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IBTEX No. 185 of 2018 September 06, 2018

USD 71.89| EUR 83.59 | GBP 92.80 | JPY 0.65

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22421	46900	**83.58**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22700	47483	**84.62**

International Futures Price

NY ICE USD Cents/lb (Dec 2018)	81.71
ZCE Cotton: Yuan/MT (Jan 2019)	15,795
ZCE Cotton: USD Cents/lb	**88.98**
Cotlook A Index – Physical	**92.65**

Cotton Guide: Cotton futures declined on Wednesday towards the lower band of the sideways sessions witnessed in last almost three weeks. December contract settled at 8171, down 107 points. It has a 5-session net loss of 163 points. We have been claiming it to be trading within a sideways band and by any means if it clears onto lower side then possibly price might decline sharply towards 80 cents. In fact on technical side we have indicated a possible chart pattern which is termed as "Inverse Flag". This would be more clear if price break out of the range. On the trading front volume were 17,024 contracts. Cleared yesterday were 28,192 contracts at the ICE platform. The open interest held steady near 250K contracts.

On the macro front, other markets didn't have much influence. Grains were mildly lower. US stock indexes ended mixed. Markets remained nervous over trade negotiations. Further from the weather side, concerns for the Delta disappeared as Gordon did not reach hurricane status. Damage is expected to be minor.

China's ZCE futures have settled lower in 4 of the last 6 sessions, a similar pattern to ICE. Both markets have moved sideways for over 3 weeks. Chinese State Reserve cotton on Wednesday auction had a turnover rate of 95.27% spinners only. Offered were 30,034.0253 tons (137,803 bales); and sold were 28,613.7477 tons (131,423 bales). The cumulative turnover rate is 58.42% (offered versus sold). This auction series started at 24.1 million bales and 14.01 million bales remain.

On the domestic front the prices for 2017-18-crop Shankar-6 has steadied at Rs. 47,550 per candy, ex-gin (84.55 US cents per lb at the prevailing exchange rate). Rates for Punjab J-34 are also unchanged, with an average of Rs. 4,745 per maund (80.35 cents per lb). However, the MCX future was impervious and the most active October future ended the session at Rs. 22850 up by Rs. 150 from previous close. The Indian future has advanced amid steady spot and weakening Indian rupee.

This morning ICE Cotton is seen trading at 81.91 cents up by quarter per cent while ZCE cotton is marginally up. We think today market might continue to remain sideways. Also, the MCX cotton future has taken strong support near Rs. 22700 which is also multi-weeks low might see marginal rebounding in the price. For the day we expect the October future to trade in the range of Rs. 22700 to Rs. 23000 per bale. However, as indicated above by any means if the ICE future breaks down sharply below 81 cents then price might decline sharp correction at the Indian market as well.

Data & Event: The USDA weekly Export sales number scheduled on 7th of September, USDA- Monthly demand & Supply WASDE report is scheduled next week on 12th of September.

FX Guide: Indian rupee opened on a firmer note but has given back the gains to trade 0.15% lower at 71.87 against the US dollar. Rupee hit a record low level of 71.96 yesterday but stabilized amid some correction in US dollar and crude oil price. The US dollar has come off the highs against major European currencies amid some signs of compromise in Brexit talks and this has benefitted other currencies as well. Also weighing on US dollar is mixed comments from Fed officials and widening trade deficit. US trade deficit widened to a 5-month high of $50.1 billion in July.

Brent crude has corrected after failing to breach $80 per barrel level. Easing storm concerns and trade war worries is weighing on crude price. However, weighing on rupee is contagion fear in emerging market economies. Also weighing on rupee is disappointing economic data and widening trade deficit. The crude import bill surged 76% in July from a year earlier to $10.2 billion. That pushed up the trade deficit to $18 billion, the most in five years. India services PMI dropped from 54.2 to 51.5 in August indicating slowdown in activity. Rupee may remain under pressure unless we see stability in emerging market economies. USDINR may trade in a range of 71.45-72 and bias may be on the upside.

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

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INTERNATIONAL NEWS

China August exports seen strong despite US tariffs, shrinking orders: Poll

Official Chinese data this week is expected to show export growth remained strong in August, despite rapidly escalating US tariffs and signs of shrinking export orders, a Reuters poll showed.

But import growth, while still solid, is expected to downshift from July, adding to concerns about slowing domestic demand in the world's second-largest economy that has prompted Beijing to shift towards policy easing.

Even with US tariffs targeting $50 billion of Chinese exports going into effect for their first full month in August, Chinese shipments likely still rose 10.1 percent on-year, according to median estimates from 26 economists.

That would mark a slight decline from 12.2 percent in July but would still be the fifth month in a row of double-digit gains even as US trade tensions flared.

More sweeping US measures are on the way, with President Donald Trump's administration expected to impose duties on another $200 billion of Chinese imports this month.

Some analysts believe Chinese exporters are continuing to rush out shipments ahead of further U.S. tariffs, buoying the headline growth readings, while some companies like steel mills are diversifying and selling more products to other countries.

Other economists have noted that disruptions in supply chains and prices are likely to be more company specific initially, and will take some time to be reflected in broader economy data and corporate earnings reports.

But official and private manufacturing surveys show global demand for Chinese goods is clearly on a softening trend, with export orders shrinking for the last few months in a row.

In a further tip that China's supply chains are starting to feel the pinch, companies in some of its North Asian neighbours such as Japan are reporting weaker Chinese orders, business surveys showed.

China's imports likely rose 18.7 percent in August on-year, slowing from July's surprisingly high 27.3 percent growth and at odds with a decline suggested in the official factory survey.

Its overall trade surplus is expected to have expanded to $31.79 billion in August, from $28.05 billion the previous month.

SURPLUS WITH U.S. A KEY FOCUS

The trade surplus with the United States, a key point of contention for Trump, will be closely dissected.

Trump's advisers have pointed to weakening in China's economy and its tumbling stock markets as signs that Washington has the upper hand in the trade war.

So, Saturday's data will be closely watched by all sides for signs of an impact from tariffs on $100 billion in two-way trade that went into effect on July 6.

China's exports to the US rose 11.2 percent in July, while its imports rose 11.1 percent.

China's surplus with the US swelled to a record $28.93 billion in June, and any further increase could further inflame the bitter dispute with Washington.

Trump's threat to potential slap 25 percent tariffs on another $200 billion in Chinese exports this month would mark a serious escalation, which economists at Morgan Stanley expect would push China to introduce more measures to support its economic growth, including boosting credit growth.

China has threatened tariffs on another $60 billion of US imports at rates ranging from 5 percent to 25 percent, but it is running out of room to retaliate on a dollar-for-dollar basis.

"We expect that, if implemented, this latest set of tariffs would likely trigger a meaningful policy response from China, which has already embarked on a path of defensive easing," the Morgan Stanley economists wrote in a report.

Morgan Stanley estimates the final impact of the tariffs, after considering the policy response, will reduce China's GDP growth by 0.2 percentage point, with a 0.1 percentage point decline for US GDP growth.

Source: moneycontrol.com- Sep 05, 2018

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Canada's trade deficit shrinks in July, surplus with U.S. highest since October 2008

Canada's merchandise trade deficit with the world shrank to $114 million in July, the smallest since a surplus in December 2016, as its trade surplus with the United States grew to the biggest in a decade, Statistics Canada reported Wednesday.

The federal agency reported that merchandise exports to the United States rose 3.3 per cent in July to $38.4 billion, while imports of American goods edged down 0.1 per cent to $33.1 billion in July.

As a result, Canada's merchandise trade surplus with the United States widened to $5.3 billion in July, from $4.1 billion in June -- the biggest monthly trade surplus with its largest trading partner since October 2008.

Canada's surplus with the United States was offset by a $5.5 billion trade deficit with other countries, up from $4.8 billion in June.

