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IBTEX No. 207 of 2018 October 08, 2018

USD 73.90| EUR 85.05 | GBP 96.91 | JPY 0.65

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21943	45900	**79.28**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22180	46395	**80.13**
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)	76.10	
ZCE Cotton: Yuan/MT (Jan 2019)	15,595	
ZCE Cotton: USD Cents/lb	**87.16**	
Cotlook A Index – Physical	**85.80**	

Cotton Guide: Weekly closes were generally lower and most months have settled lower for 5 consecutive weeks. December settled at 7610, down 27 points for the week. Dec has a 5-week cumulative loss of 612 points. The other months settled from 3 to 32 points higher, except the most distant 4 months settled unchanged. Weekly losses range from 2 to 40 points. Net losses over the last 5 weeks (since August 31st) range from 85 to 582 points.

Trading volume was 21,787 contracts. Cleared previous day were 16,473 contracts. Total open interests were at 251,805 contracts. Open interest has added 4,579 contracts since it hit its 2018 low on September 27th at 247,226 contracts. Grains had a good week, but US equities not so much. Neither group of markets, though, has had much influence on cotton lately. Cotton's biggest issue has been stagnant cash business for US cotton. Since sales on the books have been so far advanced this year, the eagerness to sell hasn't motivated sellers to match buyers' ideas. Plus, the heightened uncertainty over qualities has discouraged additional sales.

China has been on holiday all week and that's removed a big level of activity, at least potentially so. Thursday's upcoming USDA Supply-Demand Report has also sidelined traders.

Technically, it was the fifth consecutive down week, but only by 27 points. Downside momentum has clearly waned and Monday's eight-month low of 7537 stands as the line that Taurus needs to defend. Dec has cascaded from the August 1st high of 8998 to the October 1st low of 7537 without a real correction. The Fibonacci correction levels of that move are 8095 (38.2%), 8268 (50%) and 8440 (61.8%). For now, though, the work is still broadly negative. An extended period of base-building is the best prescription if you want it bullish longer term. Support is roughly 7550+ and 7400. Resistance is roughly 7800, 7900+ and 8000+. Daily momentum is back near neutral, but weekly momentum is good and oversold.

On the domestic front Indian cotton price continued to trade steady near Rs. 45800-46000 per candy ex-gin and the arrivals are increasing gradually around 40 to 50K bales a day. The market is quiet and the futures have been moderately volatile. The active October future ended the week at Rs. 22180 up by Rs. 340 per bale from the previous week's close. Market has rebounded in the last week as part of short covering. The other months have also moved in the similar lines. We think lower level buying and general tightness in the stocks and slow arrivals may have supported buying on lower level. Also the spot price isn't falling much below Rs. 45800 for the past two weeks amid ICE cotton holding strong near 75.50-76 cents.

This morning ICE Cotton is seen trading strong at 76.39, Indian rupee is weak against the USD and ZCE cotton has opened today with marginal gains. The trading range for October contract would be Rs. 22060 to Rs. 22400 per bale.

Currency Guide

Indian rupee opened weaker by 0.15% to trade near 73.87 levels against the US dollar. Weighing on rupee is general selling pressure in equity market amid concerns about Chinese economy, trade worries, Brexit issues and Italy budget crisis. Domestic equity markets remain mired by concerns about trade and budget deficit, inflation, investor outflows, crisis in IL&FS and uncertainty relating to upcoming elections. Rupee is choppy also as market players assess RBI decision. RBI kept interest rate unchanged at 6.5% last week while Bloomberg survey indicated a 0.25% hike. RBI however changed its stance from neutral to "calibrated tightening" indicating possibility of future hikes. Rupee has however benefitted from some correction in crude oil price. Brent crude has corrected from recent 4-year high to trade near $83 per barrel. Crude slipped on hopes that US may give some exemption from Iran sanction and as Saudi Arabia has shown willingness to raise output. The US dollar is also supported by higher bond yields as 10-year yield hit the highest level since 2011. Rupee may witness choppy trade but general bias is weak given weakness in equity market and weaker risk sentiment. USDINR may trade in a range of 73.6-74.2 and bias may be on the upside.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

EU is Said Ready to Offer UK 'Super-Charged' Free Trade Deal

The European Union is set to offer the U.K. a free-trade deal deeper than any agreement that's gone before, but will reject Prime Minister Theresa May's demand for "frictionless trade," according to EU diplomats.

The EU's vision for future ties with Britain will contain "about 30-40 percent" of May's pitch for a wide-ranging trade and security deal, according to two of the diplomats. Chief negotiator Michel Barnier's team will give European ambassadors an outline of his proposal on Friday, before formally presenting it to them on Wednesday.

Talks are accelerating—and work is expected to continue through the weekend—as both sides are racing to clinch a deal next month.

The offer falls short of what May wants, potentially making it harder to get the deal approved in the U.K. Parliament, where she faces opposition on all sides.

However, the document is expected to be vaguely worded, and with as much positive language as possible to help her sell it at home. Hardline Brexit-backers in her party might find it easier to vote for the EU's offer instead of the tighter ties sought by May, since they have been pushing for a regular free-trade deal all along.

The risk is that because the EU's plan doesn't include frictionless trade across the EU-U.K. border, it will focus more attention on the most controversial part of the divorce deal—how to keep the Irish border open. It will make it even more important that the so-called Irish backstop is acceptable to the U.K. government and its Northern Irish allies.

The offer will be in the form of a non-binding declaration that will form part of the Brexit deal that officials want to wrap up by mid-November. It would offer the U.K. an unprecedented "super-charged" free-trade agreement, in the words of one of the diplomats.

Negotiators are making progress on the other part of the deal—the legally binding terms of the divorce— but agreement on that hinges on the specifics of a solution on the Irish border. That could yet derail the process, the diplomats said. The U.K. is expected to present a new solution next week.

Both sides are hoping for a breakthrough in time for a dinner of EU leaders on Oct. 17. If all goes well, another summit will then be called for mid-November. The European Commission is “working day and night” to make progress, President Jean-Claude Juncker said on Friday.

How much friction

The EU’s draft on how Britain and the bloc will trade in future will probably run to fewer than 10 pages, three diplomats said, leaving negotiations for the full-blown trade deal to take place after the U.K. leaves in the bloc in March. U.K. officials say it will be much longer.

While it falls short of what May wants, it will be broader and deeper than any FTA the EU has struck with other countries and will include “add-ons.” Some frictions in trade will be inevitable, diplomats said. Otherwise, it would undermine the integrity of the single market. To help May sell the deal at home, formulations like “as frictionless as possible” might work, however, according to one diplomat.

The document is likely to say that there should be no trade tariffs or quotas with the U.K., diplomats said. In return the EU will demand stronger “level playing field” conditions to ensure the U.K. doesn’t gain a competitive advantage in areas such as regulatory standards, labor law and state aid.

