



The Southern India Mills' Association

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NEWS CLIPPINGS –22-05-2018

**Indian textile markets firming up, says
SIMA**

Business Standard

http://www.business-standard.com/article/pti-stories/indian-textile-markets-firming-up-says-sima-118052101035_1.html

The Indian Textiles and Clothing (T&C) industry has registered 5.37 per cent export growth in 2017 as against 3.94 per cent globally, despite the challenges of demonetisation and GST on the sector, Southern India Mills Association (SIMA) said here today.

"The Indian T&C exports increased from 35.5 billion US Dollars in 2016 to 37.4 billion USD in 2017 and textiles exports (yarns, fabrics and made-ups) were up by 7.82 per cent. Clothing exports (garments) increased by 2.82 per cent in 2017 compared to 2016," SIMA chairman P Nataraj said today.

India remained the world's second largest T&C exporter in 2017, accounting for 4.95 per cent global share, while China, the largest exporter, had 34.2 per cent share in 2017, he said.

Nataraj said countries like Germany, Vietnam, Spain and India are capturing the export space vacated by China, registering increase in exports in 2017.

In 2017, India sustained itself as the largest cotton yarn exporting country with a 25 per cent global market share. Yarn exports increased by 7.21 per cent in the year compared to 2016, Nataraj said in a release.

However, Vietnam with a 11.93 per cent global cotton yarn trade in 2015, increased its share to 18.13 per cent in 2017 and 23.93 per cent growth this year as China shifted its major volume of yarn imports from India to Vietnam, where there is zero duty.

Vietnam is not a cotton producer, but imports it and exports yarn to China, while Indian yarn attracts 3.5 per cent duty in China.

Nataraj said if the Indian spinning sector's demand of extending MEIS benefit for cotton yarn export was considered, it would enable them have a level playing field, use surplus spinning capacity and convert 60 to 70 lakh bales of raw cotton into value added yarn for export, thereby creating jobs for thousands of persons and increase Forex. Recently, the Government extended MEIS (Merchandise Export from Indian Scheme) benefits for all textiles and clothing exports beyond June 30 2018, except cotton yarn, he said.

The stability and advantage in homegrown cotton prices in 2016-17 and 2017-18 cotton seasons had helped the

industry mitigate the challenges, Nataraj said.

The delay in releasing export benefits like RoSL (Rebate on State Levies), refund of GST accumulated credits, TUF subsidies and also in announcing enhanced duty drawback rates have caused financial crunch for the whole value chain, especially the garment sector, he said.

The yarn market has gained momentum and unsold yarn stock level was one of the lowest in recent years. With increased fabric demand, yarn prices increased to some extent in mid May 2018 compared to the previous month, he said. Nataraj said demand for coarse and medium counts, especially open end yarn in the domestic and export markets has increased considerably and several mills have got advance bookings for a few months.

"Early refund and clearing of government dues will strengthen the financial position of exports and all other textile manufacturing units to revive from the financial crisis and capture emerging market opportunities," he said.

**Cotton prices to trade sideways today:
Angel Commodities**

Money Control

<https://www.moneycontrol.com/news/business/stocks/cotton-prices-to-trade-sideways-today-angel-commodities-2-2572197.html>

According to Angel Commodities, MCX May Cotton closed higher last week on improved physical demand and tracking firm International prices.

MCX May Cotton closed higher last week on improved physical demand and tracking firm International prices. USDA forecasts India cotton production for 2018/19 at 28.5 million 480 - pound bales (6.21 mt), unchanged from last year. Harvested area is forecast at 11.8 million hectares, down 4 % from last year. In its latest press release, CAI, retained its estimate for the country's output in 2017 - 18 (Oct - Sep) at 360 lakh bales (1 bale = 170 kg). Cotton prices are still trading at higher levels for the season tracking firm trend in International markets, higher exports and expectation of lower acreage in the country in next season. Cotton exports from the country are still behind at 34.1 lakh bales of cotton during Oct - Feb period compared to 36.4 lakh bales last year same period.

Outlook

Cotton futures are expected trade sideways on report of normal monsoon and higher physical arrivals. However, improved cotton exports to China may keep the prices supported above 20,6 00 levels.

Textile ministry asks PSUs to buy locally

Economic Times

<https://economictimes.indiatimes.com/industry/cons-products/garments-/-textiles/textile-ministry-asks-psus-to-buy-locally/articleshow/64266826.cms>

The textile ministry has asked all ministries as well as departments and public sector undertakings (PSUs) to buy their textile and fabric requirements locally, a move that is expected to boost earnings of artisans in the country. In a May 15 letter, the textile ministry asked all ministries to give "purchase preference" to local content in the textile sector under the 'Make in India' scheme. This order seems to be on the lines of a diktat on flying, where government mandates its officials to fly state-owned Air India for official trips.

The Make in India programme seeks to ensure growth of the manufacturing sector and, thus, create jobs. Though the

programme did not achieve the desired result in its initial years, it is expected to in the future.

