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The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

# IBTEX No. 30 of 2018 February 09, 2018

USD 64.34 | EUR 78.88 | GBP 89.66 | JPY 0.59

## Cotton Market

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

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 19051 | 39850 | **79.11** |

**Domestic Futures Price (Ex. Gin), February**

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 20040 | 41919 | **83.22** |

**International Futures Price**

| | |
|---|---|
| NY ICE USD Cents/lb ( March 2018) | 76.62 |
| ZCE Cotton: Yuan/MT ( Jan 2018) | 15,005 |
| ZCE Cotton: USD Cents/lb | **92.15** |
| **Cotlook A Index – Physical** | **87.85** |

**Cotton guide: USDA Report Cotton Update**: Cites no clear indication on Cotton Market

The monthly report released for the month of February by USDA its WASDE is slightly tricky while we compare with previous month report. The USDA increased the world ending stock estimate by 761,000 bales and the major that can be attributed to increase is the rise in Chinese production by 1.1 million bales and cut 300,000 bales in US exports despite heavy sold position. The world ending stock is now estimated at 89 million bales vs. 88 last month.

However the world cotton production stood unchanged from the previous month estimate at 118.90 million bales. There were preliminary estimates of crossing 120+ million bales.

We believe such number could not be achieved because India's figure for this year still remains a question mark and likely to range 33.20 to 33.60 million bales lower from early seasonal estimates while higher than last year figure.

On the US front, ending stock was revised higher to 6 million bales vs. 5.6 million bales in the last month. As said above cut in US exports may have added to total ending stocks. The production number stood unchanged at 21.26 million bales.

The much awaited data event released last evening in the US has not provided any sort of clear cues rather has now confused trades across the globe. We wouldn't cite any clear stance to this number rather wait and watch the weekly US export number. Any further rise of export number in coming weeks might change the global cotton stance and soon shall get a better clarity on the India's production number.

**Market Update**: The USDA Report has kind of had a mixed view on cotton price. On Thursday we saw heavy volatility in price amid highest trading volume. The March traded in the range of 75.89 to 77.52 cents per pound and ended the session at 76.62 up by 66 points from previous close. Subsequent contracts also traded in the similar lines.

December contract settled at 75.17 up by 14 points previous close. On the trading front, recorded highest volume crossed 100K contracts in a single day amid major volumes from spread trades. However the open interest continued to decline. The OI has declined from 0.321 million contracts to 0.290 million contracts. Certified stocks stood at 76,527 bales up 770 bales. Post the market was closed the weekly CFTC on-call report was released.

Total on call sales were around 145K down by 9K contracts while on call purchases were around 34K up by 2000 contracts. Lastly on the technical front despite so much volatility trend set up continues to be weak. Price band has been 76 to 78 cents. We believe market would continue to remain in the same range.

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

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# INTERNATIONAL NEWS

## China worried over US trade relations as surplus narrows

China expressed concern today over the US ramping up trade investigations as official data showed its surplus with America narrowed in January after reaching record levels last year. This week China announced an investigation into imports of a US agricultural product after President Donald Trump's administration launched a spate of new trade tariffs and probes into Chinese goods.

The Trump administration has shown no signs of letting up, with major decisions looming on Chinese aluminium, steel and intellectual property practices. The tensions are raising the spectre of a tit-for-tat trade war between the world's two largest economies. "There has been an upward trend in US investigative organs looking into China's products and launching trade relief cases," said Ministry of Commerce spokesman Gao Feng during a press conference.

"China is worried about this." The US imposed new tariffs on Chinese-made solar panels and washing machines this year after hitting aluminium foil and plywood last year. China has so far held off from retaliating by adding new tariffs on US imports, but Beijing has indicated it may not show such restraint for much longer. This week China initiated an anti-dumping investigation into sorghum imports from the US, worth almost $1 billion last year. That was a sliver of the $14 billion in US soybean imports, which China hinted could be in its crosshairs as well. It was America's largest export to China last year.

