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The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 79 of 2017 Apr 20, 2017

USD 64.65 | EUR 69.35 | GBP 82.76 | JPY 0.59

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20127	42100	**83.05**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
21120	44178	**87.15**

International Futures Price

NY ICE USD Cents/lb (May 2017)	77.67
ZCE Cotton: Yuan/MT (July 2017)	15, 855
ZCE Cotton: USD Cents/lb	**85.70**
Cotlook A Index – Physical	**87.80**

Cotton guide:

Cotton market is at such juncture witnessing lot of volatility in the price. The rollover of May position to July and subsequent is running at a faster pace. The May Open Interest has shrunk to 11089 contracts while rest has shifted to July and December. The July OI has increased to 0.126 million contracts.

Therefore price is moving in both directions. The most active July contract at ICE moved in a wide range of 78.98 to 77.66 cents per pound on Wednesday's trading session and ended at 78.32 marginally higher from the previous close. We believe market would continue to remain unwarranted in the near term and entire scenario would depend upon the long/short positions movement at the ICE platform and the Fixation of on call sale. The CFTC report would be released on Thursday and based on that fresh direction can be composed.

From the Technical perspective we notice a strong resistance near 79 cents for July contract and believe unless that is breached the market would either remain sideways or possibly some sort of profit booking could be observed. For the day we expect ICE cotton to move in the range of 79 to 77.80 cents. Note, upon break above 79 cents the price could surge to 79.25-79.50 range. Also in the short term the broad range for the price would be 79.50 to 76.70 cents per pound.

Further on the cotton market light nearby mill inquiry has been reported for US cotton, but overall, conditions remain quiet. ICE estimated volume was at 35,900 contracts, lower than previous day's 48,574. In the meanwhile, total open interest decreased by 2,499 contracts to 239,278.

Coming to domestic cotton market, as of April 18, according to Cotton Corporation of India (CCI) arrivals amounted to the lint equivalent of 804,200 bales compared with 1,305,400 during the previous week. The bulk of arrivals during the period were in Maharashtra-295,000 and Gujarat-242,000.

Further on the futures front the most active April contract at MCX traded positive. The contract settled higher at Rs. 20950 per bale up by Rs. 210 from the previous close. Likewise, May future also settled higher at Rs. 21,120 per bale leaving spread between the two contracts at Rs. 170.

We believe the Spread between two contracts holding in the range of 150 to 200 may not attract much in rolling over of positions from April to May. From the technical perspective we believe April may trade in the range of Rs. 21080 to Rs. 20800 while 21100 remains a strong resistance for the day. Also note if market fails to break 21100 in the near the probability of price correcting down towards Rs. 20600 is much likely.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Nepal, SAsia could benefit from protectionist US policies: WB
2	USA: Amazon wins patent for on-demand textile manufacturing
3	Where Trump Goes Next on Trade
4	Chinese textile industry prefers Vietnam and Bangladesh over Pakistan
5	Ethiopia: Boosting Export for Currency Earning
6	African countries examine lines of action for cotton negotiations at WTO
7	Forum on future of new textile industry in China
8	Thailand 2nd in B2C e-commerce sales in SE Asia
9	Pakistan see s slight increase in current cotton output
	NATIONAL NEWS
1	First ever Global B2B Textile event to be held in June
2	Indian weaves, global audience
3	On revival mode
4	The art of doing business under GST
5	Textile mills in UP to reopen: Minister industry
6	Textile traders feel the pinch, urge PC to revoke order
7	For Bengaluru's garment hub workers, the minimum wage is actually the maximum wage
8	Govt projects to give push to technical textile use
9	Textile Park in Warangal finally gets clearance

INTERNATIONAL NEWS

Nepal, SAsia could benefit from protectionist US policies: WB

US President Donald Trump has often become a target of ire for his controversial policy statements. But South Asia, including Nepal, may find a reason to cheer if he sticks to his campaign promise of withdrawing the US from two major free-trade pacts--referred to as TPP and TTIP--and imposing high tariff on goods imported from China and Mexico.

This is because stalling negotiations of TPP and TTIP, and higher US protection against China and Mexico would be favourable for South Asia, including Nepal, says the latest edition of the twice-a-year South Asia Economic Focus published recently by the World Bank (WB).

The TPP, or Trans-Pacific Partnership, is a free-trade agreement covering 12 countries--Japan, the US, Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

The TTIP, or Trans-Atlantic Trade and Investment Partnership, on the other hand, is a trade and investment agreement between the US and the European Union (EU).

The TPP aims to create a free-trade zone across 12 countries in the Pacific Rim with common labour and environmental standards. It also aims to protect data and intellectual property of large companies.

The TTIP, meanwhile, is aimed at lowering trade tariffs and removing various trade barriers. Trump has openly expressed his dislike for both the deals, citing they would hit American workers and pose threat to US companies.

The TPP and the TTIP have basically been designed to provide tariff-free access to member countries of the two groupings. This would create an uneven playing field for South Asian countries that are not parties to these agreements and thus reduce their competitiveness.

“From TPP alone, exports of textiles and clothing from Vietnam--a major competitor for South Asian countries--would have increased by about 40 percent, mostly due to the implied zero-tariff access to the US market,” says the World Bank report titled ‘Globalisation Backlash’.

This would cause “large losses to exports of textiles and clothing from Nepal and Bangladesh”, adds the report. “But if TPP and TTIP do not go through, the predicted negative impacts on South Asia would not materialise.”

The US is key export market for many South Asian countries, including Nepal. For instance, the top export destination for Bangladesh, India, Pakistan and Sri Lanka is the US. For Nepal, the US is the second most important export destination after India.

The dependence of South Asian countries on the US, in terms of exports, means these nations would gain if the world’s largest economy raises tariffs on goods imported from China and Mexico.

Trump, during election campaigns, had promised to slap tariffs of up to 45pc on Chinese imports, and introduce similar provisions to make Mexican exports to the US expensive, citing cheap goods flooding into the country were not only eroding competitiveness of American firms but compelling US companies to relocate their production bases to foreign countries.

Against this backdrop, if the US raises tariffs for imports from China and Mexico by 10 percentage points, exports of these two countries to the US would reduce by 35 percent and 25 percent, respectively, says the World Bank report, adding, “South Asian countries would be able to scale up their exports to the US as a result.” Ironically, higher US protection across the board would also have small effect on South Asia.

The scenario considered by the World Bank here is an increase of US tariffs on imports from all countries in the world by 5 percentage points.

In this trade destruction scenario, exports from China and Mexico to the US would decline more sharply than exports from South Asia, says the report.

This means, both the sides would suffer, but "by how much depends again on how elastic or inelastic domestic supply is". "In the worst case, exports from South Asian countries to the US would decline by 4 to 5 percent. But even in the worst case, total exports would fall by less than 1 percent," adds the report.

These numerical simulations suggest that South Asia would not have much to lose from a rise in protectionism.

"Countries in South Asia would also stand to gain in a trade diversion [a larger hike in tariffs against China and Mexico only] scenario, and would not lose much in a trade destruction [a relatively small hike in US tariffs across the board] scenario, provided that the rise in trade barriers is not too steep."

Source: kathmandupost.ekantipu.com- Apr 19, 2017

HOME

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USA: Amazon wins patent for on-demand textile manufacturing

On Tuesday, Amazon was awarded a patent for "a system of on demand apparel manufacturing [that] includes a textile printer, textile cutter, and a computing device" that could be used to make apparel or textile home goods, Recode first reported.

The patent further describes a system that could batch orders according to a variety of categories, like type or delivery address, in order to improve efficiency of manufacture and order fulfillment.

Among the inventors listed on the patent are; Rouzbeh Safavi Aminpour, Aaron Takayanagi Barnet, Nancy Yi Liang, Adam N. Alexander, James Richard Wilson, and Javier Govea Mata. Barnet and Liang co-founded the 3-D printing startup Mixee Labs and later went to work at Amazon, Recode notes.

Dive Insight:

While textile and apparel manufacturing has been speeding up since the Industrial Revolution, “fast fashion” has perfected speed, with Spain’s Zara arguably snagging the crown for speediest.

Since the 1970s, Zara has prided itself on churning out small batches of quickly-made designs, preserving the retailer’s ability to react to the varying levels of demand for any one piece.

Amazon has pushed assertively into apparel in recent years, from basics like socks and men’s shirts to dresses and athleisure. With this patent, the company looks to be dipping its toes into fast fashion, or at least making a move to cut down on waste by aligning its manufacturing process with demand.

That fits with Amazon’s data-based approach to retail in general and addresses one of the most vexing aspects of apparel retail — a high level of returns, especially in e-commerce, where customers don’t have the benefit of trying on goods before they buy.

