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NEWS CLIPPINGS –09-01-2019

Stressed advance ratio of textile sub-sector improves: Sanjay Jain, CITI	Economic Times https://economictimes.indiatimes.com/industry/cons-products/garments-/-textiles/stressed-advance-ratio-of-textile-sub-sector-improves-sanjay-jain-citi/articleshow/67435593.cms

Confederation of Indian Textile Industry (CITI) chairman Sanjay Jain on Tuesday said that as per RBI Financial Stability Report – December 2018, the stressed advance ratio of the textile sub-sector has been improving continuously. From 23.70% in September 2017, the stressed advance ratio of the textile sector has come down to 18.70% in September 2018.

Jain stated that according to commerce ministry data, the exports of textiles and apparel stood at Rs18,965 crore during November 2018 as compared to Rs.16,707 crore during November 2017, showing an impressive growth of 14%. It is noteworthy that over the same period apparel exports have grown at a remarkable rate of 21%, he added.

Chairman, CITI stated that he was delighted to see the positive IIP data. It is pertinent to mention here that the IIP production data for T&C (textile and clothing) also witnessed robust year-on-year growth during October 2018 as compared to October 2017. Textiles and apparel have registered a growth of 6.2% and 28%, respectively during October 2018.

However, Jain pointed out that one key area of worry for the T&C Industry today is continuously rising imports of textile products where industry need immediate attention and support of the government.

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
20622	43100	78.07
Domestic Futures (Ex-Gin) November		
Rs/Bale	Rs/Candy	USD Cent/lb
20890	43660	79.09
International Futures		
NY ICE USD Cents/lb. (Mar 2019)		71.67(-1.08)
ZCE Cotton: Yuan/MT (May 2019)		15025
ZCE Cotton: USD Cents/lb.		99.45
Basis Difference (Domestic spot – ICE March)		6.40
Cotlook A Index - Physical		81.90(+0.4)
WTI Crude :USD/Barrel		49.78
B. Currency		
USD/INR	Close	Previous Close
Spot	70.34	70.21
USD Index	95.90	

Cotton Guide

It seems that both the US and Chinese representatives want the deal to happen as quickly as possible. The talks between the two sides were scheduled for a couple of days starting Monday but the representatives of both the countries still could not concur with each other’s proposals and consequently the talks will be continued into the third day, i.e. today. We should expect some kind of favorable news for the cotton market today. On the other hand, whatever the outcome may be, the final verdict will be in the hands of President Trump; so market participants have to wait and watch for the aftermaths which will undoubtedly have a cascading effect on either price direction.

The optimism about positive trade talks made the markets to soar near 74 cents/lb. The ICE March Contract touched a high of 73.85 cents/lb but soon lost ground and settled toward the low figure at 71.67 cents/lb. The change was amounted to (-108) for ICE March. The change for the ICE may contract was (-103) points which settled at 73.07. All the other ICE contracts were in the negative territory before ICE could wind up for the day. The total open interest increased for a seventh consecutive day, an increase of 2,578 contracts was witnessed to sum up at 224,146 contracts. The March and May contracts increased by 1314 and 601 contracts respectively to 128,184 and 39,689 contracts.

With the global Macro (geopolitical) factors the domestic cotton price especially future contracts have corrected down side at the MCX platform. The most active January future ended the session at Rs. 20890 down by Rs.50 from previous close. The other contracts have also declined. For the day we expect the January contract to trade in the range of 20920 and 21200 Rs/Bale with a bias towards the positive side.

Arrival figures in India are estimated at around 155,000 lint equivalent bales (source cotlook). The prices of Shankar 6 cotton are still in the range of 43,000 to 43,500 Rs/Candy with an average price of around 43,300 which amounts to 78.58 cents/lb (Ex.Gin). Prices of Punjab J-34 are at 4,440 Rs/Maund. Cotlook Index A has had a further readjustment with +0.40 change to 81.90 Cents/lb CFR main Far Easter Ports.

While I am writing this report, WTI crude is sailing at 50.50 USD/Barrel. This could further revive the upward movement of prices for cotton. Along with the aforementioned factors, the market is also viewing at the developments on US government shutdown, Chinese economic slowdown and Brexit vote which may cause volatility.

On the technical front ICE March cotton prices made a bullish pattern (Morning star) accompanied with the RSI above 30 suggest a short term pullback in the price. Sustainable trades below 70.50 will only resume the downtrend while the immediate resistance is at around 74.50.From the above we expect prices to trade in the range of 71.50-74.60 with sideways to positive bias.