Gao did not deny reports Chinese authorities were looking into soybean and cotton imports, after a journalist from state news agency Xinhua asked about reported meetings regarding the two items over anti-dumping and anti-subsidy issues. "Recently we did hold a symposium with enterprises that import and export agricultural products," Gao said, noting it was to "understand the operation of foreign trade in agriculture". Though Gao denied it was connected to "Sino-US trade frictions", he said "related agricultural companies did indeed mention issues in the Sino-US agricultural product trade" with some producers "expressing concerns about the impact of imported agricultural products".

Official data released by China's General Administration of Customs may relieve some pressure generated by its vast trade surplus with the US. It reached record highs during Trump's first year in office — $375.2 billion by US counting, or $275.8 billion according to Chinese data. In January, China's trade surplus with the US dropped to $21.9 billion, from $25.6 billion in December. The figure is roughly equal to the surplus China posted with the US in January 2017.

Still, analysts worry the persisting deficit will compound sensitive trade relations between the two countries. "The uncertainty surrounding Sino-US trade ties remains a key potential downside risk in the near term," said Betty Wang, senior China economist at ANZ bank. There is a large gulf between the two sides on how they view the massive deficit. "Generally Sino-US trade interests are relatively balanced," Gao said, after explaining the gap shrinks when considered on a value-added basis.

Source: financialexpress.com- Feb 08, 2018

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## China, Nigeria trade generated $13.8b in 2017 – Ambassador

The Trade Volume between China and Nigeria was 13.8 billion dollars in 2017, according to the Chinese Ambassador to Nigeria, Dr Zhou Pingjian.

Dr Pingjian made this known when he paid a courtesy visit to Gov. Aminu Masari of Katsina State on Thursday in Katsina.

He also said that Chinese imports from Nigeria had also recorded increase during the period under review.

Dr Pingjian said that China would hold 'China International Import Expo' in November, 2018 with a view to opening its market wider particularly for Nigeria.

''This gives an opportunity for Nigerian states to promote their products.

''Nigeria can be a manufacturing home for Africa," he said.

He said that China was a reliable partner that could assist African countries to reach their potentials in international trade.

According to him, the bilateral relationship between China and Nigeria is now 47 years.

He said that his country always encouraged Chinese investors to look into opportunities in Africa with emphasis to agriculture, agro-processing, road construction and water supply among others.

The ambassador also announced a donation of N10 million by his country to the Katsina State Government to enhance healthcare delivery.

In his remarks, Gov. Aminu Masari, said the state government had reserved 800 hectares of land for the establishment of Economic Zone to take the advantage of Lagos-Kano-Jibiya economic corridor.

Masari said the government would provide all needed infrastructure and adequate security in the area.

He also said that textile industries would also be established in the state by private investors to improve economic activities in the state.

Source: pmnewsnigeria.com- Feb 08, 2018

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## Bangladesh: Textile leaders urge more infrastructure support

Mohammad Ali Khokon, the acting president of Bangladesh Textile Mills Association (BTMA), said investment in the textile sector has slowed down in recent times, citing the unavailability of adequate gas and good quality power and land as the main reasons.

He made these statements while addressing the inauguration ceremony of the 15th Dhaka International Textile and Garments Machinery Exhibition, being held at the capital's Bangabandhu International Conference Center.

“The improvements in the power sector are not enough to run our heavy textile industry,” he added.

“The gas sector still has a huge deficit, which is a major concern for our primary textile sector.”

Mentioning the government’s initiative to import Liquefied Natural Gas (LNG), BTMA urged the government to accelerate the process so that the current crisis of power can be overcome soon.

“Textile is the mother of industries,” said State Minister for Finance MA Mannan, who was attending the ceremony as the chief guest.

In response to the stakeholders’ demands, he said that the government will do everything possible to boost the country’s textile industry. The state minister also urged for assistance from the business community to help the government achieve these goals.

This year’s exhibition is hosting 1,200 booths booked by 1,100 exhibitors from 36 countries, including Austria, Belgium, Brazil, China, Denmark, France, Germany and many more.