This is the battle ground between the two sides, according to one of the diplomats. Pro-Brexit campaigners don’t want to be shackled to EU regulations after the country has left.

The add-ons will include counter-terrorism cooperation, foreign policy and defense coordination, and other ways in which Britain and the EU will work together, such as on recognition of each other’s social security and qualifications systems, agreements on transport connectivity and some reciprocal arrangements to allow people to work in each other’s territories.

The outline of the political declaration has been drafted by the European Commission, and officials have discussed it with their British counterparts as part of the choreography of the broader deal, diplomats said. The final version will be considered a "joint statement."

Countdown to Brexit's moment of truth: what's happening when

While attention has been focused on political drama at party conferences in the U.K., the two sides' lead negotiators, the U.K.'s Olly Robbins and the EU's Sabine Weyand, have been carrying out technical work on the divorce agreement. Apart from the crucial section on the Irish border, that is almost finished, the diplomats said.

The focus next week is the so-called Irish backstop—how to keep the Irish border open if the final EU-U.K. trade deal isn't deep enough to make frontier checks unnecessary.

Although the EU initially rejected the U.K.'s bid for a backstop that kept the whole U.K. in the bloc's customs area, officials are looking at what parts of it can be salvaged. They now see grounds for compromise as long as the U.K. accepts some regulatory checks between Northern Ireland and the British mainland.

EU negotiators think that they will be able to respond positively to the U.K.'s new proposal on the border expected next week. But there are still wrinkles to iron out, and it will hinge on May's ability to keep her Northern Irish allies onside.

Source: sourcingjournal.com- Oct 06, 2018

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Word Bank: East Asia Economies Resilient Amid Global 'Deterioration'

The economic forecast for the East Asia and Pacific (EAP) region remains positive despite a "deterioration" in the external economic and geopolitical environment, according to a World Bank economic report released Thursday.

The region—which consists of key apparel and textile sourcing countries like China, Vietnam and Cambodia, as well as those with developing potential for the industry, like Myanmar, Indonesia and the Philippines—is expected to see growth reach 6.3% this year. That's slightly below 2017 levels due to ongoing moderation in China's growth as its economy continues to rebalance.

The World Bank's October 2018 update, "Navigating Uncertainty," stresses that in recent months a combination of trade tensions, higher U.S. interest rates, a stronger dollar and financial market volatility in many emerging economies has increased uncertainty in the region. In line with that, inflation has started to rise in the region, particularly in Myanmar, the Philippines and Vietnam.

"Robust growth has been and will continue to be the key to reducing poverty and vulnerability in the region," said Victoria Kwakwa, vice president for East Asia and the Pacific at the World Bank.

"Protectionism and turbulence in financial markets can hurt the prospects for medium-term growth, with the most adverse consequences for the poorest and most vulnerable. This is a time for policy makers across the region to remain vigilant and proactively enhance their countries' preparedness and resilience."

Supported by strong consumption, growth in China's gross domestic product remained resilient in the first half of 2018 at 6.8%. Growth is projected to moderate to 6.5% in 2018 and further to 6.2% percent in 2019-20 due to more moderate trade growth, weaker credit growth, greater investment uncertainty and rebalancing, according to the report, which said the ongoing trade and investment dispute between the United States and China poses some risk to China's growth prospects and financial market stability.

Growth in developing EAP, excluding China, is expected to remain stable at 5.3% from 2018 to 2020, driven by domestic demand. In Thailand and Vietnam, robust expansion is seen for 2018 before slowing in 2019 and 2020 as stronger domestic demand only partially offsets a slowdown in net export growth, per the World Bank. Indonesia's growth should be stable thanks to improved prospects for investment and private consumption, the report said, while the Philippines' economy will likely slow, though the expected expansion of public investment will boost growth over the medium term.

Vietnam's economy continues to perform well, propelled by the sustained global recovery and continued domestic reforms. "Despite improved short-term prospects, external and domestic risks and longer-term challenges remain," the World Bank noted. "These include risks of global financial volatility and rising protectionism as well as domestic vulnerabilities associated with remaining banking sector weaknesses, elevated public debt and limited fiscal space, and subdued productivity growth."

In the region's smaller economies, growth prospects remain strong, averaging over 6 percent annually in Cambodia, Laos, Mongolia and Myanmar between 2018 and 2020. During the first half of 2018, Cambodia's economy stayed strong, with garment exports reaching a two-year high. The Cambodian economy is expected to grow 7 percent in 2018, compared to 6.9% in 2017, thanks to upbeat investor sentiment and rising government spending.

Myanmar's economy is forecast to weaken 6.2% GDP growth in 2018-19, brought down by seasonal flooding, rising production costs and slowing foreign direct investment (FDI) commitments. The implementation of the Myanmar Sustainable Development Plan and investor-friendly laws are expected to support a gradual economic recovery, but downside risks remain elevated from global economic uncertainty and the aftermath of the Rakhine crisis.

"The main risks to continued robust growth include an escalation in protectionism, heightened financial market turbulence and their interaction with domestic fiscal and financial vulnerabilities," Sudhir Shetty, World Bank chief economist for the East Asia and Pacific region, said. "In this context of rising risks, developing EAP economies need to utilize the full range of available macroeconomic, prudential and structural policies to smooth external shocks and raise potential growth rates."

The report recommends developing East Asian countries increase their commitment to an open, rules-based international trade and investment system, including through deeper regional economic integration. Regional economies also could benefit by deepening existing preferential trade agreements, it said, and lowering non-tariff barriers.

Source: sourcingjournal.com- Oct 06, 2018

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WTO: Technology Will Power the Future of Trade

New technologies like driverless vehicles, robots, artificial intelligence (AI), Internet of Things (IoT), additive manufacturing and blockchain may seem like abstract buzzwords, but their implications for the future of global trade are all too real.

Cross-border trade is nothing if not expensive. Think of how much time, effort and expense goes into making raw ingredients into finished goods and moving them from country of origin to end consumer through globe-spanning supply chains over land, air and sea. Each logistical touchpoint generates yet another stack of paperwork confirming the what and the where, before the next step in the transcontinental journey begins.

On their own, each individual advancement—say warehouse robotics or IoT—is effective enough but taken together, these technologies stand to usher in a new, hyper-efficient era in trade, helping to level the playing field between small businesses in developing economies and the established mega-corporations of first-world nations. This is one of the key findings in the World Trade Organization's latest research, World Trade Report 2018: The Future of World Trade – How Digital Technologies are Transforming Global Commerce.

Though data from some sources calls into the question the economic productivity gains achieved through technology, there's little doubt that digital innovations are instrumental in reducing the speed and friction at which business gets done. AI offloads much of the decision-making minutiae from humans, freeing personnel to focus on meaningful work that requires evaluation and insight.

Artificial intelligence reduces error rates, thereby eliminating much of the time needed to revisit and repair. Automated warehouses powered by robotic systems find and sort goods quickly and safely.

