# IBTEX No. 35 of 2017 Feb 16, 2017

USD 66.95 | EUR 71.07 | GBP 83.46 | JPY 0.59

## Cotton Market Update

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

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 20389 | 42650 | 81.27 |

**Domestic Futures Price (Ex. Gin), March**

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 20890 | 43697 | 83.26 |

**International Futures Price**

| | |
|---|---|
| NY ICE USD Cents/lb ( March 2017) | 75.71 |
| ZCE Cotton: Yuan/MT ( May 2017) | 16,250 |
| ZCE Cotton: USD Cents/lb | **87.91** |
| **Cotlook A Index – Physical** | **86.55** |

**Cotton & currency guide:**

Cotton price traded mixed to sideways on Wednesday's trading session. This has been 11 consecutive trading sessions both spot and futures price of cotton in India has been trading in a very tight range.

The spot price of cotton traded at around Rs. 42,900 to Rs. 43000 per candy unchanged from the previous close. With Indian rupee appreciating tad against the USD to settle at 66.90 the equivalent price in USD quoted at 81.75 cents per pound. In the meanwhile, J34 variety traded at Rs. 4650 per maund. There has been no major change in the price. Therefore, the effect is clearly visible on the futures contract.

The most active February future ended the session at Rs. 20,760 per bale no change from the previous close. Market is trading steady while from the price front the Rs. 20,900 levels is failing to break on the higher side. We still expect unless Rs. 20900 is breached the cotton price may either continue to trade steady or marginal profit booking in the trade could be witnessed.

More on the physical front nationwide, daily seed cotton arrivals have been similar to previous day and were estimated at 192,000 lint equivalent bales (170 kgs), including 46,000 from Gujarat and 70,000 from Maharashtra.

Overall we believe cotton price may continue to remain sideways while likely correction from higher side is inevitable.

Coming to global front the ICE March future corrected a tad from the benchmarked price of 76 cents and settled lower at 75.71 cents/lb. We believe the counter is also expected to correct down amid overbought nature of the price. From the data, light mill enquiries continue with some choosing to roll March on-call sales into May rather than fix prices. ICE estimated volume at 40,100 contracts, lower than yesterday's 53,578.

For the day we expect cotton price in India to remain sideways to lower. The trading range for the day would be Rs. 42,600 to Rs. 43100 per candy at the spot market. The February is expected to trade in the range of Rs. 20,500 to Rs. 20900 per bale. Lastly the future contract at ICE for March is expected to move in the range of 75.30 cents to 76.10 cents per pound.

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

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

| Indicative Prices of Cotton Yarn in China<br>Date: 15/2/2016 ***Prices in US$ FOB*** | | |
|---|---|---|
| **Country** | **20s Carded** | **30s Carded** |
| India | 2.40 | 2.65 |
| Indonesia | 2.56 | 2.85 |
| Pakistan | 2.44 | 2.88 |
| Turkey | 2.96 | 3.10 |
| Source: CCF Group | | |

Spot Pakistani grade-A siro-spun 10s was mainly leveled at around 19,200-19,500yuan/mt after-tax ex-ships in Guangdong. Price of Indian 21s for air-jet was 21,500yuan/mt after-tax ex-ships in Zhejiang, Jiangsu and Shandong. In Nantong and Shandong, Indian carded 32s for air-jet was mainly offered at around 23,500yuan/mt after-tax ex-ships.

In Zhejiang and Jiangsu, spot Indian grade-A combed 21s and 32s for knitting was mainly stayed at around 23,800-24,000yuan/mt and 25,500yuan/mt after-tax ex-ships. Cost of new arrivals of Pakistani grade-A siro-spun 10s was around 19,800 yuan/mt, and profits were around 100-300yuan/mt. Cost for new arrivals of Vietnamese carded 32s for rapier staying at around 22,200yuan/mt, around cost line. Cost of new arrivals of Indian carded 32s for air-jet was around 22,900yuan/mt, with margins staying at 100-300yuan/mt.

**Source**: CCF Group

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# INTERNATIONAL NEWS

## Chinese textile park to further weigh on struggling Pak exports

Pakistan's struggling textile industry is facing new threats of further losing its market share to China, which is heavily investing in textile manufacturing facilities in its province bordering the south Asian nation, a leading trade body said on Wednesday.

"The anticipated glut of textile and garment from the Xinjiang textile park in the export as well as domestic markets of Pakistan poses a serious threat to Pakistan's textile sector already struggling to remain afloat," the Karachi Chamber of Commerce and Industry (KCCI) said in a report. "Setting up of the textile park at Xinjiang will give a heavy blow to Pakistani textile exports."

