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## INTERNATIONAL NEWS

### **China's strategic procurement of US cotton to balance import losses**

Within the next two years, China will purchase agricultural goods worth \$400-500 billion from the US. This has led to a wide speculation of whether China will now buy cotton from the US. If this happens, it will impact international cotton yarn trade by strengthening the price trend of international cotton and cotton yarn.

Prices of domestic and foreign cotton will remain low which will make it difficult for the US to export cotton yarn to China. This will further pressurise Chinese traders by shrinking their trade.

This loss will compel cotton yarn import traders to exert pressure on forward market, increasing the burden on yarn exporting countries of the world. At present, no other country, except China, can accommodate the surplus cotton yarn produced by countries like Vietnam, India, Pakistan, Uzbekistan, etc. As a result, these countries can only export cotton yarn to China.

Rise in US cotton prices to impact Vietnam traders  
China's strategic procurement of US cotton to balance import losses

The market expects China to purchase foreign cotton. If procurement indeed takes place, prices of US cotton price will gradually rise. This will make it difficult for Vietnamese cotton yarn traders to reduce prices.

Vietnamese yarn mills are already running in losses, and exports to China have no price advantage. The spinners can only undersell stocks or sell at losses to Chinese traders when they cannot find substitute markets. If China purchases US cotton, its import of cotton yarn may shrink but the shrinkage will be not be large, mainly supported by various factors.

As no other market except China can accommodate the cotton surplus of countries like Vietnam, they are forced to sell at low prices. This increases their cycle of losses. For Vietnamese yarn, as prices of US cotton are more than that of Brazil and West African cotton, the amount of US cotton being purchased by Vietnam is likely to decrease.

In addition, poor export of cotton yarn may accelerate the development of downstream textile market in Southeast Asia and increase local consumption of cotton yarn.

## **Chinese purchases of US Cotton to benefit global market**

If the Sino-US negotiations develop well, China will procure massive amounts of US cotton which will drive global cotton price. Chinese traders will also benefit from the time difference between Jan and Mar in international cotton trade. The advantages of processing costs will also benefit them and the country's outward investment flow in cotton yarn will increase.

The purchase of US cotton by China will thus have a certain impact on imported yarn market. However, if this procurement is carried out methodically, imported yarn traders and foreign mills will be able to bear greater pressure. Though import of cotton yarn may shrink, losses would still be manageable.

Source: fashionatingworld.com- Nov 02, 2019

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## **Tariff war: China wins WTO case to sanction \$3.6 billion in US trade**

The damages awarded, in a document released Friday on the Geneva-based organizations' website, are the third highest in WTO history.

China secured the World Trade Organization's go-ahead to impose \$3.6 billion in sanctions against the US, in a case that predates the tariff war between the world's two largest economies but may add a layer of tension to ongoing talks.

The damages awarded, in a document released Friday on the Geneva-based organizations' website, are the third highest in WTO history.

The amount is about half of what was requested by China, which argued that some US anti-dumping rules were illegal.

The case began before the 18-month-old trade war between the two nations, which has led to tit-for-tat tariffs covering some \$500 billion in goods going in both directions.

While the ruling deals with matters outside current negotiations to conclude phase one of a comprehensive trade deal, it gives Beijing a new — and legal — weapon to wield against the Trump administration if it opts to do so.

The ruling also comes as the US is mounting an assault on the WTO's dispute resolution system, with the current terms of two of the final three judges on its appellate body due to expire in December and Washington blocking new appointments.

The Trump administration is likely to cite the case as an example of what it sees as the overreach of the WTO's dispute system.

China now can ask the WTO's settlement body to authorise retaliatory tariffs on US goods.

The next steps for the US include amending its illegal anti-dumping restrictions on the Chinese products in question, or resolving the dispute directly with China — a move that theoretically could happen as part of the broader trade-war talks between Washington and Beijing.

At issue in the case were US anti-dumping duties imposed on 13 imported Chinese products including machinery, electronics, metals and minerals. It was first brought by China in 2013 and a WTO panel ruled in Beijing's favour in 2016.

The point of contention was the methodology that the US uses to calculate anti-dumping tariffs, and in particular, how Washington uses the controversial method of "zeroing" in those calculations.

Source: business-standard.com- Nov 04, 2019

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## **Indonesia starts to gain from trade war: business chamber**

Indonesian textile and garment manufacturers have started benefiting from the US-China trade war, leading to optimism that the country may overcome global economic turbulence expected next year, according to Rosan Roeslani, chairman of the Indonesian Chamber of Commerce and Industry (KADIN), who recently said he expected the trade war to continue for some time.

Rosan was participating in a discussion titled '2020 Economic & Capital Market Outlook' in Jakarta.

Indonesian exports to the United States fell by 1.5 per cent year-on-year to \$12.9 billion in the first nine months, according to Central Statistics Agency (BPS) data. Exports to China were meanwhile 1 per cent lower at \$18.3 billion during the same period.

"In 2020, there will be a lot of pressure. However, Indonesia will not experience a huge amount of pressure, compared with other countries," Rosan said. He emphasised the situation is not at all bleak, according to an Indonesian media report.

Indonesia exported garments worth \$63 million to the United States last year, according to the United Nations Commodity Trade Statistics Database. Rosan said the increase in exports was due to a fair-trade agreement and the implementation of a reciprocal system between both sides.

He said exports only account for a third of the Indonesian economy and that the country has yet to fully integrate into the global supply chain, making its economy more resilient to global shocks.

Indonesia still had to reform its labour laws, improve productivity and integrate further into the global value chain to improve the investment climate, he added.

Source: fibre2fashion.com- Nov 04, 2019

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## **China, Southeast Asian states push for RCEP pact despite India's doubts**

Leaders of China and Southeast Asian states called for swift agreement on what could become the world's largest trade bloc at a regional summit on Sunday, but new demands from India left officials scrambling to salvage progress.

Hopes of finalising the Asia-wide Regional Comprehensive Economic Partnership (RCEP), which is backed by China, have been thrown into doubt at the summit of the Association of Southeast Asian Nations (Asean) in Bangkok, Thailand.

Summit host Thailand said late on Sunday that the deal could be signed by February next year. Thailand had previously said it aimed to conclude negotiations by the end of the year.

New impetus to reach agreement has come from the US-China trade war, which has helped knock regional economic growth to its lowest in five years.

"The early conclusion of RCEP negotiations will lay the foundation for East Asia's economic integration," said a statement from China's foreign ministry after Premier Li Keqiang met Southeast Asian leaders.

But Prime Minister Narendra Modi did not even mention the RCEP deal in opening remarks at a meeting with Southeast Asian leaders and instead spoke only of reviewing the existing trade agreement between Asean and India.

Nor did Modi mention the trade bloc, whose 16 countries would account for a third of global gross domestic product and nearly half the world's population, in Twitter posts after meeting Thai and Indonesian leaders.

An Indian foreign ministry official later told a media briefing: "Let's take all the RCEP questions tomorrow (Monday)." Southeast Asian countries had hoped at least a provisional agreement could be announced on Monday. But India has been worried about a potential flood of Chinese imports. A person with knowledge of New Delhi's negotiations said new demands were made last week "which are difficult to meet."

