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NEWS CLIPPINGS –29-06-2018

Apparel exports fall for 8th month in row	Tribune India http://www.tribuneindia.com/news/business/apparel-exports-fall-for-8th-month-in-row/612101.html

Apparel exports from the country dwindled for the eighth month in a row giving tough time to exporters based in Punjab, Haryana and UP. The three states contribute 40 per cent of the total apparel exports from the country.

The sector has been witnessing a downward trend since October last. In dollar terms, the exports declined by over 16 per cent in May 2018. There are around 800 exporters in these states.

According to a data, total readymade garment exports in May this year was around $1.34 billion while it was $1.6 billion in the same month last year. In rupee terms, exports in the month was Rs 9,040.63 crore, a decline of 12.6 per cent over Rs 10,343 crore during the corresponding period last year.

Exporters say apparel exports, particularly from Punjab, Haryana and Uttar Pradesh, have seen a steep decline due to high input costs, delay in GST refund and stiff competition from Bangladesh, Vietnam, Pakistan and China.

The input costs in Punjab, Haryana and UP is higher compared to other regions, thus affecting the industry, said Harish Dua, MD of Ludhiana-based KG Exports. In such a scenario, exporters in Punjab are pining hope on the Drawback Committee constituted by the Finance Ministry to provide incentives in a time-bound manner. The continued backlog in the GST and the remission on state levies are affecting the business sentiments. “The exports are dwindling because of weak economic sentiments globally. However, with dollar strengthening, we expect that things will improve by September,” said Apparel Export Promotion Council Chairman HKL Magu.

Ludhiana garments, made in Bihar	Telegraphic India https://www.telegraphindia.com/states/bihar/ludhiana-garments-made-in-bihar-241090

Ludhiana-based apparel manufacturers have agreed to set up around 25 units at Dehri-on-Sone in a move that could create around 25,000 jobs for textile workers in Bihar.

The deal was clinched at a roundtable meeting between a delegation of the industries department led by principal secretary S. Siddharth and the Apparels and Textile Manufacturers of Ludhiana.

"Various apparel manufacturers of repute have agreed to establish 25 manufacturing units in Bihar. They will provide direct employment to 25,000 people. We have asked them to apply for stage-I clearance from the State Investment Promotion Board (SIPB) within a month," Siddharth told The Telegraph.

The apparel units will be located at Dehri-on-Sone in Rohtas, around 140km southeast from Patna. The place is equidistant from Varanasi in Uttar Pradesh, and lies close to National Highway 2, also known as the Grand Trunk Road

The dedicated freight corridor being constructed by the central government will also pass along the same alignment, providing wide-ranging transportation facilities to the manufacturers, who export apparels to countries globally.

"We have 79 acres available for industries at Dehri-on-Sone. We will give common industrial infrastructure to facilitate the entrepreneurs. They are happy over the provisions and benefits of the new Bihar Industrial Investment Promotion Policy (BIIPP) 2016," Siddharth added.

Apparel manufacturers of Ludhiana are mainly into knitwear and cater to large brands and retail chains like Spencer's, Walmart, GAP and sellers as well as designers in France, Germany, US etc.

The industries department had been wooing them since last year by showcasing Bihar's long tradition of textile, handloom, silk, khadi, weaving and dyeing.

Rupee recovers from record lows after RBI intervention	**Reuters** https://in.reuters.com/article/india-rupee/rupee-breaches-69-per-dollar-level-mild-intervention-from-rbi-seen-idINKBN1JO0D9?il=0

The rupee recovered from record lows set on Thursday morning aided by dollar selling intervention by the Reserve Bank of India but weak macro-economic fundamentals and broad dollar strength are likely to keep up the downward pressure on it.

Most other Asian currencies also edged down as a trade dispute between the United States and China kept investors on edge.

The RBI is suspected to have sold dollars through state-run banks at around the 69.09 rupee level, traders said. They were hopeful of larger dollar sales to prevent sharper falls in coming days.

The partially convertible rupee, however, was propped up by dollar selling intervention, closing at 68.79/80 versus the previous close of 68.65/66. The rupee hit a life low of 69.0950 earlier in the session.

The rupee’s last record low was 68.8650, on Nov. 24, 2016.

“The fall in the rupee was led by higher oil prices and rising trade war tensions between US and China,” HDFC Bank analysts wrote in a note.

