



# The Southern India Mills' Association

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## NEWS CLIPPINGS –27-02-2019

### Retailers urged to use jute or cloth bags

The Hindu

<https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/retailers-urged-to-use-jute-or-cloth-bags/article26381169.ece>

The district administration has urged retail outlets to use bags made of jute, cloth, or paper as alternatives to plastic and non-woven bags that are banned.

According to a release, the State has banned use of 14 kinds of plastics from January 1 this year and the banned products include plastic carry bags made of poly ethylene and poly propylene. The public are aware of the nature of plastic carry bags (poly ethylene) and hence avoid it. However, the poly propylene bags are similar in colour and texture to cloth bags and are misinterpreted as cloth bags. However, it has plastic. The bags with “D” and “W” cuts are used commonly in sweet shops, hotels, medical shops, super markets, and textile outlets. The administration has urged the retailers not to use non-woven bags and to switch over to paper, jute, or cloth bags.

### Cotton and Currency Markets

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<b>A. Cotton</b>		
<b>Spot price- Shankar-6 (Ex-Gin) 28.5 to29 mm</b>		
Rs/Bale	Rs/Candy	USD Cent/lb
20096	42000	75.39
<b>Domestic Futures price (Ex-Warehouse Rajkot) March</b>		
Rs/Bale	Rs/Candy	USD Cent/lb
20480	42803(-293)	76.83
<b>International Futures</b>		
NY ICE USD Cents/lb. ( May 2019)		72.02
ZCE Cotton: Yuan/MT (May 2019)		15315(-145)
ZCE Cotton: USD Cents/lb.		103.68(-1.15)
Basis difference (ICE March -Domestic Spot)		3.37
Cotlook A Index - Physical		81.10(-0.15)
WTI Crude USD / Barrel		55.50(+0.22)
<b>B. Currency</b>		
USD/INR	Close	Previous Close
Spot	70.98	71.07(0.09)
USD Dollar Index	96.04(-0.37)	

## Cotton Guide

A pessimistic wave drove the prices with a drastic change yesterday. All the nearby ICE contracts were on the lower grounds with changes nearing the one cent range. The ICE May contract settled at 72.02 cents/lb with a decline of (-108) points. It settled near its low figure of 71.91 cents/lb. The ICE May managed to touch the high figure of 73.04 but in vain. The candlesticks started showing red post 6 pm IST which lasted till 9 pm IST making the prices to touch the day's low. Later the bulls tried to fight back trying to take the prices towards 72.62 mark but with little success thus ending the day at 72.02 cents/lb. The ICE estimated Total volume was at 21,816 contracts as compared to the previous 20,516 contracts with the ICE May contract having a volume of 14,692 contracts. The total open interest decreased by 688 contracts to 218,417 contracts. We still expect a sideways trend today, with a bullish bias.

The MCX contracts on the other hand also emanated the vibes of ICE. All the MCX contracts ended in negative numbers. The MCX February contract settled at 20,170 Rs/Bale with a negative decline of -140 Rs. The most active contract the MCX March contract settled at 20,480 Rs/Bale with a negative decline of -150 Rs whereas the MCX April contract settled at 20,770 Rs/Bale with a negative decline of -150 Rs. The total volume recorded yesterday for were 4148 lots as compared to the previous figure of 6126 lots.

The ZCE futures were again susceptible to the trade talks scheduled between the two major economies of the world. The ZCE futures contract settled with 3 digit losses with a net change of -145 at 15,315 Yaun/MT. The Volume at ZCE for the month of May was at 296,858 whereas the Open Interest was at 461,598.

The arrival figure estimate is 137,000 lint equivalent bales (source cotlook), including 41,000 registered in Maharashtra, 39,000 registered in Gujarat, and 28,500 registered in Andhra Pradesh. Due to rain in the Northern Part of India, the arrivals are low. The domestic average prices of Shankar 6 remain steady at 42,000 Rs/Candy. The Cotlook Index A has been adjusted slightly lower by -0.15 to 81.10 cents/lb.

The Total Procurement done by CCI has crossed 850,000 Bales and it is anticipated that 1.5 million bales will be procured. The farmers in the states of Maharashtra and Telangana under the MSP scheme, have shown keen interest in selling to CCI as compared to traders.

