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USD 73.76| EUR 84.64 | GBP 95.40 | JPY 0.64

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22087	46200	**80.82**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21930	45872	**80.25**

International Futures Price	
NY ICE USD Cents/lb (Dec 2018)	76.46
ZCE Cotton: Yuan/MT (Jan 2019)	15,645
ZCE Cotton: USD Cents/lb	**87.82**
Cotlook A Index – Physical	**88.85**

Cotton Guide: Market was silent on Wednesday. The ICE December future traded almost marginal and ended the session at 76.46 up by 27 points from previous close. There was no news related to cotton. The trading volumes were steady near 16K contracts and the aggregate open interests were same at 250K contracts.

Although the USD has advanced in last six trading sessions against many currencies while US exporters haven't got much of export enquiries. The weekly export sales report from the US would be released this evening which shall give some clarity and direction to the market. The ZCE markets are closed half way through their holidays. The action from the eastern part of the world is also low.

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Indian supplies have started to hit the market the daily arrivals are around 40 to 50K bales across the country weighing on price to hold below 46K rupees per candy for ex-gin.

We think the entire October and November are the two key months which shall determine the India's supply this year. As such cotton sowing is marginally lower than the previous year and the uncertainty prevails on the yield as the monsoon remained deficient almost by 20%.

On the futures front the active October contract has held steady near Rs. 22000 per bale. It has moved in the range of Rs. 21860 to Rs. 22250 per bale. We think the similar kind of movement will be noticed on today's trading session.

On the technical front December posted a higher high and a higher low, and it closed in the upper half of the range. Perhaps the collapse has run its course for now. A period of extended base-building is what the bulls need to turn the work less negative. Today was day two. We see supports at 7600, 7500+ and 7400. Resistance is roughly 7800, 7960 and 8000+.Daily momentum is still a little oversold while no signs of reversal.

Currency Guide:

Indian rupee has opened weaker by 0.5% to hit a fresh record low level of 73.7688 levels against the US dollar. Rupee is pressurized by higher crude oil price and general upbeat outlook for US dollar. Brent crude trades near November 2014 high on supply tightness concerns amid falling Iranian supply. US economic optimism rose on better than expected ADP report and ISM non-manufacturing index data. US ADP jobs report noted a 230,000 increase in jobs in September as against market expectations of 184,000 increases.

ISM non-manufacturing index rose to 61.6 as against forecast of 58. Also supporting US dollar is sharp rise in bond yields. The US 10-year bond yield has hit the highest level since mid-2011. Also weighing on rupee is weakness in domestic equity market. Rupee may remain under pressure with higher crude price and upbeat outlook for US dollar. USDINR may trade in a range of 73.35-73.95 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

Pace of Air Cargo Growth Slows Amid Trade Uncertainty

Fluctuations in air cargo demand and patterns are reflecting the uncertain state of global trade.

Global air freight demand, measured in freight ton kilometers (FTKs), rose 2.3% in August compared to a year earlier. But the pace of growth was unchanged from the previous month, and at 2.3% was less than half the five-year average growth rate of 5.1%, according to the International Air Transport Association (IATA).

Freight capacity, measured in available freight ton kilometers (AFTKs), grew 4.5% year-over-year in August. This was the sixth straight month that capacity growth outstripped demand growth.

IATA said strong consumer confidence, an upturn in the global investment cycle and growing international e-commerce are driving demand, but several factors are also having a negative impact.

The challenges include a broad weakening in manufacturing firms' export orders in Europe, China, Japan and South Korea; longer supplier delivery times reported by manufacturers in Asia and Europe (meaning they have less need for the speed afforded by air freight); and risks to global trade from the recent escalation in trade tensions.

"The early focus of tariffs was not on products typically carried by air, but as the list of tariffs grows so does the air cargo industry's vulnerability," said Alexandre de Juniac, IATA's director general and CEO. "And, we can expect souring trading relations to eventually impact business travel. There are no winners in trade wars."

All regions, except Africa, reported year-on-year demand growth in August, and all reported capacity growth exceeding demand growth.

Asia-Pacific airlines saw demand for air freight grow 1.6% in August compared to a year earlier. This was an increase over the previous month but a marked slowdown in growth from the past year, IATA noted, while cargo capacity increased 3.4%.

"Weaker manufacturing conditions for exporters, particularly in Japan and China, have impacted the demand," IATA's monthly report said. "As the largest freight-flying region, carrying more than one-third of the total, the risks from protectionist measures are disproportionately high."

Freight volume for North American airlines increased 2.8% year-over-year in August as capacity rose 3.2% in the same period. "The recent momentum of the U.S. economy and solid trade flows across the Atlantic have helped strengthen demand for air cargo, benefiting U.S. carriers," IATA said. "A pickup in supply chain bottlenecks, which is typically alleviated by the speed of air freight, may also be benefiting the demand."

European airlines posted the fastest growth of any region in August, with a 3.7% increase in demand over August 2017. While exports in the region weakened, notably in Germany, strong conditions on the transatlantic market and a pickup in demand between Europe and Asia helped boost international air cargo demand to an annualized rate of 8 percent over the past six months. European airline capacity increased by 5.2% year-over-year.

A slight reduction in the DHL Global Trade Barometer (GTB) was largely blamed on lower growth rates of air trade. The quarterly barometer declined four points to 63 on the previous quarter's forecast, indicating a slightly slower pace of growth overall. In the GTB methodology, an index value above 50 indicates positive growth, while values below 50 suggest contraction.

The air trade measurement declined by eight points to 62. In contrast, the growth rate for global ocean trade fell one point to 63 points. Despite intensifying global trade disputes, mainly between the United States and China, these countries remain in growth mode, albeit at a slower pace, DHL said. U.S. growth prospects slowed by five points to 63. The Chinese trade outlook declined four points to 59.

Source: sourcingjournal.com- Oct 03, 2018

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Chinese, Asean suppliers could face fresh challenges under United States-Mexico-Canada Agreement

New deal includes tougher rules on the sourcing of cars and garments

Asian manufacturers could find it harder to sell their products in American markets under a new deal signed by the United States, Mexico and Canada, and could risk long-term isolation in key industries, analysts say.

“In the long term, as long as the supply chains are shifting towards North America, it will be harder for countries elsewhere to break into the North American market,” said Henry Gao, a professor of trade policy at Singapore Management University.

Under the United States-Mexico-Canada Agreement (USMCA) tighter country of origin rules and labour standards for the car and garment manufacturing industries mean production of those products could shift back to North America, which would be a blow to Asian producers.

The deal, announced on Monday, includes tougher rules stipulating that raw materials used in garment manufacturing, such as sewing thread, must be sourced from suppliers in one of the three signatory countries.

“[The rules] are likely to limit the ability of Vietnamese companies to fill demand for inputs in the textiles sector,” said Maxfield Brown, head Dezan Shira’s Business Intelligence Unit for the Association of Southeast Asian Nations.

Vietnam exported about US$60 million worth of sewing thread, pocketing fabric, narrow elastic bands and coated fabric to the three nations last year, according to figures from Dezan Shira.

The USMCA also states that 40 to 45 per cent of the all car parts bought by the signatory nations must have been produced by workers making at least US$16 an hour.

