TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

TEXTILE INTELLIGENCE CENTRE IBTEX

INFORMATION BUREAU TEXPROCIL

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 140 of 2019 July 18, 2019

US 68.80| EUR 77.31 | GBP 85.57| JPY 0.64

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
20957	43800	**81.12**

Domestic Futures Price (Ex. Warehouse Rajkot), July

Rs./Bale	Rs./Candy	USD Cent/lb
21740	45437	**84.15**

International Futures Price

NY ICE USD Cents/lb (December 2019)	62.49
ZCE Cotton: Yuan/MT (September 2019)	13,055
ZCE Cotton: USD Cents/lb	86.15
Cotlook A Index – Physical	**74.20**

Cotton Guide: As predicted, there are no bullish Fundamental factors seen for the next fortnight. The bears are in total control of the situation. For today, we can mark our notebooks to a low figure of 61.50 cents/lb for the ICE December future. Even the supporting factor, Crude Oil is bearish. WTI crude a couple of days ago was trading in the 60 $/BBL range, today while we write the reports at 8 am in the morning the price of crude is in the 56 $/BBL range.

The ICE futures settled negative all across the board. The most liquid ICE December contract settled at 62.49 cents/lb with a change of -57 points. The low that ICE December tasted was 62.32 cents/lb. The ICE March 2020 contract settled at 63.62 cents/lb with a change of -66 points. Markets were quite silent with low volume figures of 16,134 contracts. Total Open Interest increased by 799 contracts to 191,112 contracts.

The MCX contracts on the other hand, emanated the opposite direction as of ICE. The MCX contracts were positive. The most active July contract settled at 21,740 Rs/Bale with a change of +150 Rs. The last contract for the 2018/2019 season the MCX August contract settled at 21,040 Rs/Bale with a change of +110 Rs. The spread between the two contracts was seen higher with a difference of 700 Rs. The new marketing year contracts were bearish however with limited volumes. The MCX November contract settled at 19,970 Rs/bale with a change of -120 Rs coupled with a low of 19,900 Rs/Bale. Volumes crossed the 3000 mark with total volumes amounting to 3,265 lots. i.e. an increase of 23% was witnessed.

The cotlook Index A has been adjusted at 74.20 cents/lb with a change of -0.75 cents/lb. The cotlook Forward index A has been adjusted at 73.75 cents/lb with a change of -0.75 cents/lb. Prices of Shankar 6 are averaged at 43,800 Rs/Candy.

We have understood that the top mills in India are having cotton inventory uptill End September and are very well covered. Therefore, the mill purchasing would continue hand to mouth. On the other hand, the mills in Gujarat are having cotton inventory for 30 days (mid August). Therefore we can consider, for the coming week, demand will remain subdued.

On the fundamental front, for today, the ICE contracts are expected to be bearish as we believe the markets have not reached a bottom. The MCX contracts for July and August on the other hand are seen to increase without any fundamental reason. We have a consolidated stance for the MCX contracts especially for the July and August contracts. For the MCX October and November contracts we are bearish i.e. means it will follow the path laid out by ICE.

The only bullish factors we see here are, one, an unexpected startling positive tweet by President trump, two, a report showing some crop damage caused by hurricane Barry. The later one might be a cause of bullishness early next week which again would be short lived.

On the technical front, ICE Cotton futures witnessed decline as it failed to hold on the recovery rally. Meanwhile price is trading below the 5 and 9 day EMA, with bearish crossover of short term (5 DEMA) below (9 DEMA) along with weaker RSI which weighed over prices to test new lows of 62.32. RSI in the daily charts is still under 40, which needs to move beyond 50 to change the bearish bias in cotton price, until then it could remain in the sideways to downside bias. So in the near term resistance exists around 63.90 (9 DEMA), which may restrict price to move higher. Only a close above 64.00 would push price towards 65.00. On the downside 62.35 is a strong support, a close below would bring further selling pressure in prices towards 61.00. So for near term price is expected to consolidate in the range of 62.30-64.00. Either side break will bring further clarity in the trend. In the domestic market MCX July future is expected to trade in the range of 21440-21950 Rs/bale.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Trade is still unbalanced and Tariffs aren't the fix, IMF says
2	Growth of Chinese economy lowest since 2009 Q1
3	US cotton acreage down three per cent
4	S Korea to consider duty-free access to Bangla products
5	Chinese firm plans to invest in cotton if second test a success
6	Cracks in Asia Junk Bonds Shown in Fast Fall of Textile Firm
7	Bangladesh: RMG exporters looking East
8	Asian brands move East, as region emerges the next retail destination
9	Morocco - US FTA deal seeks to boost trade
10	Zara owner promises 100 per cent sustainable fabrics by 2025

	NATIONAL NEWS
1	Preferential trade status under GSP for India should continue: IACC
2	Global headwinds for Indian economy
3	GSP withdrawal impact: US firms to pay an additional $300 million in taxes annually in India
4	Export slump reflects slow global demand, requires collective attention of ministries
5	Japan's Uniqlo sews up plan for India entry
6	Slow Growth in Manufacturing Sector
7	India, eight others, caution WTO against reforms that worsen imbalances
8	Export Promotion Scheme
9	India and US bilateral trade at crossroads: Report
10	Google wants Indian farmers to use AI to find bugs in cotton crop, improve annual yield

INTERNATIONAL NEWS

Trade is still unbalanced and Tariffs aren't the fix, IMF says

The International Monetary Fund said more work is needed to further reduce global trade imbalances amid increasing tensions, while issuing a fresh warning that such conflicts are weighing on the global economy.

"It is imperative that all countries avoid policies that distort trade," the IMF said in its annual External Sector Report released Wednesday in Washington. "Against a backdrop of escalating trade tensions, greater urgency is needed in tackling persistent excess imbalances.

"The report comes as the Washington-based fund confronts a surge in protectionism around the world that's seen dragging on global growth, with output slowing in major economies from China to Europe and Mexico. IMF leadership also is in flux with Managing Director Christine Lagarde set to succeed Mario Draghi as president of the European Central Bank.

While the U.S. trade war with China has cooled with a recent truce and renewed talks, the world's second-largest economy has slowed amid President Donald Trump's tariffs. China's government said this week that the economy eased to the weakest pace since quarterly data began in 1992, highlighting effects of the ongoing trade dispute with the U.S.

"With prolonged trade uncertainty, it's weighing on business sentiment everywhere in the world, which then has implications for global demand," IMF Chief Economist Gita Gopinath said at a press conference Wednesday.

