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# IBTEX No. 24 of 2017 Feb 01, 2017

USD 67.67 | EUR 73.02 | GBP 85.06 | JPY 0.60

## Cotton Market Update

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

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 19864 | 41550 | **78.32** |

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

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 20580 | 43049 | **81.15** |

**International Futures Price**

| | |
|---|---|
| NY ICE USD Cents/lb ( March 2017) | 74.94 |
| ZCE Cotton: Yuan/MT ( January 2017) | 15,650 |
| ZCE Cotton: USD Cents/lb | **87.10** |
| **Cotlook A Index – Physical** | **83.50** |

**Cotton & currency guide:** The cotton market is to be defined as volatile. The price performance of cotton across the globe is moving with wide range. The US cotton for near month expiry March and next month May moved sharply higher on Tuesday.

The March settled at 74.94 cents per pound up by 80 points from the previous close. The same counter is up this morning during the Asian session and holding above 75 levels.

Funds movement and long only positions in near two months expiry and positions shifting has again pushed cotton price higher. We believe as long as long positions are held in the market or no major profit booking takes place the underlying may remain elevated. Nonetheless off late it has been observed that 75.32/75.37 remains a key resistance point. In fact we may have the same approach today that during the US session possibly a round of selling in the contracts could be noticed near the aforementioned levels. However break above 75.40 could change the scenario again.

At this moment we remain skeptical about the market trend and expect the volatility to continue in the market for short term.

Coming to domestic market the scenario on Tuesday was different. The both spot and future traded down. In fact the spot price fell to Rs. 41750 per candy and the effect was seen on the futures contract as well. The February future trades at MCX ended the session at Rs. 20390 per bale. Earlier in the day cotton price fell sharply in the future contract in line with the spot performance. However, later on the losses were recovered amid rise in the US ICE cotton price. We overall believe market to remain mixed on today's trading session.

Further on the spot front, daily cotton arrivals were estimated at 175,000 lint equivalent bales (170 kgs), including 39,000 from Gujarat and 65,000 from Maharashtra. According to the Cotton Corporation, cumulative new crop arrivals by January 30 were estimated at 14,653,700 lint equivalent bales, representing over 42 percent of the eventual expected outturn, including almost 3.2 million from Gujarat and over 4 million from Maharashtra

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

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# INTERNATIONAL NEWS

## Renegotiated NAFTA Likely to Require Congressional Approval, CRS Says

President Trump would likely have to secure congressional approval for any substantive changes to U.S. law that would be required to implement a renegotiated NAFTA, according to a recent Congressional Research Service report.

CRS states that the negotiation of international agreements is generally considered to be the exclusive prerogative of the executive branch, which consequently does not appear to need approval from Congress to discuss changes to NAFTA with representatives of Canada and Mexico.

There has been speculation that a future renegotiation of this agreement might cover issues such as tariff rates on goods trade, rules of origin, elimination of investor-state dispute settlement provisions, modifications to the general dispute settlement system, immigration and border security, and cooperation on migration from Central America, drug trafficking, and the illegal flow of arms and money.

Instead, attention will likely focus on whether any revised agreement resulting from such negotiations must be approved by Congress before it may take effect. Federal statutes that provided the foundation for the negotiation, legislative consideration, and implementation of NAFTA do not appear to address the role of Congress in amending the agreement, the report states.

While any modifications or additions to the agreement are subject to approval by the applicable legal procedures of each party, there has been no clarification as to whether in the U.S. such procedures include congressional approval.

The report notes that in the past the executive branch has negotiated limited changes to NAFTA not involving formal amendment and implemented these changes in domestic law without Congress enacting additional legislation.

For example, changes to NAFTA's rules of origin appear to have been implemented by presidential proclamation pursuant to existing statutory authority in the NAFTA implementing law.

Congress has also delegated authority to the president to adjust tariffs in various provisions of federal law, but these provisions establish conditions and limitations on the exercise of this authority that may limit their usefulness in the implementation of a renegotiated agreement.

CRS concludes that an agreement requiring changes to federal law or that otherwise makes major changes to NAFTA would likely require congressional assent.

The Constitution gives Congress specific authority over international trade, and free trade agreements have historically been approved and implemented as congressional-executive agreements by a majority vote of the House and Senate. Congress approved NAFTA, so major changes to it would arguably require legislative approval.