The textile industry accounts for 2% of India's GDP (gross domestic product) and 15% of the country's export earnings. The textile sector, with over 45 million people employed directly, is one of the biggest employment generators in the country.

The textile ministry has also asked ministries to furnish details on "how much of nonlocal content do the government and departments buy from textile sector", a government official said on condition of anonymity.

The ministries will now ask the departments and PSUs to share their total expense on local and non-local buys with respect to the textile sector.

"We do not think any company keeps a break up of textile or garments or other related things bought from local and non-local sectors. But we will ask them to share as much details as possible," said the official quoted above.

A senior PSU official, who did not want to be identified, said every government company, one way or the other, promotes local artisans.

"Government companies promote art, culture as well as artisans by buying directly from them. I do not understand what more can a PSU do to ensure that local artisans are given preference in purchase," said the official.

Government companies like Air India promote local artisans by providing Khadi's utility kit to business class passengers on their flight. While the Airports Authority of India also promotes local artisans in various ways, it is also planning to promote local culture at upcoming airports.

Cut in incentives led to 30% drop in textile exports	Times of India https://timesofindia.indiatimes.com/city/ahmedabad/cut-in-incentives-led-to-30-drop-in-textile-exports/articleshow/64264260.cms
<p>Nearly a year after the implementation of Goods and Services Tax (GST), exports of textiles as well as garments have been found to have declined significantly. Manufacturers of textiles and apparels in the state have indicated that exports have gone down by an estimated 30% in Gujarat, after the cut in export incentives that came with the implementation of GST.</p> <p>"The export incentive has been reduced to 1.6% in cotton while the same for polyester is 1.8%. These have reduced roughly by 4%. This makes our products more expensive in the international market and reduces our competitiveness," said Nitin Thaker, a textile exporter of Ahmedabad.</p> <p>The situation with apparel exports is no different, "Exporters used to get duty drawback of 7.5% before GST implementation. This has been slashed to 2.5%, due to which there is a significant impact on exports. As incentives have been cut, the prices of our products have increased," said Arpan Shah, vice-president, Gujarat Garment Manufacturers Association (GGMA).</p>	

For apparel manufacturers, it was a double whammy, as some of the key global markets imposed value-added tax (VAT) on apparel exports from India.

“Sri Lanka and Middle Eastern countries are some of the key markets for garment manufacturers from Gujarat. Recently, UAE imposed VAT on apparels imported into their country, which further led to an increase in prices. With duty drawback slashed, exporters were already struggling to generate export volumes at competitive prices, and they now face a stiffer competition in these regions due to changes in tax rates,” said Vijay Purohit, president, GGMA.

According to data provided by Apparel Exports Promotion Council (AEPC), Gujarat accounts for 12% of the apparels exported from India. Manufacturers also indicated that they are facing stiff competition from their counterparts in Bangladesh and Vietnam. “With a cut in duty drawback, there is stiff competition from international counterparts such as Bangladesh and Vietnam, both of which gets tax incentives in addition to export incentives. Besides, these countries are preferential importers for several global markets. With major slashing in export incentives here, it is tough to survive the competition,” said Bhavin Parikh, a textile exporter from the city.

Hyderabad gets another cotton apparel showroom

The Hans India

<http://www.thehansindia.com/posts/index/Telangana/2018-05-22/Hyderabad-gets-yet-another-cotton-apparel-showroom/383181>

New showroom of M/s Ramraj Cotton was inaugurated on Sunday by cine lyric writer Kanukuntla Subhas Chandrabose at Kondapur in Serilingampally. The showroom has a wide variety of dhotis, shirts, T-shirts, banians, innerwear, dhoti drawers, special belts for dhoti wearers, handkerchiefs, socks, towels and etc.

Also, on sale are slips for women and all varieties of innerwear. The company will open its branches in Telangana shortly, besides major cities and airports in south India, a company spokesman told The Hans India.

Andhra Pradesh govt plans MSME Parks in every Assembly segment

Money Control

<https://www.moneycontrol.com/news/business/andhra-pradesh-govt-plans-msme-parks-in-every-assembly-segment-2572131.html>

The idea is to have one M-Park with an investment of Rs 225 crore to create 1,500 jobs in each of the 175 Assembly constituencies, with a newly-created AP MSME Development Corporation overseeing the process

The Andhra Pradesh government has come up with an ambitious M-Parks (Micro, Small and Medium Enterprises Parks) Policy with the objective of creating at least 200 such parks across the state by the year 2023.

The idea is to have one M-Park with an investment of Rs 225 crore to create 1,500 jobs in each of the 175 Assembly constituencies, with a newly-created AP MSME Development Corporation overseeing the process.

The overall target is to create around 200 parks by 2023 with 30,000 MSMEs with an employment potential for three lakh people and an investment of Rs 45,000 crore, according to the Chief Minister's Office.

