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IBTEX No. 57 of 2019

March 18, 2019

USD 68.89 | EUR 78.08 | GBP 91.54 | JPY 0.62

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
20574	43000	79.54
Domestic Futures Price (Ex. Warehouse Rajkot), March		
Rs./Bale	Rs./Candy	USD Cent/lb
21170	44245	81.84
International Futures Price		
NY ICE USD Cents/lb (May 2019)		75.50
ZCE Cotton: Yuan/MT (May 2019)		15,190
ZCE Cotton: USD Cents/lb		102.64
Cotlook A Index – Physical		83.05
<p>Cotton Guide: Latest Update and market sentiment: Cotton price closed at multi-months high in both domestic and global market. The ICE Future closed above 75 cents for the first time in last eight weeks. The Indian Cotton price has quickly reversed more than 1000 rupees per candy in less than 10-days and hovering above and around Rs. 43,000 per candy ex-gin.</p> <p>The major reasons for price rise are:</p> <p>A) Most likely positive outcome from US- China Trade deal, optimism building up!!!</p> <p>B) The weakness in US Dollar has strengthened most commodities. Dollar declined over 0.80%</p>		

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C) Speculative funds rollover and squaring up of short positions above 75 has supported price to rise

D) Export demand from Indian style has improved however the quantum would have been much bigger if rupee had not appreciated. INDIAN RUPEE NEAR 69 PER ONE USD.

E) US unfixed On-call sales are supportive, trading volumes at ICE is improving supporting cotton price to trade strong.

F) Indian market supplies have come down considerably. The daily arrivals have declined to around 130,000 bales which used to be more than 170,000 a month ago.

G) All India crop number for the year 2018-19 is pegged lower, the carryover stocks are down and likely improvement in the export have been supporting cotton price higher.

H) With ICE COTTON MOVING surpass 75 cents attracting Indian cotton for export amid better parity.

How market is expected to take shape going forward?

Indian cotton price rising so quickly over 1000 rupees per candy in last 10 days or so has brought worry in the textile market. Along with raw cotton the yarn and subsequent products price are expected to rise which will be seen at the end users too.

Cotton price rising so quickly has also impacted mills adversely as many have not procured sufficient stocks at lower level or not undertaken hedge activity.

With slow arrivals of Cotton the ginning activity have been also lowered.

We already have supply concern in the country related to cotton, now renewed demand might further fuel cotton price higher.

India cotton hovering above 42K, and ICE managing to trade above 75 cents indicate the momentum is onto positive side and the near term gains could be expected.

Technical price estimates: ICE Cotton is expected to trade in the range of 73.50 to 77.50. Note there is absolute resistance at 76.34 upon breakout it shall move quickly towards 77.50/78 range. Indian cotton Shankar 6 might trade in the range of Rs. 42750 to Rs 43300 per candy.

On the futures front the March has increased over 1000 to 1300 points from its recent low of 20,000 per bale. We think it is moving in line with the ICE and Indian cotton price. The trend is expected to remain positive however buying is recommended from lower levels. The trading range for the week may be Rs. 20800 to Rs. 21400 per bale.

Other Market Outlook:

Oil: Crude oil is expected to trade positive amid continued supply cut from OPEC. The WTI oil is expected to move in the range of 55.50 to 59 USD/ BRL. The Brent is expected to hit 70 USD/BRL.

INR: The rupee has been appreciating very strongly in last two weeks majorly due to Indian factors. We think some more strength in the currency is likely and the trading band for the week shall be 68.50 to 69.90

Events scheduled:

March 28 -- Day 1 of 3 Jim Rogers Long Only Spec Fund Roll

March 29-- USDA 2019 US Prospective Plantings Report

April 5 -- Day 1 of 5 Goldman Sachs Long Only Spec Fund Roll.

April 9 -- USDA World Supply/Demand Report -- 12 Noon EST

April 12 -- MAY-19 OPTIONS Last Trading Day.

April 19 -- ICE CLOSED -- Good Friday.