“In the near term, the rupee is likely to be under pressure as oil prices continue to remain high, capital outflows from emerging economies continue and trade war tensions keep markets jittery,” they said.

Things have gone from bad to worse for the rupee, Indonesian rupiah and Philippine peso after the benchmark 10-year U.S. Treasury yield posted its first weekly close above the 3 percent threshold in nearly seven years, a Reuters forex analyst wrote.

A senior Indian finance ministry official, who declined to be identified as he is not authorised to speak to media, said the government and the central bank were closely monitoring and there was no need to panic.

"The situation is quite different compared to 2013 rupee crisis. This time, we have enough forex reserves to deal with any sharp fall," he said adding the RBI could spend up to $25 billion to support the rupee whenever needed.

The rupee has shed 7.7 percent this year, making it the worst performing currency in Asia, followed closely by the Philippine peso.

"Weakening at this pace shatters confidence. Markets expect RBI to manage the currency more effectively. The pressure on INR is high, thus in the absence of major action from regulators, 70 levels can be seen," the head of currency and debt trading at a foreign bank, said.

India's foreign exchange reserves stood at $410.07 billion as of June 15, the latest central bank data showed.

The widening current account deficit, due to higher global crude oil prices and steady capital outflows, has weighed on the rupee.

Oil prices have rallied for much of 2018 on tightening market conditions due to record demand and supply cuts led by the Middle East-dominated producer cartel of the Organization of the Petroleum Exporting Countries.

The January-March current account deficit widened to $13.0 billion, or 1.9 per cent of GDP, from $2.6 billion, or 0.4 per cent of GDP, a year earlier.

The rupee's fall, however, is expected to help exporters, though currency moves in other trading partners will also have an impact, especially with the Chinese yuan in retreat.

Shares of software service exporters such as Infosys rose 1.5 percent but investors are cautious amid volatile market conditions.

Investors are now awaiting the fiscal deficit data from the government due to be released on Friday.

Despite the rise in the current account deficit, it remains modest relative to GDP and is largely financed by equity inflows, including foreign direct investment, Moody's said in a note on Thursday, adding that the large foreign exchange reserves provided a good buffer.

"India's low dependence on foreign-currency borrowing to fund its debt burden limits the risk of currency depreciation transmitting into materially weaker debt affordability," Moody's added.

Tight supply to keep cotton prices firm in FY19: report	Money Control https://www.moneycontrol.com/news/business/tight-supply-to-keep-cotton-prices-firm-in-fy19-report-2648351.html

Lower fibre production in the current season (October-September) owing to crop infestation and acreage drop in the coming season (2018-2019) as well as adverse weather conditions in other key cotton growing nations could pose supply constraints, India Ratings and Research (Ind-Ra) said in a report.

India Ratings and Research (Ind-Ra) today said cotton prices are likely to stay firm during the next financial year following the tight demand-supply scenario, according to a report.

Lower fibre production in the current season (October-September) owing to crop infestation and acreage drop in the coming season (2018-2019) as well as adverse weather conditions in other key cotton growing nations could pose supply constraints, India Ratings and Research (Ind-Ra) said in a report.

However, the expectation of firming prices might encourage farmers to sow and arrest the acreage contraction. On the other hand, a robust domestic demand and rise in exports on account of the anticipated stock rebuilding by China are likely to keep the global consumption strong, the report said.

Minimum support prices (MSPs) for cotton are likely to be higher for the 2018-2019 season than for the previous season, it said.

However, given the tight demand-supply scenario, cotton prices might trade higher than MSP, limiting the government intervention, it added.

Despite the firm cotton prices, Ind-Ra expects margins across the cotton value chain to remain more or less stable.

This is primarily because a sustained demand from the end-user segments will allow manufacturers to pass on the price rise, it said.

Meanwhile, synthetic textile players are likely to witness a material margin contraction during FY19, due to their inability to pass on the price rise of crude oil-based raw materials, owing to the prevailing overcapacity domestically.

This might become worse because of rupee depreciation as raw material is procured at the import parity price.

Within the synthetic segment, it said, exporters and integrated players will be better placed to absorb a higher input cost, while standalone spinning units might be the most impacted.

