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NEWS CLIPPINGS –09-06-2018

Tamil Nadu textile exports fall by Rs 16,000 crore in 2017-18	Indian Express http://www.newindianexpress.com/states/tamil-nadu/2018/jun/09/tamil-nadu-textile-exports-fall-by-rs-16000-crore-in-2017-18-1825697.html

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Export of knitwear and readymade garments from Tamil Nadu fell by 5.6 per cent in 2017-18 owing to various reasons, including demonetisation, GST and global competition. The garment exports from Tirupur reduced by `16,000 crore last year, O S Manian, Handlooms and Textiles Minister, told the Assembly on Friday. Replying to a question on demands for grants for Handloom and Textiles department, he said textile exports dipped by 10 per cent across India and 5.6 percent in Tamil Nadu.

"About 6500 knitwear and readymade garment companies in Tirupur export to the tune of `50,000 crore a year and provides employment to six lakh workers. However, owing to GST, demonetisation and global competition, textile exports turnover fell to `34,000 crore last year," he said. Because of the State's efforts GST on garments was reduced to five per cent.

He pointed out that higher taxation and reduction in other monetary incentives had put the textile industry in deep crisis. The Centre had reduced the rebate on State Levies (incentive provided for exporters on the value of exported goods) from 3.5 per cent to 1.7 per cent. Manian said the Centre is yet to settle the `500 crore dues to Tirupur garment companies.

Noting that about 11.4 per cent of tax imposed in India for exports, the Minister said (other major textile exporters) Bangaladesh and Sri Lanka did not levy customs duty. "The duty drawback rate, had also been reduced from 7.5 to 2.5 per cent," he explained. Manian said that on May 31, CM Edappadi K Palaniswami had written to the PM to settle `500cr dues towards rebate on State levies and increase duty drawback rate to five per cent.

Meanwhile, the Southern India Mills Association(SIMA) president P Nataraj said, "Refund of ROSL was kept pending from April 2017. The Centre has hastened the process. It has been cleared until Dec 2017."

Centre, Tamil Nadu blamed for 50,000 industries shutting down	**New Indian Express** http://www.newindianexpress.com/states/tamil-nadu/2018/jun/09/centre-tamil-nadu-blamed-for-50000-industries-shutting-down-1825739.html

Coimbatore's industrialists point to demonetisation, GST, power problems and pending subsidies for the downfall of micro and small industrial units across TN. Tamil Nadu government's official announcement that about 50,000 micro and small industries shut down in the past one year, directly affecting employment of over five lakh people, has come as a shock to industrialists in Coimbatore region. Though several factors had contributed to the decline of the industries, they placed the blame squarely on the Central and State governments and cited their negligence as the primary reason.

Electricity has been one recurrent issue for industries in Tamil Nadu. The power scarcity that came about in 2008-13 during the then DMK regime had pushed several sectors into crisis. Job orders were lost to other states, forcing micro and small industries to shut down in hordes. Industrialists were compelled to look for alternative avenues to survive the downfall. However, industries eventually started to revive and witness growth post 2013. That was when the Centre introduced demonetisation — a severe blow to the micro and small units that were primarily run on liquid cash. Then came implementation of Goods and Service Tax (GST).

GST turned out to be an unpleasant surprise for industries. While many had been eagerly awaiting the new regime, the high tax rates — fixed without the ground-level problems being taken into account — was not what they were looking forward to. Before GST, the exemption limit under the Central excise had been `1.5 crore; however, with GST, it was decreased to `20 lakh. This brought almost all micro and small industries into the system. Pushed into crisis, micro and small industries across sectors had appealed to the Centre and State governments to make reasonable amendments to the GST norms. However, the governments have been mute to most of the demands, they claimed.