In fact, former Macy’s CEO Terry Lundgren last year expressed some skepticism about reports that Amazon would do all that well in apparel sales, saying the company is "going to have an interesting challenge when they start getting all those returns coming back online.”

Indeed, while the patent awarded this week would help speed up and rationalize textile manufacturing, it won’t necessarily address the fickleness of the apparel consumer, who may yet change their mind even when a shirt is made to order.

Source: retaildive.com- Apr 19, 2017

HOME

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Where Trump Goes Next on Trade

US President Donald Trump has methodically pursued most of his campaign promises including those in the trade area. On January 23, 2017, he used his first full weekday in office to sign an executive order pulling the United States out of the Trans-Pacific Partnership (TPP) free trade pact. That pact was finalized in 2012-2013 and covered roughly 40 percent of the world's economy including Japan, Australia, Canada, and the rapidly growing economies of Vietnam and Malaysia.

It was favored by many in the US because it was designed to blunt the influence of China in key Asian markets and to gain US exporters access to a number of markets where the US has had difficulty in the past. In addition to action on the TPP, President Trump made "reciprocal market access" a central point of his overall trade policy in his April 7-8 meetings with Chinese President Xi Jinping.

The TPP could be used as a tool to check China's advances in the funding of its export and infrastructure projects. Between China's recent efforts to establish the Asian Infrastructure Investment Bank to help finance foreign purchases and the terms which China's EXIMBANK can offer, US, Japanese, and other Western competitors are at a serious disadvantage in the export finance realm. At another level, there was some thinking that the TPP's terms could become a template for reforming the current bilateral trade relationship between the US and China. Without question, there is a great deal of criticism of the bilateral trading relationship with China since the US granted China permanent normal trade relations in 2000 following China's accession into the WTO.

Why TPP for USA?

In a technical sense, the TPP is no different than 20 other free trade agreements to which the US is party except that the TPP is a broad multilateral instrument. Both Canada and Mexico are parties to TPP; however, the terms of the TPP are subservient to NAFTA and to the global WTO Principles. Because of past difficulties in advancing broad based trade policies in the WTO, bilateral and regional free trade agreements have become the primary approach which countries now take to reduce impediments to trade.

The TPP was designed to be one of the largest free trade pacts. Its purpose was to lower both tariffs and non-tariff barriers to trade. It also created an investor-state dispute settlement system that enabled individual companies (versus their governments) to be able to sue a state party to the TPP for violating the terms of the TPP as relates to protecting freedom of individuals to invest in the economies of another state party.

According to the US Trade Representative, the TPP would result in cuts of 18,000 tariffs across-the-board and eliminate tariffs on all US manufactured goods and farm products. There were also new provisions to protect privacy in cross-border transactions involving personal and financial data and provisions were created that would not allow countries to avoid their responsibilities under various international environmental and labor provisions i.e., states could not gain a competitive advantage by evading costly environmental or labor regulations. Lastly, there were provisions to strengthen patent laws and required states to enact and enforce criminal penalties against those engaged in intellectual property piracy.

At a macro level, the Barack Obama Administration was counting on the TPP to help address the longstanding merchandise trade deficits (2016) that the US has with Japan (USD 69 billion), Mexico (USD 63 billion), and Canada (USD 11 billion). It also sought to address the rapidly growing merchandise trade deficit that the US has with Vietnam (USD 31 billion), and sizeable deficits with Singapore (~USD 10 billion per year) and Australia (~USD 15 billion per year). Vietnam, in particular, has become a major venue for US manufacturing because Chinese labor is becoming more expensive and because of the political baggage associated with manufacturing in China and selling in the US market. The TPP was viewed as a way of preventing the Vietnam trade deficit from ballooning.

The Fate of the TPP and Other Trade Matters

Regardless of these potential benefits from the TPP, there was a great popular perception during the US Presidential primaries that all trade pacts were mostly unenforceable since other countries are engaged in widespread cheating and that the TPP was no different. This perception affected the platforms of most of the candidates during the primaries and in the run-up to the general election.

As a result, President Trump effectively had no real choice but to withdraw from the TPP. However, recent statements by President Trump's Commerce Secretary Wilbur Ross and President Trump's National Economic Council Advisor Gary Cohn (who both has made pro-TPP statements in the past and has hired one of the US' top TPP negotiators) suggest that some sort of reform of the TPP is not beyond the realm of possibility.

The TPP's other 11 members have to decide whether the trade agreement is worth salvaging now that the US has withdrawn. States like Vietnam and Japan that have experienced considerable military pressure from Beijing as a result of territorial disputes in the South and East China Seas initially began to wonder whether the US' "pivot" to Asia is still on the table and whether they will be left to fend off China's military.

Even though President Trump's actions vis-à-vis the TPP sent some shock waves, his engagements with Japanese Prime Minister Abe in January-February suggests that neither is walking away from US-Japan security or their bilateral trade relationship.

North Korea's recent antics certainly have strengthened the need for this solidarity. Thus, the TPP may not immediately be in the cards; however, there is evidence emerging from the statements of President Trump and his appointees that some reforms of the TPP will be necessary.

The same can probably be said about NAFTA; although, since NAFTA is already in force its future is much more solid. President Trump's bilateral discussions with Prime Minister Trudeau of Canada and Mexican President Enrique-Pena Nieto after the Inauguration reaffirmed these bilateral trade relationships, even though President Trump remains highly critical of the agreement to this day.

Supportive statements were also made in confirmation hearings for the incoming US Trade Representative Robert Lighthizer on March 14. In those hearings, Lighthizer said that NAFTA was "20 years out of date" and needs to be updated to improve the situation for US manufacturers without jeopardizing the gains it made for US agriculture.

Trump confidant and Commerce Secretary Wilbur Ross struck a similar tone when he participated in a wide-ranging CNBC interview on March 30 to discuss the future of the NAFTA agreement and to respond to claims in the press that the Trump Administration would not be taking a hard line on NAFTA. Ross said that the Administration would be formally seeking consultations with Mexico and Canada concerning NAFTA and seek specific changes in the agreement. Ross did not say that abrogation of NAFTA was being contemplated.

Secretary Ross has provided some insights into the changes he would be seeking in NAFTA that likely can be generalized to all free trade agreements; including the TPP should it be put back into play. Ross that he would seek amendments to allow the Department of Commerce to self-initiate unfair trade complaints and to eliminate the time consuming and often deadly requirement that a sizable percentage of a damaged US industrial sector organize and petition for relief. This is especially important to those US businesses that are harmed by unfair trade but wish to prevent retaliation in overseas markets. Having the Department of Commerce serve as the entity that makes the complaint on behalf of the sector helps to anonymize those complaints.

The weight of evidence suggests that President Trump is signaling US trading partners that he will insist upon trade rules that are reciprocal in terms of providing access to markets.

Ross also said that he would likely be seeking — in NAFTA and other contexts — to eliminate the current preference (often as high as 20 percent on the value of an export) in which foreign exporters from countries that have a value added tax (VAT) system are rebated for the cost of the VAT if an item is exported.

The US, which does not have a VAT system, is not allowed to rebate its exporters under the current WTO rules for an equivalent amount of corporate tax that its companies pay on the income which is derived from sales outside of the US. Ross suggests that trading partners should forgo their right to legally make the rebate of VAT to their exporters since the WTO system cannot accommodate a rebating system for US companies given the structure of US tax laws.

In the end, Ross' suggestion (which is not publicly delineated as of yet) may be a less controversial approach to equalizing taxation of exports at the border than the so-called border adjustment tax proposal that is being discussed in the US Congress. Under the border adjustment tax proposal, US companies would pay much lower overall tax rates but they would no longer be able to deduct the value of imported components into the costs of the goods that they sell in the US. Even though this approach does not dollar-for-dollar match the rebate concept, it would tend to level the playing fields since rebranded imports and domestic products — with a high percentage of imported components — would end up costing more.

Of course, the big major difference between the two approaches is that the US Treasury (not the seller) reaps some of the benefit of this arrangement because it can tax the value of the imported components when the finished product is sold in the US. Given that the border adjustment tax will result in "much higher costs at Walmart," it is far from certain that this sort of proposal will ever pass political muster.

Another likely issue that Ross will likely tackle is the US system of investigating and taking action against those foreign exporters (and countries) that engage in unfair trading practices. This includes dumping, imposition of non-tariff barriers, mislabeling, permissive attitude towards the theft of US intellectual property, and the use of disguised subsidies. The US steel industry, in particular, has reason to complain because the International Trade Commission (ITC) will be taking upwards of 18 months to complete an investigation into allegations that Chinese steel producers were guilty of theft of trade secrets, price fixing, and a variety of other market distorting practices.