Then there's blockchain, the tamper-proof decentralized database technology that securely stores information for access by stakeholders anywhere, at anytime. Blockchain has already gained momentum in shipping and logistics by cutting much of the manual and repetitive paperwork out of the process, helping goods move more quickly from start to finish.

The technologies shaping societies and businesses today are laying the foundational groundwork for how trade will happen tomorrow. As the world becomes more interconnected through the likes of blockchain and IoT, information will flow more quickly between trading partners, enabling physical goods to more quickly move from departure to destination as well.

Emerging tech brings with it additional implications for what trade will look like in the future.

"New technologies can also significantly affect what we trade, who trades what and how we trade," the WTO report noted. "The wide adoption of digital technologies is changing the composition of trade in different categories of services and goods, and is redefining intellectual property rights in trade."

Additive manufacturing, also called 3-D printing, could factor into the intellectual property equation for brands creating digital design files of the products they make through the nascent production technology. The 3-D printing market could reach $22 billion by 2020, and have a $600 billion economic impact by 2025, according to the report.

WTO noted the likely downsides to the infusion of technology into critical areas of trade. "While the expansion of digital trade will entail considerable benefits, it is important to ensure that this expansion takes place under conditions that adequately address certain regulatory challenges," the report said. "Issues concerning privacy protection and cybersecurity are likely to figure prominently in debates on the future governance of digital trade."

Source: sourcingjournal.com- Oct 06, 2018

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Canada keen to develop trade relations with Bangladesh

Canada is very much keen to boost its bilateral trade relations with Bangladesh as it has expressed interest to have regular meetings and undertake mutual initiatives among the private sectors of both the countries.

This interest was shown at a meeting between Canadian High Commissioner to Dhaka Benoit Prefontaine and the leaders of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) held at its office on Sunday. FBCCI president Md Shafiul Islam (Mohiuddin) and senior vice president Sheikh Fazle Fahim were present, said a press release.

High commissioner of Canada Benoit Prefontaine said that they value Bangladesh as a significant trade partner.

'As the existing trade is not satisfactory, and much potential are untapped, Canada businessmen are coming to Bangladesh more than before to develop the bilateral trade,' he added.

The High commissioner also emphasised on more vibrant activities of Canada-Bangladesh Chamber of Commerce.

FBCCI president Shafiul Islam thanked the Canadian high commissioner for their cooperation regarding duty free export facility of Bangladeshi RMG products to Canada.

Mentioning about the role of private sector in the fast-growing development activities of the country, he said, 'FBCCI along with its member bodies are working with the government to ensure a conducive business environment in the country.'

The FBCCI president invited the Canadian businessmen to invest in potential sectors like leather, pharmaceuticals, ICT and tourism of the country taking the lucrative offers provided by Bangladesh government.

Moreover, he mentioned that the Canadian investors can avail the opportunity of investing in the countrywide 100 Special Economic Zones.

FBCCI senior vice president Sheikh Fazle Fahim sought technological and curriculum assistance of Canada to develop the 'FBCCI Private Institute' founded recently to build demand-driven human resources according to the present market.

Sheikh Fahim also urged the Canadian high commissioner to build working groups of business people to work on potentials sectors of both the countries. He also urged the Canadian businessmen to build awareness about the achievements of Bangladesh and its market.

A request from FBCCI was also placed at the meeting to review shifting of Canadian Visa Consular office to Dhaka.

Counsellor (commercial affairs) and senior trade commissioner of High Commission of Canada Corinne Petrisor, trade commissioner of Canadian High Commission Md Kamal Uddin also participated in the meeting.

According to FBCCI, Bangladesh's export to Canada totaled $1118.72 million US in fiscal 2017-18 against the import of $498.20 million.

The principal export products of Bangladesh to Canada are woven garments, knitwear, home textile and footwear etc.

The import items from Canada are vegetable products, machinery and mechanical appliances, textiles and textile articles etc.

Source: newagebd.net- Oct 08, 2018

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Brazil keen to sign FTA with Bangladesh

The signing of FTA will open a new avenue for Bangladeshi goods in the Latin American country

On Sunday commerce Minister Tofail Ahmed said Brazil is willing to sign a Free Trade Area (FTA) agreement with Bangladesh to boost bilateral trade between the two countries.

Brazil also seeks to form a Brazil-Bangladesh Chamber of Commerce and Industry to encourage private sector investors of both countries to enhance business communication.

The minister made the announcement at the secretariat in Dhaka yesterday, after a meeting with the Brazilian Ambassador to Bangladesh, João Tabajara de Oliveira Junior,.

"Brazil is a potential market for Bangladeshi RMG products. But due to higher tariffs on apparel goods, Bangladesh cannot penetrate the market," said Tofail Ahmed.

Currently, exports from Bangladesh to the Brazilian market are subject to 35% duties. A bilateral Free Trade Area agreement would help Bangladeshi products enter their market with lower tariffs, said Ahmed.

The signing of FTA will open a new avenue for Bangladeshi goods in the Latin American country, while formation of a joint chamber will create new opportunities for investment, said the minister.

"As friendly nations, Bangladesh and Brazil maintain good trade relations. Brazil is very eager to increase trade with Bangladesh," said João Tabajara de Oliveira Junior.

In institutionalizing trade relations between the two countries, forming a chamber and signing an FTA are needed, said the envoy.

According to Export Promotion Bureau (EPB) data, in the last fiscal year, Bangladesh's export earnings reached $177 million in merchandising exports to Brazil, while it imported goods worth $1.52 billion from the Latin American country.

Bangladesh imports sugar, wheat, and cotton from Brazil and exports apparel products, pharmaceuticals, plastics, tableware, vegetable textile fibre, jute goods, and man-made filaments.

Senior Commerce Secretary Shubhashish Bose, and Additional Secretary Md Obaidul Azam, were present at the programme.

Source: dhakatribune.com- Oct 08, 2018

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Pakistan: The Bangladesh model

Two weeks ago, while speaking on a television show, I demanded the PTI to turn Pakistan into a Bangladesh before transforming us into a Sweden.

Interestingly, a video clip of the show went viral in Bangladesh and even the prime minister of Bangladesh commented on it, extending a hand of friendship to Pakistan after a long time and offering to share experiences. South Asian print media also picked the debate and this paper reported it three days ago, though it was the only paper that chose to censor my name – denying me a rare moment of recognition.

Many readers have raised a legitimate question: why should we look at countries that are like ourselves, instead of emulating the best in the world? After all, the PTI's populist promise of development is based on bringing home the best practices of the most developed countries, and delivering us development in days and weeks.

Imran Khan had assured the nation that it was possible because of the two distinct advantages he enjoyed as a leader: one, he had spent a lot of time in the West and thus had cracked the code of Western development.