The total value of Canada's exports to all countries rose 0.8 per cent to a record $51.3 billion, mainly because of higher crude oil prices, while the value of imports from all countries declined 0.4 per cent to $51.4 billion due to fewer aircraft imports, Statistics Canada said.

The overall trade deficit in July was down from $743 million in June, a figure that was revised from $626 million in the previous report.

Several analysts said they had expected July's trade deficit would rise to about $1 billion and noted trade volumes reported by Statistics Canada on Wednesday were down overall -- with exports falling 0.8 per cent and imports dropping 1.1 per cent.

They attributed a majority of the positive gains to higher energy prices.

"Overall, the rise in export prices masks what was actually a disappointing month for outbound shipments. Moreover, oil prices have since levelled off and other commodity prices have also softened," CIBC economist Royce Mendes wrote in a commentary.

"In spite of the narrower deficit, there's little reason then, to change our call for growth to slow in the third quarter."

A short time after the Statistics Canada report, the central bank announced its key interest rate will remain unchanged at 1.5 per cent, where it has been since July 11. Many economists have said the rate will likely be increased in October.

The trade report came as Canadian and American negotiators resumed talks in Washington, D.C., following a four-day break from last week's intense efforts to reach agreement on revising the North American Free Trade Agreement.

President Donald Trump has claimed that the United States needs to eliminate large trade deficits with Canada but a report from the U.S. Trade Representative says a 2017 deficit in goods (US$17.1 billion) was outweighed by a US$25 billion surplus in services sold to Canada.

Statistics Canada noted that July was the first month that Canada charged retaliatory tariffs on imported American steel and aluminum and the second month of U.S. tariffs on Canadian steel and aluminum.

The agency said that, on a seasonally adjusted basis, there was a 16.4 per cent increase in Canadian exports of steel subject to the U.S. duty imposed by President Donald Trump, following a 36.3 per cent decline in June.

Exports of Canadian aluminum subject to Trump's tariffs were down 2.0 per cent in July, on top of a 4.7 per cent decline in June.

Canada's imports of U.S. steel products subject to a 25 per cent tariff fell 39.6 per cent in July, on a seasonally adjusted basis, following a 32.7 per cent increase in June.

Canada's imports of U.S. aluminum that are subject to a 10 per cent retaliatory tariff were down 5.2 per cent and imports of other U.S. products subject to the 10 per cent tariff fell 22 per cent in July.

RBC economist Nathan Janzen noted that monthly data is volatile so a few months doesn't make a trend "and risks around Canada's trade relationship with the U.S. remain."

"It could also be, though, that Canadian exports are finally starting to get at least a modest lift from stronger global trade flows and an improved U.S. industrial sector."

Source: ctvnews.ca- Sep 05, 2018

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Bangladesh revamping trade policies to boost exports

Bangladesh’s merchandise exports in the last couple of years have declined to a single digit. The country’s average export growth between FY15 and FY18 was only 5.03 per cent.

Moreover, export earnings in the last three years have fallen behind annual projection of the Seventh Five-Year Plan (7FYP).

In the past fiscal year, value of merchandise export stood at $36.66 billion as against the projected $42.0 billion.

The government has targeted export earnings of $39.0 billion for the current fiscal year (FY19). This is much lower than the projected figure of $47.46 billion.

The government has also set an annual target of service export at $5.0 billion in the current fiscal year against the actual export of $4.53 billion in FY18.

Implications of US-China tariff war

The ongoing tariff war between US and China has disturbed the trade order of the world. Trump has been trying to avoid a global trade order since the Bangladesh revamping trade policies to boost exports 001 assumed office in 2017. In July, the US imposed 25 per cent tariff on Chinese goods worth $34 billion to which China retaliated by imposing its own tariffs on the US goods.

The US is again planning to impose a 25 per cent tariff on $16 billion worth of Chinese goods starting August 23. This tariff war is provoking many other countries to increase tariffs on their imports. For instance, India doubled the tariff on more than 300 textile products to 20 per cent on August 07. The hike is mainly targeted to contain import from China.

Increase in Bangladeshi exports

Export from Bangladesh surged around 30 per cent in the past fiscal year and stood at $873.27 million compared to $672.40 million in FY17. This is for the first time Bangladesh's exports to India crossed $800 million. Textile products, ready-made garment (RMG) to be precise, contributed significantly to the increase of export to India where Bangladesh is enjoying tariff-free market access. The increased tariff will not, however, be applicable to countries which have free trade deals with India.

Effects of a trade war on LDCs

As per estimates of The United Nations Conference on Trade and Development (UNCTAD) Bangladeshi products may face an average tariff over 40 per cent if the world enters a full-fledged trade war. The UN body fears this trade war will severely affect the world's poorest countries and dash the hope of doubling the share of the Least Developed Countries' (LDCs) in global exports by 2020 under the Sustainable Development Goals (SDGs).

The World Trade Statistical Review 2018 states merchandise exports of LDCs increased 13 per cent to reach $164.23 billion which is around 0.96 per cent of the total global export in 2017. As per the SDGs target, the share of LDCs' export to global exports would have to reach 2.0 per cent. In the ongoing volatile trade regime, it is unlikely that the LDCs will be able to reach the target within three years.

Refurbishing the policies

To increase these exports, the export policy needs to be revamped. The tenure of the current three-year export policy ended in June this year. Any delay in finalising and enforcing the new policy may send wrong signals to the exporters.

The potential sectors would not get adequate policy and fiscal supports. Efforts of exploring new markets and increasing the shares in the emerging markets may also slow down. Therefore, a long-term trade strategy is essential to prepare the country to face the challenges of the global trade war.

Source: fashionatingworld.com- Sep 06, 2018

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Brazilian cotton index drops; returns to mid-April level

The expected larger output this season has led to a drop in quotes of cotton prices in the Brazilian market in August, Center for Advanced Studies on Applied Economics (CEPEA) said in its latest fortnightly report on the Brazilian market. Sellers were willing to lower asking prices, since most batches supplied did not have homogeneous quality.

From July 31 to August 31, the CEPEA/ESALQ cotton Index, with payment in 8 days, decreased 4.2 per cent, closing at 3.1895 BRL per pound on August 31, the lowest level since April 16, when it closed at 3.1845 BRL. The Index average last month, at 3.2458 BRL per pound, was 5.1 per cent lower than in July 2018.

Aware of a larger output in Brazil and expecting new price drops, processors pressed down quotes when active in the market. “In this scenario, trades in the spot market only involved small volumes.

Agents were focused on shipment of the product previously purchased, for both the domestic market and exportation. Traders, in turn, claimed difficulties to match price and quality in new trades, but purchased cotton to accomplish contracts,” CEPEA said in its report.

Meanwhile, growers were focused on the harvesting and processing of the 2017-18 season and scheduled deliveries.

Until August 24, around 76.14 per cent of the total area under cotton was harvested in Mato Grosso, the main cotton producing province in Brazil, according to Instituto Matogrossense de Economia Agropecuária (IMEA).

Source: fibre2fashion.com- Sep 05, 2018

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Indonesia plans to reduce import of textile raw materials

Indonesia can reduce its import of textile raw materials by urging textile product manufacturers to switch to cellulose fiber.

Currently, the country imports all raw materials to produce cotton-based textiles.

Requirement for 80 per cent of synthetic fiber or polyester raw materials is been met by domestic industries, while the remaining 20 per cent is still imported.

The Ministry of Industry estimates a number of new factories will enter the market to provide raw materials. This will be supported by the national industry's ability to produce high-quality rayon as plants for producing the raw material for rayon fiber can be harvested in relatively shorter ages in Indonesia compared to countries that have four seasons.

Meanwhile, investment commitments in upstream petrochemical sector will make Indonesia independent in procuring fiber.

The Ministry of Industry, in the next three and five years, will also encourage synthetic fibers as raw materials.