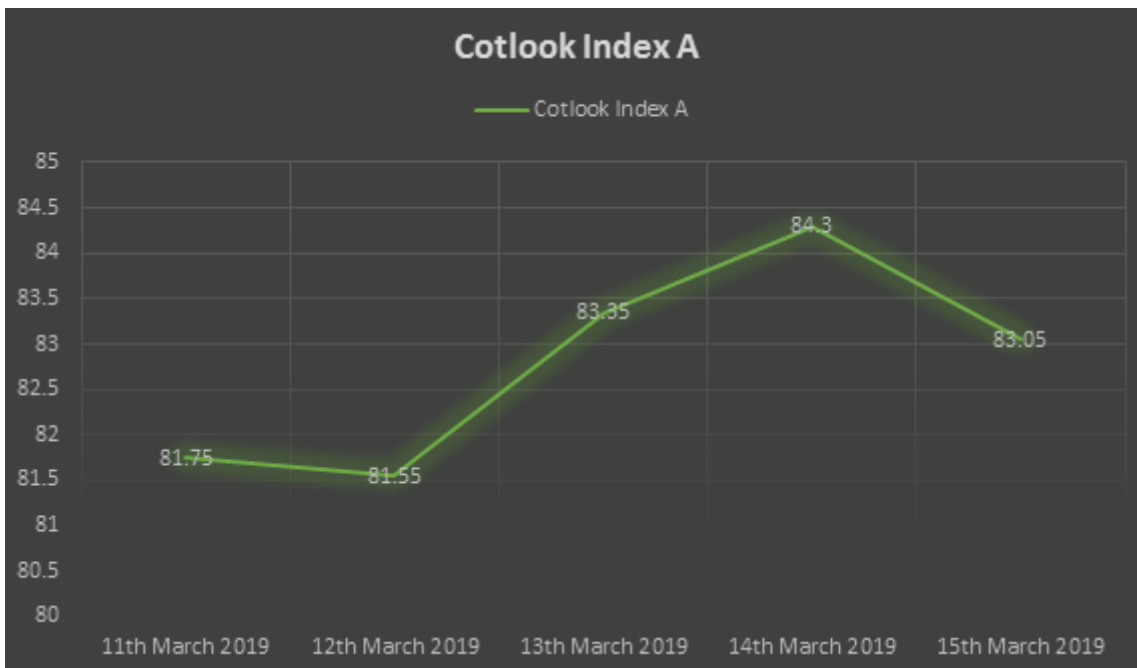
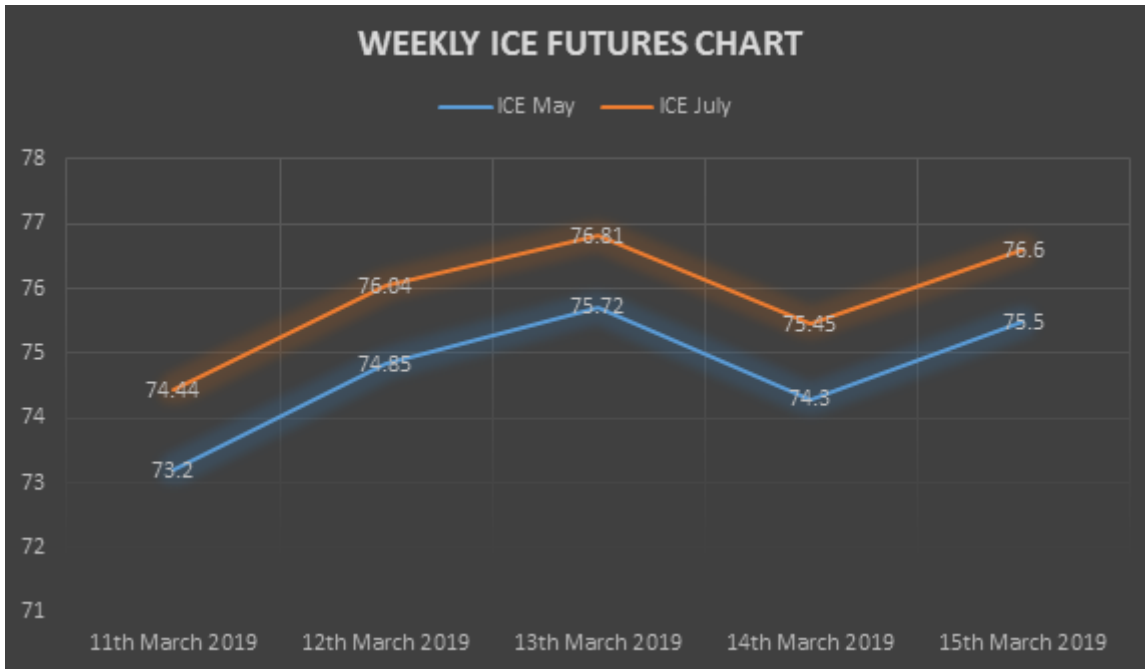
April 24 -- MAY-19 First Notice Day

Currency Guide

Indian rupee may note some gains against the US dollar however the upside is limited. Indian rupee appreciated by 0.4% Friday and moved closer to the coveted 69 levels. Rupee has benefitted from general strength in equity market, continuing investor inflows, easing geopolitical risks and signs of confidence that ruling BJP government may get another term.

The US dollar has also been under pressure against major currencies amid disappointing economic data and drop in bond yields. However, weighing on rupee is persisting strength in crude oil price and increasing concerns about health of major global economies.

Brent crude has breached \$68 per barrel to test the highest level for this year as OPEC intends to continue with production cuts. Rupee may trade with a firmer bias amid general strength in equity markets and weaker US dollar at large however the gains could be limited. USDINR may trade in a range of 68.8-69.3 and bias may be on the downside.



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INTERNATIONAL NEWS

Japan's exports slump again on weak external demand, puts BOJ on notice

Japan's exports fell for a third month in February in a sign of growing strain on the trade-reliant economy, suggesting the central bank might be forced to offer more stimulus eventually to temper the effects of slowing external demand and trade frictions.

Slowing global growth, the Sino-U.S. trade war and complications over Britain's exit from the European Union have already forced many policymakers to shift to an easing stance over recent months.

Japan is in a similar situation to much of the rest of the world, where factories have slammed on the brakes and business confidence has plummeted in the wake of rising global economic uncertainty.

Ministry of Finance data showed on Monday exports fell 1.2 percent year-on-year in February, more than a 0.9 percent decrease expected by economists in a Reuters poll.

It followed a sharp 8.4 percent year-on-year drop in January, marking a third straight month of falls due to drops in shipments of cars, steel and semiconductor production equipment.

"Exports to advanced nations like the United States and Europe still held firm, but China- and Asia-bound shipments were clearly sluggish," said Takeshi Minami, chief economist at Norinchukin Research Institute.

"Exports will remain in a declining trend for the time being, which could curb capital spending and wages. Domestic economy will face a severe situation ahead of October's sales tax hike."

The trade data comes on top of a recent batch of weak indicators, such as factory output and a key gauge of capital spending, which have raised worries that Japan's record run of postwar growth may come to an end.

Some analysts say a recession cannot be ruled out.

The Bank of Japan last week cut its view on exports and output, while keeping policy unchanged. Yet, extended weakness in exports could put it under pressure to deliver more easing, especially as inflation remains well off its 2 percent target and pressure on businesses and consumers continues to rise. In the post-policy press conference last week, BOJ Governor Haruhiko Kuroda acknowledged the challenges the economy faced but gave no indication there would be any additional stimulus.

But Kuroda may have to change tack in the face of a run of weak economic indicators. Many in the BOJ expect Japan's economy to emerge from the current soft patch in the second half of this year, assuming China's stimulus plans can revive demand there.

The biggest worry among BOJ policymakers is that weakening exports and output will hurt corporate sentiment, prompting firms to delay capital expenditure and wage hikes.

FRAGILE BOUNCE

The trade war between the United States and China - Japan's largest export markets - has already curbed global trade. Monday's trade data showed exports to China, Japan's biggest trading partner, rose 5.5 percent year-on-year on shipments of semiconductor production equipment and cars, rebounding from a 17.4 percent drop in January.

However, overall trade to the Asian giant remained weak, as even after averaging effects of the Lunar New Year holiday, China-bound shipments declined 6.3 percent in the January-February period from a year earlier. Seasonally-adjusted overall trade values rose 6.7 percent month-on-month in February, the strongest rise in two years. Export volumes fell 0.6 percent in the year to February after the previous month's 9.0 percent decline.