The KCCI, which represents more than 50,000 businesses across the city, said China's textile-ware from Xinjiang passing through China-Pakistan Economic Corridor (CPEC) to the Middle East and North Africa (MENA) region would experience a further reduction in costs in terms of transportation.

It said China is giving primary importance to its Xinjiang province, bordering Pakistan, under the CPEC. The province accounts for 60 percent of China's seven million tons of cotton production.

The under-developed province is seeing a rapid industrialisation under China's plan of developing it into a major textile exporting hub. The world's second biggest economy is investing $27 billion in Xinjiang's transport infrastructure for better regional connectivity in 2017 alone, while a $2.8 billion is being invested into standard garment factory constructions.

By 2020, Xinjiang is expected to produce about 500 million garments a year.

China is also building a 3,000-kilometre long road from Gwadar in Pakistan to Kashgar in China. The route would cost-effectively connect the China's western and central regions to MENA.

Textile exports contribute around 60 percent to the Pakistan's total exports, which are already on the declining trend owing to a host of factors, including high production cost and lack of government incentives.

"A $1.7 billion textile package, recently announced by the government, doesn't match the incentives provided to textile exporters by China," the Karachi Chamber said. "Pakistan would simply not be able to compete with the Chinese exporters."

It said Pakistani markets are already awash with hordes of low cost Chinese products, which are already manufactured in the country. "Chances are high that Pakistan would be experiencing a similar influx of goods under China's transit trade ...."

The KCCI said CPEC will support Pakistan's economy through a series of developments in energy and transportation sectors. "In fact, if sensibly utilised, it (CPEC) provides Pakistan with an exceptional opportunity to become a developed nation."

The trade body, however, urged the government, "to smartly negotiate and exploit CPEC to achieve maximum economic strategic depth for Pakistan and to make all transactions transparent."

It called for improvement in competitiveness of textile production and diversification in the country's exports. "Transit fee with China and all partnering countries needs to be prudently negotiated as such a fee would be a major earning source for paying off the CPEC-related debts and other associated costs," it said.

"Infrastructural improvement will encourage green-field industrial setups, but it is the focus on high tech and value additive industries that will provide the real platform for competitive trade in the global economy."

Source: thenews.com.pk– Feb 16, 2017

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# Trade shows boost UK fashion exports

UK exports of clothing and textiles jumped 7% year on year to £9.1bn in 2016, following success at European trade shows.

The UK Fashion & Textile Association (UKFT) reported that exports have grown 28% in the last five years.

Clothing exports alone have risen 41% to £6.2bn since 2012.

The UKFT said the growth can be attributed to increased interest in UK manufacturing, the creativity of British fashion designers and the importance of the UK as a key apparel trading hub.

The European Union was the UK's biggest export market for textiles and clothing in 2016, accounting for 74% of UK exports.

In the last five years UK clothing and textile exports to the EU increased 36% to £6.7bn.

Adam Mansell, CEO of UKFT, said: "It is important to note that the UK is still a key exporter to the EU, as well as to non-EU countries. Much of our export success comes from our presence at European trade shows, which attract buyers and export orders from around the globe.

"UKFT is lobbying the government for more support for companies to increase our presence in European markets and also to significantly grow our exports to non-EU markets after Brexit. We are pushing hard for free trade agreements to give the industry the competitive edge it needs."

The UK trade deficit, which reflects the difference between imports and exports, increased to £15.4bn in 2016, up from £15bn in 2015. This figure represents an increase in the value of imports from £23.4bn in 2015 to £24.5bn in 2016.

Source: drapersonline.com– Feb 14, 2017

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# Retail Execs, the EU Brace for Border Adjustment Tax Fight

Opposition to the proposed border adjustment tax is heating up—in Washington and abroad.

A group of retail CEOs is reportedly in Washington today to meet with the architects of the plan. The companies represented include Target Corp., Best Buy Co Inc. and Gap Inc., according to Reuters.

The border adjustment tax would lower corporate taxes from 35 percent to 20 percent while imposing a tax on the cost of goods sold on imports; export revenue would be exempt.

With 97 percent of the apparel in the U.S. made overseas, the apparel industry is leading the charge against the tax overhaul along with other consumer products industries.

"Given that retail is the largest private sector American employer, retailers support sound policies that spur economic growth and job creation," said Brian Dodge, senior executive vice president of public affairs at the Retail Industry Leaders Association, in a statement. "Later this week, several top retail executives will visit Capitol Hill to meet with lawmakers and discuss pro-growth policies that will benefit both American consumers and job creators."

As the debate continues at home, the European Union has indicated that if the new tax is enacted, it will challenge the U.S. over World Trade Organization violations.

The Financial Times reports that Jyrki Katainen, the European Commission vice president over EU trade policy, said both the border adjustment tax or the President's proposed tariff hikes would trigger a response.