On the Technical front ICE cotton May futures slipped to the support zones of 72 (lower band of the channel) as it failed to sustain above the 21 day EMA at 73.36. Meanwhile positive divergence between price and the strength indicator (RSI) restricted the downside in price. RSI in the daily charts is hovering around 42 levels suggesting sideways trend for the day. So for the day price is expected to remain in the range of 71.80-73.54 with sideways bias. In the near term strong supports exists around 70.00, followed by 69.50 levels. Likewise crucial resistance seen around 74.40 and 75.68 levels. In the domestic markets trading range for Mar futures contract will be 20400-20680 Rs/Bale.

## Currency Guide

Indian rupee may witness mixed trade against the US dollar but general bias remains weak. Weighing on rupee is increased geopolitical tensions with Pakistan. Tensions rose after India sent fighter jets to bomb a major terrorist camp on Pakistani soil. Pakistan's army has warned it will respond to India's aerial bombing and said: "It is your turn

now to wait and get ready for our surprise." Also weighing on rupee is recovery in crude oil price after recent sell-off. Brent crude trades near \$65 per barrel supported by unexpected decline in US crude oil stocks and OPEC's intention to continue with production cuts. Choppiness in equity markets has also brought a halt to recent gains in emerging market currencies. Equity markets turned choppy as initial optimism about US-China trade talks waned while market players assess the impact of Brexit delay. Rupee however remains supported by the general weaker trend in US dollar on reduced safe haven demand and lower bond yields as Fed reaffirmed patient stance. Fed Chairman Jerome Powell said with inflation pressures muted and ongoing government policy uncertainty, a patient approach to future policy changes was warranted. Rupee may remain under pressure amid geopolitical risk and general firmer outlook for crude oil. USDINR may trade in a range of 70.8-71.3 and bias may be on the upside.

### Weavers in danger of extinction

The Hindu

<https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/weavers-of-woraiyur-in-danger-of-extinction/article26381274.ece>

'There are only 30 handloom units in the area now'

Woraiyur in Tiruchi was once famous for its handloom saris. Those were the days when Woraiyur saris, along with Sungadi in Madurai and Chinnalapatti in Dindigul, held sway over the Indian diaspora in Singapore, Malaysia and Sri Lanka.

Today, the weaving tradition is on the threshold of extinction due to sharp decline in patronage for handloom products.

Handlooms units flourished in Woraiyur until a few years ago. Every house had four to five looms, with most of the family members involved in weaving. For instance, almost all members of Devanga Chettiar community in the area were involved in the craft.

According to a weaver, there were 500 to 600 handlooms in Tiruchi — most of them in Woraiyur — in the early part of 1990s. The number started dwindling gradually after the introduction of powerlooms in various parts of the country including Coimbatore, Tirupur and Erode. It was 150 handlooms until five years ago in Woraiyur. Now, it is just 30.

An official at the office of Assistant Director of Handlooms says that only around 100 weavers are active now. Of them, 90 are receiving getting old age pension. The new generation is not ready to inherit the family occupation.

"We had a network of 15 agents in Woraiyur, Kulithalai and Thottiam, giving work orders to more than 500 handlooms about 20 years ago. We have moved out of our occupation long ago. None of my family members are into handloom weaving," says I. Ramalingam, a member of Devanga Chettiar community.

The Woraiyur Devangar Cooperative Weaving Society and Tiruchirappalli Cooperative Weaving Society were active in engaging their members in weaving and marketing their products under the brand of 'Woraiyur sari'.

The latter has become dormant.

“It requires strenuous work to weave a sari. It needs at least two days to complete a sari. Wages are not equivalent to the efforts we put in. Moreover, youngsters are not ready to learn weaving,” says Jayanthi, 55, a resident.

**Extend IGST exemption under EPCG beyond March 31: TEA**

**Fibre 2 Fashion**

<https://www.fibre2fashion.com/news/textile-news/extend-igst-exemption-under-epcg-beyond-march-31-tea-247647-newsdetails.htm>

The Tiruppur Exporters’ Association (TEA) has sent a representation to the Union commerce minister for extending (i) IGST exemption for import of capital goods under EPCG scheme and (ii) inputs under Advance Authorisation scheme beyond March 31, 2019. The association has sought extension for another two years to help the domestic industry bounce back.

