, the US and elsewhere." Besides the India Pavilion, the returning Pakistan Zone as well as exhibitors from Uzbekistan and Vietnam will also showcase competitive cotton yarns, elastic yarns and eco products to diversify the sourcing options for buyers.

Meanwhile, a wide range of high quality synthetic, knitting and metallic yarns will be brought by exhibitors from Indonesia, Korea, Singapore, Slovakia and Thailand to cater to the rapidly growing demand for these products in the global market.

Fancy Yarn Zone returns with impressive increase in exhibitor number

After the debut edition last spring, the Fancy Yarn Zone has quickly become one of the most popular product areas in Yarn Expo. Due to the rapidly growing use of fancy yarns, this zone's exhibitor number is expected to double this year, hosting around 40 companies showcasing their latest collections of creative fancy yarns.

Alongside the Fancy Yarn Zone are four returning display zones — Colourful Chemical Fibre Zone, Natural Cotton Zone, Quality Wool Zone and Green Linen Zone — where over 210 domestic exhibitors will exhibit a wide range of innovative fibres and yarns, such as nylon, viscose filament and renewable, recycled fibres and many more.

Last but not least, a trend area and a series of seminars will also take place during the three day fair to equip the industry with inspirational trend directions and the most up-to-date market information.

Together with Yarn Expo Spring 2017, four other textile trade fairs are held concurrently from March 15-17 in the same venue: Intertextile Shanghai Apparel Fabrics – Spring Edition, Intertextile Shanghai Home Textiles – Spring Edition, PH Value and the China International Fashion Fair (CHIC). The fair is organised by Messe Frankfurt (HK) Ltd; The Sub-Council of Textile Industry, CCPIT; China Cotton Textile Association; China Wool Textile Association; China Chemical Fiber Association; China Bast & Leaf Fibres Textiles Association; and China Textile Information Centre.

Source: textileworld.com– Jan 03, 2017

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Japan: Trade zones out, tough bargains in for 2017

Trump touts return to bilateral negotiations benefiting US

A reversal in U.S. trade policy could make 2017 the year that efforts to build multinational trade zones crumble, returning the focus to tough, bilateral deal making.

In October 2015, officials from 12 nations including the U.S. and Japan gathered in the American city of Atlanta to ink the historic Trans-Pacific Partnership, confident of the dawning of a new age of trade governed by such high-level, multilateral agreements. Yet that dream lies all but dead just over a year later, not least due to Donald Trump's presidential victory and his pledge to pull the U.S. from the agreement upon taking office Jan. 20.

Many bilateral free trade agreements, which reduce or abolish tariffs and set rules for trade in goods and services between two nations, have been struck over the years. Multilateral agreements extend this notion to the regional level and improve security in the areas they cover, further greasing the wheels of commerce.

Yet Trump prefers his trade pacts one on one -- the better to drive hard bargains, leveraging U.S. economic and diplomatic might to secure the most advantageous terms. Multilateral pacts involve far more careful compromise and require each nation to give and take small concessions rather than pushing for an unambiguous win.

Us first

The president-elect almost certainly will scuttle the TPP, and his approach could put negotiations on ice between the U.S. and European Union for the Transatlantic Trade and Investment Partnership. Trump also could make good on his pledge to renegotiate the North American Free Trade Agreement with Mexico and Canada, as well as hinder talks on the Environmental Goods Agreement, which aims to liberalize trade in environmentally friendly products.

Chances are good that Trump will approach Japan regarding a bilateral trade pact. But America's stance likely will shift from idealism -- creating zones of free and fair trade -- to pragmatism focused on selling as many American products overseas as possible if the Commerce Department, rather than the Office of the U.S. Trade Representative, takes control of talks.

"If it comes down to a bilateral pact, we would have to open markets more than under the TPP -- we'll lose for sure," said an economic expert with experience in Japan's cabinet.

Tokyo can do only so much to prepare. Japan tended to use other countries as buffers to avoid direct conflict with the U.S. during TPP negotiations, such as putting New Zealand between it and Washington to convey demands during negotiations over dairy products. But that tactic would be unavailable in a one-on-one setting.