Even if the ITC makes positive findings of illegality after a time consuming investigation, the Commission has limited enforcement powers and the matter can be subject to additional reviews by an administrative law judge and federal court. For US businesses affected by unfair trading practices, in the time it takes for the investigation and appeals, the business will likely have suffered irreparable harm (loss of market share) due to the unfair competition. To the extent there is any recovery against the offending country or foreign company, it is questionable whether monetary recovery will ever be able to compensate the harmed US company beyond the payment of its legal fees in bringing the action in the first place.

What Next

The weight of evidence suggests that President Trump is signaling US trading partners that he will insist upon trade rules — in both law and practice — that are reciprocal in terms of providing access to markets. President Trump also seems to be clearly signaling that he will use all of his legal authorities including Section 301 of the Trade Act of 1974 to swiftly retaliate — independent of any WTO lawsuits — against any “act, policy, or practice of a foreign government” that either violates a trade agreement or is “unjustified, unreasonable, discriminatory or burdens/restricts US commerce,” with embargoes or punitive tariffs.

President Trump has already sent signals that he is serious about reciprocal trade with China. The first “shot across the bow” at China was contained in a notice in the federal register soliciting comments by May 3, 2017 to seek changes in the WTO agreements which address the preferences that China currently enjoys as a non-market economy in the WTO. This provision is carried forward into US law and essentially gives China a certain amount of immunity against anti-dumping investigations. Obviously, since China’s economy has progressed considerably since its accession into the WTO system 17 years ago, one can reasonably ask the Chinese government is still able to operate subsidized state owned enterprises that compete abroad in international trade.

The second “shot” came at the recent meetings between President Trump and Chinese President Xi. Both sides reported that trade and economic cooperation was in the interests of both countries. But the Wall Street Journal on April 9 and April 12 reported that the meetings between President Trump and President Xi on April 7-8 resulted in a “100 day plan” to noticeably reduce the bilateral trade deficit and increase total trade. How exactly this will be accomplished is anyone’s guess since the current economic headwinds suggest that the bilateral trade deficit will probably widen because of the continued weakness of the RMB against the dollar will depress Chinese demand for US imports.

If China, for example, has not negotiated an acceptable plan with the US in next 100 days to address complaints of unfair trading practices and the large trade deficit, it is not beyond the realm of possibility that President Trump will make announcements that he will use his 301 Authority to induce compliance.

Quick action against selected imports would likely be the first step. To avoid direct conflict with US legal commitments under the WTO agreements, President Trump may also seek to negotiate broad-based Voluntary Restraint Agreements (VRA) with China covering specific sectors in lieu of imposing VRAs that were used successfully in the early 1980s by President Ronald Reagan to protect the US auto industry from Japanese car manufacturers.

Regarding NAFTA and the TPP, Wilbur Ross seems to have provided the most insights into what is next for trade agreements: "We feel that any of the provisions in TPP, that Mexico and Canada already agreed to, should be the starting point. We certainly don't intend to lose ground from any provisions that they've already agreed to … if anything … our intention is to push them further at least the same [as TPP]… TPP made some progress … there's a need and room for more progress."

It is instructive that in addition to Wilbur Ross and Gary Cohn, Vice President Mike Pence and Treasury Secretary Steven Mnuchin endorsed free trade principles in their past jobs. Consequently, it is reasonable to anticipate that the Administration will be seeking to leverage the strongest bargaining chip in the US arsenal — access into the world's richest market — in order to induce compliance with existing agreements and to dismantle preferences that other countries enjoy (like the preferences for state-owned enterprises).

Repudiating trade agreements like NAFTA or eschewing the TPP, in some form, for countries with which the US has a trade deficit like Vietnam, Japan, or Australia, does not seem to be a priority because of the years it would take to put new agreements in place. Fixing the existing agreements to improve the trade imbalances seems to be President Trump's best play if time is of the essence.

Experts in international trade policy will appreciate that Ross is likely the first person occupying his office that truly understands how other countries have been able to "game" the system to their own advantage and that the US system of investigating and retaliating against unfair trade is ponderous and cumbersome. Put another way, most trade agreements are not facially defective. Most of the blame rests on the way that the US taxes its multinational companies and investigates and prosecutes international trade violators.

Ross also understands that there is no reason to demonize other countries for exploiting weaknesses in the US system. This is rational business behavior by foreign countries and competitors and it serves no useful purpose to equate exploitation of loopholes in trade agreements and lax enforcement with a nuclear attack on the US. As things unfold, it is likely that President Trump's focus will shift towards modest changes in these agreements to eliminate inequalities.

However, we can expect large changes in the way that the US domestically investigates and holds violators accountable to the terms of the existing deals. This is both within the power of the Executive Branch and something that President Trump is highly motivated to do.

Source: ippreview.com- Apr 19, 2017

HOME

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Chinese textile industry prefers Vietnam and Bangladesh over Pakistan

China's textile and garment industry producing more than 40 percent of global textile and apparel exports is relocating to Bangladesh and Vietnam while it has ignored Pakistan which should not have been the case, said Chairman of FPCCI Regional Committee on Industries Atif Ikram Sheikh.

Chinese textile industry is relocating to Bangladesh and Vietnam that are away, lacks cotton production and are without solid textile base like Pakistan, he sadi adding increased cost of doing business and environmental issues have made survival for Chinese textile industry difficult but the investors have ignored Pakistan despite being a neighbour which has raised many questions.

Atif Ikram Sheikh said that Government should improve business environment and inform Chinese investors about liberal policies, repatriation of profits and other facilities.

Relocation of Chinese industry to Pakistan will generate jobs and revenue therefore government must inform Chinese investor about the incentives and the recently announced textile package which has made this sector more attractive for the local and foreign investors, he said.

The business leader said that cost of doing business is lower than China which is a great advantage for the Chinese investors, he said, adding that recently announced export growth package is a golden opportunity for foreign investor to enter in join venture agreements with local companies.

Government is promoting deregulation and investing heavily in the infrastructure while the duty-free import of machinery is a great incentive, he remarked.

Source: dailytimes.com.pk- Apr 20, 2017

HOME

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Ethiopia: Boosting Export for Currency Earning

Agriculture is the mainstay of the Ethiopia's economy and plays a crucial role in creating employment opportunities for about 80 per cent of the population. It contributes 45 per cent for the Growth Domestic Production. And it is also the largest export earner with a share up to 85 per cent.

Hence, to rise the nation's currency earning capacity paying attention to the agricultural sector, collecting the export items properly, setting competitive price and developing efficient transport network are essential. The major agricultural export commodities are coffee, pulses and oil seeds,Chat and coffee. All have been serving for a long time as export items. Hides and skin are among in the traditional export items.

Currently meat and live animals have been playing crucial roles in this regard. Flower is the non-traditional export commodity and the volume is growing from time to time.

As both crop and animal farming is dominated by traditional mode of production and characterized by small scale farmers and livestock production, less input utilization with less output is the major feature of the sector.

The vulnerability of the sector to herbs, insects and diseases make it more fragile. The current global warming and climate change also makes the sector to stay less glamorous.

If the weather proves good, bumper harvest is registered. At the same time, more foreign currency inflows. The reverse is true in times of adversity. During erratic rainfall, the fate of the livestock sub sector is similar to that of the crop sector.

The number of animals will be downsized. The shortage of water and fodders has its own negative impact on this sub-export sector. Also the outbreak of disease in times of drought has its own impact on exporting meat and live animals. Hence, to enhance the role of agriculture in the nation's export earning, improving the sector with better farming,utilizing more inputs and making the sector climate resilient is vital.

The government is striving to boost the nation's foreign currency earning capacity. As such, in addition to the above mentioned items, it has resorted to exporting industrial outputs such as textile and garments, leather and leather products, sugar and pharmaceuticals. Such a scheme can bring various benefits to the nation.

It triggers the expansion of manufacturing sectors which create job opportunities for tens of thousands, involve the private sector, attract foreign investment, facilitate technology transfer, substitute import and integrate agriculture with the industry through creating value chaining for agricultural products.

However, due to various reasons the nation's currency earning capacity from these industrial commodities is below the desired level. To begin with, the traditional slaughtering mechanism is outdated.

This inhibits the leather industries not to get sufficient raw material from the producers. According to recent studies, only half of skin and hides reach to factories to be used as input for leather products and the remaining half is either put for domestic use or dumped elsewhere.

The outbreak of animal diseases in the rural parts of the country also leaves a significant amount of hides and skin underutilized and in this regard we can imagine how the nation inadequately benefits from the sub sector. The textile industry has also its own inherent problem which slackens the nation's hard currency earning capacity.

The major one is that, unable to satisfy demand for cotton, which used as an input in textile factory from domestic market, the nation is forced to import cotton from foreign market dwindling the nation's modest resource.