Source: fashionatingworld.com- Sep 05, 2018

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Vietnam: Textile-garment exports hit US$19.4 billion in eight months

The exports of textiles and garments were reported at US$19.5 billion in the first eight months of 2018, an increase of 14.9% over the same period in 2017.

In August alone, the industry's exports were estimated at US$2.9 billion, up 1% over the previous month, raising the total export value in eight months to US$19.21 billion.

According to a report by VISecurities, the Vietnamese garment and textile industry has seen strong growth since 2002, with an annual growth rate of 20%.

Due to the economic recession in 2008, the industry's exports slowed down for a year before recovering and maintaining a steady annual growth rate of 15-20%.

The report stated that Vietnam's participation in free trade agreements and the large investments in the industry by FDI and domestic firms have helped to increase the localisation rate of the industry, leading it to become one of the industries with strongest increases in export values over the years.

The four markets of Japan, China, the US and the Republic of Korea account for 75% of total exports of garments and textiles which post an annual growth rate of more than 20%.

The US remains the largest importer of Vietnamese garments and textiles, occupying nearly 40% of the total industry's export value.

According to the Vietnam Textile and Apparel Association (VITAS), the industry's exports are forecast to reach US$34-35 billion this year.

Source: nhandan.org.vn- Sep 04, 2018

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Vietnamese companies turn domestic

Garment manufacturers in Vietnam are trying to capture the domestic market. They are developing and introducing new products for local consumers and turning to becoming original design manufacturers.

They are investing in new technologies and focusing on new product development. As of now the market is predominated by global brands.

Spending on garment products accounts for about six per cent of Vietnamese consumers' total spending, indicating that the market holds great potential for domestic enterprises. These companies are attempting to raise their market share from ten per cent to 30 per cent.

Despite their strength in exports and being the world's third largest garment exporter, Vietnamese garment companies have yet to tap into the domestic market in a significant way. Most companies focus on developing stores in major towns and cities without adequate attention to the rural market.

Vietnamese garment makers need to renovate their management methods and equipment while ensuring quality and affordable prices of their products. They also need to focus on designs, building brands and expanding the retail network in order to increase their competitiveness and capture the domestic market share.

One company has opened nearly 200 fashion outlets throughout the country featuring a wide variety of products. Some companies are introducing their own brands to the market.

Source: fashionatingworld.com- Sep 05, 2018

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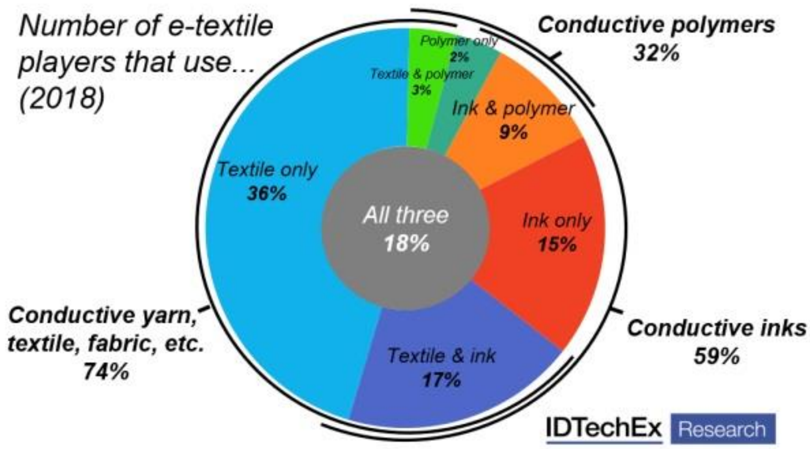
E-textiles markets witness developing maturity

In the last few years, IDTechEx has witnessed a developing maturity in the e-textiles value chain. Whilst companies have been able to manufacture and sell e-textiles products for decades, challenges around reliability, cross-compatibility and standards, equipment suitability, materials availability and overhead costs have been prohibitive in many emerging market opportunities.

However, thanks to significant investment and partnerships, some of these barriers are being lowered, with more players able to make more advanced e-textile products as less prohibitive prices. These developments improve the chances that emerging e-textile products have against incumbent options in each of the markets they target.



The recently updated report from IDTechEx, E-Textiles 2018-2028: Technologies, Markets and Players, provides an overview of the entire electronic textiles ecosystem. With research over the last five years, IDTechEx analysts have compiled details about the entire value chain, revenue data by product type, comments on future market development and forecasts from 2018-2028. The report also includes a list with details of nearly 150 companies and primary interviews with executives and technology experts in over 40 of these players.

“We are in contact with textiles for up to 98% of our lives, and they are starting to become intelligent. Part of this revolution includes the integration of electronics and textiles. Electronic textiles (e-textiles) have been in development for decades but have begun to achieve some commercial successes in the last 20 years,” the organisation says.

“Today, whilst e-textiles markets remain in relative infancy compared to their parents, many industry players are lining up to offer the next generation of smart textile products.

From clothing to bandages, bed linen to industrial fabrics, new products are appearing throughout a variety of verticals as this technology area is increasingly explored.”

The report covers the entire e-textiles value chain, covering the wide range of materials (including metals, polymers, fibres, yarns, textiles (knitted, woven, embroidered, nonwoven) and emerging materials) and components (sensors, connectors and the interface to traditional electronics, etc.) used today. It also presents a roadmap for the future, detailing over 30 different academic and early prototype products in areas such as new conductive fibres, stretchable electronics, energy harvesting, energy storage, logic and memory.

These target markets are critical to enabling future business opportunities in the subject. The report characterises key market sectors including Sports & Fitness, Medical & Healthcare, Wellness, Home & Lifestyle, Industrial, commercial, military, Fashion and Others.

“The big picture for e-textiles is extremely exciting,” IDTechEx reports. “There is an unquestionable potential when combining the comfort, feel and look of textiles with the functionality, connectivity and intelligence of electronics, and these broad-brush industry sectors give only part of the picture.

E-textile products are being explored in many exciting niches, from body motion capture, to prevention of multi-billion-dollar diseases and side effects, to improving road safety, and many more.

Many such areas are discussed in the report, including the latest activities from the most relevant players.”

Source: innovationintextiles.com- Sep 05, 2018

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Zara to Sell Everywhere in the World By 2020

In the next two years, Zara, and all of parent company Inditex's brands, will be available for purchase online from anywhere in the world.

Inditex chairman and CEO Pablo Isla, revealed 2020 plans for taking the company truly global on Tuesday, and the move could help counter some of Amazon's encroaching.

"We want to make our fashion collections available to all our customers, wherever they are in the world," Isla said, "even in those markets which do not currently have our bricks-and-mortar stores."

Inditex is the largest fashion group in the world and operates 7,448 stores in 96 markets for its eight brands, Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Uterque.

Inditex plans to eliminate all regional barriers between its brands and make its entire range of products available to a worldwide audience. Currently, Inditex operates online stores in 49 markets across its brand portfolio.

In order to deliver on a seamless experience for its current and potential e-commerce consumers, Isla said each Inditex brand will also adopt a standardized stock management system for each market with physical stores.

Customers in these markets will be able to browse available online and physical store inventory simultaneously, using RFID technology. Zara has already implemented this RFID-driven system in 25 markets, and it's helped provide consumers with access to more inventory and reduce the risk of stock outages on both platforms.

Inditex, which has excelled in efficiency, particularly in the first mile, but its advances in last mile logistics have eased the shopping experience for consumers.

Zara was the first European fast-fashion chain to launch a ship-from-store program in August after implementing backroom robots to keep up with increased demand from its successful in-store pickup system.

Additionally, Inditex plans to employ an eco-efficiency plan in all of its stores by 2020 that will see energy and water savings of up to 50 percent when compared to a traditional store. This plan has already been implemented in 80 percent of in stores, including all of its China locations across the Inditex brands.

Efforts like these, at least in part, helped earn earn Inditex a No. 4 spot on Fortune's 2018 Change the World List. The ranking landed Inditex among global companies working to influence the world in a positive way.

