iBtex. TEXTILE INTELLIGENCE CENTRE
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

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

IBTEX No. 63 of 2017 Mar 29, 2017

USD 64.94 | EUR 70.25 | GBP 80.60 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20413	42700	**83.89**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
21360	44680	**87.78**

International Futures Price

NY ICE USD Cents/lb (March 2017)	76.94
ZCE Cotton: Yuan/MT (May 2017)	15,590
ZCE Cotton: USD Cents/lb	**85.33**
Cotlook A Index – Physical	**87.20**

Cotton guide: Cotton price traded steady in the domestic market around Rs. 43,800 per candy. Due to local holiday in Maharastra the market participation was negligible. Therefore, the future contract at MCX for April contract ended the session stable at Rs. 21,360 merely up by Rs. 60 from the previous close.

Coming to global front the ICE future ended a tad lower at 76.88 cents per pound from the previous close. This has been two consecutive sessions cotton price traded down. A moderate level of business has been reported for prompt shipment, but with seller's basis levels remaining firm, business could remain slow for an indefinite amount of time. Some traders are reportedly waiting on the sidelines until after the release of USDA's prospective plantings report, which is due out on Friday, March 31.

We have been talking about the open interest factor as a key point to watch in the market because the long positions held are substantially higher. However, gradually there has been a modest decline in the open interest from the recent high at the near month active contract.

Total open interest decreased by 907 contracts to 281,927. May '17 interest decreased by 2,957 contracts to 149,919 while July '17 interest increased by 2,093 contracts to 54,168. Certificated stocks were unchanged at 326,221 bales.

Further on the price front, ICE cotton for the aforementioned contract is seen trading marginally lower this morning at 76.83 cents per pound. We believe the market may remain dicey while the probable trend would remain down. From the technical front in the wholesome 76.50 is very key support level. Likewise, on the higher side 77.50 is the strong resistance point.

We believe unless either side levels are breached we would see market to remain sideways while note upon break down below 76.50 the fall could extend sharply towards 75.70 cents. At the domestic front we expect the April future at MCX may trade in the range of Rs. 21100 to Rs. 21400 per bale and recommend selling from higher levels.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Bangladesh and UAE are working together to take bilateral ties to new heights

Forty-six years ago, on March 26, 1971, the father of the nation Bangabandhu Sheikh Mujibur Rahman declared Bangladesh an independent and sovereign country. The country became free on December 16, 1971 after a nine-month war that saw bloodbath and enormous sacrifice of the people of Bangladesh.

It is an interesting coincidence that on that very month, on December 2, 1971, the United Arab Emirates was established under the able leadership of the UAE's founding father, the late Sheikh Zayed bin Sultan Al Nahyan. Both the countries thus started their independent statehood at the same time with the same aspiration for peace, progress, social justice and development.

The UAE was the first Gulf country to recognise Bangladesh and establish diplomatic relations. Bangladesh opened its embassy in Abu Dhabi on March 23, 1974. Bangabandhu Sheikh Mujibur Rahman even visited the UAE in 1974 and held a historic meeting with the late Sheikh Zayed bin Sultan Al Nahyan. This laid the foundation of the relations between the two countries based on shared faith, history, culture and traditions. The Bangladesh Consulate General in Dubai was opened in July 1980.

There has always been an exchange of visits at the highest level between Bangladesh and the UAE. The most important one from the UAE was the historic visit of the late Sheikh Zayed bin Sultan Al Nahyan in 1984, when he stayed in Bangladesh for 10 days. This significantly boosted Bangladesh's relations with the UAE. As a sign of love, respect and friendship of the people of Bangladesh, Sheikh Zayed was then gifted a piece of land near the panoramic coastal city of Chittagong, in the south of Bangladesh.

Over the years, bilateral relations have grown in depth and dimensions. This is evident from the widening bilateral cooperation between the two countries in areas such as economic, trade, investment, employment of Bangladeshi manpower, education, tourism, and culture.

The two countries are also working closely in different international and regional areas. In recent years, the relations between Bangladesh and the Gulf countries, particularly with the UAE, figures prominently in Bangladesh's foreign policy. As members of the United Nations, OIC and other international forums, Bangladesh has convergence of views on major regional and international issues. Both Bangladesh and the UAE are committed to maintaining international and regional peace, security and development, and they have supported each other's candidature in different world bodies and worked together on various issues of mutual interest on numerous occasions.

Bangladesh has extended unilateral Visa on Arrival (VOA) facilities to the citizens of the UAE. This enables any UAE passport holder (regular, official/ service or diplomatic) to travel to Bangladesh without prior visa as VOA would be issued at immigration counters at all the international airports and land ports.

All these have contributed to establishing a solid foundation for the political relations between the two countries.

Boosting trade

Bangladesh concluded a General Trade Agreement with the UAE in 1984 and since then, the trade between the two countries has grown steadily. The two-way trade has significantly increased in the recent years and reached nearly $1 billion in recent years.

The principal exports of Bangladesh to the UAE are readymade garments, woven and knitwear, vegetables, frozen fish, jute yarn and twine, home textiles and textile fabrics, fruit juice, tea in packets, terry towels, spices, stainless steel ware, PVC bags, melamine tableware, biscuit, electronics, cables, jute products etc.

Bangladesh's import from the UAE includes fuel, mineral oil and products of their distillation, chemicals including fertiliser, bitumen etc. ADNOC and its subsidiary companies are providing Bangladesh crude oil and refined petroleum products. Some vegetable products, plastic articles, cotton and cotton yarn/ thread/ fabrics, iron / steel and its products, electrical machinery and equipments etc. are also re-exported from UAE to Bangladesh.

Bangladeshi companies have regularly been participating in Gulf Information Technology Exhibition (GITEX), Gulf Food, Textile fair, Autumn fair and Dubai Shopping Festival etc.