And two, unlike the corrupt leaders in the Third World, he is thoroughly honest. Unfortunately, becoming a developed country is much like becoming a millionaire. It is easier for a motivational speaker to deliver dreams, much harder to change the reality.

There are many complications associated with what many experts call the challenge of ‘getting to Denmark’ by emulating the Western countries. The economies and governance systems of developed countries have evolved over centuries and there is no actionable memory of how this process unfolded. These Western countries went through very different historical circumstances and are very different kinds of societies today.

Looking at Bangladesh is important because it is a Muslim South Asian country that shares many social, political and economic experiences with us. Not very long ago, many economists saw Bangladesh as a basket case because of the country’s narrow resource base, very small land mass and vulnerability to extreme natural hazards.

Today, Bangladesh radiates a very different image. Its GDP is growing at a whopping 7.1 percent, creating jobs, throwing up a vibrant middle class and reducing poverty. For six years in a row, Bangladesh’s GDP growth has remained greater than 6 percent and most economists expect this run to continue. Pakistan barely touched 5.8 percent GDP growth after a decade last year and this may drop to less than five percent during the current financial year.

Even more importantly, economic growth is reaching the poor. While well over 40 percent of Bangladeshis lived in extreme poverty in 1991, according to a World Bank estimate, extreme poverty has gone down to less than 14 percent. In other words, about 50 million fewer Bangladeshis are in extreme poverty as a result of the improving economy.

Pakistan is facing a balance of payment crisis, which is mainly based on a huge trade deficit. During the last fiscal year, our imports were $61 billion, while our exports were merely $23 billion, creating a yawning gap of $38 billion. While remittances covered $20 billion, we were still left with the $18 billion gap to fill.

Bangladesh’s export-led growth model has helped it avoid the serious external sector problems that Pakistan is faced with. At the moment, Bangladesh’s exports stand at $37 billion while Pakistan’s exports are merely $22 billion. Interestingly, exports in both countries are textile based with one major difference: Pakistan is a major producer of the raw product ie cotton, while Bangladesh doesn’t grow any cotton.

Pakistan's model of textile industry has been completely reliant on exploitation of cotton farmers. Profits were shifted from farmers to spinners by keeping the prices artificially low and forcing farmers to sell their produce at low prices. As a result, we have developed a textile sector that is less competitive, and reliant on protection. Our textiles collapsed with the crisis in the cotton crop and high production cost.

Thanks to this exploitation, Pakistan's cotton growing areas remain the least developed parts of the country. Our textile sector cannot exist by using imported cotton, while Bangladesh's textile industry is value added and has depended on imported cotton from the very beginning.

Contrary to Pakistan's model of crony capitalism, where protected industries and sectors have thrived, Bangladesh has provided opportunities to its entrepreneurs. Pakistan is producing sugar that it cannot sell to anyone except itself, and sinking huge resources on elite housing societies that enrich Pakistan's who's who but destroy the national economy. Crony capitalists from both sectors are ruling us and multiplying their wealth through their hold over the state.

Alongside economic development, Bangladesh's achievements in the social sector are equally impressive. Bangladesh is on the top of the South Asian countries in gender equality. The cuntry's net enrolment rate at the primary school level has reached 98 percent while secondary school net enrolment is now around 54 percent, up from 45 percent in 2000. Pakistan, on the other hand, has the lowest primary (72.5 percent) and secondary (43.9 percent) school enrolment rates in the region.

Improvement in human development is indicated by a sharp drop in population growth. Bangladesh's current population growth is merely 1.1 percent per annum while Pakistan is growing at 2.4 percent annually. This growth is resulting in resulting in the shrinkage of the availability of natural resources per person.

Bangladesh's politics is as divisive and poisonous as in Pakistan. However, the Bangladeshi state has not used religion as an instrument of identity, even though religion is probably the only thing that distinguishes Bangladeshis from Indian Bengal. Bangladesh is a secular country and has been able to deal with religious extremism better than Pakistan.

This widening gap between the two countries cannot be filled by making Pakistan more honest or through the frugality or honesty of the caliph we have sent to the residence of the prime minister's military secretary. Bangladesh is not a terribly honest country.

On Transparency International's Corruption Perception Index, it ranks on 143 while Pakistan ranks 117. In order words, Pakistan's rank is better by 26 points. Since 2012, Pakistan has improved its score from 27 to 32, while Bangladesh has moved merely from 26 to 28.

Though the PTI knows everything about Europe and its secrets of development, it is well advised to look at the neighbourhood and learn a few lessons – provided it can spare some energy from selling buffalos and tilting at windmills.

Source: thenews.com.pk- Oct 08, 2018

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Ethiopia to Inaugurate New Industrial Park Built by China

Ethiopian Prime Minister, Abiy Ahmed, plans to inaugurate Sunday the Industrial Park Asdama, built by China,l confirmed official sources.

The place, located some 99 kilometers Southeast of the capital, was executed by the Civil Engineering Construction Corporation of the Asian country. Mekonen Hailu, director of Communications of the Investment Committee, detailed that the center was built with a very modern technology and it is expected to créate job opportunities for thousands of residents.

'The Park will be another addition in the government strategy to boost manufacturing perspectives, through sectors that require a lot of workforce, like textiles and clothing', considered Hailu. When the Adama conglomerate enters into service, the number of operative parks will increase to five, adding according to experts, to the participation of manufacturing in the Gross Domestic Product (GDP) from five percent at present to 22 percent by 2020.

Source: plenglish.com- Oct 07, 2018

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95% of Tunisia's textile, clothing exports go to Europe

Ninty five per cent of Tunisia's textile and clothing exports are aimed at Europe, according to official statistics unveiled recently during the Tunisian-French partnership day in the textile and clothing sector, which accounts for 35 per cent of the country's gross domestic product (GDP) and offers more than 160,000 jobs in a few hundred companies.

According to a report on an African news website, 82.7 per cent of the companies located in Tunisia are fully into exporting.

About 100 textile and apparel companies are located in the governorate of Monastir.

Source: fibre2fashion.com- Oct 06, 2018

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Taiwan: Textile firms eye robust orders at show

Local textile manufacturers expect to sign US$85 million of new orders at the annual Taipei Innovative Textile Show from Oct. 16 to 18, as demand grows for higher-priced functional textiles used mostly in sports and outdoor apparel, organizers said yesterday.

That would represent about 21 percent annual growth from US$70 million in orders last year, an initial estimate by the Taiwan Textile Federation (TTF) showed.

Robust growth was already reflected in the 2 percent annual growth in textile exports to US$5.89 billion from January to July this year, and the full-year increase could be larger, as the traditional peak season falls in the second half, the federation said.

Last year, textile exports grew by an anemic 0.8 percent to US$10 billion, it said.

SMART FABRIC

"Taiwanese textile manufacturers are becoming the top choice for global [apparel and shoe] brands and retailers whenever they want to experiment with new textiles," TTF president Justin Huang (黃偉基) told reporters on the sidelines of a news conference in Taipei. "Such new products usually carry higher price tags."