Some of the products being displayed at this years exhibition include knitting machines by leading brands such as Mayer & Cie, Karl Mayer, Pai Lung, Santoni, quality color measuring equipment by Konica Minolta, high-caliber printing machines by M&R, spinning machines by LMW, Rieter, Saurer, Schlafhorst, Truetzschler and Murata, as well as state-of-the-art weaving machines by Toyota, Picanol, Staubli, and SMIT.

Exhibits are also scheduled to cover other accessories and technologies from leading international brands, including Loepfe, Groz-Beckert, Graf+Cie, and USTER.

Jointly organized by the BTMA and Yorkers Trade and Marketing Company, this exhibition is intended to bring together all machines and technologies needed for the textile industry, from both regional and international brands under one roof. The organizers are hoping that this will serve as a professional trade platform to help all the buyers gain greater competitive advantage in the industry.

Source: dhakatribune.com- Feb 08, 2018

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## Pakistan: Rethinking cotton dominancy

As textile exports start to pick up, the focus should be on keeping the momentum going. Currency depreciation will undoubtedly prove to be a boon but pricing is just one factor. Value-added segments such as knitwear, bed wear and readymade garments have led growth in exports over the recent past, while spinning and weaving have faced dull overseas demand.

But the contribution by value-added segments can be further enhanced if steps are taken by both policymakers as well as the private sector to increase market share. At the firm level, textile exporters are cognizant of the fact that demand for synthetic based textile and garments has increased multi-fold in recent years.

Yet, Pakistan's textile exports are still predominantly cotton-based. More worryingly, even cotton production has suffered drastically, while prices recently touched a seven-year high at Rs7800 per maund in the local market because of an expected shortage.

The reasons for the fall in production are numerous with poor seed quality, obsolete cultivation practices as well as weather change. More importantly, as this column has highlighted before, the cultivation of sugarcane has been incentivized, which has led to the encroachment of sugarcane crops in areas traditionally reserved for cotton.

Historically, the imposition of both tariff and non-tariff barriers for imported yarn, fabrics as well as trimmings by the government has resulted in the value-added segments being forced to procure the requisite raw materials after a great deal of hassle and higher prices.

On the other hand, local cotton cannot be utilised when it comes to production of higher yarn count thread that utilises imported long staple cotton. How will the value of exports rise if higher value addition is not achieved by using better quality technical fabrics?

Volumetric growth will undoubtedly follow as a result of recovering demand in the EU and the United States, but price growth might get more difficult in the face of stiff competition and lower margins due to limited product range.

The fact that man-made fibers now contribute more than 65 percent of total fiber consumption in the world means Pakistan's textile and garments industry needs to embrace the change or risk becoming obsolete.

Source: brecorder.com- Feb 08, 2018

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## Pakistan: Govt Disburses Rs19 Billion In Textile Sector

The government disbursed Rs19 billion among the textile sector against claims for Rs 25 billion through the State Bank of Pakistan under the Prime Ministers Export Enhancement Package till January 20, 2018.

The Rs 162 billion Export Enhancement Package was aimed at helping the textile sector to gain competitiveness in the international market in order to enhance the countrys exports, a senior official of Ministry of Commerce and textiles industry told APP here on Thursday.

The government wants to revive confidence of the textile sector through the package, he said, adding the package would be expanded to other industrial sectors, including the pharmaceutical sector.

"We are committed to providing an enabling business environment to all the industrial sectors, he added. The government, the official said, had also given procedural and tax relaxations on the import of textile machinery for the modernization of industry and to enhance the capacity of the sector.

The official said that through this package, the cost of doing business would come down in the country.

Source: urdupoint.com - Feb 08, 2018

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# Walmart Prioritizes Profits Over Low Costs Online

Walmart is learning that when it comes to price, you can't out Amazon Amazon.

While the e-commerce giant's diverse revenue stream gives it the luxury to earn slim to no margins on some orders in exchange for boosting customer loyalty, Walmart can't afford to have fulfillment costs eat into profits any longer.