To boost up further economic cooperation between the UAE and Bangladesh, two trade and investment agreements, the agreement for the Avoidance of Double Taxation and Fiscal Evasion with respect to tax on income and an agreement on Promotion and Reciprocal Protection of Investment, and a memorandum of understanding between respective federation of chambers of the two countries were signed in January 2011. The agreements had a positive impact on investment promotion, economic cooperation and trade development between the UAE and Bangladesh.

To create a platform for Bangladeshi business community and to establish business network to exchange business information, ideas and views among other business bodies, the Bangladesh Business Council has been formed and registered in the Dubai Chamber of Commerce and Industry.

There is also a Joint Economic Commission between Bangladesh and the UAE. Regular sessions are held alternately in the two capitals.

Cultural cooperation

Bangladesh and the UAE signed a cultural cooperation agreement in March 1978 and this has provided a broad foundation for cultural activities. Bangladesh Embassy frequently takes initiatives to project Bangladesh's rich art and culture in the UAE through various cultural activities like the visit of a cultural troupe, movie screenings and art exhibition.

Bangladeshi artists used to participate in the Sharjah Biennial and are invited regularly to participate in the national day celebrations of the UAE when they perform in various cities throughout the country.

A large number of the UAE nationals visit Bangladesh every year to attend the second largest Islamic religious congregation held in Tongi, Dhaka. Carriers from the UAE namely Emirates, Etihad and Air Arabia and Biman Bangladesh Airlines operate 40-50 direct weekly flights between the two countries.

Bangladeshi manpower in the UAE

People of Bangladesh started coming to this region before the 1970s in connection with trade, business and even for tourism. Bangladeshi community began to grow in the UAE after mid-seventies when the country's economy flourished from oil revenue. A group of engineers first came to this land with jobs in the oil and gas, electricity and water sectors in the mid-seventies. Some started business in the construction, trading and other sectors.

A reputed Bangladeshi company, the Bengal Development Corporation, was one of the first construction companies which constructed the 250 km highway starting from the Saudi- UAE border in the western region of Abu Dhabi and also later built 5,000 prefabricated low cost housing units in Abu Dhabi in Bani Yas/ Al Wathba and Al Ain areas in 1970s and 1980s. These projects were one of the earliest modern infrastructures of the emirate.

A significant number of Bangladeshis have been working in the UAE and they are contributing immensely to the economies of both the countries. Bangladeshi workforce is employed in a variety of areas, both skilled and semi-skilled, in electro-mechanical, hospitality sector, construction sector, and driving and municipal services. Many are engaged in business.

Major business categories include small grocery shops to supermarkets/ hypermarkets, big construction companies and large perfume manufacturing companies, auto-electric group, automobile garage/ workshops, and spare parts and building materials shops. Some doctors are running polyclinic and engineers are managing construction companies. Yet others are doing business in garments and textiles, restaurants, travel and tourism.

The relations between Bangladesh and the UAE are deeply rooted in shared history, faith and traditions, and are based on trust and confidence in each other. With continuous interaction between the governments and people in various fields, it is becoming multi-dimensional. There are ample opportunities to further expand and consolidate the relations. Both Bangladesh and the UAE are committed and look forward to working together to take the relations to a new height and trajectory.

Source: khaleejtimes.com - Mar 27, 2017

HOME

****

Pakistani textile manufacturers in Belarus on a visit

Two large delegations of textile producers from Pakistan are currently in Belarus to hold talks on the cooperation in light industry and establishment of joint ventures to manufacture textile products and related goods. The visit will run from 27 to 31 March, BelTA learned from the Belarusian Embassy in Pakistan. The federal delegation of businessmen is led by Hassan Iqbal, Secretary of the Textile Industry Ministry of Pakistan.

The delegation of Punjab Province (Pakistan's center of textile industry) is headed by Sheikh Alauddin, Punjab Provincial Minister for Industries, Commerce and Investment. The Pakistani delegations will hold talks with representatives of the Council of Ministers of Belarus, the Industry Ministry, Bellegprom Concern and Belneftekhim Concern, and the Belarusian Chamber of Commerce and Industry.

The Pakistani textile manufacturers will arrange stands and hold presentations at the international expo BelTEXlegprom 2017. Spring that will take place in Minsk from 29 to 31 March. They will hold negotiations with potential Belarusian partners. Pakistan is among the world's leading cotton producing countries.

It has a well-developed textile industry. As a result of a series of talks and presentations that Bellegprom Concern held in 2015 and 2016, the Pakistani side started to show stable interest in setting up joint ventures in Belarus. Considering the textile manufacturing capacities of the two countries, Belarus has a good chance of attracting Pakistani investment and textile production practices.

However, the process requires some time. Today the activities of Belarusian textile manufactures in terms of the cooperation with Pakistan are focused on developing ties with Pakistani textile enterprises to purchase textile products that are not produced in the Eurasian Economic Union for the needs of Belarusian clothing companies.

There are good prospects for cooperation in the purchase of Pakistani cotton fiber, provided that the Pakistani side offers good delivery terms. For dozens of years, light industry has been a major contributor to the development of Belarus' industrial sector.

Its growth is achieved thanks to the use of local raw materials (flax fiber, chemical fiber, hide), highly skilled workforce, and the big consumer market that includes the market of Belarus and neighboring regions. As a result, all regions of Belarus have light industry enterprises (a total of some 500).

These enterprises are export-oriented, same as the Belarusian economy in general. Belarus knows Pakistan's centuries-old light industry traditions, first of all, in the production of cotton yarn and fabric and the manufacture of leather goods and clothing for export.

Carpet making is a fast-growing sector. Pakistan's light industry is also export-oriented. Belarus would like to establish practical cooperation with Pakistani light industry companies, set up joint ventures, and invite Pakistani companies to participate in the effort to upgrade Belarusian companies.

