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# NEWS CLIPPINGS –12-05-2018

| Textile processors to increase job charges by Rs 2 per metre | Times of India https://timesofindia.indiatimes.com/city/surat/textile-processors-to-increase-job-charges-by-rs-2-per-metre/articleshow/64129506.cms |
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Surat: Textile processors in the country's largest man-made fabric (MMF) in the city have unanimously decided to increase job charges by Rs2 per metre on processing of all kinds of finished fabrics from May 15. A meeting in this regard was held under the aegis of South Gujarat Textile Processors' Association (SGTPA) on Friday. The hike in job charges is attributed to increase in average cost of dyes, chemicals, coal and wages of textile workers.

The SGTPA office-bearers said there was an average increase of 25% in dyes, around 15% in chemical and Rs1,500 per tonne in coal price. There has also been a steep increase in labour charges in the processing sector.

At present, MMF cluster in the city manufactures around two crore metre of fabrics per day. There are 6.5 lakh powerloom weaving machines, out of which around 3.5 lakh machines have been shut in the last few months.

There are around 400 textile dyeing and printing mills located in the city, including Sachin and Pandesara and on the outskirts at Palsana and Kadodara.

SGTPA president Jitu Vakharia told TOI: "We are compelled to hike job charges to sustain the processing sector from slowdown and because of increase in cost of raw materials. The hike in job charges will effectively increase the per metre cost of the finished fabrics in the range of 50 paise to Rs3. We understand the ongoing situation in the textile sector. We are hoping that the production of MMF fabric will pick up pace in the upcoming festival season."

Pandesara Weavers Cooperative Society president Ashish Gujarati said: "The textile sector is passing through a rough patch. The entire powerloom sector is operating only one shift for eight hours to curtail production. The hike in processing job charges is only going to impact the industry further."

| No consensus on GST concession for digital payments | Business Line https://www.thehindubusinessline.com/economy/no-consensus-on-gst-concession-for-digital-payments/article23857294.ece |
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State Finance Ministers to meet again in 10 days

The Group of State Finance Ministers, which met here on Friday to decide on providing a 2 percentage point concession in the GST rate for digital payments, could not reach a consensus.

"We need some more data to arrive at a decision," Sushil Kumar Modi, Deputy Chief Minister of Bihar and Chairman of the Group of Ministers, told media persons after the meeting.

The second and final meeting is expected in 10 days. Amit Mitra, West Bengal Finance Minister, said international practices need to be studied. Punjab Finance Minister Manpreet Singh Badal suggested creating negative and positive lists for giving concessions.

The Minister's panel was formed after the GST Council failed to take a decision at its May 4 meeting. The proposal envisages "a concession of 2 percentage point in the GST rate on B2C (business to consumer) supplies for which payment is made digitally (1 percentage point each from applicable CGST and SGST rates, subject to a ceiling of ₹100 per transaction." This scheme, however, will not be available to registered persons paying tax under the composition scheme.

Once this incentive kicks in, consumers will be offered two prices: One with the normal GST rate for cash purchases, and the other with GST lowered by 2 percentage points for digital payments. Thus, if the GST rate for the supply a goods/service is 18 per cent, and if payment is made digitally, the applicable GST will be 16 per cent.

The payment mode can be divided into two. The first comprises RTGS, NEFT, IMPS (Immediate Payment Service), NACH (National Automated Clearing House), NETC (National Electronic Toll Collection) and Closed Loop. This is not widely used. The second group, comprising UPI/BHIM/USSD, RuPay, AEPS, BBPS, debit/credit cards, m-wallets, PPC, internet banking, and mobile banking modes, is more popular.

Revenue implication

Based on the IT Ministry data for 2017-18, digital transactions via the second group totalled 1,329 crore, worth ₹135.4 lakh crore. If payment for 40 per cent of all purchases is made digitally, and the average size of the transaction on which the concession is allowed is ₹1,400, the revenue implication would be ₹1,50,00 crore.

The government feels the loss in tax revenue may be made up with better compliance.

| **Export refund May 11 Dealers get Rs20 crore GST refund** | **Times of India**<br>https://timesofindia.indiatimes.com/city/indore/export-refund-may-11-dealers-get-rs20-crore-gst-refund/articleshow/64129937.cms |
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The state commercial tax department has initiated the process of refund to the dealers. The department has so far refunded Rs 20 crore to eligible dealersunder Goods and Services Tax (GST). According to the department, about 600 applications from dealers across the state were received. Of them, 400 applications have been disposed of. "We hope to clear the refund of dealers soon. Pending applications are being sorted out for refund," a senior official said.

