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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 11 of 2018 January 16, 2018

USD 63.66 | EUR 78.12 | GBP 87.83 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19577	40950	**82.27**

Domestic Futures Price (Ex. Gin), January

Rs./Bale	Rs./Candy	USD Cent/lb
20720	43341	**87.07**

International Futures Price

NY ICE USD Cents/lb (March 2018)	81.68
ZCE Cotton: Yuan/MT (Jan 2018)	14,935
ZCE Cotton: USD Cents/lb	**89.45**
Cotlook A Index – Physical	**89.05**

Cotton & currency guide: Early this morning in Asia ICE cotton is seen trading lower by more than a per cent at 80.82 cents per pound. Monday the US markets were closed due to Martin Luther Holiday and post that the losses have been extended. However, market is still maintaining above 80 cents.

We have been asserting the key resistance of 80 is broken onto the higher side and holding the positive momentum. As long as market holds above 80 then the trend may remain positive.

For the very near term we expect ICE cotton to trade in the range of 80 to 84 cents. However, either side breakout shall give a fresh direction to market.

No major other development except that more profit booking has been encountered this morning. The ongoing factors related to US cotton production lowering estimates to 21.28 vs. previous month and exports estimates holding steady remain same.

Coming onto domestic market the spot prices have eased a tad to around Rs. 40800 to Rs. 41000 per candy ex-gin. Likewise, Punjab J-34 variety price has also declined to Rs. 4340 per maund. However, the all India cotton arrivals have declined sharply by almost 50% from 198-200K bales to 100K bales amid holiday in entire country due to Makar Sankranti celebration (Celebration of harvest season). The arrival figure includes 45,000 registered in Maharashtra, 20,000 in Gujarat, and 18,000 in Andhra Pradesh/Telangana.

On the futures front MCX cotton for front month January contract traded sideways and settled on Monday at Rs. 20610 down by Rs. 110 from previous close. Mostly market was sideways on Monday and the trading volumes were very low against last 10 days average figure.

With the ICE cotton trading down this morning we expect initial drop in the price could be witnessed. From technical perspective we expect MCX cotton for January future to trade in the range of Rs. 20430 to Rs. 20700 per bale.

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

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INTERNATIONAL NEWS

IMF wants China to review trade restrictions for global economy

As a key growth driver, China should review its trade and investment restrictions for improving the global economy, a senior International Monetary Fund (IMF) official said on Monday.

"China should be open to look at its own restrictions on trade and investment, which have generated criticism from some trading partners," IMF's First Deputy Managing Director David Lipton said at the Asian Financial Forum.

According to IMF, China alone contributes to a third of the global growth.

As a trading partner to over 100 countries across the world that represent 80 per cent of the global Gross Domestic Product (GDP), the Chinese A success story is linked to the world's growth, Lipton said.

"China plays an increasingly important role in development aid and infrastructure finance, as epitomised by the Belt and Road Initiative.

"In terms of its global role, China has been a voice of reason in the debate over trade and economic integration," he said.

The Belt and Road Initiative, unveiled by the Chinese government in 2013, plans to build trade and infrastructure networks connecting Asia with Europe and Africa along the ancient Silk Road routes.

With an important role in globalisation, the country should look at its own "shortcomings" with respect to trade policies, remarked Lipton.

"It means protecting intellectual property rights, reducing distortions of industrial policy, overcapacity and policies that favour state enterprises," he said.

Better globalisation is in China's own interest, he said, adding that the Chinese government and its lenders, considering the benefits of debt resolution, would ensure that the developing world does not face a new debt crisis.

"China needs to be alert to the discontent with globalisation as it is currently configured and support a global economic order for the future that will be widely embraced," he said.

With growing Foreign Direct Investments in China, the country should ensure the investments are commercially viable, Lipton said.

"China also needs to take account of the impact from investments on governance, capacity building, sustainable development and environmental protection."

Source: business-standard.com- Jan 15, 2018

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Turkish-Algerian partnership launches Africa's largest textile facility

A Turkish-Algerian joint venture has launched one of Africa's largest textile production facilities in the northwestern Algerian province of Relizane.

According to the Algerian news agency APS, Algeria's Industry and Mines Minister Youcef Yousfi inaugurated the facility, named "TAYAL SPA," which will eventually come at a total cost of $1.5 billion.

In his speech at the opening ceremony, Yousfi said that 40 percent of the production would meet the needs of the domestic market and 60 percent would be exported.

He noted that the facility, when finished, would be the largest textile facility in Africa.

The full facility will be built in three phases on a plot of land with a total surface area of 2.5 million square-meters in the Sidi Khettap industrial zone of Algeria's Relizane Province through the partnership of the Algerian government and the Taypa textile company of the Turkish Tay Group.

According to the partnership agreement signed in 2015, Taypa has 49-percent share of the facility while the Algerian government owns 51 percent of the shares.

The facility will employ 10,000 people at the first stage. Once the entire facility has seen completion, it is expected to employ 25,000 people and produce 60 million meters of denim fabric and 30 million pieces of garments annually.

The first stage of the project consists of eight textile production units, a textile school that will train 400 people, and 567 dwellings for the workers and officials.

The second stage includes 10 factories that will be producing ready-made garments, industrial fibers, denim, and knitted and woven fabrics.

Turkey exports nearly $30 billion of textiles and apparel annually, according to Merter Industrialists' and Businessmen's Association (MESIAD) statistics released October 2017.

Source: dailysabah.com- Jan 15, 2018

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Iran's textile sector sees upward trend in exports

Iran's textile and leather sector's exports value have increased by 18 percent to $908 million during the first eight months of the current fiscal year (started March 20, 2017).

The sector covers textile and clothing products, shoe and leather products as well as carpet, according to Masoud Kamali Ardakani, director general of Trade Promotion Organization of Iran(TPOI) for exports development.

Iran exported $279 million worth of textile (23 percent increase) and clothing products (32 percent increase). The export of textile products to Turkey increased by 45 percent, clothing exports to Afghanistan raised by 37 percent.

Carpet export has touch worth $512 million (including hand-made carpet) in the 8-month period. The export of hand-made carpets to Germany and Japan has increased by 66 percent in the period.

The export of machine-made carpet increased by 10 percent, meanwhile the country's hand-made carpet exports registered a rise by 28 percent in the period, the official added.

The US, Germany, Japan, Iraq, Afghanistan, Turkey, India, Italy and Pakistan are main destinations of Iran's textile and leather sector's exports.

Source: yarnsandfibers.com- Jan 15, 2018

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Brazil's area under cotton should rise in 2018: Cepea

Owing to favourable weather in the main producing regions, area planted with cotton in Brazil is expected to increase in 2018, Center for Advanced Studies on Applied Economics (Cepea) said in its latest fortnightly report. In Mato Grosso, the main cotton producing state, inputs costs and anticipated sales point to revenue 10 per cent higher than costs.

“Despite the delay of first rains, weather has favoured summer crops in the main producing regions. Sowing has started in several states, such as Bahia, Minas Gerais and Mato Grosso do Sul. In Mato Grosso, most area has the second crop, with sowing scheduled for January and February,” the Cepea report said.