Source: belta.by - Mar 26, 2017

HOME

****

A tale of two textile cities — one in China and one in Pakistan

The month of February featured tales of two textile cities.

The first news came from Islamabad where the Economic Coordination Committee (ECC) approved a grant of Rs12 million to facilitate the wind-up process of Pakistan Textile City Limited, which was inaugurated with much fanfare in 2011 at Port Qasim Karachi. This textile city never produced a single meter of cloth.

The second was a textile city, announced recently, not in Pakistan but China. The Xinjiang Textile Park was inaugurated in the border province of China-Pakistan. Xinjiang now grows 60% of Chinese cotton.

Only in 2016, 22 new enterprises were opened in Aksu Textile Park in southern Xinjiang, producing 10 million meters of cotton cloth with 800,000 spindles every year.

China has plans to add another 100,000 new jobs in textile manufacturing in Xinjiang alone, which already saw 112,300 new workers hired in 2016.

The Pakistan Textile City Limited envisioned to produce 80,000 new jobs, and created only administrative jobs in the headquarters.

At a cost of around Rs1.2 billion, an area of 1,250 acres was purchased from PQA for the project and 774 industrial plots of various sizes were developed. To develop the area by constructing a three-kilometre road, water tanks, etc an amount of Rs2.5 billion was also taken as loan from the National Bank of Pakistan.

The tale from two textile cities – one closed down before commencing commercial operations and the other expanding at "Punjab" speed should teach several lessons.

Already, the Karachi Chamber of Commerce and Industry (KCCI) has shown serious concerns over "threats of further losing its market share to China".

KCCI issued a statement saying, "The anticipated glut of textile and garment from the Xinjiang textile park in the export as well as domestic markets of Pakistan poses a serious threat to Pakistan's textile sector already struggling to remain afloat."

The chamber, in its report, said, "Setting up of the textile park at Xinjiang will give a heavy blow to Pakistani textile exports."

In 2015, I made a presentation in the PIDE Annual Conference, on how Lawrencepur Brand, Pakistan's premier brand of clothing, was forced to move its operations from Pakistan to China. Yes, Lawrencepur is now made in China.

With the Minister of Planning present, I argued that productivity is not a state-led process. The shifting of Lawrencepur to China and closure of Pakistan Textile City are two sides of the same coin. We are losing business, market share and jobs.

Is the process of a general decline of Pakistani textile, as also exhibited in the stalemate of its exports, can be termed a Schumpeterian Creative Destruction?

This creative destruction is onset by entry of new technology, innovation and new industry, which forces old industry to shut down and opens new opportunities. It is typically enterprise driven, which embarks upon innovation and forces the old guys out. Painful but important – creative destruction is a milestone in a nation's industrial path.

However, it seems that what we are witnessing in Pakistan's textile is not a Schumpeterian destruction – rather it is a form of Dragonian Resurrection – a term I coined to capture Chinese influence on local business. In a Dragonian Resurrection, innovation spill-overs do not happen. Local companies are either closed down or taken over by the Chinese shareholders.

Of course, we cannot blame the Chinese, as the Karachi Chamber is doing. It is true that we are giving them infrastructure, yet I am not blaming Chinese for the eventual demise of Pakistan's textile.

I am ready to believe that all Chinese goods will just move from the north to south to be shipped around the world. I am also assuming that the take-over of the Pakistan Stock Exchange by Chinese and intense manoeuvres by Chinese industrialists to buy big Pakistani textile firms will also be good.

However, our own textile entrepreneurs, if they want to remain in business, have to sharply re-define their business methods in this new world. The role of a well-coordinated Textile Policy cannot be under-estimated in this. One direction may be actually the big Indian market of working women, who can't stop loving our splendid women wear designs. But here comes the crucial role of an active government, which negotiates for entry of its own businesses.

Malaysia's MATRADE (similar to our Trade Development Authority) is a great example of how its officers work tirelessly to win market access in locations across the world.

Remember, they are not in the business of doing business, but win entry for their entrepreneurs. Thus, some kind of policy craft is essential but eventually the businesses have to deliver.

Source: tribune.com.pk - Mar 27, 2017

HOME

****

Indonesia: Garment exports projected to stagnate this year

The Indonesia Textile Association (API) projects that garment exports will stagnate this year after declining by 3.2 percent to US$11.9 billion last year. “It’s good if it’s stagnant.

Last year it declined because there are several problems that still persist in the country, though there have been some improvements in facilities from the government to boost the sector,” API chairman Ade Sudrajat told *The Jakarta Post* recently.

Problems include contradictory policies between central and local administrations, complicated tax procedures, inadequate infrastructure that leads to high logistics costs and electricity and gas prices that are higher than neighboring countries.

Besides internal challenges, Ade said the Indonesian textile business also faced tough competition in trying to expand its share of the international market. He called on the government to expand trade agreements with big buyers.

“Indonesia can lobby the United States to expand its GSP [Generalized System of Preferences] for more Indonesian garment items so more of our product can enter the country with lower tariffs,” he added.

The US is Indonesia’s biggest garment importer.

Despite the challenges, the association acknowledged some improvements in logistics, such as the establishment of dozens of bonded warehouses.

The association also acknowledged that the activation of more cargo lines from Gedebage Station in West Java – known as a center for garment production – to Tanjung Priok Port in Jakarta had boosted exports.

Source: thejakartapost.com- Mar 28, 2017

HOME

****

Kraig gets certificate for silk production in Vietnam

Kraig Biocraft Laboratories, Inc., a leading biotechnology company and developer of genetically engineered spider silk based fibre technologies, has been awarded an investment certificate for the production of high technology silk in Vietnam's Quang Nam province.

The investment certificate was issued on March 26, 2017 at Quang Nam Investment conference.

