News LETTER

19th September 2019

CITI

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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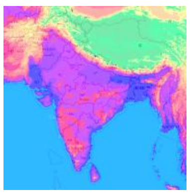
Cotton and Yarn Futures			
	ZCE - Daily Data (Change from previous day)	MCX (Change from previous day)	
		Oct 2019	19770 (+180)
Cotton	12975 (-110)	Nov 2019	19320 (+140)
Yarn	20975 (-290)	Dec 2019	19240 (+110)

Cotlook A Index - Cents/lb (Change from previous day)	
17-09-2019	73.70 (+0.05)
17-09-2018	91.30
18-09-2017	78.90

New York Cotton Futures (Cents/lb) As on 19.09.2019 (Change from previous day)	
Oct 2019	59.10 (-0.26)
Dec 2019	62.28 (+0.07)
Mar 2020	61.51 (-0.35)

NATIONAL



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NATIONAL:

National interest priority; can't stay isolated in world trade, says Piyush Goyal

(Source: Sidhartha and Rajeev Deshpande, Times of India, September 19, 2019)

Decisions on better credit flow and a promise to speed up consignments will see exports and the economy pick up steam in the coming months, commerce and industry minister Piyush Goyal tells TOI's Sidhartha and Rajeev Deshpande. He says India can be part of the Regional Comprehensive Economic Partnership if there are adequate safeguards. Excerpts from the interview:

The fall in imports during the last three months is seen to be symptomatic of weak demand in the economy. Exports too were down during two of the last three months. What is your analysis?

We have to focus on addressing concerns of the international trading sector and that is exactly what the Prime Minister, the finance minister and all of us have been working towards. The finance minister announced a series of measures. The problem of credit will be addressed significantly. Credit flow to exports fell by 22% in the last few months and was a cause for lower traction for exports. These and other steps like faster turnaround time, improving logistics, easier certificate of origin issuance and engaging the world to expand our footprint through more FTAs and a more open architecture of the international trade will help.

Is it time to reassess our export basket given that India is not as competitive on the wage front in sectors such as textiles?

We are still competitive on the wage front. Our workers have special skills, we can be competitive on the wage front though we may not always be competitive in every industry. We should look at expanding our basket, sometimes reorienting our basket, look at import substitution products, and look at how we can engage with the global value chains. We should look at larger amounts of free trade like several countries did and have benefited hugely from it. We should move to large-scale manufacturing in India. We will soon come out with a very proactive industrial policy and we are working to see how the trade policy should be unique this year.

The recent sharp slowing down of growth has led to commentary around serious problems with the economy, and former Prime Minister Manmohan Singh has predicted a long period of recession.

It's a similar situation across the world and in comparable economies. There are uncertainties that have caused this, the trade war, world growth is slowing down, many countries are grappling with serious issues among themselves. These would have had an impact but the challenge before us is how we can overcome this faster. In the next few days, we are going to seriously engage with countries to see if they can relocate to India and facilitate their entry. We have almost 20,000 acre land around eight industrial towns that have come up, I will quickly come out with attractive policies on this.

Currency was a major factor for Japan and China. In India, many believe a strong currency is good. What are your thoughts on the issue given that many see rupee as over-valued?

There is talk that the rupee is 18% over-valued and it affects our exports. There are two schools of thought. One believes that if we let our currency depreciate, our exports become competitive, imports become expensive. I was an exporter many years ago and I recall buyers also followed the Indian currency and every time it depreciated, they forced us to reduce our price while (imported) input costs went up... I found myself worse off. At the macro-level, we still have a trade deficit. So, how can a country with massive trade deficit benefit from a depreciating rupee is difficult for me as a common man to understand. It may be applicable to certain sectors but it's not a panacea for all the problems.

Are we closing the gap with the US on outstanding trade issues?

The dialogue always continues. With an open spirit of accommodation, we are engaged with the US given our deep friendship. We will wait for Prime Minister Narendra Modi and President Trump to meet next week before we can respond more concretely. I am optimistic.

One of the big worries in RCEP negotiations is the entry of China in a big way in the Indian market.

I am not sure it's a worry. You cannot remain in an isolated state. Protecting national interest and the interest of our industry is our job. That is the paramount foundation on which any negotiation takes place. Not negotiating, only worrying and not trying to find solution, only looking at the dark and negative side, the glass half empty rather than the possibilities is not good. We are not ones to shy away from accepting bold challenges.

How do you propose to deal with a possible import surge from China?

Obviously, I must be concerned about it and am trying to find the solutions. Unless I get adequate solutions and safeguards, obviously there is no deal.

What are the big concerns from your point of view given that you have just returned from a ministerial meeting on RCEP?

I must confess, 114 days ago, I started as a naysayer. I had the same worries but as I went into the granular details and studied India's engagement in the past, India's weaknesses in earlier FTAs and the lost opportunities of the last 20 years and saw the opportunities and what should be done going forward, I feel an empowered India is set for a very strong rebound. RCEP is one agreement which opens up huge global footprint for us — it accounts for 47% of the global population and almost 40% of global trade. I can choose to be scared of it or I can choose to look at it as a great opportunity. I think the opportunities will be huge and we can leverage our advantages and competitive strengths.

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National policy to bring down logistics cost below 10%: Piyush Goyal

(Source: ITLN, September 18, 2019)

Commerce and industry and railways minister Piyush Goyal has said that India will soon release its national logistics policy to bring down the cost of logistics to at least below 10 per cent.