“This seems designed to attract car manufacturing back to the US and Canada and away from Asia and Mexico,” said Cuz Potter, an associate professor at the Korea University Graduate School of International Studies in Seoul.

China might also be affected by conditions that prevent USMCA members from signing deals with "non-market economy" countries. Under the terms of their accession to the World Trade Organisation, both China and Vietnam have non-market economy status.

While it is unclear on what grounds USMCA members will determine the status of members, analysts said the clause could be seen as a move by the United States to stop Canada or Mexico signing a free-trade deal with China.

"The USMCA could heighten the debate about when China and Vietnam will shed their NME [non-market economy] status," said professor Chin Leng Lim from the Chinese University of Hong Kong.

But Carl Thayer, emeritus professor at the University of New South Wales in Australia, said the impact of the USMCA should not be overstated as the deal was built on the North American Free Trade Agreement, whose rules had been in place since 1994.

"Most of effects ... have already been absorbed in Southeast Asia," he said.

Source: scmp.com- Oct 03, 2018

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World Bank Cuts Sub-Saharan 2018 Growth Forecast as Risks Mount

The World Bank reduced its forecast for economic growth in sub-Saharan Africa as the external environment becomes less favorable amid mounting global trade risks and weakening demand for the area's products.

Gross domestic product in the region will probably expand by 2.7 percent in 2018, the Washington-based lender said in an emailed copy of its Africa Pulse report on Wednesday. That's down from the World Bank's June forecast of 3.1 percent contained in the Global Economic Prospects publication.

"The road ahead is bumpy," it said. "The tightness of oil supply suggests that oil prices are likely to remain elevated through the rest of the year and into 2019.

Metals prices have been lower than previously forecast and may remain subdued in 2019 and 2020 amid muted demand, particularly in China." Sluggish expansion in Angola, Nigeria and South Africa, the three biggest economies, is weighing on economic activity in the area, it said.

The World Bank cut its estimate for South African GDP expansion to 1 percent this year from 1.4 percent before, and sees growth in 2019 remaining subdued as high unemployment constrains domestic demand. It cut its forecast for Nigerian growth this year by 0.2 percentage point to 1.9 percent.

Source: sourcingjournal.com- Oct 03, 2018

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Trade war may hit Asian economies

The US-China trade war may damage Asia's export-reliant economies. Tightening global liquidity could also weigh on business activity by pushing up borrowing costs, while capital outflows are also a risk. China's economy is expected to grow 6.3 per cent in 2019, slower than its 6.4 per cent forecast in July. Though domestic consumption in China seems to be quite robust and supporting a 6.6 per cent growth this year, how the further escalation of the trade dispute will directly affect consumer sentiment is unknown. China has set a growth target of around 6.5 per cent this year.

China has started to roll out growth boosting measures as the trade war threatens to put further pressure on the already cooling economy. For Southeast Asia, moderating export growth, quickening inflation, net capital outflows and a worsening balance of payments have dimmed the outlook, with growth this year projected to slow to 5.1 per cent from the July forecast of 5.2 per cent.

However, inflation across the region is expected to remain under control, helped by country-specific factors like moderate food price inflation in India and China and fuel subsidies in Indonesia and Malaysia. Also Asian countries have enough policy space to handle shocks and pressure from currency depreciations.

Source: fashionatingworld.com- Oct 03, 2018

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Egypt's cotton exports expected to reach 1.3 million kantars this year

Chairman of the Egyptian Cotton Exporters Association Nabil el-Santaricy expected exports of cotton "white gold" to increase to 1.3 million kantars, at a total value of 150 million dollars, during the current year.

In statements to Xinhua on Wednesday, he said that contracts to be signed during the current year to export long staple cotton will increase to reach 1.3 million kantars, compared to 1.1 million kantars in the 2017/2018 season and 600,00 kantars in the 2015/2016 season.

He further underlined that India is a top importer of Egyptian cotton as it imports 50% of Egypt's cotton exports, followed by China, Pakistan, Turkey, Brazil and Bangladesh.

Compared to international cotton production, Egypt exported large quantities of cotton this year, nearly 25 million tons, including 500,000 tons of long staple cotton.

Source: egypttoday.com- Oct 03, 2018

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US economy grew at 4.2% rate in Apr-Jun quarter

US economic growth accelerated in the second quarter at its fastest pace in about four years. Gross domestic product (GDP) rose at a 4.2 per cent annualized rate in the second quarter, according to the commerce department, which released its third estimate of GDP growth for the April-June quarter. The figure is the same as the estimate published in August.

The economy grew at a 2.2 per cent pace in the January-March period and by 3.2 per cent in the first half of 2018, according to US media reports.

The second quarter growth was driven by the US administration’s $1.5 trillion tax cut package, which boosted consumer spending.

Source: fibre2fashion.com- Oct 04, 2018

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Egypt logs $907mn in RMG exports in Jan-July 2018

Egypt witnessed a 10 per cent rise in exports of readymade garments (RMG) during the first seven months of 2018 to hit $907 million compared with $824 million in the same period last year.

The Readymade Garments Export Council of Egypt is optimistic about scaling up exports by 15 per cent to around $1.7 billion by the year end, the council announced recently.

Turkey was Egypt's top RMG importer with a value of $84 million, followed by Spain with $79 million, a report on a top website in the Middle East and North Africa on equity market news and data said citing statistics maintained by the council. Britain comes third with $59 million, followed by Italy and France at fourth and fifth with $46 million and $29 million respectively.

Region wise, the United States was a leading market for readymade garment exports from Egypt with $480 million, up 14 per cent from last year, followed by European markets with exports registering $306 million, a 15 per cent rise from the first seven months of 2017.

Source: fibre2fashion.com- Oct 04, 2018

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ICAC Projects 4 percent Decline In Global Cotton Production

As per the latest update by International Cotton Advisory Committee (ICAC), global cotton area is currently projected to decrease by 2% to 33.4 million hectares during 2018/19.

Global yields are expected to decline by 1% to 777 kg per hectare, remaining close to the 10-year average of 770 kg per hectare. Global production is projected to decrease by 4% to 26 million tonnes. Global stocks are expected to decline to 17.2 million tonnes.

Source: indiainfoline.com- Oct 03, 2018

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Brazilian cotton prices stabilise after 3 months

After a decline from June to early September, cotton prices in the Brazilian market stabilised in mid-September.

Cotton supply, mainly of higher quality, was lower than demand in the Brazilian spot market in September, which underpinned quotes, despite the ongoing crop period, Center for Advanced Studies on Applied Economics (CEPEA) said.

From August 31 to September 28, the CEPEA/ESALQ cotton Index, with payment in 8 days, remained stable (+0.2 per cent), closing at 3.1962 BRL per pound on September 28. The Index averaged 3.1886 BRL per pound last month, i.e. 1.7 per cent lower than in August 2018.

During the second-half of September, trading companies showed little interest in selling cotton in the domestic market, and were focused on trades for export and at fixed values for the seasons 2018-19 and 2019-20.

Overall, the fierce competition between purchasers and sellers regarding prices and quality limited trades and led to the purchases of small amounts. CEPEA said in its latest fortnightly report on the Brazilian cotton market.