There are over 200 applications claiming about Rs 7 crore for refund under GST. About 70 per cent of the refund claim is from the businessmen of Indore, the industrial hub of the state, said sources.

Exporters are eligible for refund of input tax, additional deposits and wrong submission of amount. The delay in granting refund to eligible exporters has resulted in piling up of hundreds of applications as old as seven months, say dealers.

Industry experts said refund of exporters under the new tax regime has been delayed owing to several changes in the mode of refund by the GST council and non-updated software.

They said that state government had not been able to still develop a mechanism to initiate the process of payment to exporters under GST.

Ahilya Chamber of Commerce GST expert Nitesh Gupta said, “Very few dealers have been able to get refund till date. Poor connectivity between the customs department and GST is leading to slow data flow.”

He said discrepancies between GSTR1 of supplier and GSTR2A of the receiver is the major problem that is halting the process of refund. Gupta said, “Dealers whose bills of shipping invoice and bill of exports are not updated are facing problem in getting refund from the department.”

Delay in the refund process has adversely hit exporters business forcing many entities to avail fresh loans to keep their business running since delay in refund blocked their working capitals.

| **Demand for cotton seeds in Punjab down 20-30% from year ago, say companies** | **Economic Times**<br>https://economictimes.indiatimes.com/news/economy/agriculture/demand-for-cotton-seeds-in-punjab-down-20-30-from-year-ago-say-companies/articleshow/64126057.cms |
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season in Punjab is off to a sluggish start, with seed companies reporting low demand for BT cotton seeds, the variety that accounts for most of the cotton grown in the country. Seed companies say farmers are shifting to other crops, especially paddy and maize, in which they see higher returns.

ccordingly, cotton acreage in the state this kharif season is expected to drop by 15-20% despite an 8% discount in price of seeds this year. Experts said if sowing doesn’t pick up pace, it could affect the revival of cotton in Punjab, where acreage under the cash crop had jumped by about half in 2017-18.

“Demand for cotton seeds so far is 20-30% less than last year due to factors including delay in supply of canal water and higher income in paddy in the last season,” a Fazilka-based distributor of Rasi Seeds said.

Cotton, largely BT cotton, was grown over 122 lakh hectares in India in 2017-18. In recent years, pest infestation, high input costs and drop in earnings in cotton have hit farmers hard. "Use of spurious seeds and unscientific use of pesticides and insecticides are reasons for crop failures," said an executive of a cotton seed company

The sowing of cotton in the state is less than last year, according to cotton seeds distributors, although seed prices have come down by about Rs 60 per packet (450 gm) to about Rs 740. The government had revised BT cotton seed prices in March this year.

Some traders said farmers have moved away from cotton because of lower-than-expected earnings from the crop in the previous season. “Cotton price had increased to Rs 5,000-6,000 per quintal in the previous season, while they have remained below Rs 4,500 in 2017-18,” said Jaspal Singh, an Abohar-based cotton trader.

The delay in supply of canal water is another reason for low sowing in some districts, especially Mansa. “Late cotton crop is highly prone to pest attack, including whitefly, that has hit crop hard in recent years,” an official of Punjab agriculture department said.

This year, the Punjab government is aiming to bring 4 lakh hectares under cotton. “Higher income in basmati last year is influencing farmers to grow less cotton,” said Jasbir Singh Bains, director of agriculture for Punjab.

Cotton, a crucial crop helping in moving farmers away from water-guzzling paddy, had regained lost ground in Punjab. As per government data, it covered 3.82 lakh hectares in 2017-18 compared with 2.56 lakh hectares in 2016-17. However, a serious whitefly infestation is making farmers rethink their plans.

Sowing of cotton in Punjab begins at least a month ahead of sowing in the other states. Executives of some seed companies said the shift in cropping pattern in the northern state is unlikely to be replicated in the other major cotton-growing states including Gujarat, Maharashtra and Madhya Pradesh.