### **Trade war impact**

Negotiators were meeting into the evening on Sunday to try to come to an agreement, Thai government spokeswoman Narumon Pinyosinwat told reporters on Sunday.

“We don’t have a conclusion yet. Once there is one, it would be announced,” she said. “Commerce ministers are still discussing outstanding issues. The signing is expected around February next year.”

Thai Prime Minister Prayuth Chan-ocha told the formal opening of the Asean summit on Sunday that the 16 nations in the potential trade bloc ought to come to agreement this year to stimulate economic growth, trade, and investment. He highlighted the risks of “trade frictions” and “geostrategic competition” in the region.

Some countries have raised the possibility of moving ahead without India on forming a bloc that also included Japan, South Korea, Australia, and New Zealand. But Thai Commerce Minister Jurin Laksanawisit told Reuters on Sunday that India had not pulled out.

Another advantage for Southeast Asian countries from having relative heavyweight India in the trade pact would be less domination by China.

Long-standing rivals China and India, which fought a border war in 1962, clashed verbally in recent days over India’s decision to formally revoke the constitutional autonomy of Kashmir. The US decision to send a lower level delegation to the summits this year has raised regional concerns that it can no longer be relied on as a counterweight to China’s increasing regional might.

Instead of President Donald Trump or Vice President Mike Pence, the US will be represented by Commerce Secretary Wilbur Ross and White House National Security Advisor Robert O’Brien.

Source: business-standard..com - Nov 04, 2019

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## **World's biggest trade deal to be delayed to 2020: Draft ASEAN statement**

The signing of the world's largest trade pact will likely be kicked back to 2020, according to a draft statement by Southeast Asian leaders, delaying a deal craved by China to offset a painful tariff war with the US.

The 16-nation Regional Comprehensive Economic Partnership (RCEP) spans from India to New Zealand and includes 30 percent of global GDP and half of the world's people.

Objections by India have dashed hopes of finalising the pact at this weekend's Association of Southeast Asian Nations (ASEAN) summit in Bangkok, where members of the 10-nation bloc have been joined by the premiers of India and China.

"Most market access negotiations have been completed and the few outstanding bilateral issues will be resolved by Feb 2020," said a draft agreement obtained by AFP.

Negotiations have sputtered for several years, but the statement said the text of all 20 chapters was now complete "pending the resolution of one" member, believed to be India.

But it said all members were "committed to sign the RCEP" next year in Vietnam, which will take over the ASEAN chair.

New Delhi is worried its small businesses will be hard hit by any flood of cheap Chinese goods creating "unsustainable trade deficits" -- Indian Prime Minister Narendra Modi said in an interview published by the Bangkok Post.

Beijing sees RCEP as a central pillar of its trade strategy for its Asian neighbourhood, and it is backed by the leaders of ASEAN and who represent a 650 million-strong market.

Concluding the deal has been made more pressing by the brutal tit-for-tat trade war with the US, which has chipped back at growth in China, the world's second-largest economy.

RCEP -- which includes the 10-nation ASEAN bloc along with China, India, Japan, South Korea, Australia and New Zealand -- accounts for 40 percent of global commerce.



The tit-for-tat tariffs lobbied by the US and China on billions of dollars worth of goods could drag growth to the lowest rate in over a decade, according to the IMF.

US President Donald Trump said he hopes to sign a deal with China's Xi Jinping in order to roll back some of the tariffs, telling reporters over the weekend an agreement could be signed in the US state of Iowa.

Chinese premier Li Keqiang said earlier in the day his country remained "firmly committed to supporting ASEAN centrality" as part of its regional ties.

Source: [economictimes.com](http://economictimes.com) - Nov 03, 2019

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### **Pakistan: Textile for restoring zero-rating facility as sales tax refund claims unpaid**

Businessmen attached with the textile sector have urged the government for restoration of the zero-rated facility for the sector if it cannot release billion of rupees sales tax refunds as the industry is dying due to financial crunch.

Pakistan Hosiery Manufactures & Exporters Association (PHMA) central chairman Haji Salamat Ali criticised the Federal Board of Revenue for not issuing billions of rupees refunds to exporters despite promises.

He said FBR chairman Shabbar Zaidi had been reminded through a letter about the commitment the board had made with the exporters that refunds would be paid to them within 72 hours of filing of [refund] claims.

For the purpose, FASTER refund module has been developed, which shall process claims of exporters for the tax period July 2019 and onwards.

The FBR has earlier clarified that submission of Annexure-H, which is a form in the monthly sales tax return, shall be treated as submission of refund claim. The exporters are facing difficulties in filing of their tax refund claims (Annexure-H) under FASTER.

He said the financial problems of exporters were multiplying due to inordinate delay in payment of sales tax refunds as their liquidity continues to squeeze while FBR has not honoured its commitments.

The pending tax refund claims of exporters for July-August 2019 should immediately be released, he added.

In case of failure to release speedy refunds, the government should restore zero rating- No Payment, No Refund - regime for export-oriented sectors, he suggested.

Faisalabad Chamber of Commerce and Industry Senior Vice President Zafar Iqbal Sarwar, talking about ST refunds, said Rs80 billion are regular claims pertaining to July 2019 to October 2019. Another amount of Rs10bn and yet another Rs30bn claims are pending respectively under section 66 (Pending since 2014) and deferred since 2012.

About other pending refunds, he said among these included Rs15bn from the head of duty drawback, Rs19bn from income tax, Rs15bn from income tax credit and Rs5bn from the head of provincial sales tax. Chairman of All Pakistan Textile Processing Mills Association (APTPMA) Muhammad Pervez Lala came up with suggestion of reduction in the sales tax rate and said the rate should be reduced from 17 per cent to 5pc which was imperative to save textile sector from total collapse.

“The textile industry has the status of Pakistan’s top national industry which is providing products to millions of domestic consumers. The sector is also providing jobs to millions of labourers directly or indirectly and generating revenue of billions of rupees. But unfortunately due to abolition of sales tax zero rating regime and imposition of GST, the industry is facing a serious crisis. Hence, it is necessary to reduce the rate of sales tax urgently at adequate level.”

Source: dawn.com - Nov 04, 2019

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### **Vietnam exporters need to use both online, offline platforms to go global: experts**

Vietnamese manufacturers need “integrated marketing solutions” comprising both online and offline platforms to gain access to buyers in both traditional and emerging markets, experts have said.

Speaking on the sidelines of the Global Sources Lifestyle and Fashion show last week in Hong Kong, Ronald Ng, general manager of Global Sources Lifestyle Group, said Việt Nam had become a manufacturing hub in the Southeast Asian region.

Vietnamese exporters, mostly SMEs, who benefit from operating in one of the world's fastest growing economies with stable governance and ease of doing business, are very likely to succeed in joining global trade.

To build their corporate image, generate sales leads and win orders from global buyers, Vietnamese suppliers should engage in more trade promotion platforms to strengthen linkages with global buyers.

“In addition to trade shows, online platforms are considered one of the most effective [ways] for them to boost exports to global markets,” he said.

Since China has moved up the manufacturing value chain, a significant number of international buyers now consider Việt Nam an alternative supply market.

The number of orders shifting from China to Việt Nam has increased remarkably.

“The price advantage is becoming less obvious while the gap in export communication between global buyers and suppliers is growing.”