Speaking at the ninth Asia Pacific Trade Facilitation Forum 2019 in New Delhi, Goyal said that the government was working on a national mission engaging railways, civil aviation, roads and shipping to bring down the logistics cost below 10 percent. He emphasised on the ample trade opportunities in the region and called out for a collective effort to eliminate trade barriers.

The Forum is jointly organised by the commerce ministry, Asian Development Bank (ADB), Confederation of Indian Industry and United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP). Goyal also launched the ADB-ESCAP joint publication 'Asia Pacific Trade Facilitation Report 2019' at the event.

Acknowledging that the Railways are competing with a far more efficient road transport system, Goyal said that a competitive spirit will bring down logistics cost and encourage Railways to be far more efficient.

"A collective effort is required to eliminate trade barriers, otherwise the retaliatory measures worsen the open architecture of free trade that the world is trying to create," he said.

Home

Multiple ministries at work on their own ecommerce rules

(Source: Economic Times, September 18, 2019)

Commerce and industry minister Piyush Goyal had said in June that a national ecommerce policy would be ready within 12 months.

Even as an umbrella ecommerce policy is on the anvil, several ministries are working in silos to frame their own set of rules, pushing to the margins the industry's ask for a consolidated set of guidelines for the sector.

Commerce and industry minister Piyush Goyal had said in June that a national ecommerce policy would be ready within 12 months. However, the ministry of electronics and information technology (MeitY) and the consumer affairs ministry have started parallel consultations to frame their own rules to regulate ecommerce companies. While MeitY has set up a panel to regulate non-personal data, the consumer affairs ministry has floated draft guidelines for consumer protection. These make up a significant portion of the Department for Promotion of Industry and Internal Trade's draft national ecommerce policy. The DPIIT, which was earlier known as the Department of Industrial Policy and Promotion, has made little progress in finalising its draft rules, which it had framed within six months of getting the mandate. In its earlier avatar, the DPIIT took charge of all "matters related to ecommerce" in September last year, fixed holes in the foreign direct investment rules through Press Note 2 and drafted a policy to better regulate players in the space. "They (MeitY and the consumer affairs ministry) were always going to be the owners of the pieces around data and consumer protection in the ecommerce policy, but they seem to have taken ownership separately," said a person who closely engages with the government on its ecommerce policy. "It's unfortunate, because the sector could really do with clarity and not more confusion."

Ecommerce is tricky to regulate as it touches several domains such as IT, retail, payments and consumers, experts and industry insiders said. "It seems that the government is dividing the ecommerce policy into multiple parts rather than coming up with a consolidated one," said Satish Meena, senior forecast analyst at Forrester Research. "The biggest issue is that the companies don't know who to engage with as many fronts are being reopened.

The government should have set up a joint committee with stakeholders from all ministries concerned to come up with a unified policy for the sector, Meena said, adding it could be too late given the significant amount of work that had already gone into drafting the policy. Working with so many regulators and ministries is adding to a growing disconnect between companies and the government, top executives of large ecommerce firms told ET. "We had sent our inputs around data localisation and data sharing to the DPIIT, but we're unsure if those are being heard," said an executive of an ecommerce company who did not want to be named.

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Centre studying proposal to convert single-product SEZs to multi-product zones

(Source: The Hindu Business Line, September 18, 2019)

Move could help developers attract more units, increase viability of projects

In a move that could make investments in Special Economic Zones (SEZs) more attractive and increase the viability of projects, the government is considering a proposal to allow all single product SEZs to be converted into multi-product ones.

"The proposal to allow single product SEZs to be converted into multi-product ones has been examined by the Commerce Ministry and a draft notification on the necessary changes in SEZ Rules on minimum area requirement has been sent to the Director General of Export Promotion under the Central Board of Indirect Taxes and Customs for its inputs," a government official told *BusinessLine*. "If the government allows single product zones to be converted to multi-product ones, it is likely to give more flexibility to developers to invite units. Suppose if a particular sector is not performing well, they would have the freedom to invite units from other sectors. But the area requirement norms would need to be changed," pointed out Hitender Mehta, Managing Partner, Centrum Legal.

At present, multi-product SEZs' minimum land requirement is 500 hectares while the requirement for single product ones is just 50 hectares. Both will need to be brought on par if a conversion is allowed.

"Amendment has to be made to Rule 5(2) of the SEZ Rules, 2006 which specifies minimum area requirement. If the Finance Ministry is on board, it could be done through a notification," the official said. Over the last few years a number of SEZ developers have pulled out of their projects citing various reasons including economic slowdown and lack of interest from units because of non-viability of their zones. Many developers who have got formal approval for their projects have failed to complete their projects on time and have been seeking extensions. Of the 370 SEZ units that have been notified, only 232 are operational.

"If the restrictions on the kind of units that a sector-specific SEZ can attract is eased, it is hoped that developers would get proposals from a larger number of interested units and more zones will become operational," the official said. SEZs have, so far, attracted a total investment of ☐5,07,644 crore and have provided employment to 20,61,055 persons, according to government figures. Earlier this year, the SEZ (Amendment) Bill 2019 was passed by Parliament allowing "trusts or any entity" to set up units in the zones.

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US Congress backs India's demand for restoration of GSP scheme

(Source: Amiti Sen, The Hindu Business Line, September 18, 2019)

US Congress members have written to USTR proposing an `early harvest' approach to sort out immediate problems

India's demand for restoration of the popular Generalised System of Preferences (GSP) scheme for its exports to the American market is being backed by a number of members of the US Congress who have written to the US Trade Representative in favour of the move and have proposed a `early harvest' approach to sort out immediate problems between the two countries.