In the 2017-18 season, the Brazilian harvest is expected to total 1.69 million tons, 9.1 per cent more than the previous crop, according to data from Conab (National Company for Food Supply). Besides, there is addition of 395,800 tons of initial inventories in January 2018 and 15,000 tons of imports, leading to 2.1 million tons of cotton available in the Brazilian market.

Consumption is forecast at 720,000 tons for 2018, 4.3 per cent higher than the previous year. Thus, domestic surplus is estimated at 1.38 million tons, which may be exported.

According to Conab estimates, Brazil is likely to export 960,000 tons of cotton this year, 40 per cent more than the quantity exported in the 2016-17 season. Thus, in December 2018, inventories may total almost 421,000 tons. "While exportations may underpin quotes, higher surplus may limit higher price reactions," the report said.

In addition to expectations for recovery of domestic consumption and rise in value of US dollar against Brazilian real, it should also be considered that some part of the 2016-17 crop has been sold through contracts which may be exported in the first semester of 2018. This would lead to reduced cotton availability in the first semester.

Meanwhile, data from Brazilian Commodity Exchange BBM indicate that 38 per cent of the 2017-18 Brazilian crop may have been traded until late December 2017. Of this total, 35.4 per cent were allocated to the domestic market and 64.6 per cent to the international market. In comparison, 66.2 per cent of the 2016-17 output of 1.53 million tons had been traded until December 2017, of which 41.7 per cent was traded for exports and 58.3 per cent for the domestic market.

Source: fibre2fashion.com- Jan 15, 2018

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Bangladesh garment manufacturers invited to invest in Kyrgyztan

Temirbek Erkinov, Kyrgyzstan's Honorary Consul appointed in Dhaka, during his meeting with Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Siddiqur Rahman at the latter's Dhaka office on January 9, 2018 placed the proposal of investing in readymade garment in Kyrgyztan.

Kyrgyzstan wants Bangladeshi apparel manufacturers to set up readymade garment factories there and has even invited businessmen for joint investment in developing the sector.

He assured Bangladeshi businessmen that Kyrgyzstan would provide all the needed assistance, be it in terms of providing land, gas, electricity and other infrastructural support if Bangladeshi apparel makers invest in the country.

At the meeting, they also discussion different bilateral issues, including possible scope of trade cooperation between the two countries. They expressed their keen interest to each other in terms of expanding business. They both expected that it would create a new gateway of business between the two countries.

The BGMEA President informed the Honorary Consul about the development and prospects of the garment industry in Bangladesh, and urged the Kyrgyz businessmen to import more apparel from Bangladesh.

Temirbek Erkinov called on Bangladeshi entrepreneurs for making mutual investment in different emerging sectors, including apparel industry in Kyrgyzstan.

In case of mutual investment, the Kyrgyz government will facilitate easy loan for the Bangladeshi investors who will also be able to take workforce from Bangladesh if they want. A business delegation from Bangladesh will be invited by the Kyrgyz Republic to visit Kyrgyzstan very soon.

The principal export products of Bangladesh to Kyrgyz are woven garments, knitwear and home textile etc. The import items from Kyrgyz include textiles, textile articles, glass and glassware etc.

It may be mentioned that Bangladesh exported total amount of US $0.04 million to Kyrgyzstan in 2016-17 and imported the amount of US $0.09 million in 2015-2016.

A business delegation of BGMEA is expected pay visit to the country in March/April.

Source: yarnsandfibers.com - Jan 15, 2018

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Russia to reintroduce hemp for technical textiles

The share of natural fabrics and materials in the Russian textiles industry is steadily declining in favour of their synthetics, according to recent statements by the Russian Ministry of Industry and Trade. However, plans are afoot to expand the raw materials base for technical textiles, including the reintroduction of hemp fibre for technical applications.

In the last five years, the annual growth of natural fibre and yarn consumption in Russia was equivalent to 5-6% per year, compared to 13-15% in the case of synthetics, and the difference continues to grow in favour of synthetics. The same trend is observed worldwide, where, according to analysts' predictions, the share of synthetic and man-made fibres in global consumption will increase from 45% to 65-70% by 2025.

Last year, in Russia, the local synthetic and man-made fibres market exceeded 650,000 tonnes in volume and RUB 55 billion (US$ 950 million) in value. Analysts expect further market growth this year.

Currently, most of the Russian demand for synthetic fibres was met through imports, mostly from China. However, the situation may change in the coming years, with the Russian government announcing plans to increase domestic production.

"The countries of East Asia have long placed a stake on the production and export of their synthetic fibres and yarns to abroad. This is reflected by statistics, which shows that today this region provides about half of the world production of these materials.

Obviously, high competitiveness of Asian producers in the international arena is mainly related to the ability of their producers to save on costs. Due to this, Russian manufacturers may find it difficult to compete with Asian rivals in the coming years, even in the domestic market," commented Andrei Razbrodin, president of Russian Association of Textile and Light Industry Producers (RATLIP).

Despite this, the production of synthetic fibres and yarns in Russia has significantly increased in recent years. Currently, domestic producers cover around 35% of the country's demand and there is a possibility that these figures will continue to grow in years to come.

According to analysts at RATLIP, this dynamic is understandable, considering that non-natural fibres have better characteristics and more stable prices than their natural equivalents. It is predicted that polyester and viscose fibres (the share of which already makes up 85% of global synthetic and man-made fibres consumption) will remain the most popular types of non-natural fibres.

Innovative materials

At the same time, the Russian government plans to further increase the production of innovative textile materials in the coming years by expanding the raw materials base needed for their production.

For example, as part of these plans, the government plans to make hemp one of the major raw materials for the production of technical textiles and other innovative textile materials, according to recent statements by sources close to the Russian Minister of Industry and Trade.

Hemp, or industrial hemp typically found in the northern hemisphere, is a variety of the Cannabis sativa plant species that is grown specifically for the industrial uses of its derived products. It is one of the fastest growing plants and was one of the first plants to be spun into usable fibre 10,000 years ago.

It can be refined into a variety of commercial items including paper, textiles, clothing, biodegradable plastics, paint, insulation, biofuel, food, and animal feed. In textiles hemp can be used as a substitute for linen and even cotton and is used in upholstery and even as a reinforcing fibre in composite applications.

The Russian government and some local private businesses plan to create conditions for a significant increase of area used for cannabis cultivation in the country. The USSR accounted for 70% of the world's total area under cannabis, which was equivalent to almost 1 million hectares.

However, the production of cannabis was almost fully suspended in the USSR in 1987 as a result of a decree signed by the President of the USSR Mikhail Gorbachev, which banned cultivation of cannabis in personal plots of land by making it a criminal activity.

By 2011 cannabis cultivation in Russia almost disappeared. At present, the total area under cannabis in Russia is estimated at only 1,500 hectares, which are mostly located in the Adygea, Mordovia, Penza, Novosibirsk, and Orel regions.