"Shifts in the timing of Chinese New Year partly explain the sharp swings in trade volumes at the start of the year so the recent strength in export volumes may unwind before long," said Marcel Thieliant, senior Japan economist at Capital Economics. "We still think that net trade will remain a drag on GDP growth both in the first quarter and throughout 2019." Japan's shipments to Asia, which account for more than half of overall exports, fell 1.8 percent, down for a fourth straight month.

U.S.-bound exports rose 2.0 percent, but imports from the United States grew 4.9 percent, resulting in Japan's trade surplus with the country declining 0.9 percent year-on-year to 624.9 billion yen (\$5.60 billion) in February. Yet, Japan's still-large surplus with the United States raises concerns among Japanese policymakers and auto exporters that Washington may impose hefty duties on its imports.

Imports of Japanese cars make up about two-thirds of Japan's \$69 billion annual trade surplus with the United States, making Tokyo and Beijing targets of criticism by Trump.

In February, Japanese auto exports to the United States rose just 0.5 percent year-on-year to 152,198 units in February, with the value of shipments down 6.8 percent.

Source: sourcingjournal.com - Mar 15, 2019

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Bangladesh has huge potential in Blue Economy

Chinese envoy says in a meeting with DCCI

Bangladesh has immense potential in Blue Economy, Chinese Ambassador in Bangladesh Zhang Zuo said yesterday.

The envoy made the comment at a meeting with Osama Taseer, president of the Dhaka Chamber of Commerce and Industry (DCCI), at the office of the trade body in Dhaka.

China has recently passed a new foreign investment law which is more open and flexible for foreign investors, Zuo said.

The One Belt, One Road Initiative of China is continuing for a high quality communication mode, he said.

Chinese companies are optimistic about increased business cooperation between the two nations in the next decade, the Dhaka chamber quoted Zuo as saying in a statement.

China is one of the largest partners of mega infrastructure projects in Bangladesh, he said.

Around 200 large Chinese companies and 200 Chinese SMEs are in operation in Bangladesh, he said.

China is now the largest trading partner of Bangladesh, Taseer said.

Bangladesh by and large exports frozen and live fish, leather and leather goods, vegetable, textile fibres, paper yarn and woven fabrics, articles of apparel and clothing, electrical machinery and equipment and furniture to China, he said.

The bilateral trade between China and Bangladesh in 2017-18 was \$12.40 billion. According to the economists, this bilateral trade volume may reach to \$18 billion by 2021, he said.

Bangladesh's "Look East" policy is essentially designed to open up new avenues of cooperation with China and the Asean region, he said.

Taseer also stressed on the need for Chinese foreign direct investment in diversification of garment items and transfer of allied technology.

He also demanded quick implementation of duty-free market access for Bangladesh.

The Chinese envoy also invited members of the DCCI to attend an import and export fair scheduled to be held in Shanghai in November.

DCCI Senior Vice President Waqar Ahmad Choudhury and Vice President Imran Ahmed were also present.

Source: thedailystar.net- Mar 17, 2019

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Bangladesh: Garment exports surge on US-China trade war

Bangladesh's garment exports are set to post a high growth this fiscal amid escalating trade dispute between USA and China, insiders said.

The country earned \$23.12 billion from exports of ready-made garments (RMG) between July and February of this fiscal (2018-19), showing 14.17 per cent year-on-year growth, according to the Bangladesh Export Promotion Bureau (EPB).

In the July-February period, export of woven garments advanced by 14.84 per cent to \$11.63 billion, while knitwear rose by 13.50 per cent to \$11.49 billion.

"Garment exports are growing mainly because of US-China trade war. A lot of work orders are shifting from China to Bangladesh due to ongoing trade war between the US and China," M Siddiqur Rahman, President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) told The New Nation yesterday.

He said that an improved workplace safety followed by factory remediation has brightened image of the country as well as the garment sector guiding international buyers to come here with more work orders.

Bangladesh is the world's second largest garment exporter after China, "More orders are also coming from the US since last year, as the retailers of the country diversifying their sourcing amid escalating US-China trade tensions," said Siddiqur Rahman, adding, "Our garments export to the US grew by 6.65 per cent in the last year following the development."

Bangladesh earned US\$5.40 billion from apparel exports to the US market in 2018 compared with US\$5.06 billion earning in the previous year (2017), according to an official data released by Office of Textiles and Apparel (Otexa), the US Department of Commerce.

Contrarily, China's apparel export to the US rose by 1.34 per cent only to US\$ 27.37 billion in 2018, accounting for 33 per share of the US market.

"The current apparel export trend is encouraging. It is expected that the thread will continue in the months to come helping the sector attain a double digit growth in this fiscal," said the BGMEA President.

Last fiscal, Bangladesh exported garment items worth \$30.61 billion, registering an 8.76 percent year-on-year growth, according to the Bangladesh Export Promotion Bureau (EPB). Garments accounted for 83 per cent of the country's total export in the fiscal 2017-18.

"US-China trade war has created a very good opportunity for the local garment exporters to exploit. Bangladesh export earnings from apparel export continue to surge under the trade conflict," former BGMEA President Abdus Salam Murshedy told The New Nation.

He said, the US retailers are shifting their sourcing from China to low cost manufacturing hubs like Bangladesh to keep cost under control amid imposition of high tariff on Chinese goods. "Lot of business is coming from US buyers and it keeps afloat the apparel exports. This will help the apparel sector achieve a high growth this fiscal," he added.

Source: thedailynewnation.com- Mar 18, 2019

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Pakistan should leverage CPEC, GSP Plus to attract investment

The recent military escalation between Pakistan and India raises warning flags that the South Asian region is still very much susceptible to war.

Although recent events may have been triggered by a combination of domestic politics in India and a reaction to the Pulwama attack, it is important to note that given the challenges being faced by Pakistan on the economic front, a war would only have exacerbated them.

Efforts to avert the war at this critical time are commendable. It is essential that the Pakistan Tehreek-e-Insaf (PTI) government strives for economic stability in Pakistan. Today, Pakistan faces a balance of payments crisis that requires financing from the International Monetary Fund (IMF).

The current account deficit coupled with a volatile exchange rate has led to economic uncertainty. It is crucial that Pakistan steps up efforts to maintain peace in the region by ensuring greater investments and enhancing trading relationships.