Fortune pointed to the fact that 95 percent of Inditex products were made in better factories that employ standards above industry average conditions. Many of its factories operate in the developed world where wages and quality of life are more easily assured.

Source: sourcingjournal.com- Sep 05, 2018

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Slump in currencies may hit Bangladesh garments export

A rapid depreciation of emerging market currencies, including the Indian rupee and the Indonesian rupiah, will affect Bangladesh's competitiveness in garments exports to the United States and the European Union and is likely to cause a rise in payments for cheap imports, caution experts. Bangladesh's currency remained almost static in the last few months.

The Indian rupee depreciated by 10.04 per cent against the dollar in the current year, while the Indonesian rupiah fell by 7.89 per cent, according to Bloomberg. The Chinese yen depreciated by 4.85 per cent in the year.

However, the Bangladesh taka depreciated only by 1.26 per cent against the dollar in the current year and stood at 83.75 against the dollar, according to a report in a top Bangladesh newspaper.

Bangladesh's imports from both China and India, the two largest sourcing countries for Bangladesh with around $19 billion in annual total payments, is likely to rise because of the devaluation of the countries' currencies as the products of the countries would be cheaper.

Experts also feel the trend may put pressure on Bangladesh's balance of payment.

Source: fibre2fashion.com- Sep 06, 2018

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Pakistan: Towel worth US$51.707mn exported in first month of FY 2018-19

The exports of towels during the first month of current financial year increased by 0.51 percent as compared the corresponding month of last year.

During the month of July, 2018 local exports of towels were recorded at 15,129 metric tons valuing US$ 51.707 million as compared the exports of 13,456 metric tons worth of US$ 51.447 million of same month of last year, according the figures of Pakistan Bureau of Statistics.

Meanwhile, the ready-made garments worth US$ 211.213 million were exported during the period under review as against the exports of US$ 212.199 million of same period of last year.

During the month of July, 2018 about 3,648 thousand dozen of ready-made garments exported as compared the exports of 3,102 thousand dozen of same period of last year, which was slightly below then the exports of same month of last year.

The knitwear worth of US$ 208.880 million exported during the period under review as compared the exports of US$ 193.802 million of same moth of last year, where as over 9,195 thousand dozen of different knitwear exported during first month of current financial year as compared the 7,529 thousand dozen of same period last year, it added.

During the period under review, textile groups exports from the country was recorded at US$ 1.002 billion as against the exports of US$ 1.008 billion against the same month of last year.

During the month of July, 2018 exports of textile products registered an increase of 0.49 percent as against the exports of the same month of last year, it added .

Meanwhile, the exports of raw cotton reduced by 8.71 percent, cotton cloth by 9.94 percent and bed wear by 3.85 percent respectively, it added.

However, the exports of other textile products during the period under review including cotton yarn grew by 7.62 percent, yarn other than cotton by 73.74 percent knit wear by 7.78 percent and other textile materials by 3.24 percent respectively.

Source: dunyanews.tv- Sep 05, 2018

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Bangladesh: Global buyers sever ties with 28 more RMG units

Two global buyers' platforms cut business relations with 28 more readymade garment factories in Bangladesh in last two months (July-August) due to the units' failure in implementing workplace safety measures.

With the 28, the total number of RMG factories with which global buyers cut business relations reached 344. Of them, European buyers' platform Accord on Fire and Building safety in Bangladesh terminated business ties with 171 factories, while North American buyers' platform Alliance for Bangladesh Worker Safety cut relations with 173 factories.

In July-August, Accord severed business relations with 23 RMG factories, while Alliance suspended five factories from its supplier list.

The factories that faced Accord suspension are: Super Knitting & Dying Mills Ltd, Greenland Apparels Ltd, Epshita Garments Ltd, Super Synthetics, Super Thread Ltd, Visual Eco Style Wear Ltd, SB Knitex Ltd, Pinnacle Garments, Piran Garments (Pvt) Ltd, Minar Industries (Pvt) Ltd, Mintex Fashion Ltd, New Labour Hosiery & Garments Ltd, Minar Textiles Ltd, Zarjis Composite Knit Industries (Pvt) Ltd, MS Dyeing, Printing & Finishing Ltd, Navy Fashion, Navy Hosiery, Comfort Apparels Ltd, Comfort Knit Fashion Ltd, Salma Fashion Wears Ltd, Portland Textile Ltd, SM Knit Wear and Texstream Fashion Ltd.

The RMG units that faced Alliance axe are: Turag Garments & Hosiery Mills Ltd, Combined Apparels Ltd, Green Fair Textile Ltd, P&G Textile Ltd and Creative Wool Wear Ltd.

Accord said in a statement that it terminated business relations with 22 factories due to their failure in implementing workplace safety measures while cut business ties with another factory due to its failure in submitting corrective action plan to the platform.

According to an Alliance statement, the platform suspended five RMG factories from its supplier list in the month of August as the units failed to implement workplace safety measures as per their respective corrective action plans.

Following the Rana Plaza building collapse in April 24, 2013, that killed more than 1,100 people, mostly garment workers, EU retailers formed the Accord to improve workplace safety in Bangladesh.

According to the Accord's statistics, the initiative has so far inspected more than 1,600 factories and completed over 84 per cent of remediation works in the units.

Just after the formation of Accord in 2013, North American retailers, including Walmart and Gap, formed the Alliance undertaking a five-year plan, which set timeframes and accountability for inspections and training and workers empowerment programmes.

The Alliance has so far inspected more than 700 factories and completed more than 90 per cent of remediation works at the factories.

A national body is supposed to take over the responsibilities of Accord and Alliance in December this year as the tenure of the two platforms will end in November, 2018.

Source: newagebd.net- Sep 05, 2018

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NATIONAL NEWS

Why the RCEP trade deal could hit India's agriculture, manufacturing sectors

India should ask for a reasonable phase-in period for tariff elimination before the proposed RCEP deal kicks in — this could be used to lend a competitive edge to the real sectors

The Regional Comprehensive Economic Partnership (RCEP), the 16-member mega-regional trading arrangement that is being negotiated for the past six years, seems to be ready for the end-game by close of the year. This was the message that was conveyed at the end of the meeting of the ministers from the RCEP Participating Countries (RPCs) held in Singapore last week.

The ministerial statement informed that the ministers had adopted a "Package of Year-End Deliverables", which was developed by the Trade Negotiating Committee. The ministers tasked the negotiators "to expeditiously bring negotiations to a mutually beneficial and fair conclusion" and "to exert utmost efforts to achieve each of the targets in the Package", so as the "achieve a comprehensive, high-quality and mutually beneficial economic partnership agreement". Other than the sense of optimism that the deal would be done before the end of 2018, the ministers gave little away in terms of the substance of the proposed deal.

The negotiating processes of free trade agreements (FTAs) have been high on rhetoric about their likely beneficial outcomes and the participating countries have always stood by the informal commitment they make to each other not to allow public scrutiny of the work-in-progress. The negotiating process of the RCEP has been no different, and even though there are countries with vastly differing expectations from the agreement, there is no way in which there can be independent assessments in individual countries as to whether the likely outcome(s) match their expectations.

Take for instance the case of India, a country that always appeared to be a rather reluctant participant at the negotiating table. Thus, while the main protagonists of the proposed agreement, which include most of the RPCs, have pitched for comprehensive liberalisation of goods trade, India has been reluctant to go that far.

In 2015, while putting forth its initial offers on tariff liberalisation, India's offer to China was elimination of tariffs on 42.5 percent of its traded products. For all other countries, India was willing to go up to 80 percent.

India's tariff offers were borne out of its experiences of implementing the FTAs with ASEAN, Japan and Korea. In each of these agreements, India had seen a ballooning of its trade deficits, caused by a steep rise in imports and lack of export penetration in the markets of FTA partners. India's trade with ASEAN and Korea has seen a near doubling of the deficit since 2009-10, when these agreements were being finalised, while with Japan, the deficit had grown at a lesser pace. In fact, India's trade deficit with the RPCs in 2017-18 was well over USD 104 billion, as against the overall deficit of USD 162 billion.

