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NEWS CLIPPINGS –13-02-2019

Textile industry seeks relaxation in NPA norms	The Hindu https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/textile-industry-seeks-relaxation-in-npa-norms/article26254531.ece

The textile industry here has sought relaxation in NPA norms, higher duty drawback rates, and reduction of hank yarn obligation.

These were among the demands submitted by the industry representatives to P. Muralidhar Rao, national general secretary of Bharatiya Janata Party (BJP), at its Bharat ke Mann ki Baat held here on Tuesday.

Southern India Mills' Association sought a consistent policy for the industry. The Government should allocate adequate funds for subsidy schemes and make timely disbursement of the amount to the industries. The Government should also encourage yarn exports and take steps to reduce import of cheaper garments and fabric.

According to the Indian Texpreneurs' Federation, the hank yarn obligation for textile mills should be reduced from 40 % to 10 % or 20 %. The Government should come out with a Technology Mission on Cotton to improve the cotton sector.

The Tiruppur Exporters' Association said garment exports should get higher duty drawback rates till the Government finalises Free Trade Agreement with EU and the US. The drawback rate was reduced after introduction of the GST. The Karur Exporters' Association sought labour-oriented incentives for home textile exports, and an alternative to the MIES that will expire next year.

Powerloom weavers in the region said the majority of their production went to the domestic market. They wanted 3 % interest subvention for working capital even for the domestic manufacturers and a cargo handling facility at the Somanur railway station.

The textile processing units in Tiruppur said the GST on machinery installed at the Common Effluent Treatment Plants and for processing should be reduced to 5 %. The participants said the textile mills faced the threat of closure of these units as these were capital-intensive and margins were reducing. The norms for NPAs should be relaxed and the units should get nine months time before being declared as Non-Performing Asset.

A. Cotton		
Spot price- Shankar-6 (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
19952	41700(-400)	75.39
Domestic Futures price (Ex-Warehouse Rajkot) February		
Rs/Bale	Rs/Candy	USD Cent/lb
20260	42343(-523)	76.55
International Futures		
NY ICE USD Cents/lb. (March 2019)		69.78(-0.77)
ZCE Cotton: Yuan/MT (May 2019)		15100(-150)
ZCE Cotton: USD Cents/lb.		101.11(-0.73)
Basis difference (ICE March -Domestic Spot)		5.61(+0.63)
Cotlook A Index - Physical		79.90(-1.90)
WTI Crude USD / Barrel		53.10(+0.69)
B. Currency		
USD/INR	Close	Previous Close
Spot	70.48	70.72(-0.46)
USD Dollar Index	96.70(-0.37)	

Cotton Guide

The Cotton Candlesticks again depicted Red bars. It was noticed that multiple factors contributed to this slide. The National Cotton Council forecast showed plating intentions report to have a potential production for the upcoming year to be 22.7 million bales, according to the data released on Saturday, Feb 9, 2019. The other reason attributed was another possible shutdown of the US Government starting February 15, 2019. Stop loss selling also pushed the market south. The rollover of positions from March to May can further cause a detrimental impact.

For the First time after November 2017 we have seen a figure of 69.78 cents/lb for the ICE March Contract. The previous year - 2018 despite all the trade tensions could not drag the figure to break the 70 cents/lb mark towards south. The ICE March contract touched a high of 70.93 cents/lb and a low of 69.72 thus settling at the lower end at 69.78 cents/lb with a negative change of (-77). The ICE May contract settled at 71.11 cents/lb with a negative slide of (-65) whereas the ICE July contract settled at 72.44 cents/lb with a downward slope of (-69). Total Volume was seen at 69,684 contracts.

The MCX contracts also dived with Big changes heading south. The MCX February contract settled at 20260 Rs/Bale with a negative slide of (-250) Rs. The MCX March contract settled at 20540 Rs/Bale with a negative slide of (-260) Rs whereas the MCX April contract settled at Rs 20830 per bale with a negative slide of (-270) Rs.

Arrivals in India are estimated to be around 160,000 lint equivalent bales (source cotlook) including 52,000 registered in Maharashtra, 44,000 in Gujarat and 26,000 in Andhra Pradesh. The average price of Shankar 6 is around 41,700 Rs/Candy. The Cotlook Index A is readjusted with a substantial change of -1.90 cents/lb at 79.90 cents/lb CFR

Far Eastern ports.

We need to remember that there are Just 2 weeks remaining before the March 1, 2019 deadline/ceasefire between Washington and Beijing. Representatives from both the countries are scheduled to meet once again starting tomorrow for a couple of days.

Let us have a look at some recent cotton Fundamentals for the month of Feb 2019

12th Feb 2019- CCI procured about 7 lakh bales

12th Feb 2019 – ICE March fell to their lowest level in more than a year, lowest level in more than a year, lowest prices since November 2017.

11th Feb 2019- US Cotton Sowing may hit 8 year high in 2019-NCC

11th Feb 2019- China Cotton output forecast raises 2018/2019 to over 6 million tonnes.

8th Feb 2019- USDA reduced global consumption forecasts by 2 million bales to 123.64 million bales, increase world ending stocks by 2.3 million bales at 75.50 million bales from its previous estimate due to an increase of 2 million bales for China.

6th Feb 2019- India set to lose Number 1 cotton grower tag to China.

5th Feb 2019- Cotton output of Gujarat is forecasted at 52 lakh bales down 48% YoY.

4th Feb 2019 – China to regain top position in cotton output from India in 2018/2019.

2nd Feb 2019- Steady consumption, declining stocks will draw down stocks – ICAC

On the technical front, ICE cotton futures breached the crucial levels of 70 in yesterday's trade. As shown price is moving towards the 100% Fibonacci extension after rallying 38.2% of the range (81.85-70.65) during last week. The RSI in daily charts continued to trade below 50 at 31 suggesting momentum is still missing for price to move above the 21 day EMA at 71.66. In the near term strong supports exists around 69.00-68.80, followed by 68.00 levels in March futures. Likewise crucial resistance seen around 70.90, 71.80, followed by 74.60 levels. For the day price is expected to consolidate in the range of 69.20-70.90 range with downside bias. Only a close below 69.60 would push price further towards 69, 68.80 levels. In the domestic markets trading range for Feb futures contract will be 20080-20400 Rs/Bale.

Currency Guide

Indian rupee may trade with a firmer bias against the US dollar but gains may be limited. Indian rupee surged 0.7% yesterday amid gains in equity market and general correction in US dollar. Rupee also benefitted from better than expected economic data. Industrial production rose 2.4% on the year in December as against expectations of 1.6% growth. CPI index rose 2.05% on the year in January as against forecast of 2.5% growth. Slower inflation growth will give RBI more room for interest rate cuts. Rupee rose yesterday also amid reports of inflows relating to Axis Bank share sale and Vodafone Plc.'s investments in its India unit. As per Bloomberg reports, an India government unit is to sell about 1.98% stake in Axis Bank via an offer-for-sale on Feb. 12-13. Vodafone Idea Ltd. plans to raise as much as 250 billion rupees ($3.5b) via a rights offering. Of this, Vodafone Group Plc. will contribute as much as 110b rupees. Asian equity markets trade higher today after 1.5% gain in US market yesterday. Risk sentiment improved amid easing worries about US government shutdown and US-China trade dispute. US President Donald Trump said he's open to extending a March 1 deadline to raise tariffs on Chinese products if the two sides are near an agreement. US lawmakers reached a deal in principle to avert another shutdown while President Trump has indicated he may consider the proposal. Improved risk sentiment reduced US dollar's safe haven appeal resulting in a correction against major currencies. However, weighing on rupee is rebound in crude oil price. Brent crude trades near $63 per barrel supported by Saudi's pledge to cut more output. Rupee has seen sharp gains after breaching the 71 levels and we could see extended gains amid improved risk sentiment. USDINR may trade in a range of 70.3-70.85 and bias may be on the downside.