"We also have a strong desire to see GSP eligibility for India reinstated. Should there be a progress in negotiations, we hope you will use the tools provided by the GSP statute as warranted, such as partial reinstatement," a letter signed by 44 Congress members sent to USTR Robert Lighthizer on September 17 stated.

In June this year , US had made India ineligible for the GSP scheme, that allowed more than 3,000 items from India to be imported duty-free into the country. The withdrawal was based on complaints filed by the US medical equipment and dairy industries that alleged that India did not provide a level playing field for their businesses.

Suggesting ways to restore GSP benefits to India, the Congress members proposed an `early harvest' approach that would ensure that long-sought market access gains for US industries are not held up by negotiations over remaining issues, thereby providing swift relief for both American exporters and importers.

"Just as US industries are harmed by lack of fair and reciprocal access to India's market, American companies and workers also are harmed by new tariffs due to GSP termination. The costs are real for our constituents and growing every day. We urge you to continue negotiations and consider an early harvest to help American jobs that depend on two-way trade between the US and India," the letter said.

The Congress members added that they took the complaints of the US industry seriously and shared the USTR's strong desire to see them resolved. "We are encouraged to see continued engagement between the Administration and the newly elected Government of India that assumed office in late May, including visits by senior USTR and India officials over the summer," the letter added.

India was the largest beneficiary of the GSP programme in 2017 with duty free status being given to $5.7 billion worth of imports into the US.

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RCEP: Commerce ministry consulting stakeholders to firm up views

(Source: Domain B, September 18, 2019)

The commerce ministry is meeting representatives of various industrial sectors such as steel, engineering goods, automobiles, leather goods and textiles, following concerns raised by trade bodies over increased competition in the domestic market, once the RCEP pact is finalised. The agricultural sector and the dairy industry, too, have expressed apprehensions about the proposed agreement.

Domestic industry fears uneven competition mainly from exporters in China, South Korea, Japan, Australia and New Zealand.

As part of stakeholder consultations, commerce ministry officials will meet members of the dairy product manufacturers on Wednesday to seek their views on whether or not to allow dairy as part of negotiations under RCEP.

Officials of the Department of Commerce will be meeting multinational dairy product players, besides some home grown companies, as well as dairy federations to explore how RCEP can be effectively used to push up export of dairy products in high-value-added segments.

The ministry has invited about 60 top dairy consuming-players, including Ferrero, Hersheys, Nestle, Kwality, Unilever, Lotte, Pepsico, besides domestic private players such as Reliance, Havmor, Dinshaw's and some dairy federations.

While there is a general view that opening the dairy sector may be beneficial to local producers, the mega trade deal being negotiated by India with 15 countries, including the ASEAN and China, will mainly be decided on merits and not diplomacy, external affairs, minister S Jaishankar said on Monday.

“RCEP is a trade agreement. A trade agreement must be defended and decided upon by trade merits. There are diplomatic aspects, consequences, handling etc involved. But the primary justification of a trade agreement can’t be diplomacy. It has to be trade,” Jaishankar said at a press conference on Tuesday when asked if saying no to the RCEP agreement will be acceptable from a diplomatic point of view.

The agenda of the RCEP meet seems to be to lay the ground for allowing dairy imports, focusing mainly on the consumption side of the dairy industry, than the production side. The agenda is silent on safeguarding interests of milk producers and dairy farmers.

Earlier, during talks with dairy sector players in Mumbai, on 22 July, commerce minister Piyush Goyal had given some assurance to the industry that the government will not venture into anything that will harm interests of the dairy farmers.

Industry fears that the latest meeting scheduled in New Delhi could further build a case for allowing cheap and duty-free imports of dairy products from surplus producers such as New Zealand and Australia.

The entire dairy industry in the country, including the apex dairy body National Dairy Development Board (NDDB), had raised concerns during the meeting with Goyal stating that allowing cheaper imports from surplus countries will destroy the livelihood of the millions in the dairy farming.

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India can use the strength of its domestic market to push exports, says Niti Aayog's Amitabh Kant

(Source: CNBC TV/ Money Control, September 18, 2019)

So the big question is: will India make it to the supply chain? Amitabh Kant, CEO of NITI Aayog, shares his views.

India is a great medium-term bet if it can get into the global supply chains that are opening up with China, experts at the JPMorgan Conference told CNBC-TV18.

So the big question is: will India make it to the supply chain? Amitabh Kant, CEO of NITI Aayog, shares his views.

"We will definitely do that because whatever Mr Trump may have done he has changed the perception about American ambassadors regarding China forever and this opens up a vast opportunity," Kant said on Wednesday.

"Some of this opportunity may have gone to Vietnam but it may have its own limitations. India can use the strength of its domestic market to push for exports but it necessitates that India becomes a very important part of the supply value chain," said Kant.

"There is another issue which we are looking at in terms of the entire electronics and mobile manufacturing sector. Our objective is what we can do for manufacturing for exports in the global market and it is a $100 billion opportunity for India and therefore massive policy changes of driving manufacturing for exports is number one and therefore series of changes on the electronic policy in terms of mobile manufacturing here itself," he said. "The second would be looking at just 4-5 areas and creating autonomous employment zones so that we are able to drive plug and play facilities into some of these areas and create centres of excellence as far as land and labour laws is concerned."

"Third, there is a big opportunity is in terms of man-made textiles and how India can make man-made textiles globally competitive. Therefore, textiles, electronics, mobiles and creating better infrastructure holds the key to global penetration and becoming a great exporting nation", he said.