Trump could even hike tariffs on Japanese goods by tens of percentage points to shore up support for his administration at home, ahead of talks on a Japan-U.S. trade pact. Such a move would be legal if it is within limits set under the World Trade Organization.

Source: asia.nikkei.com– Jan 03, 2017

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USA: New Mexican cotton growers to learn new techniques

Cotton growers of New Mexico in the US will learn new techniques in cotton production at the New Mexico Cotton Growers Association Conference.

It is an opportunity for cotton farmers to enhance knowledge on production practices and also improve their connections for easy business. The event will be held on January 11 at Ruidoso Convention Centre, New Mexico

This year's conference will also focus on various important aspects including cotton nutrition and fertilisation, disease management, cotton varieties, cotton economics, the current regulatory environment and cotton classification and grading.

"We have a lineup of great speakers, from within and outside of New Mexico, who will deliver cutting-edge information related to cotton production practices.

We will also have representatives from seed, chemical and irrigation industries, to provide information on products that can lead to cost savings for farmers," said John Idowu, New Mexico State University Cooperative Extension Service agronomist.

Cotton growers, extension educators, crop consultants and stakeholders of New Mexico will also be participating in the one-day conference.

The New Mexico Cotton Growers Association Conference last held in January 2015 had highlighted the issues concerning cotton growers.

Source: fibre2fashion.com– Jan 03, 2017

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Pakistan: Cotton output rises 11.7pc

The country has so far processed 10.366 million bales of cotton this season, a year-on-year growth of 11.7 per cent, according to the latest fortnightly report issued by the ginners' association on Tuesday.

However, during the last fortnight (Dec 15 to Jan 1), 218,762 bales reached ginning factories, a drop of 10.7 per cent as compared to the same period a year ago.

Cotton output in Punjab, where 280 ginning mills are operational at present, rose 18.7pc year-on-year to 6.617m bales as of Jan 1. The province suffered heavily last season as its production plummeted 40pc.

Sindh, which performed well last year, has so far produced 3.749m bales, showing an annual growth of 1.21pc. Around 136 ginning units are operating in the province.

Dwindling flow of phutti (seed cotton) for the last one month indicates that very little phutti has been left in cotton fields and the current season may close much earlier than normal.

The only encouraging factor during the current season is that spinners have purchased higher quantity of cotton so far, ie 8.818m bales compared to 7.271m bales in the last season.

Exporters, however, have bought 199,244 bales this season as against 355,426 a year ago. Unsold stocks held by ginners currently stand at 1.348m bales compared to 1.652m bales a year earlier.

Looking at the crop size, it seems the industry would have to import substantial quantity of cotton. According to All Pakistan Textile Mills Association, there is a shortage of around 4m bales at present.

Source: dawn.com - Jan 04, 2017

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Fiji expects to see more new players in garment industry

The Textile, Clothing and Footwear Council of Fiji having received some interest, hopes to see some new players in the garment industry this year, said TCF president Kaushik Kumar. Presently, there are more than 40 garment factories in the country.

On the council's expectations for this year, Mr Kumar said that they also expect exports to remain stable and have plans to explore new markets in the MSG group.

In the past few weeks garment factories advertised for a number of positions ranging from machinist to other garment factory workers.

There are a number of reasons for this. Some factories do experience an increased demand in orders in the new year and in order to meet delivery deadlines, additional staff are required, said Mr Kumar.

Also most factories close for annual leave around the Christmas and New Year period and a number of staff go back to their island, village or home towns and quite a few of them do not come back when factories reopen after the leave period.

Some workers return after one or two months, therefore factories has to find replacement staff members. While, some staff move on to other jobs. Finding skilled staff remains a challenge in textile and garment industry, as in other industries. This shows that there is a demand for skilled workers in Fiji.

However, the industry has had a stable period and factories affected by Severe Tropical Cyclone Winston are doing okay as well.

