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IBTEX No. 221 of 2017 November 07, 2017

USD 64.83 | EUR 75.29 | GBP 85.35 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
17999	37650	**74.27**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18250	38175	**75.31**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.74
ZCE Cotton: Yuan/MT (Jan 2018)	15,195
ZCE Cotton: USD Cents/lb	**88.44**
Cotlook A Index – Physical	**79.75**

Cotton & currency guide: Cotton futures took another sideways move and settled meagerly higher across the board. December settled at 6885, up 13 points. The other months settled from 20 to 33 points higher. Trading volume was 46,165 contracts. Cleared Friday were 33,420 contracts.

Ahead of December contract expiry liquidation dominated trading. Dec sees its first notice day on Thanksgiving Thursday, November 25th. That leaves 12 more sessions until then.

About three-fourths of session was traded on spreads and over 80 percent of the spreads involved Dec. Some long-only spec funds started a 7-day string of rolls today (buy Mar/sell Dec). Goldman Sachs, believed to be the biggest long-only fund in cotton, starts their 5-day rolling period tomorrow.

December open interest began Monday at 97,267 contracts, down 3,177 contracts from Friday. Further the move in the spread towards carry is believed to be the building availability of US cotton, if not now, soon. Options remain a focus this week. Dec options have their final trading day and expire on Friday. Exercised options typically accelerate futures liquidation.

On the spot front in India, prices for Shankar-6 new crop have remained steady over the weekend, at an average of Rs. 37,950 per candy, ex-gin (74.80 US cents per lb at the prevailing exchange rate). Quotes for new crop Punjab J-34 are very slightly easy at Rs. 3,860 per maund (about 72.45 cents per lb). Nationwide, daily seed cotton arrivals have continued to rise as the harvest expands. Deliveries are estimated at roughly 144,550 lint equivalent bales (170 kgs), including 36,000 registered in Maharashtra, 36,000 in Andhra Pradesh and 26,000 in Gujarat.

The futures contract of Cotton at MCX has declined on Monday. The November future ended the session at Rs. 18250 per bale.

We expect cotton price to trade sideways to lower. The trading range for the day would be Rs. 18100 to Rs. 18370 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Bangladesh: Home textile industry in a fix

One does not give much thought to the export market for home textiles and terry towels in this country. Yet this USD-1.2-billion-a-year export subsector in the readymade garments (RMG) industry occupies a special place in the garments sector of Bangladesh as raw material used in the making of products is local yarn made from cotton waste. Currently, it has some 110 factories (about 97 in operation) employing some 65,000 workers.

Unfortunately for the Bangladesh Terry Towel and Linen Manufacturers and Exporters Association (BTTLMEA), the industry has been in a state of decline since 2011 for a multitude of reasons, with the bulk of cotton waste being exported or smuggled out to India/China under the guise of waste clipping/garment clipping.

Going by a report published in a leading English daily, on October 23, industry insiders have alleged that certain parties are exporting cotton waste to other countries misrepresenting it as garment "jhute" (cutting waste) since there is no export duty on garment waste.

The managing director of Towel Tex Limited was quoted as saying that "despite offering high prices, we are not getting the required raw materials." We find that the export of cotton waste, nes (H.S. Code 5202.99.10) has jumped from USD 1,059,777 in 2013-2014 to USD 4,468,830 in 2016-2017, and hence the raw material crunch.

Other materials used as raw materials for the industry include used or new rags of textile materials – white and sorted (H.S. Code 631010) witnessed a rise in "export" from USD 8,946,803 in fiscal year 2013-2014 to USD 10,374,017 in 2016-2017.

The coloured version of this material (H.S. Code 631090) posted an increase by about a third (USD 3,085,9324 to USD 4,197,0444) over the same period.

The government set the minimum export price for cotton waste at USD 4.50 per kg (25 percent export duty applicable).

Since there is misrepresentation of these waste materials, it allows for them to be smuggled or exported as garment clipping. In effect, the export duty is bypassed depriving both the industry/local spinners of its raw material and the government of duty earnings.

The shortage of both cotton waste and garment “jhute” is hampering the production of local yarn, without which we may well be sealing the fate of the home textile and terry towel sector.

So, what is to be done? The industry, for one, has highlighted the problem in a letter to the National Board of Revenue (NBR) on October 11 that unless steps are taken by NBR to halt the export of cotton waste/garment jhute/cotton clipping, the industry faces closure in the foreseeable future.

When we look up EPB data at the usage pattern for cotton waste (H.S. Code 5202.99.10) in other countries, we find that during fiscal year 2016-2017, the total value of export stands at USD 4,468,830 with Hong Kong, India and Nepal topping the list having consumed USD 377,646, USD 2,984,953, USD 906,796 respectively. These three countries constituted nearly 96 percent of total export value for this raw material.

For used or new rags of textile materials (not sorted), China and India are nearly at par with the former importing USD 14,770,106 (35 percent of total export) and the latter importing USD 15,257,740 (36 percent of total export).

The 2014-2015 data show that India's consumption has remained largely stagnant while China has recorded nearly a 32 percent rise in consumption of this raw material in the current fiscal year.

We can go on listing the rest of the raw material categories but there is hardly any need for that. According to industry sources, the price of yarn produced by these waste materials has increased by 20 percent over the last few years, largely due to chronic shortage of waste necessary for making yarn used by the industry to make finished products.

There is a need for NBR intervention here because it is being deprived of revenue and the halting of such illicit activity could stall the decline of the industry in question.

Though the sector employs 65,000 people, which pales in the shadow of the nearly 4 million people employed in the RMG sector, those workers support their families and their livelihoods are called into question every time a factory is shut because we have failed to protect a fledgling domestic industry.

An industry generating USD 1.2 billion in exports despite facing such an uphill struggle deserves more attention at policy level. What could be the potential earning if the subsector was 200-factory strong, employing so many more thousands of people? And protecting the raw material base for the home textile and towel industry has other benefits.

Rotor spinning mills in the country use cotton waste to produce the yarn; similarly, modern recycling mills utilise the “jhute” waste from RMGs to make another type of yarn—and both these yarns allow for making terry towels, home textiles, denim and other types of clothing that end up in foreign markets earning the country precious foreign exchange.

So, when we take into account the combined workforce of all these different factories, the number is no longer 65,000—it is much higher.

The NBR should seriously take a look at the proposal for putting into place barriers to export (for a year) of such raw material that is now taking place by misquoting them as something else.

If after a year there is no improvement in the industry, the NBR is perfectly at liberty to change its decision regarding export of the items in question.

Source thedailystar.net- Nov 07, 2017

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US garment, textile footwear firms eye Vietnam sans TPP

US garment, textile and footwear firms are seeking investment opportunities in Vietnam after their country withdrew from the Trans-Pacific Partnership (TPP).

According to American Apparel & Footwear Association (AAFA) senior vice president Nate Herman, Vietnam's strengths in quality, price and delivery commitments attracts US retailers to the country.

Herman said Vietnam surpassed rivals in export growth to the United States despite receiving no preferential trade pacts. Vietnam's exports to the United States in these sectors are likely to increase in future, even without TPP, a Vietnamese news agency quoted Herman as saying.

He noted that the imports of Vietnam's garment-textile and footwear to his country grew by 8.74 per cent and 11.83 per cent respectively over the past 12 months and Vietnam was the second biggest exporter to the US market, after China.

Vietnam exported over $30.16 billion worth of goods to the United States in the first eight months of 2017, making up 1.99 per cent of the total US import turnover. During the same period, the country paid over $2.2 billion in taxes, ranking second among 15 countries paying the highest import taxes to the United States.