Ruentex Industries Ltd (潤泰全球) has set an example in the smart medical textile market, Huang said.

The company earlier this year landed an order to supply 60 million units of smart medical clothes equipped with sensors that measure blood pressure and heartbeat, the federation said.

Smart medical apparel and army clothing are the two biggest markets for new functional textiles, Huang said.

Sports apparel, outdoor wear and sports shoes have been the main sources of revenue for local textile makers.

Together, Taiwanese textile manufacturers supply 40 percent of materials used in Nike Inc-branded shoes, and 20 percent of materials for Adidas AG shoes, TTF data showed.

TRADE WAR

Commenting on the consequences of the escalating US-China trade war, Huang said that local textile makers would benefit from the trade disputes in the long run as major global retailers seek to relocate their Chinese plants to Southeast Asian and African nations or India to circumvent new import tariffs imposed by US President Donald Trump.

Trump last month imposed a 10 percent tariff on US$200 billion of Chinese goods that include textiles and clothing, and the tariffs could go up to 25 percent in January next year.

"Taiwanese textile suppliers might benefit from such supply-chain shifts. They will not face a higher tax burden, as they could ship their products to the US from their factories in Vietnam or in Taiwan," Huang said.

This year's show at Nangang Exhibition Hall in Taipei is to see a record number of participants, he said, adding that about 456 companies are to showcase new products during the show, up from 380 last year.

Formosa Plastics Group's (台塑集團) textile arms Formosa Chemicals & Fibre Corp (台化) and Formosa Taffeta Co (福懋興業) are to return to the show to present new products, organizers said, adding that they were absent from the show last year.

Textile makers Far Eastern New Century Corp (遠東新世紀), Eclat Textile Co (儒鴻), Lealea Enterprise Co (力麗) and Tex-ray Industrial Co Ltd (南緯實業) would also join the show, they said.

Source: taipeitimes.com- Oct 06, 2018

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NATIONAL NEWS

CAI trims cotton crop estimate for 2018-19 at 348 lakh bales

Deficient rains in Gujarat, Maharashtra likely to hamper yield prospects

In its first cotton crop estimate, Cotton Association of India (CAI) has reduced the cotton crop size for 2018-19 at 348 lakh bales (each of 170kg) from 365 lakh bales in 2017-18. The reduction in crop estimate is mainly attributed to adverse impact of drought-like situation in key growing regions of Gujarat, Maharashtra and Karnataka.

At the end of Cotton India 2018 meet in Aurangabad on Saturday, the apex cotton trade body trimmed the crop size at 348 lakh bales for 2018-19, amid fears of an impact of yield.

As per the CAI estimates cotton crop in the largest grower - Gujarat is set to decline by about 15 lakh bales from 105 lakh bales last year to about 90 lakh bales projected for 2018-19. The State faces overall rainfall deficit of about 23 per cent till October 5. Also, Maharashtra, Andhra Pradesh and Karnataka are projected to have lower crop too.

Atul Ganatra, President, CAI noted that despite almost similar cotton sowing as that of last year, cotton crop this year may be lower due to deficient rains in cotton growing States. As per the Central government data, Cotton sowing was reported at 120-64 lakh hectares for 2018-19 as against 121.72 lakh hectares in 2017-18.

Scanty rains affects yield

"It is feared that yields will get hampered due to scanty rains. This is a first crop estimate for the year and we will come out with updated estimate with cotton balance-sheet in the first week of November. We are still hoping for some rains in Gujarat and Maharashtra, which has a bearing on the cotton crop," said Ganatra. However in absence of water the crop condition may deteriorate further and the output may get affected.

However, the crop in North Zone is estimated to increase from 56 lakh bales to 58 lakh bales with Punjab (10 lakh bales), Haryana (24 lakh bales) and Rajasthan (24 lakh bales) showing signs of better crop conditions.

Meanwhile, in the South Zone, Telangana estimated to have cotton crop of 51 lakh bales almost at last year's level, while Andhra Pradesh and Karnataka to have lower crop this year at 16 lakh bales and 18 lakh bales respectively. The current crop estimate is likely to have 2-5 per cent variation due to rain possibilities during October-November.

Pest menace

In his address, Bhupendrasingh Rajpal, vice president of CAI and President of Maharashtra Cotton Association noted that pink-bollworm menace is not likely to cause major damage to the crop this year. "This is for the first time, a Cotton meet is taking place in the cotton heartland of Marathwada with such huge participation.

This year, the pink bollworm infestations is much less as compared to last year. This will help the crop with better quality. The awareness campaigns by Association, government and research scientists have been successful to contain the pest menace," he said.

Cott-ally mobile app

During the event, P Alli Rani, chairman and MD, Cotton Corporation of India (CCI) introduced the 'Cott-ally' mobile app for cotton stakeholders and farmers. Farmers and traders can make representations, provide feedback and take CCI guidance about the cotton crop through the help of this mobile App.

Noted farmer leader and chairman of Maharashtra State Agriculture Price Commission, Pasha Patel appealed to the cotton buyers to support farmers in their effort to innovate in farming practices. A group of farmers from Maharashtra have experimented one-quality one-cotton crop on 300 hectares of land.

Source: thehindubusinessline.com- Oct 07, 2018

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Panel suggests delinking special economic zones from exports

A committee on special economic zones (SEZs) led by Bharat Forge chairman Baba Kalyani has suggested delinking the enclaves from exports and allowing payments to be made in rupee when they deal with areas outside the zone.

In its draft recommendations submitted to the commerce department on Friday, the committee said the SEZ Act of 2005 focused on promoting trade competitiveness but it needs to be shifted to "manufacturing competitiveness" in the current environment.

The panel wants SEZs to be converted into employment and economic enclaves (3Es) with efficient transport infrastructure, uninterrupted water and power supply.

The committee, set up in June, has talked of enablers for the SEZs based on job creation, investment committed, inclusivity, value addition and technology differentiation, which are delinked from export performance. It has suggested that states and the Centre together work on an incentive package for such enablers. "These are only draft suggestions and the government has sought some more details," said an official in the know.

The draft comes in the wake of India's export-linked incentive schemes including SEZs being disputed by the US in the World Trade Organization (WTO).

Exports from SEZs grew 15% to Rs 5.52 lakh crore in 2017-18. Rs 3Es will move away from incentive linkages from exports and hence the condition of net foreign exchange (NFE) will not be required," it said for manufacturing SEZs. For service SEZs, it has proposed allowing supplies to domestic market in rupees.

The government has recently amended SEZ rules to exclude income from supplies made to area outside the zone called domestic tariff area from NFE.

"Linking SEZs with foreign exchange was not needed in the first place because even though banks get business by trading in foreign currency, the units incur a cost and the existing forex stays inside the country," said Ajay Sahai, director general, Federation of Indian Export Organisations.