That India was clearly wary of China was eloquently expressed in the initial offers to China. Despite not enjoying preferential market access like the other major economies, China's presence in India's market had seen tremendous expansion. It exports to India had increased from about USD 31 billion in 2009-10 to over USD 76 billion in the previous financial year, while its imports from India increased from USD 11 billion to USD 13 billion.

The rapidly growing imports from China have not only stymied India's manufacturing sector, they are now threatening some of our critical sectors such as textiles. According to the Confederation of Indian Textile Industry (CITI), India's trade with China in textiles and clothing has gone from a surplus in 2013-14 to a deficit of USD 1.5 billion — these are worrying signs for these employment-intensive sectors.

If existing levels of trade openness vis-à-vis the RPCs have pushed India's manufacturing sector into an existential crisis, can the Indian economy bear the brunt of further liberalisation? The answer seems to be an unequivocal no, since indications are that many of the RPCs would like see tariffs eliminated in no less 90 percent of the products.

At this level of tariff-elimination, small producers in agriculture and dairying, would be left in a highly unequal competition with the corporate interests from several RPCs. In the manufacturing sector the RCEP tariff-cut could adversely affect the automobile industry, which has been able to survive in an adverse domestic environment with the help of tariff protection.

Where did India see the gains that kept it engaged with the RPCs? The answer is, of course, services. From the multilateral trade negotiations to now, in the FTAs, India has been looking for enhanced market access for its service providers, especially the skilled and the semi-skilled, or the "Mode 4". But the RPCs have been lukewarm to India's proposal of dealing with tariff elimination in the goods sector and services sector liberalisation on parallel tracks, which could have given India some room to offset the adverse consequences of tariff elimination.

Clearly, India needs to work on its long-neglected vulnerabilities in agriculture and manufacturing, if it is to secure some gains from the proposed RCEP. This would require a reasonable phase-in period for tariff elimination, which could be used to lend competitive edge to the real sectors.

The challenge would be to negotiate effectively with countries, such as China, which are looking at the market opening via the RCEP to make good the losses it is suffering in the bruising tariff war with the United States.

Source: moneycontrol.com- Sep 05, 2018

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Growers cheer as cotton prices go north on lower stocks, robust exports

Both spot and futures prices of the fibre have recorded a significant increase

Cotton farmers have a reason to smile as the ensuing kharif harvest season is set to begin on a strong price note. Coupled with lower carry-over stock and better export prospects, cotton prices have firmed up in the domestic market.

As on Wednesday, prices in the domestic market hovered at around ₹22,349 for a bale (of 170 kg) of cotton. This is more than ₹2,000 higher from ₹20,246 on the same day last year.

The buoyancy in cotton prices is primarily driven by higher minimum support prices (MSP) coupled with a strong demand scenario and record low carry-over stock.

The International Cotton Advisory Committee (ICAC), in its latest statement, said that the 2018-19 season is likely to see a 3 per cent decrease in production, 3 per cent increase in consumption, and a 10 per cent drop in global stocks.

29mm cotton futures on NCDEX
(Delivery centre Rajkot)

December futures contract		October futures contract	
Date	Price (₹)	Date	Price (₹)
Sept 5, 2016	18,460	Sept 5, 2016	19,700
Sept 5, 2017	19,090*	Sept 5, 2017	19,320
Sept 4, 2018	23,610	Sept 4, 2018	23,310

Source: NCDEX *November 2017 contract

"This will bring the world's cotton reserves down to a level not seen since the 2011-12 season," ICAC noted. According to the global apex body, the decrease in stocks world over will largely come from a draw-down in China's warehouses. Already, the Cotton Association of India (CAI) has projected domestic stocks at the end of the 2017-18 season being at 22 lakh bales, which is said to be the lowest in about a decade.

"At about 20-22 lakh bales of carryover stock, India is having its lowest stock in the past decade. The trend is similar globally, resulting in further strengthening of prices," said Arun Dalal, a leading cotton trader from Ahmedabad.

Spot and future up

The price trend in the spot market and in the futures has already started showing bullish signals. Spot cotton prices for 29 mm Rajkot delivery quoted above ₹22,000 — up ₹2,000 from what was seen around the same time last year.

Similarly, on the National Commodity and Derivatives Exchange of India (NCDEX), cotton prices were at ₹23,310 per bale for the October contract.

Future prices remained higher by about ₹4,000 per bale from last year's levels. NCDEX data for the October 2017 contract showed that cotton futures on September 5 traded at ₹19,320 per bale.

In the international market, prices quoted lower at 82.22 cents, which is about 2 cents lower than what was seen last month.

Source: thehindubusinessline.com- Sep 06, 2018

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Apparel exports on recovery mode, weak rupee aids growth

Apparel exports are finally turning a corner. With the rupee depreciating sharply against the dollar, apparel exports, which fell 14% year-on-year (y-o-y) in the first four months of 2018-19 (FY19), have slipped by only 1% in US dollar terms in July.

Incidentally, apparel exports grew by 6% y-o-y in rupee terms during the same month. Ratings agency ICRA expects India's apparel exports to grow at a modest pace of 1%-2% for the rest of the 2019 fiscal.

Though India's apparel exports are likely to remain subdued in the near-term, the worst appears to be over, the agency said. With faster GST (Goods and Services Tax) refunds, improved clarity on the rate of export incentives and the sharp rupee depreciation — witnessed over the past few months — most of the industry's concerns have been addressed to a large extent.

"The fall in the rupee is helping apparel exports and the downslide has been arrested," said Sanjay Jain, chairman, Confederation of Indian Textile Industry (CITI). "Government policies are more tuned towards aiding the apparel sector. We expect a 5%-7% growth in apparel exports in the current fiscal," he said.

"The depreciation in the currency (rupee) has supported the recovery (in exports)," said Raja M Shanmugham, president, Tirupur Exporters' Association. The rupee depreciated 5% between April and July this year and by over 9% so far in 2018. "The signs are quite positive. The trade war between the US and China would also help in growing our exports," he said.

"From the start of this year, apparel exports have been slowing down mainly due to tough competition from other Asian countries like Vietnam and Bangladesh owing to China's loss of export market share, liquidity challenges, currency fluctuations and uncertainty in policy changes," said Pushkar Mukewar, co-founder and co-CEO, Drip Capital.

"With several internal as well as external headwinds, the past year turned out to be rather challenging for India's apparel exporters.

Transition to the new taxation regime, besides posing liquidity challenges for the industry, added to uncertainties because of alternating stances on export incentives during the year," said Jayanta Roy, senior vice president and group head, ICRA.

"Going forward, steps taken by the government to address these concerns, will remain crucial for apparel exporters to capitalise on the revived global apparel trade as well as the continuing loss of market share by China, which opens up a lucrative opportunity for key players such as India, Vietnam and Bangladesh," he said.

Source: timesofindia.com- Sep 06, 2018

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Exports benefiting from weak rupee, says trade secretary

Indian exports are rising driven by a fall in the rupee against U.S. dollar, by more than 11 percent so far this year, the trade secretary said on Thursday.

Merchandise exports rose 14.32 percent in July to $25.77 billion from a year ago.

Playing down the impact of the weak rupee on the economy, Trade Secretary J.S. Deepak said in the medium term, country's fundamentals were strong and the capital flows were healthy.

Source: in.reuters.com- Sep 06, 2018

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Are MSMEs hampered by insolvency and Bankruptcy code?

There is a need for a reality check on the entire process.

The Insolvency and Bankruptcy Code (IBC) is in its second year of operation; it has, at best, been a roller-coaster ride where the application of the said law has opened loads of issues that have been noted and acted upon by the Insolvency and Bankruptcy Board of India (IBBI) and/or the government.