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| **NABARD annual status paper of 2018-19: Western Maharashtra will have most access to crop loan, long term credit** | **Indian Express**<br>http://indianexpress.com/article/india/nabard-annual-status-paper-of-2018-19-western-maharashtra-will-have-most-access-to-crop-loan-long-term-credit-5173459/ |

While the figure for Vidarbha region would be Rs 20,401.56 crore (21.79%), it would be Rs 19,424.18 crore (20.75%) for Marathwada, the report stated.

WESTERN MAHARASHTRA, comprising six districts, would have the most access to agriculture crop loan and long term credit at Rs 34,058.05 crore, of the total Rs 93,618.36 crore allotted for the entire state, says National Agriculture and Rural Development Bank (NABARD) in its annual status paper of 2018-19. With this, the agriculture credit share of Kolhapur, Sangli, Satara, Sholapur, Ahmednagar and Pune districts would come to 36.38 per cent of the allotted funds.

On the other hand, Vidarbha region with 11 districts and Marathwada with eight, which have a larger population of small and marginal farmers, would have less access to agriculture crop loan and long term credit. While the figure for Vidarbha region would be Rs 20,401.56 crore (21.79%), it would be Rs 19,424.18 crore (20.75%) for Marathwada, the report stated.

The paper, while highlighting the regional imbalance, also recommends measures for course correction. It urges banks to increase the coverage of crop loans by financing new farmers, particularly small and marginal ones, who are still not under the ambit of banking system.

In the state, almost 78 per cent of the total 1.37 crore farmers are in the small and marginal category, with average land holding size of less than 2 hectares. Of the total 36 districts in Maharashtra, 14 distress districts are in Vidarbha and Marathwada regions, where farmers often find it hard to get access to bank crop loans. The report also pointed out the steady decline of the agriculture sector — from 50 per cent (in 2011-12) to 30 per cent to 40 per cent in last four years.

Moreover, the report stated that when it comes to non-farm sectors, regional analysis with regards to access to credit puts Mumbai and its suburbs — which have zero crop loan — ahead of all with Rs 10,9539.60 crore (73.76%) being allotted to them. It is attributed mainly to the Micro, Small and Medium Enterprises (MSME) sector.

Of the total Rs 14,8499.15-crore projection for MSME (non-farm sector), western Maharashtra's share would only be Rs 18,086.94 crore (12.18%), with Vidarbha at Rs 3,478.95 crore (2.34%) and Marathwada at Rs 5,903.07 crore (3.98%). North Maharashtra's share would account at Rs 3648.87 crore (92.46%) and Konkan, Rs 7841.71 crore (5.28%).

While suggesting changes in tenancy laws to facilitate credit access to landless farmers and tenants, the report emphasises on digitisation of land records to enable banks to process farmers' applications for crop loans. An official in agriculture ministry said: "Higher credit flow to western Maharashtra, compared to Vidarbha and Marathwada, has its base in crop pattern. Crop loan for sugarcane is higher at Rs 95,000 per hectare compared to Rs 25,000 to Rs 30,000 for cotton and soybean, respectively."

Maharashtra Agriculture Price Commission chief Pasha Patel said: "The biggest hurdle in the agriculture sector is small and marginal farmers' lack of access to financial institutions, which compounds their problems, driving them to private moneylenders."

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| **Tiruppur knitwear exports fall about 8% in 2017 -18** | **Economic Times** https://economictimes.indiatimes.com/industry/cons-products/garments-/-textiles/tiruppur-knitwear-exports-fall-about-8-in-2017-18/articleshow/64121588.cms |

KOCHI: Garment exports from Tiruppur, the knitwear hub of the country, have shrunk by close to 8% to Rs 24,000 crore in 2017-18 from a year ago period.

This is the first time in the past five years that knitwear exports from Tiruppur have declined. In 2016-17, the exports at Rs 26,000 crore, had shown around 13% increase over the previous year.

The cut in duty drawback scheme from last September is cited as one of the main reasons for the slump in exports. "Till September, the exports were growing at 6%. From October, it fell 13-14% a month,'' said TR Vijayakumar, general secretary of Tiruppur Exporters Association.

The incentive duty drawback scheme available to the exporters was slashed to 2% from 7.6% in the latter half of the year, which has put India at a disadvantage vis-à-vis competing countries such as Bangladesh, Sri Lanka and Vietnam. "Both Sri Lanka and Bangladesh enjoy duty-free access to Europe and the US, the main buyers of garments,'' Vijayakumar said.

