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IBTEX No. 71 of 2018 April 06, 2018

USD 65.02| EUR 79.59 | GBP 90.94 | JPY 0.61

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
19099	39950	**78.22**

Domestic Futures Price (Ex. Gin), April

Rs./Bale	Rs./Candy	USD Cent/lb
20490	42860	**83.92**

International Futures Price

NY ICE USD Cents/lb (May 2018)	82.57
ZCE Cotton: Yuan/MT (Jan 2018)	14,725
ZCE Cotton: USD Cents/lb	**90.26**
Cotlook A Index – Physical	**90.20**

Cotton guide: The entire financial market is into a very dicey state due to Trade War between US and China. The global trade was expecting a peaceful call to be taken for better health but by then the US president has instructed additional $100 billion tariff against China. The repercussion is yet to be felt on today's trade and that may prolong to next week as well. This clearly defines a persistent volatile trend in the market. Coming to Cotton the Wednesday's massive loss was eroded on Thursday. The ICE cotton for May expiry at ICE posted a positive close at 82.15 up 215 points from previous close.

The subsequent contracts have also traded positive. However we will have to see how the today's trade and direction forms out post the US call. From the price perspective it had breached 81 cents a very critical support so it plunged to 78.60 cents very quickly. However the same has now returned above 82. So we consider 81 cent per pound again a strong support level and if market holds that then it may push price to move back higher towards 84+ cents per pound.

Nonetheless as said above we wouldn't rule out the volatility in the market. In fact the trading volumes are large this week higher than the previous week's average daily volume. This week we have seen 90K, 65K and 50+K contracts kind of daily volume with rising open interest. This suggest market players are active in the market amid uncertainty is prevailed.

Further on the cotton yet another weekly robust export sales data came from the US. The combined net sales stood at 422,600 bales. For reference total sales this year so far is 1,54,35,500 bales up by 2.3 million bale same week last year.

We have 17 more weeks left for the season to end. Overall we are expecting a very good year of exports from US. However remaining few weeks would be critical to watch out and emphasize on the possible cancellation of orders amid the ongoing trade war. Remember out of above mentioned sales only around 83 Lakh bales have been shipped. This could be a challenge for US if large orders get cancelled in next few weeks. Post the markets were closed the weekly CFTC report was released which shows on call sales stood around 156K contracts marginally down where on call purchases rose to 44K contracts.

This data does not indicate much at this current scenario. We believe post the May expiry a better clarity can be understood on the market. For now cotton is seen trading around 82 cents. We expect a wide trading range of 79.80 to 84 cents for the day amid higher volatility. On the domestic front S6 variety price has eased slightly from Rs. 40900 to Rs. 40650 per candy although arrivals have declined.

We believe cotton may continue to trade in the range of Rs. 40 to 41K per candy in the near term. On the futures front at MCX the April posted a close at Rs. 20520 up by 0.93% from previous close. We expect a price range of Rs. 20330 to Rs. 20700 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

US President Donald Trump proposes $100 billion more in tariffs on China

President Donald Trump on Thursday directed U.S. trade officials to identify tariffs on $100 billion more Chinese imports, upping the ante in an already high-stakes trade confrontation between the world's two largest economies.

The further tariffs were being considered "in light of China's unfair retaliation" against earlier U.S. trade actions, which included a proposed $50 billion of tariffs on Chinese goods, Trump said in a White House statement.

"This is what a trade war looks like, and what we have warned against from the start," said National Retail Federation President and CEO Matthew Shay.

"We are on a dangerous downward spiral and American families will be on the losing end," Shay added in a statement, urging Trump "to stop playing a game of chicken with the U.S. economy."

Financial markets, roiled for days by the trade fight and Trump's management of it, whipsawed again on the new threat. After a bullish regular trading day, U.S. equity futures sold off sharply in after-market-hours trading.

Source: reuters.com- Apr 05, 2018

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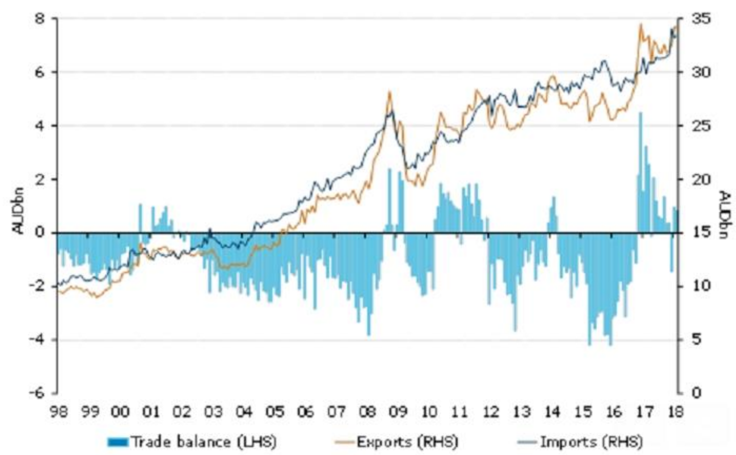
Australia's trade surplus worsens slightly in February, following steady growth in exports

Australia's trade balance worsened slightly in February to a surplus of AUD825m, while January's surplus was revised down to AUD952 million from the original AUD1,055 million. Total exports were barely changed in the month, as a large decline in non-monetary gold offset a rise in exports of metal ores and minerals, coal and other mineral fuels.

The trade surplus fell slightly in February



Source: ABS, ANZ Research

Imports were up slightly in the month as a rise in core imports were offset by falls in civil aircraft and fuels. This supports the view that the investment pipeline in Australia will support economic growth in 2018.

Total export values were practically unchanged in the month, increasing by AUD2 million, after increasing 4.8 percent in January. The main soft spot for exports in February was the volatile non-monetary gold segment, which fell 23 percent (AUD505 million).

Offsetting this were rises in metal ores and minerals (2.6 percent m/m), coal (1.1 percent) and other mineral fuels (2.6 percent). Rural good exports rose sharply (16.5 percent m/m) mainly due to a 25.1 percent rise in wool exports.

Service exports rose 0.6 percent m/m as transport (0.9 percent), travel (0.5 percent) and other services (0.7 percent) all rose in February. However, manufacturing exports fell 11.41 percent m/m.

Meanwhile, total import values rose 0.4 percent m/m (AUD130 million) in February, following the 2.4 percent decline in January. Increases were broad-based across core imports.

Consumption goods increased 6.5 percent m/m, due to a 19.8 percent rise in non-industrial transport equipment and 6 percent increase in textiles, clothing, and footwear.

Capital goods (ex-civil aircraft) rose 3.6 percent m/m as machinery and equipment surged 15 percent m/m and transport equipment increased 12.1 percent.

Source: econotimes.com- Apr 05, 2018

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Cotton Council Says China Tariffs Will "Significantly" Harm US Cotton Sector

As part of its second slap back on tariffs, China announced Wednesday that it would target 106 U.S. products with 25 percent tariffs, and American cotton was one among them.

Specifically, China said uncombed cotton and cotton linters coming from the U.S. would face the new tariffs, and the National Cotton Council of America has said the proposed higher tariffs on raw cotton could undermine U.S. cotton trade with the country and "significantly" harm the health of the domestic sector.

"I cannot overstate the importance of China's market to U.S. cotton farmers and the importance of U.S. cotton in meeting the needs of China's textile industry," NCC chairman Ron Craft said in a statement Wednesday.

According to a U.S. Department of Agriculture (USDA) GAIN report released Wednesday, the proposed tariffs would carry the current tariffs on U.S. raw cotton from 1 percent to 26 percent.

News of the tariffs has sent cotton prices skyrocketing from 79.61 cents at 9 p.m. Wednesday to as much as 82.64 cents Thursday—a more than 3 cent jump within a day, or a 3.77% increase.

The International Cotton Advisory Committee said Tuesday, ahead of the cotton tariff news, that cotton prices will likely inch up to a five-year high of 84 cents per pound for next season, but it's unclear how this newly introduced volatility could impact that forecast.

Craft said NCC is urging the U.S. and China to come back to the table quickly to resolve the current trade tensions and preserve what's been a long-term and mutually beneficial trade relationship.

"The U.S. cotton industry stands ready to assist the U.S. government and our trading partners in China to find a resolution to this damaging trade dispute," Craft said.

China's latest tariffs on 106 U.S. goods including cotton, came in response to the list of 1,300 products from China the U.S. said will face tariffs as a result of its Section 301 investigation into China's forced transfer of U.S. technology and intellectual property.