Indian cotton textiles suffering serious disadvantages due to tariff issues in major markets: CITI	**KNN India.co.in** https://knnindia.co.in/news/newsdetails/sectors/indian-cotton-textiles-suffering-serious-disadvantages-due-to-tariff-issues-in-major-markets-citi

India’s cotton yarn and fabric exports are struggling because of the duty disadvantage faced by the Indian exporters in major markets, said Confederation of Indian Textile Industry (CITI).

“There has been continuous decline in exports of cotton yarn and fabric during 2013-14 to 2017-18”, said Sanjay Kumar Jain, Chairman of CITI.

India’s exports of cotton yarn declined by 25% from US$ 4,570 in past five years, while fabric exports declined by 7% in the same period, according to CITI.

Chairman CITI said that falling of Indian cotton yarn and fabric exports is impacting the whole value chain from farmers, spinners to weavers/knitters as there is considerable exportable surplus in country but we are not able to be overcome the tariff disadvantage despite being competitive in both spinning and weaving.

He pointed out that Indian spinning mills performed well in exports during 2013-14 when the cotton yarn was covered under schemes such as 2% incremental export incentive, 2% interest subvention and 3% focus market incentive and the sector could penetrate into alternate markets other than China.

However suddenly all incentives were withdrawn leading the spinning mills high and dry, he added.

He further highlighted that China which is the largest importer of cotton yarn has shifted from India to Vietnam/Indonesia as they have duty free access while Indian yarn carries 3.5% import duty.

As per the apex chamber of Indian textiles, India’s cotton yarn exports to China fell by 48% from 2013 to 2017, while exports from Vietnam and Indonesia increased at a remarkable rate of 129% and 55% respectively in the same period.

Besides, CITI analyzes that India's raw cotton is going to various markets at zero duty. Exporting of raw cotton bales instead of value addition by converting to yarn and fabric is leading to loss of valuable foreign exchange, employment and better remuneration to farmers.

Markets like EU, China, Turkey and Vietnam impose an import duty in the range of 8-12% on Indian fabric while duty free access is given to countries such as Pakistan, Cambodia, Bangladesh and Cambodia, Chairman pointed.

Govt to organise outreach programme for Textile MSMEs on Wednesday	**Business Standard** https://www.business-standard.com/article/pti-stories/govt-to-organise-outreach-programme-for-textile-msmes-wednesday-119021200445_1.html

Prime Minister Narendra Modi had launched the 100 days programme for support and outreach to Micro, Small and Medium Enterprises (MSMEs) on November 2, last year

A major outreach programme for MSMEs in the textiles sector will be held here Wednesday to help stakeholders avail the support under 100 days programme announced by the Prime Minister.

Prime Minister Narendra Modi had launched the 100 days programme for support and outreach to Micro, Small and Medium Enterprises (MSMEs) on November 2, last year, identifying 100 districts in various sectors across the country.

Under the support and outreach 100 days programme, various activities have been undertaken in identified districts for creating synergy for MSMEs in textile sector like holding camps for Mudra loan in collaboration with local bank, enrolment of beneficiaries on 'e-dhaga', distribution of tool kits to beneficiaries, registration and distribution of Pehchancard to artisans and weavers, quality certification and social security.

Amongst these, 39 districts were identified for textiles sector - 12 for handloom, 19 for handicraft and eight for powerloom.

"The MSME focused outreach programme will give a boost to the man made fiber (MMF) textile manufacturing units in textile hubs like Gujarat, Maharashtra, Tamil Nadu and Uttar Pradesh," an official statement said.

It said the initiatives taken under the MSME outreach programme will provide a much-needed fillip and encouragement to the MSME sector which contributes significantly to the textiles exports.

Getting Solar Manufacturing right	**Business Line** https://www.thehindubusinessline.com/specials/clean-tech/india-solar-power-government-viability-gap-funding-advantages-for-industry/article26251046.ece

Does the Government's new viability gap funding scheme pack enough to give Chinese module manufacturers a bloody nose?

One of the objectives of the National Solar Mission is "to create favourable conditions for solar manufacturing capacity, particularly solar thermal, for indigenous production and market leadership". In the nine years since the Mission began — it was launched on January 11, 2010 — this is the only objective that has not been met.

Charmed by the prospect of a large domestic market, many investors put down big sums of money into module manufacturing, only to see their investments washed away by the flood of cheap imports. They watched haplessly as hundreds of solar power plants came up in their backyards with Chinese modules while their own manufacturing units continued to gather dust. One remembers the case of Suryaprakash Singapur, a successful IT professional in the US who called it quits to set up a ₹80 crore module plant in the Sri City industrial estate near Chennai. Today, his Shan Solar Pvt Ltd is, for all practical purposes, non-existent. There have been many like Singapur with their fingers burnt to a cinder.

No matter what it did, the government could never "create favourable conditions for solar manufacturing capacity" as the Chinese were always significantly cheaper. ('Solar thermal', as elsewhere in the world, died at the hands of ever-more-competitive solar photovoltaic; the objective of 'market leadership' turned out to be, well, a good joke.)

Fresh hope

But a development that took place last week could be a turning point. The Cabinet Committee on Economic Affairs (CCEA) approved a viability gap funding (VGF) scheme worth ₹8,580 crore, which would enable government-owned companies to set up 12 GW of solar power plants over the next four years using the costlier, made-in-India modules.

This governmental support comes after India lost a case at the WTO over its reservation of a slice of the market for locally produced modules, under the 'domestic content requirement' (DCR) rule. The WTO ruled, in a case filed by the US, that the DCR rule violated global trade rules and gave India time till December 14, 2017 to clean its slate. In that month, the Central Government brought out a 'concept note' on solar, which spoke of getting central public sector units to set up 12 GW using local cells and modules, with viability gap funding support from the government. The proposal has now been formally approved.

Whether even this support is WTO-compliant or not is a moot question, but the reaction from the industry has been positive. "It is fantastic," says HR Gupta, Managing Director, Indo Solar, a listed company that makes solar cells with imported wafers. (Cells are made into modules.) "Give us one year and we will show you what we can do," Gupta told *BusinessLine*.

Bowing to cheaper exports

The VGF scheme comes after the failure of the 25 per cent safeguard duty to protect the domestic manufacturing industry from export onslaught. In January last year, the Directorate General of Trade Remedies recommended a 70 per cent safeguard duty (levied when there is a sudden surge in imports of a product.) However, under pressure from energy companies, the government slashed it to 25 per cent. Even that little protection soon evaporated when China, in May last year, announced paring of its own solar programme, resulting in a price-dampening module glut. Prices of Chinese modules fell to about 22 cents a watt, from stability levels of around 30 cents earlier.

Nor have the auctions of capacity linked to manufacturing yielded results, as energy companies baulked from entering manufacturing, a business that has different risks. There is no doubt that cheap imports have greatly helped rapid installations of solar power projects in India. To illustrate, when the now-defunct Sun Edison won 500 MW through capacity auctions in November 2015, its (then) record low tariff quote of ₹4.63 a kWhr, was based on module prices of 43 cents a watt offered to it by the Chinese company, Canadian Solar. Solar tariffs have since fallen to an all-time low of ₹2.44, but have since firmed up to around ₹2.89. The heart-warming tariff dip happened solely due to cheap imported modules.