Meanwhile, cotton harvesting of 2017-18 crop has completed in Mato Grosso, the main cotton producing province in Brazil, according to Instituto Mercosul de Estudos Avançados (Imea or Mercosur Institute of Advanced Studies).

Source: fibre2fashion.com- Oct 03, 2018

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Hong Kong investors see huge potential in Vietnam

Hong Kong is investing in Vietnam's apparel and textile industry. Hong Kong has been exploring investment opportunities in Asean countries and sees huge potential in Vietnam.

This comes in the wake of huge opportunities created by the recent trade agreements signed by the nations. Agreements like the Asean-Hong Kong Investment Agreement and the Asean-Hong Kong Free Trade Agreement are expected to help both nations access the market in addition to creating ample business opportunities.

Firms from Hong Kong will invest significantly in the production of materials for the garment and textile sector in Vietnam. Esquel, the four-decade-old Hong Kong based company, has been building plants in Vietnam since 2011.

Free trade agreements are expected to help boost the flow of Hong Kong's investment capital into Vietnam not only in production projects but also in infrastructure, high technology, financial services.

Hong Kong businesses plan to visit some industrial parks in Vietnam. The two sides will jointly evaluate the possibility of production cooperation and investment expansion through research, exploration and market shaping.

In infrastructure projects and the production of high-tech products, Hong Kong businesses will explore opportunities for business and investment cooperation. One area of cooperation is warehousing and transportation since Hong Kong is an international shipping and logistics center.

Source: fashionatingworld.com- Oct 03, 2018

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Bangladesh home textiles grows by 9.95 per cent

According to data from the Export Promotion Bureau, Bangladesh’s export of home textiles, in fiscal 2017-18 including those of terry towels, bedsheets, linen, curtains and pillow covers, grew by 9.95 percent year-on-year to reach $878.68 million. However, the export of terry towel declined by 4.40 percent year-on-year to $42.35 million last fiscal year.

The sector's growth declined from January 2014, when the European Union (EU) allowed zero-duty benefit to Pakistan under it GSP Plus scheme, on export of home textiles and some other products.

According to the European apparel and textile confederation, Euratex, the EU imported over $6.86 billion-worth home textiles in 2016. Of it, China accounted for 33 percent, Pakistan 25 percent, Turkey 16 percent and India 11 percent. Bangladesh's share was 7-8 percent. The EU's data shows that its preferential import of textiles and clothing from Pakistan increased by 82 per cent year-on-year in 2014.

Bangladesh previously enjoyed 9.6 percent duty privilege over Pakistan as a least developed country in the EU, its main export destination. With a trade advantage of nearly 15 percent, including 6 percent cash incentive, the sector in Bangladesh, especially terry towels, was performing well even amidst high yarn prices in the local markets.

Source: fashionatingworld.com- Oct 03, 2018

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NATIONAL NEWS

Commerce Ministry to focus on nine key sectors to promote exports

Discussions on to provide priority sector status to export credit

The Commerce Ministry has identified nine sectors for export promotion, which include gems and jewellery, leather, textile and apparel, engineering, electronics, chemicals and petrochemicals, pharmaceuticals, agriculture and allied and marine products.

At the recent inter-ministerial meeting on export promotion, Commerce & Industry Minister Suresh Prabhu proposed that possible barter arrangements with specific countries may be explored, according to an official release.

Commerce Ministry officials had earlier said the Ministry was exploring barter mechanisms with countries such as Iran, Russia and Venezuela.

"Commerce Secretary Anup Wadhawan apprised that discussions are also on to provide priority sector status to export credit, to enhance the volume of credit and for enhancement of allocation for the interest subvention scheme and for the SEIS and MEIS schemes," the official release said.

The Commerce Minister appreciated the inter-ministerial teamwork leading to formulation of the current sectoral export strategy. "He urged the ministries to work on tapping opportunities with countries in this region, particularly in South Asia, as there is huge potential to increase India's exports," the release added.

This was the third inter-ministerial meeting on sectoral export promotion strategy. The meeting was attended by Commerce Secretary, DG Foreign Trade , the Secretaries of Textiles and Chemicals and Petrochemicals and other senior officers from the Ministries and Departments of Electronics, MSME, Agriculture, Animal Husbandry and Defence Production.

The Minister emphasised the need to create more jobs in India with a focus on labour-intensive manufacturing Special Economic Zones. He also suggested that the possibility of collaborative exports in partnership with other countries be explored.

Drawing attention to India's multilateral obligations, Prabhu asked the line ministries to adhere to India's World Trade Organisation commitments, while designing their export promotion policies.

He suggested a separate meeting on the services sector to examine issues relating to remittances and other capital flows.

The Minister said China and the US were emerging opportunities and industries, which are relocating from China on account of rising labour cost, and may be invited to invest in India after immediately revising regulatory procedures.

The DGFT pointed out that merchandise exports were up by 16.13 per cent to $136.10 billion in April-August 2018-19.

Source: thehindubusinessline.com- Oct 04, 2018

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Suresh Prabhu for tapping export opportunities in South Asia

Commerce and Industry Minister Suresh Prabhu has asked various ministries such as textiles, MSME and chemicals to explore export opportunities in South Asia with a view to promoting India's outward shipments. The Commerce Ministry was focusing on nine sectors – gems and jewellery, leather, textile and apparel, engineering, electronics, chemicals and petrochemicals, pharma, agri and allied and marine products, an official statement said Wednesday.

The minister held a review meeting of the Sectoral Export Promotion Strategy last week. The meeting was attended by Commerce Secretary, DG Foreign Trade, Secretaries of Textiles and Chemicals and Petrochemicals, other senior officers from Ministries and Departments of Electronics, MSME, Agriculture, Animal Husbandry and Defence Production.

"He urged the ministries to work on tapping the opportunities with countries in this region, particularly in South Asia, as there is huge potential to increase India's exports," the ministry said in a statement.

The Minister also underlined the need for exploring barter arrangements with specific countries as well as collaborative exports in partnership with other countries. Prabhu asked the line ministries to adhere to India's WTO commitments while designing their export promotion policies.

The Commerce Minister further said that industries which were relocating from China on account of rising labour cost should be invited to invest in India.

In the meeting, Commerce Secretary Anup Wadhawan, informed the participants that comprehensive efforts were being made for promoting exports of merchandise and services to improve and stabilise the current account.

He stated that specific short and long term goals, and territory and commodity wise action points have been identified by the Commerce Department for export promotion. He also said that discussions were on to provide priority sector status to export credit to enhance the volume of credit and for enhancement of allocation for interest subvention scheme and for SEIS and MEIS.

Exports are up by 16.13 per cent to USD 136.10 billion in April–August 2018-19. DGFT informed that based on the inputs received from Export Promotion Councils, line ministries and other stakeholders, a comprehensive export strategy and action plan has been finalised.

"Commodity-wise and territory-wise specific short-term and long-term goals have been put on a matrix, to enable regular monitoring of implementation of action plan at the highest level," it said. Issues like removal of pre-import condition, retrospective amendment in CGST rules, allowing flexibility of product mix in case of pharma products as long as pollution load is same, have been taken up with the respective ministries.