Furthermore, the president arguably lacks the authority to terminate the domestic effect of federal statutes implementing NAFTA without going through the full legislative process for repeal.

The president could argue that he may amend NAFTA without congressional approval if such amendments do not require changes to U.S. statutory law.

However, the report states, in that event Congress's enactment of a resolution expressing its opposition to the amended agreement might make a court more likely to refrain from giving it legal effect.

Source: strtrade.com – Feb 01, 2017

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## Ethiopian Exports Fall Short of Expectations

The Ministry of Industry (MoI) reported to parliament that exports of manufactured products only performed half as well as expected over the last six months of the 2016/17 budget year, according to Capital.

The nation earned USD 198.5 million in export revenues which is 56.5 percent of Ethiopia's goal of USD 349 million. Non major export products rose 3.9 percent.

Manufacturing has been expected to be a staple of Ethiopia's resurgence. Textile and leather products along with agro processed products like meat and dairy are major areas, along with import substitution, that the government plans to focus on.

However income from textiles, leather, meat, and dairy exports declined when compared with the same period last year. Leather exports declined 7.5 percent, reaching half of their goal.

Textiles and garments earned 55.5 percent of their goals which is a decrease of 0.5 percent.

Meat and dairy exports performed better than textiles and leather however they still fell short of their targets.

Meat and dairy exports earned 62 percent of their goals which is a 5.1 percent lower performance compared with the same period last year, according to the report.

Source: ezega.com– Jan 30, 2017

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## Pakistan: Traders need to remove inefficiencies to exploit exports package

The export package would enable exporters to improve cash flows in the next six months, as the eligible sectors get the promised refunds on all exports made between January and June, but thereafter, incentives would be subjected to 10 percent export increase.

It seems that the exporters just wanted some free money from the government and applauded the package as the best ever they got. If the cost of doing business was the reason then the incentives after June 2017 should have continued without any conditions. The incentives would be provided only to exporters who increased their exports by 10 percent over the previous year.

Some experts pointed out that the package was announced under pressure and at a time when export performance was gradually improving, particularly in textiles. They said that textile exports were rising steadily in readymade garments, knitwear, bed wear, and other value-added sectors, but the exports of yarn and fabric were still under pressure.

The textile exports in fact were bound to increase because of increase in global cotton rates, which was also reflected through the textile chain. In yarn and fabric as well the decline in exports was sharper in quantity than in value.

The permanent features of the export package were the concessions granted in import of machinery and subsidy on long term loans taken to upgrade the technology. This concession was for the entire duration of the package that is till June 30, 2018.

Another positive for the textile sector was that the government has imposed additional duties on import of Indian yarn. This should be considered a prudent measure, as the Indian government was providing similar concessions on exports of its yarn.

However, the value-added apparel sector resents this measure due to the fear that domestic yarn producers would jack up their prices in line with the increased price of Indian yarn on the back of higher duties.

Some experts opine that it would have been better had the government announced a discount on local use of yarn as was practiced in Bangladesh. At the same time, the price of each type of yarn should have been fixed at its export price to check undue profiting by the local yarn producers in the domestic markets.

The good thing about the package is that the incentives of seven, six, five, and four percent announced on different categories of textile exports would be made promptly after realisation of export proceeds. This would resolve the issue of stuck up promised refunds as was the case in refund of sales tax, and other rebates according to the announcements and promises made by the government. One hopes that the bureaucracy would not invent a way to deny this lucrative incentive to the exporters on some pretexts.

If no hurdles came up, this package would work smoothly for six months. Even the exporters from Punjab would go along with the package for the time being. However, as soon as the condition of 10 percent increase in exports over previous year came into effect, the exporters from Punjab would bring up the case of high power and energy cost in the province. While those exporters, who failed to increase their exports, would again complain of the high cost of doing business.

The package would certainly provide temporary relief, but exports would be back to square one if the government and the private sector do not take any measures to reduce cost.

The government would have to improve governance to reduce the burden of corruption on exporters and develop logistic efficiencies. The private sector would have to upgrade its technology to reduce cost on energy and manpower.

