



The Southern India Mills' Association

Post Box No. 3783, 41 Race Course, Coimbatore - 641 018

Phone: 0422 4225333 | Fax: 0422 4225366

E-mail: info@simamills.org | Web: www.simamills.org

NEWS CLIPPINGS –01-02-2019

Textiles sector to benefit from robust demand, weak rupee

Money Control

<https://www.moneycontrol.com/news/business/economy/textiles-sector-to-benefit-from-robust-demand-weak-rupee-3458571.html>

India Ratings has maintained a stable outlook for the textile sector for 2019-20 following strong domestic demand, waning impact of the disruptions due to GST and demonetisation and rising exports aided by a weak rupee.

India's textiles sector may see higher growth following robust domestic demand and depreciating rupee value, a report said.

India Ratings has maintained a stable outlook for the textile sector for 2019-20 following strong domestic demand, waning impact of the disruptions due to GST and demonetisation and rising exports aided by a weak rupee.

The textile companies are likely to improve cash-flow from operations for FY20, as their working capital would stabilise as challenges related to demonetisation and the GST subsidy, Ind-Ra report said.

The sector is also likely to continue deleveraging gradually in FY20 in view of strong annual growth generation and some moderation in the debt level.

The liquidity of the majority of players in the sector is likely to remain adequate, alongwith an improvement in operational cash generation, backed by steady raw material costs and strong demand from end-user segments, it added.

Ind-Ra expects the domestic and global stock-to-use ratios to remain under pressure during cotton year 2018-19.

The agency said global cotton production is likely to decline in cotton year 2018-19 owing to a low acreage and adverse weather conditions in key cotton-growing nations.

Domestic cotton price moderated to an average rate of Rs 128 per kg during the third quarter of FY19 from the average level of Rs 134 per kg during the second quarter of the current year.

While expectations of a high acreage during cotton year 2019-20 narrowing global production gap could keep prices range-bound.

China's cotton production continues to be much lower than its consumption. Its cotton deficit was increasingly met through imports over the last three years.

With its cotton reserves declining, the sensitivity of global cotton prices to China's cotton policies have increased in

the past few quarters. Any decision by China to further increase imports could lead to a rise in global cotton prices.

Meanwhile, the India's textile exporters are likely to continue to benefit from improved cost competitiveness due to a weak rupee, which would drive volume growth.

Over the first nine-month of FY19, the Indian rupee depreciated at a higher rate against the US dollar than the currencies of key apparel-exporting countries like Vietnam and Bangladesh.

India's apparel exports also showed signs of recovery in the third quarter of FY19 and are likely to rise in FY20 after remaining weak for three years, the report said..

Cotton and Currency Markets

Kotak Commodities Research Desk

For more details contact : Research@kotakcommodities.com & aurobinda.gayan@kotakcommodities.com

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
20383	42600 (Unchanged)	76.30
Domestic Futures price (Ex-Warehouse Rajkot) January		
Rs/Bale	Rs/Candy	USD Cent/lb
20980	43848	78.53
International Futures		
NY ICE USD Cents/lb. (March 2019)		74.40
ZCE Cotton: Yuan/MT (May 2019)		15220
ZCE Cotton: USD Cents/lb.		103.03
Basis difference (ICE March -Domestic Spot)		1.90
Cotlook A Index - Physical		83.70
WTI Crude USD / Barrel		53.79
B. Currency		
USD/INR	Close	Previous Close
Spot	71.14	71.08
USD Dollar Index	95.56	

Cotton Guide

The changes in the ICE contracts were insignificant yesterday where the nearby ICE futures settled almost unchanged. The ICE March contract gained just 4 points settling at 74.40 cents/lb, whereas the the ICE May Contract ended with a negative change of (-8) points thus settling at 75.66 and the July contract ending at 76.90 with a change of (-12). We expect the market to remain range bound for today.

The MCX contracts on the other hand were biased sideways which ended up in slight negative numbers. The MCX February contract ended at 20980 Rs/Bale with a negative slide of (-10) Rs. The MCX March contract ended at 21260 Rs/Bale also with a negative slide of (-40) Rs. The MCX April contract similarly held in line with the other two

contracts thus ending with a negative slide of (-20) at 21540 Rs/Bale.

