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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

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USD 64.93 | EUR 69.82 | GBP 80.75 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20366	42600	**83.70**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
21150	44241	**86.92**

International Futures Price

NY ICE USD Cents/lb (March 2017)	76.14
ZCE Cotton: Yuan/MT (May 2017)	15,550
ZCE Cotton: USD Cents/lb	**85.20**
Cotlook A Index – Physical	**86.85**

Cotton guide: Let us look at Cotton market in a different perspective. The ICE May future has cut the 50-day moving average at 76.64 cents to close the Wednesday's trading session lower at 76.14 cents/lb. A very early indication for price to correct downside is likely in the near term. For reference, last time cotton had breached the same moving average in September 2016 when price was trading at 71 cents and post that market fell to 67.74. We believe the similar kind of action to justify in the near term.

Another perspective to look at the market is the reduction in the open interest. For reference ever since market made a recent high of 79.50 cents the open interests in the contract had started to reduce. The OI has declined from 0.164 million contracts to 0.146 million contracts with a simple moving average cross over. This indicates any trigger in the market would keep the cotton price under stress in the near term or the speculators would slowly reduce their long standing LONG positions.

However, at this moment market is very anxious ahead of US planting report scheduled on Friday. We believe there can be some more profit booking on today as well as early tomorrow's trading session.

The long liquidation of positions and fixation of on call sales at ICE contract could bring down the price in the interim.

From the technical chart perspective we see cotton May contact- CTK7 to initially decline to 7575 cents and upon breach of the same should pull the price further down to 75 cents. However, it is essential to look at the upper band of the market where the resistance is perceived at 77.20 cents.
For today we expect cotton price to remain lower and recommend selling from higher levels. The below chart explains the price movement, moving average break down and the reduction in open interest.

Coming onto the domestic market, the scenario is completely contrasting. On Wednesday the S-6 cotton placed at Rs. 44,000 per candy ex-gin highest levels in last three weeks. At the given exchange rate of USD/INR the same was quoted at 86.40 cents/lb. In fact the J-34 cotton quoted at Rs. 4770 per maund (89.25 cents/lb). The domestic market is moving higher amid tight supply scenario. Interestingly the nationwide arrivals on Wednesday were below 100,000 bales to be pegged at 93,400 bales where in 31K from Gujarat and 30K from Maharastra. The arrivals have fallen substantially because the spot market was closed on the previous day.

However, while we observe the futures contract of cotton trades at MCX platform has declined on Wednesday. We have noticed the contract has been taking cues from both spot price of the domestic market and the future movement of ICE. The April contract at MCX ended the session lower at Rs. 21,150 down by Rs. 210 from the previous close. We believe on today's trading session the counter may initially notice a pullback in the price while sell on rise should be the recommendation. The trading range for the day would be Rs. 20900 to Rs. 21340 per bale.

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

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INTERNATIONAL NEWS

ShanghaiTex 2017 paving way for textile makers to industry 4.0

The 18th Shanghai International Textile Machinery Exhibition (ShanghaiTex 2017) paving way for textile makers to industry 4.0, the grand showcase of the world's latest innovative textile technology, high-growth application sectors and cross-border technology, thereby assisting industry to overcome challenges and spark new opportunities.

While Industry 4.0 has become a global trend, many big brands have infiltrated the 4.0 philosophy into supplier requirements. Sensibly, for textile manufacturers, realizing 4.0 has become a necessity to achieve profitable growth by enhancing their adaptability to get orders, prior to productivity optimization.

Instead of one-off expenditure, achieving industry 4.0 should be regarded as "step by step" investment in raising business competitiveness by responding quickly to changing markets. From innovation of product, service to production process,

ShanghaiTex will demonstrate the integration of information, internet, IoT and mobile electronics technology, assisting enterprises to find their own pace to industry 4.0.

In response to the "Customization" trend, ShanghaiTex 2017 contributes to the progressive realization of industry 4.0 through promotion of advancement in production, digitalization, sustainability and servitization, to breathe new dynamics and value to the industry and assist Chinese textile to rank among the world's manufacturing power.

The experience zone will gather the world's latest 3D body scanning and virtual fitting technology, ERP/CAD system, as well as e-commerce platform together to demonstrate the operation of a smart factory.

Visitors will definitely get inspired through hands-on experience of the equipment and technology that involved under C2M.

At ShanghaiTex, visitors will also witness how 3D printing has eliminate the need for tailoring and sewing processes, accurately complete complex and multi-material designs.

Shanghaitex 2017 will be held from 27-30 November at the Shanghai New International Expo Centre.

Source: yarnsandfibers.com - Mar 29, 2017

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Pakistani: Import policy favours consumers at domestic manufacturers' expense

The tendency to keep supplies of all products and commodities stable through liberal imports has played havoc with both manufacturing and the agriculture sector. This public appeasing policy has kept check on prices, but discouraged domestic production.

When the demand for car increased, the government did not allow the auto sector to increase capacities, but instead allowed import of used cars at low duties. When there is shortage of tomatoes in the country, the vacuum is filled by duty free imports from India.

The farmers lose the incentive to earn more in shortages to compensate for the losses that they suffer during bumper crops. The consumers are happy, but the industrialists and farmers stop planning for future. We see imported televisions, refrigerators, split air conditioners alongside the locally produced brands.

Why is it so common in Pakistan and not in India or Bangladesh to see all foreign juices, beverages, processed milk in the markets alongside similar Pakistani products? Why over 60 percent of textiles in India and China are marketed locally against only 15 percent in Pakistan?

This is all because of supply side approach of our planners. No one would starve if there is shortage of vegetables in the country. The farmers would be incentivised by this shortage and would strive for better harvest next time.

They will get better rates as well. They would not have to compete with heavily subsidised Indian vegetables. Agricultural growth would go into top gear. Pakistani agriculture has suffered badly ever since Shaukat Aziz liberalised the agricultural commodity trade with India. If the used car import is made as tough as in India, the local manufacturers would go for expansion. New entrants would eye the Pakistani market. The localisation of parts would speed up. Millions of jobs would be created.