Before that—and in response to the U.S. tariffs on steel and aluminum instituted under Section 232 on grounds that the imports threatened U.S. national security—China said it would add tariffs to 128 U.S. products.

In an interview on ABC News Arizona, Arizona cotton farmer Kevin Rogers said he is nervous about the tariff threats.

"Agriculture tends to be one of the first groups that gets put on the table as a pawn so to speak," Rogers told the news channel. "It can have devastating effects on the market if there's tariffs that come up, then those countries probably would think twice before they buy our product."

Source: sourcingjournalonline.com- Apr 05, 2018

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Africa Signs Deal to Create One Market with New Continental Free Trade Area

In an effort to unify its trade, Africa has signed a new free trade agreement that will essentially establish the African Union as a one bloc market—and one of the world's largest free trade areas.

Forty-four African countries have signed the African Continental Free Trade Area (AfCFTA), which is expected to create a free-flow of goods and services across the continent. The model for the agreement mimics the European Union's version.

Countries in Sub-Saharan Africa in particular, have been ramping up investments in apparel and textile manufacturing, hoping to drive jobs and economic growth, and this move is expected to help facilitate that growth as raw materials and inputs will be able to move more easily between one country and the next. This is expected to contribute to a more competitive manufacturing sector and the ability for companies to benefit from economies of scale.

If all 55 members of the African Union ratify the agreement, it will bring together 1.2 billion people and a combined GPB of $2 trillion, according to Africa News. Kenya, South Africa, Lesotho, Morocco, Madagascar, Egypt, Mauritius, Ethiopia—all shaping up to be key on the continent for apparel and textiles sourcing—have all signed the agreement. South Africa, Kenya and Egypt, in particular, are expected to reap the most benefits of the deal as they already enjoy the biggest manufacturing bases.

"Once in force AfCFTA will be the largest trade zone in the world, increasing intra-African trade by 52 percent by the year 2022, remove tariffs on 90 percent of goods, liberalize services and tackle other barriers to intra-Africa trade, such as long delays at border posts," Africa News reported Dr Ibrahim Assane Mayaki, former Nigerian prime minister and current CEO of the African Union's NEPAD planning and coordinating agency, as saying.

Now that the framework for the agreement has been signed, it remains for the signatory countries to ratify it, which they have 120 days from signing to do. From there, the AfCFTA would take effect 30 days after ratifying the agreement. Negotiations on the deal began in 2015 and talks went through eight rounds before the agreement was reached in December.

The remaining 11 African nations will also have to decide to sign the agreement to make it a true continent-wide free trade deal. For the agreement to come into effect, however, just 22 countries have to formally ratify it.

Addressing the agreement's signing, World Trade Organization Director-General Roberto Azevêdo, said, "The signing of the African Continental Free Trade Area is an historic moment.

It will boost the flow of goods and services between the nations of the African Union, putting trade at the heart of their strategy for growth and development. By doing so it has the potential to deliver a huge economic boost to the continent and to strengthen their ability to trade with the wider world."

Source: sourcingjournalonline.com- Apr 04, 2018

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World Bank Approves $560M to Improve Sustainability in Bangladesh

Bangladesh has long struggled with infrastructure problems and a fresh injection of funds from the World Bank could help improve that situation.

The World Bank has approved $560 million in funding for two projects in Bangladesh–one to help micro enterprises, including leather and textiles, become environmentally sustainable, and the other improve a reliable power supply.

"The World Bank is helping Bangladesh overcome barriers to higher growth. Unreliable power supply and environmentally-unstainable enterprises hinder country's competitiveness and poverty reduction efforts," Zahid Hussain, World Bank acting country director for Bangladesh, said.

"By improving electricity transmission and helping micro-enterprises adopt environment-friendly technologies, these projects will help Bangladesh achieve sustainable growth and advance towards upper middle-income country vision."

The $110 million Sustainable Enterprise Project (SEP) will help 20,000 microenterprises adopt environmentally-friendly practices. The project covers manufacturing and agribusiness sectors, including leather, textiles, light engineering, plastic, food processing, metal products, livestock, horticulture, aquaculture and poultry.

“Half the country’s population depend on microenterprises for livelihoods. But, the microenterprises cumulatively affect the environment and face climate change risks,” said Nadia Sharmin, World Bank task team leader. “By creating opportunities for them to avail finance and technologies for environmentally sustainable practices, the project will promote a cleaner and climate-resilient economy.”

The project will encourage microenterprise clusters to use cleaner technologies and joint amenities such as shared recycling or storage facilities by offering incentives to do so. It will also provide loans for innovative technologies and practices aimed at improving the country’s environment.

The $450 million Enhancement and Strengthening of Power Transmission Network in Eastern Region Project (ESPTNERP) will expand the electricity transmission network in the eastern region, covering greater Comilla and Noakhali, and part of greater Chittagong. The aim is to provide new electricity connections to 275,000 households and 16,000 agricultural consumers and reduce power interruptions. The project will expand the existing grid network by building 13 new substations and rehabilitating an existing one.

“In the last decade, Bangladesh has increased power generation capacity by more than three-fold…but it still has one of the world’s lowest electricity consumption rate per person,” Mohammad Anis, a World Bank task team leader, said.

The funding is provided through interest-free credits from the World Bank’s International Development Association. The World Bank noted that it was among the first development partners to support Bangladesh following its independence. Since then, the World Bank has committed nearly $28 billion in grants and interest-free credits to Bangladesh.

In November, the World Bank provided $357 million in funding to improve infrastructure and obtain long-term financing for industries ranging from container terminals to the garment industry.

This included fund for an Investment Promotion and Financing Facility Project aimed at increasing long-term financing for infrastructure and capacity building in container terminals, land ports, roads and bridges, as well as power and energy, information and communication technology, waste management, water treatment and energy saving equipment.

It also involved $100 million toward an Export Competitiveness for Jobs Project that promised to help create 90,000 jobs by helping firms access international markets, overcome technology, infrastructure and skills shortfalls, plus enable those in the garment industry in Bangladesh to comply with international quality standards.

Source: sourcingjournalonline.com- Apr 05, 2018

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Bangladesh: NBR proposes tax at source on export value

'If there is a long term tax policy, it helps business people to make informed investment decisions'

The National Board of Revenue (NBR) wishes to set the tax at source based on export value, instead of on export return earnings.

Currently, the tax at source is based on export earnings, at a rate of 0.7%.

NBR Chairman Md Mosharraf Hossain Bhuiyan made the proposal at a pre-budget meeting with business leaders from the export sector.

In the meeting, the Exporters' Association of Bangladesh (EAB) urged the government to set a fixed percentage tax at source for the next five years to make it easier for entrepreneurs to take policy decisions.

In response to the exporters' call, the NBR chair said they were considering not changing the rate of tax at source, but may instead set a tax at source on export proceeds instead of on realized earning from exports.

However, the EAB opposed the proposal, saying it would hurt businesses.

“It will not be a wise decision as it will compel the exporters to pay taxes based on the unrealized amount, which will cause losses to the business,” EAB First Vice-President Mohammed Hatem told the Dhaka Tribune.

The business leader added that at source taxation for the export oriented sectors should be fixed for the long term, for a minimum period of five years. “If there is a long term tax policy, it helps business people to make informed investment decisions,” he said.

Replying to the business leaders’ comments on tax at source, the NBR chair said it would be set for the next few years, regardless of whether it is cut or increased in the next budget.

Meanwhile, the Bangladesh Garment Accessories and Packaging Manufacturers and Exporters Association (BGAPMEA) urged the government to set the tax at source at 0.5% instead of 0.7% for the next fiscal year.

Prices of raw materials have increased, while the prices of finished goods are declining. As a result, RMG manufacturers are cutting the prices of accessories, BGAPMEA President Abdul Kader Khan said in his budget proposal.

“To remain competitive, the government should cut tax at source to 0.5% for the sector,” he added The BGAPMEA has also requested a 12% corporate tax rate for FY2018-2019. Currently, the sector pays 35% corporate tax.

“Despite being a fully export oriented industry, the garment accessories and packaging manufacturers are paying 35% corporate tax,” said the BGAPMEA president.

He added that the 35% rate was discriminatory, as exporters of knitwear and woven products presently pay 12% corporate tax, while garments manufacturers who operate certified green factories have to pay 10%.