Moreover, textile dyes and chemical prices are likely to remain high, exerting margin pressure, it added.

MCX signs MoU with Maha govt to thrust 'Cotton Mission'	Indianfonline https://www.indiainfoline.com/article/general-market-commodity/mcx-signs-mou-with-maha-govt-to-thrust-%E2%80%98cotton-mission%E2%80%99-118062800380_1.html

MCX already has accredited warehouses in Yavatmal and Jalna. To further facilitate delivery of cotton in the region, the exchange plans to provide delivery facilities in three or more new locations in Vidarbha under the mission.

Aimed at enabling a 'Cotton Mission' to empower cotton farmers in Maharashtra's Vidarbha, Multi Commodity Exchange of India Limited(MCX) signed a Memorandum of Understanding with the Maharashtra state government at MMRDA Auditorium in Mumbai on Thursday.

Mrugank Paranjape, MD & CEO, MCX, Bijay Kumar, Additional Chief Secretary - Agriculture & Marketing, and Maharashtra Chief Minister Devendra Fadnavis were present at the signing of the MoU. This joint initiative aims to create a value chain with final market linkages to support thousands of cotton farmers in Akola, Amravati, and Wardha. Under the beneficial ambit of this MoU, MCX will partner with the Department of Agriculture, Government of Maharashtra, and other government agencies, to work closely with Farmer Producer Organizations (FPOs) and help them connect to the exchange's organized market network, thus enabling them to build their capacities.

MCX has already accredited warehouses in Yavatmal and Jalna. To further facilitate delivery of cotton in the region, the exchange plans to provide delivery facilities at three or more new locations in Vidarbha under the Cotton Mission. The cotton futures market provides an efficient platform for farmers to move up the value chain and increase their realizations. The underlying of MCX cotton futures being ginned cotton, cotton farmers are incentivized to process their produce and sell in the physical market or use the exchange mechanism to deliver and/or hedge to get remunerative prices. This would support Vidarbha's cotton farmers in their upliftment and is expected to contribute to doubling their incomes by 2022-23, as envisaged by the Government of India.

Devendra Fadnavis said, "Commodity exchanges greatly influence a large section of the society due to the trading of various agro commodities, base metals, and bullion. They can play a key role for inclusive growth and development of commodity markets and market infrastructure. In this regard, MCX's special focus on the cotton-growing Vidarbha region and its vision of enabling a 'Cotton Mission' in Akola, Amravati, and Wardha is highly appreciable and will greatly improve the lives of the farmers in the region. Its assistance in creating a value chain with a final market linkage will further help farmers plan their crop as well as demand the right value for their produce. I wholeheartedly appreciate MCX's endeavour in leading this mission and assure the government's full support for this project."

Mrugank Paranjape said, "The 'Cotton Mission' aims to empower cotton farmers in Vidarbha — one of the largest cotton-growing regions in the country. It plans to do so by enhancing market linkages that will provide the right support to farmers in the region. Under this program, the exchange will work with the government to identify and create farmer groups, and work towards equipping these groups to access regulated markets that will enable them to participate in a transparent price discovery mechanism and sell their produce in the national market for better price realization." "Special emphasis will be given on farmers' training, education, and awareness so that they can plan and produce quality crop that is marketable as well as benefit from our existing infrastructure. We stand committed to using the organized exchange mechanism to improve the economic power of the farmers and continue to act as a catalyst for the development of a robust commodity market eco-system. We are honored to be associated with the Government of Maharashtra in spearheading this initiative," Paranjape added. Multi Commodity Exchange of India ended the day at Rs725.25, down Rs15.45, or 2.09%, from its previous close of Rs740.70 on the BSE.

Technical textiles industry to grow at 20%: Commissioner	**Business Line** ' https://www.thehindubusinessline.com/economy/technical-textiles-industry-to-grow-at-20-commissioner/article24282364.ece

The segment's potential is largely untapped: Kavita Gupta

The technical textiles industry is projected to grow at 20 per cent year-on-year and the segment's potential is largely untapped, a senior government official said here.

"We see huge growth potential for the technical textile industry in India. With 12 segments of technical textiles and a market size of ₹1,16,000 crore, it is projected to grow 20 per cent per annum," Textile Commissioner Kavita Gupta said here.