At the same time, the consumers would settle for models available in the country. Pakistan cannot afford to import luxury cars and ban on their imports would bring austerity on large scale.

Tractor industry was allowed to develop through facilitation. Today Pakistan manufactures 90 percent of tractor parts domestically. This year, one of the local tractor manufacturers succeeded in obtaining foreign order for 16,000 tractors. All indications are that this export would increase with time. In the same way, the motorcycle industry in Pakistan has come of age. Today, we are producing two million bikes per year against only 100,000 at the start of century.

The rates of 50cc motorcycles are lower than they were in 2000. All this was possible because of economies of scale. The import of tractors and bikes in Pakistan is nominal, while that of passenger cars is phenomenal when seen in the context of car market size in Pakistan.

No government in the world provides incentive on imports at the cost of its manufacturing sector. The federal government should immediately provide suitable protection against imports of items produced in Pakistan.

Foreign clothing in Pakistan can be found in abundance because the import regime coupled with inability of the customs to check under-invoicing facilitates imports. Moreover, unhindered import of used clothing depresses the demand for new domestically produced clothing.

India and other countries have cleverly fixed a minimum duty on import of textile or 10-15 per cent of the value whichever is higher. This checks cheap imports and provides Indian textiles a vast domestic market. Moreover, import of used clothing is banned in India, Bangladesh and many other countries.

The Chinese and Indian textile industries on the strength of their domestic market easily absorb every global recession, better than Pakistan, while textile industry here crumbles if there is any decline in exports. Not only textiles but other industries in Pakistan would stabilise if they were facilitated in capturing the domestic market.

Source: thenews.com.pk- Mar 30, 2017

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The world's most supportive govt initiatives for textiles empowerment

"Textile industry is an integral part of the global economy and the quality of life for citizens. Knowing the crucial impact it has on economy, it makes perfect sense for the government to offer the most lucrative policies towards its growth. Government initiatives are an excellent way to revitalise textile manufacturing, create jobs, promote the purchase and support of domestic textile and apparel products, and protect the livelihood and stability of the industry and economy."

Textile industry is an integral part of the global economy and the quality of life for citizens. Knowing the crucial impact it has on economy, it makes perfect sense for the government to offer the most lucrative policies towards its growth.

Government initiatives are an excellent way to revitalise textile manufacturing, create jobs, promote the purchase and support of domestic textile and apparel products, and protect the livelihood and stability of the industry and economy. Here is a look at some of the most lucrative and supportive government initiatives taken across the globe to boost growth of textile industry:

Nigeria

In February 2017, the Nigerian government announced the allocation of $162 million for revitalisation and recovery of domestic textile industry. These funds will be routed towards stimulating growth in the industry, creating jobs, encouraging the purchase of locally-made textiles and clothing, and combating the threats of counterfeit and smuggled textile goods. The allocation will also be used to improve infrastructure, especially access to electricity, which is key for textile manufacturers. It is also expected to help increase cotton production and quality.

India

The New National Textile Policy, announced in 2016 by the NDA government, is a package worth $894 million. This package supports labour reforms in relevant sectors such as yarns, made-ups, and fabrics, and is expected to help the textile industry in India outpace competitors like Bangladesh and Vietnam. It will increase textile exports and is expected to create millions of new jobs. India's Make in India initiative, which promotes job creation and manufacturing within India, will also help to boost the success and growth of India's textile industry.

Malaysia

Malaysia's Third Industrial Master Plan, which will be in effect until 2020, is encouraging the growth of the textile industry. The plan focuses on the growth of industrial and home textiles, functional fabrics, high-end fabrics and garments, and the establishment and improvement of support facilities and services like design houses, fashion centres, and specialised dyeing and finishing facilities.

The USA

Last year, former US President Barack Obama announced the establishment of a new fibres and textiles manufacturing innovation hub in Cambridge, Massachusetts, and more than $2 billion in manufacturing research and development investments. The Revolutionary Fibers and Textiles Manufacturing Innovation Institute is combining $75 billion in federal resources and USD 250 million in non-federal investments to research and produce innovative textiles with novel properties. This initiative is creating textile industry jobs, continuing the promotion of the industry's recovery from its decline in the 2000s, and promoting domestic textile printing, textile manufacturing, and textile manufacturers.

Source: fashionatingworld.com- Mar 29, 2017

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China: Cotton target price kept unchanged in Xinjiang

China's National Development and Reform Commission (NDRC) has kept its target price for cotton in Xinjiang region unchanged from last year's price of 18,600 yuan ($2,965) a tonne.

The target price will now be set every three years instead of annually. However, the state planner can adjust the target price if there are major changes in the cotton market.

The decision to keep target price constant for the next three years in the country's top cotton growing region has been made to curb high fluctuation in cotton output from year to year, the government said.

In 2014, the Chinese government had launched a three-year trial to set target prices for cotton grown in Xinjiang. This has improved both the quality and competitiveness of China's cotton, according to the government.

Farmers in Xinjiang, which now accounts for over 65 per cent of all China cotton, are entitled to higher subsidies than growers in other regions.

But over the next three years, these farmers will be eligible for subsidy only if output is less than 85 per cent of the average national annual production during three-year period from 2012-2014.

Source: fibre2fashion.com- Mar 30, 2017

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Myanmar CMP garment exports to touch $2.2bn in 2017

Cutting, making and packaging (CMP) garment exports from Myanmar are likely to fetch around $2.2 billion this year, as local companies have bagged more number of orders from the EU and Japan, according to Myanmar Garment Entrepreneurs Association.

Apparel orders from the EU have especially increased after reinstatement of GSP rights by the EU.

In the ongoing financial year 2016-17 that began on April 1 last year, Myanmar’s garment industry has earned more than $1.65 billion as of last month, according to data from the ministry of commerce.

Meanwhile, the Myanmarese government has constituted a new committee to study and revise the existing minimum wage in the country. The new committee, being chaired by minister of labour, immigration and population Thein Swe, includes financial experts, ministries and representatives from labour and employer groups.

