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IBTEX No. 245 of 2018 December 03, 2018

USD 70.02| EUR 79.47 | GBP 89.39 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20963	43850	**80.38**
Domestic Futures Price (Ex. Gin), November		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21290	44534	**81.63**
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)	78.91	
ZCE Cotton: Yuan/MT (Jan 2019)	14,510	
ZCE Cotton: USD Cents/lb	**80.37**	
Cotlook A Index – Physical	**85.55**	

Cotton Guide: The outcome of G-20 meeting says Mr. Trump agreed not to boost tariffs on $200bn of Chinese goods from 10% to 25% on 1 January. China will buy a "very substantial" amount of agricultural, industrial and energy products, the US says.

Meanwhile, Beijing says the two sides agreed to open up their markets. Alos the outcome of the meeting says the US tariffs on Chinese goods will remain unchanged for 90 days, but warns: "If at the end of this period of time, the parties are unable to reach an agreement, the 10 percent tariffs will be raised to 25 percent."

The outcome of G-20 meeting is now perceived to be positive for markets. Many asset classes are trading higher. Cotton per se this morning in Asian session is seen trading higher by 3.30% at 81.50 cents. Likewise, the ZCE cotton is also higher by 385 points at 15475 Yuan/MT for the active contract. We think price rise is the function of expected demand in next 90-days or the scenario will come to a normalcy state; unlike last two months where everything was supposed very negative.

However, cotton continues to trade in the same range of 77 to 82 cents for the past 11 weeks. Although few cents away for it to break onto higher side. We think a clear break out above 82 cent means price could jump quickly higher towards 84+ cents as next resistance level.

On the domestic front, shankar-6 price quoted lower over the weekend at Rs. 44000 per candy ex-gin and Punjab J-34 at Rs. 4380-4400 per maund. The estimate of arrivals is 151,400 lint equivalent bales (170 kgs), including 40,000 in Gujarat and 35,000 in Maharashtra. The MCX Cotton for December future ended the last week lower at Rs. 21520 per bale down by Rs. 230 from the previous week's close. We think with the new development where ICE cotton is higher and the Indian rupee is slightly weak the market might open higher. The trading range for the day would be Rs. 21470 to Rs. 21900 per bale.

FX Guide:

Indian rupee has opened weaker by 0.4% to trade near 69.88 levels against the US dollar. Rupee came under pressure amid sharp rally in crude oil price and disappointing GDP data. Brent crude has rallied nearly 5% to trade near $62 per barrel amid production cut down by Canada and increasing cooperation between Russia and Saudi Arabia over production cuts. India's GDP rose 7.1% in Q2 as against Bloomberg forecast of 7.5% growth. However, supporting rupee is general strength in equity markets and US-China trade truce. US and China have agreed to halt any new tariffs for 90 days as they continue negotiations to resolve trade issues. The US dollar index has also come under pressure as easing trade tensions has reduced safe haven demand. Rupee may remain under pressure amid sharp rebound in crude price. USDINR may trade in a range of 69.75-70.2 and bias may be on the upside.

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, Source: Reuters, MCX, Market source

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INTERNATIONAL NEWS

Global Growth Cools, Leaving Scars of ’08 Unhealed

Only a few months ago, the world’s fortunes appeared increasingly robust. For the first time since the wealth-destroying agony of the global financial crisis, every major economy was growing in unison.

So much for all that.

The global economy is now palpably weakening, even as most countries are still grappling with the damage from that last downturn. Many nations are mired in stagnation or sliding that way. Oil prices are falling and factory orders are diminishing, reflecting slackening demand for goods. Companies are warning of disappointing profits, sending stock markets into a frenetic bout of selling that reinforces the slowdown.

Germany and Japan have both contracted in recent months. China is slowing more than experts anticipated. Even the United States, the world’s largest economy, and oft-trumpeted standout performer, is expected to decelerate next year as the stimulative effects of President Trump’s $1.5 trillion tax cut wear off, leaving huge public debts.

The reasons for this turn run from rising interest rates delivered by the Federal Reserve and other central banks to the unfolding trade war unleashed by the Trump administration. The likelihood that Britain’s torturous exit from the European Union will damage trade across the English Channel has discouraged investment.

None of this amounts to a screaming emergency, or even a pronounced drop in commercial activity. The Organization for Economic Cooperation and Development, a think tank run by the world’s most advanced nations, recently concluded that the global economy would expand by 3.5 percent next year, down from 3.7 percent this year.

Yet in declaring that “the global expansion has peaked,” the brains at the O.E.C.D. effectively concluded that the current situation is as good as it gets before the next pause or downturn. If this is indeed the high-water mark of global prosperity, that is likely to come as a shock to the tens of millions of people who have yet to recover from the devastation of the Great Recession.

Though the slowdown appears mild, it also holds the potential to intensify the widespread sense of grievance roiling many societies, contributing to the embrace of populists with autocratic impulses. In an age of lamentation over economic injustice, and with political movements on the march decrying immigrants as threats, weaker growth is likely to spur more conflict. Slower growth is not going to make anyone feel more secure about the prospect of robots replacing human hands, or jobs shifting to lower-wage lands.

“It’s just going to exacerbate the tensions that have led to the socioeconomic and political problems we have seen in the United States and parts of Europe,” said Thomas A. Bernes, an economist at the Center for International Governance Innovation, a Canadian research institution. “Inequality is going to become even more pronounced.”

In Greece, Spain and Italy, the youth unemployment rate is stuck above 30 percent. In Britain, the typical worker has not seen a pay raise in more than a decade, after accounting for inflation. South Africa’s economy is smaller today than it was in 2010, and now the country is ensnared in recession.

In the United States, the unemployment rate has plunged to 3.7 percent, its lowest level since 1969. Yet so many people have given up looking for work that less than two-thirds of the working age population was employed as of October, according to the Labor Department. That was a lower share than before the 2008 financial crisis.

“We see a lost generation,” said Swati Dhingra, an economist at the London School of Economics. “There was already wage stagnation and productivity stagnation. The trade war has exacerbated all of that.”

The biggest risk to global growth appears to be that the trade war is, at least in part, working as designed.

Although the United States and China agreed on Saturday to further trade talks, Mr. Trump has excoriated China as a mortal threat to American livelihoods, accusing Beijing of subsidizing exports and stealing intellectual property. He has affixed tariffs on some $250 billion in Chinese exports in an effort to pressure Beijing to change its ways.

This has produced little change in China's economic practices. It has actually increased the American trade deficit with China, contrary to Mr. Trump's stated aim.

But it has thrown sand in the gears of China's industrial juggernaut. As of September, China's rail freight usage, bank lending and electrical consumption had increased about 9 percent compared with the previous year, down from a pace of more than 11 percent in January.

China's growth was already slowing as its leaders seek to transition from an economy powered by prodigious exports, in enterprises that have spewed pollution, toward a cleaner future propelled by domestic consumption. But the American tariffs have prompted multinational companies to shift orders from Chinese factories to plants in other lands, from Vietnam to Mexico. Uncertainty over the future has postponed some business.

"There's now potential for bad news on the trade front to trigger shifts in equity markets and a pullback on investment," said Steven J. Davis, an international business expert at the University of Chicago Booth School of Business.

Given that China is the world's second largest economy, the consequences of its slowing ripple out widely, helping explain a pronounced drop in factory orders in Germany. American farmers have suffered lost sales as China has responded to tariffs by slapping duties on imports from the United States, not least on soybeans. Stock markets and oil prices have plunged in part on fears that China will buy fewer goods.

Much of the dip in American share prices reflects the increasingly embattled state of major technology companies like Facebook, which has drawn public ire for failing to prevent its platform from serving as a primary conduit for hate speech and misinformation. But technology shares have also plunged because many companies, Apple among them, now depend on China for enormous volumes of sales — sales now at risk in the face of the trade war.

A glance at Mr. Trump's Twitter feed reveals that share prices are one of the data points he cares about deeply. As the markets recoil, the Trump administration has flashed signals that it may be prepared to entertain a cease-fire with China to limit economic damage.

But the conflict goes far beyond trade, with hawks inside the Trump administration seeking to inflict harm on China to impede its continued ascent as a global superpower. If that is the mission, Mr. Trump may be willing to absorb economic costs as the price of containment.