"If somebody is behaving against our interests or against international rules in trade then we have our own mechanisms to react," Katainen told the paper. "We have all the legal arrangements within EU, but we are also part of global arrangements like the WTO and we want to respect the global rule base when it comes to trade."

It's unclear where the Donald Trump stands on border adjustment. He has been vocal about his opposition to the plan but subsequent comments from the White House could be read as at least lukewarm support.

Katainen said a trade war would be "disastrous" for the world economy, but that's exactly would could happen if countries enact retaliatory tariffs against the U.S.

Companies like Dillard's, Inc., Belk, Inc., J.Crew Group, LVMH, Abercrombie & Fitch and Nike are among the 100-plus members of the Keep America Affordable coalition, which says the resulting taxes from the proposed legislation would ultimately force them to increase retail prices for the American public. The group estimates it would cost U.S. households as much as $1,700 per year.

Meanwhile, 21 companies in favor of the plan have rallied around the American Made Coalition, which asserts tax reform is needed and this would create a level playing field for U.S. businesses.

The group's site says: "*A focused public campaign – one supporting competitive tax rates for small and large business, a modern territorial system, and the border adjustment of businesses taxes – is urgently needed to achieve success.*" Firms publicly supporting the effort include Caterpillar Inc., The Dow Chemical Company, GE, Honeywell, Johnson & Johnson, Oracle, Pfizer, Raytheon Company.

Ultimately tax reform will fall under the umbrella of the newly appointed U.S. Treasury Secretary, Steven Mnuchin

Source: sourcingjournalonline.com– Feb 15, 2017

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# Trump Softens NAFTA Trade Changes to Just "Tweaks"

According to Donald Trump, trade relations between the U.S. and Canada will only be "tweaked" to find a fair deal for both countries, though Mexico may still be the outcast.

At a meeting between Trump and Canadian Prime Minister Justin Trudeau on Monday, the U.S. president noted the country's "outstanding" relationship with its neighbor north of the border and said, regarding changes to NAFTA, "We'll be tweaking it."

"We'll be doing certain things that are going to benefit both of our countries," The Hill reported Trump as saying at a joint press conference with Trudeau.

Mexico, however, may remain on Trump's naughty list when it comes to trade relations. With Canada, according to Trump, trade dealings have been just fine compared to Mexico.

"It's a much less severe situation than what's taken place on the southern border," Trump said, adding that transactions with Mexico have been unfair to the U.S. and that the planned tweaks would make the trade relationship "fair for both parties."

Trump has floated the idea of imposing a 20 percent blanket tax on all imports from Mexico in hopes that some of those funds could help pay for his border wall, but there has been little said about changes that could make the trade relationship between the U.S. and Mexico more fair for either side.

For Canada, it seems everything's coming up roses for maintaining the world's largest trade relationship. Canada valued its bilateral trade with the U.S. at more than $885 billion in 2015, and said $2.4 billion worth of goods and services cross the border between the nations daily.

A statement on the Canadian prime minister's website Monday said, "The partnership enjoyed by Canada and the United States has been essential to our shared prosperity and security, and has long served as a model for the rest of the world," Trudeau said.

"I had a productive meeting with President Trump and members of the U.S. administration, and I look forward to working together to create more opportunities for the middle class on both sides of the border."

Source: sourcingjournalonline.com – Feb 15, 2017

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## Bangladesh: Govt to enact Textiles Industries Establishment Act soon: Azam

State Minister for Textiles and Jute Mirza Azam said on Wednesday the proposed Textile Industries Establishment Act-2015 is expected to be enacted shortly, paving the way for further development of the country's garment and textile industries.

He came up with the remark at the inaugural ceremony of '11th Dhaka International Yarn and Fabric Show 2017-Winter Edition' and 'Dhaka International Denim Show 2017- Winter Edition'.

CEMS Global in association with China Council for the Promotion of International Trade (CCPIT) organised the four-day event at the International Convention City Bashundhara (ICCB) in the city.

Presided over by CEMS Global - USA & Asia Pacific President and Managing Director Mehrun N Islam, the programme was also addressed by Chinese Ambassador in Bangladesh Ma Mingqiang, Textiles and Jute Ministry Secretary in- charge Shubhashish Bose, CCPIT Secretary General (Textile) Zhang Tao, and Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Senior Vice-President Faruque Hassan.

While delivering his speech as the chief guest, the State Minister said the Ministry has already formulated the textile act taking suggestions from all the stakeholders including BGMEA, Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA) and other entities to help the sector fetch US$ 50 billion per year by 2021.

Referring to the country's increasing global share in RMG sector, he said there are seven garment factories in Bangladesh that placed in the top ten environmentally-compliant RMG factories around the world which indicates the country's capacity in the sector.