One of the issues that has not yet caught the attention of the government or the IBBI is the treatment of MSMEs under the resolution plan. As the law currently stands, there is no difference that has been accorded to MSMEs and other operational creditors, and as such, these operational creditors are only guaranteed the liquidation value.

In some resolution plans that have been approved by National Company Law Tribunals (NCLTs) across India, the liquidation value of the company is nil and, hence, nil amount is guaranteed to such operational creditors, including MSMEs.

It's precarious situation for MSMEs for two vital reasons: (1) It is an important sector since it provides huge employment to the country at large and, one may argue, is the backbone of the economy; and (2) there is an effective legal regime that has been promulgated to consider the interest of MSMEs, i.e. the Micro, Small & Medium Enterprises Development (MSMED) Act, wherein MSMEs are guaranteed principal amount along with interest for delayed payment of more than 45 days from the delivery of goods or services, at three times bank rate (nearly 19%). It's a guaranteed amount under the Act, which is totally abrogated by a resolution plan, wherein only liquidation value is guaranteed.

Now, let us step back and see why such a broad protection was given to MSMEs under the Act. The Supreme Court and various High Courts have noted that legislature wanted to accord special protection to MSMEs since there is a lack of working capital.

Thus, a non obstante clause was incorporated in the MSMED Act to ensure that principal and interest are statutorily protected to MSMEs even if there is something inconsistent with other laws; this aspect has, time and again, been given the stamp of approval by constitutional courts.

The problem now arises when an insolvency process is initiated against the buyer under the IBC, there is a moratorium that is imposed, and no actions can be instituted under the MSMED Act. Even the pending proceedings against the corporate debtor are stayed.

Further, orders that may have been passed under the MSMED Act against the buyer (who is the corporate debtor) cannot be executed. Additionally, MSMEs have no role to play since they are not even on the committee of creditors, so there is complete opaqueness in the way their interests are taken care of, if at all.

During the insolvency process, MSMEs must file their claims with the interim resolution professional (IRP) or resolution professional (RP) and, thereafter, it is the sole prerogative of the IRP/RP to accept, reject or modify the liability.

After the resolution process is over, these SMEs may have to take a massive haircut at the end, wherein they may not even receive the principal amount, leave alone the interest that is statutorily given under the MSMED Act. Due to their payments not coming on time, these SMEs have issues with respect to operations since they lack working capital. Further, due to lack of monies, they are unable to pay to their own suppliers from whom they had acquired goods, thus exposing them too declared insolvent.

The problem is severe and may be epidemic in times to come, unless steps are taken to stem the tide. One of the ways the author feels it can be done is: Section 30(2)(e) of the IBC provides that the resolution plan so adopted must be in conformity with the law for the time being in force.

There was a discussion on this clause in a report by the Insolvency Law Committee, wherein it was noted the resolution plan must be in compliance with the Real Estate (Regulation and Development) Act, since it is a law for time being in force. The same logic would apply to the MSMED Act.

Further, similar to RERA, the MSMED Act contains clause for delayed actions/payments. It is to be noted herein that the MSMED Act has a non obstante clause and, hence, a resolution plan cannot abrogate the rights that accrue to an MSME under the MSMED Act.

It is argued that even the IBC has a non obstante clause; that being said, the IBC only provides for a waterfall in case of liquidation wherein resolution plan is essentially a private document that must stand the scrutiny of law.

It may be advisable to think that since the MSMED Act is a special statute, so if resolution plan does not provide for repayment of admitted debt of MSMEs in full, then such a plan is non est in law. This is one of the ways in which interest of MSMEs can be safeguarded from the law, which can be described as for the financial creditors, by the financial creditors and of the financial creditors.

Source: financialexpress.com- Sep 06, 2018

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Govt simplifies GST refund claim process for businesses

Easing compliance burden for businesses, the Finance Ministry has said GST refunds can be claimed by simply submitting a printout of 'GSTR-2A' form to tax authorities instead of giving all purchase invoices of a month.

GSTR-2A is a purchase return auto-generated by the system based on the transaction between a business and its supplier.

"The proper officer shall rely upon form GSTR-2A as an evidence of the account of the supply by the corresponding supplier in relation to which the input tax credit has been availed by the claimant.

"...There may be situations in which Form GSTR-2A may not contain the details of all the invoices relating to the input tax credit availed, possibly because the supplier's Form GSTR-1 was delayed or not filed.

"In such situations, the proper officer may call for the hard copies of such invoices if he deems it necessary for the examination of the claim for refund," the Ministry said in a clarification.

In the clarification to Principal Chief Commissioners, the GST Policy Wing in the Ministry said the proper officer shall not insist on the submission of an invoice (either original or duplicate) the details of which are present in GSTR-2A of the relevant period submitted by the claimant.

The GST Policy Wing further said a few cases have come to notice where a tax authority, after receiving a sanction order from the counterpart tax authority (Centre or State), has refused to disburse the relevant sanctioned amount calling into question the validity of the sanction order on certain grounds.

"It is hereby clarified that neither the State nor the Central tax authorities shall refuse to disburse the amount sanctioned by the counterpart tax authority on any grounds whatsoever, except under sub-section (11) of section 54 of the CGST Act.

"It is further clarified that any adjustment of the amount sanctioned as refund against any outstanding demand against the claimant can be carried out by the refund disbursing authority if not already done by the refund sanctioning authority," the Ministry said.

AMRG & Associates Partner Rajat Mohan said it is clarified that the remedy for correction of an incorrect or erroneous sanction order lies in filing an appeal against such order. "Recipient officer cannot withhold disbursement of the sanctioned amount on any pretext," he said.

Mohan said so far invoices relating to inputs, input services and capital goods were to be submitted for processing of claims.

"Trade and industry felt that it is cumbersome and increases their compliance cost, especially where the number of invoices is large in an entity. It has now been decided that the refund claim shall be accompanied by a printout of FORM GSTR-2A of the claimant for the relevant period for which the refund is claimed," he added.

Source: businesstoday.in- Sep 05, 2018

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India proposes stricter country of origin norms in RCEP pact

India proposes stricter country of origin norms in RCEP pact

India has mooted stricter rules of origin in the Regional Comprehensive Economic Partnership (RCEP) trade agreement to prevent Chinese goods from indirectly flooding the country.

Rules of origin are the criteria needed to determine the source country of a product, based on which they get tariff concessions or are subjected to duties. India has said the last country from which a product is exported should do the highest value addition with the help of indigenous inputs.

“We have to prevent any abuse of deviations, so the last country from which a product is exported as a finished product should attain maximum value addition,” said a commerce department official.

Globally, the average threshold on domestic content is 40-60% for getting originating status to a product. The need for strict rules of origin comes in the wake of India having a trade deficit with as many as 10 member countries of the RCEP, including China, South Korea and Australia and which ..

RCEP is a proposed comprehensive regional economic integration agreement amongst the 10-Asean countries and its six free-trade agreement partners—Australia, New Zealand, Japan, China, Korea and India.

The grouping comprises 45% of the world’s population with a combined GDP of about $21 trillion. The RCEP negotiations were launched in November 2012 and the first round of negotiations was held in 2013.

However, trade experts have said that stricter rules of origin with China may not benefit as Beijing circumvents its exports through India’s other neighbours. “We need origin norms with Bangladesh because China circumvents its textiles from there. In such a case, stricter rules of origin with China will be of no help to us,” said Biswajit Dhar, professor at JNU.

Source: economictimes.com- Sep 06, 2018

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Gujarat's cotton farmers ward off pink bollworm

The insect pest, which wreaked havoc two years ago, is viewed today as a threat that can be 'managed'.