Source: yarnsandfibers.com - Jan 03, 2017

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By 2030 Apparel Factories Won't be Far Off From Automotive

In a word, the factories of the future will be all about one thing: efficiency. But what's perhaps of greater importance is that these futuristic facilities are expected to bring manufacturing costs down by 20 percent.

These factories of tomorrow will be automated, filled with robots, and all technologies will be smart and time-saving. But what does all of that actually look like in terms of structure and processes?

A recent Boston Consulting Group (BCG) study aiming to uncover the answers found that manufacturers are keen to enhance their factories, but many are struggling to build the necessary momentum to do it.

Seventy-four percent of more than 750 production managers surveyed said their company has either already implemented, or made plans to implement, elements of the factory of the future, but only 25 percent said they achieved the year's progress targets.

Stalling or not, strides forward for the modern-day factory will only become more necessary.

"The factory of the future is a vision for how manufacturers should enhance production by making improvements in three dimensions: plant structure, plant digitization, and plant processes," BCG wrote.

So what does the factory of the future actually look like?

In the future, factories will have more multidirectional layouts, incorporate considerably more digital technologies and exploit the full potential of lean manufacturing.

Plant structure: When it comes to structure, layouts will be more flexible, with modular line setups and sustainable production processes, the report noted. Multidirectional layouts will allow for products to be placed on driverless transport systems and guided through production by communicating with other production machinery.

Line modules will be interchangeable and production machinery can easily be reconfigured. It means, simply, that manufacturers will be able to produce a greater variety of products and still maintain high output.

Apparel manufacturers may want to take more nods from the auto industry, which has so far reached the furthest in terms of the factory of the future.

Toyota, for example, has set up “simple and slim” product lines at factories in Mexico and China, using a modular conveyor built on the factory floor instead of in a pit to allow workers greater flexibility in changing the length of a line or moving line equipment.

Plant digitization: Digitization is making headway among manufacturers already but by 2030 it will be ever more significant. Seventy percent of automotive manufacturers surveyed said digitization would be highly relevant in 2030, compared to just 13 percent who think so today.

Manufacturers ready to take on that digitization will install more smart robots to take on more complex tasks and to communicate with workers. Collaborating robots at Volkswagen’s plant in Germany, for example, tighten screws that are hard for workers to reach.

Augmented reality will also become a tool for human workers, functioning as an overlay to their existing range of vision to help with things like assembly, logistics and order picking.

Plant processes: In 2030, factories will be designed to maximize lean manufacturing and the main focuses will be on customer centricity and continuous improvement.

Big data will increasingly be a tool for companies to use their collected customer insights to improve designs and production processes. At Daimler, customers will be able to provide input on the production of their vehicle and make last-minute changes—like a different paint color—while the car is en route to the paint shop, something more apparel manufacturers will be wise to consider as an offering in a world where personalization is in high demand.

Value chains will be fully integrated

"In the factory of the future, the value chain—made up of suppliers; component manufacturing; press, body, and paint shops; final assembly; and the customer—will be fully integrated, blurring traditional boundaries," BCG noted.

Manufacturing will be made possible by the integration of IT systems and the slew of available data. This kind of integration is expected to strengthen connections within companies across R&D, production, sales and other areas.

Automated adjustments of machine parameters will be a staple in the 2030 factory, and 3-D printing will be key for creating prototypes and printing tools.

"With respect to plant processes, lean principles will be important throughout the value chain in 2030," BCG said. "The use of production simulations, for example, will enable manufacturers to increase 'pull' in production, thereby reducing waiting times and the work in progress."

How will the factory of the future affect manufacturing costs?

According to BCG, 10 years after implementing elements of these future factories, conversion costs will come down by as much as 40 percent and total manufacturing costs could be up to 20 percent less.

Manufacturers will also benefit from greater flexibility, quality, speed and safety when it comes to the bottom line.

"Over a ten-year period, a company's cumulative investments to capture these benefits will amount to 13 percent to 19 percent of one year's revenue," the report noted.