"We welcome the trade truce between the U.S. and China that came toward the end of June at the G-20 meetings, and we would hope that the world would continue to work cooperatively to not only not trigger these trade tensions but also to address the issues with the multilateral trading system."

The report urged countries to refrain from using tariffs to target bilateral trade balances as such actions "are costly for global trade, investment, and growth, and are generally not effective in reducing external imbalances."

World imbalances

Overall current account balances declined marginally from the prior year to 3% of global gross domestic product in 2018, according to the report. Net creditor positions have further increased to about 20% of global output, which the fund called a historical peak that's four times higher than early-1990s levels.

Higher-than-warranted balances are centered in the euro area, driven by Germany and the Netherlands, as well as other advanced economies such as South Korea and Singapore, according to the IMF. It said balances that are lower-than-warranted are still concentrated in the U.S. and U.K., along with some emerging economies such as Argentina and Indonesia.

China's balance is in line with fundamentals as its current account surplus has narrowed further, the IMF said, while adding that a lasting external rebalancing requires further reforms and reining in expansionary economic policies.

Stimulus ready

David Lipton, the IMF's acting managing director, on Tuesday urged central banks and other policy makers to be ready with more stimulus if a global economy that's already slowed by a trade war deteriorates. "All need to be ready in case there is a significant slowdown to respond much more forcefully," Lipton said in a Bloomberg TV interview.

The fund's report Wednesday called for "reviving liberalization efforts and modernizing the multilateral rules-based trading system" to better capture e-commerce and trade in services, plus more enforceable World Trade Organization commitments "through a well-functioning WTO dispute settlement system."

The IMF in April cut its outlook for global growth to the lowest since the financial crisis amid a bleaker outlook in most major advanced economies and signs that higher tariffs are weighing on trade. The IMF forecast the world economy will grow 3.3 percent this year, less than the 3.5 percent it had estimated in January. It was third downgrade to the outlook in six months.

Reports from major economies show trade tensions weighing on global manufacturing. U.K. factory output is shrinking for the first time in almost three years while gauges for China and South Korea remain below the key 50 level. The JPMorgan Global Manufacturing PMI fell to 49.4 in June, the weakest reading in data since mid-2016.

Asked to address the fund's view on Facebook Inc.'s proposed digital currency Libra, Gopinath said that it could have a role in promoting greater financial inclusion, but there are also risks and concerns associated with such technologies, such as money laundering. She said regulatory agencies around the world must pay close attention to these developments and make sure there are enough checks and balances before it's too late.

"There are questions about consumer protection, there are concerns about how the data will be used, there are important questions to be asked about how this would affect monetary policy transmission," she said. "And if you look at particularly countries that are not reserve-currency countries, would this lead to back-door dollarization?"

Source: sourcingjournal.com- July 17, 2019

HOME

****

Growth of Chinese economy lowest since 2009 Q1

China's economy grew 6.2 per cent over a year ago in the quarter ending June, down from the previous quarter's 6.4 per cent, according to government data.

That was the lowest since the 2009 first quarter in the aftermath of the global financial crisis. The economy faces a 'complex environment both at home and abroad', the National Bureau of Statistics said.

Growth in retail sales slowed to 8.4 per cent in the first half of 2019, down by 0.1 percentage points from the first quarter, the Chinese Government reported. Growth in factory output decelerated to 6 per cent in the first half, down by 0.1 percentage points from the first quarter.

Auto sales, reported earlier, fell 7.8 per cent in June, extending a year-long contraction in the industry's biggest market. Chinese exports to the United States fell by 7.8 per cent in June from a year, because of US penalty tariff hikes.

Chinese leaders have stepped up spending and bank lending to shore up growth and avert job losses that have potentially hazardous political fallouts. But they face bad news on several unexpected fronts that include plunging auto sales as they fight with the United States over China’s technology ambitions, according to Western media reports.

Though President Donald Trump and Chinese President Xi Jinping agreed last month to resume trade talks, economists caution the truce is fragile as the two sides face the same array of disagreements that caused talks to break down earlier.

Beijing is pumping money into the economy through higher spending on building highways and other public works. That has shored up growth but set back efforts to reduce reliance on investment, which has pushed debt to levels that prompted credit rating agencies to cut China's credit rating.

Source: fibre2fashion.com- July 18, 2019

HOME

****

US cotton acreage down three per cent

Cotton planted acreage in the US is down about three per cent from last year. While pima acreage increased 10 per cent, upland acreage decreased three per cent. A total of 96 per cent of American cotton acreage has been planted, which is slightly more than last year for that date. Quality also appears to be a bit better than last year, with 50 per cent of the total acreage being rated as good to excellent.

Compared to previous year, five states planted fewer upland cotton acres in 2019, including California. Upland cotton planted area is a record low in California. In California, planting started a little behind schedule due to rain and cooler spring temperatures. Weather conditions in May slowed crop progress and led to concerns of high insect pressure. Some farmers switched from upland to pima.

Last year, California growers planted 2,11,000 acres of pima cotton, harvesting a total of 210,000 acres. This year growers planted 2,40,000 acres of pima, an increase of nearly 14 per cent. Altogether California cotton growers have planted 2,80,000 acres for the 2019 crop.

The total amount of biotechnology varieties that have been planted this year are 89 per cent, compared to 81 per cent in 2018. Of that total, ten per cent are insect resistant, 38 per cent are herbicide resistant and 41 per cent are stacked gene varieties.

Source: fashionatingworld.com- July 17, 2019

HOME

****

China's May exports of textiles and garments higher than last year

China's textile and garment exports fell 2.88 per cent in January to April this year compared to the same period last year. Exports of yarns, fabric and related products were up 1.41 per cent year on year. Exports of garment and accessories were down 5.5 per cent year on year.

However, in May 2019 China's textile and garment exports were up 1.65 per cent over the same period last year. Export of yarns, fabric and related products increased by 3.55 per cent compared with the same period of 2018. And exports of garment and accessories were down 0.11 per cent year on year.

Compared with the sharp growth and apparent slowdown in textile and apparel exports from January to April, China's textile and garment exports stabilized in May, and the export performance was better than expected.

Even in the face of the uncertainty brought about by the Sino-US trade war, the Chinese textile industry still reflects strong resilience and international competitiveness.

China for instance continues to be a major supplier of innerwear like cotton and manmade fiber underwear as well as bras. This is likely attributable to the combination of the specialty manufacturing and materials needed to produce these items compared to more basic apparel.

Source: fashionatingworld.com- July 17, 2019

HOME

****

S Korea to consider duty-free access to Bangla products

South Korean Prime Minister Lee Nak-yon recently assured Bangladesh of considering duty-free and quota-free market access for all Bangladeshi products as the bilateral trade was heavily tilted towards South Korea.