The current government is making strides to improve business environment in Pakistan. The Finance Supplementary (Second Amendment) Bill 2019 includes incentives to increase cost competitiveness. The importance of increasing exports cannot be understated. In a recent address to a business delegation, the prime minister correctly identified trade and investment as important pillars of foreign policy. Focusing on establishing export-oriented industries will not only help tackle the balance of payments crisis but will also strengthen diplomatic relations with global and regional powers.

A closer look at Pakistan's recent trade patterns indicates a reduction in the trade deficit. According to data extracted from the Pakistan Bureau of Statistics (PBS), the trade deficit was 20% lower in February 2019, relative to the gap reported for February 2018. The push came from a fall in imports as they decreased more than 12%.

Exports from July 2018 to February 2019 were 1.85% higher than the amount in the previous corresponding period while imports were 6.13% lower. During the same period, the trade deficit decreased 11%.

In essence, the reduction in the trade deficit is mainly driven by a fall in imports of machinery, transportation equipment and petroleum products. This is determined by import demand and fluctuation in global prices.

It is imperative that the government instead focus on increasing exports in order to make the reduction in trade deficit more sustainable.

Impact of trade disputes on Pakistan's deficit

Uncertainty in global trading relationships, such as between the US and China, can have an impact on Pakistan's trade deficit. In a recent development, the US and China have agreed to ease tensions as it is expected that Washington may roll back tariffs on a significant proportion, approximately \$200 billion worth, of imports while Beijing may reduce tariffs on major imports from the US such as automobiles.

However, on the other hand, the Trump administration has ended preferential treatment for more than \$5.6 billion worth of US imports from India as a result of a lack of equitable access for US goods in the Indian market. Affected products include food and beverages, textile, leather, metal and plastic.

According to the Global Trade Alerts, the US introduced a large number of harmful interventions to limit trade, particularly in the iron and steel sector. On the other hand, it liberalised imports of wearing apparels, particularly men's and boy's suits.

Pakistan is likely to have benefitted from the trade liberalisation as its exports of men's and boy's suits increased by more than \$800 million between 2015 and 2017. Furthermore, imports of base metals into Pakistan increased by \$1.26 billion, mainly driven by the China-Pakistan Economic Corridor (CPEC)-related demand.

Major export markets for Pakistan include the US, China and the UK. According to data extracted from the State Bank of Pakistan (SBP), export receipts from both the US and China increased more than 5% between July 2018 and January 2019 over the same period of previous fiscal year. Exports to the three markets constituted more than 31% of total exports from Pakistan.

FDI drops 23% after completion of many CPEC projects

Exports to the US and the UK mostly comprise finished textile products while exports to China are heavily focused on cotton yarn. In 2017, cotton yarn contributed more than 40% of total exports to China from Pakistan, according to data borrowed from ITC's Trademap.org.

Export receipts for knitwear increased more than 12.7% between July 2018 and January 2019 relative to the same period of previous fiscal year. On the other hand, import payments on raw cotton increased more than 52% between July 2018 and January 2019 relative to the same period of last year.

Imports from the US

In recent years, the textile industry has increased its dependence on imported raw cotton. Pakistan imported \$279 million worth of raw cotton

from the US in 2017, which replaced India as the top origin country. In 2016, Pakistan imported \$86 million worth of cotton from the US.

Pietra Rivoli's "Travels of a T-shirt in the Global Economy: An Economist Examines the Markets, Power and Politics of World Trade" documents the resistance from textile lobbies in the US when Pakistan requested relief in tariffs on finished textile products and apparel in the mid-2000s. However, a recent spike in trade with the US should help meet contract requirements between the US and Pakistani producers necessary for preferential treatment.

Pakistan to pay China \$40b on \$26.5b CPEC investments in 20 years

Imports from the US increased in 2017 by more than \$800 million, a growth rate of 42% from the previous year. Apart from raw cotton, Pakistan imported more than \$346 million worth of soybean seeds for sowing from the US, up from \$123 million in 2016. This increase in imports of soybean seeds should help create new opportunities for Pakistan.

In 2018, the export of soybeans from the US to China was almost a quarter of the value of soybeans exported in 2017.

Therefore, it is essential that Pakistan leverage CPEC and the GSP Plus status awarded by the European Union to attract investment, both domestic and foreign, to improve economic conditions in the country. It is imperative that investors are provided a competitive business environment, safeguarded from uncertainties such as war, to increase exports and reduce the trade deficit.

Source: tribune.com.pk- Mar 18, 2019

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Pakistan: Government to announce trade policy soon

A new trade policy will be announced soon, said Prime Minister's Adviser on Commerce Abdul Razak Dawood on Saturday.

Addressing a seminar on 'Trade opportunities in China, Indonesia and the United States of America', he said that the new trade policy was being formulated in consultation with all stakeholders to make it more effective and fruitful.

The event was organised by the Ministry of Commerce and the Trade Development Authority of Pakistan (TDAP) to maximise its outreach to the business community. In this regard, all registered chambers and trade associations from across the country were invited to give their input in these consultative sessions.

Dawood said that a committee had also been constituted to control de-industrialisation in the country, asserting that the tariff policy would soon be presented before the federal cabinet for its approval. The PM's adviser said that elaborative measures were being put in place to provide a platform to the entire business community to share their views and to resolve issues.

"The present effort has been made to ensure the widest possible and inclusive coverage, for providing a platform to the business community to share their concerns and suggestions to overcome the issues being faced by them," he added.

Trade deficit shrinks 5% to \$16.8b as imports go down

He said that the current sessions seek to focus not only on China but also mean to raise awareness about the opportunities emerging in Indonesia and the USA, in the wake of recent developments in these markets. The Free Trade Agreement (FTA) between Pakistan and China was being deliberated upon, and in this connection the commerce secretary would pay a visit to China as well, he remarked.

Elaborating on efforts to promote business, Dawood said the Pakistan Tehreek-e-Insaf (PTI) government was focused on providing maximum facilitation to the country's business community, enabling it to have a level playing field in their respective sectors. He said that the reforms package was

aimed at encouraging the business community to attract more investment to enhance the country's exports.