Deputy minister for agriculture, livestock and irrigation Hla Kyaw and Myo Aung, a senior official from the ministry of labour, immigration and population are nominated as vice chairmen of the committee.

The minimum wage that needs to be paid to entry level workers with no experience is currently K3,600 per day, which was fixed in September 2015. Workers’ groups have been demanding over K5,500 as daily wage.

Source: fibre2fashion.com - Mar 29, 2017

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Azerbaijan to develop cotton growing to boost light industry

The development of cotton-growing will make an outstanding contribution to boosting light industry, said Azerbaijani President Ilham Aliyev.

Last year they laid the foundation of a light industry park in Mingachevir. A total of nine plants, including a yarn plant, will be built there.

The first plants is ready to open there this year. And this is a great economic initiative, said the President addressing the development of the cotton-growing industry.

The technological park will generate at least 5,000 new jobs.

The head of state during his meetings with foreign counterparts in order to ensure the country`s access to new markets raised the issue of boosting Azerbaijan`s trade and exports.

They are working with traditional markets and hence need to access new markets, and the establishment of trade houses to serve the aim to boost trade and export for which they will set up trade missions in Russia, Belarus, Ukraine, China, the United Arab Emirates in the near future as these are the primary markets at the present.

Source: yarnsandfibers.com– Mar 29, 2017

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Kenya: Three day mega sale to promote local textile sector planned in Nairobi

The Ministry of Industry, Trade and Cooperatives to promote local brands produced by local clothing manufacturers has organized a “mega sale” of their products this week in Nairobi. The event has been dubbed the first-ever super sale of local clothing brands in the country.

According to State House Spokesman Manoah Esipisu, quality brand new clothes made in Kenya at its export processing zones (EPZ) under key designer labels will be up for sale at “low and affordable prices”.

They are making them available to this market so that Kenyans can have a sense and feel of what it is that is being produced here and being worn in major cities in the world but which by the time Kenyans see it again it’s like its already been worn in other markets and coming back under the used clothes’ category”.

Industry, Trade and Cooperatives Cabinet Secretary Adan Mohammed said that some of the world’s biggest inner wear brands like Calvin Klein, Tommy Hilfiger & Victoria’s Secrets are being made in Kenya.

The sector supports 179,000 jobs according to the government, out of which 22,000 are said to have been created over the last three years. It has potential of creating another 100,000 jobs according to the government.

It is a demonstration of the importance accorded to the sector by President Uhuru Kenyatta’s administration, Mr Esipisu said.

Economic Processing Zones in the country are a major economic driver for Kenya, with total investments of Sh74 billion and employing more than 50,000 people, according to the Ministry of Industry and Trade.

Speaking at State House, Nakuru, on Sunday, Mr Esipisu said that there will be subsequent sales in other cities and towns in the country "so that Kenyans can see some of the fruits and works they are investing in.

This is one of the pledges that has been fulfilled by the government through the Ministry of Industry and Trade.

The industrial transformation programme is focused on creating a strong manufacturing base, with a goal to increase its contribution to 15 percent of the GDP from the current 10-11 percent.

Mr Esipisu said that the strategy has seen initial focus around labour intensive sectors of textile and apparels, leather and agro-processing.

Over this period new investment in production facilities have been made in Mombasa, Nairobi and Nakuru leading to exports to the United States under the Africa Growth and Opportunity Growth programme (Agoa) to exceed 400 million US dollars making Kenya the leading apparel exporter to the US, in sub-Saharan Africa under Agoa.

The government has deliberate ensured access to affordable clothing that is duty free and VAT free, for the first time since independent. This is what one will see starting Wednesday.

The Ministry of Trade has called it's the first super sale, which is expected to promote the local textile sector. The sale will run for three days starting Wednesday at the Kenyatta International Conference Centre, (KICC). Prices will range from Sh50 to Sh600.

Source: yarnsandfibers.com– Mar 28, 2017

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The Trump administration will review all of America's trade deals

The Trump administration is preparing new executive order s to re-examine all 14 U.S. free trade agreements and review government procurement policies to aid American companies, two administration officials said.

The North American Free Trade Agreement (NAFTA) with Mexico and Canada will top the list of trade deals to be reviewed, which affect 20 countries from the Americas to Asia, the officials told Reuters. They spoke on condition of anonymity because the orders were still being developed.

They said on Wednesday that the trade deal and procurement review order s were among several executive actions that the Trump administration is preparing on trade. The timing of the orders is unclear, but they could start to be rolled out next week, the officials said.

Politico first reported the plan for the two order s, quoting a senior administration official as saying the trade order s would help shift the White House narrative "to a place where the president can really shine."

The fate of Trump 's first major legislative effort in Congress, a measure to replace the 2010 Obamacare health law, remains uncertain amid stiff opposition from conservative Republicans. The House of Representatives had to delay a vote on the bill on Thursday due to insufficient support for the legislation.

The order s to review existing trade deals and public procurement policies would be largely symbolic, as the administration has already announced its intention to renegotiate NAFTA, with plans to formally notify Congress of its intention to launch talks in the coming weeks.

Early last month, White House spokesman Sean Spicer said, "We're going to re-examine all the current trade deals, figure out if we can improve them."

The U.S. bilateral and multilateral trade deals cover these countries: Australia, Bahrain, Canada, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Singapore and South Korea.

Media representatives for the White House and the U.S. Trade Representatives' office declined to comment on any forthcoming executive orders. Senator Orrin Hatch, the Utah Republican who chairs the Senate Finance Committee, said he would welcome order s to review trade deals if that means it accelerated negotiations on changing them.

Trump 's trade officials, including White House adviser Peter Navarro, and Commerce Secretary Wilbur Ross, have long said that NAFTA's rules-of-origin provisions need to be tightened to exclude more components from outside the trading bloc. NAFTA requires cars and trucks to have only 62.5% North American content, providing significant opportunities for Asian manufacturers to provide parts.