It is repeatedly reported that, due to insufficient production of textile, the nation has missed chances to benefit from the AGOA which invites African countries to sell textile products in the US markets free of tariffs. Hence not to meet the chance and opportunity, redoubling the effort to tackle the sector's weakness should be prioritized. In this regard, expanding cotton farms in order to satisfy the local cotton demand from local sources should be underlined.

The other inherent problem of the textile and leather industries which need remedial action is working below capacity due to power interruption, lack of modern technology and dearth in skilled labour force.

As a result the nation's hard currency earning capacity is stagnated. Currently, the nation is aspiring to transform the economy from agriculture-led economy to an industry led one. GTP 2 also clearly underlines this and to achieve the goal, the nation should expand the importation of capital goods such as machinery and equipment used for the installation of manufacturing industries. These means the nation need more hard currency to service the importation bill.

Therefore, unless the nation's export-earning capacity is doubled attaining the set goal is very hard. Both the quality and quantity of the export commodity must be improved. Currently, most export items are sent to foreign market in a raw form without value addition. Contrary to this, the nation imports value added goods to meet its development aspiration and these all indicate how much sacrifice is ahead of us to meet the transformation demand.

Hence, addressing the problems which hinders the export sector should be a task the country ill-afford to put for tomorrow. The country must step up efforts towards boosting export for currency earnings.

Source: allafrica.com - Apr 19, 2017

HOME

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African countries examine lines of action for cotton negotiations at WTO

Experts from five African countries opened a two-day meeting here Tuesday to discuss unfair cotton subsidies in developed countries and the need to take action at the World Trade Organization.

The roughly 30 experts hail from Benin, Burkina Faso, Mali and Chad - four major cotton producers - in addition to experts from Togo.

Since 2003, the main four countries, called the C-4 group, have opposed subsidies granted to cotton producers in some developed countries which they say cause distortions on cotton market.

The gathering comes on the heels of a meeting scheduled by ministers from the C-4 group scheduled to be held next Thursday in the economic capital of Cotonou in Benin.

The meetings "examine strategies for cotton production and export capacity building in the four countries as well as in the least developed countries," according to Nicolas Dandoga, cabinet director of Benin ministry of Industry.

He added the experts will also examine the project "Cotton Road" that aims to promote the emergence of a regional value chain based on the production and marketing of cotton and its by-products such as textile and clothing.

"We think that we, African producers and exporters of cotton, should carry on our internal reforms so as to make African cotton more competitive," said Nicolas Dandoga.

Source: xinhuanet.com– Apr 19, 2017

HOME

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Forum on future of new textile industry in China

The future of textile industry will be discussed at a forum in Urumqi during May 16-18, 2017. The forum, 'the future of the new textile industry: a dialogue between Xinjiang, China and Europe', will retrace the Silk Road to open a new dialogue between the Asian continent and the Mediterranean Sea. It is expected to be attended by international business leaders and creative people.

The dialogue is being organised by Santex Rimar Group, Leading Group Office for Development of Employment-Centered Textile and Apparel Industry in Xinjiang Uygur Autonomous Region and China Textile Information Centre.

At the forum, international textile business leaders and creative influencers will explore the growth of cutting-edge textile industry from Xinjiang through the new Silk routes.

Speakers will focus on textile business, garments and home textiles industries and sustainable development.

Speakers to address the forum include Giovanni Bonotto, creative director, Bonotto; Francesco Dalla Rovere, president, Sinv Holding; Arthur Huang, CEO and founder, Miniwiz; Pietro Pin, head of new technologies research and development, Benetton Group; Cristiano Seganfreddo, artistic director, Krizia; Calvin Woolley, global supplier development leader, Ikea; Gao Yong, the party committee secretary and secretary-seneral, CNTAC; Liang Yong, deputy secretary-general of People's Government of Xinjiang Uygur Autonomous Region and director of Leading Group Office for Development of Employment-Centered Textile and Apparel Industry In Xinjiang Uygur Autonomous Region.

One of the participants at the event is Bonotto, a textile manufacturing company based in Italy, which is managed by one single family of businessmen now in its fourth generation. Its mill has a Style Centre in Molvena (Vicenza, Italy), whose staff is continuously engaged in researching, and creating new kinds of performances, producing more than 1000 new fabrics every year and the Slow Factory, where blankets, samples and production pieces are manufactured.

Another participant Sinv is an Italian company which specialises in ready-to-wear apparel. It was founded in 1975. It first came to market with its own brand, Daily Blue, developed with Adriano and Rossella Goldschmied, but, after 10 years, its focus changed to the newly-borne licensing business. In 1985 it started collaborating with Krizia for the launch of Krizia Jeans, and since then has partnered with fashion houses such as Moschino, Cavalli, Valentino, Alexander McQueen, Chloè, Donna Karan, and Yohji Yamamoto.

The other participants include Miniwiz, which exists to make the circular economy a reality in everyday consumption by turning recycled material into high-performance applications, Benetton Group, one of the best-known fashion companies in the world with a watchful eye to the environment, human dignity and a society in transformation, and Cristiano Seganfreddo, innovator and a creative entrepreneur who has taught aesthetics in fashion design at Politecnico di Milano and has been scientific director of Corriere Innovazione of Corriere della Sera.

Source: fibre2fashion.com - Apr 19, 2017

HOME

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Thailand 2nd in B2C e-commerce sales in SE Asia

Thailand is the second largest B2C e-commerce market in Southeast Asia in terms of sales and is projected to maintain this rank through 2025 due to a strong double-digit growth rate, according to a recent report.

The development of online retailing is spurred by growing internet penetration and projects aimed at improving payment and delivery infrastructure.

The report titled 'Thailand B2C E-Commerce Market 2017' published by yStats.com says that Thailand is the second largest economy in Southeast Asia, behind Indonesia, and also ranks second in B2C e-commerce sales.

Although online shopper penetration is still in single-digits, a strong B2C e-commerce sales growth rate is expected in the coming years, allowing Thailand to maintain its position as the runner up in regional online retail sales.

Mobile and social commerce are the two most important e-commerce market trends in Thailand. Smartphones have become the gateway to internet connectivity, reaching nearly the same penetration rate as internet and leading among devices utilised to go online. Thailand is the regional leader in share of online shoppers making purchases via mobile.

M-commerce sales are projected to approach a 50 per cent share of total online spending within the next several years, yStats.com's report reveals. Furthermore, social media has emerged as the most important platform for online sellers in Thailand.

With more than one-half of online shoppers making orders through social networks, thousands of e-commerce sellers maintain accounts on popular social media such as Facebook, Instagram and Line to transact with their customers.

Lazada, an e-commerce retailer and marketplace controlled by Alibaba Group, is the leading online shopping platform in Thailand, attracting three times more visits to its Thai website than the nearest two competitors combined. Other players attempt to challenge Lazada's leadership by increasing investments into their e-commerce operations.

The Central Group acquired online clothing retailer Zalora and planned expansion of omnichannel and logistics capabilities for 2017. Furthermore, South Korea-based 11street is a fast growing market player: since its launch in Thailand December 2016, the company has already registered thousands of sellers and more than a hundred thousand buyers on its platform by early 2017, according to information cited by yStats.com.

Source: fibre2fashion.com - Apr 19, 2017

HOME

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Pakistan see s slight increase in current cotton output

Pakistan's current cotton output of 10.727m bales showing a slight increase of 9.81 percent from last season's 9.766m bales. This is for the second consecutive season, the country has produced more than 10 million cotton bales.

With lesser area coming under cotton cultivation, the crop size has been shrinking — from 15m bales recorded in cotton season 2013-14 to round 10m bales for the last two seasons. The fortnightly (April 1-15) phutti (seed cotton) arrivals data of the Pakistan Cotton Ginners Association show improvement in cotton production in Punjab. Improved cotton production in Punjab helped the overall production by 9.81pc at 10.727m bales.

During the period under review, Punjab produced around 937,665 more bales or 15.62pc higher over the corresponding period of last season. In total, Punjab produced 6.940m bales as against 6.022m bales produced in the same period last year. Sindh also recorded nominal growth of 0.56pc in cotton production at 3.787m bales as against 3.766m bales recorded in the same period last season.

However, the fortnightly flow of phutti from cotton fields into ginneries remained slow and only 1,445 bales were recorded to have reached the ginning units compared to 6,299 bales in the same period last season. Thus a shortage of 4,854 bales was recorded.

The ginners are currently holding around 262,597 bales of unsold stocks which are less than 349,776 bales held by them in the same period last year. Three ginning units are operational in Sindh while another four units are working in Punjab.

But it was encouraging to note that the textile industry substantially purchased higher quantity of cotton at 10.259m bales compared to 9.058m bales lifted in the corresponding period last season.
While, exporters managed to lift around 202,356 bales as against 362,141 bales in the previous season.