Currency Guide

Indian rupee may trade with a weaker bias against the US dollar. Weighing on rupee is continuing gains in crude oil price. Brent crude trades higher above $59 per barrel supported by sharp decline in US crude oil stocks and US-China trade talks optimism. Also weighing on price is recovery in US dollar against major currencies. The US dollar index trades mixed today after a 0.3% gain yesterday. The US dollar recovered amid higher bond yields and disappointing European economic data. However, supporting rupee is firmness in US and global equity market amid progress in US-China trade talks. As per reports, US-China will continue trade talks for an unscheduled third day on Wednesday. Reports also noted that US President Donald Trump is eager to strike a deal to boost financial markets. The US dollar will also remain pressurized by mixed US economic data, continuing partial government shutdown and Fed’s patient stance on interest rate hikes. Rupee may witness choppy trade amid mixed cues but bias may be on the weaker side owing to gains in crude oil price. USDINR may trade in a range of 69.8-70.35 and bias may be on the upside.

FTAs with EU, Australia, Canada, Britain to help garment exports: CITI	**Economic Times** https://economictimes.indiatimes.com/industry/cons-products/garments-/-textiles/ftas-with-eu-australia-canada-britain-to-help-garment-exports-citi/articleshow/67439520.cms

Confederation of Indian Textile Industry (CITI) has said that free trade agreements with the European Union, Australia, Canada and Britain will help Indian exports of garments and made ups, at par with its competitors such as Vietnam and Bangladesh.

CITI chairman Sanjay Jain said besides FTAs, a reduction of import duty on Indian cotton yarn and fabrics by China, is "the biggest game changer that can transform the Indian textile and clothing industry". The made-ups sector, which includes products such as towels and bedsheets, is the second-largest employer in the textile sector after apparel.

"Another major issue which can enhance the export competitiveness of the Indian textile products is refund of all duties and taxes on exports across the value chain, as in principle, a country should not be exporting any types of taxes or duties," said Jain.

CITI has highlighted rising imports of textile products as a key area of concern, which needs immediate attention.

India's exports of textiles and apparel rose 14% on year in November 2018, at Rs 18,965 crore compared with Rs 16,707 crore in November 2017. Apparel exports grew 21% in the same time period.

Textile sector on revival path: CITI	**Financial Express.com** https://www.financialexpress.com/market/textile-sector-on-revival-path-citi/1437852/

The stressed advance ratio of the textile sub-sector has been improving continuously. As per Reserve Bank of India (RBI)'s financial stability report, the ratio has improved from 23.70% in September 2017 to 18.70% in September 2018.

Based on quick estimates data, the export of textiles and apparels stood higher at Rs 18,965 crore in November 2018, against Rs 16,707 crore in November 2017, registering a 14% growth, said Confederation of Indian Textile Industry (CITI) on Tuesday. Over the same period, apparel exports have grown at a remarkable 21%, it added.

Sanjay Jain, chairman, CITI, said it was interesting to note the positive Index of Industrial Production (IIP) data. It is pertinent to mention here that the IIP data for textile & clothing (T&C) also witnessed robust year-on-year growth during October 2018 versus October 2017. Textiles and apparel have registered a growth of 6.2% and 28%, respectively, during October 2018.

The positive trend in the entire textile value chain has been the result of pragmatic approach shown by the Union finance and commerce ministries over the past few years. The Centre's support to the sector includes disbursement of Rs 1,300 crore for the Samarth Scheme, Rs 6,000 crore for apparel & made-ups package along with various state incentives; resolution of goods and services tax (GST)-related issues and increase in import duty on various textile and apparel commodities. Made-ups are articles manufactured or stitched from any type of cloth, other than a garment such as bed-sheets, cushion covers and lamp-shades. The timely policy support and intervention should be considered as an important step when the industry was under severe stress, especially after the implementation of GST, Jain pointed out.

Pain in Indian textile sector has reduced: CITI	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/textile-news/pain-in-indian-textile-sector-has-reduced-citi-246626-newsdetails.htm

There is a positive trend in the entire textile value chain as a result of pragmatic approach shown by the Union ministers of finance, commerce and industry, and textiles, on the issues of textile and clothing industry, the Confederation of Indian Textile Industry (CITI) has said. However, the rising imports of textile products remains one key area of worry.

As per RBI Financial Stability Report – December 2018, the stressed advance ratio of the textile sub-sector has been improving continuously. From 23.70 per cent in September 2017, the stressed advance ratio of the textile sector has come down to 18.70 per cent in September 2018, CITI chairman Sanjay Jain said in a press release.

Secondly, the exports of textiles and apparel stood at `18,965 crore during November 2018 as compared to `16,707 crore during November 2017, showing an impressive growth of 14 per cent. It is noteworthy that over the same period apparel exports have grown at a remarkable rate of 21 per cent, according to Quick Estimates data for the month of November 2018, released by DGCI&S, under the ministry of commerce and industry.