“After implementation of GST, TEA had requested for exemption from the payment of IGST while importing capital goods under EPCG scheme or inputs like specialty fabrics under Advance Authorisation scheme and considering the need, the Government permitted for exemption from payment of IGST for a period of six months on each occasion and finally, till March 31, 2019,” TEA president Raja M Shanmugham said in a press release.

Continuous modernisation/expansion is regularly taking place in Tiruppur, comprising the sector having more than 80 per cent in MSMEs to enhance the quality for fulfilling the buyers’ requirements and also increase the productivity. At this juncture, the exporting and job working units are having doubt on continuation of IGST exemption beyond March 31, 2019, and the major concern is that the IGST paid for Capital Goods could not get adjusted/refunded. Due to this, the units are under confusion whether to place the order with machinery suppliers by presuming that the exemption would continue beyond March 31 or to wait for a clarification from the Government side, Shanmugham said.

“Once the election code of conduct is announced, probably in the second week of March, and if the IGST payment exemption notification has not been issued, then it would be a big setback for the units, particularly MSMEs going for modernization,” he added.

**India, Italy discuss ways to boost ties**

**Business Line**

<https://www.thehindubusinessline.com/economy/india-italy-discuss-ways-to-boost-ties/article26377846.ece>

India and Italy on Tuesday discussed ways to increase cooperation in areas such as machinery, infrastructure, engineering and agriculture to promote trade and investments between the countries. These issues were discussed during the meeting of 20th India-Italy Joint Commission for Economic Cooperation (JCEC) here.

The two-day session is being co-chaired by Commerce and Industry Minister Suresh Prabhu and by Deputy Minister of Economic Development Michele Geraci from the Italian side. The bilateral trade between the countries increased to \$10.41 billion in 2017-18 from \$8.8 billion in 2016-17.

**India extends tariff deadline on US products**

**Business Line**

<https://www.thehindubusinessline.com/news/india-extends-tariff-deadline-on-us-products/article26379115.ece>

The government has extended the deadline to impose retaliatory customs duties on 29 US products, including almond, walnut and pulses, till April 1. The Commerce Ministry had asked its finance counterpart to again defer the implementation of a notification in this regard.

A notification said that implementation of increased customs duty on specified imports originating in USA has been postponed from March 2, 2019 to April 1, 2019.

In June 2017, India decided to impose retaliatory tariffs after the US imposed high customs duties on certain steel and aluminium products.

As part of the imposition of higher import duties, New Delhi has notified higher tariffs on several products. While import duty on walnut has been hiked to 120 per cent from 30 per cent currently, duty on chickpeas, Bengal gram (chana) and masur dal will be raised to 70 per cent, from 30 per cent currently. Levy on lentils will be increased to 40 per cent, from 30 per cent.

Senior officials of India and the US are in discussions to finalise a kind of trade package. Both sides are holding two track discussions -- to increase trade in short and medium term, and identify long-term trade potentials

**Prabhu for extending interest subsidy to more products from chemical sector**

**Business Standard**

[https://www.business-standard.com/article/pti-stories/prabhu-for-extending-interest-subsidy-to-more-products-from-chemical-sector-119022600675\\_1.html](https://www.business-standard.com/article/pti-stories/prabhu-for-extending-interest-subsidy-to-more-products-from-chemical-sector-119022600675_1.html)

Commerce and Industry Minister Suresh Prabhu Tuesday made a case for extending interest subsidy benefits to more products from the chemical sector to boost exports.

The government provides interest subsidy of 5 per cent to certain sectors, including the micro, small and medium sector, under its interest equalisation scheme. Currently, the subsidy is also given to certain products from the chemical sector. It helps exporters get credit at affordable rates.

"Minister (Prabhu) elaborated that expansion of interest equalisation scheme needs to be done by adding more tariff lines, the process of environmental clearance to be speeded up especially relating to product mix and also expeditious approval process," the ministry said in a statement.