Tiruppur accounts for 46% of the total knitwear garment exports from the country. The total knitwear exports from the country too saw a decline last year. But the drop has been more for Tiruppur exports. The total knitwear exports from the country fell by just over 5% to Rs 52,170 crore from a year earlier.

The delay in refund of GST and state levies is pointed out as another reason for the setback to exports as it crimped the working capital flow. Most exporters began to get refunds after February. "The funds crunch affected our order booking. The competing countries took advantage of the situation,'' said Raja M Shanmugham, chairman of the association. He said the government has to provide incentives either in the form of free trade access or by restoring the duty drawback scheme to earlier level to regain the lost markets

The exporters have been trying to widen their reach by exploring new markets such as Latin America and Africa in the past few years. "But we don't enjoy any exclusivity. All the other competing countries are also looking at these markets,'' Shanmugham said. The current sluggishness in the international market also necessitate policy support for the exporters, the exporters said.

| **Trade remedies body will keep tab on dumping: Commerce Secretary** | **Business Line** https://www.thehindubusinessline.com/economy/trade-remedies-body-will-keep-tab-on-dumping-commerce-secretary/article23841221.ece |
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With the merger of the two separate bodies handling safeguards and anti-dumping to form the Directorate General of Trade Remedies (DGTR), it will now be easier for industry to take technical advice and support of the government in case there is a need to check imports of particular products, Commerce Secretary Rita Teaotia said.

"When we spread our resources thinly across agencies, it is not very efficient. The DGTR will have all expertise, including legal skills, people dealing with accounting, trade experts and revenue people, under one roof," Teaotia said adding that the need for such a body was felt for a long time.

So far, the Directorate-General of Safeguards under the Ministry of Finance was responsible for recommending safeguard duties which are penal duties on imports that witness a surge in a brief period of time hurting domestic industry.

The Directorate-General of Anti-dumping, under the Ministry of Commerce, had the responsibility of examining requests from industry to impose countervailing duties and anti-dumping duties which are penalties on imports which are priced lower than what they are sold at in the seller's own country.

Now, the functioning of the DGTR, which will be a national authority, will be under the Ministry of Commerce. The recommendation of DGTR for imposition of anti-dumping, countervailing and safeguard duties would be considered by the Department of Revenue.

"At times, the domestic industry, suffering due to cheap imports, is confused about approaching the DGAD or the DG Safeguards with its problem. It may end up filing cases with both which may lead to a lot of hassle as they are under different Ministries. Now, when a case is brought to a DGTR, domestic industry can be sure that the best possible remedy would be thought of as all expertise is available at one place," another government official said.

| GSTR1, e-way bills data to be matched to curb tax evasion | Business Line https://www.thehindubusinessline.com/economy/macro-economy/gstr1-e-way-bills-data-to-be-matched-to-curb-tax-evasion/article23841187.ece |
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Move will also ensure supply of goods is done properly, says GSTN CEO

To curb tax evasion, authorities will start matching details given in the Goods and Services Tax Return (GSTR) Form Number 1 with those given in the e-way bill.

The matching will begin with returns to be filed for April as it is the first month when the tax authorities will have both GSTR1 and e-way bill data.

In the meantime, tax authorities have issued notices to over 8,000 assessees for differences in sales figures of more than ₹50 lakh in their GSTR1 and GSTR3B forms. Notices have been served on the basis of returns filed during August and December, 2017. Based on their response, a decision will be taken on how much tax and penalty they need to pay.

“Matching process will ensure supply of goods have been done properly,” Prakash Kumar, CEO of GSTN, the IT backbone of unified indirect tax system, told BusinessLine.

The logic behind matching is to plug any possible loophole in filing of returns. All the GST assessees are required to file GSTR 1 either on monthly or on quarterly basis while e-way bill is required for movement of goods of value exceeding ₹50,000.

Commenting on the development, Rakesh Nangia, Managing Partner, Nangia & Co LLP, said the matching of details mentioned in GSTR-1 with the e-way bills will help in curbing tax evading practices as the invoice matching mechanism will be a significant tool in ascertaining the transaction details while matching it with the details furnished by the taxpayer.

“However, the said mechanism will be partly effective/beneficial since only supply of goods can be traced by the matching concept. Further, e-way bill is required on movement of goods where consignment value exceeds ₹50,000,” he explained while adding that in cases where value of goods does not exceed ₹50,000, matching would not be possible.