The adviser was of the view that Pakistan would have to explore and add new sectors and markets for boosting exports. He said the government was committed to creating jobs for the youth, adding that a vibrant export-oriented industry would help create job opportunities. He called upon the business community to play its due role in the economic well-being of the country and assured them of his full cooperation and support in resolving all their problems.

Also present at the event, Commerce Secretary Younus Dagha gave a detailed presentation on Pakistan-China trade relations with specific reference to review of tariff lines.

Within the perspective of China-Pakistan Free Trade Agreement (CPFTA), Dagha emphasised that Pakistan had gained unique bargaining power with China such as inclusion of balance of trade clause in the agreement and revision of safeguard provisions.

In addition to this, Pakistan also gained a favourable consideration on immediate elimination of tariff on Pakistan's top 65 priority items.

"This breakthrough in negotiations is expected to enhance Pakistan's exports to China," he added. "It may also benefit our exporters in achieving greater market access in Indonesia and USA in the wake of withdrawal of GSP status from India and Turkey by USA."

Also speaking on the occasion, representatives of trade associations and chambers appreciated the outreach initiative of the commerce ministry. They highlighted the importance of incorporating stakeholders in the policy making process and market access negotiations.

Source: tribune.com.pk- Mar 17, 2019

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Pakistan Govt urged to resolve anti-dumping barriers in Turkey

The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) recently urged the government to resolve all anti-dumping barriers imposed by Turkey on Pakistani textile and other items before signing a free trade agreement (FTA) with the country. These measures have reportedly reduced Pakistan's exports to Turkey to \$327 million from \$850 million in 2011.

Appreciating efforts by both governments to enter into a strategic economic framework (SEF) for enhancement of bilateral trade relations, FPCCI president Daroo Khan Achakzai said the primary purpose of SEF is to enhance bilateral trade by five fold from current \$ 800 million and for achieving that, the FTA should be signed this year.

Textile and rice are the main exportable items of Pakistan facing high tariff rates in Turkey, Pakistani media reports quoted him as saying.

Turkey is currently importing surgical items from Germany that are originally manufactured in Pakistan, he added.

Source: fibre2fashion.com - Mar 18, 2019

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NATIONAL NEWS

India proposes pact with Africa to enhance bilateral trade

India has proposed to Africa that both sides should work towards entering into a free trade agreement (FTA) or a preferential trade agreement (PTA) to enhance and strengthen their economic relationship in a new global trading order.

This suggestion came from Suresh Prabhu, Minister for Commerce and Industry and Aviation, during his address at the 14th CII-EXIM Bank Conclave on India Africa Project Partnership in the Capital.

Prabhu said the proposed FTA should look to first benefit Africa and help increase its share in the global market place.

“We have a common future. We don’t want to do anything at the expense of Africa. We want you to get into an FTA (with India) that will benefit Africa first,” he said.

Prabhu said that both India and Africa have to work together to take advantage of the new global trading order. He also said both the countries need to become economically self-reliant and work for economic freedom. Economic freedom can be realised through industrialisation and creation of jobs, he said.

Speaking on the occasion, Commerce Secretary Anup Wadhawan said the Commerce Ministry was working on a “comprehensive strategy” to boost India-Africa trade.

In 2017-18, India-Africa bilateral trade was about \$63 billion, higher than \$52 billion in the previous fiscal.

The potential for trade and investment ties is much more and there is also need to diversify the bilateral trade basket, Wadhawan added.

Source: thehindubusinessline.com- Mar 17, 2019

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Assocham pitches for 8-8.5 per cent growth rate

Industry body Assocham on Sunday released a charter of demands to make India a \$ 5 trillion economy by 2025 and called on political parties to incorporate the same in their Lok Sabha poll manifestos.

Listing out the charter, Assocham in a statement said it wants political parties to pledge, among other steps, to enable growth rate of 8-8.5 per cent per annum.

Some of demands that Assocham wants political parties to incorporate in their 2019 election manifestoes include simplification of GST structure, time bound dilution of government stake in Public Sector Undertaking (PSUs), providing tax rebate of 1 per cent to companies that offer over 20 per cent jobs for women and cut in corporate income tax for MSME sector.

It further suggested expeditious roll-out of Ayushman Bharat and reducing education cost by minimising GST on outsourced education services from 18 per cent to 5 per cent.

To boost economic growth and investment, the industry body has suggested creation of development finance institutions to provide long term non-bank funding option to the industry.

To improve farmers' income, the industry body suggested the exemption of GST on leasing services for farm equipment and machinery, as well as creation of Technology Up-gradation Fund (TUF) for agriculture to provide capital subsidy.

“Alleviate the losses to farmers from perishable produce by setting up robust supply chain system and cold storage or equivalent facilities at airports/ stock junctions for efficient transportation,” it said.

To boost manufacturing, the industry has pitched for gradual simplification of GST structure aiming for dual rate slab 8 and 16 per cent.

It has also suggested reduction in the corporate income tax to 15 per cent (from present 25 per cent) for the Micro, Small and Medium Enterprises (MSME) over a period of 5 years and 20 per cent (from present 30 per cent) for large companies over a period of 5 years.

Among other steps, the industry body has suggested taxing income from renting of housing properties at a flat rate of 10 per cent, deduction from rental income under Section 24(a) to be increased from 30 per cent to 50 per cent to improve Rate of Return from renting.

It suggested exemption of long term capital gain on securities held for 3 years and more and an additional 50 lakh limit be given under Section 54EC for investment in CPSE ETFs bond market.

Source: thehindubusinessline.com- Mar 17, 2019

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Exports in 2018-19 set to finally scale 2013-14 level

Exports are appear on course to finally cross the 2013-14 level during the current financial year despite the sluggishness seen in recent months.

Data released by the commerce department on Friday showed that exports inched up by 2.5% to \$26.7 billion in February as several key sectors, such as engineering goods, chemicals, rice and cotton yarn and fabrics reported tepid growth, while oil product exports fell by 7.7%.

And, with gold, electronics and crude imports shrinking in February, the overall import bill fell by over 5.4% to \$36.3 billion, narrowing the trade deficit to \$9.6 billion, compared to \$12.3 billion in February last year. In fact, during February, 12 of the 30 closely watched segments showed a decline in the value of shipments.

During April-February, India's exports are estimated to be 8.8% higher at \$298.5 billion, while imports are up a shade under 10% at \$464 billion, latest data released by the commerce department showed.