Since the retailer's Jet.com acquisition, its online sales have surged but the increase has not been without costs. As a result, the Every Day Low Price leader is now looking to boost prices online.

The big-box retailer is calling on suppliers to provide goods with a higher price tag for its online business, according to Reuters. The news service reports Walmart hosted a series of meetings last week with leading CPG players, alerting them that it intends to focus on goods that meet at least a minimum price threshold.

"They are no longer saying 'give us the lowest priced product for dot com,'" an attendee at one of the meetings told Reuters. "They want items that retail for more than $10; those are the products that make money for them online."

The request runs counter to the company's long-time demand of lowest cost—but it only applies online where shipping costs have been an issue.

"Walmart has started to understand it cannot make money if they offer the lowest prices online on every item and then spend $4 or $5 trying to ship it over," one supplier is quoted as saying. "It is not sustainable and more importantly their shareholders won't allow it." Under the new initiative, the company is reportedly zeroing in on dry grocery goods, general merchandise items and home goods to help.

While Walmart didn't elaborate on the conversations it's having with suppliers, a company spokesperson told Reuters, "We are constantly looking for opportunities to expand our assortment with new items, and want to ensure that the items we add to the assortment are a great value but also make economic sense for the channel."

The question remains whether current Walmart shoppers will be turned off by the higher price tags. The retailer has been attempting to expand its consumer bases through purchases of brands like Bonobos and ModCloth along with its new alliance with Lord & Taylor, which will begin selling on the site this spring.

Source: sourcingjournalonline.com- Feb 08, 2018

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## Cotton Highlights from February WASDE Report

The February 2018 World Agricultural Supply and Demand Estimates (WASDE) report has been released by USDA.

Here's the latest summary for cotton:

The 2017/18 U.S. cotton supply and demand forecasts show slightly lower exports and higher ending stocks relative to last month. Production and domestic mill use are unchanged. The export forecast is lowered 300,000 bales to 14.5 million, based on a lagging pace of shipments to date. Ending stocks are now estimated at 6.0 million bales, equivalent to 34% of total disappearance.

The marketing year average price received by producers is projected to average between 67 and 71 cents per pound – unchanged from January's range. The 2017/18 world cotton forecasts include slightly higher production, lower consumption and higher ending stocks. World production is 400,000 bales higher than last month, as higher estimates for China, Brazil and South Africa offset lower expectations for India and Australia. Global consumption is forecast 325,000 bales lower, as decreases for India and Thailand offset an increase for Vietnam.

World ending stocks are projected 760,000 bales higher, as a 1.1-million-bale increase in China's projected ending stocks – and higher U.S. stocks – offsets declines for India, Australia, Turkmenistan, Tajikistan and Vietnam.

Source: cottongrower.com- Feb 08, 2018

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# Is 'Smart Clothing' Set to Supercharge the Fashion Industry?

Fashion can be forgiving ... sometimes. Forget fiddly watches, wireless earbuds that don't stay put and unattractive virtual-reality glasses. "Smart clothing" is set to supercharge the fashion industry. Strap in for the ride as smart clothing is the next generation of apparel that goes beyond wearables and will change our lives forever.

Traditional wearables have evolved significantly in recent years, so this new breed of technology is much more than just monitoring how many steps you've taken or your heart rate. The big difference between smart clothing and traditional apparel is integrated technology such as sensors that are embedded into the fabric to "read" your body. Smart clothes can connect you to technology from head to toe and enable everything from paying for your morning joe and playing music to mapping travel routes, measuring biometrics and even monitoring your emotions. All of this and more—including bras that automatically adjust support under different situations—can be done today without touching or tapping your phone or a screen.

The concept of connected clothing requires e-textiles, e-threads and sensors to make it a reality. France-based Primo 1 D's ultra-high-frequency RFID yarn enables the embedding of RFID tags directly into fabrics. The e-thread is an RFID yarn with the antenna built into the yarn strand, which allows for a truly invisible, inseparable and immutable integration of material and fabric. U.K.-based Advanced E-Textiles is making thread-sized microelectronic tags that are washable and can simply be sewn right into a garment and then be read by RFID. Most consumers would be unable to detect the tiny tags when wearing the garment.