Action for mismatch

Option has been given on the e-way bill portal to take reports for particular tax period from e-way bill portal and match with tax invoices for outward supply and inward supply/delivery challan. Information about e-way bills, along with the transactions captured in GSTR1, will make it easy to spot mismatches in certain cases where invoice has not been reported in GST return by the taxpayer or where taxpayer fails to file his returns or furnishes wrong details.

“In such cases, notice may be served by the authorities demanding clarifications for difference in tax amounts along with penalties. The said measures were adopted by the VAT authorities in the erstwhile regime also. Further in extreme cases, confiscation of goods, along with penalties may be imposed by the authorities," Nangia said.

e-way bill was introduced from April 1. It is applicable for both inter-State and intra-States movement of goods, though the latter is being introduced on phases. So far, 18 States have adopted e-way system. Maharashtra and 7 Union Territories will start the new system for the intra state/UT movement of goods from May 25 while the others will do so by June 3.

e-way bill capacity

GSTN claims that there is capacity to generate e-way bill up to 70 lakh every day. At present, on an average 11-13 lakh e-way bills are being generated everyday. Nearly three-fourth of the e-way bills are related to inter-State trade while the remaining are for intra-State. However, once all the States start using e-way bill for internal movement, the ratio is expected to change to 50:50.

| **India's growth to accelerate to 7.3% in FY19, says Fitch** | **Economic Times** https://economictimes.indiatimes.com/news/economy/indicators/indias-growth-to-accelerate-to-7-3-in-fy19-says-fitch/articleshow/64126200.cms |
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India's economic growth will accelerate to 7.3 per cent in the current fiscal and 7.5 per cent in the next as money supply has recovered to its pre-demonetisation level and disruptions related to the rollout of GST have diminished.

Fitch, which last month kept India's sovereign rating unchanged for the 12th year in a row, said the country's ratings "balance a strong medium-term growth outlook and favourable external balances against a weak fiscal position and difficult business environment".

But the business environment is likely to improve gradually with the implementation and continued broadening of the government's structural-reform agenda.

"Fitch expects growth to accelerate to 7.3 per cent in the fiscal year ending March 2019 (FY19), and 7.5 per cent in FY20, from 6.5 per cent in FY18," it said in second quarter Sovereign Credit Overview for Asia Pacific region

The Indian economy continued to bounce back in the final quarter of 2017, growing 7.2 per cent

"The influence of one-off, policy-related factors, which had been a drag on growth, has now waned. The money supply recovered to its pre-demonetisation level in mid-2017 and is now increasing steadily, similar to the previous trend. Meanwhile, disruptions related to the rollout of the goods and services tax in July 2017 have gradually diminished," it said.

The BJP-led government's last full budget before general elections has left much of the task of addressing the country's relatively weak public finances to the next government.

The budget deficit target for FY19 is set at 3.3 per cent of GDP, down from an expected 3.5 per cent in FY18, implying fiscal slippage of 0.3 per cent of GDP in both FY18 and FY19 relative to last year's budget targets.

| India’s 1st textile museum work to begin this mnth | Asian Age<br>http://www.asianage.com/metros/mumbai/120518/indias-1st-textile-museum-work-to-begin-this-mnth.html |
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Mumbai: The work of setting up India’s first textile museum in the city will start this month, confirmed a senior official from the Mumbai Heritage Conservation Committee (MHCC). Work on the first phase of the project, which includes a light show and depiction of a mill worker’s life, will start in a few days. The first textile museum in the country will come up at United Mills’ compound, Kalachowkie. The second phase will be executed after four to five months.

A senior MHCC official said, “The contractors had communicated that they would start work on phase one of the textile museum this month itself. Work on components of the first phase i.e. the light show and musical fountain, and murals depicting the lives of mill workers, will begin.”

In January this year, the BMC finalised the contractor who would execute phase one of the project. Sawani Constructions, which emerged as the lowest bidder, bagged the contract. The first phase will come up on a 10,000 square metre area in the mill premises. It will include beautification and landscaping around a lake inside the compound; setting up of an exhibition centre; a multipurpose plaza with art stalls and murals depicting a bygone era; and a cafeteria.