Online platforms are the most convenient channel, providing year-round exposure for buyers to check and learn about suppliers' capability and then submit online inquiries.

Meanwhile, offline platforms enable suppliers and buyers to meet face-to-face and gain credibility.

“Combined, online-to-offline (O2O) is the most comprehensive marketing mix for Vietnamese suppliers to win more business.”

A recent survey by Global Sources, the event organiser, found that 80 per cent of global buyers preview product and supplier information online before they decide to go to the show to meet with targeted suppliers.

Swandi Wikassa, a buyer from Indonesia, said: “Before coming to the show for sourcing, we spent a great deal of time learning about the product and supplier online.”

According to Phạm Thị Hương, former managing director of Việt Nam National Textile and Garment Group (Vinatex), many Vietnamese products have good quality and competitive prices, but global buyers are not even aware of them since they are not available online.

“Participation in exhibitions helps Vietnamese suppliers promote their products, but it is not enough. They should also look to promote their products via online platforms to reach more global buyers.”

Manufacturers should also study prices, consumer tastes and trends in potential markets, and have labels and packaging in English and the local language, she said.

To meet the requirements of global buyers, Vietnamese manufactures should also focus on building brands, using technology in production and improving designs, she added.

Experts said in choosy markets like the US, the EU, Japan, and South Korea, exporters should be prepared to face technical barriers that could change unexpectedly.

A number of Vietnamese SMEs have little experience in digital or online marketing and lack information about the field and quality human resources, according to the experts.

More than 35 leading Vietnamese manufacturers of garments, textiles and fashion accessories and garment-related industries, many members of the Việt Nam Textile and Apparel Association and Vinatex, participated in the show.

Last year Việt Nam’s textile and apparel exports were worth US\$36 billion, up 16 per cent year-on-year, making the country one of the world’s three largest exporters.

The sector has set itself a target of \$40 billion for this year and more than \$60 billion by 2025.

The country’s economic growth is forecast to be 7.05 per cent for this year on the back of robust FDI and manufacturing exports, according to the Việt Nam Institute for Economic and Policy Research.

The Hong Kong expo was organised by Global Sources, a B2B platform that connects buyers and suppliers online and offline.

The platform includes more than 1.5 million global buyers, including 94 of the world’s top 100 retailers, in more than 190 countries.

Source: vietnamnews.vn - Nov 04, 2019

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## NATIONAL NEWS

### **Not being part of RCEP will harm India's exports and investment flow, says CII**

Not being part of the proposed mega trade deal RCEP will harm India's exports and future investment flow by cutting off the country from the trading bloc comprising 15 other nations in terms of preferential access, CII said on Sunday. The Confederation of Indian Industry's (CII) comments assume significance as a section of domestic industries has raised serious concerns over the RCEP deal over tariff related issues.

The crucial RCEP Leaders' Summit, in Bangkok on Monday, is likely to take an important political call on the negotiations regarding the mega trade pact.

As he left for his visit to Bangkok, Prime Minister Narendra Modi on Saturday said India will consider whether its concerns and interests in trade in goods, services, and investments are being fully accommodated when he attends the Regional Comprehensive Economic Partnership (RCEP) Leaders' Summit there.

According to CII, not being part of the RCEP would also stymie India's efforts to increase its integration into regional and global chains, as preferential and comprehensive agreements facilitate investments and foster the growth of value chains.

"Trade within RCEP nations is expected to increase once the agreement is signed. By being part of the bloc, India will get an opportunity to tap large and vibrant economies and grow its exports. Not being part of the bloc is tantamount to not having an even footing in terms of preferential access and losing export competitiveness. This will only harm India's export and investment flow in the future," CII said.

According to the industry body, the 16-member RCEP has the potential to become one of the largest and economically dynamic trading blocs of the world, even bigger than the European Union.

In 2017, RCEP countries contained 47.6 per cent of global population, contributed 31.6 per cent of global gross domestic product and 30.8 per cent of global trade, stated CII.

"Clearly, India is under tremendous pressure to come on board. Further, Indian industry, not having meaningfully articulated its offensive interests, is proving to be a major handicap for Indian negotiators in RCEP

negotiations. Even with China, we failed to use RCEP as an opportunity to seek market access given that bilaterally getting concession from China always proves difficult,” CII observed.

The chamber’s President Vikram Kirloskar said while a large section of the Indian industry has expressed serious concern about joining RCEP on the basis of genuine reasons, especially pertaining to China, however, any decision of joining an agreement of this size and magnitude must not be based on our concerns with regards to just one country.

He also said free-trade agreements (FTAs) must be considered from their long-term impact, both on our domestic market and the access they provide.

“Some of our industry may be domestically focused today, but in ten years would want the access to this most vibrant region of 15 other countries that RCEP provides,” Kirloskar said.

Unfortunately, in India, we have always done the impact analysis of FTAs in terms of exports and imports and that too bilaterally but never realised how these countries used FTAs to successfully get integrated into the global value chains, CII noted.

“Indian Industry raised the alarm over RCEP without factoring into account the cost of not being part of RCEP. Indian industry never looked towards RCEP as an opportunity to gain additional market access and to get integrated into a robust regional value chain,” CII said.

It also added that since 2012, the year in which RCEP negotiations were launched, this never became part of discourse — neither between industry and the government nor among the industry members. The entire narrative and consultations in India remained focused on defensive interests and protection against China, said the industry body.

The RCEP, comprising 10-member ASEAN bloc and India, China, Japan, South Korea, Australia and New Zealand, is engaged in negotiations for a free-trade pact.

The negotiations for the proposed mega trade deal were launched by leaders from 10 ASEAN member states and six ASEAN FTA partners during the 21st ASEAN Summit in Phnom Penh in November 2012.

The objective of launching RCEP negotiations is to achieve a modern, comprehensive, high-quality, and mutually beneficial economic partnership agreement among the ASEAN member states and ASEAN’s FTA partners.



Source: [financialexpress.com](http://financialexpress.com)- Nov 03, 2019

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## **China's FTA with Pakistan dents cotton yarn exports**

India's exports of cotton yarn have declined 38.8% during the first six months of the current fiscal ended September 2019, with June being the worst affected month in the last five years.

Exports between April and September this year stood at 422 million kgs valued at \$1.27 billion compared to 654 million kgs valued at \$2.08 billion in the same period last year.

Quantity-wise, exports of Cotton yarn have declined every month from 90 million kgs in April 2019 to 67 million kgs in September 2019, which is a very serious situation for the spinning sector. In fact, the export quantity of 59 million kgs in June 2019 was the lowest monthly export in the last five years.

Exports of cotton yarn have registered negative growth in all the months since April 2019. "The continuous fall in exports of cotton yarn is a matter of deep concern for the country," K V Srinivasan, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL) told DH.

China's free trade agreement (FTA) with Pakistan from April this year is seen one of the major factors for the drop in India's cotton yarn exports to China, which is among India's top markets.

Cotton yarn is the only product which has not been granted export benefits such as Merchandise Exports from India Scheme (MEIS) and 3% interest equalisation scheme, he said.

In addition, exporters of cotton yarn are at a serious disadvantage vis-a-vis competing countries due to differential import duties in leading export markets. There is an import duty ranging from 3.5% to 5% on cotton yarns imported from India into major markets like China, EU, Turkey and South Korea as against imports from competing countries like Bangladesh, Cambodia, Pakistan, Indonesia and Vietnam which enjoys benefits of zero duty in these markets.