Source: yarnsandfibers.com - Apr 19, 2017

HOME

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NATIONAL NEWS

First ever Global B2B Textile event to be held in June

Textiles India 2017 is a landmark global trade event for the Indian Textile and handicraft Sector that will showcase the entire range of textile products from ‘Fibre to Fashion’ and will be inaugurated by the Prime minister, Narendra Modi.

The aim is to make it one of the key annual destinations for International Buyers. Textiles India 2017 is scheduled to be held at Mahatma Mandir in Gandhinagar from June 30 to July 2, 2017.

The Ministry of Textiles on 18th April presented a curtain raiser to ‘Textiles India 2017’ - positioned as the first ever global B2B Textile and handicrafts event in India, at the Crafts Museum in the national capital on same day.

The event was hosted by the Ministry of Textiles, Government of India, under the leadership of the Union Textiles Minister, Smriti Zubin Irani and Minister of State, Ajay Tamta. Secretary, Textiles, Rashmi Verma and other senior officials too were present on the occasion.

The event witnessed an inspiring experience of the major strands of the textile story of India, as represented by the leading crafts persons and fashion designers of the country.

The presentation was a celebration of the textiles and handicrafts of India, bringing to the fore the inspiring vision of the Prime Minister - “From Farm to Fibre, Fibre to Factory, Factory to Fashion, Fashion to Foreign.”

Speaking on the occasion, the Union Textiles Minister Smriti Zubin Irani said that the spectrum of Indian textiles is extremely diverse and its history is world-renowned.

She said that Textiles India 2017 holds the promise of becoming a landmark annual trade event for the Indian textiles and apparel industry at the global level. With this curtain raiser, she said the Ministry is celebrating the significant achievements of India's textile industry and the enormous promise of spectacular growth over the next few years.

She applauded the community which manufactures the diverse fabrics, apparel and textiles in the country and creates handcrafted brilliance for the world to experience.

It shall have more than thousand stalls and will witness the presence of over 2500 discerning International buyers, agents, designers, retail chains from across the world, and 15000 domestic buyers.

The three day event will include global conference on the last day with six themes, to be chaired by concerned Union ministers and the Valedictory session presided over by the Union Finance Minister.

Over 33 round-tables will be held on issues of concern for the various segments of textiles and handicrafts on the second day i.e., 1st July, with prominent international speakers & industry leaders, informed ministry.

Source: smetimes.in- Apr 19, 2017

HOME

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Indian weaves, global audience

At the curtain-raiser of 'Textiles India 2017' on Tuesday, in Delhi, the ramp showcased the strength of the Indian textiles sector in cotton, silk, wool, woven and embroidered as well as modern and futuristic textiles. Highlighting Prime Minister Modi's vision, 'From Farm to Fibre, Fibre to Factory, Factory to Fashion, Fashion to Foreign', Irani said, "The textile sector in India has got huge potentiality in terms of employment opportunity.

This initiative aims to introduce the rich heritage of textile to top-of-the-line fashion fraternities of the world.

The result and the finishing look of every garment starts right from the yarn stage. And it also provides a platform for rural artisans to showcase their talents."

A traditional collection designed by Sabyasachi Mukherjee Eminent designers like Abraham&Thakore, Anita Dongre, Amit Aggarwal, Masaba Gupta, Manish Malhotra, Rahul Misra, Ritu Kumar, Rohit Bal, Sanjay Garg, Sabyasachi, and Tarun Tahiliani are part of the initiative. Designer Madhu Jain, who showcased Andhra's double ikat work at the curtain-raiser, shares, "I am very proud to be associated with the textile ministry and initiatives taken by them.

Making handloom popular and collaborations with designers will create trust in eco-labels and reduce the consumption of products that harm the environment." Designer Ritu Kumar showcased a collection based on aesthetics of the Kutch Designer Ritu Kumar showcased a collection based on the vibrant aesthetics of the Kutch region.

Source: nyoooz.com- Apr 20, 2017

HOME

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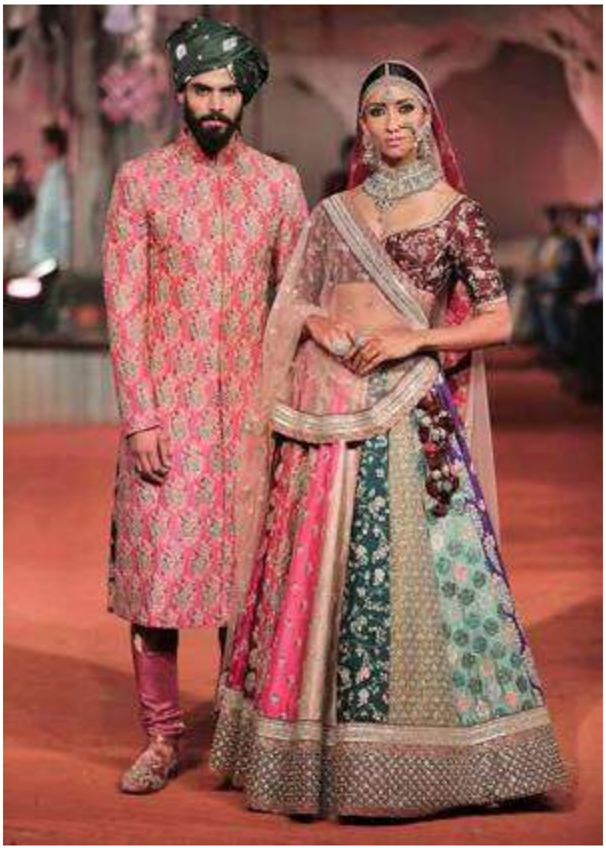
On revival mode

As Ministry of Textiles gives a push to age old crafts and textiles, leading designers give their take on how they seek to take them forward

Billed as a landmark global trade event for Indian textile and handicraft sector, Textiles India 2017 features bigwigs of fashion as well as multi-talented artisans.

The two interdependent creators, who normally shy away from sharing the same platform, have been brought together on a common space by the Ministry of Textiles.

The curtain raiser was kicked off in a grand way at Crafts Museum on Tuesday night. Leading designers like Ritu Kumar, Anita Dongre, Tarun Tahiliani, Rajesh Pratap Singh and Manish Arora shared stage with artisans showcasing how richness of handloom and handicrafts can go hand in hand with modern textiles and technology on the ramp



Sabyasachi Mukherjee, who came all the way from Bahrain for the event, says: "I was asked to work on zardozi which I have revived in Bengal over the past 15 years. We have used textiles like silk from South India, Banarasi sari as safa, embroideries from Gujarat, Rajasthan and Andhra but tied it all down with zardozi from Bengal. It was pan-India with a focus on Bengal."

Even as less is in is being bandied about in the fashion world, in reality it is not posing a challenge to our embroiders and weavers. "India has two different aesthetics. It would always be maximalist as well as minimalist country. Minimalism started with Mohenjodaro, Harappa civilization and Brahmo Samaj in West Bengal. The Mughals always supported excess. Both can coexist in today's time. Personally I am a minimalist but I work in maximalism." ."

On artisans and designers sharing the same platform, he says: "Today is a landmark day; I have never seen so many craftspersons and designers on same platform in a democratic way. They are backbone of Indian designers and it is time we recognise them before the whole world."

For veteran couturist Ritu Kumar, shown how work with craftspersons at grassroots can give an impetus to growth of Indian fashion, this indeed was a proud moment.

Educative exercise

Describing the event as an educative exercise as more and more people would henceforth use handloom, she says: "The art is receiving the spotlight that it deserves. Hence it is empowering the Indian handloom sector by bringing together a collection from across the country under one roof."

Her collection is based on aesthetics of the Kutch region.

“Inspiration was drawn from the tie-dye fabrics known from the desert region and use of mica mirror work with head embellishment which is the handwriting of the region.

The collection has been defined in black and red, with silver, giving it a contemporary twist.”

On how this initiative would take forward interest of all stakeholders, Suket, known for his frank opinion, says: “India is not just about handloom; it also has power looms. Handloom sector cannot fulfil all the demand. So we all have to co-exist. So this is coming together of Indian textiles and organised sector.”

While showcasing his work at his stall, exhibitor Mohammad Yusuf, specialising in crafts given patronage during the Mughal period, was elated when Minister of Textiles Smriti Irani had words of encouragement for him. “I learnt metal embossing from my walid sahib (father). Now designers are giving us ideas and this is helping us to come up with new innovations in our crafts.”

Summing up the event, Tarun Tahiliani – who showcased silk brocade garments – says: “We have understood that textile feeds fashion which has many faces, and will take India’s heritage out in a new avatar.

This is a major departure, a progressive leap of faith and shows a global understanding away from socialist myths.”