According to the government's announcement on Thursday, the number of micro and small industries had come down from 2,67,000 in 2016-17 to 2,17,000 in 2017-18. The number of workers employed had come down from 18,97,617 to 13,78,544. The investments had come down from `36,221 crore to `25,373 crore. This information has shocked the industrialists at Coimbatore region — one of the largest employment-generating industrial hubs in the State. The problems for the industries were not limited to demonetisation and GST. Tamil Nadu Association of Cottage and Micro Enterprises (TACT) District President J James said, "The 15 per cent subsidy by the Central government for purchase of machinery has been kept pending for over a year. The 25 per cent subsidy by the State government has also been delayed for long. Hence, micro industries do no purchase raw materials or sell products. They only engage in job work. However, the Centre slapped an 18 oer cent tax on job work order, further affecting their business."

He pointed out that the request to establish an industrial estate at Coimabtore had been kept pending for over 10 years.

It is high time for both the governments to take steps to safeguard the micro and small industries. Otherwise, next year, the number of industries shutting down would be over one lakh and over 15 lakh people may stand to lose their jobs. The State government should take steps to hear the grievances faced by the micro and small industries," he suggested. Coimbatore Tiny and Small Foundry Owners Welfare Association (COSMOFAN) President A Siva Shanmuga Kumar said, “Central government is worried only about the development of big and corporate industries. Initially, the revenue under the GST scheme was low. Hence, the government showed interest in reducing the tax rates.

Tamil Nadu tops Mudra loans for weavers; disburses over Rs 900 million	**Business Standard** https://www.business-standard.com/article/economy-policy/tamil-nadu-tops-mudra-loans-for-weavers-disburses-over-rs-900-million-118060801213_1.html

The government provides free electricity bimonthly for 1,11,394 handloom weavers and to 1,24,877 power loom units

Tamil Nadu holds the first place in the country in the implementation of the 'Weaver Mudra Scheme' during 2016-17 and 2017-18, Minister for Handlooms and Textiles, O S Manian told the Assembly on Friday. During 2017-18, it was proposed to cover 15,000 handloom weavers in Tamil Nadu under the scheme, he said, moving the demand for grants to his department.

"With the concerted efforts and continuous follow-up by the department, the state has achieved disbursing 18,488 Mudra loans to the tune of Rs 901.2 million during 2017-18 which is higher than the disbursement of 17,031 loans to the tune of Rs 823.8 million in 2016-17," he said.

As regards free distribution of dhoties and sarees scheme for 2018-19, the government has made an allocation of Rs 4.9 million. For free electricity to power loom weavers, an allocation of Rs 4.3 billion has been earmarked while for handloom weavers, Rs 48.4 million has been allocated for the current fiscal, he said. The government provides free electricity (upto 200 units) bimonthly for 1,11,394 handloom weavers and to 1,24,877 power loom units (upto 750 units/bimonthly).

Income tax officials conducting searches in Chennai textile, jewellery stores	**Times of India** https://timesofindia.indiatimes.com/city/chennai/income-tax-officials-conducting-searches-in-chennai-textile-jewellery-stores/articleshow/64502971.cms

CHENNAI: Income taxinvestigation officials on Friday morning started searches in more than 20 places belonging to wholesale textile dealer -- Gandhi Fabrics and Jain Textiles – and a few jewellery stores in Parry’s Corner and Washermanpet areas of Chennai.

I-T sources said these shops were not paying taxes properly.

"We wanted to check their accounts as they are evading paying income tax. As of now, more than 20 places have come under our search. If it needs, we will search more areas," said a senior I-T official. Apart from the shops, the searches were also going on in the residences of the owners and workers.

Domestic cotton crop output is expected to moderate to 35 million bales in Cotton Year 2019	**Economic Times** https://economictimes.indiatimes.com/news/economy/agriculture/domestic-cotton-crop-output-is-expected-to-moderate-to-35-million-bales-in-cotton-year-2019/articleshow/64511823.cms

The domestic cotton crop output is expected to moderate to 35 million bales in Cotton Year (CY) 2019 (refers to year ending September 2019) after a reasonably good CY2018, owing to a decline in domestic cotton acreage to 114 lakh hectares for CY2019 vis-à-vis 122 lakh hectares estimated for CY2018, according to ICRA

As per an ICRA report, the decline in acreage is expected to be led by some key cotton growing regions in the Western and Southern belts, wherein pest attacks had caused sizeable losses to the cotton farmers during CY2018, resulting in a shift in farmer preference in favour of alternate crops such as soybean.