AAFA and the American Chamber of Commerce in Vietnam (AmCham Vietnam) held a series of activities in Ho Chi Minh City, including a workshop on product safety and compliance issues, in late October. Earlier, the National Cotton Council of America (CCI) coordinated with the Vietnam Textile & Apparel Association to organise the Cotton Day 2017 and granted investment licenses to 12 businesses operating in Vietnam and using the US cotton.

However, some experts feel Vietnam's exports to the United States may face difficulties in future due to tighter US regulations on product safety to reduce trade deficit.

Source: fibre2fashion.com- Nov 06, 2017

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Chinese consumers prefer online shopping: report

E-commerce has been identified as the preferred shopping channel for Chinese consumers, according to a recent report. Mobile e-commerce is driving the growth of online shopping, as customers can easily access shopping platforms anywhere and at any time. Further, it is seen that the Chinese consumers are becoming more conscious about branding and quality.

Around 36 per cent of the surveyed adults choose to shop from pure online players, with Tmall and Taobao, the preferred online destinations, said the report based ProsperChina Quarterly Survey—the largest online survey of consumers in China.

Taobao is China's largest online consumer-to-consumer (C2C) platform. It has one of the lowest net promoter scores (NPS)—a measure of customer experience and a proxy that helps predict business growth—with a value of -32. Chinese consumers' preference for branding and quality is one of the reasons for the low score, as well as the fact that Taobao's main customers fall into the lower-income group. Taobao has positioned itself as a marketplace for the mass market.

"Of the surveyed, 51.5 per cent cared about branding and 45.6 per cent cared about the quality of the product, versus 40.9 per cent who considered price as a factor in their purchase decision," the report said.

Tmall is the largest business-to-consumer (B2C) platform in China and attracts high-value customers, the report stated. It is the preferred e-commerce site among both the high-income group and people born in the 1980s. The e-commerce group has positioned itself as a higher-end marketplace.

"With both Taobao and Tmall in its portfolio, Alibaba is considered an e-commerce powerhouse. The two platforms are complementary—one captures the low-price consumer (Taobao), while the other (Tmall) increasingly differentiates on quality and branding and captures the high-price consumer. With the ongoing upgrade of Chinese consumption, Tmall is better positioned for sustained growth, but one cannot rule out Taobao with its low-value proposition," the report said.

Source: fibre2fashion.com- Nov 06, 2017

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USA: The Top 7 Sustainability Trends Coming Out of Textile Exchange

Whether it's circularity, reducing microfibers polluting the world's oceans or using more materials with less environmental impact, sustainability is front and center in the apparel sector, and brands that hadn't been on board are joining the party. Because the industry—and the consumer—now demands it.

That much was clear at the Textile Exchange Sustainability Conference in Washington, D.C. last month.

"At the core, this is about a change in vision," Andrew Winston, author of "The Big Pivot," said during a keynote at the conference.

And that change in vision is manifesting in seven major trends.

1. Tapping into Sustainable Development Goals

There's been constant talk about how to get the global apparel sector in line with certain efforts, and though that may still be implausible in many cases, the United Nation's Sustainable Development Goals (SDGs) are at least getting more companies on the same page with sustainability.

The SDGs, which represent a sort of common vocabulary for sustainability, were the focus for this year's Textile Exchange conference, and the goals are starting to serve as the guideline for more and more brands as they broach their less impactful paths.

"Sustainability has sort of lost its meaning in many, many ways and the SDGs provide 17 topics to define what sustainability means for the world and for the industry," Textile Exchange ambassador Caterina Conti said.

Of the 17 sustainability goals, five seem to be ringing most relevant among brands and retailers: responsible consumption and production; climate action; decent work and economic growth; gender equality; and clean water and sanitation.

And just as brands are tackling these issues, so too are the countries where they source their goods, including places like China, India, Bangladesh and El Salvador, among others.

“You’re already seeing in China and India some mills are getting closed for environmental and other issues,” Conti said, adding that the SDGs are allowing for actors within the apparel space to take initiative on key issues.

The SDGs are the one global roadmap for sustainability, and the hope is that as more brands adopt the goals into their own operations, a recognizable transformation in the apparel industry will actually start to take shape.

“We’re all moving towards the same goal and that’s really the point of the sustainable development goals, and it does provide a framework to benchmark ourselves against other companies and other industries,” Conti said.

2. An uptick in Preferred Materials

Slowly but surely, brands are starting to build better raw materials into plans for their products.

In its 2017 Preferred Fiber & Materials Market Report, Textile Exchange found sustainable material use well up over last year.

“It is a combination of interventions that is transforming the industry,” Textile Exchange managing director La Rhea Pepper said. “Company strategies are going beyond concept into full implementation, business models are evolving to support, and technologies are coming online to disrupt current modes of production.”

Organic and other preferred cotton (like Better Cotton, Fair Trade, recycled) use has increased 47 percent over last year, recycled polyester grew 58 percent, demand for lyocell is up 128 percent, and companies are using 54 percent more preferred down (certified to the Responsible Down Standard or the Traceable Down Standard).

For recycled polyester use, Nike, The North Face and Decathlon are leading the charge when it comes to volume. For preferred cotton, it's H&M, Ikea and C&A.

3. Circularity, circularity, circularity

There's been nary a trade show or talk or seminar that hasn't touched on the circular economy and the sweeping move toward it.

"Companies are beginning to mobilize and gear up for circularity," according to the Preferred Fiber report, which also noted that 24 percent of companies said they've already developed a circular textiles strategy, and 57 percent said they had one underway.

Innovators in the space, like Italy-based Orange Fibers, is making a silk-like fiber out of orange peels—700,000 tons of which would have ended up in landfills in Sicily.

Others, like Evrnu, are turning post consumer cotton garment waste into cellulosic fibers that look and behave much like natural or synthetic fibers depending on the functions added, and Vegea has turned grape skins into a fabric akin to leather and has the backing of the H&M Foundation to help bring it to scale.

4. Climate actions

Among all of the world's concerns, climate change is chief among them for many.

Recognizing status quo when it comes to the apparel industry's impact on the environment—and climate change—companies have taken to setting emissions targets in their sustainability plans.

Climate change may have been the so-called "elephant in the boardroom" 15 years back but now, according to Textile Exchange, more than 200 companies have set carbon reduction targets.

Global luxury group Kering is one among those that have set targets. The company has plans to reduce carbon emissions by 50 percent by 2020, as one step in reducing its overall impact.

"At Kering, we are implementing our own validated Science Based Targets because contributing to combatting climate change and respecting planetary boundaries in the way we do business is a priority for us," Marie-Claire Daveau, Kering chief sustainability officer and head of international institutional affairs, said in the Textile Exchange report.

5. Technology for sustainability

Technology is driving change across the apparel industry, and in sustainability, it's helping ease company's efforts.

For one DNA technology is expected to be the biggest thing in supply chain and fiber transparency and traceability, and Applied DNA Sciences is leading the effort. The company develops DNA-based molecular tags that get embedded into raw materials and can verify that they are organic cotton, for example.

Beyond DNA, there's technology to aid in the sustainable production process, companies like perPETual Global Technologies, have developed a breakthrough process to reverse-engineer consumer waste from PET bottles into high quality sustainable polyester. With gr3n, it's using microwaves in the depolymerization process for recycling PET bottles that's going to help close the loop on polyester

6. Water stewardship

The world's water is in more of a crisis than many may have realized, and the apparel industry won't be able to sustain being the water guzzler it's always been.

As Mina Guli, water steward and founder of ThirstForWater.org, said during a talk at the Textile Exchange conference, it takes as much as 14,763 liters of water just to make one cotton suit.