That take appears consistent with Mr. Trump's growing fixation on the Federal Reserve, which the president just branded "a much bigger problem than China," in an interview with The Washington Post.

In lifting interest rates, the American central bank has been acting under the accepted wisdom that too much easy money sloshing around for too long tends to produce trouble, from higher prices to financial mischief. Yet the effect of raising rates is to limit American economic growth, hence Mr. Trump's unhappiness.

The Fed's action has also visited distress on emerging markets. Higher American interest rates have prompted investors to abandon developing economies in favor of safer, more-rewarding opportunities in the United States. The changing of the tide has contributed to crises in Turkey and Argentina, while denting the value of currencies and slowing growth prospects from India to South Africa.

The European Central Bank has also been withdrawing the cheap money it unleashed to attack the crisis, phasing out purchases of bonds. This has made credit more expensive across the continent, depriving businesses of capital needed to finance expansions. And that has muted once-hopeful talk that Europe had finally transcended the torpor of the last decade.

A populist government in Italy is engaged in a standoff with European authorities over its spending plans, which breach the union's limits on deficit spending. That has prompted investors to demand higher returns for Italian debt, further squeezing credit. Mr. Trump's tariffs on steel and aluminum also appear to be cooling growth in Europe. Ditto, Britain's exit.

Only last year, Spain had emerged from a veritable depression to become a leading example of Europe regaining vigor. But Spain is expected to expand by only 2.2 percent next year, down from nearly 2.6 percent in 2018, according to the O.E.C.D. The rest of the 19 countries that share the euro currency are expected to dip from an already weak 1.9 percent rate of expansion to 1.8 percent.

"It's a bit like watching a heavily overweight bird try to take off," said Peter Dixon, a global financial economist at Commerzbank AG in London. "It staggers to the end of the runway and starts to take off but never really soars."

The same can be said for the global economy. It is clearly far removed from the terrifying days of the financial crisis. Yet it never really got its groove back enough to generate impressive numbers of jobs, or put meaningful pay increases in the pockets of ordinary people.

And now, despite all that, leaner times are unfolding.

Source: nytimes.com- Dec 02, 2018

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U.S., China decide to hold off fresh tariffs for 90 days

Washington keeps tariffs at 10%; Beijing agrees to by American agricultural goods.

China and the United States agreed to halt additional tariffs in a deal that keeps their trade war from escalating as the two sides try again to bridge their differences with fresh talks aimed at reaching an agreement within 90 days.

The White House said on Saturday that President Donald Trump told Chinese President Xi Jinping during high-stakes talks in Argentina that he would not boost tariffs on $200 billion of Chinese goods to 25% on Jan. 1 as previously announced.

Beijing for its part agreed to buy an unspecified but "very substantial" amount of agricultural, energy, industrial and other products from the U.S., the White House said in a statement.

New trade talks

The two sides will also launch new trade talks to address issues including technology transfer, intellectual property, non-tariff barriers, and agriculture, it said.

If no deal is reached within 90 days, both parties agreed that the 10% tariffs will be raised to 25%, the White House said.

On Sunday, China's state-run media lauded the "important consensus" reached by the two leaders but did not mention the 90-day deadline.

Mr. Trump had imposed 10% on $200 billion worth of Chinese goods in September. China responded with its own tariffs.

The U.S. President has also threatened to slap tariffs on another $267 billion worth of Chinese imports, as the relationship appeared set to worsen in the weeks ahead of the Argentina meeting.

"I think this is not a breakthrough — it's more of avoiding a breakdown. This is not a worst case outcome but the hard work is ahead of them," said Paul Haenle, Director at the CarnegieTsinghua Center in Beijing.

"The Chinese have to come into (the talks) with a sense of urgency," he added. As part of the deal, China agreed to start purchasing agricultural products from U.S. farmers immediately, the White House said.

"It's an incredible deal," Trump said. "What I'd be doing is holding back on tariffs. China will be opening up. China will be getting rid of tariffs."

He said China would buy a "tremendous amount of agricultural and other product" from the United States. "It'll have an incredibly positive impact on farming." State Councillor Wang Yi, the Chinese government's top diplomat, told reporters in Buenos Aires that the two sides believed the agreement "effectively prevented the expansion of economic frictions between the two countries".

"Facts show that joint interests between China and the United States are greater than the disputes, and the need for cooperation is greater than frictions," he said.

U.S. companies and consumers are bearing part of the cost of the U.S. tariffs on China by paying higher prices for goods, and many companies have increased prices of imported goods.

At the same time, U.S. farmers have been hurt by reduced Chinese imports of soybeans and other products.

China "is open to approving the previously unapproved" deal for U.S. company Qualcomm Inc to acquire Netherlands-based NXP Semiconductors "should it again be presented," the White House statement said.

In July, Qualcomm —the world's biggest smartphone-chip maker — walked away from a $44 billion deal to buy NXP after failing to secure Chinese regulatory approval, becoming a high-profile victim of the China-U.S. trade dispute.

Qualcomm and NXP did not immediately respond to requests for comment late on Saturday.

Beyond trade, Mr. Xi also agreed to designate the drug fentanyl as a controlled substance, the White House said.

For more than a year, Mr. Trump has raised concerns about the synthetic opioid being sent from China to the United States, which is facing an epidemic of opioid-related deaths.

Scott Kennedy, a China expert at the Center for Strategic and International Studies in Washington, said the United States appeared to come out slightly ahead in the overall agreement.

"Beijing at best gets a temporary reprieve from additional tariffs, but was unable to get the U.S. to agree to return to 'business as usual'," he said.

Source: thehindu.com- Dec 02, 2018

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US and China Agree to Trade Truce, Halting Higher Tariffs

For now, President Trump won't be raising tariffs on Chinese goods.

After a much talked about dinner meeting between the U.S. president and Chinese President Xi Jinping on the sidelines of the G20 summit in Buenos Aires, the two world leaders have agreed to what amounts to a 90-day truce.

And during that time—intended as the period within which the U.S. and China will complete negotiations on trade, addressing key issues like tariffs, intellectual property and forced technology transfer—Trump has agreed not to raise the current 10 percent tariffs on $200 billion worth of China-made goods to the higher 25 percent rate he had slated for Jan. 1, 2019. There was also no mention of adding new tariffs on another $267 billion of imports from China.

In a brief White House issued statement Saturday, White House press secretary Sarah Huckabee Sanders said both Trump and Xi called their encounter a "highly successful meeting."

On trade, Sanders said, "President Trump has agreed that on January 1, 2019, he will leave the tariffs on $200 billion worth of product at the 10% rate, and not raise it to 25% at this time.

China will agree to purchase a not yet agreed upon, but very substantial, amount of agricultural, energy, industrial, and other product from the United States to reduce the trade imbalance between our two countries. China has agreed to start purchasing agricultural product from our farmers immediately."

Beyond just halting hikes on existing tariffs, Trump and Xi will discuss, as part of the next 90 days of negotiations, "structural changes" to China's forced technology transfer practices and protection for intellectual property, plus non-tariff barriers and cyber intrusions, according to the White House statement.

But this weekend's ceasefire doesn't take the tariff threat entirely off the table.

“Both parties agree that they will endeavor to have this transaction completed within the next 90 days,” Sanders said. “If at the end of this period of time, the parties are unable to reach an agreement, the 10% tariffs will be raised to 25%.”

According to CNN, a Chinese state media report said the leaders of the world’s two largest economies reached “an important consensus” on “the direction for Sino-US relations in the near future.”

“If it happens it goes down as one of the largest deals ever made,” CNN reported Trump as telling reporters on Air Force One on the return from the G20 Summit. “It will have an incredibly positive impact on farming, meaning agriculture, industrial products, computers, every type of product.”

Source: sourcingjournal.com- Dec 02, 2018

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WTO chief warns of worst crisis in global trade since 1947

The head of the World Trade Organisation (WTO) has said global free trade is facing its "worst crisis" since 1947.

Roberto Azevedo told the BBC that the current protectionist wave is threatening free trade.

He is in Buenos Aires where world leaders are gathering for the G20 summit on Friday and Saturday.

The escalating trade war between the US and China is high on the agenda at the global summit.