Source: thenews.com.pk – Feb 01, 2017

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## Pakistan has great untapped potential: Danish envoy

Though the trade volume between Pakistan and Denmark is improving, it is not depicting the real potential and could be improved further as there are huge investment opportunities in Pakistan, said Danish Mission in Islamabad Deputy Head Jakob Rogild Jakobsen.

Addressing the Pakistan Textile Exporters Association (PTEA) here on Tuesday, he said that Pakistan was a huge market, which offered excellent opportunities to Danish businessmen in various sectors, particularly the textile sector.

He said that the two countries had been enjoying historical friendship and traditional cooperation in many fields for the last many years but more efforts were needed to further strengthen the ties by holding business-to-business meetings and exchange of trade delegations. He said that Pakistan had great untapped potential, which could be well utilised by cementing relationship between the business communities of the two countries.

Speaking on the occasion, PTEA chairman Ajmal Farooq termed Denmark an important trading partner in the European Union. Both countries were the potential economies but the bilateral trade between them was negligible, which must be enhanced, he added.

He said that there were many significant opportunities for Pakistani and Danish businesses to create long lasting and highly valuable commercial partnerships. He said that the Pakistani textile exporters had been traditionally concentrating on European and American markets in the past and had built good reputation in home textiles.

He said: “We feel that it is the right time to redesign the existing trade strategies to have a wider and pragmatic cooperation in trade and investment. We want to build a new relationship focused on common business interests.”

He stressed the need for frequent exchange of trade delegations, B2B interactions and establishment of display centres in both countries to further strengthen the trade ties. He appreciated the Danish government’s support to Pakistan in securing GSP Plus status and hoped for similar type of assistance and cooperation from it in future as well.

Source: thenews.com.pk – Feb 01, 2017

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## ‘Made in Azerbaijan’ brand’s promotion starts on foreign markets

Azerbaijan has started the export of goods to new markets as part of promotion of the “Made in Azerbaijan” brand on foreign markets, said Azerbaijani Economy Minister Shahin Mustafayev.

He made the remarks addressing a conference dedicated to the results of third year implementation of ‘The State Program on Socio-Economic Development of the Regions of the Republic of Azerbaijan in 2014-2018’ in Baku.

“According to the signed agreements, during the three export missions, the exports of wine to China and foodstuff to the UAE have already started and these are new markets for Azerbaijan,” said the minister. “Since November 2016, decisions have been made on payments in order to encourage the export of wine, cotton yarn, canned food, water and juice, hazelnuts and other products to Russia, US, Germany, Turkey, Belarus and other countries.”

The exporters held meetings, the “export.az” portal was commissioned, and there were created the associations of producers and exporters of wine, pomegranate, hazelnuts, fruit and vegetables, construction materials, apiculture products, he added.

Mustafayev also noted that the issuance of certificates of origin has been simplified and reduced from three to one day.

“In total, the export of vegetables increased by 41 percent, fruits – by 25 percent, cotton yarn – by 11 percent in 2016,” said the minister.

Source: en.trend.az– Jan 31, 2017

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## Kenya to allow textile firms in EPZ's to sell in local market

Kenya is undertaking measures that include allowing textile companies in the Export Promotion Zones (EPZ's), to sell up to 20 per cent of their production in the domestic market, without paying duties.

This policy is being put in place to boost local textile production, by encouraging domestic sales of textiles and meet an increasing local demand.

"We want Kenyan citizens to have access to high quality products that are sold in overseas markets, which is the reason for introducing the policy change" minister of industry, trade and cooperatives Adan Mohamed added during the launch of the progress report on textile and garment sector.

The report informs that the country's textile and clothing exports have risen to $415 million at the end of 2016. "Domestic producers are under pressure due to the import of large volumes of second-hand clothing, which however, will reduce once there is a rise in local production," the minister observed.

Source: fibre2fashion.com - Feb 01, 2017

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## Australia: CSD starts construction work on new cotton seed plant

Australia based producer of cotton seeds Cotton Seed Distributors (CSD), has started the construction of a $41 million cotton seed processing plant and laboratory in New South Wales.

Once the plant is operational, CSD hopes to supply cotton seed to Aussie cotton farmers at short notice, with demand for seeds increasing progressively in the next few years. When fully operational at the beginning of the cotton season in 2018, the plant will employ around 100 people.