With regards to electronic exports, he said, "The focus should on high-value manufacturing for global markets and making India the base to penetrate value chains for the export market."

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Cotton prices start rising on monsoon-led crop damage, pink bollworm attack

(Source: Dilip Kumar Jha, Business Standard, September 18, 2019)

Rising cotton prices are likely to compund the woes of spinning mills, which have been facing weak demand from China and Bangladesh, which buy over 75 per cent of India's cotton yarn

Cotton prices have started rising the past one week due to lower production estimates this year, following reports of crop damage on erratic rainfall and pink bollworm attack on standing crops in major growing regions.

Data compiled by Agmarknet.in showed raw cotton prices in Warangal mandi surged by 7 per cent the past 10 days to trade on Wednesday at Rs 6,225 a quintal from Rs 5,800 a quintal earlier. The price rise in other mandis has been quite similar. In fact, in Gondal (Rajkot, Gujarat) mandi, raw cotton prices surged sharply to trade at Rs 6,380 a quintal on Wednesday.

“Cotton prices in the domestic market have started moving up on crop damage following erratic rainfall and reports of pink bollworm attack. While the assessment of crop damage is yet to be ascertained, prices will certainly react to the production estimates from the standing crop. In the international market, cotton continues to trade lower on US-China trade war,” said Ravindra Rao, Head of Research, Kotak Securities.

Cotton sowing was impacted earlier due to a three-week delay in the onset of the monsoon this season. This was followed by a continuous downpour in major growing regions that flooded cotton field. Analysts have also forecast intermittent pink bollworm attack on the standing crop, which could pull down output this year.

Data compiled by the Union Ministry of Agriculture showed a 5 per cent increase in total sowing area at 12 million hectares by September 13, 2019 compared to 12.6 million hectares, same time last year.

Raw Cotton prices have turned around from below the minimum support price (MSP) of Rs 5,150 a quintal three months ago, due primarily to a surge in mills' demand. According to Arun Sakseria, a cotton trader and exporter, lower output last year and delayed arrivals this year have helped cotton price rise.

Rising cotton prices are likely to compund the woes of spinning mills, which have been facing weak demand from China and Bangladesh, which buy over 75 per cent of India's cotton yarn.

"Spinning mills have already shut 25-30 per cent of their production capacity due to weak Chinese demand. Rise in cotton prices would hit the remaining operational capacity and force them to shut," said Suraj Jyoti, proprietor of Excel Enterprises, a Ludhiana-based cotton spinner.

Meanwhile, rising cotton prices have raised hopes for further increase in the use of manmade fibre (MMF) in the Indian textile industry. In fact, the use of MMF has gradually increased over the last few years.

"Shortage of cotton yarns and high prices are major factors which led to better demand for polyester yarns in the domestic markets. Moreover, domestic manufacturers of polyester yarns has been able to increase their capacity utilisation as the anti-dumping duty imposed on China led to pick-up in demand for domestic yarn compared to imported yarns," Madhu Sudhan Bhageria, CMD, Filatex India.

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IIT Kharagpur researchers generate power from wet textiles

(Source: Gadgets Now, September 19, 2019)

Researchers from IIT Kharagpur have developed a unique approach of generating electricity from clothes drying in natural ambience, which is otherwise a part and parcel of daily life, according to the premier institute.

The researchers have utilised tiny channels, so-called nanochannels, in the cellulose-based fabric network traditionally woven, to generate electrical power through guided movement of saline water amidst continuous evaporation. The process is very much analogous to water transport across the parts of a living plant.

The researchers demonstrated up-scaling of the entire process by using a large number of (around 50 in number, with the surface area of 3,000 square meters) clothes being dried in tandem by washermen in a remote village

The researchers were able to reliably charge up to around 10 Volt in almost 24 hours. This stored energy is enough to glow a white LED for more than 1 hour.

The frugal innovation demonstrates that ordinary cellulose-based wet textile, commonly dried in natural atmosphere, might be capable enough to serve the underprivileged community at large in terms of addressing the essential power requirements in remote areas.

In a hot and dry environment, the natural evaporation gets spontaneously enhanced, so that the flow-induced electrical potential can be maximized. The device, thus, might turn out to be extremely effective in geographically warm and dry regions of the earth.

Further, the electricity generation might be up-scaled massively by systematically drying a set of regular wearable garments under the sun-light. This eventually culminates into a utilitarian paradigm of low-cost power harvesting in extreme rural settings, explained Chakraborty.

Home

MSME procurement worrisome: Govt buying from small businesses lag behind halfway through FY20

(Source: Sandeep Soni, Financial Express, September 18, 2019)

Ease of Doing Business for MSMEs: The government had last year revised the annual public procurement target for MSEs by the central ministries, departments from 20 per cent to 25 per cent of the total annual purchases.

Ease of Doing Business for MSMEs: Almost halfway through the current financial year, the procurement from micro and small enterprises (MSEs) by the central ministries, departments and central public sector enterprises (CPSE) stood at Rs 11,902 crore including procurement from MSEs owned by SC/ST entrepreneurs, as per the data available with MSME Ministry's public procurement policy monitoring portal MSME Sambandh. The procurement from SC/ST entrepreneurs led MSEs was Rs 240.57 crore for the current financial year. "If these are five-month figure then it shows a huge drop from last year. Even if the procurement is increased in the second half, I doubt it would cross the last year figure," Rajiv Chawla, Chairman at the MSME association — IamSMEofIndia told Financial Express Online.