Srinivasan said, "Cotton yarn is a value-added product with substantial value addition taking place within the country and its exports need to be encouraged".



He also pointed out that only about 27% of the total production of cotton yarn are being exported and there will not be any shortage of cotton yarn in the country both for export and domestic production if exports increase.

Further, exports of value-added products such as fabrics and Made-ups have grown only by a marginal 1.87% in the current fiscal year. This combined with a lukewarm domestic demand has further aggravated the situation for the cotton yarn spinning sector, according to the Chairman, TEXPROCIL.

Many of the spinning mills are reportedly on the verge of closure which may cause unemployment. TEXPROCIL is in the process of gathering data from mills that are in distress due to the economic slowdown and decline in exports.

As a result of a decline in exports this year, the supply of cotton yarn has increased in the domestic market and in turn, led to a drop in prices.

Source: deccanherald.com- Nov 03, 2019

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## **India welcomes ASEAN's positive response to review of free trade pact**

Prime Minister Narendra Modi on Sunday welcomed a decision for a relook at a free trade agreement (FTA) between India and the 10-member Association of Southeast Asian Nations (ASEAN). India and ASEAN last month initiated a review of the bilateral free trade agreement in goods to make it “more user-friendly, simple and trade facilitative”.

In 2003, India and ASEAN signed a Framework Agreement on Comprehensive Economic Cooperation between to establish an ASEAN-India Regional Trade and Investment Area, which would provide a basis for subsequent FTAs covering goods, services and investment. The India-ASEAN Trade in Goods Agreement (AITIGA) was signed in 2009 and it is this that both sides have agreed to review.

Modi said he welcomed “the decision to re-examine the India-ASEAN FTA. “This will make our economic links stronger and will make our trade more balanced,” he said.

In his initial remarks at the India-ASEAN meeting in Bangkok on Sunday, Modi said that an “integrated, unified and economically developed ASEAN served India’s fundamental interests.”

“We are committed to building stronger links between India and ASEAN with surface, maritime and air and digital connectivity,” Modi said, adding, India had extended a \$1 billion line of credit to bolster these links. “Our intention is increase the two way flow of people for education, research, business and tourism,” Modi said underlining India’s intent to integrate itself further with Southeast Asia.

The comments come at a time when India is engaged in tough negotiations with the ASEAN and five other countries – Japan, South Korea, Australia, New Zealand and China – to establish a regional trading bloc, the Regional Comprehensive Economic Partnership (RCEP).

New Delhi has its concerns though – given that its FTA with ASEAN is stacking up trade deficits with several ASEAN partners.

According to a recent paper put out by India’s government policy think-tank NITI Aayog, “India’s trade deficit with ASEAN, Korea and Japan has widened post-FTAs.”

“Overall it can be concluded that India’s quality of trade has not improved under AIFTA (ASEAN-India FTA)," it added.

It is against this backdrop that India is negotiating the RCEP, widely seen as a China-supported alternative to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which covers 11 countries across the Pacific. Indian commerce minister Piyush Goyal is in Bangkok for meetings with his counterparts for the crucial talks.

India’s concerns stem from the fact that it already has a bilateral trade deficit of over \$50 billion with China. Under the liberal rules of origin under RCEP, India apprehends that items on which Beijing doesn’t enjoy lower duties, may end up entering its shores via other RCEP member countries. India wants a tariff differential mechanism to prevent this.

According to Indian officials, the “RCEP represents a significant economic and trade opportunity for all partners."

“There are some critical issues still outstanding and efforts are being made to resolve them to provide a fair and transparent trading environment," Vijay Thakur Singh, Secretary East, in India’s foreign ministry told reporters last week.

“These issues are extremely important for our economy and livelihood of our people. It is therefore imperative that these issues are resolved satisfactorily," she had said adding: “India remains engaged to find a resolution of these issues."

Source: livemint.com- Nov 03, 2019

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## **90% of our bad export story is domestic challenges, 10 per cent is external environment: Economist Surjit Bhalla**

Join the Regional Comprehensive Economic Partnership (RCEP), but do not ignore your internal market and demand. Ninety per cent of our bad export story is domestic challenges, 10 per cent is external environment or external policy,” says Economist Surjit S Bhalla. Seventy-one-year old Bhalla has a tough task ahead — to make New Delhi’s voice louder at the international forums as he is set to take charge as the Executive Director for India on the board of the International Monetary Fund (IMF) shortly. BusinessLine caught up with Bhalla who recently submitted the report of the Committee on Trade and Policy – High Level Advisory Group (HLAG). The HLAG was headed by him. Excerpts:

*Core numbers and other data show that we should be worried about our economy. Has this been factored in the report of the Committee on Trade and Policy -- High Level Advisory Group (HLAG)?*

I believe that July-September quarter would represent the bottom in the economy. I am not in the camp that believes that there is a worldwide recession – based on inverted real curve. I believe inversion is more due to the fact that inflation is dead.

What the report does is outline both the macro and the micro economic areas of challenges and concern. When working on the report we came across shocking statistics in some areas. For example, financial exports — banking, finance etc — in 2018 were less in absolute dollar terms than agriculture exports were in 1980, when India was a poor economy, a food-dependent economy.

We should ask why the financial sector is closed. Also ask why agriculture has not seen reforms – ever. Actually, it is the only sector to have seen de-reform (financial export sector is just closed, like it has always been). Successive governments have imposed food price controls, export bans etc. The report does not believe there is much logic to these restrictions.

If you were to open up the agriculture sector and allow farmers to produce and sell what they want to and whom they want to, then may be there can be a case that distribution of farmers income will not be what is socially and politically desirable. But, we have technology that will ensure that farmers can be compensated – PM Kisan.

Food stamps were the original mechanism for direct benefit transfer, why did we not take the path? Sri Lanka took that path a century ago, and the US

in the mid-sixties. Instead we took the path where we decided how much fertiliser we will sell to the farmer, what price the farmer will sell the produce, we buy and set up the Food Corporation of India which, in turn, sent it to the “poor”. Only, 50 per cent of the food sent by the FCI disappeared into thin air. This mechanism is still being defended. So the report asks us to think.

*You say agriculture and financial sectors need attention. But, isn't the government doing the needful?*

Our cost of capital is the highest in the world. In the last four-five years of the economy, if you see, in 2014-15 we had a drought, 2015-16 we had a drought, which is only the fifth time in Indian history that we had two successive droughts. In the third year 2016-17 we seem to have had good agriculture year, but we had demonetisation.

All these three were supply shocks and introduced demand concerns as well as uncertainty in the economy. In the fourth year 2017-18 we had two very important economic reforms — GST and IBC — which everybody knew before the reforms were introduced that you won't get it perfect the first time.

So for four successive years Indian economy faced unprecedented uncertainty. In India, we saw the real repo rate to climb the Himalayan peaks and register the highest real repo rate in the world — this has never happened before in India.

This kind of monetary policy has not been followed anywhere — when uncertainty increases, the rest of the world reduces real policy rates. And this historical increase in the presence of historic low inflation.