Source: fibre2fashion.com- Jan 31, 2017

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# Cambodia: Health cover to expand for garment workers

More than 70 percent of garment workers have registered to receive health insurance with the National Social Security Fund (NSSF) and about 50 percent of those workers have already paid for it in advance.

Labor Minister Ith Samheng said yesterday that according to NSSF figures, 600,831 garment workers from 603 factories, representing 72 percent of all those working in the industry, had signed up to receive health insurance through the NSSF.

But despite the high figures, only about 16,000 were receiving it, Mr. Samheng said.

“First, we started with only three targets: Phnom Penh, Kandal province and Kampong Speu province. We can say that we were successful with our plan and this year we will spread this service to other provinces in the country to register workers,” he said.

The NSSF, he said, was working with 783 health clinics to provide care to garment workers. Of the 783 facilities, three were provincial hospitals, 100 were referral hospitals and 680 were health centers.

Ath Thorn, president of the Coalition of Cambodian Apparel Workers’ Democratic Union (C.CAWDU), said it was good for workers to have health insurance in cases of emergency, but told Khmer Times that some were complaining about difficulties in receiving health services when they are sick.

“After we criticized the behavior of the health staff provided to workers, now we are seeing them change their characteristics in how they treat workers,” he said.

“We used to announce that we would send the name of the doctor or health staff member and send it to the Health Minister if they did not respect us or their career.” Health Minister Mam Bun Heng, who also attended the meeting, said yesterday that his ministry will work with the NSSF to improve the service for those who signed up.

“This is the first time for us to do work like this, so sometimes they will have problems,” he said.

“We are not perfect at all, but we will try to work together with the Labor Ministry and NSSF in order to make all of our garment workers receive better services.”

The Health Ministry will monitor the services provided by the health clinics and figure out which are working well and which need to be removed.

The NSSF is also preparing a pension system for workers which will start at the end of the year.

“The workers will feel a warmth in their mind about the future when we have this pension system,” Mr. Samheng said.

“Even if they work in the private sector, they can have the ability to support themselves when they are retired without depending on their children to feed and support them.”

Source: khmertimeskh.com- Feb 01, 2017

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## NATIONAL NEWS

### Economic Survey: Right time to outshine China in shoes and clothes

India is witnessing a "historic opportunity" to take over China in the apparel, leather and footwear sectors but it is being outrun by its neighbouring East Asian economies, the Economic Survey has said. The survey touched upon India's declining share in global cattle population and exports of cattle hides. The Survey said "limited availability of cattle for slaughter in India is leading to a loss of potential comparative advantage due to underutilisation of the abundantly available natural resource" for the leather sector.

The Survey added that in spite of significantly lower wages than China, countries such as Bangladesh, Vietnam and Myanmar have outpaced India in these sectors.

"The window of opportunity is narrowing and India needs to act fast if it is to regain competitiveness and market share in these sectors," the Survey said. The monthly wages for semi-skilled workers in India ranges between $81 and $119, while in China its $250-300. India's wage costs are even less compared with Vietnam and Indonesia but challenges of logistics, labour regulations, tax and tariff policy have put India at a disadvantage in a global scenario.

These difficulties have led to several Indian firms choosing to relocate to Bangladesh, Vietnam, Myanmar and Ethiopia. All of these factors have brought India's share in global exports of apparel, footwear and leather to less than 5%, falling behind countries such as Bangladesh and Vietnam.

Being labour intensive, apparel and leather sectors have been provided subsidy by government for increasing employment but a lot more needs to be done if India wants to create more jobs and opportunities for exports and growth.

The Survey said the government needs to take up a number of labour reforms to overcome the obstacles of employment generation and also bring in the Goods and Services Tax (GST) for tax rationalisation.

Noting that all economic growth take-off in East Asia has had a direct correlation with the clothing and footwear exports, the Survey said India has underperformed in these sectors.

At a GDP growth rate of 7-10% in East Asian economies, the average annual growth of apparel exports was between 20% and 50%, while it was more than 25% in case of leather. For India, this figure has been 12.7% and 5.4% respectively, showing a huge untapped potential.

Source: economictimes.com- Feb 01, 2017

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## Textile sector expects interest reductions from Budget

Incentives for investments in innovation, reduction in interest rates to bring them at par with the international money market, tax rationalisation measures and low import duty on raw material are some of the expectations of the textile sector from the Union Budget 2017-18. Textile firms are also hopeful of special incentives schemes for new investments.