However, while the solar energy companies have been all-smiles, the solar cells and module manufacturers sank into the red. India has about 3 GW of cell and 9 GW of module manufacturing capacity, though only 1.5 GW and 3 GW of them, respectively, are actively in use. There was an urgent need to revive these plants, whose state of affairs was discordant with the ‘Make in India’ idea. Further, the Government has been speaking of taking the 100 GW of installed capacity by 2022, to 350 GW by 2030. This would mean enormous outflow of foreign exchange. (In 2017-18, when India set up 10 GW of solar plants, its module import bill was $3.83 billion, of which $3.4 billion was China’s).

Against this background, the CCEA has come up with the VGF scheme for central PSUs. The idea is that, with the assured market for four years, Indian manufacturers would mature enough to face competition after four years.

Not so easy

They are unlikely to, because for companies to be competitive, they need to be integrated, i.e., present in the entire value chain. Indian companies are not. Producing solar modules begins with making polysilicon or monosilicon out of sand, casting it into ingots, cutting the ingots into ultra-thin wafers, making cells with the wafers basically by etching current-conducting silver wires on them, and making modules with the cells. Today, there is no Indian company that produces even wafers (which can be imported duty-free).

Thus, it is hard to believe that after four years, Indian cell or module manufacturers would be able to give the Chinese a bloody nose in the market. Setting up integrated plants is a capital, power and water-intensive business and would require special incentives. The incentives under ‘Modified Special Incentives Package Scheme’, or M-SIPS, which offers a 25 per cent capital subsidy to electronics, semi-conductor and solar manufacturing units, has not shovelled investments from solar manufacturers – other than the ₹4,837 crore of Adanis in Gujarat. But even the Adani project will go only as back as wafers, and not to polysilicon. China’s Trina Solar, which expressed interest in setting up a plant in Andhra Pradesh, is still “evaluating” the prospects, the company’s India sales manager, Gaurav Mathur told *BusinessLine*.

Further, the technology employed by Indian manufacturers — as eloquently noted in the Ministry’s ‘concept paper’ — is obsolete, which could mean sub-optimal use of the viability gap funds. In sum, while the 12 GW VGF scheme is sure to mitigate the dysphoria among the solar cells and modules producers, the question whether it will lead on to a robust manufacturing eco-system in the country is wide open.

MCX Cotton prices resume fall	**Business Line** https://www.thehindubusinessline.com/markets/commodities/mcx-cotton-prices-resume-fall/article26251200.ece

Cotton prices have been on a strong downtrend since August 2018. The cotton futures contract on the Multi Commodity Exchange of India (MCX) made a high of ₹24,280 per bale in August 2018, and has been falling since then. This downtrend paused in late December, however, after consolidating sideways in the band between ₹20,500 and ₹21,300, the contract has resumed its downtrend this week. The contract declined breaking below ₹20,500 on Tuesday and is currently trading at ₹20,340.

A fall to ₹20,000 is likely in the near term. If the contract manages to bounce from this psychological support, a relief rally to ₹20,500 is possible. However, the downtrend will continue to remain intact, and the relief rally is likely to be restricted to ₹20,500. As such, an eventual break below ₹20,000 will see the MCX-Cotton futures contract tumbling to ₹19,500 and ₹19,400 thereafter.

The outlook will turn positive only if the MCX-Cotton futures contract breaches ₹21,000 decisively. The next targets are ₹21,500 and ₹22,000. But such a strong rise looks unlikely at the moment, as the indicators on the charts are also negative.

The 21-week moving average has crossed below the 55-week moving average. This indicates that the upside could be limited. As such, any intermediate bounce in the coming days is more likely to get fresh sellers coming in at higher levels. Traders can go short at current levels, and also accumulate on rallies at ₹20,450. Stop-loss can be placed at ₹20,700 for the target of ₹19,620. Revise the stop-loss lower to ₹20,100 as soon as the contract moves down to ₹19,850. Note: The recommendations are based on technical analysis and there is a risk of loss in trading.

India, China lead global greening effort: study	**The Hindu** https://www.thehindu.com/sci-tech/energy-and-environment/india-china-lead-global-greening-effort-study/article26252190.ece

The greening in China is from forests (42%) and croplands (32%), but in India it is mostly from croplands (82%)

India and China are leading the global greening effort, which is quite contrary to the general perception worldwide, a study based on NASA satellite data has said, observing that the world is a greener place than it was 20 years ago.

"China and India account for one-third of the greening but contain only 9% of the planet's land area covered in vegetation. That is a surprising finding, considering the general notion of land degradation in populous countries from over exploitation," said lead author Chi Chen of Boston University.

The study published on February 11, in the journal *Nature Sustainability* said that satellite data (2000 – 2017) revealed a greening pattern strikingly prominent in China and India and overlapping with croplands worldwide.

China alone accounts for 25% of the global net increase in leaf area with only 6.6% of global vegetated area.

The greening in China is from forests (42%) and croplands (32%), but in India it is mostly from croplands (82%) with minor contribution from forests (4.4%), the study said.

China is engineering ambitious programmes to conserve and expand forests with the goal of mitigating land degradation, air pollution and climate change.

Food production in China and India has increased by over 35% since 2000 mostly owing to an increase in harvested area through multiple cropping facilitated by fertiliser use and surface or groundwater irrigation.

Many factors

“When the greening of the earth was first observed, we thought it was due to a warmer, wetter climate and fertilization from the added carbon dioxide in the atmosphere,” said Rama Nemani, a research scientist at NASA’s Ames Research Center and a co-author of the study. The study was made possible thanks to a two-decade-long data record from the Moderate Resolution Imaging Spectroradiometer (MODIS) instruments on NASA’s Terra and Aqua satellites. “Now with the MODIS data, we see that humans are also contributing,” Ms. Nemani said.

The study says that the greening trend may change in the future depending on various factors. For example, increased food production in India is facilitated by groundwater irrigation. As the groundwater is depleted, the trend may change.

The researchers also pointed out that the gain in greenness around the world does not necessarily offset the loss of natural vegetation in tropical regions such as Brazil and Indonesia.

Redesigning the India story: Handmade as India's strength at Frankfurt trade fair	**Business Line** **https://www.business-standard.com/article/news-ians/redesigning-the-india-story-handmade-as-india-s-strength-at-frankfurt-trade-fair-119021201118_1.html**

In the heart of Germany's business capital, four Indians are showcasing a facet of the country's soft power: handicrafts. With India the partner country of one of the world's biggest consumer goods trade fairs, its pavilions are serving as a window to its diverse cultures and deft craftspeople.

At Ambiente 2019, that brings together global manufacturers, traders and buyers of innovatively designed products, designers Sunil Sethi, Sandeep Sangaru, and Ayush Kasliwal - who presented India's campaign Hand Make in India here - have created an India experience at the event, where over 515 Indian exhibitors are showcasing products in the Living, Giving and Dining categories.

The Frankfurt exhibition grounds saw, for the first time, four Indian award-winning craftspeople giving demos of the crafts they championed over decades.

Tapas Kumar Jana, a recipient of 2016 National Award, demonstrated the centuries-old Masland mat weaving. He painstakingly wove away on these grass-based 'chatais', as global visitors stopped in awe and often video-recorded the elaborate procedure.