Source: dhakatribune.com- Apr 04, 2018

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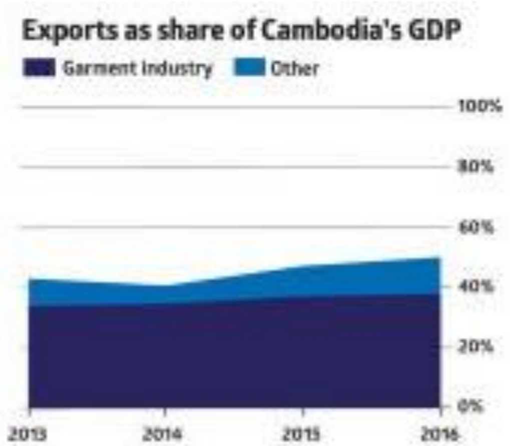
Cambodia: A sector too big to fail?

Cambodia's garment sector is the backbone of the country's export-driven economy and employs 86 percent of all factory workers. But the sector faces threats from increasingly competitive regional neighbours, the inevitable shift to automation and the potential loss of preferential trade agreements.

The stakes couldn't be higher for the country's economy. About 40 percent of Cambodia's GDP comes from garment exports, while more than 800,000 people are employed in garment factories around the country.

But as Cambodia's political situation has deteriorated with the dissolution of the main opposition party in November, and as the push to lower electricity and logistics costs for businesses have taken a backseat to populist policy initiatives, the garment sector is facing several risks that threaten the industry's short- and long-term future in the Kingdom.



Competitiveness Cambodia remains competitive in the global garments marketplace primarily because of its low wages, according to analysts. But recent years have seen steep wage hikes for garment factory workers, and that trend has accelerated ahead of July's national elections.

The minimum wage has risen from $61 in 2012 to $170 this year. And as Prime Minister Hun Sen has attempted to woo garment workers ahead of the election, more populist policies have been enacted, including an increased burden for businesses to pay into their workers' funds at the National Social Security Fund.

In a recent speech, the prime minister said that experts had floated $250 per month as a reasonable minimum wage by 2023, and said he thought it could go even higher. That could be disastrous, according to some factory owners that operate in Cambodia.

"We cannot survive a 12 percent wage increase every year," said Eric Tavernier, CEO of France-based textile firm We Group Ltd. While Tavernier said he has no immediate plans to leave the country, the increased financial burden of doing business in the Kingdom worried him.

"I believe a significant number of factories feel the pressure to consider moving out, and not many are willing to come in," he said.

Tavernier said that when he compared his Cambodia operations to those in Vietnam and China, the Kingdom has only maintained its profitable edge due to lower wages, as Cambodia's transportation, freight and export costs were all higher than in neighbouring countries.

"We can't increase prices for our customers, because competition is intense," he said. "Vietnam has high wages, but . . . there's better oversight there, better shipping and more flexibility in the market."

Anthony Galliano, CEO of Cambodian Investment Management, said the Kingdom needed to improve on a wide range of factors if it hoped to keep investment flowing.

"Cambodia's attractiveness and competitiveness has elevated over the last 10 years, primarily due to low labour costs," Galliano said. "But infrastructure, productivity, energy costs and logistics are lagging, and must improve demonstrably if Cambodia is to remain a major player."

Labour Ministry spokesman Heng Sour has said in the past that increased costs and wage hikes should not deter future investment in the sector, pointing to the government's recent reduction of corporate taxes.

The January elimination of the export management fee, along with exemptions allowed to the prepayment tax – a 1 percent minimum tax obligation paid on monthly revenue flows – are expected to amount to a $40 million tax break for factories this year.

But lowered taxes may not be enough to cover employers' rising financial burdens.

"If costs are going up faster than productivity, then Cambodia is absolutely at risk of losing factories to other countries in the region," said Stephen Higgins, managing partner at Mekong Strategic Partners.

"Embracing automation is the only way that Cambodia can improve productivity quickly enough to justify the level of wage rises that we are seeing," he said.

Automation

Automation can increase productivity while lowering the wage burden for employers.

But questions remain about whether Cambodia's labour force would be able to adapt to move up the value chain, and whether the country's infrastructure could support an automated garment sector.

David Tan, the managing director at the technology company MyTeb Cambodia, noted that Cambodia lacks both the trained workforce and infrastructure backbone to support an automated factory sector.

"Electricity availability and uptime remain a critical challenge," he said. "Without a steady and uninterrupted supply of energy, many of these automated processes will be disrupted, causing multiple points of delay and unproductivity."

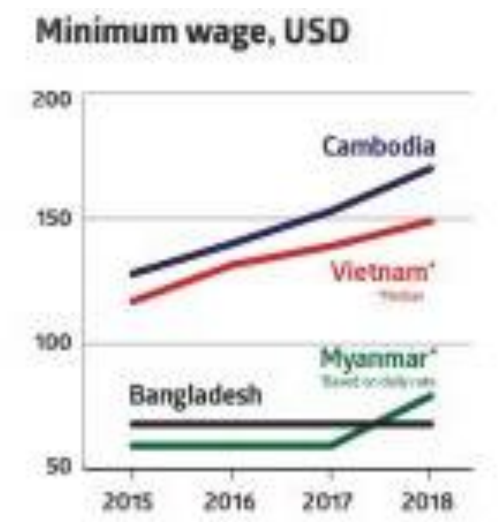
The local labour force could benefit from education programs regarding automation, and Tan said Cambodian labourers appeared willing to adapt.

"Cambodian people are eager to learn more and embrace modern methods of productivity – this is unlike other territories, where there is a perception that automation and enhanced efficiency will cause redundancy and a reduction of jobs," he said.

But retraining the more than 800,000 garment workers would be a massive investment for both private companies and the government, and it's unclear if either side would be willing or able to put in the time and money.

Marco Kalinna, the founder of factory assessment company Cosmos Services who has 17 years of experience working in Cambodia's garment sector, was pessimistic about the country's chances of adapting to automation.

"Cambodia can only be competitive in those areas where labour costs are still an advantage," he said. "Mass-automation will find its place where electricity costs are affordable and where there is proximity to the markets, and Cambodia has none of these."



Loss of agreements

Last week, apparel groups representing some of Cambodia's largest garment buyers expressed "growing concern" over several of Cambodia's controversial labour laws and requested a meeting with Hun Sen.

In the letter, penned by US-based American Apparel & Footwear Association and UK-based advocacy group Ethical Trading Initiative, the groups warned that Cambodia's 2016 Trade Union Law places restrictions on freedom of association and union rights, and continuing to implement such restrictions "will make Cambodia an unattractive and expensive place to do business".

H&M, one of the buyers represented in the letter, told The Post that while they are monitoring the situation in the country, they had no immediate plans to leave.

"We are continuously monitoring the political situation," wrote Ida Stahlnacke, H&M communications officer, in an email. "However, we remain committed to Cambodia,

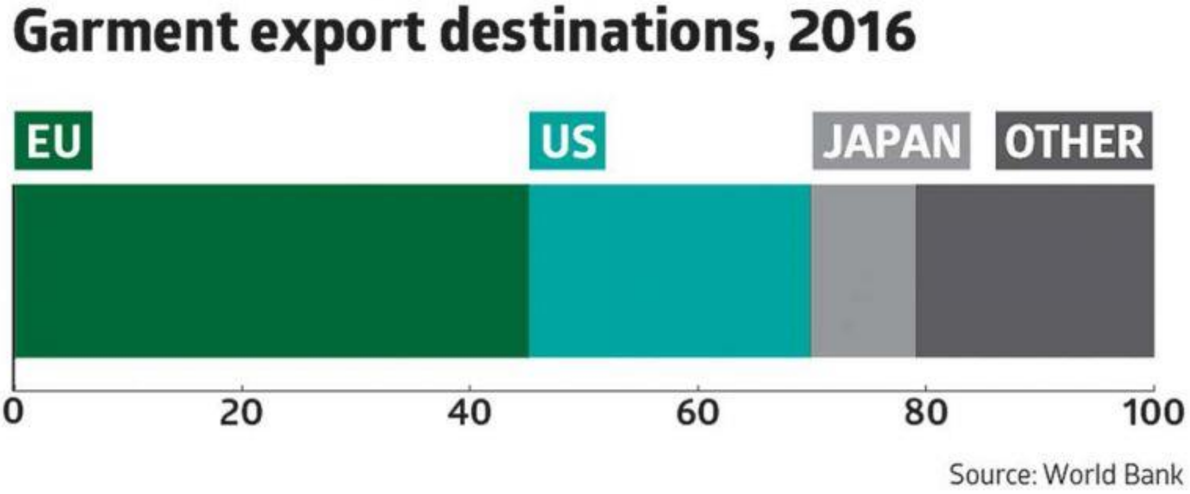
and to being present [in the Kingdom], to continuously improve the lives of garment workers." Kalinna, from Cosmos Services, said that brands were unlikely to take concrete steps beyond issuing "concerns".