The assurance came during the official summit talks between Prime Minister Sheikh Hasina and her South Korean counterpart in Dhaka.

The Korean side has earmarked $1 billion from the Overseas Development Assistance fund for Bangladesh for 2020.

Issues like trade, commerce, investment, technical cooperation and the Rohingya refugees were discussed at the summit, according to Bangla media reports.

Hasina urged South Korea to import woven garments, pharmaceuticals, knitwear, jute and jute products, leather and leather goods, frozen food and ceramic items from Bangladesh.

The Korean side was eager to cooperate with Bangladesh in energy, information and communication technology and defence.

Three instruments were signed between both sides after the talks.

Source: fibre2fashion.com- July 17, 2019

HOME

****

Chinese firm plans to invest in cotton if second test a success

Chinese company Jiangsu Lianfa Textile Co Ltd plans to invest in cotton in Pursat province to process fabrics and supply the Kingdom's garment factories, according to the Ministry of Agriculture, Forestry and Fisheries.

Following successful preliminary crop tests, Jiangsu Lianfa is preparing a second test on 180ha in the province's Bakan district, said the ministry, adding that the firm brought more than 40 varieties of cotton seeds for the test.

The investment project comes a year after Minister of Agriculture, Forestry and Fisheries Veng Sakhon visited the company in China's Jiangsu province last year, it said in a Facebook post on Tuesday. The cotton industry declined during the Khmer Rouge era when nearly all agricultural resources were allocated to rice production.

Between 1965 and 1975, the industry – established by the French – thrived, and thousands of acres of the crop were harvested each year. Although cotton production continued under the Pol Pot regime, a lack of a market and years of insect infestation led Cambodian farmers to all but give up on it by 1985.

A ministry spokesman Srey Vuthy said Jiangsu Lianfa also planned to build a processing plant but did not know when. I think that if this project is successful, it will help restore the cotton industry in Cambodia," he said.

Provincial Department of Agriculture director Lay Visith told The Post that he and senior ministry officials on Tuesday visited the field. "I see they are clearing the land and digging a pond, I don't think they'll start for at least two more years. I hope that the people living in Pursat province will be able to find new jobs in cotton planting," said Visith.

He said the company is still in the process of crop testing 44 different kinds of varieties from China. "They have been tested for their yields, weather and disease resilience, and adaptability to our soil. They'll probably run two or three seasons worth of tests," he said.

Garment factories are the engine for the Kingdom's manufacturing sector. However, raw materials have to be imported. Sok Vanna, deputy director of the ministry's Department of Industrial Crop, said if a Chinese company were to set up a cotton mill in Cambodia, farmers would flock to cotton planting.

“I say that it’s good if a company plants cotton, there may be farmers who turn to grow cotton instead because they see a demand for it and high prices. They could become interested in cotton growing,” he said.

Source: phnompenhpost.com- July 17, 2019

HOME

****

Cracks in Asia Junk Bonds Shown in Fast Fall of Textile Firm

The wild ride in an Indonesia textile maker’s dollar bonds is putting a spotlight on the risks that Asia junk bond buyers are taking.

Four months after a subsidiary of Indonesia’s Duniatex Group sold a $300 million bond, attracting over $1 billion of orders, that bond has plummeted, losing nearly 70 cents on the dollar this week. The stunning fall, prompted by a missed loan payment by another group subsidiary, has shocked bond investors.

The Indonesian firm’s slump also highlights risks that investors face as they buy into the region’s junk bond market, which has returned 11% so far this year, the most since 2016.

Recent bond defaults out of China have raised concerns about the quality of financial reports. One defaulter, Chinese firm Kangde Xin Composite Material, was found to have faked profit, according to the nation’s stock market watchdog.

“Governance standards have to be stronger across the board for Asia high yield,” said Dhiraj Bajaj, portfolio manager at Lombard Odier. “Where quality standards are not met, investors should say no at any price.”

S&P cut its credit score on Delta Merlin Dunia Tekstil’s dollar bonds by six steps to CCC- this week, citing its “significant liquidity challenges.” The ongoing U.S.-China trade tensions are “significantly hurting” the Indonesian textile market, and Duniatex's liquidity was affected by plummeting prices due to the oversupply of imported cheap fabric from China, S&P also said.

More stress is emerging in Indonesia. Fitch Ratings on Wednesday cut its credit score on notes sold by Agung Podomoro Land's subsidiary, citing delays in raising funds for refinancing. The company's $300 million 2024 bonds have fallen about 9 cents on the dollar to 79.4 since Friday, according to data compiled by Bloomberg.

'Don't Call or Email'

The communication between Delta Merlin Dunia Tekstil and investors also highlights the difficulties bond buyers can face when things go sour.

There have been concerns about disclosure in recent defaults of unlisted companies including dollar bonds sold by CEFC Shanghai International Group and Reward Science and Technology Industry Group Co.

Neither Duniatex nor its subsidiary that sold the bond or the loan are listed. An email sent from a Duniatex executive to an investor that was seen by Bloomberg News, said "We will try to ring fenced DMDT as the bond issuer" from a missed payment on a loan.

"We will update later, please dont call or email at this time, as my Inbox flooded with emails," the email also said.

Calls to Duniatex seeking comment went unanswered.

BNP Paribas SA and Standard Chartered Plc arranged the bond sold in March. A spokeswoman for Standard Chartered declined to comment, while a spokesman for BNP Paribas also declined to comment.

"This event reminds us of potential problems outside of China as well, with a lack of disclosure for private companies," said Raymond Chia, head of credit research for Asia excluding Japan at Schroder Investment Management Ltd.

Source: bloomberg.com- July 17, 2019

HOME

****

Bangladesh: RMG exporters looking East

Shipments to India, China and Japan going up

Three Asian nations -- India, China and Japan -- are fast emerging as major apparel export destinations for Bangladesh after a jump in orders in the immediate past fiscal year.

For instance, Japan became the first country in Asia to receive more than $1 billion of apparel shipments from Bangladesh last fiscal year.

Bangladesh exported garment items worth $1.09 billion to Japan in fiscal 2018-19, up 28.90 percent year-on-year, according to data from the Export Promotion Bureau (EPB).

The reasons for the continuous rise in garment exports to Japan -- a country with a $45 billion garment market -- are its “China plus one” strategy adopted in 2008 and its zero-duty benefit to Bangladesh as a least developed country.

Currently, nearly 80 percent of the demand for apparel is met by Chinese manufacturers, said industry insiders.