"The grass we use grows in West Bengal. We make thin strips of it with our teeth, and then weave these manually using our instruments. One simple mat can take several weeks, with the time going up as designs get complicated," Jana told IANS, adding that these 'chatais' were gifted during weddings as a norm.

Displaying woven grass mats as soft and malleable as pashmina fabric, Jana said the craft is changing as per the modern consumer demands.

Not just gifted mats, the finished Masland sheets can now be used to create folders, bags, wall hangings and table decor products -- customised versions of a traditional craft to suit modern needs.

The contemporary use of Jana's mats draws from India's larger showcase at the trade fair. Handmade, which is touted as India's strength, is often thought of as products incapable of competing with the industrially produced modern consumer goods.

Is modernising Indian handicrafts the way forward? Sunil Sethi says yes.

Speaking to IANS on the intricacies of Indian design, he emphasised that the world needs to wake up to its strengths, and platforms like Ambiente provide a visibility like no other.

"Indian design doesn't lack the talent, but the exposure. If we are competing in a global market, designers from the country must come and see what the world has to offer. It is an eye-opener," Sethi said, during a walkthrough of the pavilion designed by him.

Displaying modular furniture done in the traditional Ikat style, a sofa with wood blocks as the upholstery, and a beautiful and minimalist peacock glass installation, Sethi said the homes, globally, are changing and modern versions of handicrafts become a way of expanding markets and also retaining the future generations in the trade.

Inder Singh Kudrat, a veteran Rajasthani craftsperson, who was awarded the top artisan honour of Shilp Guru, stressed the importance of global visibility to "keep children's dwindling interests in crafts alive".

Also exhibiting are Amrit Lal Sirohiya, a gemstone carver from Rajasthan and Naseer Ahmad Mir, a Kani shawl maker from Jammu and Kashmir.

All the four handicrafts are Geographical Indication (GI) listed, which identifies each product with its place of origin to promote regional crafts.

Listing sustainability, high-end material, and handmade, healthy products as future design trends, as compared to luxury and branding, the Fair's vice president Nicolette Naumann iterated her belief in Indian products, in a conversation with IANS.

The Fair, which concludes Tuesday, has gone a long way in cementing India's strengths as a mass manufacturer of sustainable, locally-grounded handicrafts, which suit modern living traditions and are here to stay.

NPC needs to play critical role in improving productivity of domestic industry: DPIIT Secy	**Business Standard** https://www.business-standard.com/article/pti-stories/npc-needs-to-play-critical-role-in-improving-productivity-of-domestic-industry-dpiit-secy-119021200576_1.html

The National Productivity Council (NPC), an autonomous body under the commerce and industry ministry, needs to play a critical role in improving productivity of the domestic industry particularly MSMEs, a top official said Tuesday.

Department for Promotion of Industry and Internal Trade (DPIIT) Secretary Ramesh Abhishek said the Council will have to work closely with industry associations.

"I have suggested that NPC (should) focus on MSMEs more in this process. NPC must play critical role in this exercise in improving productivity overall in Indian industry," he said here at a function.

The secretary also said the department has sent the proposed new industrial policy for consideration of the Union Cabinet.

"Our challenges today are different. We are looking at a USD 5-trillion economy going ahead around 2025 and USD 10-trillion in 2030 and a galloping progress in years after that," he said.

Karnataka Budget: What Does It Offer to Garment and Textile Workers?	**News Click** https://www.newsclick.in/karnataka-budget-what-does-it-offer-garment-and-textile-workers

The budget presented by H D Kumaraswamy, the chief minister of Karnataka, for the fiscal year 2019-2020 seems to have given hope to the workers from the textile and garment industry of the state.

Jayaram from Garment and Textile Workers' Union (GATWU) told Newsclick, "After 40 long years, for the first time, the state government has made an allocation for the garment and textile industry in its budget."

The union has been in a logjam with the industries' managements and the state government owing to their demand for increase in the minimum wages. However, it looks like the government is still not ready to intervene in the matter to break the logjam.

Allocation for the Sector

In the budget, the government has earmarked money for housing, skill development and compensation in case of an accident. Rs 50 crore have been allocated for rent-based housing scheme for the readymade garment workers. The government also announced a package of Rs 10 crore for childcare centres, compensation in case of accidents, while Rs 37.5 crore have been allocated for skill development, and apprentice training of the 25,000 women workers belonging to Scheduled Castes and Scheduled Tribes.

GATWU, in a statement, said, "There are around four-five lakh workers in the garment sector, and for the first time a government has recognised us as workers and made allocations in the budget."

Representatives of GATWU, along with other unions had met the chief minister on January 29, 2019, to present their demands. They had demanded three things: housing for garment workers, transportation facilities, and scholarships for children of the garment workers. Two of these demands have found a solution in the budget.

However, the union had demanded that the state should design a scheme similar to the Employees' Provident Fund (EPF) of Government of India, under which the employees can withdraw PF to own a house.

Jayram told *Newsclick*, "We do not know how the hosing scheme is designed, and how it will function. We still demand that the state government come up with a PF-based housing scheme."

Struggle for Minimum Wage Continues

Newsclick had reported earlier that the insufficient wages plague the garment sector in the state of Karnataka. The textile workers have been fighting for minimum wage, and improvement in their working conditions. According to a government survey two years ago, there were 3.75 lakh workers and 857 factories in the state. Now, there are more than 1,000 factories and about 4-4.5 lakh workers employed with the industry. Eighty per cent of the workers in the state are women, and 45 per cent of them are from the women-headed households.

Governments, since 1979, have turned a blind eye to the garment industry. Karnataka has 76 industries with scheduled employments and none of their managements are united. But, the managements of the garment industry are all united. This makes them powerful players. They lobby with both the central and the state governments. Pratibha of GATWU said that this is also reflected in the attempt of the CM to have a dialogue with the employers to decide and increase the minimum wages of the workers.

On June 12, 2018, the CM had invited the workers and managements for a meeting. In this meeting, it was decided that the union representatives will be meeting the managements on June 18, 2018. At the meeting, the CM directed the officials to set up a committee involving Labour Department officials, textile manufacturers, central trade unions, and garment workers. The committee is said to be studying the "long-pending issues" of the garment workers including the minimum wage.

According to Pratibha, nothing has changed after that meeting. The government had set up a committee; however, the managements of the 76 industries with scheduled employments in the state have approached the High Court. They have refuse to pay the agreed upon Rs, 18,000.

Other demands of the workers

The union had informed the CM that the workers from the rural areas in the garment factories spend 10-15 per cent of their wage on transportation. The union had demanded that the state government should bear 45 per cent of the cost of the transportation. However, the government has been silent on this demand, and so on the demand for scholarships for the children of the workers.

The union has suggested that Rs 100 be deducted from the worker's pay, Rs. 200 from the management, and Rs. 200 from the government, in order to increase the scholarships. The union demands that the scholarship amount be increased to Rs. 5,000 for the students in standard 5th-8th; Rs. 10,000 for the students in standard 8th-10th; Rs.15,000 for pre-university and Rs. 25,000 for the graduate and postgraduate students.

The state government, as of now, pays Rs 3,000 per annum (p.a.) for the students in standard 5th-8th; Rs. 4,000 p.a. to pre-university, Diploma and ITI students; Rs. 5,000 p.a. for undergraduate students, Rs. 6,000 p.a. for postgraduate students and Rs. 10,000 for engineering students.