That and the fact that the World Economic Forum has ranked the water crisis as the next decade's biggest concern, has led to more companies figuring out how to go waterless—or at least drastically reduce water use—in their production. Evrnu, for one, says its regeneration technology will use minimal water, helping to preserve the textile supply chain.

The problem for many brands in becoming more sustainable has been the costs associated, but Yann Risz, managing director of sustainability consultancy Aligned Incentives, says it shouldn't be a question of sustainability or price.

"It's not a balancing act," Risz said. "The business is a lever to scale the first one."

7. Investors taking heed

Even investors are beginning to realize that sustainability is not only key to scale but to long-term business viability—and they are starting to put dollars behind it.

According to Bloomberg analysts, investors are looking for insight gleaned from corporate social responsibility reports and factoring in things like how companies are addressing climate change, material inputs and regulator pressure when considering business value.

"Investors think it helps them determine long-term risk and a company's dedication to long-term value," Lauren Cope, ESG analyst at Bloomberg, said at Textile Exchange. "[Sustainability] creates value and doesn't imply higher risk and lower returns. In fact, it's quite the opposite."

Source: sourcingjournalonline.com- Nov 06, 2017

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Withdrawal from NAFTA Could Harm U.S. Textile and Apparel Sector, Report Says

A U.S. withdrawal from NAFTA could have negative impacts on U.S. textile and apparel manufacturers and retailers, according to a recent Congressional Research Service report.

The report comes amid negotiations to update NAFTA that have reportedly featured controversial U.S. proposals on textile and apparel issues.

NAFTA has encouraged the integration of textile and apparel production in the U.S., Canada, and Mexico, the report states, with beneficial results.

For example, under NAFTA's yarn-forward rule of origin, textiles and apparel benefit from tariff-free treatment in all three countries if the production of yarn, fabric, and apparel, with some exceptions, is done within North America.

As a result, in 2016 the U.S. had a $4.1 billion surplus in yarns and fabrics, with about $6 billion in U.S. exports, and a positive balance of around $720 million in made-up textile products (such as home textiles and furnishings) with Canada and Mexico. In apparel, the U.S. had a $1.4 billion trade surplus with Canada and a $2.7 billion trade deficit with Mexico.

The Trump administration's goals for textiles and apparel in the NAFTA renegotiation include improving competitive opportunities for U.S. textile and apparel products while taking into account U.S. import sensitivities.

Also germane to this sector are several other objectives, such as enhancing customs enforcement to prevent unlawful transshipment of these goods from outside the region and ensuring that requirements for the use of domestic textiles and apparel in U.S. government purchases primarily benefit producers in the U.S.

While there is widespread support for the continuation of NAFTA among U.S. textile and apparel producers, the report states, there are significant differences of opinion with respect to certain provisions; e.g., textile manufacturers generally favor eliminating all exceptions to the yarn-forward rule of origin whereas retailers and apparel groups oppose tightening that rule.

President Trump has threatened to withdraw the U.S. from NAFTA if he cannot secure satisfactory terms, but the report finds that such a step could harm the U.S. textile and apparel sector.

U.S. exports could face higher tariff rates entering Canada and Mexico and imports from those countries could face tariffs as high as 20 percent for textiles and 32 percent for apparel.

The report highlights the possibility that withdrawal could lead U.S. retailers and apparel brands to source more of their goods from Asia, which could reduce demand for U.S.-made yarns and fabrics within the NAFTA region.

Source: strtrade.com - Nov 07, 2017

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U.S. Trade Deficit Up as Import Increase Outpaces Rise in Exports

The U.S. monthly trade deficit in goods and services increased 1.6 percent in September to $23.5 billion. Exports were up 1.1 percent to $196.8 billion and imports were up 1.2 percent to $240.3 billion.

For the year to date the U.S. trade deficit is up 9.3 percent over the same period in 2016 as imports (6.3 percent) have risen faster than exports (5.6 percent).

According to Commerce Department statistics, the deficit in goods trade gained 0.9 percent to $65.4 billion in September.

Imports of goods were up 1.3 percent to $196.0 billion, including increases of $700 million in other petroleum products, $500 million in semiconductors, and $300 million in civilian aircraft along with a $500 million decline in passenger cars.

Exports of goods were up 1.4 percent to $130.6 billion, including increases of $1.1 billion in crude oil, $800 million in other goods, and $300 million in non-monetary gold along with a $1.0 billion decline in pharmaceutical preparations.

The services surplus slipped 0.9 percent to $21.9 billion. Imports rose 0.9 percent to $44.3 billion and exports gained 0.5 percent to $66.2 billion.

Country/region	Deficit	% Change	Surplus	% Change
China	$29.9 billion	+0.7		
European Union	$14.6 billion	+33.9		
Japan	$5.9 billion	-6.3		
Germany	$5.9 billion	+22.9		
Mexico	$5.1 billion	0		
Italy	$2.9 billion	+16.0		
South Korea	$2.4 billion	+14.3		
India	$2.3 billion	+43.8		
Taiwan	$1.5 billion	0		
France	$1.2 billion	+50.0		
Hong Kong			$2.7 billion	+8.0
South/Central America			$2.2 billion	-18.5
Brazil			$0.8 billion	+100.0
Singapore			$0.7 billion	-12.5
United Kingdom			$0.7 billion	+16.7
Saudi Arabia			$0.6 billion	Change from $0.1 billion deficit
Canada			$0.1 billion	Change from $0.4 billion deficit

Source: strtrade.com- Nov 07, 2017

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ASEAN textile exhibit to take place on Nov 7

The Philippine Textile Research Institute (PTRI), with support from the ASEAN Foundation, will hold a textile exhibit where the Association of Southeast Asian Nations (ASEAN) regional textiles will be featured.

Emphasis is laid on handwoven fabrics, natural dyes, and naturally dyed products that are being used by people all over the Southeast Asian region, exhibiting each country's rich heritage, character, and culture.

The textile exhibit to draw attention of numerous textile industries thriving in the ASEAN region, from the Philippines, Brunei Darussalam, Indonesia, and Malaysia, to Singapore, Cambodia, Vietnam, Thailand, Lao PDR, and Myanmar.

The ASEAN textile exhibit provides an opportunity for entrepreneurs to promote and market their products of traditional textiles. The core of this exhibit aimed to preserve and promote the traditional textiles in ASEAN countries.

This includes sharing in the uses of new techniques in production, as well as to promote innovations that lead to increased demand for traditional textiles at the world market.

The textile exhibit will take place on November 7 to 8, 2017 at the SMX Convention Center Aura.

Source: yarnsandfibers.com- Nov 06, 2017

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Global Digital Textile Printing Market to Exhibit 18% CAGR from 2017 to 2021

The report presents a thorough professional account of the market and examines the impact of a variety of factors on the overall development of the market in the next few years. The report, titled "Global Digital Textile Printing Market 2017-2021," states that the market will exhibit an exceptional 18% CAGR over the period between 2017 and 2021.

A variety of factors, including the rising numbers of trade exhibits across the globe, will prove to be the driving force for the global digital textile printing market in the next few years.

The report states that the rising numbers of trade shows being held across the globe every years, as a way of expanding consumer-bases and creating new connections between peers through face-to-face marketing, leads to the increased demand for soft signages. Used across a number of areas such as signs for hall entrance, keynotes, luncheons, conference areas, and show directories, the vast usage of soft signages in such trade shows provides promising growth prospects for the digital textile printing industry.

In terms of geography, the report segments the global digital textile printing market across regions such as Asia Pacific (APAC), North and South America (Americas), and Europe and Middle East and Africa

(EMEA). Of these, the market in EMEA is expected to account for the dominant share of the digital textile printing market throughout the report's forecast period. The thriving textile and clothing industry in the region is attributed to the promising growth avenues for the digital textile printing market it has.