“Budget should address concerns related to skilled workforce, labour law reforms, attracting investments in the textile sector and providing a future road map for the textiles and clothing industry,” Deepak Chiripal, CEO of Nandan Denim Ltd, told Fibre2Fashion.

“A major challenge for textile industry is that it is highly capital and labour intensive sector and payback period is quite long, which is a big constraint for new investment in the sector.

Further, the government has set a target to create another 30 million more jobs in the industry over the next three years, which is possible only if special incentive schemes for new investment in textile sector are announced,” added Chiripal.

He is also of the opinion that the government should consider extending Technology Upgradation Fund Scheme (TUFS) for another five years or so to enable companies to avail maximum benefits.

Export is another sector that needs to be considered. "We want finance minister to introduce measures that can boost our exports as India has the potential to become one of the biggest exporters in the world," noted Chiripal.

"Insertion of Trans Pacific Partnership (TPP) with US has further increased the challenges for Indian textiles in the long term. There are fairly good chances for protection of select countries for exports to the US. The government should accelerate arrangement with EU market economies to provide concessional imports into these territories to maintain competitiveness of the Indian exports," said Chiripal.

Woodland wants the government to consider lowering duty and emphasise on curbing inflation in this year's Union Budget.

"Textile items should be kept under GST with the minimum possible tax slab of 4-5 per cent as it is a key item for the common man. High duty [on raw material] acts as a deterrent and we get bound to import finished products. So, the government must lower the import duty," Harkirat Singh, MD, Woodland Worldwide told F2F.

"We believe that government would also lay emphasis on curbing inflation as increased inflation affects consumer's buying power which further affects the retail market. We hope to see supportive policies for the retail sector in this year's budget," added Singh.

"A fund should be set up for Technology Up-gradation & Innovation and support may be extended to the companies at lower rate of interest. This will help industry in improving quality of output and become more competitive," said Chiripal.

"Besides the financial implications, the Budget is expected to come out with a lot of policy and procedural changes for improving ease of doing business," according to ASSOCHAM.

Source: fibre2fashion.com – Jan 31, 2017

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# Budget: FICCI expects incentives for digital transactions

Finance minister Arun Jaitley is expected to announce more incentives for promoting digital transactions in Union Budget 2017-18 to be presented on Wednesday, a majority of participating economists said in the latest round of FICCI's Economic Outlook Survey. The Survey puts forth an annual median GDP growth forecast of 6.8 per cent for 2016-17.

The survey was conducted in the months of December 2016 and January 2017 and drew responses from leading economists representing industry, banking and financial services sector.

The participating economists were asked to share their top expectations from the Union Budget 2017-18. A majority of respondents also suggested that additional benefits should be bestowed upon Fintech companies in a bid to move towards a cashless economy. Respondents also hoped that the budget would look at addressing the impact of demonetisation on the informal sector which is largely cash dependent. "It is important to ensure that there are enough incentives for the informal setups to move into the formal system."

Some of the other expectations indicated by the participating economists were greater infusion of capital in public sector banks and announcement of further measures to strengthen asset quality of the public sector banks.

The economists opined that the forthcoming budget would focus on giving an impetus to growth (which is inclusive) and provide fillip to gross fixed capital formation by enhancing complementarities between public and private investment.

"Steps would also be taken towards reviving and deepening of the corporate bond market," some respondents felt.

Also, they expect the government to further boost its efforts to increase employment through its flagship programmes such as 'Make in India' and 'Skill India'. Economists also expect the government to unveil incentives to promote exports.

Majority of the economists also believed that the budget will lay down guidelines for the roll out of the Goods and Services Tax (GST).

Source: fibre2fashion.com- Jan 31, 2017

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## Apparel & Leather industry key to job creation: Economic Survey

Apparel and leather & footwear sectors are eminently suitable for generating jobs that are formal and productive, providing bang-for-buck in terms of jobs created relative to investment and generating exports and growth. This was stated in the Economic Survey 2016-17 presented by the Finance Minister Arun Jaitley in the Parliament on Tuesday.