Backed by the Ministry of Textiles, the event will be held at Mahatma Mandir in Gandhinagar from June 30 to July 2.

Source: thehindu.com- Apr 20, 2017

HOME

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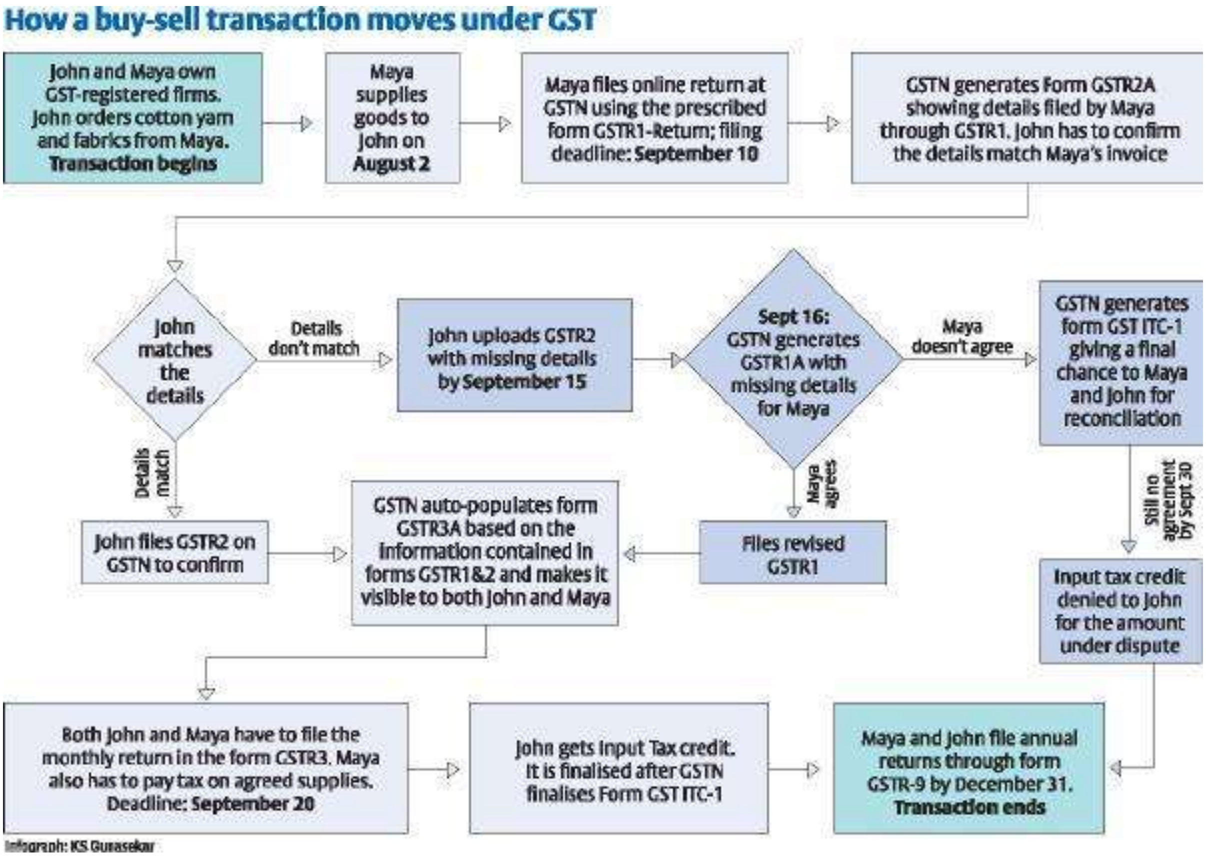
The art of doing business under GST

Even though the process looks complex at the outset, online GST filings help small firms immensely in saving time and resources



Most of India's business transactions will soon move through the technology-led GST system. This will change the way firms interact with each other and with the Government.

As close to one crore firms/persons will start using this system soon, it would be useful to understand how a firm will complete a simple business transaction under GST.

Meet Maya and John. They are owners of the two GST-registered firms. Maya produces quality cotton yarn and fabric and supplies these to garment makers such as John.

A business happens

Let's assume GST is in place. John places an order on Maya for some quantities of cotton yarn and fabric. Maya supplies it on August 2.

Along with the goods, she also sends two tax invoices, one each for yarn and fabric. On this supply, Maya now has to pay GST using the GSTN (Goods and Service Tax Network). GSTN is essentially a single window system for GST.

Maya logs on to GSTN on September 10 and uploads details of supplies made to John using GSTR1 (GST Returns-1). Every registered taxable person has to furnish the details of outward supplies in GSTR-1 by the 10th of the subsequent month in which the supply takes place.

What happens next is interesting. GSTN auto populates a new form (GSTR2A) with the information supplied by Maya through GSTR1 and makes it visible to John.

By showing this information, GSTN cleverly wants John to check if the tax invoices supplied by Maya on August 2 match the details uploaded by Maya on GSTN.

If Maya actually supplies more quantity but furnishes details of less at GSTN, she not only evades tax but John gets lesser input credit than due.

To rule out incorrect filing of details by Maya, GSTN allows John to make corrections. Looking at the information contained in the form GSTR-2A, John discovers that Maya has indeed forgotten to include the details of the invoice relating to the supply of yarn.

John is sure as he has a copy of the valid invoice sent by Maya along with the goods. John uploads the information giving details of missing invoice through the form GSTR2 by September 15.

On September 16, GSTN allows (through auto-populated form GSTR1A) Maya to see the details of missing invoices filed by John (through the form GSTR2) on GSTN. GSTN allows Maya two days to verify the missing invoice contents. She is at liberty to accept or reject the changes.

Correction and after

If Maya realises her error, she has to upload the revised information through the form GSTR1. Now GSTN is in possession of information on which both Maya and John agree. GSTN auto-populates form GSTR3A based on the information contained in GSTR 1&2 and allows John and Maya to view this information.

GSTN requires both Maya and John to file monthly return form GSTR3 giving details of inward and outward supplies, input tax credit availed, tax payable and pay tax by September 20.

Maya pays required tax online based on the liability shown in form GSTR3 on September 20. The input tax credit claimed by John in GSTR2 becomes final credit only after the GSTN issues the Form GST ITC-1, which shows matching inward and outward supplies.

But what if Maya rejects John's suggestion for corrections? This creates a situation where Maya paid less tax but John claimed more input credit on such tax. Here, the GSTN communicates details of mismatch through the form GST ITC-1, giving John and Maya a final opportunity for reconciliation or correction.

If John or Maya still do not agree, by September 30, the tax payable is added to John's output tax liability for October.

This formally completes one business transaction. Maya and John file annual returns through GSTR9 by December 31 to complete the yearly compliance cycle.

Many returns, but for good

How should small firms get ready for the new system? One they need to master the requirements of online transactions and reconcile to filing of large number of online returns. A normal firm selling only in its home State will be filing three monthly and one annual or a total of 37 online returns.

In addition, there are at least four auto populated forms generated every month by GSTN, which needs to be responded in a tight 1-2-day timeline.

Then, there will be additional compliances if buy-sell details do not match. If Maya sells in 10 States, she will need to file 10 times the number of returns. Any wrong filing of return would result in blocking of money and possible loss of business.

Small firms are not tech-savvy and there would never be enough ‘tax return preparers’ within reach to help them. One solution could be to develop online simulation games on return filing and other GST compliance processes.

No amount of classroom training will match the results achieved through simulation games. GST would need to introduce largest handholding exercise, may be combining it with the Skill India programme.

The process may look daunting, but consider this. John or Maya do not have to step out of their home offices or file numerous forms or hire a middleman to make a run to many tax offices.

Or think about the benefits of the invoice-level matching which enables correct payment of taxes and leaves no scope for fraudulent claims, discovered every now and then in the existing system.

Enabling small firms make smooth transition would be critical for success of GST. After all, 90 per cent of GST users will be small firms.

Source: thehindubusinessline.com - Apr 19, 2017

HOME

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Textile mills in UP to reopen: Minister industry

A dialogue is on between Uttar Pradesh and the central governments to reopen textile mills in the state, Industrial Development Minister Satish Mahana said on Tuesday.

"The state government is alive to the needs and problems of the industrialists and will extend all possible cooperation in activating the closed textiles mills," Mahana told IANS.

He said he Minister of State Suresh Rana met union Textiles Minister Smriti Irani in New Delhi on Monday and requested her to initiate the process to restart the closed textile mills in the state.

A plan to revive the mills, he said, would soon be prepared.

Source: business-standard.com- Apr 19, 2017

HOME

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Textile traders feel the pinch, urge PC to revoke order

Over 65,000 traders in more than 165 textile markets on Ring Road have been affected due to the ban imposed by the city police on the entry of transport vehicles delivering unfinished polyester fabric.