In the fifth year now, the RBI has been trying to reduce the real rate, but not succeeded, they have reduced the nominal rates, but inflation has declined even more than the reduction in repo rate. On top of this we have NBFC challenges which has further constrained the capital market, so it is not a surprise that things are not good.

*The big discussion these days is should we join the RCEP. Given the state of economy should we?*

It is a hot and topical debate. However, I want you to pose this question — assuming for a moment we join RCEP in best of terms, but with cost of capital, inflation, agriculture and financial sectors as they are here, what will happen to growth — agriculture growth, export growth? Growth will take a back seat.

While I believe fully we should join in the best terms, but if we do not correct our domestic policies none of our targets will be met.

Put your house in order first while doing this. Ninety per cent of our bad export story is domestic challenges, 10 per cent is the rest of the world.

*How do you read the recent setback at the World Trade Organization in a dispute against the US that had challenged our key export subsidy schemes including the one for special economic zones?*

When China joined the WTO in mid-90s they made sure that their internal policies changed. They did big reform — unified the exchange rate at an ultra competitive level and other measures — to ensure they take advantage of them joining the WTO.

Globalisation primarily and almost exclusively benefits the developing countries — developed economies are at the frontier. We are the ones below the frontier. So take advantage of technology and foreign firms, who want to come where labour is cheap.

Nobody is saying to stay competitive we have to earn the same wage as the Americans. That's what catch up is all about. And we have to start taking advantage of this. We have had rapid expansion in education, particularly female education — so the labour force is much better prepared than ever before.

Our labour is potentially very competitive. But, the laws that we have inherited for example in textiles — firm size the lowest in the world. Everybody has given up on archaic labour laws not India. But at least we are now trying.

*So should there be stimulus for exports?*

If we do reforms we should not be worried at all. We have so much low hanging fruit, forget low hanging, they are lying on the ground, but we keep stomping on the fruit. Let us do a mental experiment — so we have freed up agriculture and we have PM Kisan to do direct benefit transfer and also we have liberalised remittance scheme for individual foreign investors. With these at one stroke you make tax revenues and create jobs. People go outside to manage money, why cannot we do it here.

We have different bond schemes, we want infrastructure investments. We have savings investments gap for whatever reasons. Most developing countries have it. We have about \$1.5 trillion Indian money abroad, why

cannot we get the money back and put it for investments here. Tax and penalty components are so high so no money comes back.

*What we are talking about is then tax reforms?*

Reforms in taxes have to come. The impression is that all that the government does is to raise the tax rates and get more revenue. In the report we say that we need to change the mindset. It is happening but we still have a long way to go.

If you cut tax rates, tax revenue will go up; and inflation is dead. The report says spend on infrastructure, spend through DBT etc. If economy grows fiscal deficit will reduce.

*When there is political will then what stops them from bringing reforms?*

The government has full mandate to take strong decisions.

I think there we are being a bit unfair. We are sitting on premise that the central bank gets instructions from Finance Ministry, which may not be true. While there has been open disagreement the situation remains the same.

Report challenges the conventional wisdom that rates have to be raised and explicitly states that our cost of capital should be close to the average of OECD countries -- and that average real rate is close to -0.5 per cent, which means we need a 300-400 bp reduction in the nominal rate.

*What about small traders, exporters?*

RBI controls both the repo and reverse repo rate. What stops them to make reverse repo rate less than 3 per cent? There are several options. We need to think policy. China despite trade war etc cut the repo rate, tax rate – even personal income tax rate. But, we say we cannot do it in India as it will benefit the rich.

Should we not question RBI/MPC on monetary policy? Every story has two sides.

*Do you agree with the thinking that changing the exchange rate will work?*

Many believe that economy in trouble, so change the exchange rate and you will get nirvana. When the exchange rate reduces profits increase but not by as much as when the tax rate is reduced. Our real effective exchange rate hasn't changed for almost two decades – more and less flat it has remained.



Improve your competitiveness. We are big internal market. Reforms will induce production and incomes to go up as we sell more to each other. But the approach always is “Oh god we are dead!” if the economy opens up, if economic reforms are introduced. But, since 2014, this has changed. The welcome attitude of the Modi government is that if China can do it, so can we.

Source: thehindubusinessline.com- Nov 03, 2019

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### **India's cotton cultivation consumes too much, produces too little. That's changing**

The largely water intensive nature of the cotton crop, extensive use of fertilisers and pesticides and genetic modification has posed a significant environmental challenge as far as cotton cultivation is concerned.

India is the largest producer of cotton in the world. The United States Department of Agriculture (USDA) pegs India's cotton production at 29 million bales in the 2019-20 season as against 26 million bales the previous year. However, despite these impressive numbers, the productivity per hectare is starkly low.

When Ahmedabad-based textile major Arvind Ltd partnered with Better Cotton Initiative (BCI), a global not-for-profit organisation in 2010-11, they knew that a shift in farmer's mindset would be anything but easy.

The traditional mindset of applying excess of fertilisers to get more crops and use of more pesticides to avoid pest attacks was rooted firmly in the farmer psyche. However, over the years, this practice has not been beneficial to them in any way. The largely water intensive nature of the cotton crop, extensive use of fertilisers and pesticides and genetic modification has posed a significant environmental challenge as far as cotton cultivation is concerned.

India is the largest producer of cotton in the world. The United States Department of Agriculture (USDA) pegs India's cotton production at 29 million bales in the 2019-20 season as against 26 million bales the previous year. The latest figures mean that India is all set to surpass China, which has a projection of 27.75 million bales for the same season.

However, despite these impressive numbers, the productivity per hectare is starkly low. The Cotton Association of India (CAI) estimates that the per hectare productivity of cotton in India during 2018-19 stands at a mere 420.72 kgs, which is about 2.47 bales per hectare.

This means higher land usage, but a lower income for farmers, in addition to practices not being conducive to increased yields. Industry experts are of the view that making farmers aware of healthier cotton practices and improved farming techniques can be the key in turning around the prevailing scenario.

The BCI concept, essentially, has been about growing cotton with controlled application of water and use of approved fertilisers and pesticides. In a bid to make the idea more appealing to farmers, the company came up with a plan - a deck containing videos, case studies, presentations in local languages and reached out to them explaining the potential merits.

Eventually, the persistence and consistency for Arvind worked its way through. The company, which had 10,000 acres of land under BCI cultivation engaging 4000 farmers expanded to 100,000 acres in FY 19 with 26,000 farmers under its ambit. The plan is to scale it up further to 150,000 acres for BCI by FY 20.

“The younger farmers were far more receptive to the change,” reveals Abhishek Bansal, Head of Sustainability at Arvind Ltd while explaining the practices at Raypar village, which is located at an approximate four and half hour drive from Ahmedabad. Spread over sprawling acres of lush green and home to several farmer families, this village is creating new ground for better and cleaner cotton cultivation.

### **Arvind's journey**

The company's cotton journey started in 2007 when demand for textiles made with organic cotton came by, primarily from the European market. “This is when we decided to get into cotton cultivation ourselves and thereby help farmers grow cotton as per the global standards as well as fulfill our requirements of organic cotton,” adds Bansal.

This continued for a few years before they embarked upon their first BCI project in India in 2011. Since then, the growth has been manifold in both organic and BCI initiatives with Arvind's sustainable cotton operations now spread across four different states of India.