Policy makers and trade experts are keeping close tabs on the export numbers, as the Narendra Modi government has so far fallen short of scaling the level of exports that it had inherited.

Government officials blame it on the global export slowdown as well as growing protectionism across the world, especially in the US, which had been an advocate of free trade.

With March expected to see a year-end rush of shipments, the Modi administration expects to close the year with exports of around \$330 billion, helping it scale the record \$314 billion reached during UPA's last year in office. Since then it was a downhill curve with an upward trend seen in the last three years.

WTO warned of a further slowdown in global trade as a quarterly outlook indicator showed the weakest reading since March 2010. But trade experts and exporters said the government needs to do more to rev up exports, which are also seen to be crucial to boosting overall manufacturing activity.

"Despite the global problems, there is a lot of scope for Indian exports," said Ganesh Kumar Gupta, who leads exporters' lobby group Fieo. He identified slow tax refunds, lack of trade finance as well as low support for promoting exports as areas that need attention.

Source: timesofindia.com- Mar 16, 2019

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Rising cotton prices alarm Indian apparel industry

The sudden rise in cotton prices in India might slowdown the already dull apparel business. Cotton arrivals in Tamil Nadu markets have decreased and resulted in a sudden increase in cotton prices.

Inflation has already increased the price of warp yarn and soon hosiery yarn prices are also expected to go up, subsequently increasing prices of garments. If cotton prices keep rising, hosiery manufacturers will be affected. The domestic hosiery market has already been reeling under pressure.

While in many countries, a hectare yield 1400 kg of cotton, in India the yield is only around 500 kg of cotton per hectare. Besides, unscientific data collection on cotton production is a bane.

Gujarat and Maharashtra together account for more than half of the country's total cotton production. Textile mills have been advised against panicking over reports of a tight cotton stock position during the current season.

The Indian Cotton Federation has appealed to traders to desist from speculating on the production of cotton and increasing the price of the white fiber.

Demand for Indian cotton happens to be robust this year from China as a trade war is prompting the world's top consumer to avoid imports from the United States.

Source: fashionatingworld.com- Mar 16, 2019

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Morocco can be India's gateway to Europe, W. Africa

Morocco could serve as a gateway for India's exports to Europe, West Africa and the US due to a plethora of trade treaties with several countries and entities, a high-ranking official of the North African nation's industry chamber has said.

"Morocco is included in the European Union's European Neighbourhood Policy (ENP) which aims at bringing the EU and its neighbours closer," Nabila Freidji, Vice President of Morocco's industry chamber, the Confederation Generale des Enterprises du Maroc (CGEM) told IANS during a visit here.

Freidji, a leading example of the first generation of women entrepreneurs in her country, pointed out that Morocco has free trade agreements (FTA) with 55 countries to give it a market of 1 billion people.

It is the only African country to have an FTA with the US, and has been given the status of a major non-NATO ally by the US government.

The CGEM Vice President emphasised Morocco's possibility of being a springboard for Indian exports and investment into Europe, West Africa as well as to the US.

CGEM, in 2015, signed an MoU with Indian industry chamber FICCI for strengthening commercial relations by expanding and deepening economic, trade and investment cooperation.

Morocco is now the largest foreign investor in India's fertiliser sector, Freidji pointed out.

India sources a large chunk of its rock phosphates and phosphoric acid requirements for its fertiliser industry from Morocco, the world's biggest phosphate exporter.

Although bilateral trade volumes hover around the \$1.5 billion mark, the two countries decided to elevate bilateral ties to a strategic partnership in 2015, when King Mohammed VI attended the third India-Africa Forum Summit here.

A founding member of the OIC, Morocco, whose constitutional monarch also has the title of 'Amir al-Mu'minin' or "Leader of the Faithful", has very old links with India dating to the Delhi Sultanate when Moroccan scholar and judge Ibn Batuta came here to join the service of the Sultan and lived in India between 1334-41, before going on to China. Ibn Batuta's account is a primary source of information of life in the Delhi Sultanate.

Moroccan culture is a blend of Berber, Arab, West African and European influences, Freidji said.

"We are both Arab, as well as African and situated on the Mediterranean on the other side of Europe," she said.

Morocco is a member of the Arab League, the Union for the Mediterranean and the African Union. It has the fifth largest economy of Africa.

The CGEM official pointed out that in its drive to integrate Morocco further in the global value chain, the country has also joined the G20 "Partnership with Africa" initiative that aims to promote private investment, particularly in infrastructure, for Africa's sustainable economic development.

The G20 group's initiative is also meant to support African countries in the establishment of a favorable business environment and in the development of the financial sector, in partnership with the IMF, the World Bank and the African Development Bank.

"French carmaker Renault has created 400,000 jobs in Morocco, while 300,000 jobs have been created by Peugeot. We aim to become the largest car producer in the world by the start of the next decade," Freidji said.

Source: business-standard.com- Mar 17, 2019

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Exporters fret over credit flow

Export credit came down 45.5 per cent in January from a year ago

Exporters have expressed concern over the lack of credit to the sector and urged the government and the Reserve Bank of India to take appropriate steps to achieve the target of \$375 billion in shipments for the next financial year.

"The small and medium enterprise exporters are the worst sufferers and the lack of credit equally affects our export performance," Ganesh Kumar Gupta, president of the Federation of Indian Export Organisations (Fieo), told The Telegraph.

He said there was a need to increase the flow of credit to the sector by encouraging banks and also ensuring the online filing, processing and monitoring of export credit.

According to the latest RBI data, export credit came down 45.5 per cent in January from a year ago. Estimates for the current fiscal indicate the credit falling 38.1 per cent.

Export credit, which is on the priority sector lending list of banks, fell to Rs 17,500 crore in January 2019 from Rs 32,100 crore in January 2018. The overall priority sector growth was 9.4 per cent in the same period and showed that advances to exporters were not given due priority.

"The decline in absolute terms is a cause for concern for exporters... Though the RBI has cut the repo rate by 25 basis points, but whether that will translate into a reduction in cost of credit to exporters, especially for the MSME sector, is yet to be seen," the FIEO president said.

Gupta said the efforts of commerce minister Suresh Prabhu, who is taking several steps to promote exports, would not materialise if banks fail to lend adequately at affordable rates.