Further, the Index of Industrial Production (IIP) for textiles and clothing witnessed robust year-on-year growth during October 2018 as compared to October 2017. Textiles and apparel registered a growth of 6.2 per cent and 28 per cent respectively during October 2018. “I am delighted to see the positive IIP data,” said Jain.

He, however, pointed out that one key area of worry for the textiles and clothing industry today is the continuously rising imports of textile products, where the industry needs immediate attention and support of the government.

All the categories across the textile value chain (except fibre) have seen a drastic rise (between 15 per cent and 58 per cent) in imports during January-October 2018 vis-à-vis same period last year. In the given scenario, the “biggest game changer that can transform the Indian textile and clothing industry and put it at par with its competitors, such as Vietnam and Bangladesh, are Free Trade Agreements (FTAs) with the EU, Australia, Canada and Britain for made-ups and garments, and reduction of import duty on Indian cotton yarn and fabrics by China,” Jain said.

“Another major issue which can enhance the export competitiveness of the Indian textile products is refund of all duties and taxes on exports across the value chain, as in principle, a country should not be exporting any types of taxes or duties,” he added. He said that he is very much hopeful that the government would intervene in the matter and continue to support the textile industry, so that it can fulfil its $300 billion industry target and employment potential by 2025.

Prashant Mohota gets prestigious award	The Hitavada.com http://thehitavada.com/Encyc/2019/1/8/Prashant-Mohota-gets-prestigious-award.aspx

Prashant Mohota, Managing Director, Gimatex Industries, has recently won the prestigious 'Outstanding Young Entrepreneur in Textile Sector' award in Yarn and Fabric category.

The award was given at the hands of Vice-President Venkaiah Naidu and Union Minister for Textiles Smriti Irani at a function held in New Delhi.

A sixth generation entrepreneur, Prashant Mohota has converted his Rs 120 crore spinning company into Rs 1,000 crore vertically integrated company.

PM to launch infra-projects in Maharashtra	Outlook.Com https://www.outlookindia.com/newsscroll/pm-to-launch-infraprojects-in-maharashtra/1454333

Mumbai, Jan 8 Ahead of the upcoming Lok Sabha elections, Prime Minister Narendra Modi will on Wednesday launch several development projects and address a public rally in Solapur in Maharashtra, officials said here on Tuesday.

Modi will lay the foundation stone for constructing 30,000 homes under the Pradhan Mantri Awas Yojana (PMAY) meant for homeless people, ragpickers, rickshaw drivers, textile employees, beedi workers and others.

The project cost of Rs 1,811.33 crore shall be jointly borne by the Centre and Maharashtra.

Giving a boost to road transport and connectivity in the state's backward Marathwada region, Modi will dedicate to the nation a four-lane section of the Solapur-Tuljapur-Osmanabad National Highway 52.

As part of the Swachha Bharat Mission initiatives, Modi will unveil an Underground Sewerage System and three Sewage Treatment Plants in Solapur, a 2-tier city with a population of nearly one million.

This will help boost the sewer coverage of the city, improve sanitation and replace the existing system besides connecting to the trunk sewers being implemented under the Amrut Mission.

Later, the Prime Minister will lay the foundation stone for the Combined Project of Improvement in Water Supply and Sewerage System as part of the Area Based Development in Solapur Smart City, Augmentation of Drinking Water Suppy from Ujani Dam to Solapur City and the Underground Sewerage System under Amrut Mission.

The cost of the project is Rs 244 crore under the Smart City Mission and it would bring significant improvements in service delivery and improve public health.

Later, Modi will address a public meeting in the city, which is expected to kickstart the Bharatiya Janata Party's Lok Sabha election campaign in Maharashtra.

Situated around 360 km from Mumbai, Solapur has the highest - 33 - sugar factories in all districts of the state, is the leading producer of beedis and famed for its pomegranates and spinning textiles in which it ranks second in the world and highest in Asia.

Its renowned 'Solapuri chadars' became the first product from the state to get a Geographical Indication (GI) tag. The city boasts of the first waste-to-electricity generation plant in Maharashtra.

Expedite GST on energy: PMO	**Economic Times** https://economictimes.indiatimes.com/news/economy/policy/expedite-gst-on-energy-pmo/articleshow/67411076.cms

NEW DELHI: The Prime Minister’s Office has asked nodal ministries to speed up efforts to bring all states on board for the inclusion of oil, natural gas, electricity and coal under the ambit of the goods and service tax (GST). States have been reluctant because so far, they have the freedom to levy their own taxes — a significant part of the state revenue.