The arrival figures in India have been showing an uptrend with figures crossing 175,000 lint equivalent bales. The arrivals are estimated to be 176,500 lint equivalent bales (source cotlook) including 54,000 registered in Maharashtra, 45,000 from Gujarat and 33,000 in Andhra Pradesh. Shankar 6 prices were again steady at 42,600 Rs/Candy. The cotlook Index A has been adjusted to 83.70 cents/lb with a positive change of 0.15 cents/lb.

After a long time the US export sales report since the government shutdown was released. For the week ending December 20, US export sales for 2018/2019 season were up by 373,100 RB (running Bales) which is a marketing year high and sales for 2018/2019 season increased by 4,000 RB. Export shipments were reported at 207,100 RB.

Nothing concrete emerged out of the US China trade deal negotiations. On the other hand there will be another round of talks in mid February. The delegation is to be led by US trade Representative Robert Lightzer and Treasury Secretary Steven Mnuchin.

On the technical front, ICE cotton futures is trading in the range of 73-74.60 after last week's recovery from the low's. For now price is moving in an upwards sloping channel, failure to hold the channel could witness sharp decline in prices. However RSI in the daily charts at 52 implying sideways movement for the day. Only a sustained move above range could bring further buying in cotton futures towards higher levels of 75.35, followed by 76.20. On the downside immediate support exists around 73.00-72.80 zones, only a close below could weaken further towards 72.28 and 71.90 levels. In the domestic markets trading range for Feb futures contract will be 207500-21200.

Currency Guide

Indian rupee may witness choppy trade against the US dollar but general bias remains weak. Further cues are likely to come from the Interim Budget today. Market expectations are high that government may announce measures to support farmer which could put pressure on fiscal balance. Amid other factors, rupee is also pressurized by choppiness in Asian equity markets amid disappointing Chinese economic data and no major breakthrough at US-China trade talks. Both US-China cited substantial progress but no specifics were announced and US delegation is now expected to visit Beijing around mid-February. Also weighing on rupee is general strength in crude oil price amid OPEC's production cuts and supply concerns relating to Venezuela. However, supporting rupee and other currencies is Fed's patient stance on interest rate hikes and flexible approach on bond reduction plan. Mixed economic data and lower bond yields has also pressurized US dollar against major currencies. Rupee may tread water ahead of Budget announcement but general bias still remains weak given strength in crude oil and choppiness in equity market. USDINR may trade in a range of 70.8-71.25 and bias may be on the upside.

Core sector grows slowest in 18 months

The Hindu

<https://www.thehindu.com/todays-paper/tp-business/core-sector-grows-slowest-in-18-months/article26144173.ece>

Eight core sectors grew at their slowest pace in 18 months at 2.6% in December 2018 due to the fall in output of crude oil, refinery products and fertilizers, official data showed.

The previous lowest expansion in output of these key sectors was recorded in June 2017 at 1%. The growth rate of

the infrastructure sectors — coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity — stood at 3.8% in December 2017. Crude oil, refinery products and fertilizer output posted negative growth of 4.3%, 4.8% and 2.4% respectively in December 2018.

Govt. revises up GDP growth to 7.2%

The Hindu

<https://www.thehindu.com/todays-paper/govt-revises-gdp-growth-up-to-72/article26144312.ece>

The government on Thursday revised its forecast for GDP growth for 2017-18 to 7.2% from the earlier estimate of 6.7%. It also revised the actual growth rate in 2016-17 to 8.2% from the 7.1% estimated earlier.

The revisions, which were made by the Ministry of Statistics and Programme Implementation in its First Revised Estimates of National Income, Consumption Expenditure, Saving and Capital Formation, 2017-18, have been criticised by economists, who say the numbers do not match up to the ground realities. This is especially the case in the demonetisation year of 2016-17, which shows a strong growth in sectors that were widely agreed to have been badly hit by the exercise.

“For 2016-17, this hike of 1.1 percentage points in GDP growth comes as a surprise because it was the demonetisation year,” D.K. Srivastava, chief policy adviser at EY India, said.

“If you look at the demand side, the main factor for this is the increase in private final consumption expenditure, which has also increased 1 percentage point. That is inconsistent with the idea of people having less cash to make purchases.”

For 2016-17, hike of 1.1 percentage points in GDP growth comes as a surprise because it was the year of demonetisation.