US President Donald Trump and Chinese leader Xi Jinping are scheduled to meet on Saturday evening.

Mr Azevedo said: "I would say this is the worst crisis not for the WTO but for the whole multilateral trading system since the GATT [General Agreement on Tariffs and Trade, that preceded the WTO] in 1947".

"This is the moment when some very basic principles of the organisation, principles of cooperation, principles of non-discrimination are being challenged and put into question. And I think that is very serious."

Mr Azevedo said that the "mode of engagement" between China and the US must shift from "threats, accusations and finger pointing to one of finding solutions".

Don't judge me

The US and the WTO are currently in a row over the Appellate Body, which settles trade disputes between countries - a key function of the entire organisation.

The US has been blocking new appointments to the body in an argument over its role, leaving it with the bare minimum needed to function. If this is not settled soon, trade disputes between countries could be paralysed as soon as next year.

Mr Azevedo says WTO countries are discussing a "Plan B" to avoid the collapse of the Appellate Body so it can continue to operate.

"Of course the big question is going to be: will the US be part of that [Plan B] or not? If the US is not, I would say that dispute settlement with the United States will be compromised."

The head of the WTO also commented on the possibility of a no-deal Brexit.

"If there is what some people call a 'hard Brexit', with no agreement whatsoever, I would say about half of the UK trade would not be affected, because WTO terms are already what applies. In trade with the US, China, Japan, Brazil, Mexico - those terms will not change."

"But of course almost half of trade that is conducted with the UK is with the European Union. So it all depends on the margin of preference and the tariffs that would apply once Brexit comes into effect."

Source: bbc.com- Dec 01, 2018

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China, Japan agree to accelerate negotiations on regional free trade deals

Chinese President Xi Jinping met here Friday with Japanese Prime Minister Shinzo Abe on the sidelines of the Group of 20 (G20) summit and they agreed to step up negotiations on two regional free trade deals.

Noting that Abe paid a successful visit to China earlier this year, Xi said that the consensus reached during the visit is being implemented and that China-Japan relations have taken on a new look.

The two sides should set the right direction and open up new prospects for the China-Japan relationship on the basis of the four political documents undergirding their ties, said Xi.

The development of China-Japan relations now enjoys more favorable conditions than in the past, and there is great potential for their practical cooperation on trade and economy, said Xi.

China welcomes Japan to continue to take part in China's reform and opening-up process and seize new opportunities arising from China's growth, said Xi, adding that the two sides should give full play to their economic complementarity and increase the scope and depth of bilateral cooperation.

Xi said the two sides should work together to complete as early as possible the negotiations over the Regional Comprehensive Economic Partnership (RCEP) and the trilateral free trade agreement (FTA) among China, Japan and South Korea.

The RCEP is a proposed FTA between the 10 member states of the Association of Southeast Asian Nations (ASEAN) and the six FTA partners of ASEAN -- China, Japan, South Korea, Australia, New Zealand and India.

Measures should be taken to increase people-to-people exchanges so as to consolidate the social foundation and public support for China-Japan ties, said Xi. The Chinese president suggested the two sides constantly increase strategic mutual trust based on the principled consensus he and Abe reached on building constructive bilateral security relations.

The two sides should also properly handle various major sensitive issues so as to prevent them from disturbing the growth of bilateral relations, said Xi, adding that China supports Japan in hosting a successful G20 summit next year. Abe said he was glad to see the two sides reach important consensus on bilateral relations in the new phase during his October visit to China, and that the Japanese side will continue to work with China to promote Asia's development.

Japan, he added, is willing to join hands with China to increase high-level communication, deepen trade and investment cooperation, expand third-market cooperation, and strengthen people-to-people exchanges, especially between the two countries' young generations.

Japan values China's important role on the world stage and hopes to enhance communication and coordination with China on multilateral affairs, said Abe. Japan advocates safeguarding free trade and the multilateral trading system with the World Trade Organization as its core, said Abe, pledging to accelerate negotiations over the RCEP and the China-Japan-South Korea FTA.

He added that his country looks forward to strengthening cooperation with China during Japan's presidency of the G20.

Source: fmprc.gov.cn- Dec 02, 2018

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UK apparel retailers under pressure to comply

There are concerns over the sustainability of the UK fashion industry and the vast amount of associated waste that is channeled to landfills. In the UK, some 235 million items of clothing are sent to landfills a year and 1.3 billion tons of carbon emissions are produced by the global fashion industry.

As consumer awareness increases, this year has seen an unprecedented war on single-use plastic with most companies ditching plastic straws and plans announced by many to reduce waste, the fashion industry might have to change its tune of denial. Rock-bottom prices by UK fast fashion retailers are leading to a throwaway culture.

Fast fashion retailer Primark is planning to launch a take-back scheme next year, where clothes can be returned once they are no longer wanted and used by overseas charities.

While this scheme is a step in the right direction, it is not enough and presents the industry with the problem of what to do with all the garments returned as the UK lacks an industry that deals with these materials. With UK high-street already struggling, retailers may have to consider being drivers of change rather than risk being branded as unethical by consumers down the line.

Source: fashionatingworld.com- Dec 01, 2018

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Global jeans market to be worth $60 bn by 2023: Study

As per a new report 'Global Market Review of Denim and Jeanswear' by apparel sourcing publisher just-style, the global jeans market will be worth $60 billion by 2023. The report predicts a growth of 4.9 per cent over the next five years from $57 billion in 2018, with the US set to remain the largest jeans market, with China the second largest.

The fastest growing markets are predicted to be South America, with 12.1 per cent growth, and the Rest of the World (all markets excluding North America, Europe, Turkey, Asia and South America), with 19.7 per cent growth.

The report also identified a major shift in China's market, with nearly half of the country's jeans production now remaining in the country instead of being exported.

The study estimates that around 22 per cent of manufactured jeans are now traded outside the traditional retail markets in exchange for goods or services rather than currency.

Source: fashionatingworld.com- Dec 01, 2018

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USA: These 20 Companies Will Dominate Value Creation in 2019, McKinsey Says

We've heard of the 80-20 rule, but in fashion it seems it's the 97-20 rule that applies: According to McKinsey & Company, 97 percent of economic profits for the fashion industry are earned by just 20 companies—many of which are in the luxury segment.

The top 20 cohort, according to the recently released State of Fashion Report, co-published by McKinsey & Company and Business of Fashion, has remained stable over time, despite the rampant market shifts impacting the sector.

"Long-term leaders include, among others, Inditex, LVMH and Nike, which have more than doubled their economic profit over the past 10 years," McKinsey noted. "According to our estimates, each racked up more than $2 billion in economic profit in 2017." The findings are derived from the McKinsey Global Fashion Index (MGFI), which tracks financial development across six price segments in the sector, and looks at more than 500 public and private companies globally.

Inditex, the parent company of Zara and the yet unreachable fast fashion success story, generated more than $4 billion in economic profit last year. Nike followed with nearly $3 billion, and then LVMH with $2.3 billion. TJX Companies, Hermès, H&M, Richemont, Ross, Adidas, and Kering rounded out the top 10. And from there, L Brands, Pandora, Fast Retailing, Next, VF Corporation, Luxottica, Michael Kors, Gap, Hanesbrands and Burberry closed out the top 20 group.

"By segment, we also continue to see polarization, with luxury and value advancing and mid-market players falling behind. Companies able to differentiate on price point/efficiency or brand have performed best," McKinsey said. "The most resilient winners included luxury, sportswear and fast fashion players, reinforcing the point that brand investment and operational efficiency are key drivers of sustainable business models."

Notably, no department stores made the top 20 at all, whereas three were on the list 10 years ago. That fact, according to McKinsey, is "a stark illustration of the fragility of the traditional retailing model."

Perhaps more surprisingly considering e-tailing's ascent, online players aren't part of the top 20 group either. "Their average top-line growth is four times higher than that of other fashion players, but this tends to translate only into valuation multiples (twice as high as average) while profitability still lags behind," McKinsey said.

What's driving the top 20 "super winners'" long-term success? Profitability and capital efficiency.

"Winners all had above-average EBITDA margins and most exhibited below-average invested-capital-to-revenue ratios, while the percentage of revenue growth was in line with the wider sample," McKinsey said. "Still, the lesson from 2017 is that size continues to matter. There is demonstrable advantage to scale. The one caveat is that if you can't be big, be nimble: challengers that have identified a niche have also found favor."