And Japan is keen to reduce the dependence on China. The China plus one policy promotes shifting of production from China to other nations such as Bangladesh.

Similarly, garment exports to India swelled 79.09 percent year-on-year to $499.09 million last fiscal year.

Since 2011 Bangladesh has been enjoying duty-free benefit, which prompted many international retailers like H&M, Zara, Mango, Marks & Spencer that have presence in India to source directly from Bangladesh for the stores.

China, the largest garment supplier worldwide, has been turning into a major export destination for Bangladesh too as it looks to shift production of more sophisticated and heavy items. Garment export from Bangladesh to China grew 29.33 percent year-on-year to $506.51 million last fiscal year.

Bangladesh's garment manufacturers too are pushing to widen their business with China for its geographical proximity and better prices.

Furthermore, Bangladeshi exporters enjoy duty-free access for 4,721 products including garment.

"The stimulus package from the government for exporting to new market looks to be working," said Mohiuddin Rubel, a director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Moreover, the Asian markets are closer to Bangladesh geographically, which ensures shorter lead time -- crucial in the era of fast fashion, he added.

Source: thedailystar.net- July 18, 2019

HOME

****

Asian brands move East, as region emerges the next retail destination

With many high-end brands retailing in the city, Hong Kong, for nearly two decades, was known as the Shopping Mecca of the world. The city offered the best, the latest and the greatest of European and American fashion.

Be it clothing, accessories or electronics, it stocked everything from the world's most reputed brands like Prada, Chanel Kate, Spade, Gap, H&M, Christian Dior, Giorgio Armani, Gucci and Zara.

Now, however, trends are changing. European and North American brands are scaling back their expansion plans and exercising more fiscal trends.

Taking advantage of this, many Asian brands are filling the market with their products.

The early movers

Two of the earliest entrants into the market include Muji and Uniqlo, the Japanese home ware and casualAsian brands move East as region emerges the next retail fashion brand whose presence spans right from the modern Shibuya towers to the 18th century heritage buildings in Barcelona. Of these, Muji is opening a new store in Pacific Place while discount retailer Don Quijot plans to open an outlet in Hong Kong. This outlet will be a part of the brand's regional expansion plan that also includes Singapore, Thailand, Taiwan, Korea and the US. Korean cosmetics brands such as Innisfree, Etude House and 3CE are also opening new shops in several international locations along with Gentle Monster and Line Friends.

Joining the brigade

Chinese casual apparel brand Meters/bonwe, tech brand DJI and restaurant chains Haidilao recently opened outlets in Kuala Lumpur and Hong Kong. Taiwanese restaurant Din Tai Fung forayed into Japan, the UK, the US, Thailand, Australia and other markets. Singaporean shoe brand Charles & Keith also opened an outlet in Jakarta, Shanghai and Taipei. The brand already operates more than 300 stores in Indonesia, the Philippines, the UAE, India, South Africa. Michelin-rated diner Putien has launched in Jakarta, Shanghai and Taipei.

Shifting demands and ease of operation facilitates movement

The reasons for this sudden influx of Asian brands into the worldwide markets are many. Prominent amongst them is shifting demands of consumers who constantly seek novelty in their products. Also, it is easier for these brands to open their stores in Asian countries where they already have either a physical or an online presence. As Asian products are known for their cheaper rates than their western equivalents which fits the shifting consumer demands perfectly.

Factors such as proximity and logistics are also boosting demand for Asian products with three of the world's busiest ports — Hong Kong, Singapore and Shanghai — on the doorstep making regional expansion a logical choice for these brands. Though there are likely to be many challenges in the way of this expansion, Asia definitely seems to be next destination for many European brands as of now.

Source: fashionatingworld.com- July 17, 2019

HOME

****

Morocco - US FTA deal seeks to boost trade

On Tuesday, July 16, a joint committee for the follow up of the Morocco-US Free Trade Agreement (FTA) convened in Rabat. Minister of Industry and Investment Moulay Hafid Elalamy and Assistant US Trade Representative for Europe and the Middle East, Dan Mullaney led the joint committee.

The committee discussed means to further develop trade relations between Morocco and the US. Elalamy recalled the recently launched air routes between Morocco and the US, including the Casablanca-Miami air route launched by flag carrier Royal Air Maroc in April 2014.

Elalami discussed the free trade agreement, calling it a "catalyst for bringing business communities closer together between the two countries." The US and Morocco signed the free trade agreement (FTA) on June 15, 2004. The agreement has been effective since January 1, 2006.

Since its enactment, US-Morocco have reinforced their diplomatic relations by continuing to advance in areas such as development and security.

Mullaney expressed his country's intention to further boost trade between the countries and to promote investment. The US official called for reflection on how to improve bilateral trade to take full advantage of the opportunities the agreement offer.

According to moroccoworldnews.com, exports also increased more than fivefold to $1.38 billion in 2018 from just $0.26 billion in 2006. Imports more than quadrupled, reaching $4.06 billion in 2018 compared to only $1.08 billion in 2006.

Source: freshplaza.com- July 17, 2019

HOME

****

Zara owner promises 100 per cent sustainable fabrics by 2025

Inditex, one of the world's largest fashion companies, has promised that by 2025 100 per cent of the cotton, linen, and polyester used by all its brands will be organic, sustainable or recycled.

The move, which is almost unprecedented amongst mainstream fashion retailers, means 90 per cent of the materials purchased from the group will come from a sustainable source, CEO Pablo Isla told shareholders at an Annual General Meeting yesterday. By 2023, all the viscose it uses will also be certified as sustainable.

Isla added that by the same date 80 per cent of the power used in the Group's activities will come from renewable sources.

Zara accounts for around 70 per cent of sales across the Inditex Group. Although the fashion brand has released a host of sustainable collections in recent years, today's announcement is by far its most ambitious green commitment to date.

"Sustainability is a never-ending task in which everyone here at Inditex is involved and in which we are successfully engaging all of our suppliers," said Isla.

Fashion is one of the most polluting industries in the world, responsible for an outsize environmental impact in terms of greenhouse gas emissions, water use, and chemical pollution. The UN has been urging fashion companies to do more to tackle their impact, but so far any reforms have been limited.

Isla signalled his desire to make sustainable clothing a core component of Inditex's offer, indicating that garments sold under its 'Join Life' label which aims to emphasise high environmental standards, will more than double this year to account for more than a quarter of the company's production by 2020.

The volume of clothing featuring the Join Life label has already increased by 85 per cent in 2018 to 136 million garments, the retailer said.