In terms of ink type, the report segments the global digital textile printing market into reactive ink, pigment ink, acid ink, and disperse and sublimation inks. Of these, the segment of disperse and sublimation inks accounted for the dominant share of the market in 2016. Widely preferred for applications such as soft signage and textiles and clothing owing to benefits such as resistance to damage, non-solubility, and color fastness, disperse and sublimation inks will continue to account for a dominant share of the global digital textile printing market over the report's forecast period as well.

The report segments the global digital textile printing market on the basis of application into soft signage, textiles and clothing, and home textiles. Of these, the segment of textiles and clothing accounted for the dominant share of the global digital textile printing market in 2016. Polyester is one of the most preferred material for digital textile printing owing to its benefits such as abrasion resistance, low shrinkage add stretch, strength, color fastness, and durability. As the global demand for polyester fabrics in the textile industry expands at a promising pace, the textile and clothing segment will continue to be the leading contributor of revenue to the global digital textile printing market over the report's forecast period as well.

The report states that the global digital textile printing market is relatively fragmented and is highly competitive. The threat of new players in the market is low as the market demands significant financial support for entry and requires excellent technical expertise. Some of the leading companies in the market are DuPont, Kiri Industries, Huntsman International, Kornit Digital, Sensient Imaging Technologies, Hongsam Digital Science & Technology, FUJIFILM Holdings Corporation, Jay Chemical Industries, SPGPrints, Sun Chemical Corporation, Marabu, and JK Group.

Source: digitaljournal.com- Nov 06, 2017

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Unbalanced global growth

It is only too obvious that global capitalism is stagnant and relatively unstable. But nonetheless there is much hype currently being created around the recent “recovery” in some major advanced economies. In some cases, the desperation to suggest that economic activity is picking up has even relied on the fact that some previous projections are being slightly revised upwards.

Consider, for example, the latest World Economic Outlook of the IMF (October 2017): “The pickup in growth projected in the April 2017 World Economic Outlook (WEO) is strengthening. The global growth forecast for 2017 and 2018 —3.6 per cent and 3.7 per cent, respectively — 0.1 percentage point higher in both years than in the April and July forecasts. Notable pickups in investment, trade, and industrial production, coupled with strengthening business and consumer confidence, are supporting the recovery.”

Somewhat odd

It may seem a bit weird to celebrate a global rate of growth of output of 3.6 per cent when that is exactly the same as the rate achieved in 2014, when the IMF itself was so concerned about the secular stagnation that its managing director, Christine Lagarde, described as “the new normal”. But perhaps we are simply supposed to be relieved that this new normal persists and has not yet dissolved further or erupted into a crisis.

Of course, looking only at GDP growth is always problematic, and there are very good reasons to argue that this reliance on GDP estimates puts both assessments of material reality and economic policymaking on the wrong footing, since it ignores or mis-specifies so many significant aspects of human progress and social conditions.

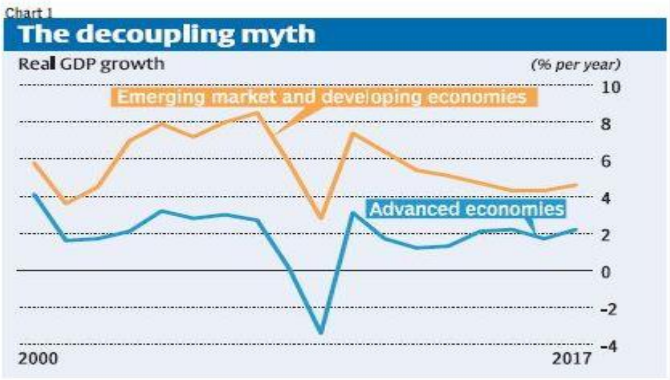
However, expansion of economic activity — or accumulation — is the essence of capitalism, and since capitalism is currently the only game in town, it obviously has to be evaluated also in terms of its ability to deliver on this most basic aim.

Seen from that perspective, there is no question that global capitalism is sinking deeper into a morass created by its own contradictions: significant increases in inequality that reduce potential demand for production; massive increases in indebtedness that result in less impact on economic activity; the inability of historically unprecedented infusions of liquidity through very loose monetary policy to make much of a dent on growth. It appears, therefore, that the so-called recovery after the Great Recession has not really generated anything like stable conditions for global economic expansion.

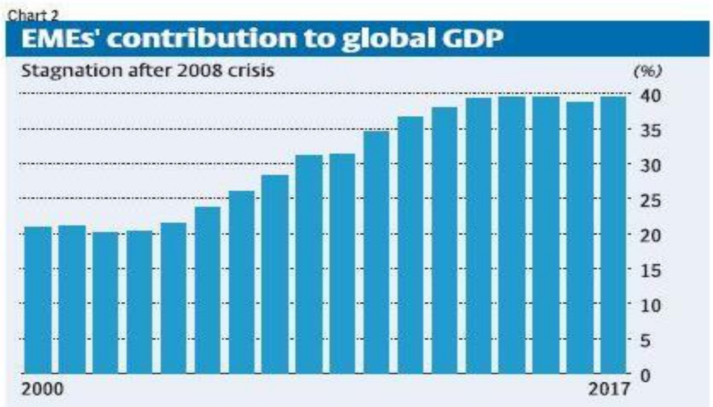
Meanwhile, the shifts in the geographical spread of economic activity are important to understand the nature of the global economy today and the prospects for the immediate future.

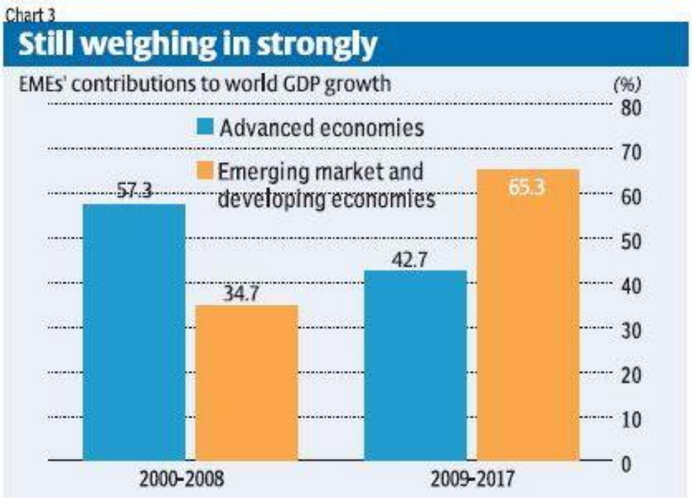
Blown myth

The first important point to note is that the period during and since the global Ccrisis has comprehensively blown the myth of "decoupling" of developing countries' growth from that of advanced economies. As Chart 1 indicates, there was a brief period between 2002 and 2007 when the aggregate growth of emerging and developing economies accelerated while that of advanced economies stagnated at a slower rate. But the crisis led to a sharp decline for both, and thereafter the changes have moved in tandem, although the aggregate rate for the developing world remains faster.