Source: sourcingjournalonline.com - Jan 03, 2017

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NATIONAL NEWS

Indian government to present Union Budget on February 1

The Government of India is overhauling the budget process and has decided to present the Union Budget 2017-18 on February 1, instead of the last day of the month. The Budget Session will be convened in the last week of January in order to facilitate early allocation of funds to start various schemes from the beginning of the next financial year.

The Cabinet Committee on Parliamentary Affairs (CCPA) recommended holding the session from January 31. The Economy Survey will also be tabled on the last day of January.

These recommendations were made to President Pranab Mukherjee by the CCPA headed by home minister Rajnath Singh in a meeting held in New Delhi, according to media reports.

The Budget Session's first part will run till February 9.

Source: fibre2fashion.com– Jan 03, 2017

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India may produce 345 lakh bales cotton in 2016-17: CAI

India is projected to produce nearly 345 lakh bales of cotton in the crop year 2016-17 owing to better weather conditions, according to the Cotton Association of India (CAI). The country's cotton production touched four crore bales during 2013-14, and fell to 386 lakh bales and 338 lakh bales in crop years 2014-15 and 2015-16, respectively.

Improvements in productivity during the current crop year are expected due to favourable weather conditions in the cotton growing regions of India, said Dhiren Sheth, former president of CAI, at the annual general meeting of the association in Mumbai.

White fly attack in the northern region of India was one of the main reasons for the extreme reduction in the crop during 2015-16.

Though the productivity of cotton in the country is below the world average productivity mark, government initiatives and scientific research would help achieve the average productivity mark soon, added Sheth.

Lower levels of cotton prices during the crop year 2015-16 resulted in lower realization of prices for the produce by farmers, leading to a reduction of more than 10 per cent in acreage under cotton during the following season, he said.

Directorate of Cotton Development (DOCD) has estimated the acerage under cotton to reduce from 118.77 lakh hectares in 2015-16 to 105 lakh hectares this year, said Sheth.

Sheth also said that a huge boost in infrastructure is required for being in sync with the international trading norms. CAI has 11 laboratories to help farmers in cotton growing centres and provide the required services and testing facilities. Another laboratory will soon be established by the association.

Additionally, for 2016-17, CAI has appointed Nayan C Mirani as the new president and Udayan Thakkar as the vice president, said media reports.

Source: fibre2fashion.com– Jan 03, 2017

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Bombay Dyeing draws strategy to revive retail business

Nusli Wadia's 137-year-old flagship Bombay Dyeing and Manufacturing Company has drawn up a major strategy to revive its textile retail business and is looking for a turnaround in 2017-18.

"We are reinventing and major investments are lined up," Nagesh Rajanna, the company CEO for its retail segment, said here today while announcing the company's revival strategy.

The reinvention started more than a decade ago, soon after the company decided to exit textile manufacturing.

"Manufacturing will be outsourced. From now till 2020, the Wadia group-owned company plans to invest more than Rs 100 crore in the brand, double its multibrand outlets to 10,000, more than double its franchise stores to 500 and introduce 3-4 new products every year," Rajanna said.

Rajanna said these measures would help the segment more than treble its revenues to Rs 1,000 crore by fiscal 2020 from Rs 305 crore last year.

"The retail in textile segment currently contributes 17 per cent to the company's overall revenue. It will expand to 33 per cent by 2020," he added.

Stating that eastern India had a huge potential in the sector, Rajanna said that market share in this region could be enhanced from 12 per cent at present to over 20 per cent.

Admitting that competition from cheap imports from China and the unorganised sector had rendered its factories unviable, Rajanna said Bombay Dyeing is aiming at revamping the loss making flagship textile business by investing in the brand, expanding store network, growing product portfolio and tying up with international designers.

The company is also setting up its in-house design studio and system for high-tech digital print to boost production in premium segment, Rajanna said. Adding tie-up was also being made with e-commerce companies like Amazon, Flipkart and Snapdeal to reach the product at the customer's doorstep.

With its manufacturing plants divested, the company is attempting a makeover in the textile segment with a young team at the helm.

"So, opportunity for bed and bath category is good news for Bombay Dyeing, as people would become more conscious of their home decor," he said.