Other traditional RFID providers and startups alike are creating progressive technologies, platforms and apps utilizing the power of tinier and more-functional sensors. Companies such as Los Angeles–based Mojix, Seattle-based Impin and New Jersey–based Checkpoint Systems are all working closely with brands, retailers and manufacturers to help drive new customer engagements and experiences. Luxury brands have been quicker to embrace these new technologies because of the associated costs, but, as manufacturing costs go down, the usage will increase for every segment of the apparel industry over the next 24 months.

Let's take a look at a few fashion brands that are leading the smart way:

**• Google and Levi's Trucker Jacket With Smart Touch**

What happens when 150 years of Levi's denim innovation meets Google engineering? A groundbreaking garment called Levi's Commuter Trucker Jacket. The end of the left sleeve is made of a slightly different denim material that's been specially woven with conductive Touch-sensitive Jacquard Thread, which allows the sleeve to act as an interactive touchpad for the jacket. The jacket connects to a mobile device via Bluetooth technology. With a tap or brush of the sleeve cuff, you can control music, screen phone calls, get directions and more. A few simple gestures keep you on course and in touch.

**• SUPA-Powered Smarter Sports Bra**

The New York–based artificial-intelligence startup SUPA was founded by Sabine Seymour, a fashion tech expert and director of the Fashionable Technology Lab in partnership with the Parsons School of Design. SUPA, which has a new application using smart sensors, is a secure biometric data platform that contextualizes data derived from distributed IoT (Internet of Things) devices that monitor nutrition, heart rate, motion and temperature. These Movesense sensors can be integrated into apparel, including SUPA's newly equipped sports bras, which can be worn underwater as well as in extreme weather conditions.

**• Nadi X Vibrating and Virtual Yoga Pants**

The Sydney-based startup Wearable X's Nadi X pants have woven-in technology with sensors that provide gentle vibrations at the hips, knees and ankles to encourage you to move and/or hold positions for an easier yoga workout. The sensors sync up via Bluetooth to your phone and through the companion app, which gives you additional feedback.

**• L.L. Bean's Boots With a Brain**

Leading multi-channel merchant of quality outdoor gear and apparel, L.L.Bean has partnered with Loomia, a technology company that adds intelligence to make the manufacturer's boots and jackets smarter. Loomia manufactures soft, flexible circuitry that can sense and track data while seamlessly integrating with chosen materials. These sensors are washable, dryable, sewable and discreet. Once L.L. Bean embeds this technology into its boots, it will be able to collect information about temperature, motion and frequency of wear. Once this data is collected, consumers will be able to share it back with the brand for rewards via the Loomia Tile—a component that allows for the secure and anonymous transfer of data.

**• Under Armour's Smart Sleepwear and Shoes**

Under Armour recently unveiled "smart sleepwear," which the company claims helps athletes "to rest, win and repeat." This Athlete Recovery Sleepwear has an infrared pattern inside the clothing to absorb infrared wavelengths and reduce inflammation while an athlete is sleeping, aiding in recovery time. Under Armour has also launched two new pairs of connected running shoes at the Consumer Electronics Show with embedded sensors in the foam soles that can track key statistics such as distance, slide, length and cadence.

Smart clothing presents new avenues for smart retailers and brands to drive greater sales, and it really can supercharge the fashion business. Additionally, with the apparel, footwear and accessories industries having connected devices built into their products, brands can analyze customers' habits and then optimize marketing outreach. It can also create unique engagements never available before to deliver a better brand experience and a real connection, physically and digitally as well as emotionally.

Source: apparelnews.net- Feb 08, 2018

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## NATIONAL NEWS

# Support for export promotion schemes to cross ₹ 1 lakh crore in 2017-18: Prabhu

*Commerce Ministry seeks increase in interest subvention rates for exporters*

Financial support for exporters through various export promotion schemes is likely to cross ₹ 1,00,000 crore in 2017-18, Commerce & Industry Minister Suresh Prabhu has said.