The Federation of Surat Textile Traders' Association (FOSTTA) and the Vepar Pragati Sangh (VPS) has urged the city police commissioner Satish Sharma to revoke the 10-day-old ban on Wednesday.

FOSTTA office-bearers said that the ban on transport vehicles delivering unfinished grey fabrics has been implemented strictly on the entire Ring Road, which houses over 165 textile markets. The decision was taken to streamline the traffic problems on Ring Road.

However, around 65,000 textile traders have started feeling the pinch as the unfinished fabrics are delivered directly from the powerloom units to the textile mills, which has increased the issues of theft, lower quality fabrics and the cut by the tempo drivers in the goods delivery.

President of FOSTTA, Manoj Agarwal said, "Incidents of theft, lower quality fabrics supplied to the mills and the cut by the tempo drivers in the goods have become common from the last 10 days. The traders have started incurring heavy losses as the goods are delivered directly to the mills.

Thus, we have requested the police commissioner to allow the tempos in the markets, so that the goods are checked and verified by the traders on the spot."

Agarwal added, "Even the business has gone down as the buyers from other cities get an impression that the markets are in recession mode as there are no movements of transport vehicles. However, they (buyers) are asking for huge discounts on the purchase of fabrics from the traders."

President of Vepar Pragati Sangh, Sanjay Jagnani said, "The entire textile chain has got disturbed due to the ban orders on transport vehicles in the markets. The entire market looks deserted throughout the day and the traders are facing huge losses. The police department must re-think on the ban orders."

Source: timesofindia.com- Apr 20, 2017

HOME

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For Bengaluru's garment hub workers, the minimum wage is actually the maximum wage

From April 2016 to January 2017, apparel exports grew by 4.5%. But the narrative that the cost of labour is squeezing the industry is a constant refrain.

Come April 1, and as garment worker Manjula K had bitterly predicted, the joke was on her.

That was the date when she and 95 other workers from Bengaluru-based apparel maker Amruta Creations Pvt Ltd were told they could expect cheques giving them five months of unpaid wages.

"Instead, the owner sent a letter to the Labour Department asking for an extension – for the eighth time," Manjula said in Kannada. Cutting vegetables for Sunday lunch, she dropped her voice and added, "I may apply for a cleaning job in a nearby mall."

That is the kind of job Manjula had sworn never to do. "I thought garment factories were about international brands, so it would be respectable," she said. "But I'm done with them, their work pressure, and their reluctance to pay a decent wage to women."

Employment behemoth

The Indian garment sector directly employs more than 24 lakh people – industry estimates say 45 lakh, only second to agriculture. Almost three-quarters of these are young women from rural backgrounds, often first-generation industrial workers. They are the backbone of an industry that contributes 11% to India's exports, and over 5% to the gross domestic product. Driven by a strong domestic market, the sector has been expanding, and the Union government's Make in India programme has identified garments and textiles as a priority area to encourage investment. And yet, garment companies pay the majority of its workers – tailors, helpers, store managers, packers, trimmers and button fixers – only minimum wages.

In Tamil Nadu's Tiruppur, the largest knitwear production cluster in the country, knitted garment companies pay the state stipulated minimum wage of Rs 9,600 a month, and woven garment units Rs 11,000. In Delhi, another major garment hub, units paid Rs 9,742 until March, when the state government announced a 36% hike, raising the minimum wage to Rs 13,350 a month. Units in Bengaluru, the biggest region for readymade apparel production and export in India, with over 1,200 factories employing more than five lakh workers, pay Rs 7,474 a month, including dearness allowance.

"When I moved to Bangalore from my village in Tumkur, I thought I will save and send money home to my ailing parents," said Jayalakshmi R, 24, who has been with apparel manufacturer Gokaldas Images for five years. "But I learnt a new kind of mathematics after coming to garments."

On average, Jayalakshmi earns Rs 8,000 a month, including monthly incentives or overtime pay. Her husband Shivamurthy does the acid wash for denim jeans in Fibres and Fabrics International Pvt Ltd, making around Rs 9,000 a month. Their rent for a single room and kitchen is Rs 3,000. "For a room with an attached toilet, it is Rs 3,500," said Jayalakshmi.

The couple's monthly expenses – groceries, milk, electricity, water, and cable TV – add up to Rs 6,000. Jayalakshmi tries to invest Rs 1,000 per month in a chit fund.

"Right now, I can send Rs 5,000 to the village, but I'm scared to plan children," she said. "How will this income be enough?"

Her neighbour, 42-year-old Uma K, entered the garment industry eight years ago when she lost her husband to cancer. Despite having twice Jayalakshmi's experience, Uma also earns only Rs 8,000. When asked how she manages to raise two school-going children, she laughed wryly. "What are moneylenders for?" she said.

Uma has little social protection and job security. A year ago, for a throat surgery, she tried to use the employees' state insurance that would have entitled her to avail up to Rs 60,000 after furnishing medical bills. But when she was on medical leave, her employer fired her. "Without insurance, I had to spend much more in a private hospital," said Uma, who now works with Sonal Apparel Pvt Ltd. "That was the moment I realised the significance of good pay and worker benefits."

Static wages, gender bias

For years, research has shown that a Rs 7,500 monthly wage is far short of what is needed for a worker to sustain a family, build some savings, provide transport and afford quality health care and education.

"The adage in the garment sector is minimum wage is the maximum wage," said Anita Cheria, whose OpenSpace gives strategic advice to Garments Labour Union, a women-led trade union based in Bengaluru. "At the most, the pay has been keeping up with inflation, but has hardly risen in real terms."

Said Mohan Mani, a researcher at the Centre for Labour Studies at the National Law School, Bengaluru: "There is no justification for a globalised industry not even being able to pay wages above poverty level."

Cheria explained that even in a sector that largely depends on hard-working women between the age of 18 to 40, Jayalakshmi's or Uma's monthly pay is unlikely to increase with experience or skill.

There is a distinct gender dimension to wage compliance. The International Labour Union found that non-compliance rates regarding minimum wage in India's garment sector was 74% for women, and 45% for men.

A 2009 survey of wages by Cividep, a Bengaluru-based non-governmental organisation that works on labour rights and corporate accountability, found many industry experts who argued that “wages to women are a supplementary wage for the family”. Therefore, they did not need to be paid living wage, calculated at Rs 18,000 a month for India.”

What this approach does is to systematically devalue female labour.

Keeping wages low

The Minimum Wages Act mandates a revision of wages by state governments every five years. But each time state governments revise the minimum wage, manufacturers challenge it by asserting that it would make the sector uncompetitive. In Karnataka, in 2009, apparel producers challenged a hike in the minimum wage, from Rs 2644.20 to Rs 3,302, which the Labour Department then undid, citing “a clerical mistake”. It was only when the Garment and Textile Workers Union approached the Karnataka High Court that the revocation was struck down.

Today, Bengaluru’s apparel manufacturers are appealing against a hike in the monthly minimum wage to about Rs 10,000 a month, which is applicable from April 1. In Tamil Nadu, last July, the monthly minimum wages for tailors were revised upwards after 12 years, from Rs 7,500 to about Rs 10,000, but again, garment unit owners protested.

Meanwhile, an International Labour Organisation research note last year found that over half the garment sector in India pays less than legal minimum wage, worse than Pakistan, Cambodia, Thailand and Vietnam.

Many companies attempt to knock down labour costs through practices like seasonal contracting, rotation of workforce by constant firing and hiring, using cheaper migrant labour, shifting units to rural areas, forcing unpaid leave on work

ers during lean periods and enforcing overtime when there are orders.
For instance, instead of overtime, or OT, which is voluntary, has fixed hours according to the law, and attracts double the hourly wage, most workers in Bengaluru refer to their employers enforcing “OC” – compulsory, unpaid or single wage work, and with no maximum hours. Refusing to do it could mean losing one’s job.

Little regulation

“The women workers don’t have much bargaining power,” said Gopinath Parakuni, founder of Cividep. “They are poor, non-unionised, and often the sole breadwinners for their families. So, each of these changes means they lose jobs, or are short-changed of pay.”

There is little regulation on the part of the state – nine manufacturers admitted to this reporter that they paid monthly bribes to labour inspectors to “cause no trouble”. One medium-scale manufacturer in Bengaluru put a figure to it – Rs 70,000 in cash.

Jessy Lawrence, proprietor of Lawrence Clothing Pvt Ltd in RT Nagar, Bengaluru, who runs four apparel units with a total of 2,000 workers, said that as a woman herself, she understood the “pain of the poor women workers running families at just 7,500 rupees a month,” but insisted that if she had to pay more, her units would have to be shut down.