Rajanna also said that the aim of the transformation of the textile business was "to reach millennials" with a change in product portfolio, wider reach and a change in the look and feel of the brand.

The company has decided to outsource the entire merchandise to give itself flexibility in its production and products, Rajanna said.

"Bombay Dyeing retail primarily concentrates on the home textile segment which constitutes bed and bath linen," he said, adding "The organised industry in this business is worth Rs 1,000 crore but the unorganised players are worth more than Rs 45,000 crore."

However, Bombay Dyeing would remain present in all price points focusing on the youth and infant category, besides maintaining its positioning in premium segment, Rajanna said.

To attract customers, the company would have products from Rs 799 onwards in the bed linen category and Rs 199 in the bath linen segment, he said adding price of the premium category would start from Rs 7,000.

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

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Delhi confidential: Textile tips

Maneka has also suggested that the ministry should think of starting a college to promote and teach 1,800 different kinds of stitches. Irani is yet to respond.

Textile Tips

Women and Child Development Minister Maneka Gandhi, who likes to visit arts and crafts exhibitions in her spare time, is learnt to have given a few ideas on the matter to her Cabinet colleague Smriti Irani. In a letter to Irani, Maneka has listed the two initiatives that she thinks the Ministry of Textiles could take up immediately.

The first is a textiles museum to showcase the 50,000 varieties of textiles in the country. Maneka has also suggested that the ministry should think of starting a college to promote and teach 1,800 different kinds of stitches. Irani is yet to respond.

Chamu Krishna Shastry, Sanskrit scholar and organising secretary of the RSS-affiliated Samskrit Bharti, has resigned as adviser to the HRD Ministry. He was engaged as a consultant on honorary basis in 2014 by the previous HRD Minister, Smriti Irani.

The appointment attracted a lot of attention as he was seen as the RSS representative in the ministry. While the reasons for his resignation are unclear, the decision has come amid complaints of favoritism against him. Sources close to Shastry say that it is a personal decision as he has bigger plans for promotion of Sanskrit, and deny that it has anything to do with the complaints received by HRD Minister Prakash Javadekar.

No Phones Please

After cabinet meetings, ministers and secretaries have now been asked not to carry their cellphones at meetings of the Group of Secretaries. The Cabinet Secretariat sent a missive to secretaries of various departments, asking them not to carry their cellphones at the meeting of ministers and secretaries of agriculture and allied sectors on Tuesday. As many as 10 Groups of Secretaries were formed by the government last October, with the focus on agriculture, energy and transport sectors. The PM will hold a meeting of all the groups in the next few days, before the Budget Session begins on January 31.

Source: indianexpress.com- Jan 04, 2017

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Telangana govt to get associated with NIFT to protect handloom industry

Telangana state government to get associated with the National Institute of Fashion Technology (NIFT) to bring out new designs to appeal to a wider range of people, a step towards protecting the handloom industry, said Collector Prashanth Jeevan Patil at the inaugural function of textile exhibiton on Monday.

Mr. Patil urged people to patronise handloom products and promote weavers as handloom formed a part of their culture. Government employees and public representatives were asked to sport handloom clothes once a week to promote such products.

Also, scores of weavers are dependent on this age-old industry which is slowly losing patronage. People should protect and preserve the handloom industry by buying products from weavers, he added.

With an aim to promote the use of handloom fabrics, several handloom stalls were set up at the Collectorates at Medak and Sangareddy on Monday.

At Sangareddy, Collector Manickaraj Kanan and Joint-Collector V. Venkateswarlu bought a few items and even wore them. It was also decided that officers should wear handloom fabric every Monday without fail. This was the initiative suggested by IT and Municipal Administration Minister K. Taraka Rama Rao.

The products at the stalls were brought from handloom cooperative societies of Jogipet, Narayankhed, and Sangareddy.

While, Collector Yogitha Rana urged government officers and employees to attend the Prajavani (grievance cell) meeting by wearing handloom clothes every Monday.

Addressing the gathering after opening a handloom outlet set up by the Telangana Chenetha Society at Pragathi Bhavan here on Monday, she said that orders were also issued to the employees at the division and mandal level to wear cotton and handloom clothes at least once a week.