The committee has advocated simpler entry and exit processes using time-bound online approval and dispute resolution through robust arbitration and commercial courts. It has sought infrastructure status to 3E projects to make cheaper finance available to them. In line with WTO norms and goods and services tax, the group has suggested the government to prepare a sunrise list for "focused diversification" such as engineering and design, biotech and healthcare services.

"Align the policy framework to avoid competition among similar schemes of industrial parks, export oriented units, SEZ, national investment and manufacturing zones and sectoral parks and provide ease of doing business to developers and tenants," it said.

Source: economictimes.indiatimes.com- Oct 08, 2018

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India's worth as an investment destination

The efforts towards improving the business climate started some years ago and deepened when the government's flagship initiatives, Make in India and Start-Up India, took centre stage. The department of industrial promotion and policy (DIPP) had rolled out the Business Reform Action Plan in 2015. India subsequently leapfrogged a commendable 30 places to get placed amongst the top 100 countries, according to the World Bank's Doing Business 2018 report. But have we arrived where we should?

The National Council of Applied Economic Research designed an index in 2016 using six metrics—land, labour, infrastructure, economic climate, political stability and governance. This was intended to give a granular picture of the investment climate.

This state investment potential index (N-SIPI) incorporated the perceptions of entrepreneurs, based on survey of industrial units. In the third edition, N-SIPI 2018, feedback on the goods and services tax (GST)—the most important initiative on unifying India into a massive common market—was added.

The survey covered 1,049 units in 20 states and Delhi, ranking them on their investment potential based on the six major metrics. Interestingly, the rankings are broadly consistent with another study on the performance of states in terms of their service delivery performance . Such comparisons suggest that the N-SIPI rankings based on perceptions and secondary data are reasonably robust.

There is also merit in recognising the strength of the states on individual metrics. For example, land by itself is a critical issue and is perceived to be complex because of the maze of regulations. However, strikingly, most states found no difficulty in acquiring land for industrial use except five: Bihar, Jharkhand, Karnataka, Maharashtra and Odisha. In these states, the percentage of respondents facing difficulties ranged from a little less than 30% to a little over 70%.

Unlike land, perception on labour constraints had wide differences across the states. States like Jharkhand, Karnataka, Himachal Pradesh and Assam were at one extreme, with more than 40% of the respondents expressing concern regarding the availability of skilled labour. Meanwhile, companies located in Gujarat, Haryana, Uttar Pradesh and West Bengal had more favourable views. Respondents have also shown major variation in perception of labour quality. Haryana and Gujarat continue to be viewed as the best states in this regard.

In another surprise, labour relations are not seen to be a problem for nearly 66% of the respondents across the states. Very diverse states such as Haryana, West Bengal and Gujarat were the best performers here, while Karnataka, Telangana and Andhra Pradesh have noted moderate to severe constraints. Labour laws have been a constraining factor in Maharashtra, Karnataka, Madhya Pradesh and Chhattisgarh. And while Gujarat reported no problems, Chhattisgarh reported severe problema.

Power is a critical component of infrastructure that supports industrial advancement. The survey found that power availability was relatively good, with no significant difficulty faced by 78% of respondents on an average. States such as Chhattisgarh, Haryana, Punjab and Karnataka reported an excellent supply of power, while states that lagged behind included Uttarakhand, Jharkhand and West Bengal.

With respect to water availability, the situation looked best in the case of Himachal Pradesh, Karnataka and Haryana. Surprisingly, despite being a coastal state, nearly one-fifth of the severely constrained firms belonged to Maharashtra, while Uttarakhand emerged as the most severely water-constrained state. The performance of states concerning road and rail connectivity was not an issue with over two-thirds of the surveyed firms while a little over one-fifth shared a moderate concern on the issue. Yet again, Haryana, Himachal Pradesh, Karnataka, Kerala and Rajasthan did very well, while a developed state like Telangana was ranked lowest in the perception of good road and rail connectivity in the state.

The perception on industrial policy is critically important to promote efficiency and productivity. A well-designed industrial policy percolates through different levers, such as special support to a select group of industries, establishment of special economic zones to attract foreign participation or investment, privatization of public sector units, and promoting public-private ventures. Here, a high proportion of positive responses came from Uttarakhand, Haryana, Gujarat and West Bengal. On the other hand, Karnataka, Chhattisgarh and Maharashtra appeared to be the poorest players in this regard.

GST was introduced in July 2017, and N-SIPI 2018 found that more than 40% of firms faced moderate to severe difficulty and 43% did not perceive any impact of the GST policy at all. This negatively impacted business operations severely, according to 17% of the firms.

Unexpectedly, Bihar emerged as the most GST-friendly state followed by Gujarat, while firms from Madhya Pradesh, Kerala, Himachal Pradesh, Andhra Pradesh, Telangana, Uttarakhand and Tamil Nadu faced significantly negative impact. Of these, the worst hit was Andhra Pradesh, with 58% of respondents crying foul. On the related aspect of e-way bills, the majority of the respondents reported the impact being positive. The impact is remarkably good for Jharkhand (77%), followed by West Bengal and Bihar, while there is no perceived impact in Telangana, Maharashtra and Gujarat.

The findings demonstrate that states have to work hard to even remain where they are as the rankings are relative, competitive and in flux. They also show that learning lessons from other states is a good way forward.

Source: livemint.com- Oct 07, 2018

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Smriti offers to revive textile mill in Odisha

Odisha Textile Mills lying closed since 2001 gets Centre support

Union textile minister Smriti Irani on Sunday said that the Centre would support Odisha if the latter took the initiative to reopen the iconic Odisha Textile Mills (OTM) at Choudwar. The mill, set up in 1950 by Biju Patnaik, has been lying closed since 2001.

Irani, who was in Bhubaneswar to take part in the BJP's state executive meeting, criticised chief minister Naveen Patnaik for "not doing enough to revive the unit". She said the Centre would extend a helping hand if the Odisha government did its bit to put the mill back on track.

Responding to Irani's offer, Odisha industries minister Ananta Das said the state government would definitely make an effort to revive OTM. "There should be a discussion between the Centre and the state about what needs to be done in this regard," he added.

At one stage the state government had even proposed to set up an integrated park and textile and apparel industry in the OTM complex spread over 522 acres. But there has been no concrete development on this front so far.

Irani also attacked Naveen for "failing to protect the dignity of women and not providing them with adequate nutrition". She said the Naveen Patnaik government had itself admitted in the Assembly that 60 per cent women were victims of anaemia. She accused Naveen of not joining the Centre's Ayushman Bharat scheme for political reasons and alleged that the Odisha government had also not done its bit to reduce the price of petrol and diesel in the state.

However, BJD spokesperson Sasmit Patra hit back saying that instead of pointing fingers at the Odisha chief minister, Irani should talk about how BJP leaders were being arrested for misbehaving with women in Rajasthan, Uttar Pradesh and Haryana.