The investment certificate award was the necessary and final step before the company seeks central government approval for the expansion of Kraig Labs' business. The company's efforts to secure that final approval are well underway.

Kraig's CEO and founder, Kim Thompson, "This is a huge step forward in our plans to expand production on a large scale.

We look forward to the opportunity to revitalise silk production, using high technology, in an area of the world with a strong history of quality silks and textiles."

Kraig's COO, Jon Rice said, "While this is a momentous occasion for Kraig Biocraft Laboratories and our shareholders, it is also a turning point in the commercialisation of advanced fibres."

Source: fibre2fashion.com - Mar 28, 2017

HOME

****

USA: NYCEDC announces $51mn package for NYC garment industry

New York City Economic Development Corporation (NYCEDC), in collaboration with the Council of Fashion Designers of America (CFDA) and the Garment District Alliance, has announced a $51.3 million package to help stabilise New York's garment manufacturing industry. It includes investments in technology, business technical assistance and workforce development.

The package includes investments in technology, business technical assistance and workforce development, which will be available to factories across the five boroughs. Relocation and expansion support will be available for companies that are interested in moving from the Garment District.

Specifically, the support package is comprised of four critical types of interventions to support the declining industry – modernisation and investment in technology, enhanced workforce development, industry organization and technical assistance and real estate stability and clustering.

"Since taking office, we have invested in every piece of the fashion industry, from a new academic building at FIT, to marketing assistance, to renovating space in city-owned buildings for manufacturers. I am committed not just to the stability of garment manufacturing, but to its growth. There is a market and a demand for clothes that are Made in New York, and we are taking bold steps to help firms move to the new space we have developed so they can grow and thrive," said Alicia Glen, deputy mayor.

"The Garment District Alliance is pleased to partner with NYCEDC and the CFDA to bring this package of meaningful supports to garment manufacturers. The future of the apparel industry is dependent upon the sustainability of the fashion ecosystem, and we believe this initiative will help to stabilise the apparel manufacturing sector that has been in decline for many years," said Barbara Blair, president of the Garment District Alliance.

This robust package was developed by the city following substantial outreach to garment manufacturers, designers, suppliers and industry leaders to better understand the challenges that are crippling the industry today.

Developed through one-on-one interviews, focus groups and site visits to Sunset Park, the package is a holistic response to the industry's wide-ranging needs and will stabilise and strengthen this critical and historic NYC sector through a decade's worth of investments.

The $51 million support package for the garment manufacturing industry builds upon the city's $15 million investment to create the Made in NY: Fashion initiative, which provides funding for fashion education, production, financing and retail programming.

The CFDA and NYCEDC's Fashion Manufacturing Initiative, which provides funding for new machinery and technology, will build on the success of its first four years and increase grant funding for factories throughout the five boroughs. NYCEDC will procure a third-party operator in the coming months to implement the package of services.

The fashion industry is a significant contributor to the city's economy, employing over 5 per cent of the city's total workforce. Local garment manufacturing is integral to the success of the fashion industry and can be competitive with respect to quality, time and convenience, and local production is equally important to both emerging and established designers.

Source: fibre2fashion.com– Mar 27, 2017

HOME

****

US withdrawal from TPP to not impact Vietnam garment exports

A high ranking official of the Vietnam Textile and Apparel Association (VITAS) said that the garment industry in Vietnam has thrived without the Trans Pacific Partnership (TPP) as it holds the second biggest market share in the US and Japan.

He observed that withdrawal of the US from the TPP, would not impact exports of clothing from the country.

"apart from TPP, Vietnam has signed and will sign several free trade agreements (FTAs)," Truong Van Cam, vice chairman of VITAS said, while highlighting Vietnam's garment and textile export potential to other markets, including the US.

"Clothing exporters have continued to adopt new technologies to improve their productivity and reduce costs, which has increased their competitiveness in exports to Japan and USA," Cam was quoted as saying by Vietnamese media.

The Vietnamese garment sector has targeted a growth rate of 7-8 per cent in 2017 and $30 billion in export earnings.

Source: fibre2fashion.com– Mar 28, 2017

HOME

****

NATIONAL NEWS

Chinese investors flock to 'Textile India 2017' road show

India has organised a road show at China's textile hub Shaoxing, detailing the investment oppurtunities in fabrics, machinery and yarn sectors in the country to about 120 Chinese textile firms.

A four-member delegation led by Pushpa Subrahmanyam, Additional Secretary, Ministry of Textile along with Chairman, The Cotton Textiles Export Promotion Council (TEXPROCIL) and a Confederation of Indian Industry (CII) representative participated in an event held yesterday organised by Indian Consulate in Shanghai along with Shaoxing Municipal Peoples' Government.

The road show titled 'Textile India 2017' was organised to spread awareness amongst Chinese Textile companies about the upcoming mega textile event in Gandhinagar fromJune 30-July 2, 2017, a statement issued by the Consulate said.

About 120 textile companies from fabrics, machinery and yarn sector participated at the Shaoxing Roadshow, Prakash Gupta, Consul General of the Indian Consulate in Shanghai said in the statement.

Shaoxing (located in Zhejiang Province) was chosen as the location for the road show, as it is one the largest textile manufacturing and trading hubs in eastern China.

Several textile companies from Shaoxing have investments and business interests in India, including a 2000 strong Indian textile trading community that is also based out of the city.

A detailed presentation on the overall scope, scale and participation guidelines for Chinese companies was made by Pushpa who also answered queries of Chinese companies on issues related to investments in textile practice in India.

A series of B2G meetings were also organised after the conclusion of the Business Seminar, during which queries regarding the upcoming event were addressed in detail.

Pushpa along with the Indian delegation called on ShaoxingVice Mayor, Xu Mingguang and extended an invitation to Shaoxing City leadership to lead a textile investors delegation to participate at the Textile India 2017event in Gandhinagar, the statement said.