Niti Aayog had reached out to the PMO with a blueprint to make the energy sector more competitive and ensure uniform pricing across India, a senior government official told ET, requesting anonymity. “Nodal ministries have taken recognition of the directive from the top and have initiated discussions with all stakeholders and states,” the official added.

The next meeting of the GST Council will be held on January 10. Various stakeholders, including consumers, have demanded the power sector be brought in the ambit of GST, which may lower tariffs 10%.

NITI Aayog is of the view that such a variety of subsidies and taxes distorts the market and promotes use of inefficient fuel. It has pitched for the same GST rate for all forms of energy as its absence has made both exports and domestic production uncompetitive. This is because there is no input credit available on these items.

A uniform GST would enable a level playing field. Currently, there is a large bias in favour of renewables in the GST policy. Inputs to renewables generation attract GST of 5% while inputs to thermal generation attract a higher rate of 18%.

“There should be no discrimination between renewables and thermal energy. All inputs going into both forms of electricity generation should receive tax credits,” the Aayog suggested, adding that GST would then become neutral between different forms of electricity generation, as should be under a good tax policy. The Centre collects Rs 2.5 lakh crore as tax on oil while almost Rs 2 lakh crore is collected by the states.

While the Centre is in favour of widening the GST net and bringing these products under the uniform tax regime, it would require huge compensation to the states, which bank heavily on revenue from these energy sources.

FDI inflows hit six-month high	Economic Times https://economictimes.indiatimes.com/markets/stocks/fdi-inflows-hit-six-month-high/articleshow/67443993.cms

MUMBAI: Foreign direct investment into India in October was at the highest level in six months as the rupee depreciated to a record low and the benchmark stock index declined.

Gross FDI inflows were $6.54 billion in October, the highest since $6.7 billion in April, according to data from the Reserve Bank of India.

"The high gross FDI inflows into India in September and particularly October are consistent with a couple of large corporate acquisition deals in the previous months and possibly some early IBC (Insolvency & Bankruptcy Code) resolutions," said Saugata Bhattacharya, chief economist at Axis BankNSE 1.74 %. "The proximate reason might be opportunistic buying, leveraging on the weak rupee in those months and the fall in the equity markets." The rupee hit a record low of 74.48 a dollar on October 11, making it Asia's worst-performing currency. However, this meant that a single dollar would have fetched more of the local currency, making sense for multinational companies to bring capital into India where they have units.

"FDIs come based on opportunity and availability of investible funds," said Madan Sabnavis, chief economist at CARE Ratings. "India still is fast growing with hospitable FDI rules. With developed economies slowing, India offers better prospects, especially for the long term."

he Ministry of Commerce & Industry released the e-commerce draft policy in August, aimed at promoting the sale of 'Made in India' goods through online retail platforms.

Fundamentals of India remain strong, better than the sovereign credit ratings assigned by the global rating agencies," said Joydeep Sen, a consultant with PhillipCapital India. "With improvement in ease of doing business and expected continuity in government at the Centre, FDI flows are expected to be positive."

In November, the World Bank said India had climbed 23 positions in its Ease of Doing Business Index to 77th place, becoming the top-ranked country in South Asia for the first time and third among the BRICS nations.

"Sometimes, there are lumpiness in flows on deals like Rosneft-Essar or Walmart-Flipkart," Sen said. "That apart, on a long-term basis, India offers sustainable growth."

Supreme Court backs Monsanto on GM cotton payments	Times of India https://economictimes.indiatimes.com/news/economy/agriculture/supreme-court-allows-monsanto-to-claim-patents-on-gm-cotton/articleshow/67432238.cms

NEW DELHI: India's Supreme Court ruled on Tuesday that U.S. seed maker MonsantoNSE 0.42 % can claim patents on its genetically modified (GM) cotton seeds in the world's biggest producer of the fibre.

The decision on appeal overturns an earlier ruling by the Delhi High Court that Monsanto - which has been bought by

German drug and crop chemical maker Bayer AG - was unable to claim patents on GM cotton seeds.

The outcome is positive for foreign agricultural companies such as Monsanto, Bayer, Dupont Pioneer and Syngenta which have been concerned that they could lose patents on GM crops in India.

"This is a very good move as most international companies have stopped releasing new technology in the Indian market due to the uncertainty over patent rule," said Ajit Narde, a leader of the Shetkari Sanghatana, a farmers' body, which has been demanding access to new technologies.

Access to advanced technology was important to help Indian farmers to compete with rivals overseas, Narde said.

Mahyco Monsanto Biotech (India) (MMB), a joint venture between Monsanto and India's Maharashtra Hybrid Seeds Co (Mahyco), sells GM cotton seeds under license to more than 40 Indian seed companies, which in turn sell product to retailers.