"Sorry, but that letter was a publicity stunt," he said.

A more significant risk was the potential loss of preferential trade agreements, such as the Everything But Arms (EBA) agreement, which grants Cambodian exports tariff-free access to the EU market.

The EU imports more than 40 percent of Cambodia's garments, making EBA a lynchpin of the Kingdom's economy.

"The removal of . . . duty free [status] for garment exports to the EU would certainly have a devastating effect on the garments industry," Kalinna said. "My estimate is that, within 18 months, up to 50 percent of manufacturers would move out of Cambodia."



Whether the EU would ever enact such a measure remains an open question. Most analysts think it is unlikely due to the fact that the ramifications of a repeal would impact hundreds of thousands of Cambodian workers.

"There are more effective, targeted mechanisms for the EU to make their point than a broad brush approach like pulling the EBA," Higgins said. However, the bloc has taken several unprecedented steps toward Cambodia recently, raising questions about how predictable its actions may be.

The EU Commission, prompted by protectionist concerns from member nations, launched an investigation into Cambodian rice exports last month – the first investigation of its kind of Cambodian exports.

The decision was unrelated to labour rights or the political situation, but the move shows that Europe won't hesitate to re-evaluate Cambodia's tariff-free status if it determines it would benefit its members' interests.

In mid-March, the EU and Cambodia held the 10th Joint Committee, a meeting that is held roughly once every two years to discuss a range of issues between the two trading partners.

In past statements, the portion written by EU foreign affairs ministers often chides Cambodia on politics and rights issues, but the portion from the Trade and Investment Subgroup – which is responsible for evaluating the EBA – has generally refrained from wading into such matters. The subgroup's portion of the statement from the ninth meeting, held in 2016, for example, makes no mention of politics or rights.

But at the meeting in March this year, the Trade and Investment Subgroup specifically called for more attention to be paid to human rights and fundamental freedoms, "including labour rights", which "underpins the continued eligibility for EU trade preferences under the EBA".

It went on to detail specific concerns related to economic land concessions for sugar plantations, as well as human rights and labour issues that needed "urgent action on the Cambodian side". But even with a stronger statement, analysts say the EU is likely all bark and no bite.

Galliano, from Cambodian Investment Management, said he is not worried at all about the continued existence of preferred trade agreements, with continued access to the EBA all but assured in the coming years.

"While strong statements threatening concrete steps have been issued, withdrawal of preferences are rarely implemented," he said. "I see a very low probability that Cambodia's EBA status will be terminated."

If trade agreements remain stable, the Kingdom may avoid a sudden shock to its largest industry. But the inexorable changes promised by automation technology, as well as the lofty promises of wage hikes that are unlikely to be offset by decreases in costs for businesses, could leave the garment sector in Cambodia hanging by a thread.

Source: phnompenhpost.com - Apr 05, 2018

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Ethiopia: Textile Sector On the Rise – Ministry

Textile and Garment sector is expanding rapidly, with the number of industries more than doubling and playing huge role in boosting the country's light industry, and in transforming the economy, according to Ministry of Industry.

Talking to The Ethiopian Herald, Zerihun Abebe, Director of Textile and Apparel Research, Monitoring and Support with Ministry of Industry, stated that the country's textile and garment sector is in an upward trajectory with the number of industries has now reached more than 200 in few years time.

The trend shows that the sector is in the right journey to become the leading sector in Africa and make the country's vision of becoming continental textile hub in the coming years a reality, he added.

According to a recent government data, Ethiopia's textile and apparel industry has grown at an average rate of 51 percent, and more than 65 textile investment projects have been licensed for foreign investors in the last five to six years.

Zerihun explained that the expansion and development of industrial parks in various core areas of the country, developing technological adoption and industrial culture in the industry along with attractive investment incentives are helping the sector's growth.

Textile is considered important for technologically less advanced developing countries as it enables them to exploit their abundant labor force and cover for their lack of capital.

On this context, the Director claimed as the core of the country's light industry, the textile has been playing a pivotal role in facilitating structural transformation by accumulating capital that would enable the country to focus on capital-intensive heavy industries in the future.

The sector is also working on solving issues related to raw materials, namely cotton, in a bid to increase productivity and global competitiveness.

"We didn't use to have a road-map to strategize cotton development, but we have now formulated a 15 year road-map with time-frame that would increase productivity, direct how the sector can be assisted and facilitated," he remarked.

Further explaining, the Director noted that the road-map in general provides a set of solution in identifying and solving bottlenecks in cotton production, and a way to interlink with the pertinent stakeholders, including agriculture extension experts. It will also contribute to increase the cotton field coverage, and ultimately the cotton production of the country.

"Obviously, upping the quality and production of cotton will have a positive effect on the textile and garment sector."

Bantihun Gessese, Director of Communications at Ethiopian Textiles Industry Development Institute (ETIDI), for his part opined that the sector has been elevated from a collection of very few private factories some into a park industry in a few odd years as a result of the works done in technology transfer and other endeavors.

He indicated that the Institute undertakes various programs to facilitate skill and knowledge transfer within the sector, including a twining arrangement, where countries and higher education institutions with huge textile experiences provide various training opportunities for Ethiopians.

There are also other domestic endeavors initiated to shore-up skill development. One of which is the increase in the number of higher education institutions that give courses in textile development from one to six, Bantihun.

As a result of such skill transfer programs, the country now boasts capable top managers, supervisors and professionals that are elevating the sector's productivity and competitiveness, and hence foreign currency earning.

"The country has earned 68.5 million USD from the sector in the first 8 months of the current fiscal year, whilst creating 90,000 jobs."

Source: allafrica.com - Apr 05, 2018

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Vietnamese fashion brands to prosper despite foreign labels

Contrary to pessimistic forecasts about the fate of Vietnamese fashion brands after a massive influx of foreign brands like Uniqlo, Zara and H&M into the country, domestic labels, such as Blue Exchange, Ninomaxx, PT 2000, Couple TX and Canifa are, likely to prosper through expansion of their distribution networks and marketing campaigns, say experts.

Foreign brands like Bossini, Giordano and Miniso were present in the Vietnamese market earlier, but did not affect market share held by Vietnamese brands, according to a report in a popular news portal in the country.

Vietnamese customers spend more money on foreign branded goods, according to 2017 second quarter report of market analysis firm BMI. The value of the Vietnamese fashion market is estimated at $3.8 billion in 2018, of which expenditure on clothing is $3.5 billion.

Canifa recently spent a big amount on media campaigns and sponsors many famous TV shows.

As shops of most Vietnamese fashion brands are located in large cities, that has resulted in a limited distribution network, said company CEO Doan Thi Bich Ngoc.

Truong Thang company plans to raise the number of shops to 60 this year through franchise contracts, according to its chairman Nguyen Thi Kim Xuyen.

Many brands that started business with sales via Facebook have now decided to open shops.

Source: fibre2fashion.com - Apr 06, 2018

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Buyers turn to Indian cotton

Global buyers are interested in sourcing cotton from India as they find it cost effective and less expensive compared to other countries.

Apart from neighbouring countries, India has been receiving demand for cotton from several other countries, including Vietnam and Indonesia.

Bangladesh, the world's largest cotton importer, does not have much of its own production and its spinning mills largely depend on imports.

In the first six months of this cotton production and marketing season, India sold 55 lakh bales of cotton, of which 17 lakh bales were shipped to Bangladesh, followed by 11 lakh bales to Pakistan, ten lakh to Vietnam, seven lakh to China, seven lakh to Indonesia and Taiwan, and three lakh to other countries including Sri Lanka, Turkey and Thailand.

India is the largest producer of cotton in the world, followed by China, the US, Pakistan and Brazil. The five largest exporters of cotton are the US, Australia, Brazil, India and Uzbekistan. Five major consumers of cotton are China, India, Pakistan, Bangladesh and Turkey.

India will export 65 lakh bales to 70 lakh bales of cotton in the ongoing cotton season. The country exported 63 lakh bales of cotton last year.

By the end of the season, India's cotton exports to China may touch ten lakh bales.

Source: fashionatingworld.com - Apr 05, 2018

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Vietnam: Garment-textile sector earns 8 billion USD from exports in Q1

Garment-textile export turnover reached nearly 8 billion USD in the first quarter of 2018, a year-on-year rise of 13.3 percent.

This is considered a good start for the industry to realise its export target of 35 billion USD by the end of this year.

President of the HCM City Association of Garment and Textile Pham Xuan Hong said the sector has bright prospects this year.