The students from the general category who score 50 or more percentage, and the students from the Scheduled Castes and Scheduled Tribes (SC and ST) are eligible for these scholarships.

IIP grows at 2.4% in December as compared to 7.3% in year-ago period	**Business Standard** https://www.business-standard.com/article/economy-policy/iip-grows-at-2-4-in-december-as-compared-to-7-3-in-year-ago-period-119021200936_1.html

The industrial growth for November 2018 was revised downwards to 0.3 per cent from the provisional estimate of 0.5 per cent released last month

Industrial output growth remained subdued at 2.4 per cent in December 2018 on account of contraction in the mining segment and poor show by the manufacturing sector.

Factory output as measured in terms of the Index of Industrial Production (IIP) had grown by 7.3 per cent in December 2017, according to the data released by the Central Statistics Office (CSO) on Tuesday.

The industrial growth for November 2018 was revised downwards to 0.3 per cent from the provisional estimate of

0.5 per cent released last month.

During April-December 2018-19, industrial output grew at 4.6 per cent against 3.7 per cent in the same period of the previous fiscal.

The manufacturing sector, which constitutes 77.63 per cent of the index, recorded a low growth of 2.7 per cent in December as against 8.7 per cent expansion in the year-ago month.

Mining sector production contracted by 1 per cent in December as against 1.2 per cent growth in December 2017.

The growth of the power sector output remained flat at 4.4 per cent in December 2018.

Capital goods output grew at 5.9 per cent, compared to 13.2 per cent growth a year ago. Consumer durables output grew by 2.9 per cent as against a growth of 2.1 per cent in December 2017. Consumer non-durable goods growth was also low at 5.3 per cent in December 2018 as compared to 16.8 per cent growth in the year-ago month.

In terms of industries, 13 out of 23 industry groups in the manufacturing sector showed positive growth during December 2018.

As per use-based classification, primary goods production declined by 1.2 per cent and intermediate goods by 1.5 per cent.

Infrastructure/ Construction Goods grew at 10.1 per cent.

A wind and solar tango could do the trick	**Business Line** https://www.thehindubusinessline.com/todays-paper/tp-cleantech/article26255020.ece

Encouraging hybrid projects is the best way forwardfor India, says Siemens Gamesa India CEO

Instead of working independently, the new thinking in the renewable energy sector is that solar power and wind farm projects must be developed as hybrid projects with battery backup. This strategy of joining forces, it is pointed out, can only spell good news for the energy security of the country.

“While smaller solar and wind hybrid projects have come up in the country, we will soon see larger scale solar-wind hybrids. One is a 160 MW national project with battery backup to come up in Andhra Pradesh and another one is part of a 1.2 GW tender at finalisation stage,” says Ramesh Khymal, CEO, Siemens Gamesa India (SGI), who is also chairman of CII’s renewable energy and infrastructure sub-committee.

While solar photovoltaic projects and wind farms have grown rapidly independently, the industry feels that by turning them hybrid or setting up new hybrid projects, the country could ensure near round-the-clock power. “While solar energy is harnessed between 6-7 am and 5-6 pm during the day, the wind power generation picks up after noon and goes on past midnight till 1 am. So, the gap is for a few hours and this could be bridged through a battery backup solution,” explains Khymal.

SGI has commissioned a 3.375 MW wind-solar hybrid power pilot for NTPC in Karnataka's Bijapur district. It comprises an SG 2.0-114 wind turbine in hybrid with 1.375 MW High Efficiency HiT solar panels. This smart grid-based hybrid project is the first for NTPC. The company is also engaged in setting up a hybrid 50 MW wind plus 29 MW solar IPP project — the first commercial one in India. Apart from submitting a bid for the 160 MW wind solar hybrid project in AP where the tender is yet to be opened, Siemens is in negotiations with the winners of the first SECI hybrid tender auction for a 1.2 GW plant, where SB Energy (450 MW) and Adani (390 MW) have been shortlisted. Currently, SGI commands a domestic order book of over 1500 MW and a market share of over 30 per cent.

Offshore explorations

On the global front, Siemens Gamesa Renewable Energy recently launched a 10 MW offshore wind turbine, which has potential to increase output by 30 per cent.

The largest project in the world, it sports the SG 10.0-193 offshore wind turbine with a 193-diameter rotor. Around 20 such turbines would cover the annual electricity consumption of a city the size of Liverpool, UK.

However, where India is concerned, Khymal feels offshore projects are not viable as yet as their cost is much higher. The country should continue exploring onshore options as the potential is huge but growth has been relatively subdued. In fact, the figures regarding wind energy speak for themselves. In 2014-15 India added about 2334 MW; 2015-16 saw 3461 MW; 2016-17 (5404 MW) and 2017-18 was a very subdued year with 1766 MW. During 2018-19, the country is likely to add about 2900-3000 MW.

As Khymal also wears the renewable industry (read CII) hat, he has several concerns about the wind energy sector. "We need better margins, they are lean. Cost of steel and other inputs has gone up after some of the contracts were signed. And in the case of the Gujarat SECI auction, it was clarified that land would have to be arranged, leading to cost escalation," he says. Regarding the steep decline in wind power tariffs in the past, Khymal feels the trigger was a downturn in the global market and capacity lying unutilised.

But all said and done, Khymal believes the best way forward for India is by encouraging the hybrid route. "If the Government has to achieve its targets of expanding the renewable energy base, hybrids with battery backup is the way to go. This will ensure 24x7 power supply and enhanced capacity."

Global trade still growing and flowing – but is becoming more regionalised	**The Load Star.co** https://theloadstar.co.uk/global-trade-still-growing-and-flowing-but-is-becoming-more-regionalised/

Supply chains are becoming increasingly regionalised, particularly in Asia and Europe, while trade intensity is in decline, according to new research on globalisation published today.

While trade is still growing in absolute terms, cross-border goods have declined from 28.1% of the total share in 2007 to 22.5% in 2017, and volume growth has slowed from 2.1 times faster than GDP to 1.1, according to McKinsey's Globalisation in Transition: the future of trade and value chains.

However, notes the report, this does not signal the end of globalisation – more that emerging economies are now consuming more of what they produce.

Emerging markets will consume almost two-thirds of the world's manufactured goods by 2025, McKinsey estimates, with China central to that change.

In 2016, 40% more cars were sold in China than Europe, while China also accounts for 40% of global textiles and apparel consumption. And much of what it consumes, it makes.

China exported 17% of what it produced in 2007; in 2017, this was down to 9%, a fact hidden by China's dramatic rise in manufacturing, according to McKinsey.

However, according to DP-DHL's Global Connectedness Index report, also out today, four of the top five economies where international flows exceed expectations the most are in South-east Asia: Cambodia, Malaysia, Singapore and Vietnam.

While between 2000 and 2012, the movement of goods between countries in the same region fell from 51% to 45%, that trend has now reversed. Intra-regional trade has grown 2.7 percentage points since 2013.

The report says: "Regionalisation is most apparent in global innovations value chains, given their need to closely integrate many suppliers for just-in-time sequencing.

"This trend could accelerate in other value chains as well, as automation reduces the importance of labour costs and increases the importance of speed to market in company decisions about where to produce goods."

The report also myth-busts the idea that sourcing decisions are highly dependent on low-cost labour. In fact, only 18% of goods trade is based on labour cost – ie, more than 80% of the global trade in goods is not from a low-wage country to a high-wage country. Decisions are also based on access to skilled labour, natural resources, proximity to customer and quality of infrastructure.