In addition, by the end of next year Inditex has pledged to phase out the use of plastic bags entirely, and by 2023 eliminate all single-use plastics from customer sales.

It also promised to make its stores more energy efficient and place used clothing collection bins in all outlets in order to boost the volume of textiles going to charity or being recycled.

Isla said Inditex it is also working with the Massachusetts Institute of Technology to research new methods for recovering used textile fibres.

In recent years the 'fast fashion' industry has been the focus of growing concern among environmentalists, who argue cheap clothes are being bought and worn only handful of times before being thrown away.

Earlier this year MPs from the Environmental Audit Committee proposed a one penny levy on every clothing item sold in the UK, to help fund new textile recycling services. But the government said in response that it plans to look at rules on producer responsibility for textiles by 2025, dismissing the Committee's proposal of a complete ban on textiles going to recycling.

Source: businessgreen.com- July 18, 2019

HOME

****

NATIONAL NEWS

Preferential trade status under GSP for India should continue: IACC

The key products/industries that will be majorly impacted include dairy products, items of gold or silver, chemical products, engineering sector and textile goods, participants at a roundtable said here on Wednesday.

The Indo-American Chambers of Commerce (IACC) has said that preferential trade status under the Generalised System of Preference (GSP) conferred over the last three decades between India and US should continue for enhancing trade between the two countries.

The termination of preferential trade status — which has significantly contributed to the growth of trade between the two countries — for India under GSP from June will negatively impact the Indian exports of goods to US which were earlier eligible for GSP benefit, members of the Western India Council of IACC said.

The key products/industries that will be majorly impacted include dairy products, items of gold or silver, chemical products, engineering sector and textile goods, participants at a roundtable said here on Wednesday.

Further, due to the rise in duty rates for aluminium/steel, exporters in India have suffered a setback and the Indian government has raised a retaliation claim to recover the cost to the tune of $241 million levied on steel/ aluminium exports, they said.

On the other hand, the impact on the US companies due to removal of GSP will cost American businesses over $ 300 million additional tariffs every year.

“New tax will result in job losses, cancelled investments and cost increases for consumers. US companies do not get access to the Indian market,” they said.

IACC proposed that new ventures may evaluate setting up of processing units in the United States, especially in areas like defence related textiles and clothing.

"This shall be a win-win situation for both the countries in a way that the basic raw materials such as yarn and fibre can be exported from India to US markets leading to value addition and employment in the US," the industry body said.

Source: indianexpress.com- July 18, 2019

HOME

****

Global headwinds for Indian economy

When America sneezes, the rest of the world catches a cold. When its Twitter-happy president declares a trade war targeting the world's second-largest economy, China, casualties pile up on every shore. Thus, India's June trade numbers show a 9.7% fall in exports, the first contraction in nine months.

The trade deficit is rescued by a 9.1% fall in imports, reflecting sluggish domestic demand. The biggest import drops were recorded in crude oil, uncut precious stones and machinery. So, the trade war, initially expected to help economies like Indonesia, Malaysia, Vietnam, Bangladesh, Sri Lanka and India, as capital sought ways to relocate from China, has not played according to script.

As China's Q2 GDP growth slumped to a 27-year low of 6.2%, its demand slowdown dented India's exports by more than 14%. China has been India's biggest trade partner: the Washington-Beijing battle was bound to spill over to New Delhi and other trading economies. Reflecting the overall global slowdown, shipments to the UAE and Hong Kong fell 15.3% and 9.7% respectively.

In June, the US scrapped preferential tariffs for Indian exports under the Generalised System of Preferences (GSP). This is expected to impact merchandise exports soon. The US sanctions against Iran have added to global economic turbulence. Now, the US is on the warpath against Europe, provoked by its moves against US tech giants.

Now is the time for India to put its emerging role as one of the world's significant players to mobilise diplomatic consensus in Europe, China, Japan and the rest of Asia to persuade President Donald Trump to stop playing a unilateral wrecking game on world trade, and for Beijing to abandon some of its intellectual property-related arm-twisting to facilitate reconciliation with the US. Tariffs and currency wars are not abstract concepts.

The upheaval leads to economies slowing, businesses crashing and ordinary people losing jobs. This can lead to social unrest worldwide, an outcome nobody wants. Jaw-jaw, not war-war, is the way ahead.

Source: economictimes.com- July 16, 2019

HOME

****

GSP withdrawal impact: US firms to pay an additional $300 million in taxes annually in India

Terminating India's position as a beneficiary country under the Generalised System of Preference (GSP) will not only negatively impact export of goods from India to the US, but will also have adverse after-effects for American companies operating in India as their additional tax burden will grow by an additional $300 million every year.

Higher taxes could mean that American companies would have to resort to job cuts, scaling down investment plans and higher prices for consumers. These scenarios emerged from a recent roundtable meeting between industry and US government officials.

The roundtable was organised by Western India Council of Indo-American Chambers of Commerce (IACC) in association with KPMG. Participants included heads of affected firms from sectors like textile, foreign banks, technology companies, insurance, manufacturing etc.

After the meeting, IACC stated, "Following will be the impact on US companies due to removal of GSP — will cost American businesses over $300 million additional tariffs every year; New tax that will result in job losses, cancelled investments and cost increases for consumers; and US companies do not get access to the Indian market".

Earlier, around 2,000 products including auto components and textile materials could enter the US duty free due to GSP and India was the largest beneficiary of the programme in 2017 with $5.7 billion imports given duty free status.

"The GSP benefit conferred over the last three decades has significantly contributed to the growth of trade between India and US and the participants felt that such mechanism should continue for enhancing trade between the two countries," IACC said.

The association suggested that for instance, the textile industry may evaluate setting up of processing units in the US, especially in areas like defence. This could be a win-win situation for both countries in a way that basic raw materials like yarn and fibre can be exported from India to US markets leading to value addition and employment in the US.

An external audit can be conducted of Indian companies wanting to set up units in US, to certify or rate the strengths/ capabilities of Indian companies to operate in US. The two countries should also collaborate and identify point of convergence to support the 'Make in India' initiative of the government. Some areas where convergence could be possible include agro processing, energy (both renewable and non-renewable), infrastructure and defence," it recommended.

On data localisation, a key irritant between India and the US, IACC suggested that payment system operators (PSOs) should identify the flow of payments data in their payment process in order to align with the RBI's requirements as applicable. Also PSOs should aim to segregate storage mechanism for domestic payments from cross-border payments.

It also recommended that contractual arrangements and periodic assessments of third party partners could be considered to ensure compliance of service providers, intermediaries, payment gateways, third party vendors etc.