Either way, luxury will likely continue to lead in the coming year.

"As in previous years, we expect the best-performing segments in 2019 to be luxury, fueled by fast-growing Asia Pacific economies and the continuing boom in global travel, and value, fueled by strong propositions globally," McKinsey said. "Prospects for affordable luxury are likely to be more fragmented, with some regions expecting above-average growth (e.g., emerging and mature Europe and China), while others such as Japan, Latin America and North America underperform."

By product, the youth will drive sportswear's ongoing success.

"Handbags and luggage are also likely to see strong growth, reflecting a global tourism boom that shows no sign of slowing," McKinsey said. "In apparel, the rising sustainability movement may be a slowing factor in some markets, but the impact will probably be offset by growth in emerging markets."

Source: sourcingjournal.com- Nov 30, 2018

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Istanbul Yarn Fair in February

Istanbul will host its version of the yarn fair from February 28 to March 2, 2019. This event will showcases products like knitted fabrics, cotton yarns, cotton blended yarns etc. in the textile, fabrics and yarns industry.

Leading yarn manufacturers from Turkey and other countries will display their innovative and advanced technology products. The trade fair will see 308 companies and company representatives from 15 countries.

The fair hosted 12,498 visitors from 84 different countries in 2018. In the first half of the year, Turkey's exports increased 7.3 per cent compared to the previous year.

The textile and raw materials industry is getting ready to break its record in the history of Turkey given the export rates.

Woven and knitted fabric manufacturing suppliers aimed at meeting the requirements of the market and competing in both domestic and foreign markets, have embarked on a quest for product range in yarn.

In this context, fairs meet the needs of woven and knitted fabric manufacturing suppliers so that they can access yarn resources and fulfill renewed and increasing demands quickly.

With robotic technologies being utilised more and more in ready-to-wear clothing worldwide, home textile and ready-to-wear clothing being diversified each year, and the continued search for design and distinctiveness in ready-to-wear clothing, the yarn used in woven and knitted fabric manufacturing has gradually become very important.

Source: fashionatingworld.com- Dec 01, 2018

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Bangladesh going to be major part of global economy: Deloitte

Sustainable growth, young and energetic workforces and infrastructure development are helping Bangladesh to create an strong economic base which will make the country a large part of the global economy within 10 to 20 years, observed Deloitte, a global advisory firm.

In the last decade, the country achieved remarkable successes in all social development parameters, such as gender equality, infant mortality and life expectancy.

Talking to BSS, Board Member of the Deloitte Bangladesh Limited Joydeep Datta Gupta said Bangladesh is doing very well in all socio-economic parameters as the country is experiencing a sustained GDP growth rate of more than 7.5 percent, rising per capita income and improved social indicators.

“Today, a large number of our key global clients are operating their business in Bangladesh. Businesses of the Bangladeshi clients are also growing. Significant investments are taking place from the government agencies as well as the funding agencies in certain areas, including health care, education, infrastructure and financial and social inclusion,” he added.

Although Ready Made Garments (RMG) has become a prominent sector of the country, he said, other sectors are also developing. “I see, development is happing and the time has come for Bangladesh.”

As per the demand of Deloitte’s clients, Gupta said, the advisory firm has opened its office in Bangladesh.

“Our Bangladeshi clients are uplifting and Bangladesh economy is also growing. Many of our clients asked us to open office here as they need high standard services,” he added.

On Saturday, Deloitte formally launched its operations in Bangladesh to help their clients.

Gupta said the firm will provide the private and government organisations with various services, including audit, tax, legal, financial advisory, risk advisory, and consultancy.

He said they will provide services in all kinds of businesses, including pharmaceuticals, leather, power and energy, consumer goods and agro products.

He said Deloitte Bangladesh will have a base of more than 100 professionals and highly respected clients and it hopes to grow the workforce in several fields in the next few years.

Having footprint in over 150 countries across the world, Gupta said, Deloitte provides business consultancy, including acquisition and merger jobs, to the multinational firms.

At the office launching function, Deloitte Bangladesh Managing Partner Nurul Haque said "We are proud to join the Deloitte network, respected for its world-class professional service, innovation and ethics.

With our deep industry expertise and commitment to quality, I am confident that Deloitte Bangladesh will deliver value to clients and grow the local talent pool."

Source: businessnews24bd.com- Dec 02, 2018

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Japanese capital continues pouring into textile and garment

Several months ago, leading Japanese general trading company Itochu bought an additional 10 per cent stake in Vietnam's state-owned textile and garment conglomerate Vinatex, bringing its ownership to approximately 15 per cent.

The deal took place at a time when only two out of 11 members had approved the landmark Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

After the deal was struck, Itochu became Vinatex's second-largest shareholder behind the Ministry of Industry and Trade which, on behalf of the state, currently manages a 53 per cent stake.

Now the number of CPTPP signatories has reached seven, with Vietnam being the most recent country to have approved the deal.

Itochu's move suggests that the group has accurately forecasted the CPTPP development journey and the textile and clothing sector's remarkable advantages to avail themselves of the opportunities from the deal in the years to come.

The Japanese group's apparel exports from Vietnam are worth about VND12.84 trillion ($558 million) per annum, with about half of this produced by Vinatex.

The company aims to boost processing volume and scale up its export value to $878 million by 2021.

With around 30 plants in operation, Sakai Amiori, another firm coming from Japan's Fukui prefecture, has opened an export apparel production plant based in Phu Ha Industrial Zone (IZ) in the northern province of Phu Tho.

The plant finished construction in April 2017 and now sees stable production and exports. Another Japanese firm, Matsuoka Corporation, first set foot in Vietnam in 2014 and quickly expanded production to raise capacity by 6-7-fold through the Matsuoka Phu Tho plant, which mainly produces apparel items carrying the Uniqlo brand to be exported back to Japan.

As a partner to leading global apparel brands like Uniqlo, Tore, and Korabu, Matsuoka Corporation generates an annual revenue touching $530 million, taking the lead in Japan and the 11th worldwide.

The company operates an expansive network of 17 plants across Asia and has chosen Vietnam for capital injection and production expansion in recent years to take advantage of the opportunities anticipated to be brought by new-generation free trade agreements (FTAs) such as the EVFTA and the CPTPP.

After its first plant coming online in 2016, the second plant began production in last August, with an annual capacity of about two million products.

The company has further invested in an apparel plant complex with an investment value surpassing $16 million and annual production capacity of seven million products.

By the end of this year, the complex is expected to create jobs for more than 2,500 local labourers.

The influx of foreign direct investment continuing to flow into export-oriented sectors like textiles and clothing has the dual benefits of helping to boost the sector's capacity and turning Vietnam into a global manufacturing base.

A look into the textile and clothing sector's export-import performance from 2010 until present shows that the sector has posted a constantly-growing trade surplus, going from a mere $2.9 billion to $12.7 billion last year, along with a 13.8 per cent jump against 2016.

According to Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association, in the first 11 months of this year, the sector's export value came to $30 billion and trade surplus surpassed $13 billion.

Source: vir.com.vn- Nov 30, 2018

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Tehran hosting intl. textile, clothing related expos

More than 220 domestic and foreign companies from over nine countries are exhibiting their latest products, services and achievements in the textile industry at IRANTEXT 2018, IRNA reported.

As reported, 141 domestic companies along with 80 foreign exhibitors from Italy, Switzerland, Romania, Belgium, Taiwan, France, Turkey, Germany, China and Austria are participating in this exhibition.

As for Iran Mode exhibition, 60 Iranian participants are presenting their latest collections and productions of clothing to introduce the most up-to-date designs based on Iranian and Islamic culture.

Creating competition and exchanging information between manufacturers and exporters, improving domestic production, developing domestic designs, helping development of employment, marketing and increasing exports, and increasing efficiency have been mentioned as some of this exhibition's main goals.

Both the exhibitions will wrap up on Wednesday.

Source: tehrantimes.com- Dec 02, 2018

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Textile industry: Pakistan has opportunity to attract Chinese exporters

In the backdrop of the USChina trade war, Pakistan should encourage Chinese textile exporters to export through Pakistan, which will help boost Pakistan's exports and cope with the deteriorating balance of payments, the Pakistan Business Council (PBC) suggested.