The Gujarat event will, for the first time, mark the positioning of an annual textile trade event in India on the annual calendar of global trade events.

Prime Minister Narendra Modi is likely to inaugurate the event, it said.

Source: business-standard.com- Mar 28, 2017

HOME

****

Textile sector aim of Rs 40,000-crore investment unlikely to be met

According to the state economic survey 2016-17, "There are 16 textile parks functioning with employment of 0.23 lakh.

The government's ambitious plan to boost the textile sector by tapping investments worth Rs 40,000 crore and creating 11 lakh jobs by 2017 seems set to fall short of its target.

A highly placed source in the textile department said, "Investments in the total textile projects approved by financial institutions and in various phases of enforcement by March 2017 amount to Rs 16,371 crore, with the potential to generate 2.50 lakh jobs."

According to officials, the original plan had been for five years, between 2012 and 2017. "Inaction on part of the government in the initial years and lack of response from investors are among the factors responsible for the short-fall," said an official.

To turn the figures around, the government has taken a series of steps, a senior official said. The new textile policy, announced in 2015, makes it mandatory to have textile hubs concentrated in the cotton growing belt of Vidarbha and Marathwada, as opposed to western Maharashtra, to cut down on the cost of transporting raw cotton and other expenses.

According to the state economic survey 2016-17, "There are 16 textile parks functioning with employment of 0.23 lakh. Currently, there are 10.01 lakh power looms in state with 19 lakh employment."

With 42 per cent of area under cultivation, the government believes that the textile sector has the maximum potential to generate employment.

But the lack of infrastructure has lead to only 25 to 30 per cent of the raw cotton being processed in the state. Roping in the private sector is one of the measures the government is using to tackle this.

"The stress on public-private partnership to boost the textile sector with the concept of farm to fashion has worked in the Amravati division of Vidarbha. At Nandgaon Peth (Amravati), the total investments have crossed Rs 9,000 crore, with the involvement of big players such as Raymond," an official in the department said.

Apart from new textile parks and processing units, efforts to restructure and revive loss-making units are also underway.

Source: indianexpress.com - Mar 29, 2017

HOME

****

Union Textiles Minister reviews MUDRA scheme

Scheme facilitates margin money of up to Rs 10,000, credit guarantee and loans at concessional rate of 6 per cent.

Union Textiles Minister Smriti Irani today reviewed the MUDRA scheme for providing credit to handloom weavers in a meeting with representatives from state governments and banks here.

The Weaver MUDRA scheme facilitates margin money of up to Rs 10,000, credit guarantee and loans at concessional rate of 6 per cent for a period of three years.

So far 23,611 MUDRA loans have been sanctioned by 56 banks to handloom weavers in 19 states.

"Exhorted banks to speed-up issuance of RuPay Cards so as to enable weavers access maximum benefit & also move towards digitisation (sic)," Irani tweeted.

The Ministry of Textiles has set a target of extending MUDRA loans to five lakh handloom weavers in the three years starting from June 2016.

Source: asianage.com- Mar 28, 2017

HOME

****

Union Textiles Minister inaugurates 33rd India Carpet Expo

The 33rd Edition of India Carpet Expo, being organized by Carpet Export Promotion Council, at Pragati Maidan, New Delhi, was inaugurated by the Union Textiles Minister, Smt. Smriti Zubin Irani today. Minister of State for Textiles, Shri Ajay Tamta and Member of Parliament, Bhadohi, Shri Virender Singh were also present on the occasion.

Interacting with the media, Shri Ajay Tamta appreciated CEPC for organizing the Expo twice every year, to promote Indian weavers worldwide. He noted that the Expo generates huge volume of business every year; he said that the handmade and hand-weaved products at the Expo are the major attractions to the foreign buyers.

The Expo, one of Asias largest handmade carpet fairs, is being organized to promote the cultural heritage of Indian handmade carpets and other floor coverings, and the weaving skills of their makers, amongst visiting overseas carpet buyers.

The Expo is an ideal platform for international carpet buyers, buying houses, buying agents and architects to meet with and establish long-term business relationships with Indian carpet manufacturers and exporters. It is a unique platform for buyers to source the best handmade carpets, rugs and other floor coverings under one roof.

The Expo has established itself as a popular sourcing platform for carpet buyers from all over the globe. Indias unique capability in adapting to any type of design, colour, quality and size, as per the specifications of carpet buyers has made it a household name in the international market.

The 33rd edition has received an overwhelming response from member exporters; 305 exhibitors are displaying their products in the show. Around 410 Carpet importers from 60 countries, mainly from Australia, Brazil, Canada, China, Chile, Germany, Mexico, Russia, Singapore, South Africa, Turkey, U.K. and USA shall be visiting the Expo.

The Council endeavours to provide an exclusive business environment to both carpet importers and manufacturer-exporters, for the ultimate benefit of about two million weavers and artisans, who are employed in this labor-intensive cottage industry.

Chairman, CEPC, Mr. Mahavir Pratap Sharma has said that this exhibition and buyer-seller meet will be the first step in taking Indian exports of handmade carpets to greater heights.

Source: business-standard.com- Mar 27, 2017

HOME

****

Will rising cotton imports deter farmers?

Will the area under cotton decline next season, given that mills have opted to import despite the sufficient volumes in the domestic market?

Industry sources say this is unlikely as the prices are at least 25 per cent higher than in the last season. With good realisations, farmers will be incentivised to increase the area under cotton, they add.

"When the realisation is better for the farmer, why would he think of shying away?" an industry expert reasoned. "In Telangana, cotton farmers regret their decision not to cultivate the fiber, given that the realisation is at least 25 per cent more than in 2015-16."