Source: financialexpress.com- Oct 04, 2018

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Cotton Corporation gears up for procurement of nearly 100 lakh bales this season

The Cotton Corporation of India (CCI) has begun gearing up for procurement of around 100 lakh bales for 2018-19 season which commenced from Monday.

This could be possibly be one of the biggest cotton procurement exercises by CCI in recent years. Maximum cotton procurement had last occurred in 2008-09 when about 96 lakh bales were procured, top officials of CCI said. Last season procurement stood at 3.08 lakh bales.

According to P Alli Rani, CMD, CCI, while the corporation is not committing to 100 lakh bales of cotton this season, purchase centres are being prepared in case prices fall below the minimum support price (MSP). If cotton prices drop below MSP, CCI may have to intervene, Rani told FE.

CCI will establish 348 purchase centres across major cotton growing regions of the country. The corporation is also ready to establish another 30 centres in case of more requirement from the market, she added.

Rani said that the focus is currently in preparing for MSP purchase. With a higher MSP declared by the government, farmers will prefer to sell to CCI than approach traders because of assured returns, she opined.

The Centre has announced minimum support price of long staple cotton at Rs 5,450 per quintal from Rs 4,320 per quintal, a raise of 26 % from last year. MSP of medium staple cotton has been fixed at Rs 5,150 per quintal from Rs 4,020 per quintal last year, a hike of 28% to last year.

Due to early sowing of cotton in Punjab and Haryana, harvesting is also likely to start early in comparison to other states, she stated. At present, prices for the long staple cotton in Haryana are around Rs 5,300 per quintal which is Rs 150 less than the MSP. Rani said that cotton arrivals have commenced in Haryana and Punjab.

Earlier cotton prices were higher than MSP but now prices have come down to the MSP level. Arrivals from southern states will commence from October onwards, she said.

Even if the cotton prices are somewhere near MSP, farmers will prefer to sell to CCI rather than traders because they are assured of timely payments, she pointed out. Cotton sowing, however, was delayed in Gujarat and nearby areas because of which harvesting has been delayed by two to four weeks.

As a result, cotton prices were up in September but the situation is gradually changing.In the last few weeks, there has been a sharp decline in cotton prices which means the government may have to intervene to buy cotton this year, she said.

CCI will use Rs 250 crore for cotton procurement this year. This fund will be set up through the consortium of banks, Rani said. Cotton production is likely to remain the same as last season, she added, dismissing reports that the gap in monsoon would affect production estimates in Maharashtra and Gujarat. “I have been on a tour to Telangana where the crop is healthy and even in Maharashtra where the impact of pink bollworm is only in a few pockets of Marathwada and Vidarbha,” she said.

Both Gujarat and Maharashtra contribute 55 % of the country’s cotton production. The Centre has estimated cotton production could be 7 % lower than last year. As per the Centre’s estimates cotton production is likely to touch 324.8 lakh bales this season. Cotton Association of India (CAI) has retained output at 365 lakh bales.

According to private traders, cotton production is likely to affected in Gujarat as seven districts of Gujarat have reported deficit in rains. In Punjab and Haryana, due to heavy rains in the last week of September, the standing crop could be affected to some extent, industry people said. A clear picture could emerge in November.

Source: financialexpress.com- Oct 04, 2018

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New features in e-Way bill portal to improve user experience

The Goods & Services Network (GSTN) on Wednesday announced new features for better user experience in generating e-Way bills. GSTN is the IT backbone for the new indirect tax regime.

Giving details of the new features, a GSTN statement said there is a facility to display only relevant document types in 'Document Type' drop-down list, based on the selected transaction 'Supply Type' and 'Sub Type' by the taxpayers. This will help users make a correct entry of the supply being undertaken by them and report the same in the e-Way bill.

Standard rates for tax are now provided in the drop-down list, for selection based on the type of (intra-State/inter-State) transactions. Further, taxpayers can now select rate of tax from drop down to avoid any mistakes while generating e-Way bill. Facility of auto population of State name based on the PIN code entered at the consignor or consignee addresses has also been introduced.

Another new feature now available on the e-Way bill portal is the alert sent to the generator of the bill through a pop-up and SMS message, in case the total invoice value entered by them is very high, to avoid making mistake. Further, additional fields for "CESS Non Advol Amount" & "Other Value" have been introduced to enter CESS Non Advol amount and any other charges (+/-) as applicable in invoice.

The new features are part of GSTN's continuous efforts to improve user experience and make the bill generating process easy and convenient for the user. The new features have been developed and introduced in response to feedback from both users as well as tax authorities.

E-Way bill acts as a proof of tax paid and it is mandatory for the transportation of goods worth ₹50,000 or more between States (inter-State) and within a State (intra-State). If the rule is not complied with, GST laws provide for confiscation of the vehicle or imposition of a penalty (that is equal to the tax payable on the goods being transported) on the owner of the conveyance transporting the goods.

Between April 1, when the system came into force, and September 30, a total of 25.32 crore e-Way bills have been generated comprising 12.14 crore for inter-State movement of goods and 13.12 crore for intra-State.

As many as 24.53 lakh taxpayers and 31,232 transporters have registered with the e-Way bill system so far.

Source: thehindubusinessline.com- Oct 04, 2018

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Exports still not seen as a national quest

Investment in R&D has been low, in addition to underinvestment in physical and human capital.

A sterile debate sporadically rages on the desirability of the country's export-led economic growth. Even if economic growth may not primarily be export-driven, exports signify the competitiveness of efficiency, quality and pricing of its products and services. India's trade stakeholders remain addicted to shibboleths like small-scale, sops and stimulus. Recall how the mid-term review of the Foreign Trade Policy (FTP, 2015-20) cheered the industry with additional incentives of Rs 8,450 crore under the Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS).

The 2015 FTP stated that "change has been a constant in the global economy, not least in the international trading landscape." The FTP review laudably hinted at the move "towards more fundamental systemic measures, rather than incentives and subsidies alone" as a future strategy for exports. There are already big challenges of increasingly difficult global economic landscape.

Mandated to contain trade disputes and prevent retaliatory pile-ups, the WTO itself faces a grave danger. India faces the obligation to phase out its export incentives under the WTO Agreement on Subsidies and Countervailing Measures, having breached the $1,000 gross national income (GNI) per capita.

Exports in India are seldom construed as a national quest generating an environment to excel in quality, reliability and customer care. Most of country's exports happen only in a few states. Maharashtra and Gujarat together accounted for half of country's total exports in 2014 (27% and 22%, respectively); Tamil Nadu and Karnataka together contributed another 18%.

India's export strategy needs to intensify its reach in wider geographical areas for export production, with relentless diversification of markets, such as Africa. The avowed target of $90 billion two-way trade between India and Africa by 2015 has been eluding—trade with Africa actually fell from $72 billion in 2014-15 to $56.7 billion in 2015-16, whereas the China-Africa trade jumped to $215 billion in 2014. Albeit external economic environment and factors like occasional sluggish global demand and falling commodity prices impact foreign trade, the crux of export promotion remains the supply side.