Addressing the RMG sector entrepreneurs, Mr Azam said the big investors should come up with investments to set up industries to produce viscose fibre from jute to meet local demand.

Terming production of viscose fibre profitable than RMG, he said currently Bangladesh imports viscose worth Tk 8.0 billion per year which can be easily saved by producing the product from own raw materials.

He also informed that the government has made a deal with China for building a plant to make viscose fibre from jute using Chinese technology and finance.

Speaking at the programme, Mr Mingqiang said China is the top exporter of apparel products in the world while Bangladesh secured the second place. "Due to the fast economic growth, the country will catch up with China in even shorter time than the people think," he added.

Mentioning that many Chinese citizens are now investing outside China, he said, "Bangladesh is an ideal and attractive destination for the Chinese investors because of various government incentives."

The Chinese Ambassador also noted that the Chinese investment in Bangladesh has increased by 30 per cent in last couple of years. However, he termed Bangladesh a close companion of China, not competitor in terms of global business.

More than 180 exhibitors from six countries including China, India, Sri Lanka, Singapore, Malaysia, and the host Bangladesh taking part in the show to display state-of-art fabrics, garment accessories, different types of yarn, denim, knitted fabrics, artificial leather, embroidery, button, zipper, linen blend etc.

The show will remain open for all and will continue from morning to evening till February 18.

Source: thefinancialexpress-bd.com– Feb 15, 2017

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## Taiwan textile firms heed 'Make-in-USA' call

Echoing President Donald Trump's call to 'Make in USA', various Taiwanese textile and apparel producers are planning to set up production facilities or warehouses in the US. This decision by these Taiwanese companies is a major shift from the trend of producing textiles and apparels in Asia, since all these companies have large production bases in Asia.

A Taiwanese daily reported that Makalot Industrial Co, a big apparel manufacturer is planning to set up a plant in the US, for which it is conducting feasibility studies. The company is also mulling investing in facilities in the Dominican Republic and Haiti.

Everest Textile, a subsidiary of the Far Eastern Group has acquired an existing plant in North Carolina, and is refurbishing the production lines, which would produce functional fabrics as well as garments.

The biggest Taiwanese nylon chips and yarn producer, Li Peng Enterprise is planning to open a warehouse in the US, where it will store its products produced in Taiwan and other Southeast Asian countries. The warehouse will mainly cater to the US market.

Source: fibre2fashion.com – Feb 16, 2017

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## BCI announces top ten Better Cotton Sourcing businesses

The Better Cotton Initiative (BCI), a not-for-profit organisation stewarding the global standards for Better Cotton, and bringing together cotton's complex supply chain, from farmers to retailers, and its members, has announced the top ten Better Cotton Sourcing high-street and small BCI retail and brand members from all around the world.

The top 10 Better Cotton sourcing high-street businesses include H&M, IKEA, Adidas, Nike, Levi Strauss & Co, C&A, Marks and Spencer, Bestseller, VF Corp, and Tommy Hilfiger.

The top 10 on 'Better Cotton as percentage of total cotton consumption', includes some smaller BCI retail and brand members like Stadium, IKEA, Adidas, BabyBjorn, Marks and Spencer, Nike, Marimekko, ASOS, Hemtex, and Kathmandu and Bestseller.

The listings illustrate perfectly the way the cotton consumption of different businesses varies quite significantly. For example, H&M as top Better Cotton consumer on volume, ranks 11th as percentage of its total cotton sourcing in 2016, due to its size.

As highlighted in the BCI annual report, globally, Better Cotton was produced in 21 countries over 5 continents, reached 1.6 million farmers, was grown on 3.4 million hectares, producing 2.6 million metric tonnes of Better Cotton lint.

BCI retail and brand members are setting their sights on doubling their 2016 performance this year to 1,000,000 metric tonnes sourced as Better Cotton lint.

Source: fibre2fashion.com– Feb 15, 2017

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## Global yarn makers see Bangladesh as a potential market

Global textile and yarn makers see Bangladesh as a potential market despite the country's apparel export is facing challenges in some of its strong markets, including the United States and Europe.

Though fabrics and yarn are being locally made, Bangladesh still needs to import a good quantity to meet the growing demand.

In Bangladesh, local spinners meet over 90 percent demand for raw materials of the knitwear sector and over 40 percent demand of the woven sector.

"Bangladesh is a good market for us as the demand for fabrics here is rising from the garment makers," said Lavender Zhang, manager of Jiangsu Wulong Knitting Co, a knitwear fabrics maker.

Zhang spoke at the 11th Dhaka International Yarn & Fabric Show 2017—Winter Edition and Dhaka Int'l Denim Show 2017.