GST collections cross Rs. 1 lakh crore in January

The Hindu

<https://www.thehindu.com/todays-paper/tp-business/gst-collections-cross-rs-1-lakh-crore-in-january/article26144163.ece>

Last month, it stood at Rs. 94,725 crore

The government on Thursday said that Goods and Services Tax (GST) collections crossed the Rs. 1 lakh-crore mark in January, the third month this financial year it would have done so. The final figure, however, will be released on February 2, it added.

“The total gross GST revenue collected in the month of January 2019 has today crossed Rs. 1 lakh crore,” the Ministry of Finance tweeted on Thursday. “This has been a significant improvement over collection of Rs. 94,725 crore during last month and Rs. 89,825 crore during the same month last year.”

“This increase has been achieved despite various tax relief measures implemented by the GST Council to lower the tax burden on the consumers,” the Ministry added. “Final figures and details of collections for the entire month will

be intimidated on 2nd February, 2019.”

Closer to target

“Crossing the Rs. 1 trillion figure in GST collections a day ahead of the Union Budget would provide some confidence in being able to move closer to the revenue targets,” M.S. Mani, senior director, Deloitte India, said. “If the same pace [of collection] is maintained, the revenue targets would be close to being achieved.”

**The delay in getting tax refunds
paralyses textile sector**

Business Standard

https://www.business-standard.com/article/opinion/letter-to-bs-the-delay-in-getting-tax-refunds-paralyses-textile-sector-119013101526_1.html

This refers to your article "The textile package suffers delivery failure" (January 31). The problem lies in the lack of coordination in policy planning between various departments of the government. The overall economic impact is not taken into account while deciding policies. This is with special emphasis to the textile sector that, like agriculture, is a core contributor to economic growth. Further, the annual Budget is more fiscal than policy oriented. Sudden shocks like demonetisation should also have taken into account its impact on essential economic segments like textiles. The consequent impact on economic progress is reduction in employment in this sector which increases the percentage of unemployment. This contradicts the earlier draft proposal on fixed term employment.

Further, the restrictions on cash withdrawals in the process of demonetisation has focused only on unaccounted for money without taking into account its impact on daily wage earners and temporary wage earners especially in this sector. The textile sector thus experienced a reduction in the workforce that experienced loss of income for basic sustenance. It led to a reduction in labour participation and in the process an increase in unemployment. A financial allocation of Rs 6,000 crore to the textile sector planned earlier leads to, apart from a fall in productivity, a waste of allocated funds. Marketing for the textile sector also impacts export trade which is already under stress due to global market stagnation. The administrative delays in getting tax refunds paralyses functioning in the textile sector.

**Diamond and textile sectors pin hopes
on budget today**

Times of India

<https://timesofindia.indiatimes.com/city/surat/diamond-and-textile-sectors-pin-hopes-on-budget-today/articleshow/67780981.cms>

SURAT: Diamond and textile sectors in the city are eagerly waiting for packages for them in the interim Union budget 2019-20 to be presented on Friday.

Gems and Jewellery Export Promotion Council (GJEPC) has sought reduction of import duty on cut and polished gemstones from 7.5% to its earlier level of 2.5% in the interim budget. Also, the GJEPC has sought reduction of import duty on gold from 10% to 4% to allow a level-playing field for Indian gems and jewellery manufacturers to stay in competition with their counterparts in Italy, China and Thailand

GJEPC regional chairman Dinesh Navadiya said, “The industry is hoping that the Central Government will provide some relief to gems and jewellery sector in the interim budget. We have urged change in income tax regulations to enable foreign mining companies to sell rough diamonds through special notified zone (SNZ). If this is allowed, then

we are setting up a SNZ in Surat, which will directly cater to Surat market.”

Navadiya added, “We have suggested that the diamond mining companies auctioning their goods at SNZ be allowed for presumptive taxation to increase the ease of doing business in India.”

The textile sector on the other hand has demanded a slew of demands relating to Goods and Services Tax (GST) and import duty reduction on polyester fibres.

Federation of Indian Art Silk Weaving Industry (FIASWI) chairman Bharat Gandhi said, “The industry has been making continuous representation to central government to allow utilization of input tax credit (ITC) to power loom sector. Tax to the tune of Rs600 crore is lying unutilized in the accounts of the weavers.”

Gandhi said, “The man-made fabric industry in India, especially in Surat, is facing a big challenge from import of cheap silk and polyester fabric from China, Vietnam, Bangladesh. There is a demand to exclude Vietnam and Bangladesh from the most favoured nation (MFN) status and impose 10% import duty on their goods.”