And new technologies will continue to change the landscape. IoT, AI, blockchain and automation could help reduce shipping and customs processing times by 16-28%, and potentially boost overall trade by 6-11% by 2030.

But the effect of 3D printing, once thought to be particularly harmful to the logistics industry, may not be significant after all.

"While 3-D printing could reduce trade in some specific products substantially, the drop is unlikely to amount to more than a few percentage points across overall trade in manufactured goods by 2030. In some cases, additive manufacturing could even spur trade by enabling customisation."

McKinsey advises companies to: reassess where to compete along the value chain; reconsider their operational footprint; prioritise speed to market and proximity to customers; be flexible; and build closer supplier relationships.

Meanwhile DP-DHL warns that: "The policy environment for globalisation darkened in 2018 as trade conflicts escalated and countries raised barriers to foreign takeovers, immigration and other flows. However, supporters of open markets fought back with a wave of landmark trade agreements."

US-China trade tensions create uncertainty for cotton	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/textile-news/us-china-trade-tensions-create-uncertainty-for-cotton--247342-newsdetails.htm

The ongoing trade tensions between the US and China is creating uncertainty in the global cotton market, affecting the economy, as per National Cotton Council (NCC). Based on the positive statements from the recent negotiations, NCC assumes that the additional tariffs being imposed by the 2 countries will be removed in advance of the 2019 marketing year.

In her analysis of the NCC Annual Planting Intentions survey results, Dr Jody Campiche, NCC vice president, Economics & Policy Analysis, said the organisation has projected US cotton acreage to be 14.5 million acres in 2019 – 2.9 per cent more than 2018.

Prior to the implementation of tariffs, the US was in a prime position to capitalise on the increase in Chinese cotton imports. With the imposition of the 25.0 per cent tariff, China has turned to other suppliers during the 2018 marketing year, allowing Brazil, Australia, and other countries to gain market share. Vietnam is currently the top export market for the 2018 crop year, followed by China and Mexico.

Assuming a resolution to the US-China trade dispute, China is expected to increase mill use in 2019 to 41.4 million bales. With a further reduction in stocks for the 2018 crop year, China's imports are expected to increase in the 2019 crop year to 11.1 million bales. Chinese stocks are projected to fall by 4.2 million bales during the 2019 marketing year to 28.2 million bales. With a resolution to the US-China trade dispute, the US is expected to export more cotton to China in the 2019 marketing year and gain back some market share.

In 2019, US exports are projected to increase to 17.4 million bales. If realised, it would represent the 2nd highest level of US exports, second only to the 2005 marketing year. When combined with US mill use, total offtake falls short of expected production, and ending stocks are projected at 6.1 million bales. In absolute terms, stocks would be the highest since the end of the 2008 marketing year. A stocks-to-use ratio of 29.4 per cent would be the highest since the 2015 marketing year.

Campiche said world production is estimated to increase by 7.0 million bales in 2019 to 125.5 million bales, which would be the highest level since the 2011 crop. World mill use is projected to increase to 126.5 million bales in 2019. Ending stocks are projected to decline by 1.3 million

In 2019, the overall abandonment is projected to be lower because most regions currently have adequate moisture levels. With abandonment assumed at approximately 10 per cent for the United States, Cotton Belt harvested area totals 13.0 million acres. Using an average US yield per harvested acre of 840 pounds generates a cotton crop of 22.7 million bales, with 21.9 million upland bales and 782,000 extra-long staple bales. US cottonseed production is projected to increase to 7.0 million tons in 2019.

Regarding domestic mill cotton use, the NCC has projected a modest increase of US mill use to 3.25 million bales in the 2019 crop year. As the single largest user of US cotton, US mills continue to be critically important to the health of the cotton industry. In the face of rising textile imports from Asian suppliers, the US textile industry has focused on new investment and technology adoption in order to remain competitive.

China January exports, imports seen falling again in blow to global growth: Reuters poll	**Business Standard** https://www.business-standard.com/article/reuters/china-january-exports-imports-seen-falling-again-in-blow-to-global-growth-reuters-poll-119021200187_1.html

China's trade engine likely remained stuck in reverse in January, with imports and exports expected to fall for the second month in a row, adding to concerns the economy may be at risk of a sharper slowdown.

China is the world's largest trading nation, and the extent of the declines will be closely watched by international investors and policymakers as anxiety grows over cooling global demand.

Imports are expected to have fallen 10.0 percent in January from a year earlier, which would be the biggest decline since July 2016, according to the median estimate of 30 economists in a Reuters poll. That compared with a 7.6 percent drop in December.

"The weakness of imports suggests we should be alert to the possibility that China's economy is slowing more abruptly than we had been expecting," Mark Williams, chief Asia economist at Capital Economics, cautioned.

China's exports in January also likely contracted, though not as much. Outbound shipments are expected to have fallen 3.2 percent from a year earlier, compared with the previous month's 4.4 percent decline.

A new round of Sino-U.S. talks began in Beijing on Monday as the world's two largest economies renewed efforts to defuse their bruising trade war. Negotiators are trying to reach a deal ahead of a March 1 deadline when U.S. tariffs on $200 billion worth of Chinese imports are scheduled to increase to 25 percent from 10 percent.

Most analysts believe a further suspension of the tariff hike will be the most likely outcome of the talks, with existing duties expected to be left largely intact for awhile longer, maintaining pressure on Chinese exporters while averting a strong near-term blow.

China's overall trade surplus is seen to have shrunk sharply to $33.5 billion in January from $57.06 billion the previous month, according to the Reuters poll.

However, analysts warn that data from China in the first two months of the year must be treated with caution due to business distortions caused by the timing of the long Lunar New Year holidays, which fell in mid-February in 2018 but started on Feb. 4 this year.

Estimates for both January imports and exports thus fell in an unusually wide range.

Most of the poll respondents pencilled in a contraction in imports for January, with the lowest forecast projecting a 20.1 percent drop.

China's domestic demand had already been weakening before Washington and Beijing started to impose tit-for-tat tariffs on each other's exports in early 2018.

A multi-year regulatory crackdown on risky lending practices and debt has pushed up business financing costs and throttled access to once-easy credit, hitting a vast swathe of private companies. Investment growth at one point hit a record low.

Many analysts said the contraction in Chinese imports has occurred mostly in the technology sector.

Taiwan and South Korea have been the hardest hit so far, given their large exposure to China and tech. Taiwan recorded a sharper drop of orders from China in December, while South Korea's exports shrank for a second straight month in January as faltering demand in China hit prices of memory chips.

"Even if uncertainties about U.S. tariffs might have suppressed Chinese tech imports, supply-chain effects would explain no more than half (probably only 20 percent) of the recent fall in tech imports, with the rest mostly reflecting weak domestic demand," economists at Goldman Sachs said in a note.

Sharply weaker data ahead of an annual meeting of parliament in March could raise the possibility that Beijing may speed up or intensify its stimulus efforts, after a slew of measures last year that analysts said were modest by Chinese standards.

Policymakers have been fast-tracking infrastructure projects and cutting import tariffs to rekindle domestic demand, but the moves will take time to kick in and many analysts say the economy will not stabilise until the middle of this year.

Gross domestic product may grow 6 percent in the first quarter from a year earlier, according to a commentary in Economic Information Daily, slowing from 6.4 percent in the fourth quarter of 2018, which was the weakest pace since the global financial crisis.