Mirza Azam, state minister for textiles and jute, inaugurated the fair jointly organised by CEMS Global and CCPIT (CCPIT-TEX) at International Convention City Bashundhara in the capital.

Around 180 companies from six countries are showcasing their products at the three-day event.

Bangladesh's apparel exports to the US, its single largest destination, declined 1.96 percent year-on-year to $5.49 billion in 2016, due to the volatile US economy and the recent presidential election.

Exports to the UK and some other European markets also fell last year.

“Bangladesh is our future market as China has been losing its market share in the global apparel business,” Zhang said.

She said the demand for specialised textile like linen is very high in Bangladesh, which is quite capable of supplying fabrics in bulk to the garment makers.

“We have a plan to open a sales office in Dhaka in future as the business is growing,” said Zhang, who came in Bangladesh for the first time to take part in the fair.

“The fabrics and yarn market in Bangladesh is growing riding on the higher demand from the customers,” said Arifur Rahman Dewan, manager for sales and marketing at Huaren Linen Group (Bangladesh), a major supplier of linen fabrics from China worldwide.

Dewan said currently his company supplies linen fabrics to 15 customers and it has a target to increase the customer base to 100 by the end of 2020.

“Achieving the target of 100 customers is not difficult in Bangladesh, as there is huge demand for linen products,” Dewan said. His company produces nearly 60 million yards of fabrics a year.

Ma Mingqiang, ambassador of China to Bangladesh; Shubhashish Bose, secretary in charge of the ministry of textiles and jute, and Faruque Hassan, senior vice-president of Bangladesh Garment Manufacturers and Exporters Association, also attended the opening ceremony of the fair.

Source: thedailystar.net– Feb 16, 2017

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## Pakistan: Special package for boosting textile sector announced

The Senate was informed on Wednesday that the government has announced a special package for textile sector to boost the industry.

Commerce Minister Khurram Dastgir Khan informed the House during that question hour that import of textile machinery have been made duty free.

He said sales tax on five export-oriented sectors including textile, leather, sports goods, surgical goods and carpets has been made part of zero rated tax regime in the current budget.

He said 2,747 companies including 65 textile companies were registered during first half of the current fiscal year. He said eight companies including two textile companies were delisted from July to December last year.

To a question, Parliamentary Affairs Minister Shaikh Aftab Ahmad told the House that a comprehensive plan has been designed for upgradation of airports throughout the country.

He said three billion rupees have been allocated for upgradation of airport in Peshawar and 30 to 40 percent work has been completed. He said work will also be expedited for renovation of Quetta airport.

Source: dailytimes.com.pk – Feb 15, 2017

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# NATIONAL NEWS

## Exports up 4.32% in January, imports grow faster at 10.7%

India's merchandise exports grew 4.32% to $22.11 billion in January on the back of raw material shipments, including petroleum products and iron ore. This was the fifth straight month of expansion of exports — albeit at a slower pace than the previous month — which indicates demonetisation's impact on India's external trade has been marginal.

Despite a slippage in gold imports, attributable to the note swap, imports rose a robust 10.7% to $31.96 billion, precipitating a trade deficit of $9.84 billion, higher than $7.66 billion in the corresponding month a year ago.

The rate of growth of non-oil-non-gold imports was 4.2% in January 2017, as against 4.4% in the previous month, aided by 47% increase in coal imports. Gold imports in January stood at $2.04 billion, down 29.94% from the year-ago month. Iron and steel imports also fell by 1.08% in January, aided by government policies to restrict cheap imports.

Non-petroleum exports in January were valued at $19.42 billion against $19.11 billion year-on-year, an increase of just 1.6%. Exports totalled $220.92 billion for the April-January period of the current fiscal, up about 1% over the year-ago shipments.

Responding to the trade data for the month of January 2017, Federation of Indian Export Organisations (FIEO) president S C Ralhan said while continuous positive growth in exports for the last five months is encouraging, the slowdown in global trade was affecting the exports equally.

"Going by the current trend, we are expected to reach around $270 billion (exports) this fiscal," Ralhan said.

India's export growth is in tandem with global trade growth which is expected to be around 1.7% in 2016. Ralhan added that growth in exports of rice, spices, cashew, oil meals, marine products, engineering goods, organic and inorganic chemicals, augured well for the future.

He added that increasing protectionism, volatility in currencies and uncertainties clouding over global economy pose major challenges for export sector in 2017.

The data revealed that iron ore exports jumped over 10 times to $184.43 million in January year-on-year. Export of petroleum products increased from $2.08 billion to $ 2.69 billion, a rise of 28.96%. Shipments of engineering goods from India in January rose to $5.45 billion, up 11.89%.

Services exports touched $13.8 billion in December from a year ago; services imports, however, rose to $8.3 billion in December.