CPI inflation for industrial workers rises to 5.24% in December

Economic Times

<https://economictimes.indiatimes.com/news/economy/indicators/cpi-inflation-for-industrial-workers-rises-to-5-24-in-december/articleshow/67777071.cms>

NEW DELHI: Retail inflation for industrial workers increased to 5.24 per cent in December 2018 as compared to 4 per cent in the year-ago period.

“The inflation measured by monthly CPI-IW (consumer price index-industrial workers) stood at 5.24 per cent for December 2018 as compared to 4.86 per cent for the previous month and 4 per cent during December 2017,” a Labour Ministry statement said.

According to the statement, food inflation in December stood at (-) 0.96 per cent against (-) 1.57 per cent in November and 4.32 per cent in the year-ago month.

The All-India CPI-IW for December declined by 1 point and was pegged at 301. On 1- month percentage change, it dropped by (-) 0.33 per cent between November-December 2018 when compared with a fall of (-) 0.69 per cent for the corresponding months of 2017.

It said the maximum downward pressure to the change in current index came from the food group, contributing (-) 1.38 percentage points to the total change.

Onion, banana, coconut, lemon, brinjal, cabbage, chillies green, carrot, cauliflower, french beans, spinach, peas, potato, radish, tomato, sugar, cooking gas and petrol are responsible for the decline in index.

However, it said the decline was checked by fish, poultry (chicken), tea (readymade), ESI (Employees’ State Insurance) premium and repair charges (bicycle), putting upward pressure on the index.

Centre-wise, Munger Jamalpur, Tripura and Doom-Dooma Tinsukia reported the maximum drop (6 points each),

followed by Ranchi Hatia, Lucknow and Kanpur (5 points each).

Among others, a 4-point fall was observed in 3 centres, 3 points in 7 centres, 2 points in 16 centres and 1 point in 13 centres. On the contrary, Salem recorded a maximum increase of 6 points, followed by Jalpaiguri (5 points). Among others, a 2-point increase was observed in 4 centres and 1 point in 12 centres. In the remaining 15 centres, indices remained stationary

The indices of 36 centres were above the all-India index and below the national average in 41 centres. The index of Chandigarh centre remained on a par with the all-India index.

INDIA TO POSSESS ITS OWN ARTIFICIAL INTELLIGENCE CENTRE BY JULY, SAYS REPORT

Analytical Insight

<https://www.analyticsinsight.net/india-to-possess-its-own-artificial-intelligence-centre-by-july-says-report/>

Reportedly, the Indian government is all set to establish a national center for artificial intelligence which will be operational by July.

The National Artificial Intelligence Centre will be a part of Ministry of Electronics and Information Technology and expected to work with other units of the department including National Informatics Centre (NIC) and the Centre for Development of Advanced Computing (C-DAC).

The entity will cost around Rs 400-450 crore, as per the reports. The reports further added that the unit will be dedicated to citizens and assist them in establishing a data platform, skilling/reskilling and research platforms. This move will definitely help in solving legal, regulatory and cybersecurity risks.

Artificial Intelligence and India

Economic Impact

The new emerging AI unit will enact as an essential factor for enhancing the traditional characteristics of production including labor, capital, and innovation. AI certainly has the capability to overcome the manual restrictions of capital and labor and broaden up new sources of value and growth. Considering the perspective of economic influence, AI has the potential to increase development enabling the following factors:

- Utilizing intelligent automation to automate complicated manual tasks which are required in the industry.
- Augmentation of capital and labor to enable humans to focus on their own contribution in adding value and complementing efficiency.
- Embracing innovative and disruptive ideas to accelerate economic development.

AI's contribution to social development and comprehensive acceleration

Well the transformative nature of AI is not a secret anymore. The disruptive technology plays an important role in improving quality of life and access of choice to a wide plethora across the country. The set-up of the National

Artificial Intelligence Centre seems like a tailor-made unique opportunity for the Indian subcontinent. The impact of AI on the social development of the country can intensify with following advancements:

- Increased access to quality health facilities.
- Comprehensive financial growth for a majority of the population.
- Providing real-time advisory to farmers and labors helping them to address unpredictable factors towards increasing productivity.
- Constructing smart and efficient cities and infrastructure to match the needs of a rapidly urbanizing population.