However, there is a possibility for the situation to change in the coming years, due to the plans of the Russian government to start building hemp processing factories in different parts of the country.

The plans include the production of cannabis varieties that do not possess narcotic characteristics. These will be special varieties developed by some leading Soviet agricultural research institutes during the 1980s, the leaves of which are said to contain no more than 0.1% of tetrahydrocannabinol (TGC).

“In the US and Canada, the permissible level of TGC for technical hemp is 0.5%, which is several times higher than in the case of Russia. Currently, China remains probably the world leader, in terms of cannabis processing and the production of fabrics and clothing made of hemp.

In fact, all the Chinese enterprises, which have the right to deal with cannabis, are operated in accordance with the orders of the country’s Ministry of Defence, supplying the majority of products for the needs of the army,” said Julia Belopukhova, project manager of RosLenKonoplya, a public association, which unites some leading Russian producers of flax and cannabis.

According to predictions of analysts in the Russian Ministry of Industry and Trade, by the end of 2018, the area under hemp in Russia will reach 6,000 hectares in 25 Russian regions, from Vladivostok to Kaliningrad.

Source: innovationintextiles.com - Jan 15, 2018

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Pakistan: Preferential trade deal with Saudi Arabia

Pakistan has evolved a comprehensive package in line with Saudi Vision-2030 to promote bilateral trade and investment between the two countries.

The package envisages measures to ease procedures for business visa, remove non-tariff barriers and initiate talks on a preferential trade agreement (PTA).

The package will be discussed at a high-level forum — Saudi-Pak Joint Ministerial Commission (JMC) — scheduled for Jan 16 (tomorrow). The commission will be convened with a delay of more than three and a half years as its last meeting was held in April 2014.

Over the past few years, Pakistan's bilateral trade with Saudi Arabia has posted a consistent decline, dropping by a half to $2.5bn in 2016-17 from $5.08 billion in 2013-14. One reason is fall in the value of petroleum products, which constitute 50pc of total imports.

Pakistan's exports to Saudi Arabia is on the wane mainly due to a drop in proceeds of rice, fruits, vegetable preparations, apparel and clothing and made-up articles of textile material.

Minister of State for Finance and Economic Affairs Rana Muhammad Afzal Khan told this scribe that as the Saudi vision envisages transforming its socio-economic development, Pakistan looks forward to upgrade manpower by sending highly qualified, technical and skilled personnel to Saudi Arabia, especially those working in the automobile and other specialised sectors.

Pakistani workers currently working in Saudi Arabia are semi-skilled or have no skills.

He listed several opportunities in the halal food sector, cattle farming, milk, fisheries and other agro industry projects for investment by Saudi Arabia. The Saudi government will also be requested to set up a refinery in Pakistan.

As part of the package, Pakistan will formally offer Saudi Arabia to initiate a dialogue on a preferential trade agreement. The decision to negotiate PTA was taken following no breakthrough in the proposed Pakistan-Gulf

Cooperation Council dialogue on a free trade agreement. Pakistan had only two rounds of negotiations with the bloc since 2006.

The proposed PTA will not only cover tariffs but also non-tariff barriers, and will provide a chance to diversify Pakistan's export basket to Saudi Arabia.

Currently, one of the major components of Pakistan's exports to Saudi Arabia is rice. However, its exports are constantly in decline for the past few years.

Saudi Arabia will become the second country after Iran with which Pakistan will have a bilateral preferential arrangement.

Another important area of the package is to simplify the business-visa regime. Currently, the process of approval involves multiple departments and getting the visa takes at least six weeks.

Similarly, Saudi Arabia has increased the business visa fee to Rs74,000 per person for attending any business activity in the country. This has discouraged a large number of Pakistanis from participating in Saudi exhibitions.

Not a single Pakistani company participated in the Saudi Health 2017 exhibition. Pakistan wants this fee to be waived on business visas.

There is another proposal on the table to reactivate interaction between the top chambers body of the two countries. The Pak-Saudi Joint Business Council was formulated in 2000. So far the body met three times in 17 years and thus suggesting a dormant role in promoting business-to-business meetings.

It is also under consideration to discuss the timeline to nominate members on the council and its regulation meetings schedule in the upcoming JMC.

Three more important areas to be discussed at the upcoming JMC are the establishment of a joint working group on trade, investment and customs. It will coordinate with the Saudi ministry of commerce and investment to enhance bilateral trade and investment.

For resolving non-tariff barriers, two important issues will be discussed. The first one will be a mutual recognition agreement to avoid delay in customs and clearance of Pakistan's export shipments at Saudi ports. The second issue will be quality assurance certificates to be recognised by Saudi Food and Drug Authority.

To do away with delay, the Saudi government will be asked to simplify the process of opening letters of credit at Saudi banks and avoiding procedural delays to encourage businessmen to trade

with Pakistan. There are many Pakistani products which are facing difficulty in entering the Saudi market due to these non-tariff measures.

Secretary Commerce Younus Dagha told this scribe that Pakistan will raise the issue of removing ban on Pakistan's shrimp exports to Saudi Arabia. He said Pakistan will also seek licence for State Life to do business in Saudi Arabia besides holdings of single-country exhibitions to promote market access for its products in the kingdom.

He confirmed three important areas of the package to be discussed at the JMC — talks on PTA, mutual recognition agreement and business visas facilitation.

Source: dawn.com- Jan 15, 2018

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Pakistan: Commodities: Slow trading on cotton market

Trading activity on the cotton market remained slow on Monday, however cotton prices were steady in the midst of short supply of quality lint.

Although many exporters of home textiles who participated in the recently concluded Heimtextil, Frankfurt trade fair returned with good number of orders from European, US and Middle Eastern buyers but this did not reflect in cotton trade.

A major issue currently is the short supply of quality lint with rising demand from textile industry.

Import prospects are also diminishing because India itself is faced with short crop while global cotton prices have also risen considerably.

Indian cotton exporters have cancelled international orders of 0.4 million bales already. Now there are fears that out of the 0.5m bales ordered by Pakistani importers last year, 0.2m bales would be cancelled.

The rising trend witnessed last week in world leading cotton markets was no more evident on Monday. Both Chinese and Indian cotton closed easy while New York cotton remained close on account of public holiday.

The Karachi Cotton Association (KCA) spot rates were firm at week-end level.

The following deals were reported to have changed hands on ready counter: 9,000 bales, Rahimyar Khan, at Rs8,000 to Rs8,075; 4,000 bales, Sadiqabad, at Rs7,900; 400 bales, Khanewal, at Rs7,600; 600 bales, Garamore, at Rs7,000; 400 bales, Maroot, at Rs6,800; and 400 bales, Fort Abbas, at Rs6,800.

Source: dawn.com- Jan 16, 2018

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Egypt to build biggest textile, clothing city in 18 months

Egypt's Minister of Industry and Foreign TradeTarekKabil announced Monday the start of the building procedures of the biggest city for textiles and clothing in Egypt on a land space of 3.1 million cubic meters in Al-Sadat city.