The public procurement from MSEs for FY19 was Rs 40.3k crore including from SC/ST enterprises even as the latter's share stood at Rs 824 crore. The drop in the figures this year reflects the current economic slowdown impacting multiple sectors including auto, textiles, gems and jewellery, real estate etc. The government had last year revised the annual public procurement target for MSEs by the central ministry, department from 20 per cent to 25 per cent of the total annual purchases. Out of the total target, 3 per cent has to be earmarked for procurement from women-owned MSEs and a sub-target of 4 per cent for procurement from MSEs owned by SC/ST entrepreneurs.

"Every sector is facing a downturn and even if the government increases the infrastructure spending etc., as promised but not every PSU is going to do that or has the financial muscle to do that. PSUs normally run on a commercial basis and no one would unnecessarily buy extra inventory unless required. These figures are worrisome," said Chawla adding that the amount would probably touch around Rs 30k crore going by the current ratio while we expected it to be enhanced to Rs 50k crore. This means it would be only 50 per cent of what was expected.

Importantly, the procurement from women-owned MSEs fared better for the current year so far with nearly Rs 167 crore worth buying while for FY19, the procurement was worth Rs 231 crore. "Procurement from women-MSEs is fine and should be appreciated but the overall picture is bad," said Chawla. An official from the Development Commissioner, Ministry of MSME confirmed to Financial Express Online that the figures available on the website are updated.

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SRF shuts technical textiles plant in Thailand

(Source: The Hindu, September 18, 2019)

SRF Ltd, a leading manufacturer of technical textiles, engineering plastics, chemicals and packaging films, has decided to shut operations at Rayong in Thailand and sell the asset as production at the site has become unviable.

The company, in a statement on Wednesday, said it has decided to close its technical textiles unit at Rayong in Thailand and dispose-off the assets of the business in the manner as may be decided by the Board of Directors of that company. Necessary approvals from the authorities concerned in this regard will be taken in due course, it said.

SRF Industries Thailand, a wholly-owned subsidiary of SRF Ltd, logged a turnover of □339 crore last fiscal and has a net-worth of □134 crore. Its contribution to the consolidated turnover of □7,693 crore was 4 per cent.

Some of the assets, if found suitable, could be purchased by SRF for its Indian operations, subject to necessary approvals and in compliance with laws, the company said in a statement.

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Kasam to set up Rs 100-cr textiles unit in Warangal

(Source: Telangana Today, September 19, 2019)

The unit, which will comprise of spinning and yarn mills may also have a dyeing unit. The Warangal-based company has signed a memorandum of understanding with the Telangana government

Kasam Industries will be setting up Rs 100 crore textiles manufacturing unit at Kakatiya Mega Textile Park in Warangal.

The unit, which will comprise of spinning and yarn mills may also have a dyeing unit. The Warangal-based company has signed a memorandum of understanding with the Telangana government last year towards setting up of the unit for which 25 acres of land has already been earmarked.

Kasam Namashivaya, chairman, Kasam Industries told *Telangana Today*, "Several of the textile workers from Warangal today work in Surat and Mumbai textile units. We want to bring them back to Warangal and make high-quality textiles that match up to these two cities. We plan to hire about 500 people for this unit and will train them."

The company will carry out cotton spinning and yarning at its Warangal unit and will send the yarn for printing in Surat and once the final textile products are made, they will be sold at the group's retail company Maangalya Shopping Malls' stores spread across Telangana as well as other retailers and wholesalers.

He added, "We are in the process of identifying what form of dyeing unit will suit the climate and water at the Warangal textile park. We are evaluating the viability of spinning and yarning capacities at the unit. Civil infrastructure works are going to begin at the site as tendering process has started and we expect the unit could be ready for commercial operations either by the end of 2019 or early 2020."

Talking about the strengths of Warangal for having chosen for its unit, he says, cotton grown in and around the city is of very high quality and the fibre is today supplied to the textile hub of Coimbatore. So it makes sense to tap the rich cotton available in Warangal to make high-quality textiles from the company's unit.

Retail plans

Kasam Industries, with deep interests and experience in the apparel business, has carved out multiple retail ventures under the brands- Maangalya Shopping Malls, Swayamvar and Kasam Apparel.

Maangalya Shopping Malls is going to open its seventh store in Kukatpally, Hyderabad this week. The entity has stores which are over 20,000 sq ft and now has a cumulative mall space of 2 lakh sq ft. In the next one year, it will add five new stores in Hyderabad and will also explore opportunities in other districts such as Mahaboobnagar and Suryapet. It spends close to Rs 20 crore on each store. It expects a turnover of Rs 500 crore this year, with 80 per cent coming from Hyderabad alone, he informed.

There are 25 Swayamvar Ethinic Wear stores in India and the 26th store is coming up in Bhubaneswar on September 21. There are eight stores in Hyderabad alone.

Kasam Apparel sells 6 lakh formal and casualwear shirts a year in Telangana and AP markets.

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GLOBAL

Federal Reserve makes small interest rate cut. Trump slams central bank for having ‘no guts.’

(Source: Heather Long, Washington Post, September 18, 2019)

The Federal Reserve made a modest reduction in interest rates Wednesday in an effort to keep the U.S. economy strong, a measured approach that stopped far short of the dramatic action President Trump has demanded for months.

In an extremely unusual move, Trump blasted the Fed’s announcement just 25 minutes after it was made public, targeting Fed Chair Jerome H. Powell’s leadership in particular.