The procurement review would be in line with Trump 's "Buy American, Hire American" campaign push and could win some allies among Democrats in Congress. These include Senators Tammy Baldwin of Wisconsin and Jeff Merkley of Oregon, who urged the White House in a recent letter to exclude U.S. government contracts from NAFTA and restrict waivers that allow more foreign companies to bid on public procurements.
But news of the potential trade order s did not impress Republican Senate Agriculture Committee Chairman Pat Roberts of Kansas.

"I'm more interested in getting our trade representative passed on the Senate floor," Roberts told reporters, referring to Robert Lighthizer, Trump 's choice for U.S. trade representative, whose nomination has been stalled in the Senate.

Roberts also said he wanted to impress upon the White House the importance of trade deals to boost agricultural exports, including a glut of Kansas wheat, amid what he views as a preoccupation with manufactured exports in the administration.

Source: yarnsandfibers.com– Mar 28, 2017

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Japan: As retailers close stores, the world's third-largest apparel player takes another run at the US

Uniqlo is hoping the third time's the charm.

After several fits and starts in the U.S., the Japanese clothing brand has once again tweaked its strategy as it vies to become a mainstay in the American shopping scene.

To do so, the retailer is shuttering stores in suburban U.S. malls, in favor of larger locations in cities like Boston and Washington, D.C.

"That's probably the best way to let the people understand what we are selling," Chief Marketing Officer Masahiko Nakasuji told CNBC. "We have a very big brand in Asia, but in the U.S. ... we need to let the people know about our product."

The label's first attempt at cracking the U.S. market came more than a decade ago, when it opened stores at three New Jersey malls. It quickly retreated from those locations in favor of a high-profile flagship store in Manhattan's SoHo neighborhood.

Then, after expanding to 20 locations over a 10-year period, the company picked up its expansion pace in 2014, nearly doubling its presence in one year. Still, its strategy fell short, leading to the closure of several mall-based stores in towns like Willow Grove, Pennsylvania, and Danbury, Connecticut.

Though the company has since dialed back its expansion plans — including its decision to no longer explicitly target the 200 stores it had planned for three years ago — Nakasuji said the brand still has a much bigger opportunity in the U.S. Indeed, while it is still relatively unknown by American shoppers, Uniqlo is owned by the world's third largest specialty apparel retailer: Fast Retailing.

"We have a very, very low presence [here]," Nakasuji said.

Rooted in a basic aesthetic, Uniqlo's products strive to solve key problems people face when wearing apparel. That includes its Heattech product, which traps a person's body heat to keep them warm on a cold day. As such, many consider its designs to more technically savvy versions of the assortment found at Gap.

Uniqlo showcased its upcoming fall line at a presentation in downtown Manhattan Wednesday. It was the first time the brand held such an event in New York City, highlighting its commitment to the area, the company said.

The problem is that outside of that presentation, the company doesn't do a great job communicating the quality and functionality of its products to the American consumer, Jan Kniffen, CEO of the J Rogers Kniffen research and consulting firm and a CNBC contributor, said.

Because the company's prices are akin to fast-fashion companies like H&M or Forever 21, consumers assume Uniqlo's products are low quality and disposable. Meanwhile, the brand has an "extremely limited" number of styles that makes its assortment look repetitive, Kniffen said. That issue will become more pronounced as it opens larger locations, he added.

"It's hard to sell the American consumer on quality when they don't see it in the price point and when they see very similar product everywhere else," Kniffen said.

Uniqlo's restart is made tougher because of its timing. Not only are online-only retailers like Amazon grabbing a larger chunk of Americans' spending, but the fast-fashion space is getting crowded, Kniffen said. Meanwhile, traditional brands like Gap are losing shoppers and closing stores.

"It is not going to be easier this time. It is going to be harder," Kniffen said. "They missed their window."

Yet Uniqlo is far from giving up. In addition to launching its first global advertising campaign in the U.S. last fall, the company recently opened a denim innovation center in Los Angeles. The near-term goal of that facility is to reduce the amount of time it takes an item to go from idea to production to one or two months. That compares with the current three to six months.

Eventually, CEO Tadashi Yanai wants to trim that window to two weeks, Nakasuji said. In doing so, the company will better be able to respond to consumer demand.

Uniqlo's parent company Fast Retailing does not explicitly break down the brand's U.S. performance. However, it said in its latest quarterly earnings report that revenue across all of Uniqlo's international divisions increased when excluding the impact of currency. Meanwhile, better gross margins stemmed operating losses in the U.S.

"I think we are making a lot of progress," Nakasuji said about the brand's U.S. expansion. "Wherever we go, we get a lot of good response from the customer."

Source: cnbc.com– Mar 29, 2017

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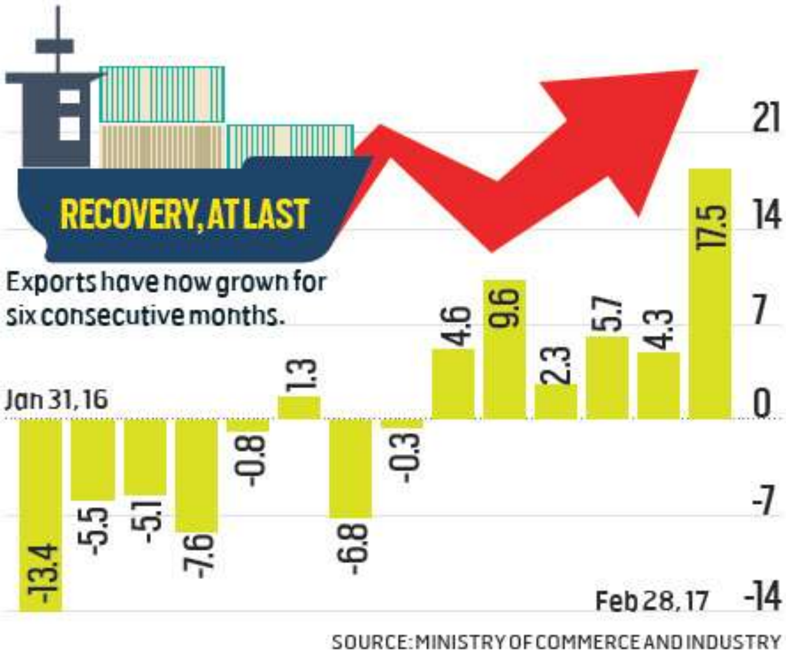
NATIONAL NEWS

Have Exports Turned The Corner?