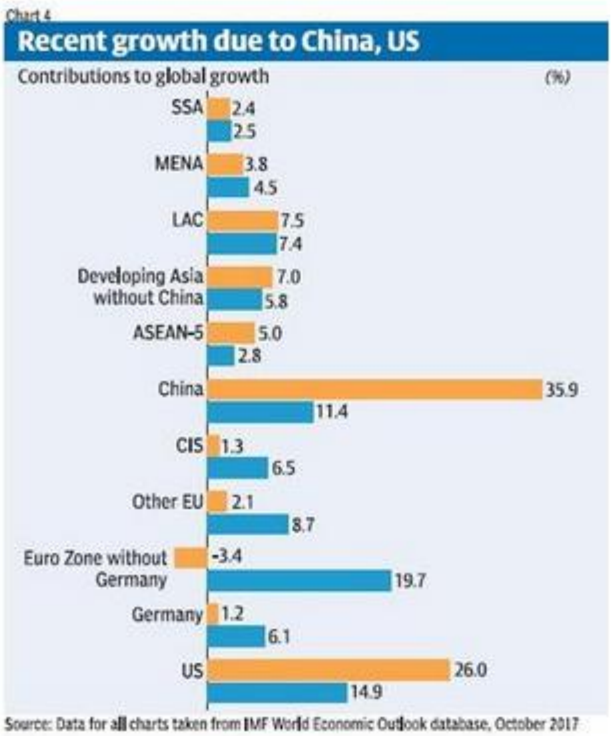


Because of this faster rate of growth, the share of developing countries in global output increased rapidly from 20.3 per cent in 2003 to 31.3 per cent in 2008 (Chart 2). But thereafter the increase in its share was much slower, and indeed since 2013 it has stagnated at just under 40 per cent.





However, this is just the share of emerging and developing economies in overall output — but in fact the role of the developing world in supporting increases in global activity has become much more significant after the global crisis. Chart 3 shows that nearly two-thirds of all global growth from 2009 onwards came from the developing world, a near-doubling from its significance in the pre-crisis period 2000-2008.



However, even these changes were not evenly spread within developed and developing worlds. From Chart 4, which looks specifically at some regions, it is evident that there has been a reduction in the geographical spread of global economic growth and concentration of dynamism, such as it is, in just a few countries. In the period leading up to the global crisis, it is well known that the debt-based expansion of the US economy was the prime driver of global growth, but even so the expansion was quite widely spread because of the multiplier effects of that expansion.

Changing landscape

Since then, the picture has altered greatly. The most significant contributor to global economic expansion in the period 2009-17 was China, which single-handedly accounted for 36 per cent of the total increase in world output. This was a remarkable increase also from its earlier share of 11 per cent, or just above one-tenth.

Within the developed world, the big increase in contribution was from the US, which accounted for 26 per cent, compared to 15 per cent in the previous period. The significant decline was in the role of Europe, which had a net negative impact.

Germany alone contributed a much diminished share to the overall increase, but the rest of the Euro Zone actually involved a decline of as much as 3.4 per cent of the net change and the rest of the European Union showed a much smaller share as well. Among developing countries, most regions showed broadly similar shares as in the previous period, but in any case were not large enough to make much difference in the aggregate outcome.

This has two important implications. First, even this spluttering, weak global recovery has been excessively based on just two economies — China and the US — which together explain as much as 62 per cent of total global economic growth since 2009.

Second, the inability of these two economies to then become significant drivers of economic expansion in the rest of the world (the role the US played in the previous period) is clearly a cause for concern.

The second question deserves further exploration, especially in terms of future potential, but for now it suggests that there is little justification for the optimism on display in the IMF and elsewhere.

Source: thehindubusinessline.com- Nov 07, 2017

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Pakistan: Raw Cotton exports increase by 69.70 percent

Raw Cotton exports into the country increased by 69.70 Per cent during the first quarter of current fiscal year (July-September) as compared to the same period of last year, according to Pakistan Bureau of Statistics (PBS).

According to the data provided by PBS, Raw Cotton worth $29,624 were exported during the first quarter of current year as compared to $17,457 of last year. Cotton yarn worth $320,942 were exported during the first quarter of current year as compared to $306,958 of last year.

Cotton yarn exports into the country increased by 4.56 per cent during the first quarter of current fiscal year as compared to the same period of last year. Cotton cloth worth $528,735 were exported during the first quarter as compared to $547,586 of last year.

Cotton cloth exports into the country decrease by 3.44 per cent during the first quarter of current fiscal year as compared to the same period of last year.

Source: brecorder.com- Nov 06, 2017

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Russia may benefit from CPEC; an alternative trade for Russian products to Middle East

Speaker National Assembly Sardar Ayaz Sadiq, Monday, stressed the need of Russian investment to come to Pakistan for the mutual benefit of both the countries. Russia can take advantage of the Pak-China trade corridor, spread from Chinese border to Gwadar port, as it can serve another alternative route for Russia to be linked with Middle East.

He also said that Pakistan and Russia not only shared the same continent but also the same values of democracy and human freedom, therefore, both the nations need to take their bilateral relation to new heights. “This can play a vital role in the stability and economic progress of these regions,” the Speaker remarked. We want a multi-dimensional relationship with Russia in the fields of trade, defence, energy, infrastructure, culture and other spheres,” he said while talking to visiting Chairman State Duma

Committee on International Affairs of the Russian Federation Leonid Slutsky here at Parliament House. Russian Ambassador Alexey Y. Dedov was also present on the occasion

Leonid Slutsky agreed with the Speaker and said that his government also desired to have cordial relation with Pakistan. He also agreed for regular interaction between Pakistani and Russian Parliamentarians. He also discussed ways and means for manifold increase in business and trade between the business communities of both the countries in the field of agriculture, textile, leather goods, sports goods, etc. and investment in energy sector by the Russian businesses.

Sardar Ayaz Sadiq also called for global multi-dimensional legislative and political measures to address challenges of terrorism and extremism. Both terrorism and extremism posed severe threat to global peace and prosperity but terrorism should not be associated with any religion, culture or society.

He also called for greater interaction and people-to-people contact with Russia. He stressed the need for new synergies of parliamentary and economic cooperation between Pakistan and Russia.

He informed the Chairman that Speaker from China, Russia, Turkey, Iran and Afghanistan are agreed to participate in a conference held in Islamabad next month. Pakistan is focusing how to tackle terrorism in the region and how to connect with each other.

Sardar Ayaz Sadiq said that terrorism and extremism were directly related to conflicts and disputes and called on the international community to pay urgent attention to address festering disputes and unresolved conflicts, aggression, foreign occupation and denial of the right to self-determination. We must ensure regional stability and further economic integration to realize our goals.

Leonid Slutsky appreciated the idea of the Speaker to hold a conference in Pakistan devoted to security issues and fight against terrorism with the participation of China, Russia, Turkey, Iran and Afghanistan. He informed the Speaker that the Russian President is also supported the regional conference held in Islamabad and he urged that this kind of interaction will be held every year.

Later on, Speaker hosted a lunch in honour Chairman of the State Duma Committee on International Affairs Mr. Leonid Slutsky. Chairman Standing Committee for Foreign Affairs Makhdum Khusro Bakhtyar, Ambassadors and representatives of China, Russia, Turkey, Iran and Afghanistan were also invited.

Diplomats of all the respective countries appreciated the gesture of Speaker to hold the conference and assured their support for the regional cause as well proactive participation in conference. Chairman of the State Duma Committee on International Affairs Mr. Leonid Slutsky was also witnessed the proceedings of the National Assembly.

Source: pakobserver.net- Nov 07, 2017

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Cambodia Apparel Exports Up, But Trade Relations Could Strain Sourcing

Cambodia's garment exports to its second largest market, the U.S., are up and growing, but so are trade tensions, which could nip some of that growth in the bud.

Exports of apparel and footwear products from Cambodia are expected to grow 5 percent this year, and the Garment Manufacturers Association in Cambodia (GMAC) says that growth should sustain in the coming years too, according to the Khmer Times.

That is, provided that trade relations remain as is—and ideally, amiable.

In recent months, the U.S. imposed visa sanctions on Cambodia for refusing to take people back who the U.S. is trying to deport. In recent weeks, Cambodian Prime Minister Hun Sen has accused the U.S. of trying to topple its government.

Cambodia's overall export figures show its total exports to the U.S. up 5.6% to $2.28 billion, so if there's to be any fallout in export numbers over politics and relations, it hasn't happened yet.