Chief Minister K. Chandrasekhar Rao had taken a decision to make it mandatory to ensure financial support to weavers, Ms. Rana said, appealing to the people to use handloom products at home.

The Collector also suggested the people to purchase clothes worth Rs. 500 every month by joining the Chenetha Lakshmi scheme. Members of the scheme would get a rebate on the same. With people buying handloom products they would help the weavers come out of their financial woes.

Source: yarnsandfibers.com- Jan 03, 2017

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Budget 2017: No MAT relief for SEZ units likely

Special economic zone (SEZ) units and developers are unlikely to get relief from the minimum alternate tax (MAT) in the coming Budget despite a strong pitch for their removal by the commerce ministry, according to sources.

The revival of SEZs — once a growth engine for the country's exports — was among the key steps proposed by the Board of Trade (BoT), headed by commerce and industry minister Nirmala Sitharaman, last year to help reverse a slowdown in the country's exports. The BoT could again suggest steps to boost SEZs when it meets later this month, said an official. Currently MAT is levied at 18.5% on the book profit of firms, with the effective rate over 21%, factoring in surcharges and cess.

In fact, the commerce ministry has been consistent in its demand for the removal of MAT and the dividend distribution tax (on SEZ developers) in recent years on grounds that the tax exemption will improve export competitiveness in times of a slowdown in the international markets they cater for. However, the finance ministry is again reluctant to offer any breather, fearing revenue losses.

"The proposal (to scrap MAT, DDT) is very much there (this year), but you have to take a hard look at the revenue implications before anything of this sort is done," an official source told FE. In the last Budget, international financial services centre were exempt from the DDT, but retained the same (at 20.4%) on SEZs.

Before the MAT and DDT were imposed in 2011-12, growth in exports from SEZs was as high as 121% (2009-10) and 43% (2010-11), far exceeding the increase in the country's overall goods exports for these years. After a near 11% drop in 2014-15, exports from SEZs dropped 3.3% in the last fiscal.

Although they paid a few thousand crores as MAT in the last fiscal and another hundreds of crore as the dividend distribution tax, SEZs availed of direct tax breaks of R18,400 crore in 2014-15, a finance ministry official had earlier said, arguing that SEZs were still benefitting.

Source: financialexpress.com- Jan 04, 2017

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Keep labour-intensive sectors out of GST ambit: Commerce Ministry

Commerce and Industry Ministry today asked the GST Council to grant ab-initio exemption to exporters from the Goods and Services Tax and keep the labour-intensive sectors like leather and plantation completely out of the tax net or put them in lowest slab.

Commerce and Industry Minister Nirmala Sitharaman, after attending the meeting of the council, said the ministry officials gave presentation to the members.

“For the leather industry, we want complete exemption from the GST or keep them in the lowest slab. We made a strong pitch on that as the sector create jobs,” she told reporters here.

Ms. Sitharaman further said the ministry favoured “fair” look under the GST regime for the cement industry, where taxation is “very high currently".

The sector is important as the government is looking at schemes like housing for all, besides modernising road, port and other infrastructure.
She said that exporters should be given “ab-initio exemption” from the upcoming GST regime.

She asked the council “would you treat exporters in such a way that they do not have to pay upfront. Give them an ab-initio exemption and tax them when you have to tax.”

The ministry is not asking for exemptions, “but we raise concerns about the entire procedure” of paying duties first and then seeking refunds.

As regards the plantation sector such as coffee, the minister said: “Ideally, we would like to completely keep it out” from the GST but if at all it comes under the new indirect tax regime “it should be kept in the lowest slab".

When asked whether the commerce ministry has sought a cut in the import duty on gold, she said: “I have been talking about cutting the duty as gold is a critical raw material for gems and jewellery sector.”

She said that restriction-free gold import also discourages smuggling.

The imported gold is mainly used by gems and jewellery exporters and people usually consider investment in the precious metal as safe haven. India, the world's second biggest gold consumer after China, imported 650 tonnes in 2015-16.

