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IBTEX No. 17 of 2018 January 23, 2018

USD 63.81 | EUR 78.20 | GBP 89.23 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19911	41650	**83.18**

Domestic Futures Price (Ex. Gin), January

Rs./Bale	Rs./Candy	USD Cent/lb
20810	43530	**86.93**

International Futures Price

NY ICE USD Cents/lb (March 2018)	83.41
ZCE Cotton: Yuan/MT (Jan 2018)	15,270
ZCE Cotton: USD Cents/lb	**91.97**
Cotlook A Index – Physical	**92.1**

Cotton & currency guide: Start of this week Cotton market is seen trading steady. No major action or development. The US ICE Cotton traded range bound to close with almost no change at 83.41 cents for March and 83.75 for May contracts correspondingly.

However trading volume was steady around 32K contracts while open interest hit record high of 312K contracts. The rising open interest with firm positive price indicates market trend is up and good amount of speculative positions are being added on a daily basis.

On the other hand we see a sideways trend or rather consolidation phase near the recent high. From technical perspective market is though near overbought as indicated by momentum indicators there has been no major price correction yet.

The trading range has been between 80 to 85 cents and either side breakout would determine a fresh direction to the market.

Our weekly report released on Monday would give more insight on the market influencing factors and likely price direction in the short term. Kindly refer for more understanding.

Coming onto domestic market the very first time the cotton arrivals in this season touched 200K bales and over the weekend price softened a bit to Rs. 42, 250 per bale. The arrivals include 55K Maharashtra, 50K Gujarat and 40+K from Andhra Pradesh and Telengana.

As expected so far the flow of arrivals is low in the season. However we still expect the remaining days of January and February arrivals flow would determine the physical market direction in the short term. The effect of spot price was seen on the futures market on Monday. Therefore the MCX future contracts traded marginally lower. The January and February closed the session at Rs. 20810 and Rs. 21010 per bale respectively.

For the day we expect if ICE market holds steady and Indian spot price corrects down amid higher arrivals then the domestic future contracts may further soften. From the pricing front February contract trades at MCX may move in the range of Rs. 20860 to Rs. 21200 per bale. However any strong rise in ICE would make the domestic price to trade positive. Overall for the day we recommend buying cotton from lower level.

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

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INTERNATIONAL NEWS

US cotton bodies pledge to support CCI activities

Ten US cotton organisations have pledged industry contributions in 2018 to support the demand-building activities of Cotton Council International (CCI), the National Cotton Council's (NCC) export promotion arm, headquartered in Washington, D.C. The cotton industry contributions to Cotton USA play critical role in developing export markets.

The ten organisations that have pledged to support CCI activities are the National Cotton Council; Cotton Incorporated; American Cotton Shippers Association; AMCOT; California Cotton Alliance; the Committee for Cotton Research; ICE Futures U.S.; Plains Cotton Growers, Inc.; Southern Cotton Growers, Inc.; and Supima.

"Our growers believe that contributing to CCI is an investment in the future of our industry and ultimately is essential to our success," Plains Cotton Growers executive vice president Steve Verett said in a weekly newsletter of Cotton USA. "The work they do is vital to helping ensure that the rest of the world knows why US cotton is a superior product and worthy of sourcing. The fact that 80 percent of US cotton is exported highlights the critical need for a healthy export market."

US cotton industry contributions help CCI to build export markets for US cotton fibre, yarn and other cotton products, and are an invaluable supplement to the funding from the USDA's Foreign Agricultural Service's Market Access Program (MAP) and Foreign Market Development (FMD) programme.

CCI is the largest recipient of MAP and FMD funding to promote US cotton overseas. Its use of funds from USDA and US cotton organisations has enabled it to build cotton exports efficiently and to improve the economic returns of 18,500 cotton farms in the United States.

"CCI showcases US cotton's quality, sustainability, transparency, premium value and innovation, all of which make US cotton the cotton the world trusts," CCI executive director Bruce Atherley said.