And though it's too soon for much of these tensions to have impacted the apparel and textiles sector, for the year to September the U.S. took in $2.18 billion worth of textiles and apparel from Cambodia, a 3.2% dip from the same period last year.

That indicates that the bulk of the growth expected for Cambodia's garment exports this year will likely come from what's going to the European Union. However, the country is facing issues there too.

A delegation from the European Parliament warned last week that Cambodia could face action that would shift the country's aid and trade preferences over its human rights situation, which has improved far less than Western leaders and companies doing business there want.

These tensions all come as the cost of sourcing in Cambodia is set to increase, too.

The country recently approved an 11 percent wage hike that will bring garment workers' average wages to $170 a month starting in January. The hike, which was part of a bigger benefits package, has garment manufacturers worried that it will serve as a hit to Cambodia's competitiveness when stacked against other low-cost sourcing countries like Vietnam and, in particular, Myanmar, where wages are a considerably lower $67 a month. Even if Myanmar approves a 55 percent wage hike that's presently being mulled in the country, that would bring wages to $99—still a much more cost-competitive option than Cambodia.

According to the Khmer Times, 25 new garment factories have started operations in Cambodia this year, but as many as 53 have closed citing costs that were too high to continue.

"When the minimum wage is raised to $170 in January, more factories will encounter difficulties if things don't change," Ken Loo, GMAC general secretary, told the Khmer Times. "We hope there is a change in productivity, a reduction in the cost of doing business and new governmental policies to help investors."

Source: sourcingjournalonline.com- Nov 06, 2017

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Vietnamese garment industry faces fierce competition from China, Myanmar

Competition in the world garment market is forecast to be stiffer, not only with China but also with countries such as Myanmar and Cambodia as they increase competitive pressures on Vietnamese products.

The information was announced at a seminar on the prospect of garment exports in 2018 held in Ho Chi Minh City on November 3.

Speakers at the seminar said that in addition to advantages and potential, the added value of the garment industry is not high because domestic businesses mainly do outwork for foreign firms. Its weakest point is an undeveloped supply chain, resulting in a lower added value compared to other countries around the world.

Pham Xuan Hong, chairman of the HCM City Association of Garment Textile Embroidery-Knitting (Agtek), pointed out the challenges for the industry in the near future, including greater competition from regional countries like China, Myanmar, and Cambodia.

To overcome barriers and sharpen competitive capacity, Mr. Hong said domestic businesses must improve workers' skills and renovate management methods to optimize production and improve efficiency.

He forecast that the garment sector will thrive next year if strategies are implemented effectively to put the industry on the right track. Particularly, businesses are researching new trading methods, which will help create more added value.

To iron out the snags and increase added values of export garment products, the Government and other relevant ministries and departments have gradually removed hurdles and issued policies to develop the support industry, contributing to the development of the supply chain in the garment sector.

Participants at the seminar proposed measures such as fully exploiting the domestic market of more than 90 million people, and maintaining and developing key markets such as the US, EU, Japan, and the Republic of

Korea, as well as other markets like ASEAN, Eurasian Economic Union, India, and Latin America.

Other proper policies should be devised to attract foreign investment in fibre production, weaving, and dying, and mobilizing sources to develop smart garment and textile plants.

Source: vietnamnet.vn- Nov 06, 2017

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Pakistan trying to raise export of textile, leather items

Pakistan is taking various steps, including introduction of zero-rating regime for textile, leather, carpets, surgical goods and sports goods, to enhance exports, commerce and textile minister Muhammad Pervaiz Malik informed the senate recently. He said Pakistan has so far signed free trade agreements (FTAs) with China, Sri Lanka and Malaysia.

Pakistan signed the FTAs with Sri Lanka, China and Malaysia in August 2002, November 2006 and November 2007 respectively.

During 2014-15, exports from Pakistan to Sri Lanka, China and Malaysia were worth $272.41 million, $2,126.854 million and $205.12 million respectively, while imports from these three countries were respectively valued at $337.52 million, $10,172.731 million and $1,155.48 million, according to Pakistani media reports.

In 2016-17, Pakistani exports to Sri Lanka, China and Malaysia were worth $263.36 million, $1,463.30 million and $136.76 million respectively whereas imports were valued respectively at $81.11 million, $14,133.92 million and $917.65 million, the senate was informed.

In 2016-17, the total trade volume with china reached $15,597.22 million.

Source: fibre2fashion.com- Nov 06, 2017

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Pakistan: Why trade with India isn't such a bad deal

Tomatoes brought India-Pakistan trade back to the limelight. In some markets of Islamabad and Rawalpindi, tomatoes were being sold at well over Rs200 per kg.

Despite this massive increase in price of the perishable commodity, Pakistan has decided not to import tomatoes from India due to strained bilateral ties. Usually a supply-demand gap of any vegetable in Pakistan is plugged through import from India.

While popular sentiments may be biased against any import from India, we need to ask ourselves whether trade with India can be worthwhile or not? For that matter, we must set aside our security-minded viewpoint of the economy. So let's talk economics of India-Pakistan trade.

Recent trends in Indo-Pak trade

Despite presence of significant trade potential, Indo-Pak trade remains hostage to repeated politicisation on both sides of the border. Both economies have pursued an open trade policy regime with the rest of the world but that openness isn't reflected when it comes to bilateral trade. Recent chill in the political situation between the two countries has dented prospects for further improvement in bilateral trade. Trade volumes have been decreasing over the last three years.

However, Indo-Pak trade has come a long way since the turn of the century. Official trade volumes have increased from a mere $309.8 million in 2003 to almost $2 billion by 2016. Trade through third countries like UAE, Singapore, & Iran or illegal channels is estimated to be around $2 billion. Bilateral trade has mostly favored India. Pakistan's trade balance with India has worsened to $1.3 billion in 2016 from $142 million in 2003.

This may not be hard to digest since Pakistan's trade deficit has increased with almost each of its trading partners because of overall sub-par export performance.

Pakistan's deteriorating trade balance has also accorded an economic dimension to trade restrictions with India. There are fears among some

Pakistani industries that more trade liberalisation with India may hurt their businesses as India is increasingly becoming a trading giant.

Let's see an example of the cotton industry which is one of the major industries in Pakistan. On the request of cotton spinning industry, the federal government has increased regulatory duty on import of cotton yarn from India in order to protect the local spinning millers. Similarly, other industries are also concerned that better trade relations with India may result in Indian products flooding local Pakistani markets and hence wiping off profit margins.

Despite these concerns, which may seem valid in some business quarters of Pakistan, our economy can actually benefit from trade with India. There are some serious advantages in place for Pakistani economy.

Benefits to Pakistani economy

One may be quick to conclude that if we pursue more trade liberalisation with India, Pakistan's trade balance with India may worsen still more. This can be true since Pakistan doesn't export many items which Indian economy imports. Our exports mainly rely on two items which are cotton and rice in which Indian economy has a comparative advantage over us.

On the other hand, Indian economy exports a lot of items which Pakistan imports. Pakistan can import items like tea, sugar, petroleum products, cotton not carded or combed, cyclic hydrocarbons, insecticides, new rubber types, electrical generating sets, electrical apparatus for telephony, motor vehicles, and parts of motor vehicles from India. As of 2016, Pakistan spends almost $6.5 billion on import of these products. The fact that India exports $21 billion worth of these items to the world clearly shows the opportunity available for Indian exports of these items to Pakistan.