The Delhi High Court ruling came after local company Nuziveedu Seeds Ltd (NSL) argued that India's Patent Act does not allow Monsanto any patent cover for its genetically modified (GM) cotton seeds.

Monsanto's Indian joint venture had terminated its contract with NSL in 2015 after a royalty payment dispute, escalating tensions over seed technology and drawing in the Indian and U.S. governments.

The Supreme Court on Tuesday also said the Delhi High Court would examine Monsanto's claims that NSL infringed its intellectual property on Bt cotton seeds.

New Delhi in 2003 approved Monsanto's GM cotton seed trait, the only lab-altered crop allowed in India, as well as an upgraded variety in 2006, helping transform the country into the world's top producer and second-largest exporter of the fibre.

Monsanto's GM cotton seed technology dominates 90 percent of India's cotton acreage.

TEXPROCIL hails inclusion of merchant exporters under IES	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/textile-news/texprocil-hails-inclusion-of-merchant-exporters-under-ies-246597-newsdetails.htm

The Cotton Textiles Export Promotion Council (TEXPROCIL) has welcomed the decision of the Cabinet Committee on Economic Affairs for including merchant exporters under the Interest Equalisation Scheme (IES) for pre and post shipment rupee export credit. However, it has urged the government to include cotton yarn under the scheme to encourage its exports.

“This will significantly reduce the cost of finance for the merchant exporters who contribute substantially towards textiles exports and make them more competitive,” TEXPROCIL chairman Dr. KV Srinivasan said in a press release.

IES at 5 per cent is available for pre-shipment and post-shipment credits on exports of all products manufactured and exported by MSMEs, and 3 per cent on 416 specified tariff lines for non-MSMEs. However, till now the scheme was available only to the manufacturer-exporters and not to the merchant exporters.

Srinivasan pointed out that both manufacturer-exporters as well as merchant exporters require finance to execute export orders and the decision has therefore come as a huge relief for the merchant exporters as the cost of export finance will come down substantially.

MSMEs constitute a significant part of the textiles sector and play a crucial role in textiles exports. However, MSMEs do not have the expertise and resources to market their products in the export markets unlike the large manufacturers. They, therefore, depend on the merchant exporters to export their products. The coverage of merchant exporters under the IES will encourage them to export more products from the MSME sector which contributes significantly towards employment generation especially for women, said Srinivasan.

He urged the government to cover cotton yarn under the scheme, as it is the only textile product which has not been given any benefits under the Foreign Trade Policy although it is a value-added product with substantial value addition taking place within the country. “The inclusion of cotton yarn under the scheme will encourage exports of this product which in turn will benefit the cotton farmers,” he added.

Centre to help Solapur emerge hub for making uniforms	**Business Standard** https://www.business-standard.com/article/news-ians/centre-to-help-solapur-emerge-hub-for-making-uniforms-119010801091_1.html

The central government will extend support to Solapur in Maharashtra to become a hub for making uniforms, said a top official on Tuesday.

"As Solapur has the potential to become a uniform hub of the country, we will extend all the support in achieving the goal set by Maharashtra," said Union Government's Director of Textiles Sushil Gaekwad at a trade event here.

Solapur is about 400 km southeast of Mumbai and 310 km from Hyderabad.

Unveiling the third edition of the Uniform, Garment and Fabric Manufacturers Fair 2019 here, Gaekwad said the Centre had made efforts with progressive policies for strengthening the textile sector to flourish.

"The textile sector at Solapur has proved our policies right by achieving high growth rate and generating thousands of jobs for the youth and women. We are committed to help the textile town in becoming the country's hub for uniforms," said Gaekwad.

Lauding the Solapur Garment Manufacturers Association for helping the stakeholders in developing the sector, the Director said modernizing the industry had helped them in generating jobs for youth and honing their skills.

The three-day fair at Prabhakar Kore Convention Centre in the city's northwest suburb is being held by the Association for the first time outside Solapur to promote its small, medium and large units for making uniforms for captive and retail markets across the country and overseas through exports.

"We have drawn cluster parks and textile parks for Solapur to help the industry become a hub for uniforms in the country and exports. The Fair will help create awareness of the town's potential," said Govidraj at the trade event.

Ahead of the event, Association President Darshan Kochar told IANS that Solapur would have about 2,000 units to become the world's largest uniform sourcing hub by 2022.

"There is a huge demand for our school uniforms, kids' garments and dresses for gents and ladies owing to their quality, durability, colour and texture," said Kochar.

The uniform manufacturing sector market size in India is estimated to be Rs 18,000 crore per annum, with Rs 10,000 crore from machinery and fabrics while Rs 8,000 crore is from sales supplying to local schools through retailers and institutions.