On the issue of acquiring work visas in the US becoming increasingly difficult for Indians, IACC said that regulations in the new immigration policy will favour advanced American degree holders, leading to a reduction in regular H-1B visas approvals for Indians and hit the profitability of H-1B dependent Indian headquartered companies operating in the US. "This could lead to offshoring of more jobs to India and other countries like Canada, Mexico, Guatemala (some of the countries wooing Indian business)," it added.

The association mooted for an Alternate Dispute Resolution (ADR) in co-operation with US for all kinds of trade between the two countries. "The Chamber can play a vital role in facilitating this between the two countries.

The culture is present already in USA. India is progressively getting aware of the need to resort to this matter with co-operation and guidance of leading luminaries of USA. IACC can provide that valuable platform," it added.

Source: financialexpress.com- July 18, 2019

HOME

****

Export slump reflects slow global demand, requires collective attention of ministries

India's exports have declined 9.71 per cent to $25.01 billion in June 2019 as compared to $27.7 billion in June 2018. It becomes all the more difficult as the global trade environment is far from being export friendly

The foreign trade data for the month of June has made the task of export promotion of Union Commerce and Industry Minister Piyush Goyal tougher. India's exports have declined 9.71 per cent to $25.01 billion in June 2019 as compared to $27.7 billion in June 2018. Over two-third of the major product groups in the export basket have registered a fall (in exports) last month.

The minister who has taken up measures to arrest the slump in exports in a time bound manner as his priority will now have to address broad-ranging problems across sectors for a meaningful intervention. It becomes all the more difficult as the global trade environment is far from being export friendly.

"The de-growth in exports is a reflection of sluggish global demand and rising tariff war. The high exports base of June 2018 contributed in no less measure. The softening of crude and steel prices also pulled down exports," says Sharad Kumar Saraf, president of Federation of Indian Export Organisations (FIEO).

In his reply to a question on export growth in the Lok Sabha on the status of Indian exports on July 10, Goyal made a case for seeing India's export performance in the backdrop of global trade developments and entire trade ecosystem, which has been going through a very challenging period for a couple of years.

While global financial crisis of 2008-09 that accentuated after 2013-14 was the first trigger for world economy to experience a major trade slowdown, exports came under immense pressure again post 2013-14 due to accentuation of the global economic crisis in the second phase when countries like China also got adversely affected, Goyal had stated.

The foreign trade data for June shows that a significant jump from the annual export earnings of $538 billion registered in 2018-19 is not going to be an easy task in the current year.

The biggest worry is not the 9.7 per cent fall in exports that was primarily contributed by the fall in export revenues in two key sectors - petroleum (32.85 per cent) and gems and jewellery (10.67 per cent) in June. Excluding these sectors, the fall was 4.8 per cent. What is alarming is broad nature of export slump.

The rice exports declined 28.05 per cent, cotton yarn, fabrics and made-ups 19.73 per cent, readymade garments 9.18 per cent, organic and inorganic chemicals 8.17 per cent and engineering goods 2.65 per cent. All major sectors of exports, including almost all labour-intensive sector exports besides petroleum for first time in recent times, were in the negative with such a decelerating trend, says Saraf.

Indian exports touched a new high when revenues hit $465.9 billion in 2013-14. It had also prompted the government to come out with a Foreign Trade Policy 2015-20 targetted at raising the country's merchandise and services exports from $465.9 billion to approximately $900 billion by 2019-20 and raise India's share in world exports (Goods and Services) from 2 per cent to 3.5 per cent. However, instead of a gradual increase, exports remained subdued for the next three years until it touched $498.63 billion in 2017-18, which is estimated to have grown further next year. While there is no way to get even remotely close to the foreign trade policy target set five years ago, the decline in exports in June shows that even maintaining the current pace of growth is difficult.

FIEO Chief is of the view that US-China trade war and developments in Iran has further aggravated the problem of the world economy. The uncertainty attached to it will also affect the flow of investment and add to currency volatility, he says.

While the government may not be able to do much to correct external issues that result in export slow down, it can try to address domestic issues including access to credit, cost of credit for merchant exporters, interest equalisation support to all agriculture produce exports, benefits on sales to foreign tourists and quick refund of GST.

Not all of that comes within the Commerce minister's mandate, and that is when export slump becomes a problem of the Central government, and not just an issue that concerns one ministry. The sooner other arms of the government, including finance ministry, begin to look at exporters' problems, the better.

Source: businesstoday.in- July 17, 2019

HOME

****

Japan's Uniqlo sews up plan for India entry

Apparel major will open three stores in Delhi-NCR region

Japanese global apparel retailer Uniqlo on Wednesday said it is foraying into the Indian market and will open three stores this year.

Announcing its strategic rollout plan, the company said that given the size and fast growth rate of the Indian market, the launch will involve three separate stores in the Delhi-NCR region.

The first of the three stores will open its doorsin October, it added.

In a statement, Tadashi Yanai, Uniqlo founder and Chairman, and President and CEO of Fast Retailing, said, "We are committed to the Indian market and are very excited to be launching our first three stores in Delhi, a region that embraces diversity and culture, from art and design to craftsmanship and fashion."

The first Uniqlo store will be located in Vasant Kunj, New Delhi, and will have close to 35,000 sq ft in total sales area on three levels.

The second and third stores will be located at DLF Place Saket in South Delhi and DLF CyberHub in Gurugram, respectively.

The Japanese retail major said the full range of LifeWear for men, women, kids and babies, including its popular line of Uniqlo T-shirts, will be available at these stores.

Single-brand retail

The Japanese retailer joins the list of global retailers who have set-up their stores in the country under the single-brand retail policy which allows 100 per cent FDI.

Other global players that have entered the country through the single-brand retail route include Swedish fashion retailer H&M and furniture major Ikea.

The company's rollout announcement comes at a time when the government is in the process of easing the local sourcing norms for single brand retailers.

Under the existing policy, 30 per cent local sourcing is mandatory for single brand retail companies when the FDI exceeds 51 per cent.

Globally, Uniqlo has more than 2,000 stores in 22 markets, including Australia, Belgium, Canada, China, Denmark, France, Germany, Hong Kong, the UK and the US.

Source: thehindubusinessline.com- July 17, 2019

HOME

****

Slow Growth in Manufacturing Sector

As per the latest available estimates of Gross Domestic Product (GDP) by National Statistical Office, the Gross Value Added (GVA), at constant prices (2011-12), for the manufacturing sector registered a growth of 6.9 per cent in the year 2018-19 as compared to a growth of 5.9 per cent in the year 2017-18.