"The city will contain 568 factories with $2 billion as a paid capital to be invested during seven years with 87 percent of foreign investment and 13 percent of national investment,"Kabil added in a speech delivered in the presence of President Abdel Fatah al-Sisi during his visit to Al-Sadat city.

Kabil further clarified that the textile and clothing city will offer 160,000job opportunities, with an annual production estimated at $9 billion.

"This project will be implemented by the Chinese company Man Kay for investment that has been working in the textile manufacturing field for more than 10 decades; the company owns 25 affiliated Chinese companies," the minister explained.

"The project will contain five phases, where the first phase is set to be finished in 2020 with 57 factories and investments worth $230 million, while the last phase is scheduled to be completed in 2024,"Kabil stated.

President Sisi announced that the government is ready to execute 50 percent of this project to speed up its implementation in a period of 18 months instead of seven years.

Source: egypttoday.com - Jan 15, 2018

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Russia boosts goods import from non-CIS countries to $202.3 bln in 2017

Russia increased imports of goods from non-CIS countries in 2017 by 24.3% year-on-year to $202.3 billion, the Federal Customs Service said on Monday.

Total imports of goods from non-CIS countries rose 11.3% month-on-month to $20.7 bln in December 2017.

Imports of textiles and footwear surged 27% in December 2017 to $1.1 bln. Imports of food products and raw materials for their production grew by 16.6% to $2.5 bln, products of engineering industry - by 12.3% to $11.3 bln. Imports of chemical products rose by 4.5%, to $3.5 bln, the report says.

Imports rose by 1.7 times for vegetables, 1.5 times for tobacco, 46.2% for vegetable oil, 45.1% for grain crops, 39.8% for fruits, 27.6% for fish, 23.3% for dairy products, and 22.2% for meat and byproducts. Imports of strong and soft drinks dropped by 15.4% and sugar imports declined by 1.6% in value terms.

Imports of chemicals grew on account of rising procurements of organic and nonorganic chemicals by 15.1% and pharmaceuticals by 5.5%.

Import declined in value terms by 2.5% for polymers and rubber and by 1.9% for soap and synthetic detergents. Imports of perfumery and cosmetics stayed flat in December 2017 on the monthly basis.

Procurements rose by 22.5% for textile garments, 1.8 times for footwear, 14.5% for knitted wear, 9.7% for knitted fabric, 6.7% for cotton, 3.9% for ready textile items and 3.7% for textile materials. Imports declined by 8.5% for chemical fibers and stayed flat for chemical yarn.

Purchases grew 2.3 times for vessels and watercraft, 27.4% for aircraft, 21.5% for optical tools and devices, 20.7% for locomotive parts and 19.5% for mechanical equipment. Electrical equipment imports dropped 6.5% and overland transport vehicles import actually stayed flat.

Source: tass.com - Jan 15, 2018

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Pakistan: Cotton import must for local industries to continue spinning

Government needs to allow cotton imports from across the border to benefit the textile sector across the board as the current policy is mostly benefitting hoarders.

In the past, the government allowed free import and export of cotton. And when the spinners tried to exploit farmers, exporters would jump exports. This ensured fair prices for the farmers. The changed policy now benefits mostly ginners.

Cotton is the major raw material for local spinners. Its availability at fair price makes things easier for them. However, declining production over the past decade has compounded the woes of the textile sector.

In the last six years, cotton growing area in Punjab declined by 30 percent, its production dived by 38 percent, while per hector yield fell by 11 percent. This has forced spinners to import cotton, which has increased their expenses, especially in the past three years.

Cotton is harvested at almost the same time in both India and Pakistan. The prices are on the lower side when harvesting is at its peak. It is prudent to import cotton at that time. The government however, clamps restriction on its imports fearing that domestic cotton farmers would be exploited.

The sensible solution in this regard is to restrict the quantity of cotton that could be imported till the domestic stock is exhausted. Statistics show that Pakistan imports two to 2.5 million bales every year. The government could allow import of half this quantity without any restrictions and the remaining if required after the domestic stock is exhausted. This would provide relief to the spinners.

Punjab in 2011/12 accounted for over 80 percent of the total cotton production in the country; its share has dropped to 60 percent in 2016-17. The decline in production has been constant in Punjab.

On the other hand, cotton growing area in Sindh has regularly increased since 2011/12. According to the statistics of Pakistan Central Cotton Committee, the country produced 13.59 million bales of cotton in 2011/12. Out of this 11.13 million bales were produced in Punjab and 2.35 million in Sindh.

Cotton was cultivated in Punjab on 2.53 million hectares while in Sindh it was grown on 259,000 hectares in 2011/12. Per hectare yield of the crop was 757 kilogram in Punjab and 1,546 kilogram in Sindh.

The cotton production nosedived to 9.76 million bales in 2015/16 with Punjab producing only 6 million bales and Sindh contributing 3.766 million bales. The cotton cultivation area that year was 2.864 million hectares. In 2015/16, the per hectare cotton production declined to lowest ever in three decades to only 421kg per hectare.

The productivity in Sindh also decreased to 939kg per hectares. This was way down than the production of 1,546kg per hectare achieved in 2011/12. In 2016/17, cotton production inched up to 10.72 million bales. It was still very low and production recovery of 664kg per hectare in Punjab was better than slight recovery of 1,012kg per hectare in Sindh.

In the current year, government continues to insist that cotton production would be according to the target of 12.5 million bales. However, up till mid-January only 11.3 million bales have reached the market.

The farmers have no cotton with them. We cannot expect arrivals of more than 200,000 to 300,000 bales. It is high time the bureaucracy issues the federal cabinet the approved notification to allow cotton imports from the Wagah border.

Source: thenews.com.pk- Jan 16, 2018

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Garment exports from Myanmar rise

Myanmar exported $1.86 billion worth of products from garment units operating under the cut-make-pack (CMP) system as of the first week of January in fiscal year 2017-2018, according to the commerce ministry.

The figure is $568 million higher than exports for the same period in the last fiscal. The industry has been based on the CMP system for over 20 years.

Efforts to shift more toward the higher value-added “free-on-board” (FOB) approach have not met with much success. The country has over 400 garment factories and in 2016 employed 3500,000 workers. Japan, South Korea and the European Union import garments from Myanmar.

With garment exports as its top priority, the ministry is working with the Myanmar Garment Entrepreneurs’ Association to set a 10-year strategy to promote the sector and increase exports, a Myanmrese newspaper quoted deputy minister for commerce Aung Htoo as saying.

Exports trebled between 2010 and 2014, reaching nearly $1 billion. Garment exports totalled $1.46 billion in 2015, accounting for about 10 per cent of all exports. Garment exports to the EU market had increased by 80 per cent.

Source: fibre2fashion.com - Jan 16, 2018

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Bangladesh panel to revise minimum wage for garment workers

The Bangladesh labour and employment ministry recently formed a panel by including representatives from trade bodies and labour organisations in its existing four-member permanent wage board. The panel will present its recommendations in six months on minimum monthly wage revision, after which the government will finalise the new wage structure.