As for CY2019, while cotton sowing in the Central/ Western/ Southern belts is yet to commence, the Northern Belt comprising Punjab, Haryana and Rajasthan reported a tepid beginning, with area coverage under cotton being lower by ~14% this year (till May end), vis-à-vis the level normally witnessed till this time of the year, and ~18% below the level reported last year.

Mr. Jayanta Roy, Senior Vice-President and Group Head, Corporate Sector Ratings, ICRA, said "Besides this being too early to conclude from the sowing pattern so far, lower acreage in the Northern Belt appears to be an aberration caused by water-availability related issues in some of the states where the sowing has commenced."

While on the one hand, water levels in reservoirs across the country are lower than the past 10-year average, on the other hand, water supply from some of the canals catering to Punjab, Haryana and Rajasthan has been erratic amid issues pertaining to contamination of water and closure for relining work.

"With water availability issues starting to get addressed, ICRA expects the pace of cotton sowing in the Northern Belt to pick up in the coming weeks, in line with trends witnessed in recent weeks.", Mr. Roy added.

The pick-up in sowing pace was particularly visible in Rajasthan, where 44% of the area covered under cotton was sown in the last week of May 2018. The recent spurt in cotton sowing in Rajasthan (62% YoY increase till May 2018), post a tepid beginning, is being driven by the increased preference of farmers for cotton vis-à-vis the prime alternate crop of guar gum, amid favourable cotton prices and expectations of normal monsoons.

In comparison, Punjab and Haryana have seen 26% and 35% lower sowing vis-à-vis last year, respectively. While there is an increasing possibility of some shift in favor of more profitable paddy crop vis-à-vis cotton in Punjab and Haryana considering expectations of a normal monsoon, ICRA does not envisage any major deviations in cotton acreage and output from the northern belt.

Notwithstanding the expected decline in cotton crop output in CY 2019 driven by Western and Southern belts, it will continue to be comfortably above the lows witnessed during CY 2016 and CY2017. Nevertheless, there are multiple factors at play such as expectations of a higher Minimum Support Price (MSP), improvement expected in domestic consumption and global cotton deficit expectations for CY 2019, which are likely to keep cotton prices firm in its current trading range, which is ~10% higher is-à-vis prices prevailing in the beginning of 2018.

Adds Mr. Roy, "With likelihood of a decline in cotton output in CY2019 and firmness in cotton prices over the next 12-18 months, ICRA expects mixed trends in performance of spinning companies over the next few quarters. Financially-flexible companies that have managed to build-up cotton stocks at lower-than-prevailing market prices are expected to benefit from gains on lower-cost inventory during the first half of FY2019. Although there are associated carrying costs as well, gains from the are expected to be more-than-adequate to offset the increase in cost."

In comparison, companies that missed the stocking opportunity during a short window in Q3 FY2018, when cotton prices had temporarily dipped to floor price, may face profitability pressures during H1 FY2019. Further, with cotton prices remaining firm, working capital requirements and hence interest costs of cotton-based spinners are expected to remain high during FY2019.

Centre's panel to visit city on June 11 to take stock of textile sector	**Times of India** https://timesofindia.indiatimes.com/city/surat/centres-panel-to-visit-city-on-june-11-to-take-stock-of-textile-sector/articleshow/64514008.cms

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The decision to depute the duty drawback committee to the city was taken following representation by Synthetic and Rayon Export Promotion Council (SRTEPC) chairman Narain Agarwal during his meeting with Union minister for textiles Smriti Irani in New Delhi on May 27.

Agarwal told TOI, "At present, the remission of state levies (RoSL) under the duty drawback scheme was allowed for garment and made-up sectors. After the representation, the minister has given approval for inclusion of yarns and fabrics in the ROSL scheme. This will provide substantial relief to the man-made fibre segment. During the meeting, she was also positive on upward revision in duty drawback rates along with ROSL. These initiatives are certainly going to give a big push to man-made fibre segment in the country."