The Commerce Ministry has also sought an increase in the rate of support under the interest subvention scheme for exporters to 5 per cent from the existing 3 per cent, according to the Director General of Foreign Trade (DGFT). Subvention rate is the interest subsidy that exporters are given by banks on loans. They are in turn reimbursed by the government.

Support to exporters under various schemes such as the popular Merchandise/Services Export from India Schemes, the Advance Authorisation scheme and the Export Promotion Capital Goods scheme would cross ₹ 1,00,000 crore and touch ₹ 1,20,000 crore or even more depending on the performance of exports in the last two months of the fiscal, Prabhu said addressing a press conference on Thursday.

"You heard our Finance Minister say (in his Budget speech) that exports this year could have a growth of 15 per cent over the previous year. A good export performance means more outgo on export promotion schemes," he said.

The DGFT said that in 2016-17, the outgo on export promotion schemes was around ₹ 76,980 crore.

Elaborating on his earlier comment of foreign trade increasing to $1 trillion in the next seven-eight years, the Minister said that about half of it would come from merchandise exports and the other half from services exports.

The multi-pronged strategy for export growth would have a strong focus on increase in services exports, which was rising at a rate faster than merchandise exports, Prabhu said.

Source: thehindubusinessline.com- Feb 08, 2018

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## Budget 2018 has provided a big boost to MSMEs

The Union Budget 2018 clearly recognises the strain on the economy, particularly in the farm and informal sectors, in terms of job creation. The two big policy steps—demonetisation (DeMo) and the goods and services tax (GST)—have certainly affected cash-based micro, small and medium enterprises (MSME), and also agricultural credit and trade markets.

In fact, the Economic Survey 2017-18 acknowledges that DeMo reduced demand and production till middle 2017, especially for the cash-based informal sector, affecting the MSME sector.

When remonetisation significantly improved the cash-to-GDP ratio by mid-2017, GST was rolled out on July 1, 2017, affecting the supply chains of small traders and also MSMEs supplying intermediates to larger firms due to compliance cost and paper work. Budget 2018 has certainly delivered when it comes to giving a boost to MSMEs and agriculture.

The proposal to increase agricultural credit by 10% to Rs 11 lakh crore and a host of other policies, along with allocation for rural economy, would revive demand and create opportunities for the MSME sector, crucial for jobs and growth. MSMEs are labour-intensive and the need of the hour is to create an enabling environment for them to invest and grow, creating jobs, pushing demand and growth.

In this context, the Union Budget hits the target by providing ample budgetary allocations and appropriate policies. The first big step for MSMEs is cutting corporate tax rate to 25% of companies with annual turnover up to Rs 250 crore from Rs 50 crore, which would leave more investable resources with 99% of 7 lakh firms filing their tax returns. This would enable them to not only reinvest and expand, but also help them spend more on research and development, which is crucial for their competitiveness.

It is a well-known fact that the Indian MSME sector is suffering from the dearth of easy finance and proper credit instruments.

Banks mostly offer credit against a collateral, and MSMEs, particularly micro and small exporters, are not in a position to do so, depriving them of access to the formal credit market.

Further, limited access to export credit and export insurance for MSMEs is also another constraint. Therefore, making a provision of Rs 3 trillion for the MUDRA scheme for 2018-19, and making an additional Rs 3,794 crore for MSMEs for credit, capital support, interest subsidy and promotion of innovations are much desired steps.

The MUDRA scheme was founded with the motto of "funding the unfunded" by extending financial support, including refinancing, to the micro segment of the economy.

There are already reports that the scheme has created 5.5 crore direct and indirect jobs in the last two years. As the Economic Survey brings out that almost 83% of the total loans of Rs 26,041 billion by banks till November 2017 were appropriated by large firms, leaving only a small proportion of 17% to large number of SMEs.