In August, the US revised its tariffs on Chinese products, including textile, and increased them from 10% to 25%. So far, the US has slapped tariffs on $250 billion worth of Chinese products and has threatened tariffs on $267 billion more.

Barring seasonal and cyclical fluctuations, textile products have maintained an average share of about 60% in national exports, according to the Pakistan Economic Survey 2017-18. The sector contributes nearly one-fourth to the industrial value addition and provides employment to about 40% of the industrial labour force. Pakistan, having the advantage of being the fourth largest cotton producer, can join hands with Chinese businessmen.

"When Chinese businessmen will route their exports through Pakistan in joint ventures, using raw material and human resources of Pakistan, they will add to Pakistan's earnings," said PBC CEO Ehsan Malik. "It will be a win-win situation. Approximately, Pakistan could make $2-2.5 billion."

For now, the US has put a ban on fabrics only, but retailers fear the next restriction can be on other textile categories. Thus, they are in search for alternative suppliers and Pakistani businessmen can capitalise on the situation.

If Chinese businessmen bring their fabrics to Pakistan to turn them into finished products (garments) and export them to the US, they will be able to keep their existing clients while on the other hand Pakistan will benefit from value addition.

The PBC CEO suggested that the conversion of fabrics into apparels did not relatively require a long time as "you only need a shade or factory-like premises, machinery and manpower, who can stitch these garments."

"Pakistan already has basic skills of apparel making, while Chinese businesses can bring value-addition technology and higher skills with them," Malik said, adding it was an opportunity on which the government and private sector should work.

"I don't think that the US tariff will go away soon," he said, adding even if it was lifted, the retailers would still not like to rely entirely on China in the future, keeping in view the current tariff measures.

US retailers want to keep products made with Chinese expertise and would like to have supply of the same quality from different countries and Pakistan could be one of them, he said.

"It is a long-term solution as the cost of labour in China is increasing, even the labour cost in western China, which borders Pakistan, is twice that in Pakistan and apparelmaking is a labour-intensive industry," he said, adding, "In any case, China has an incentive to come to Pakistan."

China is the world's biggest textile industry operator and has also a huge internal demand because of its big population.

Hence, factories in Pakistan will be able to send back the apparel they make to China along with shipments to the US. Chinese companies are well entrenched but the duty on direct exports from China can push them to come to Pakistan to avail the benefit of lower duties.

“It not just Pakistan, they are looking for other options as well like Ethiopia, Laos, Cambodia as well as Bangladesh and India, to some extent. So all of these countries are struggling to attract Chinese companies,” Mailk said and added, “Pakistani government and businessmen will have to struggle to attract these companies.”

Source: tribune.com.pk - Dec 03, 2018

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Pakistan must explore untapped export territories

Leaving the comfort zone is perhaps the most difficult decision anyone has to make. However, when it becomes the matter of survival, it is not merely a choice.

Our reliance on a few sectors to earn foreign exchange has brought us to a point where staying complacent can be detrimental to our economy. We are in a desperate need to diversify not only what to export, but also where to export.

Despite the fact that we have the GSP Plus status, our textile export to eurozone has not increased significantly, as anticipated by the market participants. We, in fact, lose a lot of ground against our competitors from Bangladesh and Vietnam.

One of the key reasons includes our dependence on the manmade fibre as opposed to the synthetic fibre, which is being used by our competitors, in addition to a host of other factors as claimed by the textile industry, such as the cost of doing business – energy, raw material cost, etc – and withheld tax refunds.

Our less reliance on the more value-added segment did not only keep us from earning big bucks but we also lose opportunities when it comes to job creation, which is more tied to further downstream of the value-added chain.

As a major agrarian country of the world with a diverse produce, it is surprising to see how that strength is not reflected in Pakistan’s export portfolio.

As per the State of Global Islamic Economy Report 2017-18, prepared by Thomson Reuters, the halal food market can grow at a compound annual growth rate (CAGR) of 7.6% to reach $1.93 trillion by 2022.

To cite an example, in 2006, the United Arab Emirates (UAE) placed a ban on the import of poultry products from Pakistan due to the overblown bird flu epidemic. Even after Pakistan was cleared by the World Health Organisation (WHO) in 2008, the ban remained in place until 2017, when the UAE finally agreed to allow import after lots of lobbying by the Pakistan Poultry Association (PPA).

Despite all the opportunities and potential, the export numbers paint a rather gloomy picture as meat export declined to $221 million in 2017 compared to $269 million in 2016. According to PPA estimates, potential exports to the UAE alone can reach $200 million, if proper support and infrastructure is available.

The export potential can be further increased due to two recent developments – UAE's ban on meat import from Brazil and India's ban on beef export have created a huge gap, which can be filled by Pakistani companies, especially the ones already having certification and approval from the UAE.

It can be hoped that the recent episodes of rupee depreciation and the government's incentives for the meat export industry through an export package can slowly turn the situation around.

A slight improvement is evident from a 2.3% growth in meat export, which came in at $226 million in 2017-18. However, Pakistan is far behind establishing a sustainable halal ecosystem to become a major global supplier of halal food.

The new Pakistan Tehreek-e-Insaf (PTI) government should focus more on the value-added export industry to boost foreign exchange reserves and create jobs as promised.

Source: tribune.com.pk - Dec 03, 2018

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NATIONAL NEWS

China says no to India's proposal for bilateral trade in domestic currencies

China has not accepted India's proposal to carry out bilateral trade in local currencies which was aimed at bridging the ballooning trade deficit with the neighbouring country, an official said.

India's exports to China stood at only USD 13.4 billion, imports aggregated to USD 76.4 billion in 2017-18, leaving a trade deficit of USD 63 billion. It was USD 51.11 billion in 2016-17. India had suggested China for renminbi-rupee trade to boost its exports and tackle the widening trade deficit concern.

"They have not accepted the proposal," the official said. The issue was discussed in an inter-ministerial meeting in October. In the meeting, it was suggested to the Reserve Bank of India and the Department of Economic Affairs would look at the possibility of exploring renminbi-rupee trade with China.

India has also proposed trade in national currencies with some other countries, including Russia, Iran and Venezuela. New Delhi has trade deficit with these three countries, too. The Federation of Indian Export Organisations (FIEO) President Ganesh Kumar Gupta said that the government should promote exports from India in the domestic currency.

"This will help in bridging trade deficit with countries like China," Gupta said. Trade experts have stated that bilateral trade in domestic currencies will help India only in the case of those countries with which it has a trade balance.

"Trade imbalance should not be there with the country with which we want to do trade in rupee. It will not help in bridging the deficit. The partner country should have an opportunity to invest in India to use the rupee," said Biswajit Dhar, professor at Jawaharlal Nehru University.

The Indian industry and exporters have time and again raised the issue of increasing trade deficit with China and have asked the government to seek greater market access for domestic goods in the Chinese market.

Recently, China has permitted exports of rice and sugar. But India wants to increase exports of several other items, including pharmaceuticals, engineering and services.

Source: financialexpress.com- Dec 02, 2018

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RCEP: Experts to evaluate pact to strengthen India's position

Will carry out stakeholder consultations, submit report by January-end

To sharpen India's bargaining position in the Regional Comprehensive Economic Partnership (RCEP), which is being negotiated among 16 countries, the Commerce Ministry has roped in experts from academic institutions and think-tanks to carry out a detailed study of the pact and give their recommendations.

The expert group, from the Centre for Regional Trade, IIM-Bangalore and the Indian Council for Research on International Economic Relations (ICRIER), will also carry out stakeholder consultations, and has been asked to submit its report by January-end, a government official told BusinessLine.

"The idea is to get an independent view on the negotiations from experts who have not been part of the discussions so far. They will carry out a scientific and objective assessment, and their recommendations will be studied by our negotiating team and implemented in the on-going negotiations," the official said.

The RCEP now has a new deadline of 2019-end for completion.

Several stakeholders are still unsure about the usefulness of the talks, including the Ministries of Steel, Heavy Industry and Textiles.