Bangladesh Garment Manufacturers and Exporters Association president Siddiqur Rahman and Jatiya Sramik League's women affairs secretary Shamsunnahar are the two new members of the panel.

The existing minimum monthly wage of taka 5,300 or $65 came into effect on January 1, 2014. Rreadymade garments (RMG) workers' organisations in the country are demanding taka 16,000 as the minimum monthly wage, citing rise in cost of living and inflation.

"We hope we'll be able to give a new pay structure for the RMG sector within five years from the last one," Bangladesh media reports quoted state minister Mujibul Haque as saying.

The permanent wage board panel headed by a retired district judge has a member who is not involved with any industry. When the government wants to readjust the pay structure of any industry, it adds one representative from the workers and owners from each of the corresponding industry.

There are around 4,500 export-oriented RMG units with 44 lakh workers, mostly located in Dhaka, Ashulia, Narayanganj, Gazipur and Chittagong.

These workers awaited the formation of a new wage board and look forward to the declaration of a healthy minimum wage with which they can support themselves, their families and lead a better life.

Source: fibre2fashion.com - Jan 16, 2018

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NATIONAL NEWS

Exports rise 12.36% in Dec riding on engineering goods, petro products

Trade deficit widens as imports post 21.12% growth

Increase in exports of engineering goods and petroleum products helped the country register a 12.36 per cent rise in overall goods exports (year-on-year) to $27.03 billion in December, 2017.

This is the 16th month of growth over the last 17 months (exports fell in October 2017 mostly due to a decline in duty drawback rates) and exporters are hopeful of touching the $300-billion mark in the current fiscal.

"Positive growth in exports for second month in a row, after a fall in October 2017, shows resilience of the Indian exporters. Since we have already achieved exports worth $224 billion in first nine months of the fiscal and global trade growth remains robust in 2018, we are on course to achieve the milestone of $300 billion in 2017-18," said Ganesh Kumar Gupta, President, FIEO.

Imports during the month, posted a sharper rise of 21.12 per cent to $41.91 billion led by gold, silver, precious stones, petroleum and electronic goods. This widened the trade deficit to $14.88 billion in December 2017 compared to $10.54 billion in December 2016.

Other sectors which registered a growth in exports include pharmaceuticals, gems and jewellery and organic and inorganic chemicals. Sectors which have suffered a decline in exports include readymade garments, iron ore and oilseeds. Total exports for the period April-December 2017-18 were $223.51 billion, which was 12.05 per cent higher than exports in the comparable period of the previous fiscal.

Overall imports for the period April-December 2017-18 were valued at $338.36 billion which was 21.76 per cent higher than imports in the same period of the previous fiscal.

Trade deficit in the first nine months of 2017-18 increased to $114.85 billion compared to $ 78.43 billion in the first nine months of 2016-17.

Source: thehindubusinessline.com- Jan 16, 2018

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India, Israel sign 9 agreements, may restart FTA talks

In an effort to diversify and broad-base engagement, India and Israel plan to scale up partnership in agriculture, science, security and technology. To increase trade and investment, the possibility of restarting negotiations on the India-Israel FTA was discussed too. At the end of delegation-level talks, nine agreements were signed, including in the fields of oil, gas, renewable energy and cyber cooperation.

In addition, a joint industrial research and development deal and an update to an aviation agreement were inked, as were agreements in health and space exploration. In a joint address to the media with Israeli counterpart Benjamin Netanyahu following delegation-level talks in New Delhi, Prime Minister Narendra Modi said, “We will strengthen the existing pillars of cooperation in areas that touch the lives of our people. These are agriculture, science and technology and security.”

On his part Netanyahu, described Modi as a “revolutionary leader”, who has catapulted India into the future. Hailing the meeting as the beginning of a new era of frienship between the two nations, the visiting leader said three things linked the two nations: An ancient past, a vibrant present, and the seizing of a positive future. He also commented that both countries “know the pain of terror”, but they “fight back and never give in”.

Briefing the media at the end of talks, foreign secretary-designate Vijay Gokhale said that, “Co-operation in the agriculture was highlighted during talks. Both leaders were satisfied with the talks.” Urging the Israeli companies to take advantage of the liberalised FDI regime to make more in India with domestic companies, it was decided that defence ministries will hold discussions in 2018 with active involvement of the public and private sectors.

According to a joint statement issued at the end of talks, “The two PMs noted with satisfaction the commencement and implementation of India-Israel development cooperation — three-year work programme in Agriculture (2018-2020) under the stewardship of the Israeli ministry of foreign affairs

(MASHAV) and the ministry of agriculture of India aimed at increasing farmers' productivity and optimisation of water use efficiency."

The two leaders welcomed the completion of all formalities for the launch of the India-Israel Industrial R&D and Technological Innovation Fund (I4F) that was announced during Modi's visit to Israel in 2017. Launch of the first Call for Proposals under the fund to encourage enterprises from both countries to utilise this significant platform for undertaking joint R&D projects in innovative and futuristic technologies and products for the benefit of the people will be soon.

In order to build a strong network between the next generation of the best women scientists and technologists of the two countries, an India-Israel Women in STEM (Science, Technology, Engineering and Mathematics) Symposium will be organised in October 2018 in India.

Source: financialexpress.com- Jan 16, 2018

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Budget 2018: Duty-free imports, funds for job-intensive units, what exporters want from Arun Jaitley

Arun Jaitley will present the Union Budget 2018 on February 1. From duty-free imports to more funds for job-intensive units, here's what exporters want from the Finance Minister.

As the date for the Union Budget 2018 nears, various sectors are putting forward their expectations from Arun Jaitley in the last full Budget of the government in the post-GST era. Arun Jaitley will present the Budget 2018 on February 1, keeping up the tradition started last year to ensure policies announced in the Budget get implemented from April 1, when the new fiscal year begins.

The budget 2018 will be different from all previous Budgets as it is the first Budget after the implementation of the Goods and Services Tax (GST).

Since the country is still adapting to the new indirect tax regime, there are a lot of expectations from country's exporters in the Budget 2018.

The Federation of Indian Export Organisations (FIEO) has called for a slew of reforms from duty-free imports to financial support to job-intensive units in the upcoming Budget.

The export organisations urged the Finance Minister to provide customs duty-free imports both on inputs and capital goods, saying the other countries, too, have lower rates of interest. In the pre-Budget 2018 meeting with the Finance Minister on December 6, exporters also called for a quicker GST refunds. According to a exporters' body, refunds of exporters to the tune of at least Rs 60,000-70,000 crore are stuck post-GST rollout in July.

"29 members — Europen Union (EU), Australia, Canada, Malaysia etc have provided an exemption from VAT/GST on inputs required for export production. These countries have a very low rate of interest, extremely efficient online refund mechanism and much-educated exporters.

I would, therefore, urge to provide an exemption from IGST on all instruments providing basic customs duty-free imports both of inputs and capital goods," Ganesh Kumar Gupta, President, FIEO said.