The Survey adds that the apparel and leather & footwear sectors provide immense opportunities for creation of jobs for the weaker sections, especially for women, and can become vehicles for broader social transformation in the country.

the Survey highlights the opportunity for India in this sector in global context by saying that India has an opportunity to push exports since rising wage levels in China has resulted in China stabilising or losing market share in these products. India is well positioned to take advantage of China's deteriorating competitiveness due to lower wage costs in most Indian states, it adds.

The Survey also lists a number of challenges faced by these sectors. It says that the space vacated by China is fast being taken over by Bangladesh and Vietnam in case of apparels, while Indian companies struggle in face of a set of common challenges related to logistics, labour regulations, tax & tariff policy and disadvantages emanating from the international trading environment compared to competitor countries.

On logistics, the Survey says that costs and time involved in getting goods from factory to destinations are greater in India than those for other countries. On labour costs, India's source of comparative advantage in this sector, also seem not to work in its favour due to problems like regulations on minimum overtime pay, onerous mandatory contributions that become de facto taxes for low-paid workers in small firms that result in a 45 per cent lower disposable salary, lack of flexibility in part-time work and high minimum wages in some cases.

According to the Survey, in both apparel and footwear sectors, tax and tariff policies create distortions that impede India gaining export competitiveness. India imposes a 10 per cent tariff on man-made fibres vis-a-vis 6 per cent on cotton fibres. On the other hand, domestic taxes also favour cotton-based production rather than production based on man-made fibres, and leather footwear rather than non leather footwear.

The global demand for apparel is moving from cotton fibre products to man-made fibre and similarly footwear of non leather, it adds. India's competitors enjoy better market access by way of zero or at least lower tariffs in the two major importing markets, namely, the US and the EU, the Survey says.

The Survey suggests several measures to make these sectors globally competitive and unlock its potential for creating new jobs and generating growth. It recommends that there is a need to undertake rationalisation of domestic policies which are inconsistent with global demand patterns.

Several measures have been initiated that form part of the package approved by the Government for textiles and apparels in June 2016, the Survey notes. Accordingly, textile and apparel firms will be provided a subsidy for increasing employment, but these need to be complemented by further actions. First, an FTA with EU and UK in the case of apparel will offset an existing disadvantage by India's competitors—Bangladesh, Vietnam and Ethiopia.

Second, the introduction of the GST offers an excellent opportunity to rationalise domestic indirect taxes so that they do not discriminate in the case of apparels against the production of clothing that uses man-made fibres; and in the case of footwear against the production of non-leather based footwear. Third, a number of labour law reforms would encourage employment creation in these two sectors.

Source: fibre2fashion.com– Jan 31, 2017

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# MIDC acquires 113 hectare land to set up textile park in Nashik

The Maharashtra Industrial Development Corporation's (MIDC) regional office proposes textile park for which it has acquired 113 hectare land parcel. The proposed park is expected to attract investment and provide job opportunities to the youths.

A proposal for infrastructural development has been sent to the head office for approval. On receiving approval, the MIDC will float tenders for developing infrastructure.

A senior official from the MIDC said that they have already acquired 113 hectare at Sayane near Malegaon that will house only textile units. They are in the process of developing infrastructure. They have already prepared a proposal worth Rs 15 crore to develop infrastructure like roads, water supply, streetlights, among others. The proposal has been sent to our head office in Mumbai for approval.

He further added that they will float a tender for infrastructural works once they get a nod from their head office. There may be delay of a month due to code of conduct due to civic and ZP elections. It will take around a year for developing the infrastructure following which plots at the park will be allotted to textile units.

Manish Rawal, chairman of NIMA infrastructure committee, said that this is a positive development for Nashik.

Textile sector is still new for Nashik and this proposed Textile Park will attract new investments.

This will not only fetch investment, but will also provide job opportunities to thousands of youths. It will also create a vendor base in Nashik.

He added that they are already making efforts to bring in new investment, but they need adequate land. At this juncture, 113 hectare (282 acres) will be available for textile units. At the same time, the MIDC needs to develop infrastructure at the earliest and start allotment of plots for those who wanting to set up textile units.

Apart from this, the MIDC is also mulling over to build Common Effluent Treatment Plant (CETP) project for the textile units. The CETP project is estimated to cost Rs 10 crore. They are preparing the proposal that will be sent to their head office for approval.