The company has been involved in various efforts that can help to augment farmers' income by leaps and bounds. Ranjit, farmer and field facilitator at

Raypar village, says that the primary focus has been the reduction of hazardous pesticides and coming up with ways to reduce spacing between plants.

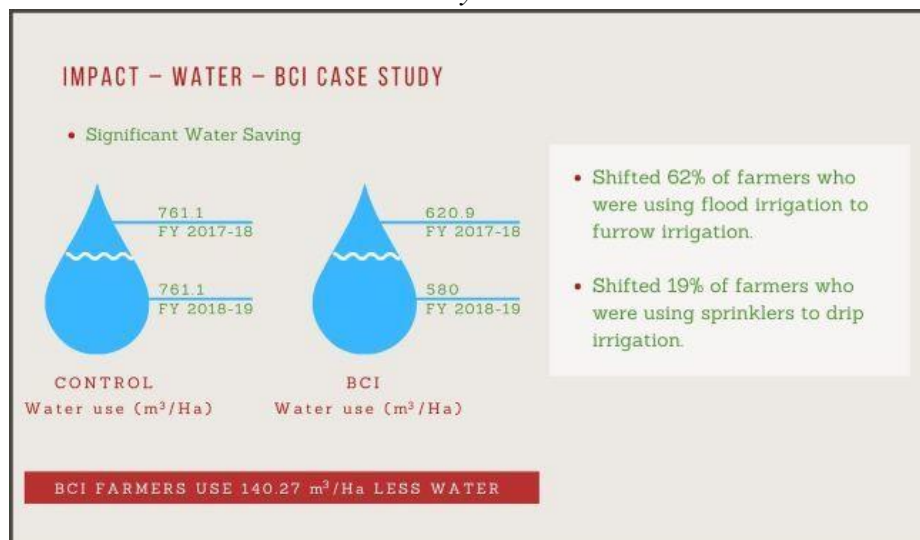
“If one does that, the number of plants in that field increase, which means yield goes up and income increases. So at the same cost, yield will go up,” he says while also explaining how he works more with younger generation farmers as they are more amenable to new age techniques.

Such practices have been helpful in retaining farmers. “It helps in reducing input cost and second, it increases income by increasing the amount of crops they grow. We track the balance sheet of each farmer and how much profit they make and over the years, we have seen the profitability in the farmer group rising,” highlights Bansal.

Since the situation in farming changes every year depending on the weather and rainfall, they compare each year’s data with the conventional farmers not engaged with them on both organic and BCI practices. “We have seen a consistent 15-20% gap between the conventional farm income and the income of organic or BCI farmers engaged with us,” he adds.

## Water saving

*Source - Arvind Ltd. Illustrations by Ashmeet Kaur*



Besides the economic benefits, the initiative boasts of a slew of social and environmental advantages as well. While in organic, farmers don't use chemical fertilisers at all so

their health gets positively impacted, in BCI, use of certain harmful pesticides is restricted which again translates to better health.

Moreover, between 2015 and 2018, as per the company, farmers in BCI used 27% less water versus conventional farmers in the same area. About 29% less fertiliser and 15% less pesticide use was also witnessed during the same period.

Part of the change can also be attributed to the series of educational trainings conducted for farmers towards more effective water management. These included knowhow on water requirement during critical growth stages of the crop, the precautions necessary while using micro irrigation, soil and water management and varied water application methods.

“Our work with cotton farmers ensures that we minimize the negative impacts of farming and enhance farmer livelihoods. Cotton and water are two key pillars of our sustainability work. We believe there are commercially viable technologies available to recycle water and shift completely from fresh water usage. Tremendous opportunity exists in reducing the impact on land use and convert it to positive impact on the environment as well as farmer livelihoods,” reveals Bansal.

### **Rising consumer conscientiousness**

Consumer awareness and the diverse health benefits offered by such farming practices have led to a spike in BCI demand from brands in the last 2-3 years. Arvind alone has seen its BCI cotton demand grow two to three fold in the past 4 years.

Moreover, there is far more awareness now on how cotton is grown, its negative impacts and water usage. “There is a lot of data and research by scientists and government agencies on water usage, chemical and pesticide usage in the soil in the cotton fields.

This momentum of data knowledge which is building up is reaching the consumer level also. They strongly believe that the negative interventions of cotton farming can be minimised,” says Bansal.

Regards organic farming, however, the company, did experience a bit of a downturn in between. “The challenge has been felt more on the organic cotton side specifically because of the rapid spread of BT cotton, which is genetically modified cotton while in organic, we cannot use genetically modified cotton.

We have to use the desi Indian varieties of cotton seeds. So getting hold of good cotton seeds has been a challenge because the development focus was on the BT cotton seeds’ development,” adds Bansal.

The last 2-3 years, though have seen the focus back on the development of seeds by private agencies as well as government institutes and their organic portfolio has started looking up again.

## The future

Source - Arvind Ltd.  
Illustrations by Ashmeet Kaur

Impacting  
farmers lives  
through  
sustainable  
supply chain



Over the next 4-5 years, Arvind has plans to ramp up the area under cotton cultivation to 400,000 acres of BCI as well as organic farming. The company is also looking at more projects and new cotton sourcing regions in the times to come.

And there are other factors also that are helping to build this up. Their strategy to work with local partners has panned out effectively enough. “We engage local NGOs who are already established in the region to work with farmers on BCI principles and practices and help them with technical knowhow and purchase of the cotton,” says Bansal.

Interestingly, the waves of change are sweeping through everywhere. Ranjit is eager to narrate how they keep aside 40 kilos per day of a village land’s produce to feed the birds.

“Output of that particular land only goes for birds. This is to maintain biodiversity. By tradition, if a lot of birds come to your field, they will eat up the insects and pests that can harm crops. It is a great practice,” he chuckles victoriously.

Source: [economictimes.com](http://economictimes.com)- Nov 04, 2019

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## **Review of FTA with Asean will help balance trade: PM Narendra Modi**

Prime Minister Narendra Modi on Sunday said a review of India's free trade agreement with the Association of Southeast Asian Nations (Asean) will help balance trade between the two, amid concerns in New Delhi that Regional Comprehensive Economic Partnership (RCEP), a mega trade deal bringing together Asean, India, China and others could cause India's trade deficit to widen and leave its industries at a disadvantage.

In his initial remarks at the India-Asean meeting in Bangkok on Sunday, Modi said that "Asean is and always will be the heart of our Act East Policy.

Integrated, organized and economically developing Asean is in India's basic interest. We are committed to further strengthen our partnership through stronger surface, maritime and air-connectivity and digital-link."

On trade, Modi welcomed "the decision to re-examine the India Asean FTA (free trade agreement). This will make our economic links stronger and will make our trade more balanced."

He was referring to a decision by India and the 10-member Asean to relook at their bilateral pact in goods to make it "more user-friendly, simple and trade facilitative" after a meeting between Asean economic ministers and India in September. Bilateral trade between the two sides has increased to \$80.8 billion in 2018 from \$73.6 billion in 2017.

The comments come as India is engaged in tough negotiations with the Asean and five other countries—Japan, South Korea, Australia, New Zealand and China—to establish RCEP, a regional trading bloc.