“Jay Powell and the Federal Reserve Fail Again,” Trump wrote on Twitter, berating the Fed chair he handpicked. “No ‘guts,’ no sense, no vision! A terrible communicator.”

The Fed’s decision to lower its benchmark interest rate just shy of 2 percent, down from about 2.25 percent, brought into sharp contrast the competing views of the economy that are emanating from the White House and the central bank less than 14 months before the 2020 election.

While Trump has insisted that most problems with the economy are squarely the Fed’s fault, Powell on Wednesday said trade uncertainty was a key factor weighing on growth. Powell didn’t single out Trump for causing the trade uncertainty, but many business executives and lawmakers have.

“Trade developments have been up and down and then up, I guess, or back up, perhaps over the course of this intervening period. In any case, they’ve been quite volatile,” Powell said at a news conference following the announcement of the new rate. “We do see those risks as actually more heightened now.”

Stocks initially fell sharply after the Fed news as investors thought the central bank was signaling it would not cut again this year, but stocks rebounded amid speculation that the Fed might change course. The Dow Jones industrial average ended the day up 36 points.

“History teaches us it’s better to be proactive in adjusting policy if you can,” Powell said. “The idea that if you see trouble approaching on the horizon, you steer away from it if you can."

The small, quarter-point reduction was meant to address fears about slowing growth in Europe and parts of Asia, as well as concerns that Trump’s trade war with countries around the world would remain a drag on growth well into the future. The Fed said it would "act as appropriate" to keep the economy growing. But a majority of the Fed's voting members signaled they don't expect to lower interest rates again before the end of the year.

The quarter-point reduction Wednesday was widely expected but stood in sharp contrast to the "big" cut Trump has recently advocated. Trump has called for lowering the benchmark rate to zero, or even pushing it negative as a way to lure investment to the United States.

Powell on Wednesday largely ruled out supporting negative interest rates and suggested he would lower rates further only if there was evidence the economy was slowing.

The Fed's decision, which was not unanimous, comes at a pivotal time for the central bank, the economy and the White House. Fed officials are trying to help keep the economy growing without fanning inflation. The economy is sending mixed signals about whether it might slow markedly next year or continue chugging along. And a strong economy is key to Trump's reelection effort in 2020. He has tried to frame the Fed as a primary culprit if there's any slowdown.

For decades, White House officials had largely avoided commenting directly on the Fed's monetary policy decisions, seeking to preserve the central bank's independence and credibility. Trump has shattered that norm and even asked aides whether he could replace Powell, a person he picked for the job in late 2017. Powell on Wednesday wouldn't respond to Trump's latest criticism, saying instead that the central bank made its decisions "without regard to political considerations."

Only seven of the 17 Fed leaders penciled in another rate cut this year, according to economic forecasts released Wednesday. The rest predict rates will stay where they are — or rise.

The Fed painted a mostly upbeat picture of the economy, saying the job market remains "strong" and consumer spending is "rising at a strong pace." The Fed predicts the economy will grow 2.2 percent this year, weaker than the roughly 3 percent target that White House officials have cited. The economy grew 2.9 percent in 2018.

"The Fed wants to stop the economy from slipping into a recession, but Fed leaders aren't going to do anything to push growth higher," said Eric Winograd, senior economist at AllianceBernstein.

Fed leaders have characterized these rate cuts as insurance to protect the economy against the global slowdown and worsening trade war. Fed officials traditionally raise interest rates when the economy is growing as a way to combat inflation, and they tend to cut interest rates when they are guarding against a downturn as a way to try to provoke more borrowing and spending in the economy.

"Although household spending has been rising at a strong pace, business fixed investment and exports have weakened," the Fed wrote in a statement.

The U.S. economy is in a tricky place, and Fed leaders remain divided over what to do. Consumers keep spending, but the U.S. manufacturing sector is struggling and business investment has collapsed as many companies fear Trump's trade war won't be resolved anytime soon. His standoff with China has been a particular concern. The president has repeatedly dialed up and then dialed back threats and penalties against China, one of the world's largest economies, in the past year in an effort to force the country to make major changes to its economic relationship with the United States. Powell on Wednesday said trade risks are "more heightened now" following new tariffs against Chinese imports.

"We do feel trade uncertainty is having an effect," Powell said. Officials "see it in weak business investment and weak exports."

Trump has recently said he thinks he will reach a deal with China, but it might not come until after the 2020 elections. He has already imposed tariffs on more than $250 billion in Chinese imports and larger penalties are set to kick in next month and then even more in December.

Some economists have questioned whether the Fed should be reducing rates at all given how healthy the economic fundamentals look. Two out of the 10 members of the Fed's committee that determines interest rates voted against the cut, preferring to leave rates unchanged. On the flip side, one member dissented against the latest decision because he felt the Fed should have cut rates by half a percentage point.

"Powell has the votes for a quarter-point cut, but he can't commit to anything else," said Diane Swonk, chief economist at Grant Thornton. "He can't promise additional rate cuts, which will disappoint the market."

Since the Fed's last meeting, on July 31, Trump has tweeted or retweeted 43 times criticizing the central bank and calling for deeper rate cuts. He has called Powell a "bonehead" and "enemy" for not lowering rates faster.

On top of political pressures, the Fed faced an unusual situation this week where the interest rate on overnight loans to banks spiked above 8 percent, well above the Fed's target and the highest level since the last financial crisis. Powell downplayed concerns about the situation and said the central bank would continue to pump a bit more money into the system to get the rate back under 2 percent.