The average price realised by farmers has risen from ₹93 a kg last year to ₹120/kg this season.

When the domestic fibre ruled at under ₹100/kg, mills imported cotton at around ₹120/kg last year; this year the price variation has not been as wide, and the fiber is aplenty. But mills cite fiber quality and better yarn realisation to defend their decision to import.

It is learnt that the Cotton Corporation of India has secured approval to procure 15 lakh bales this season, but has so far procured only one lakh bales.

The area under cotton cultivation crossed 100 lakh hectares in 2009-10, and has gone up since then. And although the area under cultivation fell in 2016-17, production did not drop, and in fact rose from 338 lakh bales to 346 lakh bales.

Source: thehindubusinessline.com- Mar 28, 2017

HOME

****

India may impose duty on elastomeric filament yarn

The Government of India is likely to impose anti-dumping duty on import of elastomeric filament yarn from four countries—China, South Korea, Taiwan and Vietnam—as the Directorate General of Antidumping and Allied Duties (DGAD) has concluded in its investigations that the yarn has been exported to India from these countries below its associated normal value.

The authority "recommends imposition of definitive anti- dumping duty... so as to remove the injury to the domestic industry," a DGAD notification said.

The DGAD has recommended duty ranges between $0.15 per kg to $3.44 per kg. It is now up to the ministry of finance to impose this duty.

Elastomeric filament yarn is used in the manufacturing of hosiery, swimsuits, exercise wear, disposable diaper and golf jackets, among other apparel and accessories.

The anti-dumping duty is normally imposed for a period of five years, post which it can be extended after a review. The duty is not uniformly imposed and it varies from company to company and country to country.

Source: fibre2fashion.com- Mar 28, 2017

HOME

****

CAG points out lapses in crop loan waiver scheme

No social audit conducted to eliminate multiple financing of beneficiaries

The Comptroller and Auditor General of India has pointed out lapses in the implementation of the crop loan waiver scheme announced by the State government during the year 2015-2016.

The CAG, in its report on economic sector tabled in the Legislative Assembly on Monday, said verification of beneficiaries under 'farmer family' norm was conducted without Aadhaar numbers, despite it being mandatory in the scheme guidelines. No social audit was conducted to eliminate duplicate/multiple financing of beneficiaries, while the government had not verified the crop loans taken by farmers from other district bank branches on agriculture lands in multiple districts/mandals.

Excess interest

Crop loans to Rythu Mitra Groups/Rythu Mitra Sangams were waived against the scheme guidelines to treat farmer families as units. Banks claimed excess interest of ₹183.98 crore on total outstanding crop loan of beneficiaries. Some of the banks did not claim interest, though stipulated in the scheme guidelines, resulting in eligible farmers being deprived of waiver of interest to an extent of ₹66.16 crore.

There was also delay in remittance of unspent amount into the government account both by the Joint Directors of agriculture and the banks, mainly due to delayed reconciliation of accounts by banks.

There were unspent balances with the nodal banks and also with bank branches even after furnishing utilisation certificates to the government.

Textile parks

The CAG also pointed out shortcomings relating to the development of textile and apparel parks, claiming that audit of four out of the eight parks proposed in the State showed significant time overruns in their completion ranging from seven months to 151 months.

The expenditure incurred by the State government (₹6.04 crore) and the Central government (₹14.34 crore) could not yield expected results in respect of textile park at Sircilla and the Whitegold Integrated Spintex Park Private Limited (WISPL).

There were no export sales from textile park in Sircilla and the WISPL against the targeted ₹10 crore and ₹650 crore a year respectively. While the textile park of Pochampally reported export sales of ₹1.53 crore against targeted ₹17.5 crore a year, there was shortfall in establishment of units in the parks ranging from zero to 100% and 81% to 100% in respect to employment generation.

The CAG observed that in the apparel export park of Gundlapochampally, 53% of the total units belonged to non-textile/apparel manufacturers, and the park had not achieved its intended purpose of being an apparel hub.

Source: thehindu.com - Mar 28, 2017

HOME

****

'Increase in demand for organic designer linen'

There has been an increase in the demand for organic designer linen. This shows a shift in the buying pattern of consumers which can be further improved with awareness on sustainability. However, the major challenge faced by the textile industry is on the price front. The organic materials are expensive in comparison to the conventional ones.

"Organic products are on the expensive side in comparison to conventional ones. People prefer cheaper products with print varieties by which they can update their room décor more frequently. Besides, there is a need to spread awareness about organics and their use for a healthier lifestyle so that we can connect with the consumers," said Manuj Terapanthi, Founder-CEO of Texaura, a GOTS certified 100 per cent organic cotton bedding range.

The current global market size for sustainable linen bedding is US$16 billion. The Indian market size has contributed globally in the B2B realm as the market here and in the subcontinent is still at a nascent stage. This does not really qualify in terms of home market needs. But the market has contributed largely to exports in the markets of the United States of America, the United Kingdom, Canada and Europe.

"Aiming to bridge the gap between the demand and the supply of organic bedding linen, we work towards empowering farmers, protecting the environment and setting out a sustainable organic way of living," Terapanthi told Fibre2Fashion. "The shift in buying patterns is clearly evident with the advent of online product purchasing as it saves both time and effort and reaches out to the customer anywhere across the world."

Texaura envisions bringing to the fore a global brand with Indian organic roots and world-class standards of quality.

Source: fibre2fashion.com - Mar 29, 2017

HOME

****

Domestic mills seek overseas output due to price surge

Indian textile mills are looking to buy overseas cotton, as there is a constant rise in prices of domestic output of cotton, making it unfeasible.

The cost advantage of the domestically produced cotton has disappeared as until March the prices surged constantly, pushing cotton mills to sign import contracts.

Since the beginning of the season, cotton prices have surged higher. The benchmark, Sankar 6's prices soared by nearly about 15% to Rs 44,000 per candy.