One area where the Narendra Modi regime has been confronted with harsh reality is exports. Till about August 2016, exports from India had declined continually for 18 months. There has been some relief post August with exports staring a modest recovery month after month. However, it is February 2017 that has led to both hope and cheer. After what seemed like ages, exports grew by a healthy 17.5 per cent. Early estimates now indicate that fiscal 2016-17 as a whole will register a positive growth, albeit a very modest one. This uptick is largely because of the unusually rapid and high growth rates in engineering goods, particularly to south East Asian nations. In February, engineering exports to this region grew by more than 200 per cent.

So, can we then conclude that Indian exports are back on track? Not by a long shot. By 2013, the UPA government was confident that exports from India would breach the $300 billion mark. But that is when the house of cards came tumbling down.

The growth rate of the Indian economy as a whole started declining. And of course, exports declined in actual dollar terms. Four years after a confident estimate of $300 billion, the figure would just about cross $250 billion in 2017. Still, one can argue that the performance is not really all that bad given tough global conditions. But that would be glossing over both reality and deep rooted policy failures.
The Economic Survey highlights the policy constraints (failures) in a very significant manner. But before that, let us go back to the 2014 Lok Sabha

campaign when Narendra Modi promised a rejuvenation and transformation of the Indian economy, there were many slogans and acronyms used by him that became popular. One among them was the ‘five F’ principle. The five F, according to Modi, stands for farm to fibre to fabric to fashion to foreign.

As a vision, this was indeed inspirational, linking cotton farms to foreign retail giants in a process of seamless integration that would benefit everybody. After all, India had been traditionally known and globally popular for its textile exports.

The Survey also highlighted the tremendous potential of the sector (along with footwear) to not just trigger a sustained growth in exports, but also large scale employment opportunities in the country. In terms of job creation, the reasons are immediately and painfully apparent. The Survey says: “The data shows that the apparel sector is the most labour-intensive, followed by footwear.

Apparels are 80-fold more labour-intensive than autos and 240-fold more jobs than steel. The comparable numbers for leather goods are 33 and 100, respectively. Note that these attributes apply to apparel not the textile sector and to leather goods and footwear not necessarily to tanning. Drawing upon the World Bank employment elasticities, we estimate that rapid export growth could create half a million jobs annually.”

However, the Survey admits that the Indian economy is unable to take advantage of this unique opportunity. “India has an opportunity to promote apparel, leather and footwear sectors because of rising wage levels in China that has resulted in China stabilising or losing market share in these products. India is well positioned to take advantage of China’s deteriorating competitiveness because wage costs in most Indian states are significantly lower than in China.

Alas, this is not happening, or at least, not enough. The space vacated by China is fast being taken over by Bangladesh and Vietnam in case of apparels; Vietnam and Indonesia in case of leather and footwear…. Indian apparel and leather firms are relocating to Bangladesh, Vietnam, Myanmar, and even Ethiopia.

The window of opportunity is narrowing and India needs to act fast if it is to regain competitiveness and market share in these sectors. Hence, the urgency."

But where is the urgency? The reality is that apparel and textile exports from India might already have lost the race. According to a report filed by the wire agency PTI on 17 March, the country's textiles exports dipped by about 4.5 per cent to $26 billion during April-December of this financial year.

"The exports of textiles during 2016-17 (April-December) were $26 billion compared to $27.2 billion during 2015-16 (April-December)," Minister of State for Textiles Ajay Tamta said in a written reply to the Rajya Sabha.

The fact is, exports from tiny countries like Vietnam and Bangladesh now exceed those from India. And the embarrassing fact is that despite higher wages, overall textile exports from China still touch $200 billion.

More than 10 years ago, textile exports from Bangladesh were a fraction of that from India. But policy makers there have displayed admirable far sightedness to stitch up a big success story.

Arguably the biggest policy hurdle is the rigid nature of labour laws in the country. While some state governments have shown an element of flexibility, labour laws still dictate that a factory owner simply cannot let go of workers without prior government approval.

Across the world, factories dedicated for exports enjoy tremendous resilience when it comes to hiring and firing workers or taking them on contractual basis depending on orders from overseas clients. Sure, there is exploitation.

But a vast majority of workers prefer work over unemployment. The total workforce in India is about 500 million.

Of this, only about 10 per cent are in the organised sector and enjoy the protections provided by labour laws. The balance 90 per cent are anyway at the mercy of market forces and capricious employers.

For them, flexible labour laws could be a boon. Global giants such as Walmart, Target, Tesco, Adidas, Nike and a host of others would not hesitate to outsource manufacturing operations to India if labour laws were more flexible. And yet they remain the same.

The other big reform that is still a work-in-progress is the so-called ease of doing business.

Ask any exporter and one will get to hear horror stories of the red tape and bureaucratic apathy as well as greedy hostility they encounter while pursuing their trade. At one time, an exporter had to tackle more than 80 forms and documents.

The government claims that it has brought the number down to about eight now. But not enough has been done because one simply doesn't see any major rise in manufacturing investments.

Clearly, this will be a huge challenge not just for exports, but also for the ambitious 'Make in India' mission as both are inextricably linked.

Perhaps the only real good news on this front is the imminent arrival of the GST regime.

As Commerce Minister Nirmala Sitharaman says, "GST gives a feeling that market in India is one now and there are no barriers between regions or provinces.

Even within the country, the value chains — which will get integrated — will have a simpler and straightforward flow (of goods) and therefore, it should make exports more competitive rather than expensive."

Source: businessworld.in- Mar 29, 2017

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Expect Cotton futures to trade sideways to higher: Angel Commodities

According to Angel Commodities, expect cotton futures to trade sideways to higher as demand is good despite good supplies in the domestic market.