Home

Bangladesh: Set up ETPs in three months or face action

(Source: The Daily Star, September 19, 2019)

HC directs owners of 7 factories, in bid to save Buriganga from pollution

The High Court yesterday directed owners of seven textile and dyeing factories to establish separate effluent treatment plants (ETPs) in next three months in order to stop dumping of waste into the Buriganga and save the river from pollution.

If the companies -- situated in Kadamtali and Shyampur areas on the bank of the river -- do not set up ETPs in three months, authorities concerned will be ordered to stop their activities, the HC said while hearing separate writ petitions filed by the owners.

The factories are Mita Textiles, M/S Ovijat Dyeing, Chandpur Textiles and Dyeing, Shahjadi Dyeing, M/S Vorasha Dyeing, Lamia Textile and Dyeing and Shamim Textile and Dyeing.

The court, however, asked the government to immediately restore electricity connections of the factories so that they can run their activities.

The connections were snapped following September 11 notices sent to the factories by the ministry of forest and environment, asking them to stop their operations as they have not set up ETPS and were dumping waste into the river.

The HC bench of Justice M Enayetur Rahim and Justice Md Khairul Alam gave the order after hearing arguments on the petitions, filed challenging legality of the government notices.

The court also issued separate rules asking authorities concerned of the government to explain in four weeks why the notices should not be declared illegal.

During yesterday's hearing, Attorney General Mahbubey Alam vehemently opposed the petitions, saying that Bangladesh is dependent on its rivers. If the rivers are not protected, the country will not survive.

The factories, which are dumping waste into Buriganga, cannot be allowed to run their operations in any manner, he argued.

Petitioners' lawyers Barrister Shafique Ahmed and Advocate Zainul Abedin told the court that their clients have met the officials concerned of Dhaka Wasa, Rajuk and LGRD ministry for establishing a common ETP for treating waste of their factories.

They have decided that Wasa would establish a common ETP with funding from the seven factories, but Wasa has not taken any step in this regard, they said.

Barrister Mahbub Shafique, a lawyer for the petitioners, told The Daily Star that his clients will try to set up separate ETPs in three months in line with the HC order.

Following a writ petition filed by Human Rights and Peace for Bangladesh, the HC on June 1, 2011 ordered the authorities concerned to seal off all the sewage outlets into the Buriganga, Deputy Attorney General Amit Dasgupta told this correspondent yesterday.

In continuation of the petition, the HC on May 2 this year ordered the authorities to submit a report before it about the steps taken to remove illegal structures and waste from the banks of the river. Following the order, the ministry of forest and environment on September 11 sent notices to the factories. The owners then filed the petitions, he added.

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Germany launches new, state-approved label for environmentally certified "Green Button" textiles

(Source: Red Smith, Lexology, September 18, 2019)

On 9 September 2019, the German Federal Ministry of Economic Cooperation and Development (*Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung* – BMZ) introduced a new, state-regulated environmental label for "Green Button" (*Grüner Knopf*) certified textiles with a press release, available here. The BMZ also launched the official Green Button website, which is available in German at http://www.gruener-knopf.de/.

In a nutshell

The Green Button is a logo that serves as evidence that the textile products concerned were manufactured and placed on the market in a socially and environmentally sustainable manner. The state is responsible for determining the requirements for Green Button certification.

The Green Button is intended to help consumers and public procurement agencies in identifying such textile products. The logo can be attached directly to certified textile products to demonstrate that the products meet the demanding social and environmental requirements.

How it works

Green Button certification is available to companies that produce or market textile products under their own brand. In total, 13 classes of goods and services are covered by the Green Button.

The Green Button is the first state-regulated environmental certification to combine product-related and company-related requirements: Textile products must have social and environmental characteristics. In addition, companies must incorporate specific business procedures into the relevant supply chain (chain of custody) to demonstrate a duty of care for human rights and concern for the environment.

The Green Button requirements are based on the *UN Guiding Principles on Business and Human Rights* and the *OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector*. If a company wants to obtain Green Button certification for its products, 26 product-related criteria and 20 company-related criteria need to be fulfilled and fulfillment must be confirmed by a competent and independent auditor on a product-by-product basis. The German Accreditation Body (*Deutsche Akkreditierungsstelle*) ensures reliable testing. However, during an introductory phase until 30 June 2021, assessment will only cover certain production stages, i.e. “cutting and sewing” and “dyeing and bleaching”.

Audits are expected to be as efficient as possible. To that end, companies may rely on existing evidence, such as documentation produced in the course of certification for other environmental logos.

Companies may use the Green Button logo globally. In addition, since certification for the logo is based on internationally harmonized ISO standards, it can be used for sustainable public procurement in the European Union. The Green Button logo is also protected under German trademark law as a so-called certification mark (*Gewährleistungsmarke*).

Initial feedback from the industry

While 27 companies have already obtained Green Button certification and several other companies are currently in the certification process, the feedback from the industry has been mixed. In particular, there has been criticism of the choice of certification criteria and the reduced scope of assessment during the introductory phase. Concerns have also been raised that the Green Button may be utilized as a tool for “green washing.” In a press release on 9 September 2019 (available in German here), the Textile+Fashion Confederation (*Gesamtverband textil+mode*), the German industry association for the textile industry, gave negative feedback and concluded that, for the time being, companies should not use the Green Button.

However, the Green Button also has many supporters from all walks of life.