"With the deadline postponed by a year, India now has enough time to recalibrate the situation and carry out more nuanced negotiations. We have to cover our sensitivities while being aggressive in our areas of strength. The suggestions by the group of experts will hopefully help the negotiators to strike the right balance," the official said.

Once implemented, the RCEP could be the largest free trade zone in the world as member countries account for 25 per cent of global GDP, 30 per cent of global trade, 26 per cent of global foreign direct investment (FDI) flows and 45 per cent of the total population.

As part of the review, the experts are likely to examine lines of tariffs of all member countries and identify where Indian industry and agriculture need to be protected the most, and where negotiators could be adventurous and aggressive.

India has not yet managed to get substantial offers from other members in the area of services, which is its area of strength. Other RCEP members, however, are pushing India to take up very ambitious commitments in goods such as committing to dismantle import tariffs on 90-92 per cent of items for the 10-member ASEAN, Japan and South Korea and on 80-86 per cent of items for China, Australia and New Zealand.

Source: thehindubusinessline.com- Dec 02, 2018

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Playing safe, govt may defer rollout of new GST returns system

Even 'simplified' format could prove disruptive for firms; polls too a factor

In what could well turn into a pre-poll relief for traders and businesses, the Centre may opt to delay the rollout of the new format of simplified monthly returns for the Goods and Services Tax (GST).

"This will have to be a decision by the GST Council. But given that businesses have struggled significantly with GST returns in the past, it may not be right to upset them, with State elections and more importantly, general elections just around the corner," said two persons familiar with the development.

Current system to continue

This could potentially mean that taxpayers under GST are likely to be allowed to continue with the current system of filing GSTR-3B returns until May or June next year. A final decision on the issue will be taken by the GST Council.

Finance Ministry and GST Network officials, however, said that work on the IT architecture and business processes for the new monthly returns is proceeding on track. "Everything is going as per schedule.

We are making all preparations and have not been informed of any decision to postpone the rollout of the new returns," said a person familiar with the development.

The GST Council had, at its 28th meeting on July 21, approved the new simplified returns formats and business processes. All taxpayers, excluding small taxpayers and a few exceptions, will be required to file one monthly return with two main tables of details of outward supplies and input tax credits availed.

Further, taxpayers with a turnover of less than ₹5 crore can opt for filing quarterly returns. The decision to introduce a new simplified returns format for GST was taken after the original system, which required filing of three returns a month, was seen as too cumbersome; on the other hand, the current returns have raised concerns about revenue leakage.

Experts said the government is working to facilitate small and medium enterprises; introducing a new returns system could disrupt this plan.

"Even now, many businesses don't understand the basic concept of GST. Any new provision in the tax system takes time to grasp," said Praveen Khandelwal, Secretary General, CAIT. "Traders are confused," he noted.

"The new system of monthly returns will be much simpler, and the government hopes it will increase compliance and bring down misuse in availing of input tax credit.

However, it remains to be seen if it will be rolled out from April 1, 2019, the start of the next financial year," said Pratik Jain, Partner and Leader-Indirect Tax, PwC India.

Source: thehindubusinessline.com- Dec 02, 2018

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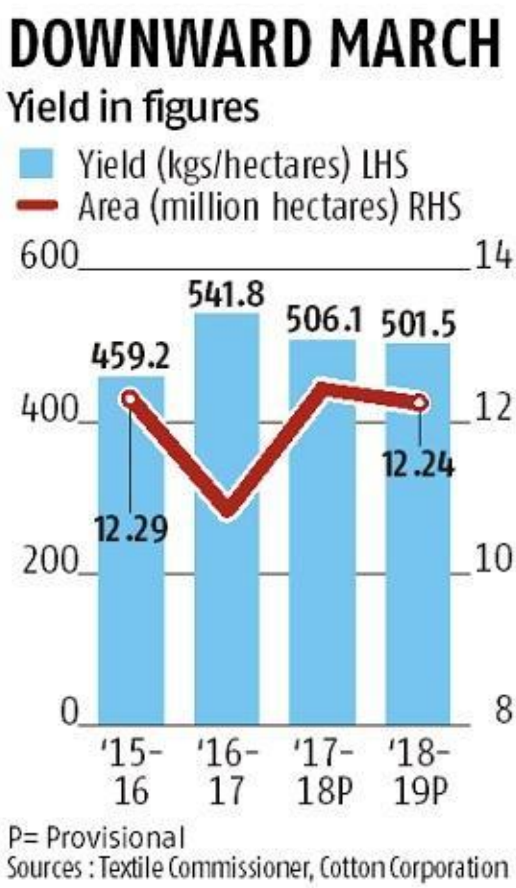
Cotton yield in India to hit three-year low on massive crop damage

Drought in Maharashtra and Gujarat, the chief cotton growing states, delivers a huge blow to output

Cotton yield in India is likely to decline this year to hit a three-year low due to crop damage following drought in its major growing states including Gujarat in Maharasthra, the two states jointly contributing half of India's cotton output.



The Cotton Advisory Board (CAB) headed by the Textile Commissioner under the Ministry of Textiles, in its first estimate released this week, forecasts the yield to decline to 501.47 kg per hectare (ha) for the cotton season October 2018–September 2019 from 506.07 kg the previous year. As a result, average cotton output for the season is the lowest in three years. During the crop year 2016-17, the yield was reported at 459.2 kg per ha. With this, 2018-19 cotton season is set to become the second slowest year in nearly a decade.

To capitalise on benefits, such as procurement at minimum support price (MSP), offered by the government, farmers had brought additional area under this natural fibre last kharif sowing season. As a result, total acreage under the crop rose to 12.24 million ha from 10.83 million ha in 2016-17. Amid hope of a normal monsoon as forecast by the Indian Meteorological Department (IMD) at the start of the season, cotton output was forecast to breach several years' record.

However, uneven distribution of monsoon rainfall in Gujarat -- deficient in cotton growing belts and surplus elsewhere -- coupled with drought in major cotton cultivating areas in Maharashtra such as Marathwada, is set to pull down India's average yield this year.

The CAB estimates India’s cotton output at 36.1 million bales (1 bale = 170 kg) for 2018-19 compared with 37 million bales in the previous year. The statistics collated by the CAB showed Maharashtra as the least yielding cotton producing state in the India with an average productivity (yield) of 334.3 kg per ha this year compared to 343.48 kg last year.

“The Marathwada region in Maharashtra received extremely below average rainfall this monsoon (June-September 2018). Also, major cotton growing belts in Gujarat received deficient rainfall this year.

We, therefore, estimate output at 32.5-33 million bales this year. In the case of normal November rainfall, cotton flowers can recover some lost yield in the third cycle which may result in a marginal decline in output this year,” said Biren Vakil, an analyst with Motilal Oswal Financial Services Ltd.

Despite IMD's estimation of normal rainfall at 92 per cent of the long period average (LPA) during the 2018 monsoon season, Maharashtra received very little rain, with drought-hit Marathwada getting just a little over 60 per cent of the LPA. As per the Maharashtra government’s assessment, nearly half the villages across the state faces drought this year.

Tamil Nadu has been projected as the highest yielding cotton producing state, with 728.57 kg per ha, despite having low acreage.

Private forecasters, meanwhile, estimate India’s total cotton output at 32.5-33 million bales for the crop year October 2018-September 2019, down from 36.5 million bales reported in the previous year. The premier industry body, the Cotton Association of India (CAI), in its October estimates, forecast cotton output at 34.3 million bales for the season 2018-19.

Deficient and erratic southwest monsoon followed by a long dry spell this winter season has impacted the standing crop. While the first cycle of cotton picking is over, the second and third cycles are likely to get impacted badly due to spoilage of flower buds.

Noticing the dry spell, CAI has revised the cotton crop estimate for Gujarat by 200,000 bales, Maharashtra and Karnataka by 100,000 bales each and Odisha 75,000 bales.

"Big cracks have developed in land across Saurashtra region due to lack of soil moisture following heat waves in the region. Therefore, second and third picking of cotton flowers looks impossible. Farmers have started uprooting plants and clearing the field for rabi crop sowing. Thus, sudden spike in cotton prices looks possible any time soon," said Atul Ganatra, president, CAI.