These issues were discussed during a meeting called by Prabhu with representatives of pharma and chemical industries.

The minister also stated that there is a need for the removal of pre-import condition for advance authorisation with prospective effect. Under advance authorisation, manufacturers are allowed to import duty-free inputs for export purpose.

He stressed the need for additional incentives under the Merchandise Exports from India Scheme (MEIS) for those products that are at disadvantageous position on account of free-trade agreement.

Prabhu said his ministry would seek support from Indian embassies and missions abroad to understand market profiles to push exports.

On the pharmaceutical sector, the minister said some important factors have affected exports recently, especially to the US.

The issues include pressure on drug pricing due to record number of US ANDA (abbreviated new drug application) approvals, foreign regulatory issues, lack of blockbuster drugs going off patent in the recent years.

The country's pharma exports are likely to touch USD 19 billion in 2018-19 from USD 17.27 billion in 2017-18.

The exports to the stringent regulatory authorities (US, EU, Canada, Australia, Russia) account for 51 per cent of the total shipments.

During April-December 2018, the exports stood at USD 13.94 billion, a growth of 9.32 per cent over the previous year.

**India seeks better trade, connectivity  
with ASEAN**

**The Asean post**

<https://theaseanpost.com/article/india-seeks-better-trade-connectivity-asean>

India is hoping that better connectivity will help boost trade ties with ASEAN and decrease its trade deficit with the 10-member bloc.

ASEAN is India's second largest trading partner after China and total bilateral trade between ASEAN and India reached US\$81.3 billion last year – an increase of more than 28 times the US\$2.9 billion recorded in 1993.

Bilateral trade between the two parties was US\$21 billion in 2005-06, and although it has increased nearly fourfold since then, the ASEAN-India Free Trade Area (AIFTA) which came into effect in 2010 hampered India's exports and its trade deficit with ASEAN rose from US\$7.7 billion in 2009-10 to nearly US\$13 billion in 2017-18.

However, the AIFTA does not cover the services sector and its encompassing industries such as engineering and information technology (IT) - in which India's strength lies.

India's trade deficit of US\$162 billion in 2017-18 was due to higher oil, gold and electronic imports – with China accounting for US\$104 billion of that sum, South Korea US\$12 billion and Japan US\$6 billion.

Speaking at the 4th India-ASEAN Expo and Summit held in New Delhi from 21-23 February, Rajnath Singh, India's Minister of Home Affairs said India is currently working with ASEAN on multiple connectivity projects to further consolidate and deepen trade ties via road, rail and air.

“Exploring opportunities through connectivity projects will help India to remove physical impediments to trade with

ASEAN countries and further integrate the two regions for better economic and security relations,” said Singh in a press release from India’s Press Information Bureau.

“Our engagement with ASEAN has acquired a new dimension with our Prime Minister’s vision to ‘Act East’,” he said, referring to Indian Prime Minister Narendra Modi’s Southeast Asian stand outlined in 2014.

### **Act East**

The Act East policy is an evolution of the Look East policy introduced by former Indian Prime Minister Narasimha Rao in 1992 which focused on trade and attracting investment.

Seen as a counter to China’s growing influence in the region, the Act East policy is pillared around commerce, culture and connectivity.

Key to unlocking greater commercial benefits for ASEAN and India is the Regional Comprehensive Economic Partnership (RCEP) which is expected to be completed this year. The RCEP is a 16-country regional trade deal in which ASEAN hopes to integrate its economy with India, China, Japan, South Korea, Australia and New Zealand -creating a market comprising nearly half the world’s population and a third of the world’s gross domestic product (GDP).

RCEP negotiations were formally initiated in November 2012 at the ASEAN Summit in Cambodia and among the issues yet to be ironed out include competition laws, trade obstacles, the rule of origins, e-commerce and intellectual property rights.

It is seen as an alternative to the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP – formerly known as the TPP), a free trade agreement which reduced tariffs in 11 Pacific Rim countries and came into effect late last year.

The 11 CPTPP countries – Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam – make up more than 13 percent of the global economy and have a combined GDP of US\$10 trillion, making it the third largest free-trade agreement in the world.