He said the banks were taking enormous time and asking for voluminous documents even for the renewal of limit. Banks should grant limit within a reasonable time frame of 30 days and should not raise objections in a frivolous manner to delay the process.

On the e-wallet scheme, which is supposed to be implemented from April 1, Gupta said “not much progress is visible and seems unlikely that it would take on from next month”.

He said the GST Council should provide for “an outright exemption window to exporters as was in existence before the GST regime to mitigate the liquidity problem”.

The e-wallet eliminates the process of exporters having to seek refunds after paying taxes.

Under this mechanism, a notional credit would be deposited in the exporters’ accounts on the basis of their past record. This would be similar to a virtual payment system where exporters will pay the notional duty and get notional refunds later.

Claiming refunds against input tax credits is a cumbersome process even though refunds under the integrated GST regime are being processed quickly.

Gupta said exports had done well despite increasing protectionism, tough global conditions and constraints on the domestic front.

During the April-February period of the current fiscal year, exports grew 8.85 per cent to \$298.47 billion, while imports rose 9.75 per cent to \$464 billion.

The trade deficit has widened to \$165.52 billion during the 11 months of the current fiscal from \$148.55 billion in the year-ago period.

“The economies across Asia, especially China and the Southeast Asian nations, have been showing signs of sluggishness with contraction in manufacturing because of the slowdown in global trade and a fragile world economy,” he said.

China’s exports contracted 20.7 per cent in February, the largest decline in three years, while imports fell 5.2 per cent, stirring fears of a trade recession.

He said the country could take advantage of the global situation and boost its exports if pro-active measures are taken by the authorities, which can result in exports touching \$375 billion next fiscal.

While scaling down global growth by 20 basis points to 3.5 per cent on the back of sustained trade tensions between the US and China, the International Monetary Fund said India’s economy is poised to pick up from 7 per cent a year ago to 7.5 per cent in 2019-20, benefiting from lower oil prices and a slower pace of monetary tightening than previously expected as inflation pressures ease.

Source: telegraphindia.com- Mar 18, 2019

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Call to fix minimum-guarantee freight rate for truck sector

With lorry owners struggling to meet their ends, the government should fix a minimum guarantee freight rate to ensure sustainability in the long run. This request came in unison from the truck owners present at the grand finale of ‘Lead the Road’..

If the government can fix the minimum fare for buses and railways, why not fix the freight rate for the truck sector, the truck owners asked.

The demand for minimum guarantee freight was first made by SK Mittal, President, All India Motor Transport Congress, the parent body that represents the truck industry across the country. It is the duty of the government to fix cost per km, said Mittal during a panel discussion at the meeting.

“We want to give a message through BusinessLine to the government to provide us cost per km so that we can save, and small operators will benefit in the long run. If a client is quoting less than that, then anti-competitive law will be there to penalise,” he said, evoking loud cheers from the audience. Excess vehicles on road and lesser cargo to carry has created a major demand-supply problem.

Clients often exploit this situation and pay low freight, which is just enough to break-even. Truckers carry whatever cargo is available to keep their vehicle running and are not worried about the risks involved in the long run, said a truck owner, during a discussion moderated by Shishir Sinha, Senior Deputy Editor, BusinessLine.

Anath Swarup, Joint Secretary, Logistics, a division at the Commerce Ministry, in an interaction after the panel discussion said the truck industry is purely based on supply and demand. Fixing of freight should be left to the industry and not the government. Stakeholders in the industry should come together to fix the cost per km, he said.

Speaking on Goods and Services Tax (GST), Ramesh Agarwal, President, All India Transport Welfare Association, said the organised sector has come under GST, but not the unorganised due to lack of awareness and understanding of the taxation system. “In my calculation, by registering under the GST, a trucker can save nearly 8 per cent of the cost,” he said. The industry is dominated by the unorganised sector with one or two vehicle owners having 80-85 per cent of the vehicles.

Organised players have benefited a lot by way of Input Credit and the eWay bill. The introduction of fuel price under GST will benefit the transporters even further, he added. Shridhar Sharma, General Manager (Retail Sales), Delhi State Office, IndianOil Corporation, said the move to include diesel in GST must be decided by the Centre through the GST Council, in which all State governments are present. State governments earn heavily from fuel through value-added tax, and don't want to let go. However, “I feel, in future, fuel could come under the GST.”

Raghavan Srinivasan, Editor, BusinessLine, in his welcome address, said the event has provided the perfect platform for fleet operators, financiers, fuel suppliers, and the government to discuss various issues related to the transport industry. It all began last June, when the first Transporters Meet

was held at Namakkal. This was followed by events at Kochi, Vijayawada, Hyderabad, Pune, Jaipur, Jamshedpur, Gandhidham, Navi Mumbai, and finally, Gurugram.

Source: thehindubusinessline.com- Mar 17, 2019

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Garment exporters hail Union govt's rebate scheme

City's garment exporters are jubilant over the Union cabinet's decision to provide rebate over the state and central embedded tax to the textile sector. The decision which was taken by the Union government on Thursday is being hailed by the exporters who are of the view that this will lead to improvement in the garment and textile export from India which was registering a downfall.

Executive council member of Apparel Export Promotion Council Narinder Chugh, said, "This is solely due to the efforts of our organisation that this long-pending demand of ours has been fulfilled by the Union government.

This decision will lead to garment exporters ending up getting an additional incentive of 3.5 to 4 percent on exports which will lead to revival of garment exports from India which had suffered a huge hit from past sometime."

President of Knitwear and Apparel Exporters Organisation Harish Dua said, "This will go a long way in supporting our ailing industry as the rebate on the state and central embedded tax to the textile sector will indirectly benefit the garment exporters who were already facing the slump and also fighting on various fronts to break even."

President of Knit and Fab cluster Bhushan Abbi said, "We welcome this step if the central government, but this is not enough to boost the garment and textile manufacturing sector. Government should have at least introduced special interest subvention scheme for garment sector which would have definitely given a big push to the sector."

Source: timesofindia.com- Mar 18, 2019

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Armed with looms, women are weaving a change in Nagaland

Traditional weaving lost out to power looms and was on its death bed, but a band of dedicated women in Nagaland has not only resurrected it, but taken it to the next level, spinning off an entirely new industry around it — loom-centered tourism.