Odisha Congress president Niranjan Patnaik echoed Patra. "How can they talk about Odisha when they have failed to protect women in the states ruled by the BJP," he said.

In another development, the BJP has decided to build up state-wide movements on corruption in various sectors in the state. The party plans to take up issues — such as the chit fund scam, mining scam, Omfed scam and cooperative and sapling scams — besides sensitising people on controversies related to the state's Ama Gaon, Ama Vikash and Biju Yuva Vahini schemes. It will also generate public awareness on Naveen's alleged refusal to cooperate with the Centre on the Ayushman Bharat scheme.

"Naveen is neck deep in corruption. We will expose this government," said state BJP vice-president Pratap Sarangi.

BJD spokesperson, Amar Satpathy, however, dismissed BJP's charges as politically motivated and said that the BJP leaders won't cut ice with the voters.

Source: telegraphindia.com- Oct 08, 2018

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Govt set to dump direct port delivery scheme

Freight stations to get a fresh lease of life

The direct port delivery (DPD) scheme that was introduced as a panacea to cut cargo dwell time and costs is set to be dumped, with the government working on a plan to restore the role of container freight stations (CFS) in the evacuation system, a top ministry official said on Friday.

DPD scheme, which was implemented by the government last year with great vigour to promote the ease of doing business and improve India's ranking in the logistics performance index of the World Bank, had started to hurt the business of CFSs servicing Jawaharlal Nehru Port Trust.

Some of the CFSs, including listed entities, have started shedding staff to deal with the decline in business with one of them even shutting shop last week following an attack on buses carrying employees by a group that were retrenched.

DPD essentially means import containers are delivered directly to pre-approved clients at the port itself instead of waiting in a CFS located outside for clearance, which reduces the cargo dwell time and cost for shippers.

“We are now trying to re-model our cargo evacuation system placing the CFS as the fulcrum of the entire planning,” Shipping Secretary Gopal Krishna said at the annual day of the Container Freight Stations Association of India.

“We are going back to the thinking that was prevalent in the late 1980s when this concept started that CFSs should take the burden of being the first recipient of the boxes and thereafter cargo will move,” he stated.

“The plan now is that within 24 hours, a container should move out of the port to a CFS, and as much less regulatory processes should be done in the port as possible.

Regulatory and all other processes such as bundling, unbundling and re-positioning of cargo should happen where it was originally meant to be done, that is the CFSs.

We had initial discussions with the all the stakeholders in the last ten days, including the shipping lines, shipping agents, forwarders and terminals. There is largely a unanimity that this seems to be the best possible way forward if we have to control the dwell time for exports and imports but largely for imports,” he said.

The challenge, though, is to address the issue of congestion and this can only be done by limiting the number of truck trailers that enter and exit the port.

“Here, there is a possibility of utilising technology by creating a truck trailer market place. Currently, trailers coming from factories carrying export containers to the port goes back empty. So, the idea is that when it comes in, that should be the trailer which should carry back a box to the CFS so that unnecessary movement of trucks doesn’t take place in the port area.

That should be the key if large number of containers have to be handled at the port. That will improve the capacity utilisation of the terminals - if the cargo gets moved out of the port limits within 24 hours, the terminals will be able to bring in more ships, they will be able to unload more cargo and load more cargo. Across the stake holder community, everyone feels that there is some bit of benefit for them from this plan,” he said.

The only issue that the government is grappling with, according to Gopal Krishna, is about the liability. “Because, we have trucks coming from far off places carrying export boxes and if we ask the same transporter to carry an import box to the nearest CFS or identified CFS, the issue of liability comes in. So, that’s the single point of challenge that we are now starting to address and I’m sure we’ll be able to address that in the next week or so,” he said.

“If this plan meets the regulatory requirements of the system, then I think we would have probably reached an ideal situation in which cargo gets evacuated from the ports within a very short time,” he noted.

“There was a time when there was a bit of uncertainty in the minds of the CFSs, whether to change the business model (due to DPD) and what will happen to employment. I think, that should get sorted out by what we are now trying to attempt. So, I want to re-assure the CFSs operators that we will try to see that their utility in the system does not diminish, their utility in the system increases, their business grows and they become a very integral part of the system and remain so,” he said.

The rationale behind the introduction of DPD was to hasten the evacuation of cargo from the port, directly to the factories.

“While that seems to be very much a goal that we should aspire for and we also set targets and raised the target for DPD from 40 per cent to 80 per cent, we found after a few months that it was stuck at 40 per cent. And then, when we were again trying to figure out and trying to dissect this number, we found that actually what gets transported directly to the end user is only about 10 per cent, the balance 30 per cent continue to be routed through CFSs,” the secretary said.

The ever-increasing ship sizes was one of the “biggest disruptors” of the maritime sector. When the ship size keeps on increasing, the cargo volume will keep on increasing and the on-shore logistics sector will only be “reactive” to what the off-shore logistics sector will continue to do.

This will increase challenges on evacuation of cargo from the on-shore side. “It was then we started re-assessing our thinking, that can we re-think the role and use of CFSs,” Gopal Krishna said.

Initially, JNPT was also trying to take on the burden of transporting cargo containers out of the port; it had even finalised a transport solution which was touted as an innovative model that the port can adopt to quickly evacuate containers to the factories.

"But, that is not the core function of the port. The core function of the port is to quickly unload cargo from the ship and take it out of its precincts as early as possible. And there was a model where we had CFSs in 34 locations which were so easily reachable from where the cargo could be distributed.

Thereafter, the ports role end and the regulatory processes of Customs clearance and other things will take over. We thought that this was the time to re-think and consider reverting to the old concept of evacuating containers through CFSs," he added.

Source: thehindubusinessline.com- Oct 06, 2018

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Farmers say getting less than MSP for cotton, ask CCI to start procurement

With the Cotton Corporation of India (CCI) yet to enter the market, farmers are complaining about getting price lower than the minimum support price (MSP) fixed for cotton. They claim to have sold the raw cotton even up to Rs 300 below the MSP in the absence of any support from the central agency.

Cotton picking season starts from September 1, and procurement starts from October 1, when CCI enters the markets. However, the agency is expected to start making purchases around October 10.

Farmers complain that due to lack of support, the traders were buying raw cotton at rates much lower than the MSP. The support price of cotton has been fixed at Rs 5,350 per quintal but they were getting Rs 5,000-5,200 per quintal.

Upset over it, several cotton growers held the CCI and market committee officials hostage at the Sangat market committee office in Bathinda on Wednesday. They held also staged a protest at Maur.

Cotton has been sown in 2.84 lakh hectares in Punjab and over 11 lakh bales (1 bale=170kg) are expected to be produced this season.

“We are a harassed lot. We were expecting a bumper crop and a handsome price for cotton. For the few days in September rates remained above the MSP but after the rains lashed the region, traders started quoting low prices. We want CCI to enter the markets to end the exploitation of farmers,” said farmer Gamdoor Singh from Sangat.