If Pakistan imports these products from India instead of other countries, it can save itself a good deal of transport costs. Apart from China, Pakistan's top import partners include countries like European Union, United Arab Emirates, Saudi Arabia, and United States. Transporting products from these countries cost more than it would if we imported them from India. Transport cost to import one container of goods for Pakistan has increased to more than $1000 during the last few years. Goods from India enter through border on trucks or train which is very cheap. So while our trade deficit with India may increase, our overall trade deficit can reduce due to cheap imports from India.

Export package termed short-term solution

Even Pakistan can increase its exports of products like cement, woven fabrics of silk, wheat, dates, medicaments, polyesters, leather, surgical instruments, and articles of jewelry. India imports $5 billion worth of these products. If Pakistan can tap into the Indian market of these products, it can be a boon for our export performance.

For bilateral trade to flourish, both India and Pakistan should scale down barriers to trade. India operates a very discriminatory trade policy with Pakistan as compare to Pakistan's. India's score in trade restrictiveness index developed by the World Bank is higher than Pakistan's. India should, in particular, reduce stringent non-tariff barriers for Pakistani exports.

More than its economic benefits for the two neighboring countries, trade can be the ultimate guarantor of peace.

Source: tribune.com.pk- Nov 06, 2017

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NATIONAL NEWS

Amid bumper cotton crop, CCI eyes 100-lakh-bale procurement

At a time when cotton has started to arrive in the market, dragging the price down, the Cotton Corporation of India (CCI) has begun procurement operations at select places in Gujarat and Telangana.

According to top CCI officials, the agency will procure at important cotton growing locations as and when the prices go below the Minimum Support Price (MSP) level once the arrivals gather pace, most likely after November 15.

“Till now we have procured about 40,000 bales (approximately 200,000 quintals) of cotton mainly from Telangana and a small quantity of about 3,000 bales from Gujarat. Currently, the prices at most places are hovering at around the MSP level. We expect some pressure on prices after increase in arrivals post November 15. Then we will step up the procurement,” said MM Chockalingam, Director (marketing), CCI. Speaking to *BusinessLine,* Chockalingam hinted that the CCI may procure about 100 lakh bales (of 170 kg each) this year as the country eyes a bumper crop of the fibre.

Bumper harvest

Last week, urging the government to direct the CCI to procure 100 lakh bales, the India Cotton Federation had written to Prime Minister Narendra Modi estimating a record 400-lakh-bale output for the cotton season 2017-18 due to a 20 per cent increase in the acreage.

In Gujarat, daily arrivals of raw cotton (kapas) have touched about 28,000 bales and are expected to rise significantly in the next fortnight.

Rising arrivals

“Since the beginning of arrivals, post Diwali, prices have been quoting lower. Currently, prices are ruling at ₹830-900 per *maund* (of 20 kg). The prices may fall on increased arrivals later this month,” said a farmer from Bodeli in central Gujarat.

The CCI has entered the market in Gujarat to procure cotton from 17 out of 22 centres in the State.

“As against last year there will be increased procurement because of the lower prices. We will start the procurement the moment prices dip below the MSP (₹4,270/quintal). We are paying MSP plus the ₹500 per quintal bonus announced by the State, thereby effectively putting the procurement prices at ₹4,750,” said a CCI source in Gujarat

Acreage up

According to CCI officials, procurement in other States, including Maharashtra, Andhra Pradesh and Karnataka, will begin once the arrivals pick up.

As per the Centre’s first advance estimate , cotton production is likely to reach 3.22 crore bales, while the trade estimates the output to cross 4 crore bales. Gujarat is likely to produce about 25 per cent of the country’s overall production.

Cotton acreage in the State has increased to 26.4 lakh hectares against 24 lakh hectares last year. Nationally, the acreage is estimated to be higher by 10 per cent at about 111.55 lakh hectares (92.33 lakh hectares).

Price outlook

Arun Dalal, a cotton expert, noted, “Cotton arrivals are still lower as against normal, mainly due to the delay in monsoon withdrawal. But soon we will have increased arrivals. The prices will remain range-bound and may come under pressure on increased arrivals.”

Internationally, too, the prices may remain under pressure as higher crop is expected. A latest estimate put out by the International Cotton Advisory Committee projected 2017-18 global cotton production at 25.57 million tonnes against 23.05 million tonnes in 2016-17.

Source: thehindubusinessline.com- Nov 07, 2017

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Tirupur to host IIKF fair in May

India International Knit Fair (IIKF) will be held at Tirupur, May 16 to 18, 2018. The spotlight will be on spring/summer 2018 with a complete display of latest fashion wear.

IIKF is a platform for building contacts, developing business prospects, working on major tie-ups and partnerships.

The fair will showcase fresh range of designs in high fashion knitwear garments for men, women and children. Visitors include: renowned designers, business houses, world class manufacturers, international buyers and celebrities etc.

Tirupur is the knitwear capital of India. Tirupur's share in knitwear exports in India's total garment exports is 20 per cent. More than 80 per cent of the industries in this sector are medium and small scale.

The best brands, stores, wholesalers, importers identify Tirupur as one of the major sources for the consumer's requirements.

IIKF has emerged as one among the most reputed knitwear trade fairs in the world. It aims to showcase end-to-end products pertaining to the knitwear segment.

India Knit Fair Association has been conducting IIKF 21 years with the objective of presenting the capabilities of knitwear from India. This is the right time for the knitwear sector to capture the market that's leaving China, due to an increase in cost of manufacturing.

Source: fashionatingworld.com- Nov 06, 2017

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Andhra Pradesh's Guntur expects 4.66 lakh tonnes cotton

The Andhra Pradesh agriculture department officials are expecting 4.66 lakh tonnes of cotton out of 1.82 lakh hectares of farm land in Guntur district, according to civil supplies minister P Pulla Rao, who held a review meeting recently with officials and asked them to ensure farmers get the minimum support price (MSP) set by the government for their crop.

The Cotton Corporation of India will set up 11 purchase centres in the district to purchase cotton from the farmers at the MSP, a report in a South Indian English-language daily quoted Rao as saying.

The state government's marketing department will open 43 cotton purchase centres and install CCTV cameras to curb the menace of middlemen, marketing department commissioner S Anand Kumar said.

Source: fibre2fashion.com- Nov 07, 2017

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TEA, SIMA hail efforts for Coimbatore airport expansion

The Tiruppur Exporters' Association (TEA) and the Southern India Mills' Association (SIMA) have thanked the Tamil Nadu government and the Airports Authority of India (AAI) for initiating steps for expansion of the Coimbatore airport. The expansion with international flight connectivity will immensely benefit the industrial region around the airport.

An October 28 meeting held at the Coimbatore Collectorate decided to form a committee under the commissioner for land administrative reforms to acquire necessary land for the airport expansion project.

The Kongu region consisting of seven western districts of Tamil Nadu — Coimbatore, Tirupur, Karur, Nilgiris, Salem, Erode and Namakkal — contributes more than 40 per cent of the state's GDP.

The state accounts for a third of the country's textile business and over 70 per cent of its manufacturing, business and trade is located in the Coimbatore region.

International flight connectivity is essential to reduce time delay and cost as currently all air shipment from the industrial belt is carried out from Chennai , Bangalore, Cochin and Tiruchirappalli, according to separate press statements issued by both the associations.

Source: fibre2fashion.com- Nov 06, 2017

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India-UK ties, a 'living bridge'

"Marriage made in heaven" ... "A well-trodden path"... "Technology doesn't do market access"... Three phrases that I heard repeated on another busy Friday evening in my garden a little while back. The occasion? The joint launch of the India-UK Future TECH month and the 17-18 TECH Rocketship Awards (TRA) — the British government's flagship tech entrepreneurship programme.

It was a fitting end to a day which started with a dawn flight to Chandigarh to participate in a discussion with over 100 young thinkers about some of the challenges they were facing, including from one young entrepreneur: "How do you get youth into your business strategy?"