"I'm a strong believer that every industry has to have 'skin in the game' to be successful. So, our US cotton industry contributions are critical in making US cotton the preferred fibre for mills, manufacturers, brands, retailers and consumers worldwide."

Export markets are critical to the US cotton industry, as nearly all cotton grown in the United States is exported either in the form of fibre or cotton yarn. Currently, the US is the leading exporter of cotton fibre in the world with a 39 percent global share, more than three times the share of any other country. In the 2016 marketing year, the US cotton industry exported 18.4 million bales of raw cotton and cotton textiles.

Source: fibre2fashion.com- Jan 22, 2018

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Pakistan should exploit GSP+ potential: envoy

European Union Ambassador to Pak-istan Jean Francois Cau-tain said on Monday that the country has done well on trade enhancement after the GSP+ incentive but there is a lot of potential to increase the trade volume further.

"The EU is in the process to finalise a new engagement plan to further strengthen relations bet-ween Pakistan and EU," he said while addressing the members of Pakistan Textile Exporters Ass-ociation (PTEA).

Ambassador Cautain said relations between the EU and Pakistan have reached a mature level and needs to be strengthened further.

EU had adopted a 5-year Engagement Plan in 2012, which broadened and deepened the relationship bet-ween the European Uni-on and Pakistan.

"The EU is reviewing the progress on implementation of 27 UN conventions pertaining to human rig-hts, labour rights, climate change, narcotics control and corruption.

This rev-iew is a part of the sch-eme which monitors progress in terms of the convention and then submits a country report to the EU parliament," While responding a question, the EU ambassador appr-eciated Pakistan's effo-rts in fighting terrorism and assured full cooperation in portraying the soft image of Pakistan in EU countries.

In addition, he highlighted various initiatives that have been taken by the EU to help in the economic development of Pakistan.

Earlier PTEA Chairman Shaiq Jawed briefed the EU Ambassador about the progress of textile industry and highlighted the prospects of future increase of textile exports to EU.

Source: dawn.com- Jan 23, 2018

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US FTC updates textile rules to drop obsolete requirement

The US Federal Trade Commission has eliminated an obsolete provision under the Textile Fibre Products Identification Act (Textile Rules) that requires house word trademark owners to furnish the agency with a copy of the mark's US Patent and Trademark Office registration before using it on labels. In June 2017, it had sought comments on proposed amendments.

The Textile Rules require marketers to place a label on certain textile products to disclose some information, such as the name under which the manufacturer or other responsible company does business, according to an FTC press release.

The commission works to promote competition, and protect and educate consumers.

Source: fibre2fashion.com - Jan 23, 2018

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USA: Amazon to sell $28 bn worth of clothing in 2018: survey

Amazon will sell $28 billion worth of clothing in 2018, almost equal to what countries like Bangladesh and Vietnam export annually, and its apparel sales could reach $85 billion by 2020, according to a survey of 1500 US shoppers by CPC Strategy, a retail-focused digital marketing agency. The survey revealed key insights about apparel brands.

The survey, '2018 US Forecast on Apparel Shopping Trends: How Shoppers will Browse and Buy Clothing', wasn't designed to revolve around Amazon, but the results demonstrated that shopping on Amazon is a trend that's only gaining momentum, according to a press release from the company.

Over half of the shoppers interviewed opted to buy apparel most frequently on Amazon in the past six months.

Casual apparel and basics are safe bets for online shoppers as 54 per cent of the respondents included casual apparel like jeans and sundresses in their list. Athletic wear, outerwear, loungewear, and basics all hovered between 25-29.3 per cent, the survey found.

Source: fibre2fashion.com - Jan 23, 2018

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Sri Lankan apparel industry suppliers exhibition to be held in May

The Sri Lankan Apparel Industry Suppliers Exhibition (AISEX) will be held from May 10 to 12 at the Sirimavo Bandaranaike Memorial Exhibition Centre, BMICH premises.

Organised and managed by Lanka Exhibition and Conference Services in collaboration with the Sri Lanka Apparel Institute (SLAI), it aims to bring together suppliers and service organisations in the apparel industry and make it a platform where future development of the industry will help it become a major sourcing hub for the apparel segment by 2020.