Vietnam's garment export up 6.7 pct in January

Xinhuanet.com

http://www.xinhuanet.com/english/asiapacific/2019-01/31/c_137789497.htm

Vietnam gained nearly 2.7 billion U.S. dollars from exporting garments and textiles in January, posting a year-on-year increase of 6.7 percent, the Vietnam Textile and Apparel Association said on Thursday.

Specifically, turnovers of Vietnamese garments and textiles, including T-shirts, jackets, dresses and fabrics, exported to China surged 23.9 percent, and to Japan rose 7.6 percent.

Vietnam, which is among the world's five biggest exporters and producers of garments and textiles, posted garment and textile export turnovers of over 30.4 billion U.S. dollars in 2018, up 16.6 percent from 2017.

However, Vietnam had to spend more than 12.9 billion U.S. dollars importing cloth last year, up 13.5 percent, the association said, noting that most of local cloth has yet to satisfy quality requirements of the country's key garment export markets.

Power-packed line-up in Munich

Innovation Textiles.com

<https://www.innovationintextiles.com/powerpacked-lineup-in-munich/>

The international textiles and fashion industry kicked off the 2020 Spring/Summer season in Munich this week. More than 1,000 fabrics, additional, denim and sportswear suppliers exhibited their latest product and trend developments in 1,800 collections at the MOC Munich and in the Zenith Area.

They were complemented by a growing number of service and sourcing providers, as well as young brands and start-ups that present their philosophies and the ideology of forward-looking process solutions, as well as solutions for resource-saving material sourcing and their areas of application. "This dynamic and mutually inspiring exhibitor structure brings about one of the most important international trade fair platforms for sourcing materials and in-depth networking and, hence, for linking fashion with technology with a view to shaping the future," organisers report.

Highlights

"In terms of trend concepts for 2020, this future is characterised by emotionality, empathy and community. This is

expressed by *What Is Love* as a source of inspiration – passionate, playful, pragmatic. Spring/Summer 20 indulges in a rich choice of fabrics, in innovative silhouettes, in philosophical wealth but also in tongue-in-cheek kitsch and – last not least – a new lightness at heart, which is never entirely uncritical.”

The ReSOURCE segment is Munich Fabric Start’s enhanced sourcing platform flagging up new dimensions of sustainability for an innovative and future-oriented production. This is how a forum initiated and supported by experts was established that offers comprehensive sustainability solutions. Boasting over 500 articles, ReSOURCE showcased the latest developments in sustainable fabrics and findings.

In the spacious Design Studios atelier setting renowned European design studios and trend offices exhibited their latest prints, patterns and designs for Spring/Summer 20.

With its Sourcing area, Munich Fabric Start caters to the increasing demand for operational closed production cycles. The spectrum of services offered here by the internationally established manufacturing companies included not only Cut-Make-Trim (CMT) solutions and high-end solutions but also comprehensive services like A-Z process solutions including sourcing processes.

With Munich Fabric Start we have laid the foundation in the past for a future-proof trade fair format thereby creating an optimum point of departure and platform for being able to respond to current market developments with the flexibility demanded time and again,” commented Wolfgang Klinder, Managing Director Munich Fabric Start.

Innovation

Keyhouse has developed from the dynamism of companies cooperating on future themes, start-ups, experimental research projects of leading colleges and universities, as well as projects for unconventional resourcing into a think tank for progressive fashion technology. Its current focal themes included the extended area for installations related to sustainable innovations.

The development of new technologies, the efforts made for developing sustainable products and assuring transparent processes and supply chains were recognised by Munich Fabric Start with the HighTex Award. “With Sustainable Innovations, the HighTex Award as Innovation Award of Munich Fabric Start as well as dynamic interactions and a strong line-up of high-calibre lectures and seminars we are providing a unique preview of future-proof materials and manufacturing processes at the Keyhouse,” said Frank Junker, Creative Director Munich Fabric Start.

The future is now. Brave and blue

With this statement Bluezone kicked off 2019 and with B.L.U.E.C.H.A.I.N 4.0 gave a clear signal for more transparency, resource-saving process solutions and conscious consumption. With its Ready Made Solutions (RMS), the Bluezone caters to an increasingly important demand for manufacturing and sourcing. Relevant lines were exhibited by SC Ready Garment Technology, Lotus Garments, Denim Authority, and Pagada.