Angel Commodities' report on Cotton

Cotton futures on MCX gain on Tuesday on good demand despite improve in arrivals of cotton in physical market. As per physical market participants there are sufficient stocks available with the farmers and stockists.

The cotton arrivals are in full swing and gap of arrivals compared to last year has narrowed down. South Indian Textile mills have started to import cotton from West Africa and the US as the landed costs are on par with the prevailing market price in the country.

Outlook

We expect cotton futures to trade sideways to higher as demand is good despite good supplies in the domestic market. There are higher stock positions with the farmers and stockists which may pressurize prices in coming weeks. However, expectation of export demand may support prices on poor response to state reserve auction in China.

Source: moneycontrol.com - Mar 29, 2017

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ICE cotton hits 1-month low ahead of crop plantations report

ICE cotton futures fell 1 percent to their lowest in a month on Wednesday as traders remained wary and liquidated positions ahead of a federal crop plantations report later this week.

The May cotton contract on ICE Futures U.S. settled 0.96 percent lower at 76.14 cents per lb after hitting 76.10 cents, the lowest since late February.

"We are probably seeing some liquidation ahead of the prospective plantings report," said Louis Rose, an independent cotton trader and consultant with Risk Analytics in Memphis.

"That report is probably going to be bearish. You are probably seeing a little risk being taken off the table," Rose added. The U.S. Department of Agriculture (USDA) will release its prospective plantings report on Friday. *

The May cotton contract on ICE Futures U.S. settled down 0.74 cent, or 0.96 percent, at 76.14 cents per lb.

It traded within a range of 76.10 and 77.08 cents a lb. * Total futures market volume rose by 1,286 to 28,490 lots. Data showed total open interest fell 274 to 281,653 contracts in the previous session. * The dollar index was up 0.37 percent. * The weekly U.S. export sales data will be released on Thursday.

Source: timesofindia.com- Mar 29, 2017

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As Indian economy goes into overdrive to prepare for GST, industry witnesses great traction

With the introduction of the GST Bills in Parliament the government has made significant headway into realisation of the once arduous timeline of July 1 for the implementation of the game-changer indirect tax reform—the Goods and Services Tax (GST).

As the Indian Economy goes into overdrive to prepare for GST with a little over three months to go, the industry has witnessed great traction and the ambiguity that surrounded the implementation of the new indirect tax legislation is slowly diminishing.

In order to ensure the smooth passage of the GST, the government has set up 10 working groups under the guidance of senior tax officials to examine the concerns of industries such as banking, financial and insurance sector, telecommunication, information technology, transport & logistics, exports, textile, oil & gas, gems & jewellery, government services, micro, small & medium enterprises and submit a report on April 10, 2017.

While the key focus areas outlined for review by the GST Working Group are around procedural complexities and rate structures, this forum has the capability to also address industry objections to IT system preparedness, cost of compliance including increase in workforce, end-to-end matching of invoices, which are not limited to the industries that have formed part of these working committees.

This is a welcome initiative as several industries have found representation within these working groups. However, other key industries such as FMCG, industrial products, real estate, pharmaceuticals and automobiles, wherein businesses will undergo a huge shift from their current practices, should be provided the same prospect.

Several key players from the FMCG and packaged goods industry have already incurred huge costs owing to the assessment of impact of GST regime on their business, conducted internally as well as through external consultants.

The sectors wherein the products move through several channels before reaching the end consumer, leading to input credits being built up at depots, warehouses are looking to the government to provide them adequate support in the form of a larger compliance windows to claim input credits, re-negotiate margins with channel partners, distributors and upgrade their IT systems to become GST compliant, amongst other critical aspects.

Other key industries dealing with ‘luxury’ products or products to be taxed at a higher rate, such as aerated drinks, tobacco, luxury cars and luxury goods, have also not found representation within these coveted working groups. The government needs to provide a platform to these industries to open a dialogue on the impact of high tax rates on their business strategies, which will need to undergo a significant change.

There is also a sense of ambiguity within industries that were so far exempted from the purview of indirect taxes in the country, such as private education, healthcare, and the power sector. Certainly, if the government could form more such working groups and provide an equal opportunity for excluded sectors to make representation and table their specific peculiarities, the transition to the revolutionary indirect tax reform will be greeted with more enthusiasm.

Source: financialexpress.com- Mar 30, 2017

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Sharing & Contribution to make India a skill young India by Chanu Creations, Thangmeiband

Pradhan Mantri Kaushal Vikas Yojana (PMKVY) comes under the scheme of "Skill India" which was launched by Prime Minister Shri Narendra Modi on 15th July 2015. It is the flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE). This scheme aims to provide aptitude to the Indian youth towards major skills and raise the standard of working and the efficiency to complete the job. The enrolled students are motivated by giving monetary rewards to increase them and providing them with quality training.

Individuals with prior learning experience or skills will also be assessed and certified under **Recognition of Prior Learning (RPL)**. RPL aims to align the competencies of the unregulated workforce of the country to the NSQF. Project Implementing Agencies (PIAs), such as Sector Skill Councils (SSCs) or any other agencies designated by MSDE/NSDC, shall be incentivized to implement RPL projects in any of the three Project Types (RPL Camps, RPL at Employers Premises and RPL centres). In short, RPL is a process of assessment of an individual's prior learning to give due importance to learning as an outcome rather than learning as process. Under PMKVY, special focus is given to RPL by recognizing prior competencies of the assessed candidates and provides a certificate and monetary reward on successful completion of assessments.

Under this scheme, **Textile Sector Skill Council (TSC)** a Project Implementing Agency (PIA) of Textiles sector has been approved to train 8200 Nos. of candidates to **Chanu Creations** of Thangmeiband, Imphal West, lone training partner of TSC from Manipur to provides the training of RPL in Manipur & Tripura. Chanu Creations has been providing skill training to Imphal West, Imphal East, Bishunupur, Thoubal and Kakching of Manipur and Nayagram, Lalsingmura, Rashwaripur, Baidyardighi and Sadarm Hati of Tripura under this scheme. The total number of candidates to be trained in Manipur is 7100 Nos. and 1100 Nos. in Tripura as per RPL Project Manager Mr. W. Joyshankar Luwang.