Source: business-standard.com- Dec 01, 2018

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Modi government to change customs duty architecture to boost trade, ease of doing business

After rolling out the most comprehensive indirect tax reform – the goods and services tax – the Narendra Modi-led NDA government is set to unleash the next generation of changes to the customs duty architecture to speed up India's trade and improve the ease of doing business.

The proposed changes seek to do away with face-to-face contact with tax officials, automate the release of goods and ensure e-traceability of shipments, measures that can substantially reduce corruption and allow faster movement of merchandise.

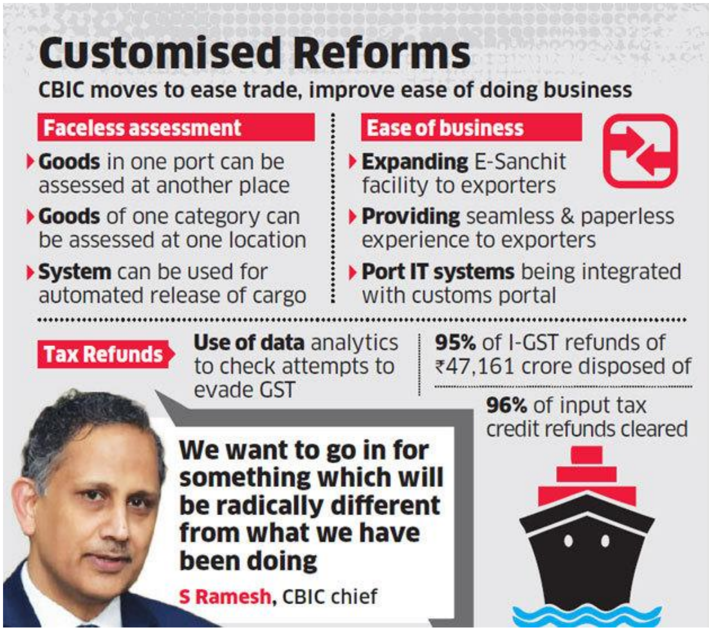
"We want to go in for something which will be radically different from what we have been doing. We are going to venture into a new territory called faceless assessment... We could start a pilot in a month's time," Central Board of Indirect Taxes and Customs chairman S Ramesh told ET in an exclusive interview.

Ramesh, who took over as chairman in June, said the idea is to work towards getting into the top 50 ranking of the World Bank's Ease of Doing Business. In the 'trading across bord ..

FACELESS INTERFACE

Elaborating on the proposed 'faceless' assessment, Ramesh said the board will soon initiate discussions with the trade and examine if any legal or statutory changes would be required. He said the ideal situation would be that goods landing in Nhava Sheva (Mumbai) can be assessed in Chennai and shipments in one category, say motorcars, can be assessed at one location, allowing development of specialisation and expertise.

“This is where the world is going. This is one of the best practices of the World Customs Organisation... Scope for rent seeking will absolutely vanish and speed of clearance will go up manifold,” he said.



Once this is rolled out, an importer in New Delhi would be able to get cargo assessed in Chennai without needing to physically get in touch with the local customs. The faceless interface would also be used for automated release of cargo, which will allow an importer or an agent to receive an email or an SMS alert that the goods are ready for collection, without having to interact with any customs officer at the port. This would be done for low-risk and trusted traders and low-risk commodities.

EASE OF DOING BUSINESS

Ramesh said internal brainstorming is going on to see how India can take the next quantum leap in the Doing Business ranking. “Virtual groups have been formed... We feel we need to build upon what has been done,” he said, adding that the customs proposes to expand the E-Sanchit facility, which allows importers to upload all documents online, to exporters.

It plans to bring export promotion councils and the Directorate General of Foreign Trade on board the customs portal to make the whole experience seamless and paperless for exporters in the next two to three months. Ramesh said that as part of the national trade facilitation programme, the cabinet secretary has written to ports to streamline their infrastructure for smooth and speedier cargo movement. Port IT systems are being integrated with the customs portal.

TAX TARGET AND REFUNDS

Ramesh said the board is making all efforts to meet the indirect tax target for the year and revenue collection in many states had improved. Efforts are being made to intensively use data analytics to check for systemic attempts to evade GST and the Directorate General of Analytics and Risk Management has been set up for this.

On the pendency in GST refunds, he said 95% of the integrated GST refunds amounting to Rs 47,161 crore had been disposed of. In the case of input tax credit refunds, more than 96% of the amount has been cleared.

Of the Rs 24,788 crore amount claimed in applications, he said Rs 24,012 crore had been disposed of. Besides, he said, a solution is being devised for refund applications with documents to be filed online, obviating the need to visit the tax office.

He said the format of the new simplified GST form has been finalised after extensive consultations with trade and industry but the changes have not been made effective as states are yet to pass it in their GST legislation.

To a question on whether the tenure of the National Anti-Profiteering Authority would be extended beyond two years, Ramesh said it would be the GST Council's call.

"It is a call for the GST Council to make. However, many instances of anti-profiteering are still being investigated and the provisions of the GST rules allow this extension, if need be," he said.

Source: economictimes.com- Dec 03, 2018

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Govt to revamp SEZ incentives policy, focus on employment over exports

SEZs may be rechristened as 'employment economic conclaves'

The Union commerce and finance ministries are considering revamping Special Economic Zones (SEZs).

The idea is to focus on service sector export and incentivise manufacturing, with stress being shifted from export to employment. A report on this was given early last week by a committee headed by Baba Kalyani, chairman of Bharat Forge.

Its major recommendations include temoval of sunset clauses for services SEZs (including international financial centres) and for job-based incentives to address issues that might not stand with Wolrd Trade Organization (WTO) rules.

A government official said: “The suggestions are very constructive and the commerce ministry will immediately begin formal consultations with the finance and other ministries, so that implementation of the committee’s recommendations could be done without delay.”

The committee was set up in June by the commerce ministry, to ensure the SEZ policy was compatible with WTO rules, after the US governemnt challenged India’s export subsidy programme at the multilateral trade body.

To address this, the panel has proposed SEZs be renamed 'Employment Economic Conclaves' and incentives be based on the employment generated.

This will be crucial for manufacturing sector units in these zones and the export compulsion on them should be relaxed when the emphasis is on employment.

Manufacturing units in SEZs now have a sunset clause for incentives; those set up after April 2020 will not receive tax benefits. If incentives are given on the basis of employment generation, the WTO concerns can be addressed.

For services sector SEZs, the panel says those other than information technology and IT-enabled services also be promoted. Such as health care, financial services, legal, repair and design services. With no sunset clause. Job-based incentives should be there for services SEZs, too.

An SEZ official says with the sunset clause from 2020, some leading global financial centres' officials (including from Dubai and Singapore) are coming to India to market their platforms, inviting Indian units to set up shop there.

Several recommendations were made to promote services which can create large numbers of jobs and economic activity. They include setting up of global services delivery centres, global innovation hubs, global payment services hubs, design & innovation hubs, data and research services and others.

The committee has also considered the potential of the International Financial Services Centre with a Multi Services SEZ at GIFT City, Gujarat, to bring in global financial service businesses, if the required regulations and tax framework it provides is comparable to other global centres.

It has proposed a unified regulator for the financial sector at GIFT, also recommended by the Reserve Bank. The central government is said to be finalising a Bill to change the regulatory regime for IFSC.

It also wants the IFSC to have single-window approvals, time-bound responses and advance rulings on taxes for units coming up there. It would like the IFSC SEZ to become a hub for global financial & allied services, aircraft/shipping leasing and financing of international reinsurance, bullion trading, global fund businesses, legal services and so on. Lots of businesses in these are shifting to global markets and international finance centres.

Source: business-standard.com- Dec 03, 2018

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Textile mills tie up with GEDA to reduce energy consumption

City-based textile processors have tied up with state government-owned Gujarat Energy Development Agency (GEDA) and Man-Made Textiles Research Association (MANTRA) for reducing energy consumption in textile mills in south Gujarat, including Surat.

At present, energy cost-water, coal and electricity- is about 40 per cent in the overall cost of production of finished polyester fabrics in the textile mills. A licensed agency approved by GEDA and research scientists of MANTRA will be providing inputs on reducing energy costs by cutting down on usage of water, coal and electricity as per international standards of polyester fabric production.