The main aim behind developing such a museum is to highlight history and the contribution of mill workers in the city. The project will be implemented on an area of 44,000 square metre at the defunct United Mills.

| SASA invests $8.5 billion to become global polyester giant | Innovation Textiles<br>https://www.innovationintextiles.com/sasa-invests-85-billion-to-become-global-polyester-giant/ |
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One of the world's leading producers of polyester fibres, filaments, polyester-based polymers, intermediates and specialty products, Turkish company SASA Polyester Industry Inc. has announced that it will invest $ 8.5 billion in two new projects and change the balance in the global polyester business.

Mehmet Seker, General Manager of SASA Polyester Inc. said: “We have decided to invest to two projects. The first of these will be a polyester investment. The other will be in the field of petrochemicals.”

“With new polyester investment, in the production of polyester chips, fibres and filaments, we will increase our production capacity from 340,000 tons/ year to 3.1 million tons/ year, making us one of the largest producers in the world.”

Once the investment has been completed, Turkey will move from a net importer to a net exporter position, in terms of polyester. “With the investment in the petrochemical field, we will cut down on imports. First of all, we will produce PTA (Pure Teraphthalic Acid) and MEG (Ethylene Glycol) which are our raw materials to meet our own needs and sell the rest,” Seker said.

Seker also said that the company is in talks with the Ministry of Economy regarding SASA producing its own raw materials and continued: “We will firstly produce raw material of polyester with this investment. After one step we aim to establish a petrochemical plant to produce that raw material. China and South Korea grew this way. Turkey also had to grow up like that. We have imported these products until now, after this investment we will produce ourselves now."

The projects will reduce the current account deficit to about $ 3.8 billion. With these investments, seven thousand additional jobs will be provided. When the investments are over, total production of SASA will increase to about 10 million tons."

In 2000, SASA strengthened its leading position in the sector by establishing a joint venture with DuPont. Following the acquisition of DuPont's shares by Sabancı Holding in 2004, it became a wholly-owned subsidiary of Hacı Omer Sabancı Holding A.Ş. and was renamed ADVANSA. In 2005, the name of the group in Turkey was changed to ADVANSA SASA Polyester Sanayi A.Ş.

Then in May 2011, H.O. Sabancı Holding A.Ş. acquired SASA's majority shares from ADVANSA B.V and the business was renamed SASA Polyester Sanayi A.S. In May 2015, Erdemoğlu Holding acquired all of the SASA shares of Sabancı Holding, and Erdemoğlu became the main shareholder of SASA with 84.8% of its shares. 15.2% of shares are sold publicly.

| **Bangladesh has emerged as one of the largest denim exporters to Europe, United States** | **Scroll.In**<br>https://scroll.in/article/878317/bangladesh-has-emerged-as-one-of-the-largest-denim-exporters-to-europe-united-states |
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Bangladeshi denim products are dominating the global markets by beating its competitors in the European markets as well as in the United States by occupying a lion's share of the proverbial denim pie.

As of now, Bangladesh is the largest exporter of denim products to Europe with a 27% market share topping China, the largest exporters of clothing products to both Europe and the US. With a 14.20% market share, Bangladesh now is also the third largest exporter of denim products in the US after Mexico and China.

According to Eurostat, statistics directorate of the European Commission, Bangladesh in 2017 exported denim products worth €1.30 billion – a 0.54% hike from 2016's €1.29 billion. However, Bangladesh's closest competitor Turkey has posted a 4.36% growth to $1.12 billion in the same period.

Bangladesh earned $507.92 million – a 9.55% growth – exporting denim products to the US markets in 2017, which was $463.61 million in 2016, according to data from the Office of Textiles and Apparel or Otexa in the US.

China earned $921.90 million with 1.41% negative growth, while second largest exporter Mexico registered 7.9% negative growth by earning $793.42 million. Meanwhile, Pakistan and Vietnam, the two closest competitors of Bangladesh, posted positive growths by over 13% earning $213.78 million and nearly 20% earning $207.28 million, respectively.

Bangladesh currently exports Blue Denim Trousers WG, Blue Denim Trousers MB, Blue Denim Skirts, Blue Denim Jackets, Blue Denim Suit Type Coats MB, Playsuits, and Sunsuits, among other products, to the international markets. The major global retailers to which Bangladeshi entrepreneurs also supply denim products include H&M, Uniqlo, Tesco, Walmart, Levi's, Diesel, Wrangler, G-Star, s.Oliver, Hugo Boss, and Gap.