Garment-textile exports in 2018 are anticipated to be better than in 2017 with the maintenance of two-digit growth.

Chairman of the Directors Board of Hung Yen Garment Corporate Nguyen Xuan Duong said the number of orders is likely to strongly increase this year, especially for large-scale businesses.

Most domestic enterprises have orders until the second of quarter of 2018. Some have even received orders for the third quarter, he said.

According to Chairman of the Vietnam Textile and Apparel Association Vu Duc Giang, Vietnamese garment-textile businesses can compete in the region thanks to the sharpened skills of workers, improved productivity and better quality of products.

Domestic enterprises have also invested in new technology to increase productivity and competitiveness, he said.

Free trade agreements not only help the garment-textile sector diversify export markets but also reduce imports of material, he said, adding that currently Vietnam exports more than 3 billion USD worth of yarn, nearly one billion USD worth of fabric and 400 million USD worth of garment accessories each year.

Industry 4.0 has changed the mindset of businesses in regards to technology investment, Giang said, noting that businesses are looking to high value production segments such as Original Design Manufacturing and Own Brand Manufacturing.

Garment-textile companies also focus on the development of human resources and cutting edge technology, he said.

Some big enterprises such as Phong Phu Joint Stock Company and Garment-10 Joint Stock Company are seeking to export through online sales, he added.

However, the Vietnam Textile & Apparel Association has warned businesses of numerous challenges, including fiercer competition from other countries like China, Myanmar and Cambodia.

The association advised enterprises to improve skills of workers and reform management methods to increase productivity.

Apart from maintaining and developing exports to key markets such as the US, EU, Japan and the Republic of Korea, businesses should expand to other markets such as the Association of Southeast Asian Nations, Eurasian Economic Union, India and Latin American countries.

Source: vietnamplus.vn - Apr 06, 2018

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NATIONAL NEWS

Time to revive India-EU trade pact

The EU (excluding the UK) is India's largest trading partner, with total bilateral trade of around $77 billion (FY17), accounting for almost 12% of India's total trade.

French President Emmanuel Macron's recent visit to India has raised hopes for the revival of negotiations on a free trade pact between India and the European Union (EU).

At a time when the US protectionism is on the rise, it makes sense to push forward for the early revival and conclusion of the negotiations which have been stalled for long. The EU (excluding the UK) is India's largest trading partner, with total bilateral trade of around $77 billion (FY17), accounting for almost 12% of India's total trade.

It accounts for 14% of India's total exports and 10% of its total imports. India's major exports to the EU comprise of gems and jewellery, apparel and textiles, machinery, organic chemicals, automobiles, iron and steel, mineral fuels, and pharmaceuticals.

India's major imports from the EU comprise of machinery and equipment, gems and jewellery, auto, plastics and organic chemicals. Last year, the President of the European Commission Jean-Claude Juncker hinted positively and said that "it is time for an FTA between India and the EU."

Both Macron and Indian Prime Minister Narendra Modi have expressed their support to the timely re-launching of negotiations for a comprehensive and mutually beneficial EU-India Broad-based Trade & Investment Agreement (BTIA).

Both NITI Aayog CEO Amitabh Kant and India's chief economic advisor Arvind Subramanian have also extended their support for revival of the talks, highlighting trade complementarities and loss of preferential access in European markets to competitors like Bangladesh and Vietnam.

Despite several rounds of negotiations which started in 2007, the proposed EU-India trade pact covering trade in merchandise, services and investment got stalled in August 2015 when the EU imposed a ban on 700 drugs clinically tested by GVK Biosciences, an Indian drug company. It would be interesting to analyse what's holding back the conclusion of the trade pact.

India's interests

Considering the significance of the services sector in its economy, India seeks improved market access Mode 1 (ITeS/BPO/KPO) and Mode 4 (movement of software professionals). There are many barriers to movement of professionals including cumbersome rules on work permits, wage parity conditions, visa formalities and non-recognition of professional qualifications. These rules also vary across different European countries that India would want harmonised and relaxed access to. India also seeks data secure status as the high cost of compliance with the existing data protection laws and procedures renders many of its backend service providers uncompetitive.

EU's thrust areas

The EU seeks further liberalisation of FDI in multi-brand retail and insurance, and opening up of the currently closed sectors such as accountancy and legal services. European banks have been eyeing India's relatively under-tapped banking space, but are wary of the restrictive rules on priority sector lending and obligation on financial inclusion. Brussels also wants India's import duties on wines and spirits and dairy products substantially reduced, and also on automobiles. India maintains high duties on luxury cars where Germany is seeking better market access.

The differences

The major contentious issues that remain are the differences on intellectual property rights (IPR), investment protection and trade in agriculture and food items. India fears that any commitment over and above the WTO's intellectual property rights (TRIPS, or Trade-Related Aspects of Intellectual Property Rights) will undermine its capacity to produce generic formulations.

Further, data exclusivity measures (which allow pharmaceutical companies to exclusively retain rights to their clinical test results for a certain time period) would delay the production of generic medicines. That explains India's strong opposition to the proposal. Moreover, India doesn't allow patenting of incremental innovation in old drugs, often termed as ever-greening. Miffed by MNCs frequently serving arbitration notices on India for hefty compensation, New Delhi's model act on investment protection has introduced several changes that are not to the liking of the European Commission, such as the removal of MFN clause and narrower scope of national treatment or exclusion of tax disputes from the purview of investment protection.

Besides, it will allow investors to initiate international arbitration only after domestic legal remedies are exhausted. The agricultural trade is highly distorted in both the EU and India. Even though the average MFN import duty on agricultural commodities in the EU (11.1%) is much lower than in India (32.7%), the EU's peak tariff rates on certain categories of dairy products (96%), fruits and vegetables (157%), oilseeds and fats (170%) and sugar and confectionery (127%) are more than those in India.

Again, the fishery and dairy sectors in the EU are highly subsidised. There is a fear that the EU dairy products will flood Indian markets if import duties are reduced. India wants the EU to cut its agricultural subsidies while the EU has interests in India reducing its duties on dairy products, poultry, farm and fisheries. Thus, both India and the EU have strong defensive interests with respect to agriculture and food items, which would be difficult to reconcile.

Reconciling differences

To be fair, the EU does not have a single market for labour mobility. There were efforts to harmonise rules on work permits and visas across the union, but they have met with limited success. Moreover, the recent surge in populist sentiments against immigration has reduced policy space for ceding ground on Mode 4.

Besides, India's demand for greater market access in Mode 1 and Mode 4 is dependent on its ability to meet the EU's demands in Mode 3. The lack of political will on FDI in retail and lack of willingness to open its legal services for European law firms undermine India's negotiating capacity on critical issues.

India's automobile companies fear that reduced duties on cars under the EU-India BTIA will impact their market share and flood India with coveted European cars. Besides, European automakers will have no incentive to set up a local manufacturing base in India. This is debatable as almost all major European automakers already have a manufacturing presence in India.

Can European carmakers compete in the Indian small car segment (comprising 75% of the country's market) by producing in Europe? Studies show that it's difficult to succeed in India without a strong dealer network and reliable after-sales service.

Prohibitive duties on cars are unjustified when duties on non-car automobile segments have been substantially reduced. Besides, this also deprives consumers of making choices. Improving India's investment climate is a better way to promote investment and job opportunities. Similarly, strengthening its IPR regime will help attract more FDI and aid R&D.

India shouldn't press on clauses like exhausting domestic legal remedies before proceeding for international arbitration under its investment rules. The, EU, too needs to be flexible on its demand for TRIP+ rules that encourage ever-greening and hurt the cause of innovation. A trade pact is about give and take. Failing to conclude the EU-India BTIA will be a lost opportunity for both the partners, especially when the US is erecting new barriers to trade.

Both India and the EU have enough trade complementarities and can gain a lot by opening up their respective markets. India has also been challenged by the US on its export subsidy regime.

With the eventual phasing out of export subsidy schemes, India will need preferential access to the large European market to maintain or improve its comparative tariff advantages that can come through a free trade pact with the EU.

Source: financialexpress.com - Apr 06, 2018

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Asst USTR visit: Indo-US export talks on April 11

In the first visit of a senior US trade official to this country, assistant US trade representative Mark Linscott will land in New Delhi to huddle with senior commerce ministry officials on April 9.

In the first visit of a senior US trade official to this country since the Trump administration slapped curbs on steel and aluminium supplies from India and some others, assistant US trade representative Mark Linscott will land in New Delhi to huddle with senior commerce ministry officials on April 9, sources told FE. Separately, both the countries will hold the first formal consultation meeting at the World Trade Organisation (WTO) on April 11 over the US complaint to the multilateral body last month that New Delhi had been offering illegal export subsidies, said the sources.