There have been suggestions by both, Indian and ASEAN officials that the yet to be completed India-Myanmar-Thailand Trilateral Highway – an Indian-led initiative mooted in 2002 which aims to build a 1,360 kilometre (km) highway from India to Thailand – should be extended to Cambodia, Lao PDR and Vietnam.

Apart from the India-Myanmar-Thailand Trilateral Highway, ASEAN and India are also working on the Kaladan Multi-Modal Transit Transport Project which will provide an alternative route through Myanmar for the transportation of goods to the northeast region of India.

### **Digital villages**

India has provided ASEAN with a US\$1 billion line of credit to promote infrastructure connectivity and is also actively investing in digital connectivity – an example being its digital villages.

A leader in information and communications technology (ICT), India is helping to enhance rural connectivity in Cambodia, Lao PDR, Myanmar and Vietnam by setting up digital villages which provide easier access to banking, education, health and financial services.

With historical and cultural links which date back more than 2,000 years, India and ASEAN can improve their already strong ties by establishing more digital and physical linkages and opening up the Indian services sector.

**Pulwama attack retaliation: India halts cotton exports to Pakistan amid tensions**

**Financial Express**

<https://www.financialexpress.com/market/commodities/pulwama-attack-retaliation-india-halts-cotton-exports-to-pakistan-amid-tensions/1498428/>

Thanks to the unease between India and Pakistan, exporters see a temporary slump in flow of consignments for a few days

A temporary slump seems to have emerged in the flow of cotton consignments to Pakistan from India following the Pulwama attack.

Cotton exports to China from India, however, are on the upswing.

About 4 lakh bales have already been shipped to China in the last 10 days and another 10 lakh bales are expected to be shipped from the country soon, traders said.

Atul Ganatra, president, Cotton Association of India (CAI), pointed out that China is building up its inventory since the country would be running out of stock by the year end. A Chinese delegation was recently in India to tap opportunities in various sectors.

Thanks to the unease between India and Pakistan, export contracts have now been put on hold and exporters expect a temporary slump in flow of consignments for a few days.

Pradeep Jain, president, Khandesh Cotton Gin/Press Association said that traders would wait for a while to see how the situation develops. Ganatra said that some 8 lakh bales had been contracted by Pakistan and nearly 6.5 lakh bales have already been shipped which means barely 75,000 bales are remaining.

Pakistan is expected to import around 10 lakh bales of cotton from India in the current financial year. Some exporters believe that the cotton export to Pakistan will continue even in the event of increase in duty as the consignments would be routed via ports in Dubai and Singapore.

So far, some 32 lakh bales have been shipped out of the country and the total exports are expected to touch 50-55 lakh bales, he said. In addition to Pakistan and China, other export destinations include Vietnam, Indonesia and Bangladesh.

Daily arrivals are to the tune of 1.25 lakh bales, of which spinning mills buy 60,000 bales, 20,000 bales are exported and 15 lakh bales are purchased by Cotton Corporation of India ( CCI) on a daily basis since cotton prices are near



MSP levels, Ganatra said.

Till date, the total cotton stock in the country is 80 lakh bales, of which 44 lakh bales is with spinning mills, 36 lakh bales with ginners and the remaining with CCI.

CAI, in its January 2019 estimate of the cotton crop for the season 2018-19 beginning from October 1, 2018, has estimated cotton crop for 2018-19 season at 330 lakh bales of 170 kg each which is lower by 5 lakh bales than its previous estimate of 335 lakh bales made last month.

CAI has reduced the crop estimate for Telangana by 2.50 lakh bales, Andhra Pradesh by 50,000 bales and Karnataka by 2 lakh bales. The main reason for lower crop is that in the southern zone, farmers have uprooted their cotton plants due to moisture deficiency as a result of which there is no scope for 3rd and 4th pickings.

Earlier, in the December estimate, CAI had projected 335 lakh bales. The CAI has reduced the crop estimates for Telangana by 2.50 lakh bales to 45 lakh bales, Andhra Pradesh by 50,000 bales to 16 lakh bales and Karnataka by 2 lakh bales to 15 lakh bales. The CAI has estimated domestic consumption of 316 lakh bales, which is lower by 4 lakh bales compared to the consumption figure estimated during the last month.