“The purchasing price we get from buyers are less, because the market and prices have been stagnant for the past three years,” said Lawrence. Details like margins and purchase price are closely guarded by manufacturers, making the supply chain extremely opaque. Most studies on the industry depend on rough verbal estimates from factory owners.

In the global assembly line, as power has shifted from producers to traders and retailers, brands now set the terms. A senior official at the Labour Department said that multinational brands largely offer “narrow margins” to manufacturers, who then fight to keep service conditions low.

“In absolute terms, wages of over 100 employees is a large payout for a small- or medium- scale apparel maker,” said Lawrence.

Lawrence said labour was 30% of her monthly expenditure. Another Tiruppur-based senior entrepreneur, who produces for Levi’s, put wages at 20% in his export units.

But the World Trade Organisation offers the clinching number. It estimates that in the supply chain, labour is only 1% to 3% of the market price of a T-shirt or skirt. So researcher Mani calls the manufacturers’ argument about not being able to afford labour is “untenable”. “There is ample room to increase wages if the system wants it.”

To further reduce wages, apparel manufacturers blame rising labour costs for eroding India's competitiveness in the global market. As one Bangalore exporter put it, "it is leading companies to ruin".

Growing industry

But the garment industry in India is in fact growing in size and production. While exports did decline by 2.1% from 2014-'15 to 2015-'16, and there are concerns that Vietnam and Bangladesh have surpassed India's apparel exports, Chandrima Chatterjee, advisor at the Apparel Export Promotion Council said that there has been no exceptional shutting down or downturn in the industry.

"This is an industry with a low entry and exit barrier," she said. "Every year, many small units close and others open. Bangladesh and Vietnam overtook us in 2012 because they built scale over the years, and have more competitive costing, which is not only about wages."

From April 2016 to January 2017, exports grew by 4.5%.

When pressed, big exporters like Shahi Exports and Gokaldas Exports, small entrepreneurs and manufacturer lobbies alike admitted to various other significant factors influencing their bottom line, like increasing real estate prices, a recession-linked decrease in orders from brands in Europe and the US, heavy import duties on manmade fabric, unreimbursed duties, unimplemented subsidies, and even demonetisation.

MC Dinesh, president of the Federation for Karnataka Chambers of Commerce and Industry, said that "power, taxes, land and labour weigh equally on the garment industry" and producers lobby with governments to reduce costs on all fronts.

And yet, the narrative pitching labour cost as the undoing of garment units is popular, and directly impacts government policies.

Last year, the Union government's special package of Rs 6,000 crores for the textile and apparel industry – which was publicised as leading to an increase of Rs 1,93,407 crores ($30 billion) in exports, as well as the creation of one crore jobs over the next three years – introduced "flexible labour norms to increase productivity".

Workers unions across India have condemned the changes in labour norms as "anti-worker". One of the changes makes Provident Fund optional for employees earning less than Rs 15,000 a month, which comprises the majority of workers in this garment hub. For those eligible for Provident Fund, the government will pay the 12% employer's contribution for the next three years.

The package also introduced what is referred to as "fixed term employment", or a time-bound contract. Worker unions fear that fixed term employment could lead companies to entirely do away with permanent contracts and long-term responsibility, leaving workers without a job and medical insurance. Fixed term employees would also not be eligible for benefits like bonus and gratuity that accrue from seniority and regularity.

A senior official at the Labour Department in Karnataka said that emerging economies like India always respond to the threat that brands would move to countries offering cheaper labour. "We keep wages low to attract investment," said the official. "Today, strong competition between states is also playing a part."

Like many experts, he believes that without collective bargaining by workers, and consumer pressure on international brands for ethical business practices, companies will continue to pinch from the labourer. "The pockets of good practices that exist in India are thanks to brands who want consumer goodwill," he said. "They, in turn, enforce better conditions at their supplier's factories."

Jessy Lawrence demonstrated that she has room to manoeuvre, even with uneven margins. A domestic apparel brand she manufactures for, sells ladies shirts at Rs 699. It offers her a margin of Rs 63 a shirt although her cost is Rs 110. "If wages increase, my cost is Rs 130," she said. When asked how she manages to stay afloat then, Lawrence smiled. "By planning better," she said. "By balancing orders from a few other brands that give me good margins."

Chitra Ramdas, the organisation development in-charge from Shahi Exports, one of India's biggest garment exporters with 54 units producing for brands like Gap, H&M, Kohls, and Columbia, said that the company's focus on compliance and scale helped it grow 30% during the recession.

For Hanif Sattar who runs Basics Life, a men's fashion brand in Chennai, innovative design is the way to command premium prices.

Chandrima Chatterjee of the Apparel Export Promotion Council welcomed the textile package's labour flexibility. "But the technology subsidy and tax incentives in the package, like rebate on state levies, reimbursement of taxes already paid, and reduction of import duties are still pending implementation," she said.

There are thus other avenues to cut costs, but labour remains at the centre of garment economics, globally and in India. While profits accumulate on top, losses are pushed down the line till the last rung: the worker.

In the past three years, even as workers demand better wages and benefits, garment companies have been developing novel workarounds. Among these is a distinct focus on rural India – by bringing migrant workers to the city factory and, alternatively, taking more factories to the village.

Source: scroll.in- Apr 20, 2017

HOME

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Govt projects to give push to technical textile use

Technical textiles or functional textiles a thrust area for the Government because of the value addition involved is all set for demand taking off for products such as geo and agro textiles, said Textile Commissioner Kavita Gupta.

It can be used in infastructure projects, including ports, roads, and railways, and in sectors such as agriculture. They want to promote use of textile products that will improve productivity, health standards, and infrastructure.

Geo textiles, for example, are permeable fabrics that are used in association with soil and which have the ability to separate and filter, while agro-textiles are used in shading and in weed and insect control.

In an effort to increase use of technical textiles in Government projects, she said that they are trying to promote interface with other ministries.

The Textiles Minister has spoken to four ministers so far and will be speaking to more.

Union Textiles Minister Smriti Zubin Irani has spoken to Agriculture, Urban Development, Health, and Surface Transport ministers and is expected to have discussions with defence, railways, and heavy industries ministers too.

The aim is to create awareness, promote use of technical textile products, then ensure the usage is mandated in at least some areas. Development and use of products have to go up. Simultaneously, standards are being created. Foreign Direct Investments are also coming in, especially for geo textiles. There are a large number of units that are into production of items such as non-woven carry bags or wipes too.

The Textile Commissioner said that the number of larger industries involved in the manufacture of various technical textile products is estimated to be about 2,500 and a close to 1,000 of these have received Technology Upgradation Fund Scheme support.

Industrial textiles (such as filtration fabric) and made-ups (home textiles) have taken off. “Geo (textiles used in road works) and agro textiles will also take off. Smart textiles (sensor embedded textiles) is also another potential area.

According to K.S. Sundararaman, vice-chairman of Indian Technical Textile Association, technical textiles is a fragmented sector with several small and medium-scale industries manufacturing specialized products. It is difficult to give a definite number on the number of units, production, etc. But, a majority of them are in the SME sector.

The main challenges for technical textiles in the country are awareness among consumers, need for technology and knowledge about it among entrepreneurs, the investments and time needed to be innovative and develop applications, and raw material availability. Government should select and support entrepreneurs to be sent abroad to learn about technical textiles.

Although, China is a generation ahead in production of technical textiles but due to their high costs, there is a tremendous opportunity for India.

Source: yarnsandfibers.com- Apr 19, 2017

HOME

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Textile Park in Warangal finally gets clearance

The launch of long-pending Textile Park in Warangal, touted as the biggest 'fibre to fabric' (end-to-end) facility in the country finally gets clearance from one of the key challenge, with the authorities completing the land acquisition.

The land acquisition process at Sangem and Geesukonda mandals in Warangal Rural district had hit a roadblock with the farmers opposing to concede their fertile lands.

Against this backdrop, the Rural district administration was able to acquire nearly 1,200 acres successfully. The Rural district Joint Collector M Haritha said that the administration has acquired 1,120 acres against the requirement of 1,050 acres.

TSIIC Warangal Zonal Manager Ratan Rathod said that a detailed project report (DPR), prepared by the Infrastructure Leasing & Financial Services (IL&FS) will be submitted to the government soon.

It's learnt that Ramky Enviro Engineers Limited is entrusted with the responsibility of submitting Environmental Impact Assessment (EIA) to the State Pollution Board.

Chief Minister who is scheduled to address a public meeting in Hanamkonda on April 27 is expected to lay foundation stone for the mega textile park. However, the district administration said that they have no such information so far.

The State produces 60 lakh bales of cotton per annum but the consumption by the local mills is just around 10 lakh bales. The surplus is being exported to neighbouring States - Tamil Nadu and Maharashtra.

Source: yarnsandfibers.com- Apr 19, 2017

HOME

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