India accounts for just 3 per cent of global technical textile production. As compared to countries like Germany where technical textile contributes 50-60 per cent, in India, the contribution is only 12 per cent, she said. Inaugurating TECHNOTEX 2018 — an International Exhibition and Conference on Technical Textiles jointly organised by FICCI — Gupta said technical textiles are being promoted at the highest level by the government in order to realise the full potential of the critical segment.

She said the Ministry needs the support of industry to promote usage of technical textiles.

Shishir Jaipuria, Chairman, FICCI Textile Committee and Chairman and Managing Director of Ginni Filaments, in his welcome address said, "The Government has special focus on technical textiles and has announced various flagship schemes and future looks promising. We want to pass on the benefits to the consumers."

Nearly 168 exhibitors from 39 countries, including China, Taiwan, South Korea, Vietnam and USA, are participating in Technotex. A total of 225 international buyers will be taking part in the reverse buyer-seller meet and 7,000 visitors are expected at the two-day event.

Textile industry expects high growth rate	**Vietnam News** http://vietnamnews.vn/economy/450707/textile-industry-expects-high-growth-rate.html#X6mCoXgu3ewObP40.97

The textile and apparel industry was defined as a field with one of the highest growth rates over the next 12 years.

It's expected the business will grow by 14 per cent over the next two years and a further 10 per cent up to 2030.

Speaking at the 4th Vietnam Textile Summit 2018 held in Hà Nội on Wednesday, Dr. Trần Du Lịch said he believed the future would be bright.

"Garment and textile is a key economic sector in terms of employment creation and contribution to exports. It creates 20 per cent of jobs in Vietnamese industry," said Lịch.

This sector has the second highest export turnover and occupies the fifth position in the world. Last year saw goods worth more than US$31 billion, exported, representing 10.23 per cent year-on-year increase.

The rapid growth rate was expected to continue this year with an estimated turnover of $33 billion.

In addition to maintaining traditional markets such as the US, Europe, Japan and South Korea, Vietnamese garment and textile firms have been expanding to new areas such as China, Russia and Cambodia.

It also promotes the development of the cotton fiber industry; petrochemical industry and other textile supporting industries as well as trading, services, and fashion industry.

"The textile industry contributes to the success of FDI attraction policy. FDI accounts for about 60 per cent of apparel and textile export turnover," he said adding that in the economy industrialisation strategy, the industry played an important role in the economic structure of Việt Nam.

However, he said the Government policies played an important role to help businesses develop. Việt Nam's vocational training policies in the industry had not been effective and would need further support.

In addition, the Government should encourage enterprises to mobilise capital on the stock market. The application of the Decree No 111/NĐ-CP on supporting industries should be promoted and be included in research budgets, application of new technologies and reduction of corporate income tax.

The Government should also encourage the linking of value chains by supporting small and medium enterprises under the Law on the promotion of small-and-medium sized enterprises (SMEs).

Trần Thanh Hải, deputy head of the Department of Export and Import under the Ministry of Industry and Trade said new Free Trade Agreements (FTAs) which Viet Nam signed or negotiated would benefit the country's garment and textile sector.

"In the 2018-22 period, the export tax of some products would be reduced to zero, creating new opportunities for the country to increase export added value and promoting the economic growth," Hải said.

On the other hand, the competitive labour costs and preferential policies would continue to help Việt Nam become one of ideal destinations for investors in the sector.

However, Việt Nam should continue to compete to maintain competitiveness with countries such as Bangladesh, Sri Lanka, Myanmar and Cambodia.

Sharing the ideas, Ven Tran, director of Việt Nam Office of Weave Services Limited said Việt Nam had experienced strong growth in textile manufacturing thanks to three key advantages as trade barriers are gradually removed.

In addition, Việt Nam ranked second lowest in the regions, after Bangladesh. Its global position made it an ideal choice for investors who want to leave China.

However, there were still three main challenges to sustain this strong growth including low productivity, environmental regulation and long lead time, he said.

Long lead time means retailers and manufacturers fail to meet customers' expectation and managing raw materials is key to speeding up productivity. Material accounts for a half of total lead time and it can even be 70 per cent when it comes to overseas supply.

He suggested the solutions were to set up a common language with supply methods while factoring in risk.