Some of the key persons of the team are ***Smt. Chirom Indira (CEO), W. Joyshankar Luwang (RPL Project Manager), Ph. Kangjamba Meitei (RPL Co-ordinator) & Y. Boby Singh (Head of RPL ToT)*** of Chanu Creations can be named. Under her leadership the team has always looked ahead and moving towards newer challenges.

Their natural instincts and foresight have always led her team to the next frontier. They have always maintained a very positive and friendly attitude towards all the section of peoples. The team of Chanu Creations work round the clock to bring about a change of socio-economic conditions of the weavers and weaker sections of the region at large. It is truly gratifying that their efforts, especially in development of handloom sector and providing skill training are bringing smiles to thousands of people.

The enthusiasm with which she has been promoting the handloom sector of the Northeast Indian region, Chirom Indira has achieved great recognition and we hope that in future, the Northeast will be able to exploit its potentials and make a name for itself all over the world.

Her hard work moving towards the fruitfulness tomorrow's generation with a new identity. Activities such as social works, development of handloom sector, women empowerment were always close to her heart. Perhaps, She is a role model of the Handloom & Textiles of the North Eastern Region of India.

She was conferred "National Award 2015" in "Design Development of Handloom Products" by O/o DC Handlooms, Ministry of Textiles for her philanthropic work of development Indian Handloom sector.

She is also a member of "All India Handloom Board (AIHB)" under O/o DC Handlooms, Ministry of Textiles, Govt. of India.

Source: kanglaonline.com- Mar 29, 2017

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Jabong launches Aeropostale on its platform

Jabong has added leading American high-street fashionwear brand, Aeropostale, to its product portfolio. More than 600 variants across various categories such as capris, dresses, jeans, joggers, jumpsuits, leggings, shorts, skirts, t-shirts, tops, jeggings, innerwear, casual shirts, polos and chinos for men and women will be available on Jabong.

The Aeropostale launch will be supported by digital and social media campaigns announcing the brand's launch on YouTube, Facebook, Twitter and Instagram. A separate shop-in-shop promotion will highlight Aeropostale images, videos, main categories & brand description on Jabong's website & mobile app as well as the Jabong's digital fashion blog.

"We are delighted to partner with Jabong, which has a proven track record of successfully launching some of the top global brands in India. We are confident that with the right mix of fashion, price and quality that Aeropostale offers, we will have a great connect with the young audience on Jabong, which is the perfect platform for us to reach a larger and more relevant audience. We look forward to a lasting partnership with Jabong," said Sumit Dhingra, chief operating officer, Aeropostale India.

"Aeropostale is American young fashion brand which connects with Generation Next who are curious, free-spirited dreamers, endlessly energetic, socially conscious and unique.

Our excellent partnerships with great brands such as Aeropostale strengthen our portfolio of the best of international fashion from across the globe.

We are aggressively ramping up both our fashion and sportswear portfolio and the past few weeks have seen Jabong bring some top Indian and international brands on board almost every day," Kalyan Kumar Gunasekaran, chief merchandising officer, Jabong said.

Jabong is aggressively expanding its product portfolio and is adding up as many as 35 brands in March. A few brands that have recently been added on Jabong include New Era Caps, WROGN, Forever 21, Mothercare, Roadster, Cover Story, AAY, Zivame, YWC and Mast and Harbor among others.

Source: fibre2fashion.com- Mar 29, 2017

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Woodland plans to grow online sales by 40% in 3-4 years

Woodland, a sportswear and footwear brand has set a target to grow online sales by 40 per cent within the next 3-4 years.

Apart from its own ecommerce portal, the brand is also retailed at other online retailers like Flipkart, Amazon, Snapdeal, etc. Woodland also operates around 600 stores in various parts of India, apart from the ecommerce channel.

"Woodland is experiencing exponential growth in its online sales, and we expect it to grow 40 per cent in three to four years," Harikirat Singh, managing director at Woodland was quoted as saying by a leading daily.

The brand is also planning to set up 50 more Woodland brand stores in the current year and also five Woods stores in various towns and cities.

Woodland also seeks to increase export volumes. Currently exports account for 20 per cent of sales, which it has targeted to increase to 50 per cent within the next few years.

Earlier this year, the brand had partnered with Chinese company Aokang International to enter the Chinese market. This partnership will enable Woodland to be available in around 5,000 stores in China in the near future.

Source: fibre2fashion.com - Mar 29, 2017

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India trade grew 10% in 2016: Maersk

'Reforms, local demand spur numbers'

Amid weak global trade, India reported a 10% growth in export-import (EXIM) trade in 2016 as compared with that in 2015, according to estimates by Maersk Lines, the world's biggest container shipping line.

"The EXIM container trade volume grew by 10% for the full year 2016, which was double of 2015," Maersk Lines said in its latest trade report. "Trade growth was also more balanced across both exports and imports as against 2015, where import volumes grew four times faster than exports," it added.

Contrary to belief, the demonetisation exercise had limited impact on exports of select commodities, especially the ones that rely on cash for trading, mainly meat exports, it said.

"India's EXIM trade growth was due to strong surge in exports and a consistent increase in imports owing to a series of economic reforms undertaken by the government, increase in domestic demand and improved performance by key sectors such as textiles, agriculture, pharmaceuticals and automobiles," Franck Dedenis, Managing Director — India, Sri Lanka & Bangladesh Cluster, Maersk Lines said.

Increased demand from countries such as Saudi Arabia and Kenya contributed to the overall export growth of 11%.

Imports grew 10%. Even though China remained the largest trading partner reporting 19% year on year growth in 2016, trade volumes from South Korea registered the highest growth in imports at 41%.

In 2016, India forayed into new exports markets. Exporters increased focus in the Middle East and in East Africa thus reaping benefits, even as they entered into new markets such as Central America, the report said.

Saudi Arabia reported the highest volume growth at 16% following strong demand for ceramics and tiles.