The Association has also set up a centre in 2017 to train free hundreds of women in stitching uniforms at Solapur and providing jobs for them in the cluster units.

"Mafatlal Industries has set up a garment manufacturing unit at Solapur to hire the trained women in hundreds for stitching uniforms," said Kochar.

About 100 stakeholders, including buyers from America, Dubai, Ghana, Malaysia, Nepal, Nigeria, Oman, Qatar, Senegal, Sri Lanka and Vietnam, are participating in the event, which will have business-to-business (B2B) sessions at the expo.

"Potential buyers from five southern states are at the Fair to inspect the fabrics and designs for placing orders at B2B meetings," added Kochar.

Reputed brands in uniform fabric making like Mafatlal, U Code, Valji, Qmax World, Sangam, Bombay Dyeing, Siyaram's Unicode, Sparsh Fab, Only Vimal (Reliance), Ranjit Fabs, Pushpa Textiles, J C Pacific Apparels, D.M. Hosiery, 10 Grams, Zoom Apparels and Wocky Tocky are showcasing their products and variety.

MSMEs demand reduction of GST on job work	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/msmes-demand-reduction-of-gst-on-job-work/article25945545.ece

If not reduced, they will meet on Jan. 11 and decide on protests

As many as 23 industrial associations representing the Micro, Small and Medium-scale Enterprises (MSMEs) met here on January 7 and demanded reduction of GST on engineering job work.

The associations plan to wait till the GST Council meeting on January 10 and decide the future course of action.

“If the GST is not reduced for engineering job work, we will meet on January 11 and decide on protests. More than 50 industrial associations in Coimbatore will take part in it,” said S. Surulivel, president of the Coimbatore SIDCO Industrial Estate Manufacturers’ Welfare Association.

The government had reduced the GST on job works for textile sector.

For engineering units that did job work, the GST rate was 18 %. This should be reduced to 5 %. A small-scale unit that did job work had to wait for nearly three months to get payment. So there was shortage in availability of working capital.

The main problem faced by the engineering units because of 18 % GST on job work was shortage of working capital, he said. The banks provided just 20 % of the turnover as working capital.

The units had been asking for a change in the working capital norms.

According to J. James, president of the Tamil Nadu Association of Cottage and Micro Enterprises, the associations, which included air compressor manufacturers, wet grinder manufacturers, job working units, and micro units, discussed a host of challenges that the MSMEs faced.

They want reduction in interest rates and increase in investment limit for micro industries. But, the priority now is reduction in GST for engineering job work and it is a long-pending demand of the MSMEs. So it was decided to highlight that.

If the dates were announced for Lok Sabha elections, there would not be any possibility for changes in GST rates. So, the Council should reduce the rate in its meeting this month, he said.

Govt forms committee to review RMG workers' wage	**Dhaka Tribune** https://www.dhakatribune.com/bangladesh/dhaka/2019/01/08/govt-officials-set-to-meet-with-labour-leaders-to-resolve-ongoing-protest

The government's decision comes amid unrest in the readymade garment industry over the new wage structure

The government has formed a 10-member committee to resolve the crises over the discrimination of wages in different grades in the new pay structure for the apparel workers amid unrest in the industry.

The government has also urged the workers to call of their demonstrations and resume work, assuring that their wages will be adjusted this month.

Newly appointed Commerce Minister Tipu Munshi made the announcement and call after a meeting with the trade union leaders and garment owners at the Department of Labour in Dhaka on Tuesday.

"In the meeting, trade union leaders have claimed that there are some irregularities in some of the grades in the new wage structure, but the owners denied the allegations," he said.

The 10-member committee will look into the reported wage discriminations and try to resolve the dispute, he added.

The minister said that five of the committee members were representatives of the workers and the other five including representatives of the readymade garment factory owners and the commerce and labour ministries.

“The committee will recommend steps after reviewing the pay structure. I hope they will be able to resolve the issues quickly.”

Tipu also threatened tough action against unruly workers. “No anarchy will be tolerated and law enforcement agencies have been asked to take action if the workers do not return to work.”

Trade union leaders who attended the meeting also urged the workers to return to work as they reached a consensus with the authorities to have the wages adjusted within January.

“In the new wage structure, the basic salaries were reduced in grade 1, 2 and 3, which made workers angry and led to unrest in the past three days and before this the last part of December,” said Mahbubur Rahman Ismail, the president of Bangladesh Textile-Garment Workers’ Federation.

“In the meeting, we have showed the ministers the salary discriminations and they have assured us that gross or basic salary will not be reduced and the discriminations will be adjusted by this month.”

Meanwhile, the new state minister for labour and employment, Begum Monnuzan Sufian, also echoed the commerce minister’s assurance and warning made to the RMG workers, and also urging them to return to their factories.