If finalized, it will create the biggest free-trade region in the world as the 16-nation grouping is home to 3.6 billion people, nearly half the world's population. Asean and its other partners in the potential RCEP region already accounts for 40% of global commerce.

New Delhi has its concerns though—given that its FTA with Asean is stacking up trade deficits with several Asean partners. A recent paper by India's government policy think-tank NITI Aayog said "India's trade deficit with Asean, Korea and Japan has widened post-FTAs."

"Overall, it can be concluded that India's quality of trade has not improved under AIFTA (ASEAN-India FTA)," it added.

In an interview to the Bangkok Post, Modi said India has put forward "reasonable proposals" in a clear manner and is engaged in talks with "sincerity" for the free trade deal. "India remains committed to a comprehensive and balanced outcome from the ongoing RCEP negotiations.

Their successful conclusion is in the interest of everyone involved. Hence, India seeks balance across goods, services and investments, and also within each pillar," Modi said.

Commerce minister Piyush Goyal was in Bangkok for crunch talks with his counterparts over the weekend.

Vijay Thakur Singh, Secretary East, in the Indian foreign ministry declined to answer any questions on RCEP on Sunday saying: "Wait till tomorrow (Monday) for RCEP," she said.

India's concerns stem from the fact that it already has a bilateral trade deficit of over \$50 billion with China. Under the liberal rules of origin under RCEP, India apprehends that items on which duty cuts have not been given to Beijing, may end up from China via other RCEP member countries.

Modi also had three bilateral meetings on the sidelines of his Asean engagements — with the Thai prime minister Prayut Chan-o-cha, Indonesian president Joko Widodo and Myanmar's State Counsellor Aung San Suu Kyi. Increasing defence cooperation, improving connectivity and economic links were the main themes during the three meetings.

Source: [livemint.com](http://livemint.com)- Nov 03, 2019

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## **Cotton set for a good harvest**

*India is expected to produce at least 10-15 per cent more output than last year*

Cotton has been a consistent performer in the domestic market for the past couple of years in contrast to the global markets. 2019 has not been an exception. It has found support on decade-low output expectations in the 2018-19 season and a strong export demand following the US-China tension.

However, the fibre has been on a patchy ride since May on extremely bearish global cues (bumper crops in Brazil and the US), and domestically, on forecast of a record harvest, sluggish exports and cheaper imports.

Going forward, cotton prices can find support and trade firm on account of delayed arrivals, depleting stocks, concerns over crop quality, procurement support from the Centre and expectations of improved buying from China.

### **Cotton statistics**

Relatively higher prices in 2018-19, hikes in support prices and delayed monsoon have influenced farmers to increase the acreage under this weather-resilient crop. As per the latest report of the Agriculture Ministry, the cotton acreage has been 7 per cent up over the last year.

Rough estimates suggest that India is harvesting 370 lakh bales (of 170 kg each) of the fibre — an increase of almost 20 per cent over last year's output.

Total cotton supply, according to the Cotton Association India (CAI), for 2018-19 (October-September) is 374 lakh bales, including the opening stock of 33 lakh bales and imports of 29 lakh bales against consumption requirement of 359 lakh bales (including export estimate of 44 lakh bales).

That leaves 2019-20 with an opening stock of just 15 lakh bales.

### **Prices and procurement**

India is likely to harvest a much better crop (at least 10-15 per cent more output) than the previous year, but lower carry-over stocks, high seed prices and demand for good quality cotton are likely to hike prices.

In a major development, the CCI has started cotton procurement in Punjab after a gap of four years and has plans to buy 10 million bales during 2019-20 in case prices fall below MSP. Further, in an effort towards doubling the

farmers' income, the Modi government raised the MSP by over 35 per cent to ₹5,550 in the last two years.

However, global prices corrected to three-and-a-half year lows. That led to local prices giving a premium of 10-15 per cent compared to the global benchmark rates, leading to an expected drop of 36 per cent in cotton export for the 2018-19 season over 2017-18.

Even a fall in the rupee value didn't help exports. On the downside, India's cotton spinning and yarn industry is facing a crisis. India's cotton yarn exports to China have fallen more than 35 per cent in the first quarter of FY20, mainly on account of duty disadvantages to the extent of 3.5-4 per cent.

After five years of annual auctions starting 2013-14, China's state reserve is down to 9 million bales (1 bale equals 480 pounds), which is just enough to meet consumption requirements for three months.

China is expected to go slow on sale of domestic reserves and increase its import orders in the coming months. With the revived Sino-US trade hopes, the possibility of a partial trade deal has cropped up leading to an optimistic sentiment in the global cotton market.

If China increases its buying from the US, it may cut into India's export prospects.

## **Outlook**

Overall, further downside doesn't seem likely and prices are expected to trade firm.

Source: thehindubusinessline.com- Nov 03, 2019

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## **India “Guest of Honour Country” at China’s import expo; to pitch pharma, IT, agri exports**

India will be one of the “Guest of Honour Country” at China’s second International Import Expo (CIIE) to be opened at Shanghai on November 5 where it plans to make a strong pitch for exports of its Pharma, IT and agricultural products among others. An Indian business delegation headed by Commerce Secretary, Anup Wadhawan, would take part in the import expo which is aimed at enabling countries from the world over to showcase products to enhance their export to China. In this year’s expo to be inaugurated by Chinese President Xi Jinping, India is among the 15 Guest Countries of Honour.

The others are Cambodia, the Czech Republic, France, Greece, Italy, Jamaica, Jordan, Kazakhstan, Malaysia, Peru, Russia, Thailand, Uzbekistan, and Zambia. A number of European leaders – including French President Emmanuel Macron and incoming EU trade commissioner Phil Hogan would take part in the expo which would be held from November 5 to 10 for businessmen. Later it would be open for public till November 20.

Guests and representatives from more than 170 countries and regions have been invited to attend the expo, Vice Minister of Commerce, Wang Bingnan, told the media ahead of the fair. More than 500,000 buyers and visitors from home and abroad are expected at the expo, he said.

The expo is composed of three parts — country exhibitions, business exhibitions and the second Hongqiao International Economic Forum. It covered a total area of 30,000 square meters, the country exhibitions will host 64 countries and international organisations, with uniquely designed pavilions to showcase the countries’ development achievements, business environment and special industries, Wang said.

Expectation from India and other countries to push their exports to China is high as the Chinese official media has reported recently that China Exim bank has setup up USD 42.5 billion credit line to aid imports. State-run Xinhua news agency quoted the bank officials as saying that the bank will use the special fund to support companies to import products and services in the fields of advanced equipment, smart manufacturing and energy and resources and promote cross-border Renminbi settlement next year.

China has held its first import expo last year amid growing protests from a number of countries, including India and US, complaining of unmanageable trade deficits. While India’s trade deficit last year climbed to over USD 57 billion in little over US 95 billion total trade, the US trade deficit with China

had mounted to USD 539 prompting President Donald Trump to launch a trade war last year demanding Beijing to open up.

The first phase of a deal to end trade war is expected to be signed this month. Ahead of the Expo, the European Union in a press release here said that China should make rapid and substantial improvements to the business environment or risk “promise fatigue”.

Last year China widely regarded as the factory of the world exported USD 2.48 trillion worth of goods while its imports jumped amounted to USD 2.14 trillion.