For example, 50-60% of the country's demand for electronic products and 70-80% of the components are imported.

A Deloitte Touche Tohmatsu report warns that the value of India's electronics imports could overtake oil imports by 2020, pointing to urgently installing indigenous production capacity to target not only the burgeoning local market, but also a reasonably large pie in the $1.75-trillion global market.

For a breakthrough in industrial manufacturing, essential for an export jump, India needs to identify product sectors conforming to what Carlos Ghosn, Renault-Nissan CEO, lauded India's "austere engineering", or frugal engineering, and simultaneously craft USPs with a ceaseless focus on a couple of items amenable to the country's comparative advantage in terms of cost, quality, supply lines and logistics. Let India remember that its capital goods industry in 1990 equalled the size of China's, while the latter, within 20 years, became 50 times larger, and exports to India large quantities.

For India, agriculture is a big export potential area; exports jumped from $13 billion in FY10 to $24.5 billion in FY17. Even so, the share of agriculture and allied products in India's total exports fell from 17.9% in FY92 to 13.5% in FY02 and 12.1% in FY17. Its farm trade weathers unpredictability. As long as local prices are low, exports are fine; once they rise, exports are restricted or banned.

India’s exports growth in labour-intensive sectors is, indeed, a cause for concern. With fully-loaded manufacturing wages averaging $1.8 per hour in Thailand, $0.49 in Vietnam, $0.38 in Indonesia and $0.35 in Cambodia, several industrialised countries have attracted a significant transfer of work in labour-intensive products.

McKinsey (2011) found that several global clothing firms wanting to shift sourcing from China favoured new destinations like Bangladesh, Vietnam, Indonesia and Cambodia, not India.

The vision of India, with its acknowledged resources—material and human—becoming world’s clothier as also shoemaker, has been belied. More than 70% of India’s manufacturing workforce remains employed in tiny, low-productivity firms with less than 20 workers each, most of which neither grow nor exit.

They contribute just 12% or less of manufacturing output. The country lacks the mega-factories where thousands of workers could make garments or mobile phones, as elsewhere in Asia. It’s imperative for MSMEs to scale up with respect to accessing capital, hiring workers and acquiring land to be able to achieve lower per unit cost.

Whereas, currently, India is ill-equipped to aspire for a meaningful share in the $220-billion global top-100 luxury goods brands, it must strive to recreate the romance of a traditional heritage and tribal craft, its handicrafts and handloom, aligned to contemporary high-value relevance, involving world’s leading designers, integrating the country’s traditional exquisite and alluring craftsmanship with newer skills for presentation, labelling and packaging.

India may break new grounds and garner its growing prowess in emerging technological segments. By 2022, digitisation is expected to help Indian businesses to unlock a potential $39-billion worth of export opportunities, up from $16 billion in 2017 (KPMG and Google).

Travel, media and entertainment, SaaS, consumer brands and real estate are suggested as key verticals with high potential international opportunities. Some out-of-the-box initiatives will help make a dent in highly complex and competitive milieu, for example the Walmart-Flipkart combine to become India’s battering ram to break into the Chinese market.

As the World Bank emphasised the urgency to improve productivity of firms to create jobs and reduce poverty, its Global Competitiveness Report, 2013, showed India slipping to 60th rank in competitiveness, 31 places below China.

CRISIL found that the revealed comparative advantage of gems and jewellery fell from 6.38 in 2006 to 3.96 in 2016, for leather from 3.12 to 1.97, and for readymade garments from 2.43 to 2.22. For rendering Indian industry truly competitive, it is imperative to sternly and stoutly minimise government, dismantle layers in administration, free labour laws of known rigidities, and generate a general commitment to “zero defect”.

Following the Parkinson’s law, the government needs to implement what—in its 1991 comprehensive reform agenda—it avowed to dismantle the Directorate of Foreign Trade itself. Notwithstanding debilitating transaction costs over decades, trade documentation, procedures and processes continue to be labyrinthine, complex, costly, time-consuming.

There is no relief from a plethora of trade rules and notifications. Quality control (QC) and production processes have been professed, but not practised; globally-accredited testing and QC laboratories have been planned, but little has happened in reality.

Investment in R&D has been low, in addition to underinvestment in physical and human capital. Despite rampant crackle of ideas and initiatives like Customs Electronic Commerce Gateway, Risk Management System, On-site Post-Clearance Audit, 24×7 operations et al, there is little sustained change towards helpfulness and efficiency.

In 1824, American senator Henry Clay proposed, inter alia, “internal improvements” like roads and canals to strengthen the economy of the young country. Transport and logistics costs more often pose a barrier at least as large, and frequently larger, than tariffs. Not merely costs, even the timelines of delivery are affected. Proliferation of departments such as of logistics helps little.

Why must India’s exports and imports get stalled at gateways beyond 24 hours? Have the mandarins from the department of commerce or the state government moved out of their cloistered confines to know why, for example, trucks carrying India’s exports to Bangladesh via the Petrapole-Benapole land border station (which handled Rs 18,800 crore in 2017-18, i.e. 35% of the $7.5-billion India-Bangladesh bilateral trade) snail through a scandalous 10-day journey over some 80-km Kolkata-Petrapole stretch, including the long wait 10-km short of Petrapole, at Bongaon on Jessore Road, where extortionist business thrives?

Source: thehindubusinessline.com- Oct 04, 2018

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Product innovation: 4 factors to drive growth for Indian apparel exports

Shoppers today have become very mindful of conscious consumerism. Circularity, sustainability and traceability are fast becoming the guiding principles of innovating and manufacturing clothing. It is not necessarily about what you make, a lot of times it is about how you make, that now matters. Brands and in turn, manufacturers, cannot afford to ignore this and must work to provide convenient solutions within these new parameters.

This is more easily said than done, however, it may be wise to embark on your journey in the correct direction right at the start, albeit slow. Businesses which adopt this ideology, when small, will find it far easier to grow into them than those which attempt the transition at a mature age. For an established organization, while the finances involved will certainly be steep, the challenge to transition work habits of those involved will probably be steeper.

Having set these as the principles of manufacturing, there are many other elements that should be given due significance in product innovation. The primary factors that should drive product innovation in apparel, in my opinion, may be listed as below:

Your target market

Identify the specific country you intend to export to and are manufacturing/designing for. It may help to know that the top Ready Made Garments (RMG) export destinations in India are the United States followed by the United Arab Emirates, United Kingdom, Germany, Spain and France (not considering European Union as a single destination).

While India's share of imports of these countries has more or less been rising, except UAE, over the past few years, the Netherlands and Italy also have been very welcoming for India made RMG. What may be of deeper interest to MSMEs are the markets of Denmark, Japan, Australia, Republic of Tanzania and Mexico- countries which hold huge potential for the Indian RMG manufacturer and exporter. There may be more merit in reaching out to these new lands and striking roots here.

The Ministry of Commerce, Government of India, has been tirelessly working to support the industry with a favourable international environment for trade and business. India has a Comprehensive Economic Partnership Agreement (CEPA) with Japan, which provides exporters with zero duty access in Japanese markets. The India-Singapore Comprehensive Economic Cooperation Agreement (CECA) gives a similar favourable positioning to Indian RMG imports in Singapore.