As per the 73rd Round of National Sample Survey (NSS), conducted by National Sample Survey Office, Ministry of Statistics & Programme Implementation during the period 2015-16, the estimated number of workers in unincorporated non-agriculture MSMEs in the country engaged in different economic activities excluding the MSMEs registered under (a) Sections 2m(i) and 2m(ii) of the Factories Act, 1948, (b) Companies Act, 1956 and (c) Construction activities falling under Section F of National Industrial Classification (NIC), 2008, were 11.10 crore. Out of 11.10 crore, 3.60 crore persons were employed in manufacturing.

The Government has taken several steps to promote and stimulate the growth of MSME sector in the country. These include simplification of the registration process through a one page Udyog Aadhar Memorandum (UAM), introduction of the 'MSME SAMBANDH' portal for monitoring the implementation of public procurement policy for the MSEs and launching of the 'MSME SAMADHAN' portal for enabling MSMEs to directly register their cases relating to delayed payments.

Further, schemes/programmes including Prime Minister's Employment Generation Programme (PMEGP), Credit Guarantee Scheme, Credit Linked Capital Subsidy-Technological Up-gradation Scheme (CLCS-TUS) to support MSMEs in their technology up-gradation, Cluster Development Programme, Marketing Development Assistance and Skill/Entrepreneurship Development Programme etc. are also implemented to boost the MSME sector.

This information was given by the Minister of State in the Commerce and Industry, Som Parkash, in a written reply in the Lok Sabha today.

Source: pib.nic.in- July 17, 2019

HOME

****

India, eight others, caution WTO against reforms that worsen imbalances

Say special and differential treatment for all developing countries is non-negotiable

In response to growing protectionism and questioning of the special dispensation for developing countries at the World Trade Organisation by rich nations, India, and some others such as Cuba, South Africa, Bolivia and Zimbabwe, have submitted a concept paper pointing out necessary areas of reform for strengthening of the multilateral organisation and the need to continue with special and differential treatment (S&D) for all developing members.

"In recent months, some members have suggested a broad range of reforms at the WTO including a slate of new rules, even though existing mandates from the Doha Development Agenda (DDA) remain unaddressed. WTO reform does not mean accepting either inherited inequities or new proposals that would worsen imbalances. Reforms must be premised on the principles of inclusivity and development and respond to the underlying causes of the current backlash against trade and the difficulties that developing members continue to face vis-à-vis their industrialisation challenges," the paper said.

The concept paper, co-sponsored by India, South Africa, Cuba, Bolivia, Zimbabwe, Ecuador, Tunisia, Uganda and Malawi, has been circulated to the WTO General Council and will be later taken up for discussion while brainstorming on necessary WTO reforms by all members.

The immediate priorities for reform at the WTO must include resolving the crisis in the Appellate Body and addressing the unilateral actions taken by some members, the paper said.

"As per Articles 17.1 and 17.2 of the Dispute Settlement Undertaking, all WTO members have a collective duty to ensure the maintenance of a standing Appellate Body comprising seven members.

It would be disingenuous to use the pretext of the Appellate Body's alleged digression from the clear mandate of the DSU to justify wilful non-compliance with the same by the membership," the paper said.

Judges for Appellate Body

With the US stalling the appointment of judges at the Appellate Body, it will become non-functional in December when the minimum number of judges required to run the body will not be met because of judges retiring.

"Attempts at addressing the crisis in the dispute settlement system must preserve its essential features namely an independent, two-tier dispute settlement system, automaticity in the launch of proceedings and decision-making by the Dispute Settlement Body by negative consensus, " the paper said.

In response to arguments by some WTO members that many developing countries such as China, India and South Africa do not need special treatment any more, the paper said that available data indicated that the gap in the standards of living between developing and developed countries has not narrowed to any significant extent since the establishment of WTO.

"This necessitates the preservation and strengthening of the S&D provisions in both current and future WTO agreements, with priority to outstanding LDC issues," it said.

Reform must reaffirm the principle of S&D, which is a treaty-embedded, non-negotiable right for all developing countries in the WTO, it added.

Source: thehindubusinessline.com- July 17, 2019

HOME

****

Export Promotion Scheme

The Government of India has launched a scheme namely, Trade Infrastructure for Export Scheme (TIES) from FY 2017-18 with the objective to assist Central and State Government Agencies for creation of appropriate infrastructure for growth of exports from the States.

The Scheme provides financial assistance in the form of grant-in-aid to Central/State Government owned agencies for setting up or for up-gradation of export infrastructure as per the guidelines of the Scheme.

The scheme can be availed by the States through their Implementing Agencies, for infrastructure projects with overwhelming export linkages like the Border Haats, Land customs stations, quality testing and certification labs, cold chains, trade promotion centres, dry ports, export warehousing and packaging, SEZs and ports/airports cargo terminuses.

The Scheme guidelines are available at http://commerce.gov.in.

Under the TIES Scheme, a total of 28 export infrastructure projects have been provided financial assistance during FY 2017-18, 2018-19 and 2019-20 (as on 1st July, 2019). The state-wise and Year-wise details of projects, located in various States/UTs, is given at Annexure-I.

The Government of India strives to ensure a continuous dialogue with the State Governments and Union Territories on measures for promoting exports and for providing an international trade enabling environment in the States, and to create a framework for making the States active partners in boosting exports from India.

Under the Foreign Trade Policy (FTP), DGFT operates various Export promotion schemes such as Advance Authorization, Duty Free Import Authorization, Export Promotion of Capital Goods, Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS).

To give effect to these schemes, Central Board of Indirect Taxes and Customs has issued various exemption notifications. The details of various exemptions provided for these schemes are given in the FTP.

MEIS was introduced in the FTP from 01.04.2015, providing rewards for exporters of specified goods. The objective of the MEIS is to offset infrastructural inefficiencies and associated costs involved in exporting goods/products which are produced/manufactured in India.

The scheme incentivizes exporters in terms of Duty Credit Scrips at the rate of 2, 3, 4, 5, 7 % of FOB Value of exports realized. These scrips are transferable and can be used to pay certain Central Duties/taxes including Customs Duties.

As regards promotion of trade in services, Government of India provides fiscal benefits through Services Exports from India Scheme (SEIS) for some identified sectors.

Government of India is following a multi-pronged strategy, including negotiating meaningful market access through multilateral, regional and bilateral trade agreements, trade promotion through participation in international fairs/exhibitions and focused strategies for specific markets and sectors to promote Trade in Services.