South Gujarat Textile Processors' Association (SGTPA) president Jitendra Vakhariya told TOI, "The textile mills have been using water, coal and electricity abundantly. At present, the prices of coal and electricity are very high and we are unable to compete with our counterparts in Maharashtra where they get cheap electricity at Rs3.50 per unit. Energy saving is the only option left with us."

Vakhariya added, "Researchers at MANTRA and GEDA will be guiding the textile mill owners on reducing consumption of water, electricity and coal as per international standards. For example, fresh water is required for drum washing of fabrics and that the water flows down the drain. The researchers will provide us with input on recycling of the waste water for reuse, thereby helping us save on the cost of water and consumption of power and fuel."

Escon Tech director Raju Shah, who is the licensed energy auditor of GEDA, said, "Textile mills use electricity in huge quantity and this increases outflow of carbon monoxide from the mills into the air. If the mill owners save 10% electricity then they will be able to save Rs56 crore per annum and reduce the release of carbon monoxide also by 57,400 tonnes."

Textile sector leader Ashish Gujarati said, "Electricity tariff for industrial purpose is very high compared to Maharashtra. Textile industrialists are unable to compete with those in Maharashtra due to cheap electricity there. The energy saving mission in the textile mills will go a long way in changing the future of the textile sector in the city."

Source: timesofindia.com- Dec 02, 2018

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70 lakh jobs were created in 2017-18

Terming the criticism of jobless growth during the National Democratic Alliance (NDA) government as “spurious”, Niti Aayog Vice-Chairman Rajiv Kumar has said that 70 lakh jobs were created in the financial year 2017-18 alone. Mr. Kumar further said that growth in sales of transport vehicles, huge disbursement of Mudra loans and Employees’ Provident Fund Organisation (EPFO) data show that enough opportunities for employment and self-employment were created over the past four years of the National Democratic Alliance (NDA) government.

Recently, former Prime Minister Manmohan Singh had said the Bharatiya Janata Party-led (BJP) government’s promise to generate two crore jobs annually had turned out to be a “gimmick”.

“With all due respect, former Prime Minister Manmohan Singh does not put forward the data [on employment generation]. I think this is a spurious charge and I think the debate should be much more on further improving the quality of the jobs,” Mr. Kumar said. Noting that the production of trucks, three-wheelers and auto rickshaws is rising significantly, Mr. Kumar said: “According to EPFO data, 70 lakhs jobs were created in 2017-18.”

He further said if unemployment was rising in the country, then real wages in both rural and urban regions should decline, but that was not happening. “So, what is the basis for this [criticism of jobless growth during the NDA regime]? I think, the purpose is negative discourse for political aims and does not reflect economic reality,” he said.

Replying to a question on protests by farmers in some parts of the country, he said: “We have increased minimum support price (MSP) for farmers by huge amounts. The rural economy is in good shape, farmers’ income is rising.”

Source: thehindu.com- Dec 02, 2018

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Welspun India is eyeing $2 billion in revenue by 2022: Dipali Goenka

Our vision is to be debt-free by then, says company CEO and joint MD

Welspun India Ltd., one of the world's biggest home textiles company, is now turning its focus to the domestic market to achieve higher growth. In an interview, Dipali Goenka, CEO and joint managing director, said the company would be debt-free by 2022, while achieving revenues of $2 billion. Edited excerpts:

What is the state of the global economy, especially the U.S., your main market?

The U.S. is our biggest customer. There, one sees a GDP growth of around 2% and that is a very refreshing change compared to the previous years. E-commerce is getting an upside. With the GDP growth, customers are coming out to retailers to buy.

Departmental stores are struggling but tier two retailers are doing very well. It means that people are focusing on neighbourhood stores and going for value- for-money products. But let's see by 2020 what will be the scenario. Right now it is all poised for growth, but according to experts, recession is overdue. India being in the prime of cotton growing, we can export more cotton products and we are in a good position to expand our business in the U.S.

If I look at Europe where Brexit is long awaited, U.K. market is in for a struggle. But there is opportunity in the Scandinavian and Nordic countries. East European countries are coming up well. The rest of the markets are doing well.

We are positioned well in all the exports markets. The interesting channel for growth is e-commerce. And it is our main emphasis globally. When we launch a product we take the voice of consumers.

We have to be faster to the market than anything else. We are working with analytics and foreseeing the future, demand and trends to be relevant.

Your company received a setback in 2016 [U.S. retailer Target had severed a sourcing arrangement with Welspun following a case of alleged mislabeling of bedsheets], How did you handle the situation?

The next day we went to all the customers and spoke to them Today, customers appreciate us.

We owned up. The thing that came out of that was a world-class traceability solution. We worked on it. We have done blockchain in textile and cotton, something unheard of today. All our customers are with us except for one because of that.

How much of your production is exported?

Today, 94% of [our] capacity is exported. The rest 6% is for the domestic market. But by 2020, this 6% will go up to 20% and hence the impetus. You see the IKEAs of the world are coming here. It took time but they are finally coming.

With this, the supply chain will get better. And hence, there is an opportunity. The consumer is evolving. The middle class is growing rapidly and that is where we see an opportunity in India. The market for our products is opening up now. After five years, India will possibly be our prime market. The global market will continue to grow but India will get a higher share of that.

What is the strategy to grow over 3-fold in India by 2022?

In 2003, when I had launched our towels in India at a price of ₹299 and bedsheets at ₹799, people said those were very expensive. Today, the customer has evolved and is willing to pay that price. So, when people say good value for money, it is indeed Welspun.

We have seen growth in the domestic market. Our brand Spaces caters to the middle class and the upper segment.

We are looking at rolling out a mass brand in the market. We just test-marketed the Welspun brand in some markets and this brand will be launched in tier 2 and tier 3 cities by March.

We are growing at a rate of 25 to 30% year-on-year. The growth in the Indian market has given us that potential. Besides the domestic retail market, hospitality is a major thrust [area] globally. When we introduce flooring products next year, again there will be more revenue growth. The flooring units in Telangana will be commissioned next year. We are investing around ₹1,100 crore to create an annual capacity of 27 lakh sq meters.

The company was started in the 80s. Why did it take time to focus on domestic market?

The Indian economy was not ready for our high quality products. Today, the market is getting ready. Today, the consumer is evolving. We attempted to sell high quality towels in 2002-03, but there was no demand.

What is the investment plan?

We are currently investing approximately ₹1,100 crore in the flooring business. Not much additional investment is planned. We are investing in some improvements at our factories. The whole focus will now be on optimizing technology. And, we will be investing to grow the domestic market.

What is your debt?

Our total debt is around ₹3,000 crore. We are calibrating our debt and we are working to reduce it. By 2022, our vision is to be debt-free. Earlier, we had targeted to be debt-free by 2020.

How will you meet that milestone?

We are growing the market and we are poised for higher growth. Our innovative products are doing well in [the] U.S. The domestic thrust will get us money. We are cash flow-positive and very strong financially.

Any plans for acquisitions and expansion?

We don't have any plans for large-scale acquisitions. The acquisition, if any, will be in the area of innovation. We may acquire some interesting start-up which can complement our business.

We may go for brand acquisitions and licences. We may go for joint ventures and partnerships to grow our distribution globally.

What are the new markets you are exploring?

Japan, China, New Zealand and South Africa. Of course E-commerce is a major focus.

What is your management style?

I like to make my hands dirty, get completely involved in work and take things head on. For my people there has to be utmost customer focus. For me, my customers and my people are prime.

I like to empower people to be leaders. I am creating a leadership pipeline that will sustain the company in the long run. I am not trying to get people from outside but want to groom people from within. I need people who are technically savvy so that we can go for industry 4.0. I am creating that. I have open door policy. I believe in the power of technology.

What has been the CAGR in past years and what is your vision for the company?

We are in double-digit growth. Last quarter, it was 10.2% and we will continue to grow in this manner.

In the U.S., our main market, we have been growing at a rate of 14% from 2008 to 2018. We are focused on creating value.

We want to be the most valuable company. Our target is to be a $2 billion (₹14,600 crore) company by 2022. (FY18 revenue is ₹4,996 crore and market cap as on December 1 is ₹6,099 crore). It is a tall order, but we will be there.

Source: thehindu.com- Dec 02, 2018

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