Korea, Chile and Malaysia are also very suitable lands for MSMEs and beginners to explore in the backdrop of their trade agreements with India. Among the many advantages of exporting to these countries, the foremost is the landing price advantage for buyers in purchasing Indian garments and the consequent preference for India as a sourcing destination.

A detailed understanding of your buyer and the end-user in the target market is imperative. The preferences of your user in terms of garment circularity (cradle-to -cradle), silhouette, material, colour, surface and finish should be analysed well. A first hand market survey and few international trends forecast agencies may be able to assist you in decoding these preferences.

Your competition

It may be wise to know your competition well and the edge other manufacturing nations have over yours- the landing duties or benefits for goods from your country vis-a-vis other exporting countries like Bangladesh, Vietnam, Sri Lanka etc and the latest trade statistics between the nations.

In recent times, certain product categories have been vacated by China, and this has presented a huge opportunity for India to strengthen its foothold as an exporter. Tracking such international movements in global markets and exploiting suitable opportunities can impact your business very positively.

Scope of continued business growth

A research into the scope of growth within the product category you are exploring will also be very beneficial. The Apparel Export Promotion Council can provide great support in this decision making through reliable market reports and statistics.

The product categories in which India has a significant presence in the global export market, along with their HS (Harmonized System) codes, include the following:

- 610910 T-Shirts Etc Of Cotton
- 610990 T-Shirts Etc Of Other Textile Materials
- 620520 Mens Or Boys Shirts Of Cotton
- 611120 Babies' Garments Etc Of Cotton
- 620640 Blouses, Shirts Etc Of Man-Made Fibres
- 620630 Blouses, Shirts And Shirts-Blouses Of Cotton
- 620443 Dresses Of Synthetic Fibres
- 620442 Dresses Of Cotton
- 620342 Trousers Bib And Brace Overalls Breeches And Shorts Of Cotton For Mens And Boys

Your strengths

Make what your people can make- an honest assessment of the materials and skills available helps make wise choices in curating the product basket you can offer to your buyer. While this is in no way an attempt to discourage experimentation, it is an advice to exercise one's intelligence and business acumen before entering a product.

It is no news to anyone in this domain, that Indian manufacturers have always enjoyed a strong position in production of cotton spring- summer garments over man-made fabric autumn- winter wear- a decision more driven by availability and cost of raw materials and skill experience of labour than by market demand.

Marks and Spencer, the leading global apparel brand is one of our most important buyers. During one of our recent conversations over coffee, Nidhi Dua, Country Manager (Sourcing), Marks & Spencer India Pvt Ltd said, "Product innovation is a continuous process and is the key to gaining competitive advantage and creating value for the customers.

Product innovation can be used to enhance the functionality, performance and appearance of a product, as well as improving cost viability or making it more environmentally friendly. Innovation helps companies to differentiate their product from others in the market, thereby winning the hearts of the customers and building a strong foundation for growth and profitability."

That sums it up all very well.

Source: economictimes.com- Oct 02, 2018

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India's export growth may slow down in coming months on domestic, global headwinds: FIEO

Exporters' body FIEO Wednesday said the growth of country's exports is likely to slow in the coming months owing to various domestic and global factors.

Indian exports have always been influenced by the growth in global trade and therefore, the subdued global trade forecast of 3.9 per cent in 2018 and 3.7 per cent in 2019 will have adverse bearing on exports, the Federation of Indian Export Organisations (FIEO) President Ganesh Kumar Gupta said.

"While exports have done well in the first five months of the current fiscal, they are likely to face greater challenges in months to come," he said.

The export growth for September to November has to be watched carefully as exports in these months clocked over 25 per cent growth in 2017 and thus would have the disadvantage of high base effect, Gupta said in a statement.

He also said that the sanctions on Iran, payment problems in Venezuela, huge depreciation of currencies of Argentina, Turkey, South Africa, Russia, Brazil and banking restrictions on large number of countries like Syria, Sudan, Libya, and Iraq are affecting exports.

On domestic front, he said flow of credit to the export sector is a huge issue as export credit declined by over 41 per cent in April-June.

"Such mismatch does not augur well for exports and thus needs to be addressed immediately and effectively," he said adding the GST refund pendency should be resolved immediately.

However, he expressed hope that the country's exports would touch $350 billion exports in 2018-19.

Last time in March, exports entered negative zone. It dipped by 0.66 per cent in that month.

Exports were up by 16.13 per cent to $136.10 billion in April-August 2018-19.

Source: economictimes.com- Oct 03, 2018

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Russian Export Center to hold large-scale business mission in India

The Russian Export Center (REC) will organise a large-scale business mission featuring Russian companies in India from October 4 to 5.

The mission is timed to coincide with the visit of Russian President Vladimir Putin and the Russia-India Business Summit.

The business mission of Russian companies in India will take place as a part of the summit that aims at continued reinforcing bilateral relations within the business community and between both nations' regions, discussing problems of interaction between business community players and developing roadmaps for further cooperation between Russian and Indian companies.

The mission will also help grow cooperation in a broad range of areas that businesses of both countries are interested in and grow partnership relations with major Indian organisations responsible for stimulating trade and attracting investments into the Indian economy.

The business mission is slated to commence from October 4. The event is expected to be attended by Denis Manturov, Minister of Industry and Trade of Russia, Andrey Slepnev, General Director of REC, representatives of the All-Russia Public Organisation "Business Russia", REC, Federation of Indian Chambers of Industry and Commerce (FICCI), Business Council for Cooperation with India, representatives of the Russian Embassy and Trade Representation of Russia in the Republic of India, Confederation of Indian Industry, Indian Association of Tour Operators.

After the official opening ceremony of the business mission, the panel discussion "Business in India: Opportunities and Prospects for Trade and Economic Relations" will take place that will see the participants discuss such issues like: government regulation of external economic and investment activity in India, specifics of customs procedures regulating import, monetary and financial regulation of import operations in India and special economic zones, logistics routes and itineraries between Russia and India; measures to protect intellectual property rights.

In addition to the panel discussion, participants of the business mission will be welcomed at thematic and sectoral roundtables, B2B meetings of Russian companies with potential contractors and representatives of associations and government authorities of India.

The "Exchange of Knowledge in Tourism between Russia and India" roundtable will discuss top priority tourist routes from India to Russia and ways to increase mutual tourist flow between the two countries, preferred destinations and criteria for selecting target regions. Also, presentations of some Russian regions will take place on: Crimea, Baikal, Volga region, and the Golden Ring.

At the "Entering the Indian Market. Practical Cases and Success Stories" roundtable, representatives of "Sberbank India", "Technonicol", and "Automatica C" will share their experiences of entering the Indian market and talk about business specifics in the country. During the business mission, a pitch session will be held with Russian and Indian businesses, where the Russian side will present its companies and products.

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

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Flipkart aims to capture 50% of online fashion market during festive season

Launches Denizen from Levi's, an exclusive on Flipkart

India's largest e-commerce marketplace, Flipkart aims to capture 50 per cent share of the online fashion market during the upcoming festive season that concludes after Diwali, where it will face off with arch rival Amazon. Flipkart's current market share stands at 35 per cent (excluding Myntra and Jabong).