The US claimed that India's export subsidies, worth around $7 billion a year, "harm American workers by creating an uneven playing field on which they must compete". The meeting with Linscott on Monday, aimed at setting the stage for the crucial trade policy forum (TPF) meeting to be held later this year, comes at a time when a trade war involving the top two economies, the US and China, threatens to spiral out of control, with the US seeking to step up the offensive against countries with which it runs a trade deficit.

While China alone accounted for a massive $375 billion, or 46%, of the US goods trade deficit of $810 billion in 2017, India made up for just 2.8% and occupied the ninth spot in the list of nations with which the Trump administration seeks to pursue a trade balance agenda. The sources said the US could use a special tariff regime it offers to many poor and developing countries, including India, for supplies of certain products duty free under the generalised system of preference (GSP) as a bargaining tool to ask India to restore trade balance.

They said Washington could also push for higher supplies of US farm products and a more stringent intellectual property regime in India that would suit the American interest. It could also impress upon India to refrain from price control measures on medical equipment like bioresorbable stents that, it says, is hurting US companies. Under the GSP programme, select developing countries are allowed to export specified products duty-free to the US.

Trade sources said India was its top beneficiary in 2016, as it shipped out goods worth $4.7 billion to the US under GSP, which were equal to over 11% of its exports to the world's largest economy.

Exports of select items in the textiles, engineering, gems and jewellery, and chemical sectors are allowed duty-free access to the US.

For its part, the Indian side will seek a greater market access in agriculture and impressed upon the US not to link benefits under the GSP with trade balance, as these are two separate issues and countries with much higher per capita income than India's are also gaining from the GSP.

The US has already announced plans to impose tariff on goods supplies worth $50 billion from China, invoking almost identical retaliatory measures from the second-largest economy.

As for the dispute over export subsidies, India is seeking a reasonable time frame of eight years from the WTO to phase out its export subsidies, as the country has breached an income threshold stipulated by the multilateral body to end such sops.

However, under a more immediate threat of being deprived of the subsidies is India's labour-intensive textile and clothing industry, as it crossed the sector-wise threshold (3.25% of global trade) as early as 2010.

An eight-year window to end the subsidies (linked to export obligation) in the sector will expire in December 2018. Some of the important export promotion schemes that could be challenged by the US include MEIS and EPCG.

Source: financialexpress.com - Apr 06, 2018

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Tariffs on U.S. may help India treble cotton exports to China

India is looking to sell 2.5 million to 3 million bales, each of 170 kg, to China in the next season beginning in October

India, the world's second-biggest cotton exporter, is hoping to treble shipments of the fibre to China next year as Beijing seeks to replenish stockpiles and imposes a 25 percent import tax on cargoes from the United States.

Despite India's efforts to grab a bigger piece of the Chinese market, cotton from the United States, the world's biggest exporter, has held sway for the past few years. But China's announcement on Wednesday that it will impose tariffs on 106 U.S. commodities, including cotton, could now tilt the balance in India's favour.

"China's move to impose duty on U.S. cotton shipments will help us," Atul Ganatra, president of the Cotton Association of India, told Reuters.

India is looking to sell 2.5 million to 3 million bales, each of 170 kg, to China in the next season beginning in October, up from around 800,000 bales of expected exports in the 2017/18 marketing year, Ganatra said.

China's decision to slap the 25 percent import tax on cotton supplies from the United States comes as Beijing's own stockpile is depleting fast. Its total imports are expected to rise 38 percent to 8-9 million bales in 2018/19 as it needs to shore up depleting domestic reserves.

"India has always managed to grab at least 25 percent of China's total cotton imports," Ganatra said.

It was too early to know the exact impact of China's tariff on U.S. cotton, but India's exports could reach up to 3 million bales, he said. During the current 2017/18 year, China is scheduled to import 2.5 million bales of cotton from the United States. Other suppliers include Brazil and Australia.

China produces about 32 million bales of cotton and its textile mills consume around 45 million bales, allowing imports to meet the shortfall.

"After large-scale imports, China was sitting on a stockpile of about 60 million bales four years ago, which is now likely to come down to 10-15 million bales by the end of this year, giving India a chance to raise its exports," Ganatra said.

India benefits from geographical proximity to China compared to other competitors. As well as lower freight rates, shipments from India reach China in about two weeks compared to an average of three to six weeks from other suppliers, said Chirag Patel, chief executive of Jaydeep Cotton Fibres Pvt Ltd, a leading exporter.

"There is little room for Chinese production to go up and significant amounts of stocks from Chinese stockpiles are of poor quality. It has no option but to ramp up imports," said a Singapore-based dealer with a global trading firm. The dealer was not authorised to talk to media.

Source: in.reuters.com - Apr 05, 2018

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Export Subsidies in India Subject of USTR Inquiry

The Office of the U.S. Trade Representative is accepting comments through April 16 on the issues raised in a World Trade Organization dispute the U.S. has filed against export subsidy measures maintained by India.

The programs being challenged are the merchandise exports from India scheme; the export-oriented units scheme and sector-specific schemes, including the electronics hardware technology parks scheme; special economic zones; the export promotion capital goods scheme; and a duty-free imports for exporters program.

USTR has said these programs provide more than $7 billion annually in total benefits, including exemptions from certain duties, taxes, and fees and reduced import duty liability, to thousands of Indian exporters, including producers of steel products, pharmaceuticals, chemicals, information technology products, textiles, and apparel. WTO rules expressly prohibit export subsidies but allow specified developing countries to continue to provide export subsidies until they reach a defined economic benchmark.

USTR notes that India surpassed this benchmark in 2015 but has not yet withdrawn its export subsidies and in fact has increased their size and scope.

Source: strtrade.com - Apr 06, 2018

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Measures taken to improve quality of Indian Textiles

The Government has taken several measures to enhance the quality of Indian Textiles to international standards. The steps taken include the Amended Technology Up-gradation Fund Scheme (A-TUFS), launch of India Handloom Brand and integrated scheme for development of silk industry. This information was given by Minister of State of Textiles Shri Ajay Tamta in a written reply in the Lok Sabha today.

He said that the Amended Technology Up-gradation Fund Scheme provides for capital investment subsidy to facilitate technology upgradation in the weaving, processing, garmenting and technical textiles sectors for enhancement of quality in the textile manufacture.

The India Handloom Brand is aimed at providing quality assurance for handloom products for safeguarding the interests of buyers in the domestic and international markets.

The MoS Textiles further said that the Integrated Scheme for Development of Silk industry supports production of bivoltine silk, provides automatic reeling machines and also supports R&D to evolve new silk products. The power loom sector under the PowerTex India scheme provides support for upgradation of looms, creation of infrastructure (worksheds), setting up of yarn banks and support for pre-weaving and post-weaving facilities.

The Textiles Committee operates 19 testing labs to test textile products for conformance to national and international standards. In the Jute Sector, the jute Industry conforms to specifications approved by the Bureau of Indian Standards (BIS), in the manufacture of jute sacking.

Source: pib.nic.in - Apr 05, 2018

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RBI keeps repo rate unchanged at 6%

In its first bi-monthly Monetary Policy Statement, 2018-19, the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) has kept the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.0 per cent. As a result, the reverse repo rate under LAF remains at 5.75 per cent, and the MSF rate and the Bank Rate at 6.25 per cent.

The MPC has taken its decision to keep the repo rate unchanged on the basis of an assessment of the current and evolving macroeconomic situation.

The decision of the MPC is consistent with the neutral stance of monetary policy in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

The MPC noted that there are several uncertainties surrounding the baseline inflation path. First, the revised formula for MSP as announced in the Union Budget 2018-19 for kharif crops may have an impact on inflation, although the exact magnitude will be known only in the coming months. Second, the staggered impact of HRA revisions by various state governments may push headline inflation up.

Third, in case there is any further fiscal slippage from the Union Budget estimates for 2018-19 or the medium-term path, it could adversely impact the outlook on inflation. Fourth, should the monsoon turn deficient temporarily and/or spatially, it may have a significant bearing on food inflation.

Fifth, firms polled in the Reserve Bank's Industrial Outlook Survey expect input and output prices to rise, going forward. Sixth, recent volatility in crude prices has imparted considerable uncertainty to the near-term outlook.