But we have to keep in mind that salary cannot be reduced. The secretaries of commerce and labour ministries will coordinate the review of the wage structure and any discrimination found will be adjusted,” she said.

“Salaries, basic or gross, will not be decreased. If the workers’ salaries are hiked or adjusted, the dues will be paid along with next month’s salary,” she added.

Commerce Secretary Md Mofizul Islam, and Labour and Employment Secretary Afroza Khan, FBCCI President Shafiul Islam Mohiuddin, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Md Siddiqur Rahman, former BGMEA presidents Atikul Islam and Abdus Salam Murshedy, Dhaka Metropolitan Police Commissioner Asaduzzaman Mia, and other government officials were also present at the meeting, among others.

Since Sunday, RMG workers have been demonstrating in Dhaka’s Mirpur, Uttara, Savar and Gazipur by blocking different roads and clashing with police — protesting discriminations in their new pay structure and demanding changes to it.

A worker was also shot dead reportedly by police on Tuesday during clashes in Savar’s Ulail area

Textile industry gets three years VAT exemption; Govt to lose GHC40m annually	**Business Ghana** https://www.businessghana.com/site/news/business/179486/Textile-industry-gets-three-years-VAT-exemption-Govt-to-lose-GHC40m-annually

The local textile industry has received a boost following the government's decision to zero-rate Value-Added Tax on the supply of locally manufactured textiles for a period of three years.

The move is to help reduce their cost build up, make the local textile industry price-competitive and help them compete with the influx of cheap textile products from other parts of the world. Although the policy is expected to cost the government an estimated revenue of GH¢40.1 million annually, it comes as a huge relief to the industry who have for a long time now been appealing to the government for tax exemptions on their products.

Background

The country used to boast of a textile industry that employed about 30,000 people. However, in recent years, the textile industry has fallen on hard times and now employs just about 5000, a situation which has been largely blamed on the high cost production in the sector and the current tax system which contributes to the cost build up of locally manufactured textiles.

To make the industry competitive again, the government has introduced a Bill to Parliament to zero-rate VAT of local textiles.

Observations

The Finance Committee of Parliament, in its report on the bill, said it was expected that by the close of the three years, the local textile companies would have retooled and modernised their operations to compete. After the stipulate three years, the committee noted that the government would assess the situation and decide on the way forward.

Cost of production

The committee also observed the passage of the bill would reduce the cost of production and make local textiles more affordable. It was also envisaged that the measure would lead to increased production and consumption of locally manufactured textiles and boost employment in the sector.

Fiscal impact

The Committee noted that the expected revenue loss from the passage of the bill would be offset by concomitant revenue from corporate profits, employee taxes and taxes from other actors in the supply chain of locally manufactured textiles.

CPTPP to raise national GDP	Vietnam News https://vietnamnews.vn/economy/483413/cptpp-to-raise-national-gdp.html#95mHkBm5VjRyILvo.97

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is expected to help raise Việt Nam's gross domestic product (GDP) by 1.3 per cent, according to an official from the Ministry of Planning and Investment (MPI).

The number may amount to 2.1 per cent if there are more open policies for services, Trần Toàn Thắng, director of the National Centre for Socio-Economic Information and Forecast (NICF)'s World Economy Department, said in an interview with the Vietnam News Agency.

Under the agreement, Việt Nam will find it easier to access markets with lower tariffs as well as markets with which Việt Nam has yet to sign free trade agreements like Canada, Mexico and Peru, he said.

Thắng cited NICF's forecast that exports will rise by about four per cent while imports will expand close to 3.8 per cent. He said garment-textile and leather-footwear will benefit most from the deal, with export of the garment-textile sector projected to increase by between 8.3 and 10.8 per cent as the result of price competition.

The agreement will also help light and labour-intensive industries grow 4-5 per cent, and their exports climb 8.7-9.6 per cent, Thắng added. Moreover, the inflows of foreign direct investment (FDI) in Việt Nam will spur the development of the support industry in the country, thus reducing its trade deficit with China.

On the contrary, due to impacts of the CPTPP, sectors such as animal husbandry, food processing and insurance services may grow slowly, he said, noting that with its weak competitiveness, the animal husbandry sector will be affected most. The agreement will lead to fierce competition at home and in other member countries at the levels of product, business and country, Thắng said, suggesting firms learn more about the deal to optimise its advantages. If domestic enterprises fail to bring into full play export opportunities, they will suffer from adverse impacts, he said.

The 11-member CPTPP officially came into force on December 30, 2018. It will cut tariffs on agricultural and industrial products, ease investment regulations and enhance protection of intellectual property.