Source: financialexpress.com- Feb 16, 2017

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## Textile industry will grow: Experts

The package of Rs 6,000 crore announced by the government for the textile and apparel sector includes several tax and production incentives by bringing flexibility in labour laws to increase productivity and to create one crore jobs, mostly for women in the next three years, said K Chandra Mouli, assistant director, regional office of the textile commissioner.

He was participating in an awareness programme on "Special package for employment generation and promotions of exports in apparel/garment and made ups" organised by the Andhra Pradesh Chambers of Commerce and Industry Federation in association with ministry of textiles on Wednesday.

Subsequently, joint director, commissioner of handlooms, Srikant Prabhakar stated that after bifurcation, all the gunning and spinning mills went to Telangana and there is a huge vacuum in Andhra for these two industries.

The government is encouraging entrepreneurs with many incentives such as subsidies on interest capital subsidy, he said.

District industries general manager Ramalingeswara Raju said entrepreneurs should be innovative in improving business.

The government had introduced single window policy to many licences and permissions including labour permissions, he said.

Source: timesofindia.com- Feb 16, 2017

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## AP signs MoUs for 12 textile units

The Andhra Pradesh Government is encouraging the textile sector in a big way and entrepreneurs should make use of the benefits being offered by the State as well as the special package given by the Union Government in the Budget to set up more units, according to K. Srikanth Prabhakar, the Joint Director in the office of the Commissioner of Handlooms and Textiles, AP Government.

He was speaking at an interaction session with entrepreneurs here on Wednesday in which the state government officials, the Union Government and the AP Chambers of Commerce and Industries Federation participated.

He said during the recent CII partnership summit here 12 MoUs were signed by the State Government with different companies for setting up 12 apparel units in the State entailing investment of Rs. 963 crores in all and generating 46,000 jobs.

"These 12 projects will come up in the next one to one-and-a-half years. Four of the units will come up in the Brandix apparel park here, including two by Chinese companies, five units in Anantapur district and the remaining in Chittoor district," he added.

Alok Dwivedi, the Deputy Director-General of Foreign Trade, spoke about the importance of promoting exports in the sector and B. Punnam Kumar, the Assistant Director-General of Foreign Trade, spoke about Export Promotion Credit Guarantee (EPCG) scheme which enables entrepreneurs to import capital goods (machinery) without paying duty.

They have, however, an export obligation in the first six years.

T. Indira, of the Employee Provident Fund Corporation, spoke about the Pradhan Mantri Paridhan Rojgar Protsahan Yojana under which the Union Government shall bear the entire 12 per cent contribution of the employer for new employees of the garment and apparel industry for the first 3 years, if the the employees are earning less than Rs. 15,000 per month.

Ramalinga Raju, the General Manager of the Visakhapatnam district industries centre, said clearances would be given speedily under the single window scheme and entrepreneurs should make use of the opportunity.

G. Sambasiva Rao, the president-elect of the Andhra Chambers of Commerce and Industry Federation, and others spoke.

Source: thehindubusinessline.com - Feb 15, 2017

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## Govt aims 20% increase in khadi sales, allocates Rs 340 cr

Government has earmarked a package of Rs 340 crore in the recently announced Union Budget 2017-18 for establishing khadi plazas and for the Modified Market Development Assistance scheme as it aims to increase the production and sales of khadi products by up to 20 per cent in the next three years.

Close to Rs 15 crore from the package will be used for setting up the five khadi plazas.

The wage of artisans is also expected to increase and close to 1,500 khadi institutions will benefit from the provision of the Output Outcome framework of schemes for 2017-18, according to media reports.

About Rs 3,002 crore from the Rs 6,481.96-crore package allocated to the ministry of micro, small and medium enterprises has been given to the Credit Guarantee Scheme (CGS). It will help support credit proposals worth Rs 4,68,000, while approving credit guarantee of close to Rs 17,955 crore.

The Prime Minister's Employment Generation Programme (PMEGP) will receive Rs 1,024.49 crore to establish 56,500 micro units and provide employment to about 4.52 lakh people.

In order to enhance job prospects for trained individuals, Rs 105 crore has been given to Technology Centres for assisting 40,000 units and training 1,99,500 individuals.

A provision has also been made in the Output Outcome framework of schemes for 2017-18 to provide Rs 451 crore to the Credit Linked Capital Subsidy Scheme (CLCSS). This will benefit about 6,700 MSMEs by helping them improve their productivity, product quality and sales turnover.

The cluster development programme (CDP) for MSME has also been given Rs 184 crore to increase the competitiveness of industrial sectors in the next two years.

Source: fibre2fashion.com – Feb 15, 2017

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## Cotton imports up 20% since October

India's cotton imports have been increased 20% since October following fears of lower supply due to demonetisation.