Home

Indonesia: National textile industry turns to locally sourced rayon

(Source: Jakarta Post, September 19, 2019)

Key players in the Indonesian textile sector have formally agreed to optimize locally sourced, sustainably produced rayon to drive the growth of the national textile industry, which is a core pillar of the country's economy. Representatives from the government, the textile and fashion sectors and industry associations signed a memorandum of understanding (MoU) on domestically produced rayon at a multi-stakeholders meeting in Pangkalan Kerinci, Riau, recently.

Also at the signing ceremony were Indonesian Textile Association (API) chairman Ade Sudrajat, Indonesian Association of Synthetic Fiber Producers (APSyFI) secretary-general Redma Gita, Indonesia Fashion Chamber members Yufie Kartaatmaja and Ichwan Thoha, and Oline Workrobe owner Caroline Siahaan.

Achmad Sigit Dwiwahjono, the Industry Ministry's director general of chemical, textile and miscellaneous industries, said the government was committed to developing the textile industry by promoting local products and attracting investors.

The optimization of the use of Indonesia-made rayon can play a significant role in boosting textile exports and reducing high dependency on imports to allow the country to catch up as part of the fourth industrial revolution. "We want to promote the use of locally sourced textiles, such as rayon and polyester fibers, to lessen our dependence on imported products," said Sigit, who was accompanied by the Ministry's Textile Director Muchdori.

In the past three years, Indonesia has seen increased exports of local textiles and textile products, with the export value increasing from US$11.87 billion in 2016 to $12.59 billion in 2017, and to $13.27 billion in 2018.

"The majority of export products are clothing, which comprise 63.1 percent," Sigit said. "This year's export value is projected to reach $15 billion. The target will be difficult to achieve if we don't increase national production."

The increased use of viscose rayon, or rayon, in manufacturing is expected to increase the production output of the textile industry, especially as the textile can act as a substitute for polyester and cotton. Local production of polyester and cotton still does not meet the demands of the national textile and garment industry.

"Polyester production is not well developed enough, while cotton fabrics are still nearly 100 percent imported," said Muchdori. "As all stakeholders have gathered together in one forum, we [now] know all the latest developments and we have all agreed to use local products."

Alternative Material

The Industry Ministry has partnered with Bank Indonesia to encourage banks to support local textile producers in a departure from the past, when banks did not prioritize the textile industry.

The use of domestic rayon, which is produced in abundance, is expected to help Indonesia's textile industry to take a greater role in the global market.

"Rayon can be an alternative material in Indonesia," said Asia Pacific Rayon (APR) director Basrie Kamba, adding that rayon was a competitively priced and widely available eco-friendly fabric.

APR, which began production in December, last year, has already produced 120,000 tons of rayon fibers. "Almost half of the output goes to the local market, while the rest has been shipped to 14 countries, including Turkey, Pakistan, Bangladesh, Vietnam, Germany and Italy." Basrie expressed his appreciation for the government's support for the sustainable development of the national textile industry. "APR is committed to support the growth of Indonesia's textile industry - from upstream, middle to downstream sectors. All the different actors in the textile industry must collaborate closely and harmoniously so that we can develop collectively to achieve our common goal: Revitalizing the textile industry".

The market potential for this industry is very promising, he said, with Indonesia's spending on Muslim clothing valued at US$20 billion in 2017. "That's a huge market. We should make sure local players are able to thrive and prosper," Basrie stated.

Everything Indonesia

If local companies used domestically produced rayon efficiently, the textile could become an icon of the Indonesian garment sector and expand the textile industry's global market share. To achieve this, all players from upstream to downstream should pursue research and development into sustainably produced rayon, said Indonesian Textile Association (API) chairman Ade Sudrajat.

Meanwhile, APSyFI's Redma Gita Wirawasta said that the national textile industry was suffering a massive trade deficit, exporting 500,000 tons of garments and importing 900,000 tons, and urged the government to develop a policy strategy to protect the industry.

Among the realistic solutions was boosting the use of local materials and reducing imports. Indonesia's textile industry experienced its heyday in the 1980s, when it recorded excellent performance and healthy growth to rank above Vietnam and other neighboring countries. "This was a result of the government's effective policies on import substitution and effective industry cooperation," said Redma. "If we restore these policies, it's possible that we can revive the glory of our textile industry."

All participants in the multi-stakeholders meeting agreed that they favored the "Everything Indonesia" approach, which prioritized the use of domestic materials to restore the glory of the national textile industry.

Designer Yufie Kartaatmaja from IFC stressed that stakeholders needed to keep an eye on current developments like the Muslim fashion industry, which uses a large volume of fabrics.

"But it's hard for us to obtain suitable fabrics that meet the needs of our brands and our customers, who want affordable products. This is what we must address within the industry," said Yulfie.

Home

US Abercrombie Textiles acquired by The Crypton Companies

(Source: Fibre2Fashion, September 18, 2019)

US upholstery, bedding and drapery fabrics manufacturer Abercrombie Textiles was recently acquired by The Crypton Companies, which offers performance textile technologies in the home furnishings, apparel and contract markets. The former, based in Cliffside, North Carolina, will continue to manufacture dobby and jacquard fabrics under the latter. The two companies have been working together for 17 years, with Abercrombie serving as a licensed mill partner, according to US media reports.

Plans are to show a new residential collection of solids, textures and jacquards at the November Showtime Market. Crypton will be expanding Abercrombie into new markets with new designs and product innovation and that implies more jobs for American textile workers, said Lance Keziah, chief executive officer of Crypton LLC.

Keziah will oversee Abercrombie and has hired Ernest Benbassat as executive vice president of operations. Former owner John Regan will remain with Abercrombie to provide continuity, knowledge and sales leadership.

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