The event co-organised by ECV International and Việt Nam Cotton and Spinning Association (VCOSA) aimed to better understand the market, as well as mitigate risks and identify new opportunities. Meanwhile, the summit can also act as a platform for exchanges, communication and mutual assistance.

Cabinet okays ₹2,000-cr. capital infusion for export guarantor across FY2017-20	**The Hindu** https://www.thehindu.com/business/cabinet-okays-2000-cr-capital-infusion-for-export-guarantor-across-fy2017-20/article24273161.ece

Move will help ECGC provide cost-effective credit insurance to exporters: Centre

The Cabinet Committee on Economic Affairs on Wednesday approved a capital infusion of ₹2,000 crore into the Export Credit Guarantee Corporation (ECGC) to be infused over the three financial years 2017-20.

The break-up of the infusion would be ₹50 crore in 2017-18, ₹1,450 crore in 2018-19, and ₹500 crore in 2019-20.

MSME exports

"The infusion would enhance insurance coverage to MSME exports and strengthen India's exports to emerging and challenging markets like Africa, CIS and Latin American countries," the government said in a release. "With enhanced capital, ECGC's underwriting capacity and risk to capital ratio will improve considerably. With a stronger underwriting capacity, ECGC will be in a better position to support Indian exporters to tap new and unexplored markets."

The increased capital infusion would also help ECGC to diversify its product portfolio and provide cost-effective credit insurance to exporters, the government said.

"Covers from ECGC will help in improving competitive position of India exporters in international markets," the government said. "More than 85% of customers benefited by ECGC's covers are MSMEs. ECGC covers exports to around 200 countries in the world."

Separately, the Cabinet Committee on Economic Affairs also approved the contribution of grant-in-aid of ₹1,040 crore to the National Export Insurance Account Trust (NEIA). "The corpus is to be utilised during three years from 2017-18 to 2019-20," the government said.

"An amount of ₹440 crore has already been received for the year 2017-18. ₹300 crore each will be given to NEIA for the years 2018-19 and 2019-20. The corpus would strengthen NEIA to support project exports from the country that are of strategic and national importance," the Centre added.

GST effect: TN traders cautiously optimistic	Business Line https://www.thehindubusinessline.com/news/gst-effect-tn-traders-cautiously-optimistic/article24282168.ece

On the eve of one year of GST rollout, the mood across different sections of the trade remains mixed.

A wholesale textile merchant in Coimbatore, while welcoming the tax regime, said a good number of his customers were women, who sold goods from their homes, and tailors, who sourced cloth from him to carry on job works.

"We source goods from Surat and sell them here. Till July last year, these women used to buy the material in bulk, at times in excess of ₹1.5 lakh and sell them in their neighbourhood. Now, with no GSTN, they are in a dilemma, limiting their purchases to below the ₹50,000. This has impacted our turnover," said Mukesh, owner of Dinesh Textiles.

Many such traders have started raising sales invoice meticulously only after the implementation of the Goods and Services Tax and on the advice of their auditors.

Mukesh is no exception. In a brief chat with this correspondent, he said, "GST is now a given. The issue most of us have to reconcile with is the money we have to shell out to the auditor. Earlier, we used to pay an annual sum as audit fee. Now, we have to pay every quarter and the audit fee has also surged."

Suresh Krishnan, managing partner, Gramma Technologies, a small unit that is engaged in the manufacture of weighing machines, says the dust has settled.

"Weighing machine is an unorganised industry, but we have managed to swim with the tide," he said unlike many others in the unorganised sector.

Traders urge Finance Ministry to review GST-related issues	Money Control https://www.moneycontrol.com/news/business/economy/traders-urge-finance-ministry-to-review-gst-related-issues-2647591.html

The body suggested that the HSN Code should be made applicable only on the manufacturers and not traders.

As the goods and services tax (GST) approaches one year of implementation, traders have requested the finance ministry to review issues like filing of multi-returns, refunds from the department, awareness about the unified tax regime and its compliances.

The Confederation of All India Traders (CAIT), in a letter written to the ministry today, has suggested that instead of monthly returns, quarterly returns should be prescribed on Form 3B to make return filing simpler.

Asking for the refunds to be automatically credited to traders' bank accounts, it has called for one registration number for traders to be allowed across India, instead of taking registrations in every state for doing business.

Further, the body suggested that the HSN Code should be made applicable only on the manufacturers and not traders.