Kenya was the second fastest growing country by reporting a growth of 14% due to increase in demand for garments, appliances, kitchenware and automobiles.

During the year Dry Cargo dominated Indian exports. Refrigerated cargo which had dipped by 4% in 2015 grew at 19% in 2016. “Growth in this segment was due to a strong harvest season for vegetables and fruits in India and this segment recorded a growth of 80%,” the report said.

Other commodities that grew significantly were appliances, kitchenware, metals, automobiles and garments.

Although India remains the largest exporter of buffalo meat, the overall meat export volumes fell by 11% in 2016. “This was largely due to the demonetisation exercise as most of the meat producers rely on cash dealings for their business,” Mr. Dedenis said.

During 2016 imports surged 10% led by demand for electrical motors, consumer electronics, and solar panels. China is catering to almost 60% of requirement of solar panels.

The overall imports from the U.S. made a comeback in 2016 and grew at 7% after dipping by 2% in 2015. This was due to increase in import of wastepaper.

Imports from Ukraine quadrupled in 2016, as against the previous year due to increase in demand for seeds, beans, cereals and oil seeds in South India. Refrigerated Cargo grew by 62% as the import of Fruits & Nuts nearly doubled in growth on the back of demand for Apples in the third quarter of 2016.

For 2017 Maersk Line believes that India would continue to grow and improve its position in the global trade, delivering double-digit growth.

“India can boost exports by upto $5.5 billion by improving efficiencies in the supply chain and improving its competitiveness by prioritising digitisation,” Mr. Dedenis said.

Source: thehindu.com - Mar 30, 2017

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Creating globally competitive SMEs

The Micro Small and Medium Enterprise (MSME) sector grapples with the high cost of credit, difficulty in hiring skilled manpower, and complex regulatory procedures. However, many small firms which chose to manufacture goods that can be mass-produced suffer from the existential crisis. Large businesses with large-scale operations can manufacture such products more efficiently.

This is because the productivity of a firm increases with the efficiency with which labour and capital are utilised and naturally is high for large-scale operations. So, small firms manufacturing products that can be mass-produced, is a bad model. What, then, is the most appropriate business model for small firms?

The best business model available to small firms is competing on the basis of innovation-driven niche and differentiated products. But this is easier said than done. India has a weak ecosystem for the development of such products.

What can we do to support small units in manufacturing innovation-driven niche and differentiated products? To start with, we can follow the example of Mittelstands, the innovation-driven small and medium enterprises based in Germany and a few other European countries. Mittelstands are so successful, they contribute to more than half of German economic output and corporate investment. Over 1,300 Mittelstand companies are global leaders in in sectors such as machinery, auto parts, chemicals and electrical equipment.

Personalised approach

At the heart of Mittelstand success is a personalised ecosystem supported by government, academia and the private sector in terms of industry-ready innovations, skilled manpower and market development.

Industry-ready innovation: Germany has a network of 67 research institutions which work in close coordination with Mittelstands, German universities, and the government. These research institutions complete 6,000 to 8,000 result-oriented contract research projects for immediate use by Mittelstand.

The research is carried out by experts and PhD students. At the national level, these efforts are coordinated by the Fraunhofer Society that identifies innovation and new product needs of Mittelstands. It receives funding from the public sector and through contract research earnings. Such efforts are backed by the government. For example, when the concept of Internet of Things (IOT) took off, Germany's National Academy of Science and Engineering introduced the concept of Industrie 4.0 to help manufacturing firms tweak their products to become the leading supplier of smart manufacturing technologies.

Supply of skilled manpower: Germany's apprenticeship system ensures that 80 per cent of trainees in Germany receive a high quality of training in the Mittelstands; they are much sought after for their skills. This way Mittelstands employ about 28 million people which account for 60 per cent of all German industrial jobs.

Market development support: The German economics ministry implements high-quality market development programmes through the use of trade missions, research reports, buyer-seller meets, export credit and investment guarantee programmes.

Not for everybody

Can the Mittelstand model be applied to the entire MSME sector? No. We need to exclude micro units and the service sector from consideration as these are not ready for the transition. For example, the micro sector is largely the informal sector of the economy. Some 40 per cent of manufacturing and 70 per cent of service firms in the micro sector employ just 1 or 2 persons.

About 73 per cent manufacturing and 91 per cent services firms in the micro sector made an investment of less than ₹10 lakh. Similarly, the services sector accounts for about 70 per cent of all MSME units. Most units deal with wholesale and retail trade, hotels and restaurants, transport, storage, warehouse, etc. Retail traders alone account for 40 per cent of service units.

Micro and services sector units have not acquired the critical mass in terms of level of investments, availability of skilled manpower and use of technology to benefit from product innovation.

That leaves us with manufacturing units in the small and medium sector. There are 1.6 lakh units in the small and 7,100 units in the medium sector. Of these, about 60,000 firms have invested more than ₹1 crore in plant and machinery, while over 17,000 firms employ more than 50 persons. This looks like a manageable small number where a personalised programme can be drawn up for each unit.

The Government currently has a number of programmes. Thus it helps MSMEs get credit from banks; it promotes productivity centres, testing, quality certification, skill upgradation and training facilities. It also supports product development, and packaging and marketing efforts. The yardstick for assessing the efficacy of this system should be: How many new innovative products have been introduced by MSMEs in the past few years through the use of this system.

We may consider consolidating this structure and benchmark each service with those provided by Germany. Tying up engineering and management institutions with local small and medium manufacturing units will help each unit introduce modern technology and management practices, and also make students more employable.

On regulation

On the regulatory front, setting up Export Single Window will allow a large number of units to export directly without getting bogged down by commercial and regulatory processes. Today, a large number of Indian SMEs, despite manufacturing quality products, have to remain content supplying products to large exporters who keep most of the margins.

Establishing an ecosystem on the German pattern will create a pipeline for the development of MSME-relevant innovative products which can be exported effortlessly. This will also make India's technical and management education system more useful to the needs of the industry.

Source: thehindubusinessline.com - Mar 30, 2017

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