"We will have 50 per cent share of the online fashion market during the festive season and will exit this year at 40 per cent market share when we go back to business as usual" Rishi Vasudev, Vice-President, Flipkart Fashion, told BusinessLine.

75% sales growth

The e-tailer expects its unit sales to grow by 75 per cent during the festive season and shipments to cross 1.7 crore a month by the year end, driven significantly by an arsenal of over 50 exclusive brands offering over 10,000 styles.

Last fiscal, Flipkart achieved over $1 billion in GMV with 1 crore shipments a month. The Flipkart-Myntra-Jabong combine had garnered nearly 80 per cent of the online fashion market after last year's festive season sale.

This year, in addition to its line-up of 50 brand exclusives, Flipkart has launched Denizen from Levi's exclusively on its platform, as a part of the brand's global re-launch this year. The Levi's team has chosen the US and India as the first two markets to experience the re-designed brand.

Brand exclusives have always been an important part of Flipkart's Fashion strategy and the e-tailer expects one in five brands sold during the festive sale to be a Flipkart exclusive and one in three styles sold to be a Flipkart exclusive. While some brands sell exclusively on Flipkart, others offer exclusive collections on the platform.

"We have worked with the brand for a year to launch the Denizen collection which has been designed for youth across metros as well as Tier 1,2,3 cities and beyond to 4,000 plus cities and towns, aided by customer insights from our platform to determine the fits, colours, prints and price points" said Vasudev. Denizen has been launched with 80-100 styles of denim, tees, sweatshirts, joggers for men and women.

Denim market size

The denim market in India, currently at ₹20,000 crore of which 2.5 per cent is driven by e-commerce, is expected to grow five times at a CAGR of 50 per cent over the next five years. Highest growth is seen in the mid-premium segment which Flipkart is addressing with the Denizen launch, at price points ranging from ₹1,500 to ₹2,000.

"Denims outsell any other bottom-wear sold online by 5:1 and this trend is expected to continue. Nearly 75 per cent of all bottom-wear sold on Flipkart is denims, outselling all other bottom-wear. Flipkart is well poised to take a lion's share of this growing market with a current market share of 40 per cent of the online share of denim category" said Vasudev.

Source: thehindubusinessline.com- Oct 04, 2018

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As Imran Khan Roots for India-Pakistan Trade, How Can It Actually Begin?

Political rivalry is costing the people of both countries around $35 billion in trade. Using a forgotten rule under international law, the two sides can work out a free trade agreement just for textiles and clothing sector to exploit the economies of scale.

When Pakistan's new government led by Prime Minister Imran Khan took charge in August 2018, he tweeted: "To move forward Pakistan and India must dialogue and resolve their conflicts incl[uding] Kashmir: The best way to alleviate poverty and uplift the people of the subcontinent is to resolve our differences through dialogue and start trading".

Only time will tell whether Khan will be able to walk his talk. However, the central idea of his assertion that international trade can play a very important role in building peace and lifting people out of poverty by creating economic opportunities is worth exploring.

Boosting India-Pakistan trade is not a new idea. The Indian Council for Research on International Economic Relations (ICRIER) and several other researchers have been working on this issue for quite some time. Nonetheless, the fact that this was mentioned by the newly elected prime minister of Pakistan gives the issue the much needed political impetus.

In view of this renewed focus on trade, there are three issues worth re-examining.

One, the huge trade potential that exists between India and Pakistan and the economic benefits that can be reaped. Two, the premise that free trade between India and Pakistan can lead to greater peace. And three, attention must be focused on a forgotten trade rule under international law that both countries can use to enhance their bilateral trade.

Trade potential

Bilateral trade between India and Pakistan today stands at a measly $2 billion. According to World Bank's latest research, the potential of trade between the two countries is a mammoth $37 billion. In simpler terms, political rivalry between the two countries is causing a loss of $35 billion to the peace-loving people of the two countries.

Once upon a time, India and Pakistan had very high level of bilateral trade. According to a US AID report, in 1948-1949, India imported 23.6% of total Pakistani exports and 50.6% of total Pakistan's imports came from India. From such high levels of bilateral trade, as the relations between the two countries soured, bilateral trade started to decline, plunging to zero after the 1965 war.

The trade relations between the two countries witnessed some forward movements in the late 1990s when India, due to WTO obligations, granted the MFN status to Pakistan although Pakistan is yet to reciprocate.

From a paltry $0.34 million in 2003-04, India-Pakistan trade increased to $2.61 billion in 2015-16. However, it fell to $2.28 billion in 2016-17. This is just 0.35% of India's total trade. The informal trade i.e. trade routed through third countries, between India and Pakistan is estimated to be around $ 4.71 billion, almost double the formal trade. The reasons for informal trade being higher than formal trade range from political tensions between the two countries to Pakistan maintaining a very high negative list – as part of this list, Pakistan forbids import of 1,209 items from India.

The potential of boosting trade between the two countries is immense. As ICRIER's research shows, trade between the two countries can be boosted towards mutual benefit in a number of sectors such as medical tourism, agricultural trade, textiles and clothing and the automobile sector.

Free trade and peace

In addition to economic benefits, trade can be useful conduit to usher in peace in the region.

For liberal internationalists, the inspiration about a positive correlation between trade and peace comes from the doux commerce (gentle commerce) thesis dating back to the 18th century age of enlightenment in Europe. One of the most influential proponents of this thesis, Montesquieu, argued that greater commerce between countries makes international relations peaceful.

The core argument of many liberal thinkers has been that free trade fosters economic relations between countries and boosts ties of interdependence between the private sectors and the governments. This interdependence creates new constituencies which demand and lobby for peace as it serves their interests. The overall net-effect is fewer conflicts, thus more peaceful relations.

Many quantitative empirical studies have tested this liberal peace hypothesis showing that increased bilateral trade reduces the possibility of interstate disputes. One recent study shows that not just increased bilateral trade interdependence but greater global trade openness also significantly promotes peace by reducing the probability of interstate conflicts.

Specifically in the context of India-Pakistan relationship, researchers on both sides have long argued that increased bilateral trade between the two countries can yield a ‘peace dividend’. The need to engage with the Pakistani business community, along with other actors, as part of the larger political process to improve ties between the two countries has also been highlighted by former diplomats like Shivshankar Menon.

Article XXIV.11 of GATT: The forgotten trade rule

Given the huge economic benefits and peace dividend of bilateral trade, let us look at the options India and Pakistan have under international law to maximise their bilateral trade.

The most important provision here is Article XXIV of the General Agreement on Tariffs and Trade (GATT) – a multilateral trade treaty that came into force on 1 January 1948, later becoming part of the World Trade Organisation (WTO). Article XXIV of GATT allows WTO member countries to enter a customs union (CU) or enter a free trade area (FTA) subject to the following conditions.

First, the countries desiring to enter into such an agreement need to notify to the WTO. Second, the countries need to eliminate barriers on “substantially all” trade between them. Third, the countries need to ensure their tariff barriers vis-à-vis third countries are not “on the whole higher or more restrictive” than what they were before the CU or FTA came into existence.