His entire crop was destroyed by pink bollworm larvae two year ago. But that hasn't deterred Uday Khachar from growing cotton again. This kharif season, he has planted it on 20 out of his 24 hectares of arable land in Panchavada village in Chotila taluka of Gujarat's Surendranagar district. And the dull white larva with a pink banding on its upper side, which chews through the lint to feed on the seeds of the raw cotton or kapas, is the least of his concerns.

"The insect attacked my crop first in 2015, but caused massive damage only the following year. But in 2017, there was no problem. This year, too, there has been no attack so far. Even if it happens, I should be able to control it by spraying insecticides available in the market. This looks to be one of the best crops I have had in recent years," says the 40-year-old, Class X-pass farmer.

Khachar's main worry is water. "I could sow after mid-June, as there was water that could be drawn from my three bore-wells. But the lack of rains has meant that my five open wells are not sufficiently recharged. The crop needs water now, when it has entered the flowering stage and boll formation, too, is taking place. The skies are overcast, but it is barely drizzling," he sighs.

Ratibhai Patel, who has sown cotton on his entire six-hectare holding on the outskirts of Sayla town in Surendranagar, states that the pink bollworm has already struck, "but I have managed it by spraying three doses of profenophos and cypermethrin insecticides,".

Gujarat is India's largest cotton producer, accounting for 108 lakh bales (of 170 kg each) out of the total 365 lakh bales of lint output in 2017-18. Within Gujarat, over 70 per cent of production is from the Saurashtra region. This year, cotton acreage in the state has risen to 27 lakh hectares (lh), compared to 26.17 lh in 2017-18. Of the 27 lh, 19.26 lh has been sown in the 11 districts of Saurashtra: Amreli (4.04 lh), Surendranagar (3.44 lh), Rajkot (2.60 lh), Bhavnagar (2.25 lh), Morbi (2.18 lh), Jamnagar (1.84 lh), Botad (1.66 lh), Junagadh (76,100 hectares), Devbhoomi Dwarka (21,300 hectares), Gir Somnath (18,300 hectares) and Porbandar (10,700 hectares).

"After last year's success in containing pink bollworm, farmers are confident about cotton, proof of which is the higher plantings. Profenophos, triazophos and cypermethrin are not new insecticides, but farmers have figured out how to use them at the right time. Their application can control infestation of up to 90 per cent," notes Dinesh Pokiya, a farm input dealer in Babra town of Amreli district. However, he warns that spraying of chemicals is not 100 per cent effective, apart from being costly. Farmers should, hence, also try out other options such as placing pheromone and light traps to lure the insect pest.

According to LK Dhaduk, head of the Junagadh Cotton Research Station of Junagadh Agricultural University (JAU), pink bollworm was noticed for the first time in Gujarat in Amreli district's Dhari and Savarkundla talukas during 2013. The larvae caused crop losses to the extent of 80 per cent in 2016. "But thanks to the collective efforts of farmers, seed companies, pesticide manufacturers, traders and scientists, we could control the pest last year," Dhaduk tells The Indian Express.

Gujarat, like other states, mostly grows Bt cotton containing genes of the Bacillus thuringiensis soil bacterium coding for proteins toxic to various bollworms. At the time of its introduction in 2002, the Bt genes were fatal against a host of pests, including American bollworm, pink bollworm and tobacco cutworm. But pink bollworm developed resistance to the Bt toxins from around 2014. "It could have been delayed had farmers planted non-Bt varieties on the edge of Bt cotton fields, which is what Monsanto (the technology developer) had recommended. That would have acted as a refuge crop for the pest. Unfortunately, farmers did not follow the protocols, as yields from the non-Bt plants were lower. As a result, the insect and its progeny fed only on Bt cotton. That hastened the process of resistance to Bt toxins," explains Dhaduk.

Another factor contributing to attacks has been early sowing by farmers. The pink bollworm moths become active with rising humidity levels, and they breed both during May-June and July-August. Early-sown cotton acts as a host for eggs laid by the first-generation moths. These eggs become larva within 4-5 days and subsequently develop into moths within a month. Those moths, in turn, lay eggs again in July-August, leading to a renewed attack on the crop.

“If farmers avoid sowing early, their crop can escape the first-generation larval attack. If sowing happens after mid-June, the second-generation larva can be controlled by pesticides. By not spraying these for the first-generation insects, their effectiveness will go up and the overall cost of application also comes down,” observes Dhaduk.

The scientist, nevertheless, believes that farmers need to be made to plant refuge crop. This has not been happening, as companies are now putting the non-Bt seeds in a separate small envelope within the main package containing Bt seeds. Therefore, farmers are able to identify the former and not plant them at all.

But the government, from the next season onwards, has made it mandatory for companies to mix 24 grams of non-Bt seeds along with 450 grams of Bt seeds. “Farmers will, then, be unable to separate the two and some refuge crop would get planted. Apart from refuge, we need to also promote other means of control such as pheromone traps,” adds Dhaduk.

For now, though, farmers are happy, with no signs of serious attack by the dreaded pest. Moreover, the price outlook also seems good. The kapas (raw un-ginned cotton) that has started arriving in the mandis of Punjab is selling at over Rs 5,600 per quintal, which is higher than the government’s minimum support price of Rs 5,150 for medium staple and Rs 5,450 for long staple varieties.

With the new cotton year from October projected to open with stocks of just 22 lakh bales, against 36.07 lakh bales in 2017-18, and the benchmark global Cotlook ‘A’ Index price, too, at 92.15 cents per pound — they ruled at 84.70 cents a year ago and around 75 cents two years ago — the coming months promise some hope.

Source: indianexpress.com- Sep 06, 2018

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India convinces RCEP members to commit on easing worker movement

In a significant breakthrough in the ongoing negotiations of the Regional Comprehensive Economic Partnership (RCEP), India has convinced the 15 partner countries, including the 10-member ASEAN, to agree to binding commitments in the area of easing movement of workers and professionals in the region.

India, however, agreed to take on commitments to reduce or eliminate tariffs on a larger number of goods than what it had earlier proposed. This, however, is subject to the condition that it is given the flexibility to get around its sensitivities (by taking on less onerous commitments to be implemented over a longer period) with countries with which it does not have bilateral free trade pacts, including China, Australia and New Zealand.

“We have said that the RCEP is not a goods partnership alone. It is an economic partnership...(that) envisages that services should be an integral part of trade,” Commerce Minister Suresh Prabhu told a media gathering here on Tuesday.

Once concluded, the RCEP is likely to result in the largest free trade bloc in the world covering about 3.5 billion people and 30 per cent of the world’s GDP.

Last week, Prabhu attended a Trade Ministers’ meeting of RCEP countries in Bangkok, where a number of crucial decisions were taken.

He said that while there will be substantial negotiations in the next couple of months, the talks will not conclude in 2018 but continue in 2019.

The 16 Trade Ministers, however, agreed on reaching a package of deliverables by the end of 2018 which could have a number of elements including goods, services and rules of origin.

“There is no agreement yet on what the package of deliverables will include but there is an overwhelming feeling amongst RCEP members that there should be some sort of an agreement by the RCEP Summit in November in areas where there has been a progress in negotiations,” an official told BusinessLine.

In services, so far, RCEP members have not agreed to taking on binding agreements on Mode 4, which includes rules guiding movement of natural persons or workers. There was, especially, major reluctance from small countries such as Singapore, New Zealand and Brunei. However, with India sticking to its argument that it doesn't make sense to have an agreement in goods without anything substantial in services, things changed for the better at the Bangkok meeting on August 30-31.

"All RCEP members have agreed to give their binding offers on easing movement of workers by October 10. These will be evaluated and further requests would be made till an agreement is reached," the official said.

What remains to be seen though is the quality of offers in services made by member countries in the area.

In the area of goods, India agreed to move beyond its offer made at the meeting in Cebu (in 2016) where it had proposed to eliminate tariffs on 86 per cent of items for the ASEAN, Japan and South Korea and 74 per cent for China, New Zealand and Australia.