Source: fibre2fashion.com- Apr 05, 2018

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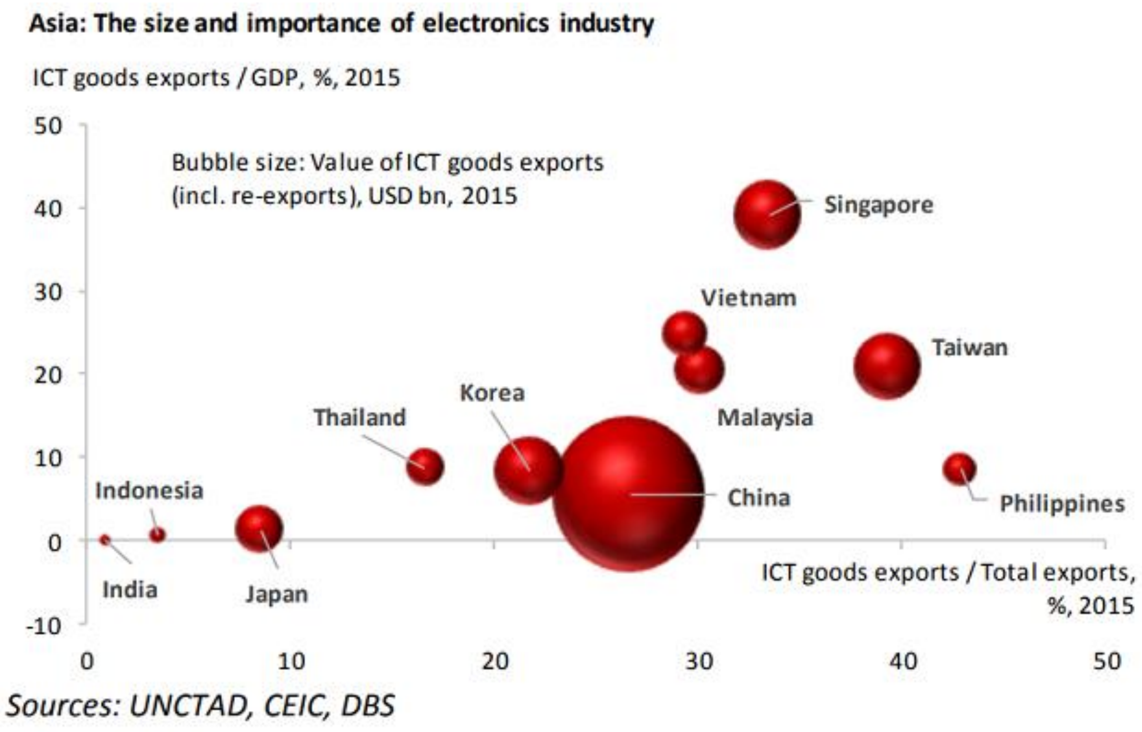
Is 'Make In India' working? India to get leftovers as China challenges electronics manufacturing giants

On one hand, Asia is well positioned to benefit as it is home to the world's largest electronics manufacturing cluster, on the other hand, what India will get is some of the leftover manufacturing and assembly work from China as it will moving up the electronics value chain.

A new manufacturing wave is rising; and again, it would be China that is going to ride it even as India has been pushing its 'Make In India' plan. With technological advancements such as Artificial Intelligence and Internet of Things gaining prominence, the new wave of technological innovation is going to create diverse demands and, once again, China will be a major beneficiary challenging the existing upstream producers like Singapore, South Korea, and Taiwan.



On one hand, Asia is well positioned to benefit as it is home to the world's largest electronics manufacturing cluster, on the other hand, what India will get is some of the leftover manufacturing and assembly work from China as it will moving up the electronics value chain.

The pictorial chart below explains the position of India, China and other Asian countries in the ITC goods exports

An estimate by Singapore-based DBS group shows that Beijing's push for 'Made in China 2025' and more expenditure on Research and Development is bringing results. China is now home to many successful self-branded companies, including Huawei, Oppo, and Xiaomi whose combined shares in the global market have well exceeded that of Apple's and Samsung's.

While Narendra Modi's 'Make In India' launched in 2014 seems to be struggling to take off. The potential that DBS group sees in India is there is that of lower-end manufacturing and assembly work transferred from China as its share in global ICT goods exports is almost negligible.

"There are good reasons to expect China to continue to climb up the value ladder and embrace the new tech wave in the next decade… The government has allocated more public funds to support technological R&D," Ma Tieying, Economist, DBS said.

China's R&D expenditures have risen significantly in the past decades, from an equivalent of 0.9% of GDP in 2000 to 2.1% in 2015. The pace of increase is the second-fastest in Asia, just after South Korea. Under the 13th Five-Year Plan, the Chinese government aims to lift the R&D expenditure-to-GDP ratio further to 2.5% by 2020.

On 'Make In India', other analysts have expressed doubts, saying that India may not be able to capitalise even on the vacuum created by China's shift to high-end manufacturing sectors. A report by Crisil has pointed out that China is exiting the low value-added (textiles, apparel, footwear, toys, etc.) manufacturing space as wages are rising, erasing the low-cost advantage it once enjoyed, but India has not been able to capture that space

Crisil recently said India's manufacturing exports competitiveness has been hindered by a variety of factors, such as rigidity in labour laws, challenges associated with land acquisition, inadequate physical infrastructure, and poorly skilled manpower despite an improvement in the Ease of Doing Business ranking.

Source: financialexpress.com- Apr 05, 2018

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Pink bollworm may shrink cotton acreage

Farmers likely to shift to alternative crops such as soyabean, maize and chilli

“This is the second and final picking for the year,” says Devappa Kaidali, a farmer at Kakol village near Motebennur in central Karnataka, displaying the pest-infested, poor quality cotton picked from his two-acre farm.

“Cotton has terribly let us down as the pests, mainly pink bollworm, have ravaged the fields in the region. I may finally get around two quintals per acre this year,” Kaidali said adding that the earnings from the infested fibre crop, which is being traded at around ₹3,000 per quintal in near-by markets, would not even help him service the interest on his ₹80,000 loan. “I may have to shift to other crops — either maize or chilli — in the forthcoming season,” he said when BusinessLine visited his farm recently.

Crop switch-over

Kaidali’s predicament is shared by many other cotton growers in the region, who may shift to other crops. Officials at the local Krishi Vignan Kendra at Hanumanamatti estimate that the bollworm menace would have affected around 30 per cent of the cotton growing area in the region.

The rising incidence of pink bollworm infestation in recent years across key cotton growing States such as Telangana, Maharashtra and Karnataka has brought no cheers to farmers, who are seen contemplating a switch over to other alternative crops such as soyabean, maize or chilli.

In fact, soyabean prices have witnessed an uptrend and ruling firm ahead of the kharif planting season, which begins in June.

Soyabean attracts

“We expect the cotton sowing to fall as farmers would switch to other crops that give better returns. Soyabean has fetched better prices this year as against cotton. About 10-12 per of the cotton area in Maharashtra, Telangana and partly in Karnataka will shift to soyabean,” said Atul S Ganatra, President, Cotton Association of India (CAI), the apex trade body for the fibre crop. “This may cause prices to firm up in the coming days,” Ganatra added.

According to market sources, cotton prices which are currently ruling in the range of ₹40,000-40,800 per candy (each of 356 kg) may cross ₹45,000 by the end of May.

Dip in acreage

In its recent estimates, the Washington-based International Cotton Advisory Committee said that cotton acreage in India, the largest producer of the fibre crop, may drop to 12 million hectares in 2018-19 due to the pink bollworm infestation in the last two years that has led to losses in yields.

This might discourage farmers from sowing cotton this year, it said.

Cotton acreage had expanded 19 per cent in 2017-18 to 12.25 million ha over the previous year.

“Farmers are not happy with cotton this year. Of late, the pickings have not been good and the quality has taken a hit. The area is likely to come down but it is too early to say,” said M Ramasami, Founder of the Salem-based Rasi Seeds Private Limited, a large seed player. “We will be able to get a clearer picture in the next 10-15 days when plantings in North India will begin for 2018-19 season,” Ramasami said.

“Overall, the cotton situation is grim as textile mills are not getting good quality cotton, while farmers are not getting good price and their spends have gone up,” Ramasami added.

Telangana picture

The National Seed Association of India (NSAI) expects a dip of 4-5 per cent in the cotton acreage in the country. Most of this could happen in Maharashtra and Karnataka.

The area in Andhra Pradesh and Telangana could remain the same as in last year.

"They are predicting a good monsoon this year. A good monsoon augurs well for the cotton sector," said NSAI Chairman M Prabhakara Rao, adding that there was no problem with the seed availability.