Last year, TRA was launched by the Duke and Duchess of Cambridge and brought to a close by two prime ministers. There were over 600 applications looking for the chance we were giving to secure investors.

My role this year? A career-first, playing 'dragon' at perhaps India's toughest pitching session. My fellow panellists were India's finest thought-leaders, funders, torch-bearers of entrepreneurship and Start-Up India. Opposite us were wholly committed and ambitious entrepreneurs.

Partners in enterprise

So let's take the first phrase, "marriage made in heaven", referring to UK-India partnership on entrepreneurship. It came from the lips of the father of Indian entrepreneurship. You just can't buy that credibility. But you are right to want facts.

Technology-led entrepreneurship drives the already-strong traffic of investment between India and the UK. This is carried on a 'Living Bridge' of people, language, ideas, culture, education, food, sport but backed up by hard business nous.

India is a top-four investor in the UK, with technology companies accounting for the lion's share at 31 per cent. Indian IT giants like Infosys, HCL, Wipro and TECH Mahindra find the UK a home from home.

Why? A wealth of skilled domestic talent, UK and London as the world's best places to develop digital businesses, low corporation tax and fourth place in the global innovation index to name some of many more factors I could list. And I know they want to continue putting their money where their mouth is, increasing their current 13 per cent revenue share from the UK to closer to the 60 per cent from the US.

This reflects the wider India-UK commercial partnership, which has always been strong. India presents huge opportunities for the UK economy and business; bilateral trade is over £16 billion, with positive growth over the last financial year during a tough global environment. The UK is India's single largest G20 investor in the last ten years investing almost double what Germany and France do combined. One in 20 of those in the organised private sector work for UK firms.

Last year Indian companies safeguarded more jobs in the UK than any other country, even the US. India's commitment to the abiding strength of the UK economy is demonstrated by the more than 110,000 high skilled jobs which over 800 of its companies provide in the UK. And the numbers are growing year on year.

Responding to needs

Complacency kills innovation and ambition. So I take that second statement, "a well-trodden path", as a challenge that the UK must become even more responsive to India's needs as we exit the EU. We have no option but to build an even stronger free-trading nation forming new kinds of partnerships with the world's leading economies.

This month marks two years since Prime Minister Narendra Modi's visit to London, and one year since our Prime Minister chose India, and more specifically the India-UK Technology Summit, as the landing point for her first overseas trade mission.

Between them, the visits delivered collectively over £10 billion of tech-driven commercial deal deals. Just as important, however, are the closer, more responsive commercial partnerships that have now formed. In the first week of November, the Indian and British science and technology ministers announced the first Newton Bhabha prize covering technology and innovation, presided over by Sir Venki Ramakrishnan, someone who embodies that 'Living Bridge'. UK startup Kloudpad, who started off with a £100 million investment last year in high-tech electronics in Kochi's smart city programme, has now enhanced its project value to £290 million. These examples reinforce the popularity and high-level buy-in behind the TRA and Start-Up India.

In this spirit of responsiveness, I am pleased to kick off, alongside our Secretary of State for International Trade Liam Fox, the India-UK Future TECH month. India needs to produce only fully electric cars from 2030 — that's why our oversubscribed Electric Vehicle mission will showcase the UK's best battery power and automation offer across the Midlands and the UK, matching India's emerging competitive federalism with the UK's regional offer.

Prime Minister Modi envisages Start-Up India helping to provide skilled employment and opportunity to India's 1 million graduates each month — that's why we have launched this year's TECH Rocketship Awards, providing India's top tech companies with access to investment and mentoring to establish and scale up in the UK.

India's rapidly rising middle class consumes ever more complex creative, virtual reality-driven services — that's why we are introducing more than 100 Indian tech buyers, innovators, government officials and entrepreneurs to the best technology the UK offers. They will open the eyes of hundreds of potential UK exporters to the Indian opportunity, landing business deals during a series of 'Meet the Buyer' events, including Innovate 2017 in Birmingham.

What's up ahead

And finally to the future. Prime Minister May set out at the start of the year in London and again recently in Florence that our aim is to be a magnet for international talent, a home to innovators who will shape the world ahead, a global free-trading nation that is best friend to European partners and reaches beyond Europe to other leading economies. That means India. Technology doesn't just care for market access. India's recent 30 place jump in the global EoDB rankings emphasises the potential for growth together. In the same rankings, the UK remains ahead of Germany and France in a number of areas including starting a business and securing funding. That seems to fit rather well with India's ambitions.

What we mustn't do is slow down. Once the India-UK Future Tech month draws to a close, we will drive more traffic over the multi-layered Living Bridge of ideas, technology, capital and culture between India and the UK.

Source: firstpost.com – Nov 06, 2017

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Demonetisation anniversary: Growth, jobs crucial; good politics will be remembered only if it makes sense

The year is too short a period in the history of a nation. But there are moments that become historic. One such was November 8, 2016, when the government announced withdrawal of Rs 500 and Rs 1,000 currency notes for waging a war against black money and ushering in greater deal of accountability and transparency in the financial transactions in the country. Demonetisation also proved to be momentous for the digital economy that ushered in a change in thinking and habits of people.

The decision, irrespective of political debate, has brought in a digital revolution in the country, providing unheard of opportunities to fintech players and digital wallet entities. Apart from making wallet payments ubiquitous and offering convenience, digital economy offers opportunity to create jobs—the need of the hour to gain from the demographic dividend. Job creation is the standard on which the government would be judged on, if a policy is benefiting the economy. If the current economic performance is based on contributions from consumption—boosted by normal monsoon and government pay revisions—it is estimated the next wave would be backed by the young and educated workforce.

About half of India's 1.3 billion people are under the age of 26, and by 2020 we would be the youngest country in the world, with a median age of 29. That means a growing pool of buyers for goods and services. On the other hand, India is a global leader in software solutions, which means we already have the necessary infrastructure to support a digital economy.

The probabilities are huge if this socio-economic phenomena gets wedded to the emerging opportunities that are on offer in a digital economy. Demonetisation unleashed the wallet industry—it grew at 55% in the last one year and created 2.5 lakh additional jobs. India needs to leverage this opportunity for job creation and demonetisation has provided the perfect pitch to build a bright future.

India offers a large pool of talent for fintech companies from engineering background that has an estimated average of 9 lakh graduate and post-graduate students from various engineering disciplines. IITs and other world-class institutes constitute 3.8% of the total engineering graduates that are available for fintech companies to hire. India also has a sizeable population, next to the US, who understand English, thus giving the Indian fintech space a commendable edge over other emerging Asian markets.

Evidently, the e-commerce sector, which has seen a steady flow of investment post demonetisation, promises enough job opening in the months to come. In comparison, areas such as infrastructure and FMCG space are not witnessing any major movement in opportunity creation. The government's push for a cashless economy would only expand the job market. As it is, new avenues have opened up following RBI's guidelines on interoperability as scores of people are being hired by wallet players to create resources for complying with KYC norms.

As more consumers and merchants warm up to the benefits of digitisation, there would be a growing requirement for service providers, data analysts, and consumer protection and grievance redressal experts. Specialised and innovative service providers have emerged to provide services such as aggregators, payment gateways and customer management.

There is a need to expose traditional sectors like agriculture that could draw immense benefits from Internet of Things. This would require significant efforts in terms of investment in research and the development of technology through a bottom-up approach. Service providers would also need to customise themselves for different consumer segments.

We need to think afresh about digital security for protection of sensitive customer data. Notwithstanding a significant impact on the existing jobs, demonetisation is a disruptive event that offers an important opportunity to create jobs. After all, good politics will only be remembered if it makes good economic sense.

Source: financialexpress.com- Nov 07, 2017

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