Sonnie Kath is considered to be the pioneer who breathed new life into loom weaving in Nagaland. Back in 2003, Sonnie, along with her two sisters, founded ‘Echo Self Help Group’ and reintroduced traditional weaving in Diezephe village, 15km from Dimapur, the commercial capital of Nagaland.

“What started as an experiment involving 11 weavers has now turned into an industry of 200 women,” says Haiyale, one of the co-founders. “Depending upon the design and how much they weave, some women earn up to Rs 6,000 a month,” she says.

The NGO of the Kath sisters has now evolved into ‘Exotic Echo’ with Haiyale as president. Exotic Echo not only produces and markets its products, it grows cotton, spins it into yarn, and dyes it too!

Exotic Echo has been hosting the annual ‘Loinloom Festival’ in the first week of December, for the last 5 years, and has brought in weaving-centred tourism to the state.

“We have 11 bamboo and mud huts for homestay and additional camping infrastructure for 40 campers. Discerning travellers can now stay in Diezephe, enjoy the crafts village and the weaving process,” says Haiyale, adding that it is helping generate additional employment. A recent initiative, Weaver’s Place is attracting tourists even from abroad, she adds.

Mekhala Mama

One woman has taken the campaign for traditional weaves online. Theyiesinuo Keditsu, aka Mekhala Mama, is an Insta celeb with close to 10,000 followers.

An assistant professor of literature at Kohima College, Keditsu posts photos on Instagram flaunting the traditional Naga sarong, which has inspired not

just youths from Nagaland, but many more outside, to try the wraparound worn as a skirt in the northeast.

She has a mekhala for every occasion and mood. But Kreditsu's Insta page isn't about fulfilling a narcissistic desire. The mom from Nagaland is on a mission — to popularise Naga indigenous textiles and support women weavers and local businesses. And she's going about it with elan.

Kreditsu was jolted out of her reverie while on a window-shopping trip to a mekhala store in Kohima two years ago. "The shopkeeper lamented that fewer young women come to buy mekhalas and that mekhalas don't sell as much as they used to. She told me many weavers aren't motivated to continue weaving and are opting to do other work. This was scary and set me thinking about doing something beyond increasing my personal collection," Kreditsu tells TOI. Traditional weaving in most of the northeast has fallen victim to power looms.

She started the Instagram page and began demonstrating that the mekhala is a "viable fashion item" for everyday wear. There has been a sea change ever since. "My account has generated a lot of interest among young Naga women. Many of them regularly send me photos and have made commitments to incorporate mekhalas into their daily and occasion wear," Kreditsu says, adding that she gets a huge number of queries from outside of Nagaland and the northeast.

Warp and Weft

Akhwele, 48, and her friend Avole, 38, live in Chizami village which is 88km from state capital Kohima. While Instagram and Mekhala Mama are unknown here, the lives of all three are connected by the threads of the loom.

In the village, Akhwele is weaving on a loin loom and chatting nonchalantly with her friend Avole. The paddy that is spread out beside them glistens in the light of the early morning sun, now risen above the green Naga hills. Avole shoos away a couple of chicken, which are stealing a quick peck at the grain, while warping thread around sticks. She's planning to weave a stole — a miniature version of the traditional shawl that has become a style statement of Naga men these days.

Chizami and 13 other villages around it are weaving a slow change.

Traditional loin loom weaving, which was dying in the state, was revived in Chizami — a village of 600 households — by North East Network (NEN), an organization that champions women’s rights and works to empower them through skill development and livelihood training.

Women of Chizami and the other villages in Phek district are now associated with NEN. The supplementary income from weaving and the boost to self-esteem through it has changed the position of the women within the family, even yielding them political space in village councils.

Other than the traditional mekhala and shawl, the women are now weaving items of home furnishing like table mats and runners, bags and pouches, which are sold by NEN under the brand name ‘Chizami Weaves’.

“Women weaving for 15 days, for three to four hours a day, earn up to Rs2,000 a month. This hard cash is getting them newfound respect from their husbands and in-laws. The attitude of men has changed so much so that in some cases they are even babysitting and helping in household chores, unimaginable earlier in a highly patriarchal society,” says Wekoweu Tsuhah, the programme director of NEN in Nagaland.

The money may sound loose change to some, but in rural hinterlands here, it is a game-changer. Slowly, the weavers are becoming assertive and playing an active part in village council meetings. “In what is quite an example, two weaver women made it to the village council of Enhulumi,” Tsuhah says.

Thread Counts

In an agrarian society, weaving was mostly done between the primary field work and household chores, but now it is helping supplement income and giving women more say.

“I am paying the fees of my third son in a Kohima college, from my earnings from the loom,” a proud Akhwele of Chizami village says. Now, not only do her husband and sons help her in cooking, even neighbours come to her for advice owing to the popularity and recognition she has gained as a master weaver.

The fame of Chizami has spread far and wide. Akhwele and Avole are among the few master weavers who recently trained a batch of 30 students from New Delhi's Indian Institute of Art and Design.

Nearly 600 women weavers are associated with NEN and are also helping in keeping alive traditional weaving, whose designs and motifs have been passed on from one generation to the next for hundreds of years. It is also taking the weavers places. "I attended a national handloom convention in Hyderabad in November last year where I learnt Thai weaving techniques and shared my knowledge too," says Akhwele, who has travelled beyond Nagaland only twice in her life.

Feminist Designs

Like in Homer's Iliad, where Helen weaves a great web with scenes from the battle between the Trojans and the Greek, Naga women, too, have over the ages embroidered the tapestry with their angst, and the occasional respites.

History in themselves, the designs will now be kept alive by the few sentinels of time in the age of powerlooms. "Many times the designs aren't planned. The freedom to express myself in the loom gives rise to many abstract designs and patterns," Akhwele says.

Mekhala Mama Kreditsu, too, sees tapestry as a canvas to preserve the highly undocumented oral folklore of the Nagas. "Weaving is an exclusively female art among the Nagas, so our cloths are intimately tied with women's narratives — both of past and present," Kreditsu says.

She is very hopeful for the traditional Naga weaves because of the "resurgence in indigenous pride over the last two decades".

Source: timesofindia.com- Mar 17, 2019

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