Farmers in Telangana, however, expect a drop of five lakh acres in forthcoming season. "Last year, the State grew cotton on 45 lakh acres. We expect a decrease of 5 lakh acres due to heavy losses the farmers incurred in several districts because of the failure of Bollgard-II," a farm leader said. The loss in cotton could be a gain for maize and chillis in the upcoming kharif.

Tight crop situation

In its latest estimates, the CAI had pegged the total cotton arrivals till end of February at 247.10 lakh bales (each of 170 kg). Already about 53 lakh bales have been shipped, while additional 10 lakh bales are contracted to be shipped in coming months.

Total exports for the current year may touch 65 lakh bales. The surge in export demand is attributed to the increase in ICE futures prices.

CAI had estimated total supply for the 2017-18 season at 412 lakh bales, which included the opening stock of 30 lakh bales at the beginning of the season in October 2017 and the imports of 20 lakh bales. The domestic consumption was seen at 330 lakh bales.

The carry-over stock at the end of the current season on September 30, 2018 is estimated to be 22 lakh bales — down by 20 lakh bales than the previous closing stock of 42 lakh bales estimated in the previous month.

Source: thehindubusinessline.com- Apr 06, 2018

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Why MSMEs need more than mere promises on 'ease of doing business' and slogans such as 'Make in India'

After the agriculture sector, the micro, small and medium enterprises (MSME) sector is the second-largest employment generator, providing 80% of jobs with just 20% of investment.

The sector contributes about 31% to the country's GDP and has a 45% share in overall exports. The MSME sector is the equivalent of the booming middle class in the Indian society, except that it is not going anywhere.

It remains hobbled with archaic rules and regulations, with scores of inspectors breathing down their neck, waiting to collect their monthly or yearly handouts. Mercifully, consequent to the introduction of GST and a few other reforms, some irritants have reduced.

Typically, a medium-level industry has to file monthly/quarterly GST returns, which has eliminated complex issues of product, service classifications and tax slabs. As of now, there are few complaints, although a couple of years down the line when the actual assessment of GST starts, things may heat up.

Monthly provident fund and Employee State Insurance (ESI) returns and half-yearly labour returns are mandatory, but, surprisingly, it is the Legal Metrology Department (formerly the Department of Weights and Measures) that is now proving to be a major source of irritant. It is hard to imagine its role in industries dealing in refrigerators, washing machines, musical and electronics instruments, etc, where it chooses to throw its weight around.

Of course, the big daddies (I-T and Labour Department) are the two ubiquitous government entities that also make their presence felt, but are mostly manageable.

With the current inefficient justice delivery system when cases could drag on for years, very few enterprises choose to take a firm stand and challenge the might of government agencies such as labour, ESI, Pollution Control Board, customs, etc.

Seriously impacting cash flows are delays in payments by as much as 5-6 months by both public and private companies. This is in spite of government directives which stipulate that MSMEs should be paid all bills within 45 days. Furthermore, banks baulk at providing term loans to MSMEs working in the area of product development or design, for lack of appreciation of the value of R&D. Quick staff turnover is a common problem faced by all MSMEs and is multidimensional in nature.

For instance, many entrepreneurs do not aspire to grow since that makes them more vulnerable to labour problems, higher income tax slabs and larger handout demanded for the services rendered. Unfortunately, in the absence of growth, labour tends to seek greener pastures in larger organisations where they may get higher wages for skills learnt as well as protection provided by the established trade unions. Some entrepreneurs also treat their labour shabbily by keeping them as temporary or contract workers on daily wages, especially when the demand is of a fluctuating nature.

Often, PSUs or private companies, particularly in aerospace and defence, prefer imports even though an MSME may have the capability and expertise to develop an equivalent product. Understandably, in case of imports, they do not have to bother about assessing the product performance and quality, since it already has the stamp of approval by a foreign agency, while in case of development by an indigenous manufacturer—even if it is as simple a thing as a screw—some government agency has to approve it, and therein lies the crux of the problem.

Nobody wants to be in a position where he or she could be accountable for approving it. This nation will need more than mere promises for bringing about ‘ease of doing business’ and slogans such as ‘Make in India’. The all-powerful babus making themselves aware of ground realities and gaining some domain expertise in each sphere of activity are needed to extend MSMEs a meaningful helping hand, and enable them deliver economic growth as well as jobs—millions of jobs.

A 25-year-old MSME classification is based on investment in machinery and plant—those under Rs 25 lakh as ‘micro’, Rs 25 lakh to Rs 5 crore as ‘small’, Rs 4-10 crore as ‘medium’, and above Rs 10 crore as ‘large’ industries.

A recent modification to the MSME Act classifies them on the basis of annual turnover—up to Rs 5 crore as 'micro', from Rs 5 crore to Rs 75 crore as 'small', and from Rs 75 crore to Rs 250 crore as 'medium' enterprises.

Only time will tell if it will meet the avowed objective of eliminating the need for inspections and making the whole system progressive and evolutionary, while improving the all-important 'ease of doing business'.

Source: financialexpress.com- Apr 06, 2018

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JNPT to start direct port delivery transport

Port to roll out the service from May 1

Jawaharlal Nehru Port Trust (JNPT) has announced plans to roll out Direct Port Delivery (DPD) transport service from May 1, enabling faster and cost-effective movement of containers.

With this move, the industry can save logistics cost between ₹9,000 and ₹20,000 per container and the delivery time will be cut down to 48 hours from seven days now.

Logistics companies

JNPT has appointed four logistics companies to handle container movement on five transport routes at fixed rates. In this system, containers off loaded from the vessels would no longer be moved to Container Freight Station (CFS) yards, where more time is taken for dispatch. In March 2017, JNPT had started a tender process and after technical and financial bids, four out of 12 logistics companies were selected for the DPD transport facility.

The selected bidders include JWC Logistics Park Pvt. Ltd., (for two routes), Vora Transfreight Services, Royal Translines Pvt. Ltd. and Ekta Enterprises.JNPT has also allocated the transport routes — route 1 towards Gujarat, route 2 towards Goa and Bengaluru, route 3 towards Nashik, Aurangabad, Nagpur, Indore and Hyderabad, route 4 towards Ahmednagar and route 5 is a local region near Mumbai.

The first meeting of four successful bidders for the five routes was held at JNPT on Thursday, where Neeraj Bansal, the chairman-in-charge, asked them to gear up for the nationwide roll-out from May 1 this year.

The DPD facility had been made available at JNPT for more than a year, but this time it would be implemented in a more structured manner for any one opting for DPD service. "Currently, the DPD ratio at JNPT is 38% and we want to take it to 70% shortly," Mr. Bansal said.

Source: thehindu.com- Apr 06, 2018

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Big announcement! Patanjali Garments coming in 2019, confirms Baba Ramdev

Yoga guru and co-founder of Patanjali Ayurved Baba Ramdev today announced that his company would foray into the garment manufacturing business next year.

"People are asking me, when are you launching jeans of your company in the market. So, we have decided to launch garment products, including ethnic wear, catering to kids, men and women next year," the 52-year-old yoga guru told the professionals during the ongoing 'Goa Fest 2018' organised by the Advertising Agencies Association of India (AAAI).

Ramdev also announced that his company, which is already in the business of cosmetic and food products, will also launch garments for sports and yoga. Last year, he had announced plans to enter into garment manufacturing with a 'swadeshi' line of clothing. He claimed that Patanjali Ayurved has been doing better financially year after year and will be the country's biggest company in terms of turnover in the days to come.

Speaking about Patanjali's fiscal policies, Ramdev said his company has not employed fat-salaried professionals but the people who are committed towards the work. Ramdev, who has been featuring in his company's advertisement campaign, said that the decision to not have big faces in the campaigns is saving a lot of money.

"I get on to the camera and campaign for my brand. We have an emotional connect with the people.

That is how despite not having big faces in our advertisement campaign, our brand was accepted by the people," he said. He claimed that the Patanjali's brands have already made their mark in the market due to its knowledge based advertising. "We are promoting knowledge based advertising and not the glamour unlike the multi-national companies," he said.

However, the yoga guru said he has already withdrawn himself from several advertisements and would be completely off from it (advertisement campaign) in the next few years.

Ramdev also announced that Patanjali would venture into other countries including economically weaker nations, and the profit would be invested back in that country.

"We are already in Nepal and would be venturing in more economically weaker countries.

But we have decided that the money earned there would be invested back in the same country, without bringing it back to India," he said. "But in case of those countries which looted India, we will be making windfall profits and bringing them back to the country," Ramdev added.

Source: financialexpress.com- Apr 06, 2018

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