Held every two years, AISEX 2018, the eighth edition of the exhibition will bring together a range of players focused on the development of the industry. Reinvigorated by GSP Plus, the apparel industry is ready to take full advantage of the benefits permitted under the scheme.

Sri Lanka Apparel Institute Chairman Professor Lakdas Fernando explained, this is a benefit that is time stamped. As the country develops and reaches a higher per capita income, we will lose this opportunity.

The time is now to make full use of what is given to the country. Sri Lanka has the potential of converting to a major supplier's hub for the industry, with the added advantage and given its reputation of manufacturing high quality garments in the region, this is positive benefit that needed to be marketed and taken full advantage of, Fernando says.

AISEX will focus on a wide range of textile machinery, accessories and services worldwide and will provide manufacturers of all sizes a methodology to expand existing manufacturing methods and possibilities of increasing production volumes through state of the art innovative technology.

The South Asian apparel market is the second largest in Asia, after China. AISEX will also focus on generating new opportunities closer to home for small scale local designers and manufactures an open door to enter the market regional and international market.

AISEX 2018 will provide the ideal platform for corporations to communicate amongst apparel related bodies in the region.

Source: fashionatingworld.com - Jan 22, 2018

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Trade unions reach $2.3m settlement on Bangladeshi textile factory safety

Trade unions representing Bangladeshi textile workers have reached a $2.3m (£1.6m) settlement with a multinational fashion brand which was accused of postponing the process of fixing life-threatening hazards in factories.

The unnamed fashion brand will pay $2m to fix safety issues in more than 150 textile factories in Bangladesh and a further $300,000 towards improving pay and conditions for workers in global clothing supply chains.

The UNI Global Union and IndustriALL Global Union took two leading fashion brands to court in 2016 following the introduction of Bangladesh's Accord on Fire and Building Safety in 2013, a legally binding agreement under which the world's largest fashion brands must shoulder the costs for improving health and safety in Bangladeshi factories.

The Accord came into effect after the fatal Rana Plaza factory disaster killed over a thousand people in 2013.

Marks & Spencer, Primark, Adidas, H&M, Top Shop and John Lewis are among 200 signatories of the accord, according to its website.

The two global trade unions already settled a case relating to factory conditions in Bangladesh at The Hague's Permanent Court of Arbitration in December, with another unnamed global brand.

"The settlement makes real resources available to over 150 factories so they can finally make the necessary repairs that were needed years ago", said Christy Hoffman, UNI Global Union's deputy general secretary.

"We will continue pushing to make sure that all brands contribute their fair share to make work safer in Bangladesh."

IndustriALL's general secretary Valter Sanches said the settlement shows that the Bangladesh Accord is "proof that legally-binding mechanisms can hold multinational companies to account".

"We are glad that the brand in question is now taking seriously its responsibility for the safety of its supplier factories in Bangladesh", said Mr Sanches.

A second accord with greater investment in health and safety checks will come into effect this year as the original one is due to expire in May.

The collapse of the eight-storey Rana Plaza factory in Bangladesh's capital city Dhaka was caused by four upper floors having been built without permission on unstable ground.

The disaster was one of the world's worst industrial catastrophes in history leaving over 2,500 people injured and killing 1,135 workers.

Source: independent.co.uk - Jan 22, 2018

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Ghana to set up equipment hub for apparel sector

As part of efforts to seek ways to improve market access for Ghana's textile industry under the US African Growth and Opportunity Act (AGOA), the Ghana Standards Authority (GSA) will establish an equipment hub as the tools needed for accurate measurement are expensive for manufacturers.

GSA would also make dressmakers understand the importance of measurement.

This was announced by GSA director general Alex Dodoo at a recent stakeholders meeting. A lot of Ghana's activities related to AGOA have been more technical, which did not transform into business, he said.

Since the introduction of AGOA in 2000, Ghana has been unable to make effective utilisation of the benefits from the preferential scheme to expand businesses, create jobs, and promote entrepreneurship.

The United States renewed AGOA in 2015 till 2025.