Therefore, big allocation in Budget 2018 for the MUDRA bank and for additional credit facility for MSMEs compliment earlier programmes such as the Prime Minister Employment Generation Programme for unemployed youth and micro enterprises in the non-farm sectors; and the Credit Guarantee Scheme for Micro and Small Enterprises and extending credit limit to Rs 200 lakh per borrowing unit.

Source: financialexpress.com- Feb 09, 2018

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## Commerce ministry mulls higher 5% rate for interest equalisation scheme

Less than a week after the Budget spoke of leveraging India's small- and medium-scale industry, the commerce ministry has suggested improvement in an export promotion scheme.

Commerce and Industry Minister Suresh Prabhu on Thursday said the cost of export incentives might lie somewhere between Rs 700 billion and Rs 1 trillion in 2018-19.

The commerce ministry has proposed to its finance counterpart that the prescribed rates under the interest equalisation scheme be revised upwards from 3 per cent to 5 per cent.

The scheme allows small and medium exporters in labour-intensive sectors to avail loans from banks at a lower rate of 3 per cent. Originally announced as a measure to boost exports for five years, the interest equalisation scheme on pre- and post-shipment rupee export credit was revived in 2015 at a rate of 3 per cent for 416 tariff lines.

The sectors covered are mostly labour intensive and include agriculture or food items, auto components, handicraft, electrical engineering items, and telecom equipment. The scheme is, however, not available for merchant exporters.

The last Budget had allocated Rs 25 billion for the interest equalisation scheme. "This is a welcome move and should be done, provided the condition that interest rate after subvention will not fall below 7 per cent, is also removed.

Until the condition is in place, benefits of 5 per cent will not materialise for exporters on ground," Ajay Sahai, director-general of the Federation of Indian Exports Organizations, said, adding merchant exporters and those on the services side should also be included in the interest equalisation scheme.

Agriculture, which is a mainstay of the Indian economy, and also a major source of livelihood of people, have been given an important thrust, Prabhu said.

On the agriculture export policy, he said existing incentives for exporters would continue to be valid, but the government would be exploring newer ways to boost the sector.

On the Budget raising the minimum support price (MSP) for crops to 1.5 times of the cost of production, the minister said higher rates of MSP would not lower the prospects for agri exports. "The presumption that international prices are lower than MSP is not necessarily true."

Source: business-standard.com- Feb 09, 2018

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## Monsanto's Bt cotton tech to be royalty-free?

The MSP for a 450-gram packet of Bt cotton seeds is now Rs 800, of which Rs 49 is the royalty ("trait value") on Bollgard-II (BG II), the proprietary technology of the US life sciences major Monsanto.

Will the pressure to be seen as farmer-friendly, especially with national elections looming, lead the Narendra Modi government to scrap the "trait value" on Bt cotton? There is increasing talk of this, even as the Agriculture Ministry is expected to fix the maximum sale price (MSP) of Bt cotton seed packets for the coming kharif planting season by early next month.

The MSP for a 450-gram packet of Bt cotton seeds is now Rs 800, of which Rs 49 is the royalty ("trait value") on Bollgard-II (BG II), the proprietary technology of the US life sciences major Monsanto. BG II technology allows seed firms to incorporate two genes 'cry1Ac' and 'cry2Ab', isolated from the soil bacterium Bacillus thuringiensis (Bt) and coding for proteins toxic to bollworm insect pests, into their hybrids.

However, a section of seedmakers belonging to the National Seed Association of India (NSAI) and the All India Kisan Sabha (AIKS), a Communist Party of India-affiliated farmers' union, have demanded "removal" of the Rs 49 trait value. The reason: BG II Bt cotton's failure to control the pink bollworm (PBW) pest that has caused heavy damage to the crop during the last two seasons, especially in Maharashtra.

"There is no agronomic value for the trait anymore....(Hence) it is unfair and unjust to charge trait value to the farmers on the said BG II trait," the AIKS has represented to the Union Agriculture Ministry. The latter has already removed the trait value on BG I, Monsanto's first-generation Bt technology that was introduced in India in 2002. BG I deployed a single 'cry1Ac' gene, which Monsanto itself admitted had become ineffective against PBW. BG II technology, launched in 2006, was seen as more effective, by virtue of having a stacked combination of both 'cry1Ac' and 'cry2Ab' Bt genes.