Rapid growth

New investments both in fabrics and garments manufacturing and increased capacity are playing major roles in establishing Bangladesh's dominance in the US and EU markets. But manufacturers are also investing in research and development of high end products, helping them get a better price.

Meanwhile, improvement of the safety standard in the apparel industry has also drawn the attention of more global buyers. "Investment in denim fabrics and denim manufacturing has increased sharply. As a result, production capacity has increased too, pushing the export earnings up and taking the lead in the global markets," Sayeed Ahmad Chowdhury, general manager of Square Denim, told the *Dhaka Tribune.*

He said manufacturers now are also taking less time to produce the products as they are sourcing the fabrics from local mills instead of importing. "As a result, buyers are placing more orders here."

In the last two years, Square Denim has increased its production capacity from 1.5 million meters to three million. Considering the increasing demand, Sayeed said, they will be launching another unit soon.

Envoy Textiles Managing Director Abdus Salam Murshedy told the *Dhaka Tribune*: "Buyers always want quality fabrics when it comes to denim products. To manufacture quality fabrics, latest technology is must for any company. And we have already established that."

Producing five million metres of denim fabric every month, Envoy Textiles is currently the Number 1 LEED Platinum certified Green Factory in the world.

Two years back, Bangladesh was highly dependent on imported denim fabrics. "Now, we can meet about 50% of the demand locally and are also exporting to some of the globally renowned buyers," Murshedy said.

According to Bangladesh Textile Mill Association, Bangladesh currently has 31 denim fabrics manufacturing mills, which produce over 400.40 million metre fabrics every year.

Growth opportunity

According to market research and advisory firm Technavio, the global denim and jeans market is worth about $60 billion. However, the denim industry is expected to grow at a compound annual growth rate of over 6.5% by 2020.

Asia Pacific Countries is expected to be the fastest growing market for denim jeans, said Technavio data, and China is the fastest growing country in the region.

Since Bangladesh is now the largest exporter to the EU and holds a large share in US markets, there is an enormous opportunity to grow – especially in premium denim jeans market, which is expected to grow at a a compound annual growth rate of 12.23% by 2020 in the region.

“There is hardly any adult in the world whose wardrobe does not contain at least one pair of jeans. Moreover, jeans are now worn and loved by women and children across the world. So the prospect of Bangladesh’s denim export growing in the coming years is undoubtedly bright,” Denim Expert Limited Managing Director Mostafiz Uddin told the *Dhaka Tribune*.

“If Bangladesh can make its footing stronger in developing design and innovation, then the sky is the limit for our denim industry,” he said.

According to a study by Cotton Inc, 71% of people in Europe and Latin America enjoy wearing denim, followed by 70% in the US, 58% in China, and 57% in Japan.

Since customers are more cautious about environmental and health hazards issues, the denim products manufactured by a sustainable process are becoming more popular. In a recent development, Bangladesh is also turning the apparel manufacturing process into an eco-friendly one by establishing green factories – a major advantage – which consume less water and other natural resources, said Abdus Salam Murshedy.

Besides, more apparel businesses are apparently shifting from China to Bangladesh as the workers’ wages in China have increased, and the country is also moving towards producing high value products instead of basic and mid-range ones.

Challenges and ways forward

Despite being a global market leader in denim products, there are also some challenges ahead for the Bangladeshi manufacturers.

According to people from the growing industry, price of fabrics and getting utility services – including gas and electricity – hindering new investment are some of them. Moving towards value added products is another issue that needs more attention.

“Production cost has gone up, but the manufacturers are forced to offer lower prices due to price cuts in the finished products by global retailers,” said Sayeed Ahmad Chowdhury.

Since most of the denim products are limited in basic items, the key to success in the global market is innovation in designs and washing, he said. Mostafiz Uddin, also the founder and CEO of Bangladesh Denim Expo, added that the challenge for Bangladesh is too also adding further value to denim products through design development and innovation.

What the sector currently needs, all of them agreed, is more investment in research and innovation to meet the increasing global demand in latest and trending denim products.

To tap the growth opportunity and help with product diversification and value addition, Bangladesh government should prioritize denim products and provide all out support to the entrepreneurs, added former Bangladesh Garment Manufacturers and Exporters Association President Murshedy.