Gems and jewellery sector had in July urged Prime Minister Narendra Modi to reduce gold import duty to 5 per cent from the current 10 per cent to check shift of business to neighbouring countries.

Source: thehindu.com- Jan 03, 2017

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India can't be subservient; here's why China needs to be tackled the Donald Trump way

India's trade deficit with China has been accelerating. Imports in 2015-16 were more than five-times the exports. China exports mostly manufactured goods to India. For example, almost three-fourths of telecom imports and over half of solar equipment are from China. India has practically no domestic competitive production.

China is also good at imitation. There are thousands of Chinese who make Indian idols and firecrackers, that are sold in huge central markets frequented by Indian traders, for sale in India. They import silk weavers from Varanasi and Kanchipuram to replicate their techniques to create exotic sarees on Jacquard looms. These products do not match Indian quality, but are cheaper. The Chinese are exploring other such opportunities.

At this rate, China can replace a great deal of Indian organised and cottage manufacturing. On the other hand, most of India's exports to China are of natural resources (like iron-ore). If things continue the same way, soon India will become an economy ruled by China.

For instance, China exports steel at much lower prices than steel manufactured in India. India's steel industry is in trouble as a result. This is beginning to happen in other sectors as well. But India is not unique in this dominance by China, as this is happening to other countries as well.

The US claims to have lost a good part of its domestic manufacturing and millions of jobs in manufacturing to cheap Chinese imports. Thanks to the large amount of outsourcing to China, China has begun to export sophisticated electronics and other items to the US and elsewhere, replacing their local manufacturing. Experience with local assembly and manufacturing have enabled China, with its educated researchers and scientists, to plagiarise and, indeed, improve upon such products.

China is well on the way of becoming the manufacturing centre of the world. However, it must be borne in mind that China, unlike others, is a secretive, centrally- and tightly-controlled economic system. State-owned enterprises are dominant, especially in heavy industries and infrastructure supplies. Prices are set as part of broad economic strategy and tactics. The same input is many times priced differentially between a firm entering a new export market and others. Taxes are tailor-made to enable export competitiveness and vary between manufacturers.

Since China was admitted to the World Trade Organisation (WTO), some countries, including India, have challenged special prices and incentives given by the Chinese government to some exporters. Most have lost their cases.

The election of Donald Trump as the next US President has been attributed to the loss of manufacturing and related jobs to China. Reaction is now to follow, aimed at limiting Chinese exports to the US and American investments in China. This was a very important part of the Trump election campaign.

On December 21, 2016, Peter Navarro was selected by President-elect Trump to serve as the director of the National Trade Council, a newly-created position in the executive branch of the US federal government. Among other responsibilities, he will be responsible for trade negotiations. His last book was “Death by China”. It is also a documentary film, which is believed to have influenced Trump. He can be expected to take strong measures to limit China’s influence on the American economy.

This provides an opportunity to the Indian government, which has so far failed to gather convincing evidence from the Chinese in arguing its cases before the WTO.

We should follow American leadership to contain China's influence on Indian trade and manufacture, as India cannot be economically subservient to China.

The contours of global conflicts are now changing. There is a good chance under President Trump the US will improve its relation with Russia. Also, we may see a decline of the NATO; decline of the British power; the European Union becoming less united; the spread of Islamic fundamentalism; and greater military and economic cooperation between Japan and South Korea, and possibly ASEAN countries.

As the only other large counterpoise to China in Asia, India will inevitably lead the "circle of Pearls" against China. The possibility of friendship between India and China is remote, given the enormous support from China to Pakistan, principally to contain India, and the border disputes between New Delhi and Beijing. Instead of living on the Nehru nostalgia of "Hindi-Chini bhai-bhai" (Indians and Chinese are brothers), we must now treat China as a non-combatant enemy and ensure that neither economic nor military power makes India subservient to China.

The world may now witness two camps again, with America and Russia getting closer, and forming one with Europe. India and others in Asia, versus China, Pakistan and South Korea. It is time our thinkers strategised accordingly.

Source: financialexpress.com- Jan 04, 2017

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