The India-China bilateral trade is expected to touch for the first time USD 100 billion this year. From India’s point of view trade deficit with China has become a major issue.

It was discussed in the last month’s 2nd informal summit at Mamallapuram between Prime Minister Narendra Modi and President Xi where the two leaders have agreed to set up new mechanism led by Finance Minister Nirmala Sitharaman and Chinese Vice-Premier Hu Chunhua to discuss trade, investment and services.

“India plans to make use of the expo to showcase its major export items like pharmaceuticals, IT and agricultural products,” India’s Consul General in Shanghai Anil Rai told PTI on Sunday.

“The products list India wants to push included food and agricultural products, pharmaceuticals, IT and consultancy services, Gems and Jewellery, Sports equipment, e-commerce and Fintech, engineering and machinery among others, he said. He said that about 100 Indian companies are taking part in the expo where more than 100 stalls have been setup.

“Also India plans to hold an investment seminar on the side-lines on November 7 besides a Buyer Seller Meet,” he said.

The Federation of Indian Export Organisations (FIEO) is the lead agency for the India Country Pavilion along with Indian Chamber of Commerce (ICC) Kolkata, he said. Delegations from Maharashtra and Karnataka would also showcase the trade and investment opportunities from their states, he said.

Source: [financialexpress.com](http://financialexpress.com)- Nov 03, 2019

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## **Cotton farmers asked to sell their produce only to CCI**

*Union MoS for Home reviews with officials of CCI*

Union Minister of State for Home G. Kishan Reddy has asked the cotton farmers in Telangana to sell their fibre crop produce only to the purchase centres to be opened by Cotton Corporation of India (CCI) and other centres to be notified by the State government and not to the middlemen at below minimum support price.

Speaking after holding a meeting with the CCI officials here on Saturday, the Minister stated that cotton was cultivated in nearly 50 lakh acres in the State this season and the arrivals were expected to commence next week.

As the harvest was expected to be good and the Central and State governments were making elaborate arrangements for procurement of cotton directly from the farmers through 105 CCI purchase centres and 278 market yards/ginning mills.

Stating that there were chances of farmers facing problems in disposal of their produce due to high production this season Mr. Kishan Reddy said the State unit of Bharatiya Janata Kisan Morcha had written to Union Home Minister Amit Shah to come to the rescue of farmers.

### **Last picking**

He had conducted a meeting with CCI officials on the directions of Mr. Shah and the CCI officials had assured that they would procure till the last picking of cotton this season on the given specifications.

He suggested the farmers to dry the cotton before bringing it to the CCI and other purchase centres so that the moisture content was below 12% to get the MSP of ₹5,550 per quintal. In addition to the special officers of CCI in Warangal, Adilabad and Mahabubnagar areas, the Kisan Morcha leaders too would educate the farmers on the quality specifications.

Source: thehindu.com- Nov 02, 2019

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## **SMEs worried over industrial infrastructure deficiencies**

Mysuru has 34,063 small and medium enterprises employing over two lakh people

Infrastructure deficiencies in industrial estates in Mysuru have been worrying the small and medium enterprises (SMEs).

Mysuru has important industry clusters such as printing, engineering and auto components apart from traditional industries such as handicrafts, textiles etc. The city also has an important presence in IT industry in addition to agro-based, cotton, woollen and silk textiles, ready-made garments, chemicals, rubber etc. Major exports include pharmaceuticals, food products, textiles and software.

Mysuru has over 34,063 micro and small industries and around 30 medium, 45 large and five mega industries, employing over 2,22,000 people of which MSMEs employ nearly two lakh. There are eight industrial areas and six industrial estates in the district, which is growing industrially at a good pace.

“Needless to say, industries of Mysuru have been badly affected by the slowdown,” said KASSIA President R. Raju.

The problems faced by the SMEs in Mysuru include the issue of property tax levied by local authorities in whose jurisdiction some of the industrial areas/estates fall. There are other related problems which will be discussed in KASSIA events along with the other common issues faced by MSMEs in the State and the country, he said.

The SMEs face major challenges in terms of access to finance, access to markets, access to good infrastructure, availability of trained manpower, access to technology, besides the regulatory constraints in terms of red tape and compliance requirements, which place enormous burden on them, the KASSIA members claimed.

KASSIA has been raising the problems on every available platform to impress upon the government the need to address them.

The Micro and Small Enterprise Facilitation Council Act is a boon to SME industries to recover the dues from buyers.

“Our members feel that its functioning could be better by conducting regular meetings. We urge more productive functioning of the council.” SMEs have been facing hurdles in obtaining conversions of land for industrial purposes.



This happens even in declared industries, said the KASSIA which urged the State government to streamline conversion process in the interest of the growth of SMEs.

Source: thehindu.com- Nov 02, 2019

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### **Meeting on Monday to mull over mini textile parks in dist**

The district administration and the department of handloom and textile will convene a meeting of entrepreneurs and stakeholders in the industry on Monday to discuss on setting up mini textile parks in the district.

The move comes after the state government issued a government order on September 5, allowing textile parks to come up on just three acres and have three buildings.

“The government would either bear 50% of the building and infrastructure costs or offer a subsidy of up to Rs 2.5 crore,” said a press statement from the collectorate. The infrastructure required at such parks include roads, sewage treatment plants and captive power plants.

The state government hopes more entrepreneurs will be motivated to set up new units in the parks, thus creating more jobs in spinning, weaving and stitching, among others. Setting up various units in one park would also reduce transportation and overhead costs.

It was in September 2015 that the state government in its 110 document announced setting up textile parks in the major textile hubs.

As per the old norms, the park should have at least 10 acres of land and 10 industries of buildings to avail a subsidy of Rs 2.5 crore. However, there were no takers for the announcement.

The first meeting with textile industrialists and entrepreneurs was held in Karur in October.

Source: timesofindia.com- Nov 03, 2019

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## **Textile traders seek tax incentives**

*Wholesale Cloth Merchants' Association celebrates diamond jubilee*

Andhra Pradesh Textile Federation president B. Malleswara Reddy on Sunday urged the government to announce special incentives and exemption from taxes since textile business was facing many challenges in the country.

He said that the textile business establishments had been providing livelihood to thousands of people directly and indirectly and they needed more support from the government.

Along with Vizianagaram MLA K. Veerabhadra Swamy, he inaugurated the diamond jubilee celebrations of the Wholesale Cloth Merchants' Association here.

He hailed the association's initiative in constructing the Balaji Textile Market in Cantonment.

Mr. Veerabhadra Swamy promised to strive for the construction of platforms on the western side of the railway station since it would ensure a hassle-free transport of goods to the Balaji Market.

The association Vizianagaram wing president Praveen Kumar Anchalia and general secretary B. Venkata Rao said that the association was taking many steps for the welfare of the 3,000 workers of the market.

The local wing's former president K. Lakshmi Narasimha Rao and joint secretary Nirmal Kumar Pokarna said that the association had distributed slates and books to students besides providing a mike set to the municipal school near the market.

Vizianagaram Member of Parliament Bellana Chandrasekhar urged the textile traders to take up more service activities in the district. He suggested that they should bring their issues to the notice of public representatives for necessary action.

Source: thehindu.com- Nov 04, 2019

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