He said the minister positively considered review of accumulation of input tax credit (ITC) at various stages of textiles, including weaving, processing, embroidery and other value-added segments for enabling full refund. The refund of ITC will help make textile exports from the country more competitive.

About the central government scheme "Samarth" for capacity building in the textile sector, Agarwal said policy guidelines under the scheme were issued on April 23. The scheme is aimed at skill training for youths for gainful and sustainable employment in the textile sector. The ministry of textiles has now invited request for proposals (RPF) for empanelment of implementing agencies for undertaking the training programme.

Hosiery manufacturers to hike prices by 10%	The Hindu http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/hosiery-manufacturers-to-hike-prices-by-10/article24118189.ece?utm_source=tp-tamilnadu&utm_medium=sticky_footer

The members of South India Hosiery Manufacturers Association (SIHMA) have unanimously decided to increase the prices of hosiery products by 10 %, citing escalation in production costs due to increase in rate of raw materials and other input costs.

SIHMA president A. C. Eswaran told The Hindu that the members had decided to make the prices applicable for all the domestic orders confirmed from June 15 onwards. “We are forced to increase the prices of end products as there has been abnormal increase in prices of hosiery yarn, increase in wages given for labourers, upward revision of tailoring charges and freight charge increase in tandem with the escalating fuel prices, during the last one year”, he said.

The dyeing and bleaching charges too went up in the said period, he said.

According to the hosiery manufacturers, they did not increase the prices of hosiery products for more than two years.

EU imposes 25% additional duty on US apparel	Fibre 2 Fashion http://www.fibre2fashion.com/news/apparel-news/eu-imposes-25-additional-duty-on-us-apparel-242662-newsdetails.htm

The European Commission’s College of Commissioners has endorsed the decision to impose additional duties on the full list of US products notified to the World Trade Organisation (WTO), as part of the EU’s response to the US tariffs on steel and aluminium products. The list of US products includes t-shirts, trousers, shorts and cotton bed linen.

Following the decision to apply additional duties to selected imports from the US, the Commission expects to conclude the relevant procedure in coordination with Member States before the end of June so that the new duties start applying in July, the Commission said in a press release.

As per the list of products notified to the WTO, a 25 per cent additional duty is proposed to be imposed on t-shirts, singlets and other vests of cotton, knitted or crocheted; t-shirts, singlets and other vests of wool or fine animal hair or man-made fibres, knitted or crocheted; t-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. of wool, fine animal hair, cotton or man-made fibres); men’s or boys’ trousers and breeches of cotton denim (excl. knitted or crocheted, industrial and occupational, bib and brace overalls and underpants); men’s or boys’ shorts of cotton (excl. knitted or crocheted, swimwear and underpants); men’s or boys’ trousers and breeches of synthetic fibres, industrial and occupational (excl. knitted or crocheted and bib and brace overalls); women’s or girls’ cotton denim trousers and breeches (excl. industrial and occupational, bib and brace overalls and panties); women’s or girls’ cotton shorts (excl. knitted or crocheted, panties and swimwear); and bedlinen of cotton (excl. printed, knitted or crocheted).

"The application of the rebalancing duties is fully in line with WTO rules, and corresponds to a list of products previously notified to the WTO. The WTO Safeguards Agreement allows for a rebalancing corresponding to the damage caused by the US measures with EU exports worth €6.4 billion (2017) being affected. The EU will therefore exercise its rights immediately on US products valued at up to €2.8 billion of trade. The remaining rebalancing on trade valued at €3.6 billion will take place at a later stage – in three years' time or after a positive finding in WTO dispute settlement if that should come sooner," the press release said.

"This is a measured and proportionate response to the unilateral and illegal decision taken by the United States to impose tariffs on European steel and aluminium exports. What's more, the EU's reaction is fully in line with international trade law. We regret that the United States left us with no other option than to safeguard EU interests," said EU commissioner for trade Cecilia Malmström.