But, financial crunch and non-availability of land have become major impediments in rolling out the policy, official sources said. "We could so far identify required land in only 42 Assembly segments in different districts for the proposed M-Parks," a senior Industries department official said. "Revenue officials are still working on identifying land in each constituency for these parks and that process might take many more months," he said.

Each M-Park is proposed to be set up in an extent of 100 acres in each of the 175 constituencies with the state

government providing Rs 10 lakh per acre as subsidy for infrastructure development.

The total fund required for this is Rs 1,750 crore, while the government has earmarked only Rs 100 crore towards this in the 2018-19 Budget. This apart, the M-Parks Policy also promises a 50 per cent grant of the total project cost (excluding land value) but no budgetary provision has been made for this, the official added.

"Anyhow, we are going to kickstart the MSMEs in June, initially where land is readily available. Other parks will follow," he said.

Focus of the M-Parks Policy will primarily be on manufacturing and the state government has identified sectors like small engineering, fabrication, plastics, automobiles and textiles that have large scope for employment creation.

Hitherto, the so-called entrepreneurs used to get land allotted, raise a shed or so and never actually run the unit after availing the subsidy, the official claimed.

"Under the new policy, however, we will ensure that the units are functional with real employment creation. We are involving the local public representatives also to make the MSMEs effective," he added.

The state government has mooted the idea of promoting large and mega enterprises as anchor investors in the proposed M-Parks so as to enhance the market prospects of the MSMEs. At least ten per cent of the total land in each M-Park will be earmarked for large and mega enterprises to give a thrust to industrial promotion across all regions of the state.

The AP MSME Development Corporation will provide necessary business development support to MSMEs like improving quality, marketing, exports, access to warehouse facilities and skill development once the M-Parks are established.

Maharashtra govt to help textile units set up solar plants

Fibre 2 Fashion

<http://www.fibre2fashion.com/news/textile-news/maharashtra-govt-to-help-textile-units-set-up-solar-plants-242315-newsdetails.htm>

The state government of Maharashtra has formed a panel to help set up solar power plants at cooperative spinning mills and textile units. The committee will be responsible for formulating the criteria for declaring the units that are eligible for subsidy, finalising the details of the subsidy and planning the implementation process among other things. The committee has to submit its report in the next two months.

The government has decided to give ₹3 per unit power subsidy to spinning mills for a period of 3 years, as per the new textile policy 2018-23 that was approved in February, said regional media reports quoting an official from the Maharashtra textile department. The subsidy is also being given to other textiles projects. These cooperative spinning mills and textile projects are expected to set up other power projects as complementary power sources.

The subsidy will be reviewed every year, said another official. Power tariffs in Maharashtra are higher than that in the other states and this is one of the reason why spinning mills incur losses. Thus, the department is encouraging mills to turn to solar power plants to fulfil their power needs while reducing their bills.

Textile director will be the head of the committee, which also comprise an official from the Maharashtra State Electricity Distribution Company and the director general of the Maharashtra Energy Development Agency

Bangladesh :RMG exporters to get more low-cost funds

Daily Star

<https://www.thedailystar.net/business/rmg-exporters-get-more-low-cost-funds-1579846>

Apparel and textile exporters can now take low-cost loans of up to \$25 million from the Export Development Fund after the central bank yesterday increased the limit from \$20 million. Members of the Bangladesh Garment Manufacturers and Exporters Association and Bangladesh Textile Mills Association can borrow from the fund against their letters of credit or firm export contracts, said a BB official yesterday.

The EDF was launched with an initial amount of \$100 million in 2005, which was gradually increased to \$3 billion. The loans are payable by the banks upon receipt of export proceeds within 180 days of the date of disbursement. The interest rate on loans from the fund is now LIBOR plus 2.50 percent. The central bank had increased the ceiling in response to applications from the BGMEA and the BTMA, said Faruque Hassan, senior vice-president of the garment makers' apex trade body.

The foreign suppliers show interest when the local manufacturers operate their business borrowing money from the central bank's fund, said Abdus Salam Murshedy, managing director of Envoy Group.

Egypt adopts strategy to upgrade cotton cultivation, textile industry

Egypt Today

<https://www.egypttoday.com/Article/3/50542/Egypt-adopts-strategy-to-upgrade-cotton-cultivation-textile-industry>

The government in Egypt is keen on upgrading the system of cotton cultivation and textile industry to better meet demands of the local market and enhance exports, Trade and Industry Minister Tarek Kabil said Monday.

In a meeting of the Supreme Council of Textile Industries, Kabil stressed the importance of a national strategy outlined by his Ministry to expand production and solve problems. A clear map of textile industries in Egypt is needed to be able to perfectly determine gaps between supply and demand, the minister said. According to him, this should also help define priorities to lure foreign investments and maximize the value added of Egyptian cotton. The Ministry of Trade, Kabil said, is keen on coordinating efforts with the Ministry of Agriculture to increase cotton cultivated lots in a way that would help meet needs of the local market.