But with PBW developing resistance to BG II as well, the AIKS has sought that farmers not be charged for a "non-performing trait". NSAI, too, has held that "farmers are bound to agitate" if made to pay an extra amount as trait value "without any benefit". If the trait value is removed, seed companies can declare that BG II is not effective against PBW and farmers cannot claim any compensation from them on this count.

A Monsanto spokesperson, when contacted, said that if the BG II trait had nil value, seed companies shouldn't incorporate it into their hybrids and "they might as well sell non-Bt cotton". By reducing the trait fee from Rs 49 to zero, "they basically want to continue selling Bt cotton, while using this technology for free".

Bt cotton, moreover, specifically targeted the American bollworm and other larvae of the "helicoverpa" species. "We have a three-gene BG III trait that can be more effective against PBW (which belongs to another "pectinophora" species). But who would bring in new technology, if it is ultimately going to be supplied free?," the spokesperson pointed out.

BG III, which deploys a gene 'Vip3A' providing a third mode of action against bollworm larvae in addition to the 'cry1Ac' and 'cry2Ab', is claimed to increase the longevity of the technology. Farmers in Australia and the US have already planted BG III cotton.

Source: indianexpress.com- Feb 08, 2018

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# European Union committed to a FTA with India: Tomasz Kozlowski

The European Union is committed to conclude a free trade agreement with India and the two sides are making efforts to update their positions on various issues relating to the pact, its envoy Tomasz Kozlowski said today.

Identifying terrorism as a common concern for India and the EU, Kozlowski said the heads of different services of Europol - the EU's law enforcement cooperation agency - were in India to interact with their counterparts in the country, post the 14th India-EU Summit organised in October last year.

But when asked about China blocking India's bid to designate Jaish-e-Mohammad chief Masood Azhar a UN-designated terrorist, the EU envoy to India did not give a direct answer.

"Our perspective is that we declare it at international fora and (in) bilateral relations with our partners that we are against terrorism in any form or manifestations. We agreed with India to cooperate on designation listing and we will do it," he said.

Source: moneycontrol.com- Feb 08, 2018

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# E-commerce in India has touched $20 billion, says RedSeer study

The gigantic rate of cash burn and the mounting losses for billion-dollar e-commerce companies such as Flipkart and Amazon India seems to be benefiting India's e-commerce sector after all.

Advisory firm RedSeer Consultancy has found that the online retailing industry had a very positive OND-quarter (October-November-December), with the gross merchandise value (GMV) touching nearly $20 billion.

The study states that this development is primarily driven by the increase in the number of shoppers from tier 2 cities and beyond. A press release from RedSeer Consulting says, Going forward, we feel that these new shoppers who have found value in online shopping will continue to shop online and more new users who have come online powered by Jio will adopt online shopping.

For online and offline retail in India, Q3 is usually the best time of the year, as customers tend to spend the most around Diwali. Without fail, festive season sales are aggressively promoted by physical stores, national and international brands, local sellers, as well as their online counterparts such as Flipkart, Amazon, ShopClues, and Paytm Mall.

Since organised retail in India is yet to reach tier 3 cities and beyond, online commerce gives the customers in those regions an opportunity to buy off their wishlist during festive season sales, often at better prices since these online giants often provide discounts. This trend is sure to grow too. According to RedSeer,

In fact, residents from non-metro towns will account for 55 percent of all active online shoppers, with overall 185 million active shoppers in 2020.

The same firm had said a few days ago that online retailers saw 33 percent rise in monthly active shoppers in 2017 from 15 million in 2016, to 20 million last year.

It added that shoppers in Tier 2 and smaller towns grew three-fold compared to metro shoppers, and accounted for nearly 41 percent of the overall online shoppers in 2017.

Source: yourstory.com- Feb 07, 2018

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