However, with more cash being injected into the economy, crop arrival has improved significantly, particularly in Gujarat.

Atul Asher, honorary secretary, Indian Cotton Federation, said Indian traders and mills had contracted imports of 7 lakh bales (one bale is 170 kg) in the five months since October 1, 2016, the start of the cotton year.

“This is higher by 20% over the same period of the previous year.Total cotton imports for 2016-17 will not be less than the previous year,“ Asher said.

Cotton prices were at record before the harvest of the new crop. It had fallen to Rs 38,000 candy as the new harvest hit the market and was Rs 39,000candy at the time of demonetisation.

Currently, cotton prices are at Rs 43,000candy and are expected to decline to Rs 41,000candy in the next month or two.

The Cotton Association of India has projected India's 2016-17 cotton production to be 341 lakh bales, while the Government of India has pegged it at 321 lakh bales.

“Fall in cotton arrivals post demonetisation was so severe that we were afraid that production figures could go down to about 300 lakh bales,“ said Dilip Patel, president, All Gujarat Cotton Ginners Association.

Source: economictimes.com - Feb 15, 2017

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## Amazon to set up two customer service facilities in India

Bengaluru based Amazon Development Centre (India) Pvt Ltd, a subsidiary of Amazon.com, Inc has announced plans to open two more customer service facilities in India, taking the total number of such facilities to five.

The new sites will support Amazon with pre- and post-order customer service through various mediums like e-mail, chat and phone.

The two new facilities will come up in Coimbatore and Noida in in April and June, respectively. Two such facilities were set up in Hyderabad in 2005 and 2014 and the third one in Pune opened in 2015.

"The new customer service facilities in Coimbatore and Noida will augment our capabilities to serve our customers better and enable Amazon to deliver consistently high levels of customer experience," Raj Raghavan, director, Human Resources APAC, Amazon, said in a statement.

"The facilities will help create employment for hundreds of customer service personnel in Tamil Nadu and Uttar Pradesh," the statement said.

In Coimbatore, Amazon is working with the Software Technology Parks of India (STPI) for the India BPO promotion scheme.

Source: fibre2fashion.com- Feb 15, 2017

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# No jobs, no skills: What a sorry state

*India's demographic advantage will yield no dividends unless efforts are made to revamp training programmes.*

India's jobless growth story is increasingly becoming worrisome and there is growing debate on if and how the country can create enough jobs to absorb its workforce. Simultaneously, another relevant aspect gaining prominence is the urgent need to adequately skill the labour force even for existing jobs.

In his budget speech, the finance minister reiterated the need for adequately skilling India's youth. New programmes have been initiated, while the reach of some existing programmes have been extended under Skill India. Launched in 2015, Skill India set an ambitious target of skilling 40 crore people by 2022. A year down the line, the task appears daunting in light of the sluggish progress made so far.

## Employability factor

India has a huge labour force, second only to China. Labour availability is expected to grow further as India is forecast to be the youngest country in the world with a median age of 29 by 2020. On the other hand, China's demographic dividend is waning, with the country expected to have a median age of 37 by 2020.

In the next 20 years, the labour force in the industrialised world is expected to decline by 4 per cent, while in India it will increase by 32 per cent. This implies that India has a huge potential benefit in terms of labour availability and cost which the country needs to encash. However, little has been done so far to tap this structural advantage, which, if not addressed urgently, could cause socio-economic issues.

Only around 10 per cent of India's workforce is trained which includes 3 per cent formally trained and 7 per cent informally trained. This compares poorly with a more than 50 per cent formally trained workforce in developed countries, including 53 per cent in China. According to the India Skills Report 2016, only 37 per cent of the Employability Skill Test takers (below 30 years) were found employable.

The Government has taken several initiatives in the last few years under the Skill India programme. The ministry of skill development and entrepreneurship (MSDE) was created in November 2014 to drive the programme.

The National Skill Development Corporation (NSDC) set up in 2008 has been further strengthened to catalyse private sector participation. Eleven new sectors have been added since November 2014 under the industry-led Sector Skill Council. The Skill Loan Scheme was launched in July 2015 to fund training requirements.

The Government's existing Industrial Training Institutes (ITI) are being upgraded. The Apprenticeship Act was modified in Dec 2014 to incentivise employers to take on more apprentices. Public sector units have also been roped in to provide training in their respective sectors, funds for which would be allocated from the concerned ministry. For FY17, the Government has allocated a budget of ₹2,173 crore for MSDE, 115 per cent higher than the previous year; for FY18 the allocation is ₹3016 crore (40 per cent higher than the previous year).