It, however, impressed upon RCEP members of its need to hold bilateral discussions with China, New Zealand and Australia so that it could protect a larger number of items from tariff cuts and elimination depending on the negotiations.

"RCEP members have now agreed to bilaterals with certain countries. We can have carve-outs to protect sensitive commodities and have longer implementation periods for tariff elimination for certain items from certain countries. This can be as long as twenty years or even more," the official said.

Source: thehindubusinessline.com- Sep 05, 2018

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Govt clears over 36% hike in artisan wages

The MSME Ministry has approved a proposal by the Khadi and Village Industries Commission (KVIC) to increase the wages of artisans by over 36 per cent, from Rs 5.50 per hank previously to Rs 7.50 per hank.

In a statement, KVIC said on Tuesday its proposal for an increase in wages to khadi spinners along with payment of government subsidy -- modified market development assistance (MMDA) -- has been approved with effect from August 15, 2018.

Under the MMDA programme, 30 per cent of the prime cost is paid to the khadi institutions as production subsidy. Of this 30 per cent, 40 per cent goes to artisans as wage incentives and the remaining 60 per cent goes to the khadi institutions.

The wage incentives are paid by KVIC directly to the accounts of the artisans through direct benefit transfer. As a result, if an artisan makes 20 hanks in a day — he will get Rs 150 per day as wage at the rate of Rs 7.50 per hank, plus incentives including MMDA, which would be approximately 35 per cent on Rs 150, that is Rs 52.

“Hence, on an average, an artisan spinning a minimum of 20 hanks in a day will now start earning Rs 202 per day, including his wages and government incentive — after this increase. It may be noted that, most of the artisans spin more than 20 hanks per day currently,” KVIC said.

KVIC Chairman V K Saxena said the enhancement in wages would draw youth to taking up spinning as a profession. “This increase will also attract new and younger artisans to khadi — who were earlier sceptical about their income, comparing it to the wages given to daily wagers under MNREGA,” he said.

Source: thehindubusinessline.com- Sep 05, 2018

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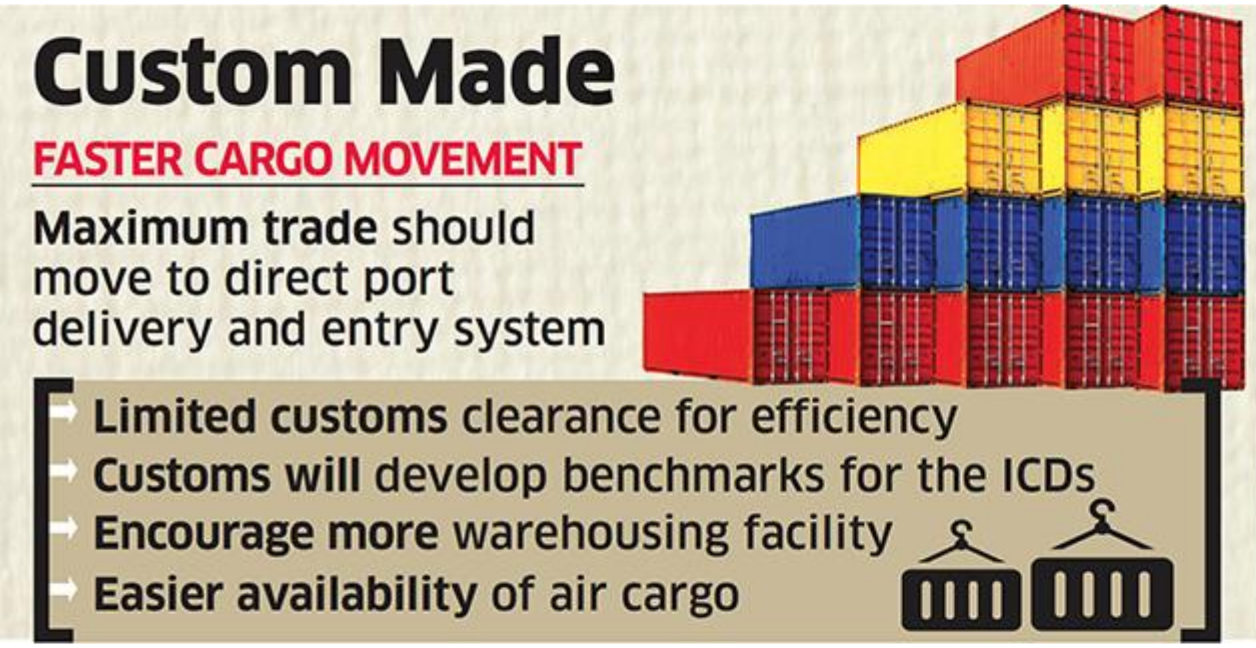
CBIC revamping policy for inland container depots

Central Board of Indirect Taxes and Customs (CBIC) has begun work to overhaul the two-decade old policy framework governing inland container depots, to ease customs clearance mechanism and speed up cargo movement within the country, officials familiar with the development said.

The move is in line with the thinking of Prime Minister's Office that wants maximum trade to move to "direct port delivery and entry system" to make it easier to do business.



Under direct port delivery (DPD), cargo is transferred directly to the place of delivery and not held initially at a container freight station.This system is already working at some places and has yielded significant time saving, officials said.65694715

"The idea is to prepare the next level blueprint for the trade sector," said a senior government official privy to the deliberations on the matter. "Regulatory controls are not required at all inland container depots (ICDs)."This blueprint will also focus on easier availability of air cargo in line with the government's plan of air connectivity, the official said.

Experts agree with the need for a revamp.

"ICDs have challenges in terms of infrastructure, connectivity, incremental freight and transaction cost, increased dwell time and inadequacy of manpower for day to day operations and administrative control," said Rahul Shukla, executive director at PwC.

"With increase in focus on DPD, functioning of ICD would require a fresh evaluation," he said. At present, inland container depots are located at multiple places, causing logistical issues leading to delays in movement of shipments. Some places even have multiple container depots. For example, Delhi and Ludhiana have 12 depots each.

At present, all these depots have customs presence for clearance of containers. This will not be required under the proposed framework as the country will switch to direct delivery and entry model. Customs will develop benchmarks for inland container depots and only those meeting them will have customs presence.

There are about 125 inland container depots in the country now. CBIC's initiative aims to bring about geographic efficiency and improve the quality of services in these depots, said the official quoted earlier.

A large component of the plan will be to help incubate much-needed warehousing facilities in the country and aid remodelling of inland container depots. Central Board of Indirect Taxes and Customs' focus will be on 'wharf to warehouse and warehouse to wharf' to cut down on transactions costs and time taken for cargo movement in the country, the official said.

Source: economictimes.com- Sep 06, 2018

HOME

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Kurl-on to invest ₹ 200 cr for expansion

Mattress brand Kurl-on plans to invest ₹ 200 crore in innovation and new technology to double its product portfolio in the next two years and to consolidate the brand's growth in home furniture and furnishings segment.

Kurl-on, which announced the launch of 'STR8 Technology' for its mattresses on Wednesday, said it will rapidly expand the retail presence across the country to 2,000 stores by 2020.

This will be done through both multi-brand and franchise outlets as well as its two exclusive brand outlets- 'Kurl-on Homes' and 'Home Komfort by Kurl-on'

The company said in a statement that it aims to expand the Kurl-on Home stores from 430 at present to 1,000 in the next two years and Home Komfort to another 100 outlets.

The retail expansion, together with the increase in product portfolio will enable Kurl-on consolidate its growth and emergence as a serious and larger home furniture and furnishings brand, it added.

Kurl-on Chairman and MD T Sudhakar Pai said its sales in the previous year stood at ₹ 1,050 crore and the company is targeting to grow at the rate of twice the industry growth.

Kurl-on said it has been expanding the product portfolio in the home furniture segment and offers 18 product categories and stock keeps units (SKUs).

Source: thehindubusinessline.com- Sep 06, 2018

HOME

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