It is one of the most comprehensive trade deals ever concluded and strips 98 per cent of tariffs for the 11 member countries with a combined GDP of more than US$13.5 trillion and close to 500 million consumers. The agreement is expected to promote economic growth and poverty reduction, create more jobs and improve the living condition for the member nations. The trade deal was signed by 11 member states, namely Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Việt Nam in Santiago in March 2018.

ECC proposed to withdraw all taxes on cotton import	The News.com https://www.thenews.com.pk/print/416307-ecc-proposed-to-withdraw-all-taxes-on-cotton-import

ISLAMABAD: Economic Coordination of Committee (ECC) of the Cabinet has been proposed that custom duty, additional custom duty, and sales tax on imported cotton be withdrawn immediately, The News has learnt of Tuesday. In response to the proposal for the abolition of taxes on cotton import, the ECC, which met here with Finance Minister Asad Umar in chair to reviewed different sectors of the economy and the vital economic indicators, asked the Textile Division for details/data on the impact of such proposals on revenue and trade.

According a summary of proposals presented to the ECC by the Textile Division, as by January 1, 2019 more than 95 percent of the cotton will be lifted from the farmers in a bid to encourage value-addition, reduce the cost of doing business and fill the gap between production and consumption. Textile Division has asked the ECC of the Cabinet to accord approval to the proposals at the earliest. As per details, Pakistan is a net cotton importer since 2001. Domestic cotton is of short to medium staple length therefore, long and extra long staple cotton has to be imported for production of finer yarn counts for subsequent transformation into high value-added finished products.

Import of cotton has remained duty free until the 0 percent slab was abolished in 2014-15 and Custom Duty (CD) of 1 percent was imposed along with a 5 percent sales tax. Later, 1 percent slab was increased to 2 percent and then 3 percent along with a 2 percent additional duty to make it 5 percent –currently cotton is subject to 3 percent CD, 2 percent additional custom duty, and 5 percent sales tax.

Prime Minister's Package of Incentives for exporters was announced on January 10, 2017, wherein textile sector was provided a number of facilitations, including withdrawal of customs duty and sales tax on imported cotton starting from January 16, 2017.

The textile industry of Pakistan consumes around 12 to 15 million bales per annum. Sustainability and viability of spinning industry is completely dependent on performance of the domestic crop. Textile industry has to meet any shortages by using imported cotton from other countries. The impact of duties is induced in the price of domestic cotton, resulting in increase in cost of doing business for the entire textiles value chain especially for export oriented sector in highly competitive international markets.

According to Cotton Crop Assessment Committee (CCAC) meeting held by MNSFR in September 2018, the cotton crop for the year 2018-19 is expected to be around 10.78 million bales of 170 kilogram, a decrease of 9.7 compared to last year and a decrease of 24 percent against the initially fixed target of 14.37 million bales. Further 9.62 million have already arrived in the ginning factories as of December 15, 2018.

Meanwhile, the ECC of the Cabinet has also instructed Ministries of Industries and Production to submit an operationalisational plan of Pakistan Steel Mills within sixty days.

Turkey launches safeguard investigation on nylon yarn	Fibre 2 Fashion https://www.fibre2fashion.com/news/textile-news/turkey-launches-safeguard-investigation-on-nylon-yarn-246617-newsdetails.htm

The Government of Turkey has initiated a safeguard investigation on yarn of nylon or other polyamides. A safeguard investigation seeks to determine whether increased imports of a product are causing, or is threatening to cause, serious injury to a domestic industry. Turkey has also notified the WTO's Committee on Safeguards about the investigation.

As per a notification issued by the WTO, Turkey had initiated the safeguard investigation on December 30, 2018.

The product under investigation 'yarn of nylon' are currently classified in the Turkish Customs Tariff Schedule under the customs tariff codes 5402.31, 5402.32.00.00.00, 5402.45, 5402.51 and 5402.61.

The investigation was initiated upon an evaluation of a safeguard petition from the domestic Turkish textileindustry and on the basis of the evidence and the information contained therein.

"The information currently available indicates that there has been an increase in imports of yarns of nylon both in absolute terms, and relative to domestic production. During the period analysed, there has been a negative trendin certain economic indicators, such as production, domestic sales and employment, of producers of the like product. Furthermore, imported products undercut the prices of the domestic products. Overall, the information currently available shows that there has been a deterioration in the situation of the domestic industry," the Turkish government said while initiating the safeguard investigation.

During a safeguard investigation, importers, exporters and other interested parties may present evidence and views and respond to the presentations of other parties. A WTO member may take a safeguard action (i.e. restrict imports of a product temporarily) only if the increased imports of the product are found to be causing, or threatening to cause, serious injury.