An 'Action Plan for Champion Sectors in Services' has also been approved in February, 2018 to give focused attention to 12 Champion Services Sector like Information Technology / Information Technology Enabled Services, Tourism and Hospitality Services and Medical value Travel.

Click here for more details

Source: pib.nic.in- July 17, 2019

HOME

****

India and US bilateral trade at crossroads: Report

The reports provides an expert analysis of the current state of the relationship, including recent negotiations and recommendations for the path forward in the short, medium, and long-term.

India and the US need to "prioritise efforts" to manage current trade tensions and initiate cooperative projects in areas like intellectual property rights and digital trade, according to a report by a former trade official from the Trump administration.

The report, 'Trade at a Crossroads: A Vision for the US-India Trade Relationship', said it was clear that the first priorities for the future should be to manage current challenges and address those that were likely immediately ahead.

Authored by Mark Linscott, former assistant, US Trade Representative for South and Central Asian Affairs, the report is produced jointly by the Atlantic Council and the US India Strategic and Partnership Forum (USISPF).

It provides an expert analysis of the current state of the relationship, including recent negotiations and recommendations for the path forward in the short, medium, and long-term.

There is no easy way to sugarcoat the present state of the relationship -- it is one in which the only common denominator is a fundamental misunderstanding of priority objectives on the other side, which has led to misalignment of expectations in recent negotiations, the report said.

A strong commitment to improve the bilateral trade relationship and build a sound foundation for future successes can start now, it said, adding that the current state of play suggests that the two countries were now at a crossroads, with one direction leading to an initial bilateral agreement, and the other to outright conflict.

"While conflict in which the two sides engage in retaliatory measures, such as GSP suspension and tit-for-tat tariff increases, can create new leverage and focus minds to eventually achieve an agreement, it can also significantly set back the relationship at a moment when there is an urgent need to cultivate trust and achieve some confidence-building outcomes," said the report.

The publication of the report on Tuesday comes days after a US delegation of trade officials returned from New Delhi after holding first talks with their Indian counterparts on resolving their trade differences.

The talks have started at the direction of Prime Minister Narendra Modi and President Donald Trump who met in Japan last month on sidelines of the G-20 Summit.

The report counsels that India and the United States redouble their efforts to go down a path of constructive engagement that can lead, in the short term, to a first ever bilateral trade agreement.

In parallel, it said, the two can explore new areas for bilateral engagement, with the objectives of continually building new confidence, gradually aligning their visions for opportunities to open their markets to each other, and growing trade and investment at an accelerated pace.

The report recommends that the two governments should manage current conflicts and reach an initial agreement; review and improve institutional underpinnings; recommit to the TPF and pursue institutional reform; replicate recent cooperative success; explore opportunities for significant market opening agreements; and chart a map toward an FTA.

Observing that the United States–India trade relationship is rapidly approaching a point of crisis, the report says that institutional arrangements are unable to address evolving and growing trade irritants, while protectionist instincts in both governments are exacerbating tensions.

"Recent failures to reach even a small agreement, and subsequent tit-for-tat escalations, now place the relationship at a tipping point," it said.

Noting that the United States-India relationship will be one of the most consequential of the 21st century, the report said commerce would play a vital role in determining whether it is constructive or adversarial.

Issues, including standards and conformity assessment testing, digital trade, healthcare, and agricultural trade, present areas of emerging conflict or opportunities for cooperation, the report said.

"While the history of bilateral trade negotiations has often been contentious, it also includes examples of constructive cooperation. These examples should serve as inspiration in addressing today's challenges," it said.

The United States was the second-largest trading partner for India in goods in 2018, and the single largest export destination for Indian exporters.

Bilateral trade in goods and services grew at an average annual rate of 7.59 per cent from 2008-2018, double in value from USD 68.4 billion to USD 142.1 billion.

Source: economictimes.com- July 17, 2019

HOME

****

Google wants Indian farmers to use AI to find bugs in cotton crop, improve annual yield

India is the largest producer and the second largest exporter of cotton in the world. Yet, for the farmers raising cotton crop the year 2017 was horrendous. Reason? Nearly 50 per cent of their yield was destroyed following an attack by the pink bollworm. This happened despite cotton farmers using nearly 55 per cent pesticides in India for their crop.

The problem is not availability of pesticides. It's the early detection of pests. A large portion of the cotton crop in 2017 could have been saved if farmers were able to identify pests at an early stage of infestation. Wadhwani AI aims to change that.

Wadhwani AI is a non-profit organization based in Mumbai. The organisation says that it is dedicated to using artificial intelligence for social good. The company focuses on using AI in their field of health and agriculture.

Before we understand what how this startup is helping the small cotton farmers in India, it is important to understand what leads to a large infestation, such as the one in 2017, that destroyed the crop. Small farmers primarily depend on field staff or the extension workers appointed by the government for advice.

These extension workers visit farming plots in every village where pest traps - that are essentially sticky paper where pests get stuck - are placed. They manually identify the pests and count them for infestation. They enter this data on their smartphones and send them to experts for advice. When the experts analyse this data, they send their advice for the farms with infestation.

This technique is not very efficient as it is not very reliable. It is also time consuming. This is where the artificial intelligence based model developed by the Wadhwani AI, which of late is backed by some of the expertise from Google, comes into picture.

Instead of the extension workers manually identifying and counting the pests, the workers just have to take a picture of the pest trap. The AI model working in the background then recognizes various pests and it gives on-spot advice to the farmers by processing the data collected in the cloud. This data also goes to the experts for further analysis.

While this method is efficient it can be rendered ineffective, especially in the areas with low connectivity. Wadhwani AI has solved that problem by compressing its AI model such that it can work on a basic smartphone. "We are quite excited to announce that we have just achieved model compression that makes this AI model small enough to put on a really basic smartphone and hence this can now actually work offline," said Raghu Dharmaraju, vice president, products and program, Wadhwani Institute for Artificial Intelligence. He was talking about the details of the programme at Google's Solve with AI conference in Tokyo last week.

What is interesting about this feature is that it is not available as a standalone, rather it is an open source model that is available to any agricultural program around the world.

"By augmenting human skills, we are able to help millions of farmers right from the beginning. That's technology at scale," he added.

That leaves us with just one question: How does Google help here? Wadhwani Institute for Artificial Intelligence is one of the 20 winners of the Google AI Impact Challenge 2018 that provides a funding of $20 million along with mentorship to all the winners so that they can complete the first phase of their operations and scale them further.

The institute is also one of the three winners from the Asia Pacific region. Basically, Google is empowering this company to improve its product and scale it up such that it can reach to farmers across the country.

Source: indiatoday.in- July 16, 2019

HOME

****