Source: yarnsandfibers.com - Jan 31, 2017

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## GRI comes out with a new fabric for soldiers

Gandhigram Rural Institute has developed a special textile material for soldiers with all features required by them. This material can be used for making dresses for soldiers on the war front.

Describing the nature of the new material here on Tuesday, Chemistry Professor M.G. Sethuraman said the specially modified cotton fabric that had self-cleaning, super-hydrophobic and anti-bacterial properties would increase the usage of textiles for military personnel. It had other properties such as softness, breathability and biodegradability. It also had properties of blood repellency and UV protection. It could also be used for medical professionals and nurses, he added.

Cotton was chosen as the base material and was modified by fabricating a copper coating through reduction of copper acetate by employing ascorbic acid at room temperature. With a coating of Stearic acid over the copper-coated fabric, the surface of the fabric became water-repellent, he said.

Mr. Sethuraman said the fabric had mechanical stability and washing durability showing super- hydrophobic property with a water contact angle of 159 degrees.

It would also separate oil-water mixture owing to its super-oleophilic nature of functionalised cotton. Tests against gram-positive and gram-negative bacteria too showed very good anti-bacterial activity as well as blood-repelling property.

The material had been characterised by modern methods such as x-ray diffraction, scanning electron microscopy and x-ray photo electron microscopy, he noted.

“We had already submitted a detailed research proposal to Defence Research and Development Organisation in this connection. Its cost of production will not be much. Moreover, the quality of cotton will be retained,” he said.

“We have also been widening the research to manufacture electronic textiles that will become the choice of the youth in the future. The DRDO was approached for funds to widen our research,” he said.

A research article on the modified cotton fabric by Mr. Sethuraman and research scholar T. Suryaprabha was published in Cellulose journal.

Source: thehindu.com- Jan 31, 2017

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## India’s rising exports could boost GDP by 1%

Betting big on India’s exports which have grown nominally in the on-going fiscal after two years of continuous decline, the Survey has projected that it could increase Gross Domestic Product (GDP) by 1 per cent in the next fiscal year.

“Given the high elasticity of Indian real export growth to global GDP, exports could contribute to higher growth next year, by as much as 1 percentage point,” the Survey pointed out.

India’s exports appear to be recovering, based on an uptick in global economic activity. This is expected to continue in the aftermath of the US elections and expectations of a fiscal stimulus, the Survey said.

The optimism exuded in the Survey, however, is not shared by some economists who feel that it is pre-mature. “With US President Donald Trump striking hard on H1B visas and outsourcing and the confusion surrounding Brexit, there is growing uncertainty in the international market.

There are going to be serious head-winds on this and one has to wait and watch,” said trade expert Biswajit Dhar from the Jawaharlal Nehru University.

Dhar said that Indian companies doing business in the US are facing a lot of uncertainty and some were talking in terms of moving to other countries. "It is not easy to do so. The kind of outsourcing business that you get from the US, you don't get anywhere else," he said.

**IMF update**

According to the Survey, the IMF's January update of its World Economic Outlook forecast projecting an increase in global growth from 3.1 per cent in 2016 to 3.4 per cent in 2017, with a corresponding increase in growth for advanced economies from 1.6 per cent to 1.9 per cent, augured well for India's exports.

There are some nascent signs of a global rebound in the last two quarters, the survey said, adding that a strong export recovery would have broader spillover effects to investment.

India's exports declined 1.3 per cent and 15.5 per cent in 2014-15 and 2015-16 respectively mostly due to a fall in global demand. The trend of negative growth was reversed somewhat during 2016-17 (April-December), with exports registering a growth of 0.7 per cent to $ 198.8 billion from $ 197.3 billion in 2015-16 (April-December).

On the flip side, the net services surplus declined in the first half of the on-going fiscal, as software service exports slowed and financial service exports declined, the Survey stated.

Net private remittances declined by $ 4.5 billion in the first half of 2016-17 compared to the same period of 2015-16, weighed down by the lagged effects of the oil price decline, which affected inflows from the Gulf region.

Steeper contraction in imports, compared to exports, during the first half of 2016-17 led to a sharp decline in trade deficit. Despite slowing services exports, the decline in merchandise trade deficit helped improve the position of net exports of goods and non-factor services in the national accounts.

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