Cotton arrivals in major markets such as Warangal, Bhatinda and Guntur slipped by 25% to 50% in the month of February; while the prices took a vertical climb of 15% to 30% over the same month of the previous year.

In 2016-17, for the month of October, Cotton Advisory Board’s estimates were 351 lakh tonnes of production.

Source: indiainfoline.com - Mar 27, 2017

HOME

****

Sluggish export growth may hit apparel industry

Growth in apparel exports may stay muted for a consecutive year in FY17, as demand from key importing countries remained subdued. On the back of the global apparel trade contracting by one per cent to $432 billion (Rs 28 lakh crore) in 2016, apparel exports, according to the Apparel Export Promotion Council's (AEPC's) estimates, were likely to close 2016-17 at $17.3 billion (Rs 1.12 lakh crore), up by roughly two per cent from $16.9 billion (Rs 1.10 lakh crore) in the previous financial year.

Credit rating agency Icra also expects India to report tepid growth of one per cent in dollar terms.

This is also evident from the fact the industry clocked exports of $15.5 billion (Rs 1 lakh crore) during April 2016-February 2017, a growth rate of just 0.6 per cent over the last year, according to AEPC sources.

While sluggish demand from importing countries has been the primary reason for the muted guidance, what also works against India is its heavy reliance on cotton amid an increasing share of lower-priced man-made fibre-based apparels by other competing markets such as Vietnam and Bangladesh.

"The other competing nations import almost all the raw materials and hence have a better economies of scale than India, which is dependent heavily on the domestic industry, predominantly driven by cotton," said an AEPC official, on condition of anonymity.

"The exports in value terms have declined, following an increase in the share of man-made fibre-based apparels, which are lower in value vis-à-vis cotton-based apparels. This in turn has been caused by the improved competitiveness of polyester vis-à-vis cotton during the past few years," Icra said in its March update.

Apparel exports to the US are estimated to have grown by two per cent in 2016. "While this growth is modest compared to the healthy growth clocked in prior years, the growth quantum looks satisfactory in the backdrop of a one per cent decline in import quantity of the US.

Similarly, apparel export quantity to the European Union (EU) is estimated to have grown six per cent in 2016, compared to a five per cent in total apparel import quantity of the EU," Icra said.

On the other hand, exports to the UK have fallen to $1.2 billion (Rs 7,800 crore) from $1.6 billion (Rs 10,400 crore) due to sluggish demand, according to AEPC sources.

The previous three quarters have seen fluctuating growth for the Indian apparel industry. Top garment manufacturers such as Gokaldas Exports Limited and Mafatlal Industries, among others, have posted net loss in the third quarter of the current financial year, against a profit in the corresponding period in FY16.

Gokaldas Exports posted a net loss of Rs 21.84 crore for the quarter ended December 31, 2016, against a net profit of Rs 25.92 crore for the corresponding period in FY16. It also posted quarterly revenue from operations of Rs 198 crore, down by 19 per cent as compared to Q3 of FY16.

"The decline in revenue in Q3 FY17 was due to continued impact of loss of business from a key export customer and delay in onboarding and stabilising operations of a new customer.

The company has been able to stabilise operations of the new customer towards latter part of the quarter and commence deliveries, complete servicing of the same is expected in the fourth quarter," the company had said.

Similarly, Mafatlal Industries registered a net loss of Rs 12.5 crore in Q3 of FY17 against a net profit of Rs 1.74 crore in the Q3 of FY16. On the other hand, Arvind Limited posted net profit after taxes, minority interest and share of profit/(loss) of associates of Rs 75.62 crore for the quarter ended December, compared with Rs 90.46 crore for the year-ago period.

Going forward, Icra anticipates domestic focused apparel manufacturers to do better than exporters.

"Given the weak trend in global apparel trade, the domestic market-focused apparel manufacturers are expected to perform relatively better than exporters for second consecutive year in FY17.

However, given the temporary pressures observed in domestic consumption owing to demonetisation, the gap between the growth rates is likely to narrow significantly.

Thus, compared to an estimated revenue growth of 10 per cent for domestic market-focused players, the revenues of exporters are expected to grow by nine per cent in FY17 for the entities in Icra's sample set," it said, while adding the operating profit margins of the domestic market-focused apparel manufacturers remain higher than the apparel exporters.

In FY16, too, the domestic players had reported a much higher growth rate of 14 per cent vis-à-vis six per cent growth rate achieved by exporters. "Overall, FY16 and FY17 have been years of weak growth for apparel manufacturers compared to the recent past, wherein the revenues of both apparel exporters and domestic players grew at a CAGR of 13-14 per cent during 2011-2015," Icra further stated.

Source: business-standard.com - Mar 29, 2017

HOME

****

Explaining the sharp rise in the rupee

Since the beginning of this year, the rupee has appreciated nearly 4 per cent against the US dollar. Part of it is due to the winding down of the "Trump-trade" and loss in the dollar globally. As market participants have become sceptical about the implementation of Trump's agenda, they have been cutting down long-dollar positions, and emerging market currencies in general have gained this year.

Meanwhile, there has been a host of factors on the domestic front leading to substantial gains in the rupee. After the BJP's landslide victory in the latest Assembly elections, foreign investors have turned more hopeful on the Indian equities. Since the announcement of the election results on March 13, FIIs have poured in $3.4 billion into Indian markets, compared to an outflow of similar magnitude in the first ten months of FY17.

Another major change has been in the outlook of the policy rate. The Reserve Bank of India has turned hawkish with a change in its stance from 'accommodative' to 'neutral'. Consequently, the rise in bond yields has led to an influx of foreign capital into the Indian debt market.

In addition, the GDP growth for the third quarter of FY17 has been much better than expected and has helped alleviate some of the earlier fears related to demonetisation.