Erratic rainfall and pest attacks have shrunk the crop size this year. Ganatra said the association would hold a review meet on March 1.

<b>VN's January trade turnover at highest level in years</b>	<b>English Vietnam</b> <a href="https://english.vietnamnet.vn/fms/business/218526/vn-s-january-trade-turnover-at-highest-level-in-years.html">https://english.vietnamnet.vn/fms/business/218526/vn-s-january-trade-turnover-at-highest-level-in-years.html</a>
<p>This figure is \$2.9 billion higher than in January 2018 and nearly double the average figure of \$23 billion per month recorded in the 2012–18 period.</p> <p>In addition to the record turnover, the department's statistics showed many positive signs for Viet Nam's foreign trade activities.</p> <p>In particular, the trade value of domestic enterprises grew at a faster pace compared to the foreign direct investment (FDI) sector in January, with an increase of \$1.92 billion against the \$973 million of the latter.</p> <p>Another good sign is related to the trade balance. While Viet Nam suffered a trade deficit of nearly \$1 billion in the first half of January, a sharp increase in exports in the second half led to a trade surplus of \$816 million for the whole month.</p> <p>For key export products, Viet Nam posted an export value of \$22.07 billion, an increase of \$1.8 billion year on year. The textile and garment, equipment and parts, and footwear sectors contributed the most to this positive performance. Textiles recorded an increase of \$810 million from the same period last year, equipment posted an increased of \$415 million and footwear was up \$351 million. These three groups of commodities were among Viet Nam's top five export staples with an export value of more than \$1 billion each for the month.</p> <p>In January, Viet Nam imported goods worth \$21.26 billion, up \$1.09 billion against January 2018. Significant growth of import turnover was seen in equipment and parts with an increase of \$522 million, crude oil with an increase of</p>	

\$390 million, all types of cars with a \$256 million increase and coal with a rise of \$205 million.

**EU Nations Adopt INDA/EDANA  
Flushability Guidelines**

**Textile World.com**

<https://www.textileworld.com/textile-world/nonwovens-technical-textiles/2019/02/eu-nations-adopt-indaedana-flushability-guidelines/>

INDA and EDANA, two global trade associations representing wipes manufacturers, announce support from additional European Union countries for the industry's standard for assessing the flushability of wet wipes.

Key provisions of the fourth edition of the Guidelines for Assessing the Flushability of Disposable Nonwoven Products (GD4) have now been adopted by Belgian and Spanish authorities. GD4 contains test methods and strict pass/fail criteria to determine if a wipe can be marketed as "flushable."

In 2015 Belgium adopted and put into law the previous Guidance Document provisions (GD3) and is favourably inclined toward enhancing those requirements with adoption of GD4 provisions.

More recently, the Spanish standard UNE 149002 was released January 31, 2019, establishing criteria required to label a product as "flushable." Those criteria include the key disintegration/dispersion test method of GD4 as well as the pass/fail limits of GD4. Additionally, for wipes not marketed as "flushable" but likely to be inadvertently disposed of in the toilet, such as baby wipes and disinfecting wipes, labeling practices that include the INDA/EDANA "Do Not Flush" symbol are prescribed.

These guidelines are proven to be effective. A 2017 Water UK study of sewer blockages found that less than 1% of the blockage material was identified as products designed to be flushed.

"International acceptances of GD4 are noteworthy as the adoptions included the approval of the wastewater sector in each country, indicating the desire to achieve consensus and therefore strength and unity in addressing the larger issue of developing public awareness and support for proper disposal of the various types of wet wipes on the market," said Dave Rousse, President of INDA.

"Other countries in Europe are in the process of adopting these standards, indicating a growing consensus that, accompanied with the prescribed labelling provisions, they ensure proper protection for wastewater systems," said Pierre Wiertz, General Manager, EDANA.

Rousse and Wiertz believe GD4 acceptance within the wastewater and regulatory sectors in these countries provides important validation that these test methods, pass/fail criteria, and "Do Not Flush" labelling practices are good for citizens and local wastewater treatment facilities.