In other words, despite GATT being a multilateral treaty, it permits countries to enter bilateral or regional trade agreements subject to the three conditions mentioned above. It is believed that fulfillment of these conditions will ensure that bilateral and regional trade agreements act as building blocks for deeper multilateral engagement.

While the existence of Article XXIV on the GATT statute book is quite well known, what is not so well known is paragraph 11 of Article XXIV. While Article XXIV obligations apply to all trade agreements in goods entered by all WTO member countries, paragraph 11 of the same article exempts the application of these requirements to a trade deal that India and Pakistan may enter into. No other GATT/WTO member country enjoys this privilege.

To appreciate this, let us look closely at Article XXIV.11 of GATT, which provides as follows:

This rule is followed by an accompanying interpretative note (Ad Article XXIV paragraph 11) that provides: “Measures adopted by India and Pakistan in order to carry out definitive trade arrangements between them, once they have been agreed upon, might depart from particular provisions of this Agreement, but these measures would in general be consistent with the objectives of the Agreement”.

As Indian-American trade expert Raj Bhala has argued, a combined reading Article XXIV.11 and the interpretative note reveals two things.

One, India and Pakistan can enter into special trading arrangements pending the establishment of mutual trade relations on a definitive basis, and that such an arrangement need not meet the requirements of the entire GATT including the three conditions of Article XXIV.

Second, even after India and Pakistan agree upon definitive trade arrangements (such as entering into a CU or a FTA) such arrangements may depart from GATT rules including that of Article XXIV. The only requirement is that these definitive trade arrangements should in “general” be “consistent” with GATT’s objectives. In simpler terms, Article XXIV.11 gives a carte blanche to India and Pakistan as regards their trade relations is concerned.

As evident from the language of Article XXIV.11, drafters of GATT were fully aware that the partition of British India into India and Pakistan was an “exceptional circumstance”. Indeed the bloody partition of the subcontinent led to a death of around a million people and displaced around 14 million people. As the British historian, Perry Anderson, said the partition of the sub-continent “has a good claim to be the most contemptible single act in the annals of the [British] empire”.

It was evident to the writers of the GATT text, which included the British, that creation of India and Pakistan as two separate nations would disintegrate a huge economic unit. This, in turn, would compound the already exorbitant human costs and miseries inflicted by partition.

Therefore, in order to let India and Pakistan continue to do business as the pre-partition days, GATT allowed the two countries to enter into any kind of trade arrangement without bothering about their GATT obligations. This munificence not extended to any other GATT member countries, allowed India and Pakistan to enter into a trade agreement even if that meant not including “substantially all” trade between them or imposing higher trade barriers on third countries. However, sadly and unfortunately, India and Pakistan, did never made use of this generous international legal rule, either immediately after the partition nor any time later in the last seven decades. A great historic opportunity has been squandered so far.

What’s the future?

The two sides should decouple their political differences from their trade relations. As Bhala argues, India and Pakistan, even today, can make full use of the generous trade rule given in Article XXIV.11 to strike a number of imaginative trade deals. For example, India and Pakistan could allow “complete free trade in agricultural and industrial goods and services across the Indian and Pakistani Punjab, which originate in either of the Punjabs”. Likewise, India and Pakistan could consider “complete free trade in all primary and processed agricultural goods that originate in India and Pakistan”.

Another suitable candidate for free trade between India and Pakistan is the textile and the clothing sector. As research from ICRIER shows, “India is one of the world’s leading producers of man-made filaments and Pakistan’s competitive advantage lies in cotton production. This suggests some inherent complementarities that need to be capitalised”.

Using Article XXIV.11, the two sides can work out a free trade agreement just for the textiles and clothing sector to exploit the economies of scale. None of these trade deals will breach the obligations India and Pakistan may owe to other WTO member countries. Several such possibilities are thinkable provided there is a political will, on both sides.

While solving difficult political questions will undoubtedly take time, it won’t be a bad idea to start working towards creating an atmosphere where even difficult questions can be resolved. Increasing bilateral trade can be one such step towards creating such a positive atmosphere.

Source: thewire.in- Oct 03, 2018

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Textile weaving cluster shaping up in Bardoli

A textile manufacturing hub is likely to come up in Bardoli taluka of Surat district, with a slew of micro, small, and medium Enterprises (MSMEs) in the textile sector making investments in the region.

According to top officials of the Gujarat Industrial Development Corporation (GIDC), 207 textile weaving units are set to come up in the newly developed Bardoli-II Industrial Estate in Miyawadi village of Bardoli taluka. The estate is 48km from Surat city, which is the country's biggest man-made fabric manufacturing hub.

GIDC officials said that the majority of these industrial establishments will be weaving units. "We have recently allotted more than 250 plots ranging from 250 square metres to 1,000 square metres in the Bardoli-II Industrial Estate," said a GIDC official in Surat. "With this, allotment of around 25 hectares of land has been completed."

The official said that the weaving units will install power looms, jacquard-fitted looms, and rapier looms. "Several power loom weaving units, which operate in small set-ups in Surat and are looking to expand their business, have invested in the Bardoli estate, given its proximity to Surat," the official said.

A cumulative investment to the tune of Rs 200 crore will be made by these textile weaving units, a state government official said. The units, when fully operational, will manufacture 2 lakh metres of fabric daily. More than 35% of these units are women-owned and will employ a large number of women. "Some of these units will produce embroidered fabrics and therefore will hire more women," said the state government official.

The upcoming hub is expected to generate direct employment for 5,000 people. "The textile industry is labour-intensive, which does not involve much investment," said D Thara, vice-chairman and managing director of the GIDC. "The cumulative investment of these units will be moderate, but it will help generate significant employment for local residents.

Besides, allied industries such as logistics will also get a boost, generating more indirect employment."

Miyawadi is one of GIDC's newly developed industrial estates, which is attracting investments from MSMEs in the engineering and food processing sectors as well.

Source: timesofindia.com- Oct 04, 2018

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Raymond promotes skills development

Raymond has tied up with Bollywood's latest release Sui Dhaaga. The entertainer aims at promoting skills development and entrepreneurship in rural and semi-urban India. It's about Mauji (Varun Dhawan) and Mamta (Anushka Sharma) and their journey to create their own independent fashion label Sui Dhaaga - Made in India.

Textile major Raymond is already working towards up-skilling the existing tailoring ecosystem in the country by upgrading technology and providing employability on a sustainable basis. With a vision to train over one lakh tailors by the end of 2020, the brand figured that seamless integration with the film would be an apt fitment. Raymond's initiative to develop a sustainable tailoring ecosystem that ensures economic prosperity and social dignity of the profession harmonises with the theme and spirit of the film.

Sui Dhaaga speaks of the charm of tailoring and attempts to reinforce its relevance to the younger generation. With readymade labels appealing to the new generation, tailoring as a profession is becoming second fiddle, runs the risk of dying out and craftsmanship is confined to the garmenting industry alone.

Raymond is one of India's premium fabric manufacturers. With over 90 years of craftsmanship, Raymond embodies the spirit of Made In India and Swadeshi.

Source: fashionunited.in- Oct 02, 2018

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