On the domestic front, the current account deficit is likely to widen from 0.6 per cent of GDP in FY17 to around 1 per cent of GDP in FY18, and inflation is expected to pick up from around 4.5 per cent in FY17 to 5.1 per cent in FY18 (HDFC Bank forecasts).

Global picture

On the international front, while two more rate hikes from the US Fed are factored in by the markets, political uncertainties and looming policy risks, both in the Euro Zone and the US, could lead to a 'risk-off' episode going ahead.

Some longstanding and others newly formed far-rightwing parties have been achieving electoral success in a number of countries. With upcoming elections in France and Germany, there could be a wave of uncertainty that could lead to capital flights from the emerging world.

Against such a backdrop, the rupee is likely to depreciate in line with other emerging market currencies in the medium-term.

However, in the short-term, as long as capital inflows remain robust, the appreciation pressure could stay intact. In such a scenario, the incremental room for rupee appreciation will largely be dependent on the intervention strategy of the central bank.

What to expect from the RBI?

In 2016, there was a reasonable degree of certainty about the resistance level of the rupee. As such, $/₹ movements below the 66.5 mark captured the RBI's attention.

However, unlike in the past, the RBI's intervention in the currency market has not been aggressive enough this time around, due to multiple reasons.

One, the current episode of rupee appreciation is viewed as a short-term phenomenon.

As mentioned, with a gradual pick-up in inflation and deterioration in the current account dynamics, the rupee trajectory could reverse without any commensurate need for intervention from the RBI.

Two, there is ample liquidity in the banking sector. At the last count, systemic liquidity surplus was around ₹4 trillion. In such a situation, buying dollars and further infusion of rupee liquidity could put the RBI’s foremost goal of inflation-targeting at risk.

Three, there is strong evidence that the fair value of the rupee has changed. That is, the RBI is now likely to be more comfortable at a marginally higher level of the rupee than in the past. This is the most important aspect to understand regarding the near-term rupee trajectory.

One measure of the fair value often cited is the RBI’s Real Effective Exchange rate. For February, this measure suggested around 15 per cent over-valuation in the rupee. An over-valued exchange rate implies that the currency is too high for the state of the economy and it should depreciate for competitiveness to remain intact.

Misleading logic?

However, the contention that the rupee is over-valued based on the RBI’s measure may be misleading since it gives more weightage to the EUR and AED instead of competing currencies such as China and other Asean countries. In fact, in February, the RBI governor himself mentioned that the rupee is ‘broadly’ where it should be when its own gauge of the currency’s trade-weighted performance showed it to be over-valued.

Therefore, other measures of the REER by the ministry of finance (MoF) or by the IMF, which assigns higher weightage to Asian currencies, are probably better to gauge the rupee dynamics going ahead. Using the same weights as used by the MoF, I formulated a new measure of the weighted exchange rate for India’s trading partners (nominal terms).

This measure shows that since February, if on the one hand, the rupee has appreciated by 1.9 per cent against the dollar, the basket of competitive currencies has also appreciated by 0.6 per cent. This still leaves an unexplained appreciation of around 1.3 ppt.

Hence, to take inflation into account, which works with a lag of around four months, I created the inflation differential index for India using the same weights as the Asia REER measure of MoF. This shows that since October, the weighted inflation differential for India has gone down by 1.3 per cent. This is what explains the additional appreciation that has occurred in the rupee.

In a nutshell, while globally other currencies have appreciated too, the decline in India's inflation has been more than that of its competitors thereby leading to a re-rating of India's exchange rate.

Thus,it would be safe to assume that the RBI will not become an aggressive buyer of the dollar until the exchange rate slips below the 65 mark. Of course, in the medium-term, as inflationary pressures pick up, this fair value estimate would undergo a gradual change.

Source: thehindubusinessline.com - Mar 29, 2017

HOME

****

With India demanding greater access, CECA with Singapore stays stuck for the 6th year now

The second review of the India-Singapore Comprehensive Economic Cooperation Agreement (CECA) to boost two-way trade remains inconclusive despite efforts to expedite the process. The review process has been stuck for six years over the issue of India demanding more access in that market for its professionals and banks.

According to Commerce Secretary Rita Teaotia, "The India-Singapore CECA was one of the earlier agreements done by India with any country covering trade in goods, trade in services and investment. Singapore has been a great trading partner. There have been issues in concluding the second round of CECA. These are minor issues but they are integral to the original CECA."

Speaking at the launch of the study report 'India-Singapore CECA: An Appraisal of Progress' authored by VS Seshadri, vice chairman, Research and Information System for Developing countries (RIS), the commerce secretary pointed out issues including Asset Management Ratio (AMR) for banks; employment and other issues that are restricting movements;

sharing Custom Data & Rules of Origin, need to be addressed. “Every trade engagement requires India to open its markets for other partners,” she added.

Preeti Saran, secretary (east) MEA, said, “This is the good time to review the India-Singapore CECA. It is also coinciding with the 25th India-ASEAN anniversary. Also, next year Singapore will be assuming presidency of ASEAN.” According to Saran, defence and security also forms a crucial part of the strategic partnership between the two countries.

“We have strong navy to navy cooperation. We have offered our facilities to the army and Air Force of Singapore.” The study maps out the trend in India’s bilateral merchandise exports which showed an upward movement in the initial years after CECA but which has in recent years declined.

Since Singapore has zero MFN duties for practically all the goods, tariffs play no part in the competition. Significant efforts will be needed by Indian exporters to strengthen export prospects in potential areas. Last year, during a meeting between Prime Minster Narendra Modi and his Singaporean counterpart Lee Hsien Loong, both had decided to “expedite” the second review of the CECA to boost two-way trade.

Source: financialexpress.com - Mar 29, 2017

HOME

****