Bisakha Singh of Bibiwala village in Bathinda said reluctance of CCI in starting procurement was proving dear to the farmers. “We had lot of faith in CCI but it is getting eroded as we forced to face loses,” he said.

Mohinder Singh of Jiwan Singh Wala village said, “We are sitting in the grain market for the two days waiting for cotton to be purchased at MSP but the rates quoted are Rs 200 per quintal below that. We urge the CCI to start making purchases.”

When contacted, CCI’s Bathinda branch head Brijesh Kasana said the tenders floated for pressing raw cotton at ginning mills initially failed to get any response. “Now the tenders have been accepted for few centres in Punjab, and in some areas these are expected to be finalized by Friday.

CCI is expected to start making purchases before October 10. We will make direct purchases from farmers without any middlemen through our own software and payments will be made to them within 5-7 days.”

Source: timesofindia.com- Oct 05, 2018

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Growth in India firming up, projected to accelerate further: World Bank

Growth in India is firming up and is projected to accelerate to 7.3 per cent in the 2018-19 fiscal year and 7.5 per cent in the next two years, the World Bank said on Sunday.

The global lender said that the Indian economy appears to have recovered from the temporary disruptions caused by demonetisation and the introduction of the Goods and Services Tax (GST).

However, domestic risks and a less benign external environment impact the macro-economic outlook, it said. Growth reached 6.7 per cent in fiscal year 2017-18, with a significant acceleration in recent months, it said. “Prompted by the adoption of the 'Goods and Services Tax (GST) and the recapitalisation of banks, growth in India is firming up and it is projected to accelerate further,” the World bank said in its latest report on South Asia.

Growth in India, it said, is expected to rise to 7.3 per cent in fiscal year 2018/19, and to 7.5 per cent in the following two years, with stronger private spending and export growth as the key drivers.

On the production side, the turnaround in the second half was led by manufacturing (that grew at 8.8 per cent versus 2.7 per cent in the first half). Agriculture growth improved, and services growth held steady at 7.7 per cent, the report said.

On the demand side, the pick-up in growth was reflected in a sharp acceleration in gross fixed capital formation to 11.7 per cent in the second half, from 3.4 per cent in the first.

Consumption, growing at seven per cent in the second half, remained the major driver of growth, the report said.

Observing that the external situation has become less favourable and the current account balance has deteriorated, the Bank said that a worsening trade deficit has led the current account deficit to widen -- on the back of a strong import demand, higher oil prices and exchange rate depreciation -- from a benign 0.7 per cent of the GDP in fiscal year 2016-17 to 1.9 per cent in fiscal year 2017-18.

External headwinds — monetary policy 'normalisation' in the US coupled with recent stress in some Emerging Market and Developing Economies — have triggered portfolio outflows from April 2018 onwards, the report said.

NUMBERS 'FIRMING UP'

- India's growth set to accelerate 7.3 per cent in the 2018-19 fiscal and 7.5 per cent in the next two years
- Growth reached 6.7 per cent in fiscal year 2017-18
- Agriculture growth improved, and services growth held steady at 7.7 per cent

Source: World Bank report

It said that as a result, the nominal exchange rate depreciated by about 12 per cent from January to September 2018, and foreign reserves declined by over 5 per cent since March, while remaining comfortable at about nine months of imports.

Of the view that India faces continued internal and external risks, the World Bank said that high oil prices and an uncertain global trade environment may pose challenges for the current account.

"A widening trade deficit is likely to lead to a current account deficit of around 2.6 per cent of the GDP in fiscal year 2018/19, and tighter global financing conditions will put added emphasis on India's ability to attract FDI," it said.

Fiscal consolidation is expected to resume in fiscal year 2018/19, but slippages could happen on both the revenue side (as the GST is still stabilising) and the expenditure side (ahead of state and federal elections), it said.

"Elevated oil prices, a recent hike in agricultural support prices and further exchange rate depreciation could keep the inflation outlook challenging, possibly resulting in further monetary policy actions," the report added.

Source: business-standard.com- Oct 08, 2018

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How Visakhapatnam Port Trust plans to become the most preferred port in South Asia

As it turned 86 Sunday, the Visakhapatnam Port Trust (VPT), which is acclaimed as the Eastern Gateway of India has drawn up a vision to become the most-preferred port in south Asia offering services of global standards and world-class logistics solutions.

Massive capacity expansion and modernisation plans are being implemented in a mission-mode in line with Visakhapatnam Port's growing strategic importance to trade with China, Australia, Indonesia, Singapore, Malaysia, South Africa, Nigeria and countries in the Persian Gulf.

"Visakhapatnam Port, one of the 12 major ports of the country, has a strategic importance since it serves major economic sectors like steel, power, petroleum, mining and fertilisers.

We play a pivotal role in the economic development of the hinterland, catering to major industries.

We now aim to further this by becoming the most-preferred port in south Asia that offers world-class logistics solutions at minimal cost to stakeholders," VPT Chairman Movva Tirumala Krishna Babu said.

Talking to PTI on the Port's 85th anniversary, Babu said VPT transformed into a mega port, capable of handling all types of cargos, from raw materials to finished products, facilitating large-scale employment and higher standards of living.

"We now have the capacity to handle 120 million tonnes of cargo, which will be increased to 135 MT in the next one and a half years.

That will be the optimum capacity and accordingly we have taken up expansion, mechanisation and modernisation works," Krishna Babu said.
VPT achieved an operating profit of Rs 250 crore in the last fiscal handling 63.5 million tonnes of cargo while the target for the current year has been set at 68 million tonnes.

VPT is also ranked, by the Union Ministry of Commerce, as the number one port in the country in export of marine products.

While Rs 2,000 crore worth development works were under progress through public-private partnership and internal resource mobilisation, another Rs 3,000 crore worth projects were taken up under the Sagarmala.

"We had, in fact, taken up 15 capacity addition projects with a total investment of Rs 3,151 crore of which 11 were completed. The remaining four are in progress.

Mechanised coal handling facility with a capacity of 6.41 million tonnes per annum, construction of multi-cargo terminal with a capacity of 2.09 MTPA, upgradation of iron ore handling facility in the outer harbour are some of the major works that have been completed," the Chairman explained.

On the accolades won by the VPT, Babu said it has been ranked the second cleanest port in the country for the last two years in Swachh Bharat while the Andhra Pradesh government presented it the first Green Award in industries category this year.

"VPT is operating entirely on solar energy by commissioning a 10 MW utility-scale Solar Photovoltaic Power Plant at a cost of Rs 60 crore.

We were also awarded the Platinum Award in the ports sector for outstanding achievements in environment management, which is another milestone in our path towards becoming a Green Port," Krishna Babu added.

Source: financialexpress.com- Oct 07, 2018

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