Full-year GDP may expand around 6.3 percent, the state-controlled newspaper said on Monday.

Textile sector gets Rs14 billion in last seven months under PM export package	**Business Recorder** https://www.brecorder.com/2019/02/12/473458/textile-sector-gets-rs14-billion-in-last-seven-months-under-pm-export-package/

The Textile industry has received Rs. 14 billion during the first seven months of the current fiscal year under the Prime Minister's exports enhancement package in duty draw backs and exports of modern machinery for growth of textile sector, official sources said.

The textiles sector would get additional Rs. 115 billion through the package during next five years for increasing the textile exports, Secretary Textiles and industry, Iftikhar Babar told APP here on Tuesday.

He said that for the promotion of textile sector and textile led exports, the the government has rationalized price of energy including electricity and gas to help the industry grow in the country.

He said that it was among top priorities of the government to create conducive business environment for textiles sector to enhance external trade and earn foreign exchange reserves.

Iftikhar, replying to a question, said the government had planned to expand coverage areas under the Export Enhancement Package to other industrial sectors including pharmaceuticals.

He said that the government had also given relaxation on the import of textile machinery for bringing about modernization and enhance production capacity of this particular industry.

Through this package, he added, the cost of doing business would come down that would benefit both industrialists, exporters as well as the common people.

He said that the package was aimed at enhancing confidence of the business community.

"We want to revive confidence of the textile sector through this trade enhancement package," he remarked.Meanwhile, All Pakistan Textile Mills Association (APTMA) General Secretary Anis-ul-Haq has stressed the need for providing a competitive business environment for the textile sector to boost country's trade.

He emphasized on striking structural balance and enhancing viability of industry to compete with regional competitors, including India, Bangladesh, and Vietnam. Anis said pragmatic and export-led policies were required for industrial growth and increases the country's exports.

Bulgarian textile workers demand EU-wide minimum wage	**Euro News.com** https://www.euronews.com/2019/02/12/bulgarian-textile-workers-in-bulgaria-demand-eu-wide-minimum-wage

With around hundred days to go before the European elections, Insiders, Euronews' hard hitting current affairs show, has produced a series of reports on some of the major issues concerning Europe and its citizens. **In this episode, reporter Hans von der Brelie travels to Bulgaria to find out about the difficult working conditions faced by textile workers. The country has the lowest minimum wage in the EU.**

Every morning, anything up to six days a week, textile workers in Bulgaria get up before the crack of dawn. They are just a few of the many thousands who make up the country's garment industry. Most, if not all, earn poverty wages.

Global competition from low cost producing countries in Africa, Asia and Turkey mean that East European factories remain under pressure to drive down costs.

"It's 5:30 and we're in front of one of the biggest garment factories in Europe. In Bangladesh textile workers are on strike for better pay, here in Bulgaria they keep on working, despite being on extremely low wages."Hans von der Brelie, Euronews

Many international brands have outsourced their production to Bulgarian businesses like Pirin-Tex. The company produces a lot of items for Hugo Boss. The workers here are exceptionally fast, needing just five seconds to hem a trouser leg.

The pressure on employees remains intense. Sources from inside the factory told us that only 11 out of the site's 1800 workers are able to meet their production quota.

Mariyana Georgieva supervises the workload. The quota is fed into 1700 computer tablets - one for each work station.

"With this tablet system we control the whole production process. It's the best system we've ever had. With those tablets we have the possibility to control everything: Each single activity done by the employees, each ongoing operation, the time needed by the seamstress to execute a specific task as well as the method she uses... thanks to this system, we have full control," she says.

"Laws for human beings or robots?"

Pirin-Tex is located in the small southern Bulgarian town of Gotse Delchev, in the heart of the country's garment industry. We meet workers from the factory. Initially they are reluctant to speak out, but eventually agree to talk about their pay and working conditions. Kostadin, a union leader, slams the factories current operating practices.

"On average, workers are only able to finish about 60 percent of their required tasks every time. Depending on their seniority, the average net wage is between (650 and 700 leva) 320 and 350 euros," he says.

Elena, a textile worker at Pirin-Tex is equally critical: "Did Bulgarian politicians pass laws for human beings or was it for robots? We work non-stop: with this system, our employer has more or less been able to implement a forced system of work."

"My father and my mother live and work abroad. They left Bulgaria over twenty years ago. But still, even at my age now, they feel obliged to help me and they pay half of all my outgoings here in Bulgaria, so that I can just live a normal life," says Angel, another textile worker.

"We try to escape low wages,,,but nobody from abroad wants to come and work here"

Elka, another worker at the factory says: "I think our colleagues in western Europe would just laugh if they heard about what we earn. They would not believe it. It's true, it's better to laugh than cry... But: are we second class

European citizens? Are we bad tailors or dressmakers? Do we eat less than our colleagues in western Europe?"

"There is a big paradox, in Bulgaria. We try to escape low wages, we run away from our bad living conditions and we head abroad, to work in the UK, in France or elsewhere... But nobody from abroad wants to come and work here.. and if a foreign entrepreneur wants to invest in Bulgaria, they are unable to find enough manpower," Kostadin adds.

Leaving Bulgaria for better pay

Around 40,000 people live in Gotse Delchev and its surrounding villages. According to the town's mayor, some 2500 people from the area are currently working abroad. Most are thought to be in Western Europe, employed in the farming, building and the health service sector. We connect with one of them via video chat. Galina recently left Gotse Delchev for the UK. Presently living in London, she left her family in Bulgaria to sow cheap sweaters instead of expensive suits.

"I felt like a machine, really - like a machine. You come home from work, you eat, you sleep three or four hours. I felt broken... as if huge rocks were bent on top of my back.

"The stress was huge in Bulgaria. I got (530 to 560 leva) 260 to 280 euros. Here in London I get (1600 pound sterling) 1800 euros per month. - In Bulgaria, my employer did not believe me when I was sick, although I had to have a drip-feed and buy medicine to keep going... I've been in the UK for 3 months and already feel better. Back in Bulgaria, the workload was way too much," she says.

"International brands do not want to pay accordingly to meet those necessary requirements."

As one of Pirin-Tex's main customers, Hugo Boss regularly carries out social audits at the textile factory in Gotse Delchev to evaluate operating procedures and working practices. The results are deemed to be good. Management also insist the company has an excellent reputation in Bulgaria, compared to other firms where conditions are much worse.

Viden is one of 25 engineers on site. He knows every single machine inside out, having helped set up the factory for Pirin-Tex's German owner, Bertram Rollmann.

"In the early '90s, the factory was still in Greece. The entrepreneur, Mr Rollmann, looked for an alternative site, because at that time, the living and production costs rose in Greece... while they remained low here in Bulgaria. Everyone knows, that there is this trend in the garment industry: production sites move from countries with high costs to countries with low costs," he says.

Pirin-Tex was built on the remains of a radio factory. When Bertram Rollmann invested, he was welcomed with open arms. The Bulgarian economy was in dire straits and garment production was seen as one way out of the hardship. In just a few years, the number of workers rose sharply to 3500. Rollmann's grandfather began a home-based tailoring business in Germany in 1922 and the family's first factory opened in 1965. Later, production was moved to Greece and then Bulgaria, where it still exists today.