It has also appealed for assistance to traders to equip them with computers, in order to encourage e-compliance.

"A comprehensive incentive scheme should be given to traders who adopt digital payments for complying tax obligations and use digital payment in their day to day business by allowing rebate in tax," it further said.

Also, it is necessary that pending amendments in GST Act should be done as early as possible, the letter read.

Other suggestions include no input credit should be denied on pretext of invoice matchmaking, traders should be allowed to edit the returns, the classifications of goods should be made more easy, inter-state supplies should be allowed in composition scheme and a GST Lokpal should be constituted for fair and transparent redressal of grievances.

CAIT has also said that reverse charge mechanism should be deferred till March next year.

It has also urged the ministry to constitute a joint committee of traders and senior officials at district level to take GST down the line.

The GST, which was implemented on July 1, 2017, replaced over a dozen indirect taxes levied by the Centre and state governments.

Sri Lanka's April exports flat, car imports help widen trade gap	**Economy Next** http://www.economynext.com/Sri_Lanka%E2%80%99s_April_exports_flat,_car_imports_help_widen_trade_gap-3-11039.html

Sri Lanka's trade deficit widened in April 2018 from a year ago as export earnings growth was flat while imports rose sharply driven by a big rise in imports of cars, the central bank said.

“However, tourist earnings and workers' remittances continued to record a healthy growth during the month,” a statement said.

“The deficit in the trade account expanded in April 2018 reversing the deceleration observed in the previous month,” it said. “This expansion was largely driven by the increase in expenditure on imports while earnings from exports remained stagnant.”

In April 2018, merchandise export earnings remained unchanged at 795 million US dollars when compared with April 2017 while expenditure on imports increased almost 12 percent to 1,794million US dollars.

“In terms of the current account, the trade deficit expanded in April 2018 as import expenditure increased at a higher pace while export earnings remained subdued,” the central bank said.

Textiles and garments exports fell 3.4 percent to 338.6 million dollars, declining for the first time since June 2017, while tea exports were almost flat at 110 million dollars.

Vehicle imports rose 180 percent to 158 million dollars and refined petroleum products by 26 percent to 257 million dollars. "Import expenditure on personal vehicles, categorised under consumer goods, contributed mainly to the overall growth in imports due to the substantial increase in imports of small engine capacity vehicles, hybrids and electric vehicles," the statement said.

Expenditure on textiles and textile articles reduced marginally driven by lower fabric imports in April 2018.

"Machinery and equipment mainly contributed to the growth in import expenditure of investment goods while expenditure on the import of transport equipment also increased driven by commercial vehicles such as buses and tractors."

Import-export turnover to go up by 13 %	**Nhan Dhan** http://en.nhandan.org.vn/business/item/6329102-import-export-turnover-to-go-up-by-13.html

Vietnam's total import and export turnover in the first six months of 2018 is estimated to hit US$225.29 billion, showing a year-on-year rise of 13 %, according to the General Department of Customs.
Of the figure, the export value is likely to reach US$113.93 billion since the beginning of this year, up 16% against the same period last year, while import value is calculated at US$111.36 billion, a rise of 10.2 %.

As a result, Vietnam will run a trade surplus of US$2.57 billion in the first half of the year.

In January-June, the country hopes to gross US$22.5 billion from exporting mobile phones and spare parts (up 15.4%) as well as US$13.42 billion from garment-textile (up 13.8%), nearly US$13.46 billion from computers, electronic products and components (up 15.7%), and US$3.96 billion from aquatic products (up 11%).

Also in the reviewed period, imports of computers, electronic products and spare parts are estimated at US$19.7 billion (up 14.3%), machinery, equipment and components US$16.15 billion (down 7.3%), mobile phones and spare parts US$5.97 billion (down 4.4%), and fabric US$6.43 billion (up 17.1%).

Vietnam's trade surplus hit a record high of US$2.92 billion in 2017, according the Ministry of Industry and Trade.

The country had 29 groups of items whose export revenue exceeded US$1 billion, 20 groups with export turnover of above US$2 billon and eight groups with export value of more than US$6 billion.

2017 was considered a good year for Vietnam with its exports crossing the US$200 billion mark for the first time and ending at US$214.02 billion, a year-on-year increase of 21.2 % and well above the Government's target.