**What's missing?**

According to theMSDE report, these initiatives have resulted in the number of trained workforce in India growing by 37 per cent from 0.76 crore in FY15 to 1.04 crore in FY16. However, the number seems measly given that there is a need for 10 crore additional skilled personnel by 2022; 30 crore of the existing workforce requires further skilling.

So, where is the Skill India programme lagging? What can give it a fillip? The MSDE was set up to be a nodal point for coordination of all skill efforts across India. However, given the multiple bodies involved — different government departments, government training institutes, private training agencies — the required coordination and streamlining of efforts is still a challenge.

Coordination with employers and/or industry associations also needs to be strengthened. Training institutes should widen their tie-ups with corporates to ensure placement of the skilled workforce. This kind of tie-up will also help agencies better understand the industry's requirements.

On the other hand, there is need to change the mindset of people regarding these skill and vocational training programmes. In India we are still too obsessed with academic qualifications, which may not even be appropriate to obtain a job. Vocational training is still considered a last resort. There is need to spread awareness about the various skilling programmes/schemes. The training institutes need to tie up with more schools and/or colleges to make students aware of the opportunities. Training institutes such as the ITIs are under-utilised.

**Revisiting courses**

Existing degree courses also require to be revisited. Should they be tweaked to better meet the job requirements? In some cases, higher education is becoming a millstone.

According to the NSSO survey, unemployment was higher among those with higher educational qualifications. For instance, among the 18-29 years age-group, the unemployment rate was 15.6 per cent for graduates and about 9.3 per cent for diploma holders as against only 2.3 per cent for those with primary-level education.

According to the Employment and Unemployment Survey (EUS) 2016, 58 per cent of graduate unemployed and 62 per cent of post-graduate unemployed cited non-availability of jobs matching their skill and education as a primary reason for their unemployment. Skilling programmes should also target the younger age group (10-15 years), as the school drop-out rate is found to be high for this age-group. These drop-outs otherwise will not have even the minimum educational qualification required to avail themselves of ITI and/or diploma training.

Greater attention being paid to job placement after skilling will increase the appeal of these programmes and spread awareness. In the long run we may want to overhaul our education system to make it more job friendly.

We are proud to have academic institutions such as the IITs, IIMs, and AIIMS which have helped us become a source of rich human capital at the high-end. At the same time, we have a large number of youths passing out with degrees and qualifications that do not equip them with appropriate skills and abilities This calls for reflection and suitable action.

Source: thehindubusinessline.com - Feb 16, 2017

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# Help us export more to Pakistan, says Punjab

*Asks Centre to talk to Islamabad; move also aimed at increasing trade with CIS nations*

Punjab wants the Centre to negotiate with Islamabad to boost exports to Pakistan through the land route, keeping aside the ongoing diplomatic stand-off following the Uri attack and the surgical strike.

Punjab said this would also improve India's trade with countries that were part of Commonwealth of Independent States (part of the erstwhile Soviet Union, except Baltic States).

The Centre, however, thinks it may not be "appropriate" to take up this matter with Pakistan now.

At a meeting last month, Punjab said the Centre should "negotiate with Pakistan to reduce its negative list (items not permitted to be imported from India) and allow more items for export through the land route from Punjab."

"This will reduce cost of transportation as Lahore is only 25 km from Punjab," the State government said. "This will also ensure better access to CIS countries," it argued. Punjab also wants to be invited by the Centre for future meetings with Pakistan on trade.

The Centre said in its response that given "the current state of bilateral relations, it may not be appropriate for the Indian side to take up the issues of concessions with the Pakistan side."

The issue of inviting a representative from Punjab during the trade meetings would be taken up when trade and economic cooperation was discussed bilaterally, following resumption of dialogue.

Recently, Pakistan's Minister for Planning and Development Ahsan Iqbal reportedly said that once the State Assembly elections in India (including in Uttar Pradesh) were over, the situation may improve for pursuing peace talks.

He also reportedly wanted India to consider joining the (over $50 billion) China-Pakistan Economic Corridor, instead of opposing the project.

Trade in goods between India and Pakistan was worth $1.32 billion in April-November 2016-17 and $2.6 billion in 2015-16. The trade balance was in India's favour as its exports to Pakistan were $660 million and $1.7 billion more than its imports from that country in April-November 2016-17 and 2015-16. India-CIS goods trade was of the order of $7 billion in April-November 2016-17 and $9.43 billion in 2015-16.

The trade balance was in favour of CIS as India's imports stood at $3.55 billion and $4.67 billion more than exports in April-November 2016-17 and 2015-16.

## 'Revoke MFN' demand

Following the Uri incident, there were demands for revocation of the Most Favoured Nation status given to Pakistan in 1996.

Pakistan, a member of the WTO, has not yet granted MFN tag to India (and Israel).

Source: thehindu.com - Feb 16, 2017

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