He further emphasised on the financial support to the job-intensive units to create employment and formalisation of the economy in the Budget 2018. "Creation of employment is the biggest challenge faced by the country. If we have to reap demographic dividends, we have to provide jobs to millions who are seeking jobs on month on month basis."

"We would urge the Government to provide fiscal support to units who provide additional employment in the export sector. Such a Scheme will also help the workers to move from informal employment to formal employment, Ganesh Kumar Gupta added.

He said that incentives may be provided based on twin criteria of growth in exports and growth in workers in the Budget 2018.

Source: financialexpress.com- Jan 16, 2018

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Apparel industry model holds the key for India's job creation requirements

The Stitch in Time We Need

Nothing explains India's job creation challenge better than a comparison between Reliance Industries (RIL) and Shahi Exports. While RIL is a familiar name to nearly all, most readers would not have heard of Shahi Exports. If we are to solve our jobs problem, this needs to change.

The RIL reports $110 billion in assets and 250,000 employees across its various ventures. Therefore, it employs five workers for each $2.2 million in assets. Shahi Exports, which is India's largest apparel exporter, has assets worth $185 million and employs 106,000 workers in its apparel factories. Therefore, it employs 1,260 workers for every $2.2 million in assets. For the same investment, Shahi Exports creates 252 times the jobs that RIL does.

Jobs that Shahi Exports creates are what India needs most today. Its factories can take someone with fifth-grade education and impart necessary training in just six weeks. On average, these workers earn Rs 15,000 a month. About 60% of Shahi Exports employees are women. If we could rapidly multiply what Shahi Exports does, we could begin expanding formal-sector jobs rapidly — especially for women.

Apparel requires modest investment per job and the demand for it is there. In 2015, the apparel export market was $465 billion. India exported $18 billion of it compared with China's $175 billion. High wages are now forcing China to withdraw from this market. From $187 billion in 2014, its apparel exports have fallen to $158 billion in 2016. India must take the space China is vacating.

To understand what needs to be done, we must ask why India has not done well in this sector to date. For decades, our policies reserved apparel for production by small-scale enterprises. These enterprises were too small and their product quality too low to succeed big in the export markets.

Beginning in 1973, India's investment policy confined large firms and big industrialists to investing exclusively in a set of listed 'core' industries, which were all highly capital intensive.

As a result, over time, our big industrialists have become hardwired into believing that sectors such as apparel are not for them. Although the core industries regulation ended in 1991, and small-scale industries reservation was withdrawnmore than a decade ago, investment in apparel remains entirely off the radar screens of India's big industrialists and their children.

Grab That Garb

One way to cut this Gordian knot is to encourage the global apparel firms exiting China to locate in India, instead of Bangladesh and Vietnam. These firms have the technology and management know-how to operate on large scale. They also have links to global markets. Once a few anchor firms locate in India, many more local Shahi Exports firms would emerge.

An important key to making India an attractive destination for global firms is to create greater labour market flexibilities. This is something that has characterised all successful exporters of labour-intensive products such as apparel.

We need better balance between the interests of those who already have formal sector jobs, and those who seek them. When protection to existing formal sector workers is extra-high, the incentive to hire more of them turns low. Firms choose to stay small, operate informally and, thus, escape costly labour regulations.

Thus, consider, say, the minimum wage. If you live in Delhi, you are likely to think that a minimum wage of Rs 15,000 per month is only fair. And yet, such a wage will drive many labour-intensive, formal sector firms out of business.

Their employees would then end up in the informal sector. Reports that the Wage Code currently under consideration by Parliament may hike the national minimum wage to Rs 18,000 a month have left many formal sector firms very nervous.

Exports, especially in the apparel industry, face very tight just-in-time delivery schedules. Therefore, rapid movement of imported inputs into the country and of export products out of it are essential. This requires concerted effort at trade facilitation.

Unnecessary clearance requirements need to be eliminated and the turnaround time of ships at ports needs to be brought down to a few hours as in Hong Kong and Singapore. Coastal Employment Zones (CEZs) offer a convenient avenue to bringing about these changes expeditiously within limited geographical areas.

Competitiveness also requires that all indirect taxes paid by apparel exporters, including those on products outside the goods and services tax (GST) net, such as petrol, be expeditiously reimbursed in full. All competing countries follow this practice and the World Trade Organisation rules permit it as well.

The exchange rate has been a particularly sensitive issue for apparel exporters due to low profit margins on which they operate. Foreign investment and remittance inflows, which chase rupees, make them expensive.

Sew That's Hewed

And an unduly expensive rupee makes Indian goods uncompetitive in the global marketplace. Therefore, the Reserve Bank of India (RBI) needs to manage foreign exchange inflows such that the rupee does not appreciate unduly.

While apparel is the major sector where formal sector jobs can be expanded rapidly, what I have said above applies to a wide range of light manufactures including footwear, furniture, toys, kitchen utensils, paper, stationery, umbrellas and numerous other items of daily use.

Therefore, the scope for creating good jobs for workers with limited skills through increased share in the global markets for these products is very substantial. It is difficult to think what alternative paths could advance this objective more effectively.

Source: economictimes.com- Jan 16, 2018

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Maharashtra government to introduce textile policy in two months

The government of Maharashtra plans to introduce a new textile policy in next two months. The aim is to attract entrepreneurs in the entire value chain, besides seeing that existing unit do not migrate to other major cotton-growing states.

Over and above the Centre's textile package, the technology upgradation fund scheme and other incentives, all major growing states have introduced their own textile policies to attract investment.

The governments of Tamil Nadu, Karnataka, Andhra Pradesh and Telangana have announced a number of incentives for textile units. And, effective October 1, 2017, the government of Gujarat renewed its state textile policy, which was originally introduced for five years in 2012.

The earlier policy of Gujarat had seen a large migration of units into the state from across the country.

Maharashtra saw the migration of all types of business units in the sector, given the similar business environment in the two states.

"We have started taking inputs from co-operative and other sectors involved in the garment value chain. We will introduce our own textile policy in two months to stop migration of units to other states.

These states have attracted investment in the entire textile chain with incentive schemes, electricity and labour being the major ones. Our textile policy would majorly focus on power availability at cheap rates," said a senior Maharashtra government official.

Solapur is already being developed as a manufacturing hub.

Amitkumar Jain, the joint secretary of the Solapur Readymade Kapad Utpadak Sangh, said, "We have requested the government to provide us with a monthly skill development fund of Rs 4,000 per man and Rs 3,000 per woman as offered by the government of Gujarat.

We are bringing global buyers and sellers to Solapur through our annual exhibition, scheduled this year between January 27 and 29. Solapur is set to become a major sourcing hub of school and corporate uniforms in India."

The government of Gujarat is offering electricity at Re 1 a unit, besides interest subsidy at five per cent annually, with a ceiling of Rs 70.5 million (Rs 7.5 crore). Through this, it estimates it would attract new investment of Rs 200 billion (Rs 20,000 crore) by 2022.

Source: business-standard.com - Jan 16, 2018

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Maharashtra bans co-marketing of brands for BT cotton seeds

Selling Bt seeds that are produced in other states under different brand names is called co-marketing. Earlier, state agriculture minister Pandurang Fundkar had said co-marketing practice makes it difficult for the authorities to take legal action against such companies.