"The profits for companies in the garment industry are too low to enable them to pay a lot to their employees. As a result, for three years now, people have left in large numbers, migrating elsewhere. This has left its mark. In the past three years, on average some 600 people have left our company every year, mostly heading to the United Kingdom, to Germany, some have gone to Sweden, and some even to Spain. Bulgarian producers like ours get only about five to seven percent of the retail price. That's not enough, actually. It's such a small part, that people working in production, be it in Bulgaria, Romania, Serbia, Macedonia or Albania, can not build a decent life. On the one hand, international brands insist that international, let's say European standards should be respected and implemented, in regard to social (work) conditions. On the other hand, those brands do not want to pay accordingly to meet those necessary requirements," insists Rollmann.

Finding other ways to make ends meet

Since 1990, some 1.5 million people have left Bulgaria.The country's current population stands at around seven million. Despite the massive exodus, large numbers of Bulgarians continue to leave in a bid to find better paid work.

We arrange to meet the local union leader Kostadin and his wife, Zorka. She left Pirin-Tex, citing the stressful working conditions. As an independent seamstress she does not earn much more than she did before - but is thankful she can now work at her own pace.

"This new control system at Pirin-Tex is a type of piecemeal work system which is not good for anyone. We cannot earn more. This quota system urges us to work more and quicker. We don't have (enough) time to do what we need to do every hour. Therefore the people become depressed, lose motivation and just think about leaving the factory," Kostadin says.

"In my opinion, this piecemeal system was just put in place to control the workers. You cannot really boost productivity with this system. All this is not about controlling the work process - but about keeping an eye on the employees. All this is put in place to pay less to the employees. As a result, the productivity drops," Zorka adds.

Many locals say the low pay at the factory means they are forced to sell fruit and vegetables to make extra money. Then there are those who leave for the UK, France, Germany or elsewhere.

"It's wintertime and you need a warm house. For that I need (around 1200 Leva) about 600 euros - for the whole winter season. That's two months salary I need to save, just for heating. After that, not much money is left to buy food. You also have to pay for electricity, that's another (100 Leva) 50 euros... If you want to offer an education to your children, if you want to save something for emergencies, if you want to go on holiday occasionally... well, it's just impossible with the textile factory's salary as your sole income. - With those fruit trees I hope to get the money together to pay for my children's education. The fruit trees are my insurance, somehow," says Kostadin.

"None of us found what we were looking for"

Bulgaria's minimum wage is the lowest in the EU. Despite a rise of 10 percent in January, the current basic salary is only 286 euros per month. That is lower than the 440 euros in neighbouring Romania and way below the minimum wage in France, which currently stands at 1500 euros.

Ivan recently got a job as a caretaker at the town's gymnasium. At 20-years-old, it is his first full-time job. Up until now, he was able to eke out a living by repairing computers for friends.

"It's not easy to find well paid work in Bulgaria. I graduated from a professional school together with 25 other class mates who specialised in IT. But none of us found what we were looking for, nobody got a well paid IT job... So finally, I accepted this caretaker job - at least it is interesting," he says.

Ivan got the job through an EU programme which seeks to help young people without work find employment - the job, however, only pays the minimum wage.

"Bulgaria is the poorest country in the EU. You get (two leva) one euro per hour, which means (20 leva) ten euros per day. In Germany or France, (20 leva) ten euros is what you get for each hour. What we get for one day's labour, in western Europe you earn in a single hour... - In Bulgaria, it's just impossible to move out of the family home, when you have finished school. How is it possible to find a place of your own when your parents also earn just the minimum wage?" Ivan asks.

After work, Ivan shows me around Gotse Delchev. In addition to liking Bulgarian pop music, the singer Shakira and heavy metal group Metallica, his dream is to travel. He also loves to play the lottery. Like many Bulgarians, the numbers game offers the chance, however slim, to escape the drudgery of everyday life.

"If I could win right (the lottery) now, I would definitely buy a new car and I would like to travel to explore ancient sites and treasures in the Arab world," he says.

European Union support

Since Bulgaria joined the EU in 2007, the local authority of Gotse Delchev has received around 50 million euros. Most of that went towards upgrading infrastructure. The town's socialist mayor, however, insists more support is needed for small and medium sized businesses in the area.

"There is a problem for those countries which recently joined the European Union. The problem is low incomes and the working poor. A great deal needs to be done to stimulate and to increase wages in these regions and countries. We need a revenue revolution. This kind of change would slow down internal migration in Europe. If we manage to trigger this revenue revolution people would stay in Bulgaria and we could catch up with living standards in western Europe," Vladimir Moskov says.

Low wages mean low pensions

Many retired Bulgarians also live in poverty. Now 80, Atlaza Shtereva started working when she was just 15-years-old. In her first job, she planted trees. After she got married, she moved with her husband to the Soviet Union to work as a cook. She eventually returned to Bulgaria and found a job making zips in a garment factory. She stayed there until retirement. When food shopping, Atlaza just buys the basics and always looks for special offers. Atlaza also makes ends meet by helping the local parish with its accounts. She has a nephew in Spain and a niece in France, while her two children still live in Bulgaria.

"When I get my pension, (300 leva) around 150 euros, I have to pay around (100 leva) 50 euros for all the bills: electricity, medicine. That means I just have (200 leva) 100 euros until the end of the month, for daily expenses. When looking in shop windows I see a lot of goods I cannot afford... Fortunately, my children help me out. Without this support I would not be able to survive. - I am poor as a church mouse: thanks to my children I have some heating so I will not fall sick. They buy the wood for heating.

"With my small pension I cannot afford to buy sausages and meat... Recently I met two friends. They and their husbands are still working and are earning money. They bought meat and ham. With my pension, I can never afford to buy ham," Atlaza insists.

Moving production abroad?

Back at the factory we ask about the prospects of raising wages, and, more broadly, the future for the eastern European textile industry, given the fierce global competition. On the whole, for owner Bertram Rollman, the outlook is gloomy. He claims textile producers in Bulgaria and Romania harbour ambitions to move production abroad. For now, he says he doesn't have such plans.

"We will stay here, on this site... You do not give up such a site with 1800 staff just like that. The know-how we have built up here is precious to us. But it could happen, of course, that one day we will be forced to open a second site in another country, that could be somewhere in Africa or in Central Asia... in order to get an alternative, to get a second leg in order to keep our business going in the medium and long-term," he says.

Rollmann says he is exploring the possibility of opening a second site in either Senegal or Usbekistan.

A minimum hourly rate for all the EU?

With this year's European Parliament elections in mind, local union members in Gotse Delchev have their own ideas on what needs to be done to trigger change for the better.

"In order to get real change, the system needs to change: the piecemeal work needs to stop. Pay should only be based on the number of working hours. And we need a sectoral agreement for our particular sector. - a colleague of mine, working in France, told me that they get paid nine and a half euros per hour. That's huge, compared to us... We just earn peanuts," says textile worker Mariya.

Textile worker Angel insists the EU must introduce a standard hourly minimum rate across the bloc. He says: "What can the European Union do for us? Well, they should fix a minimum rate for each working hour. This hourly minimum sum should be implemented across the whole of the EU."

"We don't want double standards, we don't want a two speed Europe. We want to be fully part of Europe and we want the EU to guarantee a European minimum wage. Prices are also the same in Europe," adds Elena, a textile worker.

In conclusion, another textile worker, Karamfila calls for better paid jobs in Bulgaria, so those that have left the country will return.

"What has to change? I wish all the young people who left Bulgaria could come back home. I have one child, 21, living in Germany for two years now. My dream is that my child will find a well-paid job in Bulgaria in order to make a decent living - rather than abroad. That's what I want."