The Maharashtra government has decided to withdraw the facility of co-marketing of brands for BT cotton seed companies, top officials of the state agriculture department said.

A meeting was called by the department recently, where seed companies were given directions that they will no longer be permitted to co-market BT seeds under separate brand names, agriculture commissioner Sachendra Pratap Singh said. “There is no question of any opposition from the seed companies.

The circular has been issued and they were called just to know about the guidelines,” he told FE. This is part of the regulatory framework. The brand marketing licences of as many as 74 companies has been scrapped, he said.

Until now, seed companies used to co-market the same variety under different brand names making it confusing for the farmer, he said. The government had earlier asked the companies to amend their licences issued for co-marketing as per the permissions granted by the Genetic Engineering Appraisal Committee (GEAC).

According to senior officials of the department, several co-marketing companies with distribution rights for a product have been found selling the product under multiple brands to attract farmers.

“In such cases, the brand of the product is displayed prominently, while the name of the parent company is enclosed within brackets and is hardly noticeable.

Moreover, there is no way the farmer can confirm if the product is the same and whether the number of packets is authorized by the parent company,” an official said.

Usually co-marketing rights are granted for a certain amount of packets. But sometimes, these companies sell more than the stipulated amount licensed to them,” the official said.

There are over 150 companies in the market, which include around 65 seed companies. Usually seed companies enter into distribution arrangement with companies to widen their market reach. Selling Bt seeds that are produced in other states under different brand names is called co-marketing.

Earlier, state agriculture minister Pandurang Fundkar had said co-marketing practice makes it difficult for the authorities to take legal action against such companies.

“What is happening is one company is selling the same variety under different brand names which is like duping farmers,” he said, adding that at least 100 such companies were operational in the state. It is only the original brand of the variant of BT seeds that should be given the licence, he had said.

Source: financialexpress.com- Jan 16, 2018

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Mini textile park at Manapparai soon

Will help export of readymade garments

The Tiruchi District Tiny and Small Scale Industries' Association (TIDITSSIA) has been shown a few locations in Manapparai area for establishment of a mini textile park (MTP) with substantial government subsidy.

The location of the MTP with common facility centres for design ideation, training, and sales in Manapparai area will be ideal for the development of the readymade garments business in Puthanatham town, N. Kanagasabapathy, TIDITSSIA president, said.

The MTP scheme envisaging establishment of at least 10 production units on a minimum area of 10 acres has to be developed through formation of a Special Purpose Vehicle.

The government, through the Handlooms and Textiles department, will make available subsidy to the extent of 50% with a maximum ceiling of ₹ 2.5 crore under the project.

The Revenue authorities have identified a little over 24 acres within the jurisdiction of the proposed area identified for establishment of the SIPCOT Industrial Park, Mr. Kanagasabapathy said.

Such a facility, industry sources said, would be ideal for promoting export. Most of the more than 50 readymade garment manufacturers in Puthanatham, located about 17 km away from the Manapparai town, have specialised in making churidars and children's apparel of export quality by virtue of frequent study visits to Mumbai.

Establishment of the MTP, industry sources said, will be a motivating factor for scaling up production through cluster approach.

Source: thehindu.com- Jan 13, 2018

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All you want to know about FDI in single-brand retail

Allowing foreign firms free play in India's retail sector has always been a political hot potato. The Government has therefore been opening up this sector to foreign players in baby steps. The latest was allowing 100 per cent Foreign Direct Investment (FDI) in single-brand retail trading through the automatic route last week. But not everyone's cheering.

What is it?

Earlier, foreign players could own up to 49 per cent in a local single-brand retail chain but had to approach the department of industrial policy and promotion (DIPP) for a go-ahead to acquire the remaining 51 per cent. Now they can fully own their Indian operations without applying for permission.

But the new concessions apply only to single-brand retail chains. FDI in multi-brand retail trading in India is still capped at 51 per cent. What's a single-brand retail chain? It is expected to sell all its products under only one label across its stores. Think Levi's, Starbucks or Ikea. A multi-brand retail store is like your typical Big Bazaar which sweeps many brands under one roof.

There are a few strings attached, though. If an MNC operates a single-brand retail chain, the product must also be sold under the same brand name globally. The MNC must also source 30 per cent of its purchases for the business from India. This rule was slightly relaxed last week to allow an MNC to set off any local sourcing for its global business, against this 30 per cent quota.

Why is it important?

While foreign investors may salivate at the thought of selling to a 1.3 billion population, retail trade in India is dominated by mom-and-pop outlets. Those opposed to FDI worry that opening the door to 800-pound gorillas will draw away consumers from these tiny outlets to giant departmental stores, and squeeze their suppliers too.

The new proposal is a compromise solution which tries to protect such outlets while earning the Government brownie points for liberalising FDI.

The policy allows the Government to test the waters on how MNC presence affects Indian retailers. And given that many of the global single-brand retailers vend only premium or luxury goods, it was also hoped that their India foray won't impact the mom-and-pop stores much.

But there's a bit of hair-splitting here. For one, MNCs can sell both premium and mass-market products in these single-brand stores. Two, given that all retailers essentially compete for a share of the same consumer's wallet, spending on premium products or services can come at the cost of splurging on mass market products. One trip to Starbucks may equal your monthly bill at the Nair tea stall.

Why should I care?

If you are shopaholic with a yen for Louis Vuitton bags, Ikea furniture or Cartier watches, you may soon see more swanky stores exclusively for such brands. Single-brand retailers can offer new experiences too. Merlin Entertainments, which plans to bring Madame Tussauds to India, was one of the firms to secure the DIPP go-ahead for a single brand retail foray in October 2017.

The move may also help home-grown single brand e-tailers like Urban Ladder source more foreign venture capital to bankroll their expansion. But if you feel sympathy for your neighbourhood Annachi store, you can thank your stars that 100 per cent FDI in multi-brand retail isn't yet a reality.

The bottomline

It's the Annachi's customer-friendliness versus the MNCs' glitz and glamour. May the best model win.

Source: thehindubusinessline.com- Jan 16, 2018

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30th rank for India in WEF global manufacturing index

India has been ranked 30th on a global manufacturing index by the Geneva-based World Economic Forum (WEF). Japan, with the best production structure, topped the index in WEF's first 'Readiness for the future of production report', followed by South Korea, Germany, Switzerland, China, Czech Republic, the United States, Sweden, Austria and Ireland.

Though India's rank is much below China's 5th position, it is above other BRICS nations, according to a news agency report. Russia holds 35th rank, Brazil 41st and South Africa 45th.

The report categorised 100 countries into four groups: leading, high potential, legacy and nascent. While China figures among 'leading countries' and Brazil and South Africa are 'nascent' ones, India is placed in the 'legacy' group along with Hungary, Mexico, Philippines, Russia, Thailand and Turkey.

The 25 'leading' countries are in the best position to gain as production systems stand on the brink of exponential change, the WEF said in the report published ahead of its annual meeting in Davos, Switzerland later this month.

In India, the 5th-largest manufacturer with a total manufacturing value added of over $420 billion in 2016, the manufacturing sector has grown by over 7 per cent per year on average in the past three decades and accounts for 16-20 per cent of India's gross domestic product (GDP), according to the report.

The report listed human capital and sustainable resources as the two key challenges for India and said the country needs to continue to raise the capabilities of its relatively young and fast-growing labour force. India should continue to diversify its energy sources and reduce emissions as its manufacturing sector continues to expand, it said.

In scale of production, India ranked 9th, for complexity it is at 48th place, and for market size, it is ranked 3rd. Areas where the country is ranked poorly include female participation in labour force, trade tariffs, regulatory efficiency and sustainable resources.

Countries ranked below India include Turkey, Canada, Indonesia, New Zealand, Australia, Hong Kong, Mauritius and the United Arab Emirates. The countries ranked better include Singapore, Thailand, the United Kingdom, Italy, France, Malaysia, Mexico, Romania, Israel, the Netherlands, Denmark, the Philippines and Spain.

The United States topped the list of countries best positioned to capitalise on the fourth industrial revolution to transform production systems, followed by Singapore, Switzerland, the United Kingdom and the Netherlands. India has been ranked 44th on this list, while China is at 25th place and Russia at 43rd.

The report has been developed in collaboration with A T Kearney and calls for new and innovative approaches to public-private collaboration are needed to accelerate transformation.

Source: fibre2fashion.com- Jan 16, 2018

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All eyes on job creation now, with general elections just a year away

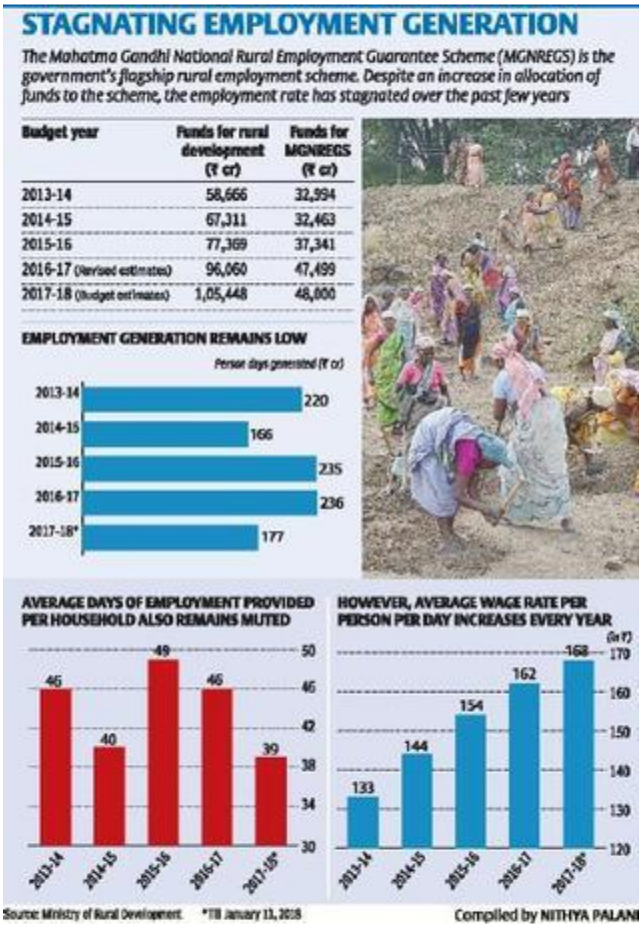
General elections are around the corner, and the Union Budget that Finance Minister Arun Jaitley will present on February 1 is the NDA government's last full-fledged Budget of its current term. That being the case, one can expect a lot of focus on the government's proposals for skill development and employment generation, one of the key promises in its 2014 election manifesto.

Though clear-cut policies that would have an immediate impact on job creation are unlikely, jobs are likely to be a top priority after the disruptions caused by demonetisation and GST rollout.

New programmes

The government is working on a National Employment Policy (NEP) and a universal social security scheme, which may be announced in the Budget, along with higher allocation for the MUDRA scheme for financing entrepreneurship.

Additionally, a renewed focus on skill development and vocational training may also be seen in the Budget. The NEP is expected to have a sector-wise focus, especially on labour-intensive sectors such as textiles and handloom, and other small and medium enterprises.



It will likely provide them with incentives for formal employment.

"Creating jobs is India's central challenge…India needs to generate jobs that are formal and productive, provide bang-for-buck in terms of jobs created relative to investment, have the potential for broader social transformationand generate exports and growth," the Annual Employment-Unemployment Survey said, noting that the apparel, leather and footwear industries can provide a viable solution.

Labour code

Similarly, the Labour Code on Social Security, which is still under discussion, could also feature in the Budget. It aims to provide social security coverage to all workers, especially those in the informal sector.

"Many of the policies that are now taking shape will have a huge impact on the job market over the next few years.

"As private investment recovers, a lot more jobs will be created," noted another official, adding that this is where a skilled workforce will also come into play. With 484 districts covered by Pradhan Mantri Kaushal Kendras for skill development, the government is now working on the Indian Institute of Skills to provide advanced courses such as energy efficient construction, industrial electronics and automation. While five such institutes are being planned, the construction of the first one, in collaboration with the Tata Group, will start in Mumbai soon.

Under the Pradhan Mantri Kaushal Vikas Yojana, about 40.5 lakh candidates received training by mid-December. In 2017, as many as 11 lakh candidates were trained under the scheme, while another 3.7 lakh people were assessed and certified under the scheme of Recognition of Prior Learning. Similarly, 12.12 lakh candidates passed out from Industrial Training Institutes.

"Out of 2.5 crore candidates who have been skilled under Ministry of Skill Development and Entrepreneurship (MSDE) programmes alone, more than one crore have been trained in 2017," said an official release. A lack of sufficient wage employment has also been a key challenge for the MSDE, which has been training youth in vocational skills, though many have often not found jobs.

Lack of jobs

"We can only create an environment that is conducive to job creation and employment. The real jobs have to come from the private sector and that is not really happening," noted a senior government official.

While the Centre has launched policies such as Make in India and Skill India, labour markets have been mostly subdued, with private investment remaining muted due to both global and domestic economic factors. "The effort is to place candidates on successful completion of courses. Self-employment and entrepreneurship are also promoted as an alternative option amongst students," noted an official.

The Annual Employment-Unemployment Survey, conducted by the Labour Bureau, pegged the unemployment rate at 5 per cent in 2015-16 from 4.9 per cent in 2013-14 and 4.7 per cent in 2012-13.

More recent data from the BSE-CMIE index estimates the country's unemployment rate at 5.13 per cent for the week ending January 14. It, however, indicates that current unemployment rates (based on a 30-day moving average) is higher than a low of 3.06 per cent on August 3, 2016, but has gone down significantly from a high of 9.92 per cent on September 10, 2016.

Source: thehindubusinessline.com- Jan 16, 2018

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