A key factor inhibiting access to AGOA was lack of adherence to standards and GSA, as the national metrology institute, has the ability to support industry to adhere to world class standards, a news agency from Ghana quoted Dodoo as saying.

Another crucial issue discussed at the meeting was of size to meet the demands of international buyers.

Source: fibre2fashion.com - Jan 23, 2018

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Pakistan: Cheap gas, electricity to be provided to textile industry

State Minister for Finance Rana Muhammad Afzal Khan on Monday said that gas prices would be further decreased for textile industry to reduce cost of production to maximum extent.

Addressing a meeting at All Pakistan Textile Processing Mills Association (APTPMA) here, the state minister said the government had planned to provide electricity at rate of Rs.7 per unit to textile industries besides introducing weighted average price of RLNG across the country.

He said that owners of textile units had to go in refund claims system due to imposition of sales tax on coal if they used it during gas shortage.

Therefore, the government was considering a proposal to launch easy process of zero rated coal for textile industry to save it from additional burden of sales tax refund claims, he added. The state minister further said that Faisalabad Airport had witnessed heavy rush of air passengers as this was not only third largest city of Pakistan but also textile capital.

Therefore, expansion of Faisalabad Airport was need of the hour so that at least three flights could land at a time in addition to facilitate 118 fights in a week here, he added. Earlier, Chairman APTPMA Sheikh Khalid Habib in his welcome address said that due to high energy cost, textile business was being shifted from Pakistan to India, China and Bangladesh which also caused substantial decrease in textile exports of the country.

He demanded immediate payment of refund claims in addition to provision of cheap gas and electricity for textile industry.

APTPMA members Mian Aftab Ahmad, Engineer Rizwan Ashraf and Engineer Ehtisham Javaid also addressed.

Source: brecorder.com- Jan 23, 2018

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Sri Lanka and Singapore to sign FTA today

Sri Lanka will sign a free trade agreement with Singapore today, Development Strategies and International Trade Minister Malik Samarawickrama said yesterday.

He told Daily Mirror he would be signing the agreement on behalf of Sri Lanka while Singapore Trade and Industry Minister S. Iswaran will sign on behalf of Singapore. He accompanied Singapore Prime Minister Lee Hsien Loong who arrived in Sri Lanka yesterday.

The Singapore media said the FTA would boost trade between the two countries and provide greater access to Singapore firms to the growing market here.

It said the FTA was a part of Singapore's determination to sign such agreements with the recent developments in the global trade where the entering into multilateral deals such TPPs had taken a back seat because many countries were keen on protectionism.

Prime Minister Ranil Wickremesinghe in one his twitter messages said Sri Lanka had done hard work to finalise the FTA. "I led a trade mission to Singapore in 2016 to secure a free trade agreement to boost our economy.

We will welcome the Singapore Prime Minister to sign that agreement after much hard work," he said in his message.

Source: dailymirror.lk- Jan 23, 2018

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NATIONAL NEWS

India to grow at 7.4 percent in 2018, says IMF

In the year gone by, China (6.8 per cent) was ahead of India (6.7 per cent), giving China the tag of being the fastest growing emerging economies, as has been the case for major parts of the past several decades.

India is projected to grow at 7.4 per cent in 2018 as against China's 6.8 per cent, the IMF said today, making it the fastest growing country among emerging economies following last year's slowdown due to demonetisation and the implementation of the GST.

In its latest World Economic Outlook (WEO) update released today in Davos, Switzerland on the sidelines of the World Economic Forum, the International Monetary Fund has projected a 7.8 per cent growth rate for India in 2019.

Growth rate projections for both 2018 and 2019 remains unchanged since its October 2017 WEO projections. China, during the same period is expected to grow at 6.6 per cent and 6.4 per cent respectively, the IMF said. The IMF said, the aggregate growth forecast for the emerging markets and developing economies for 2018 and 2019 is unchanged, with marked differences in the outlook across regions.

It projected India to grow at 7.4 per cent in 2018 as against China's 6.8 per cent. Emerging and developing Asia will grow at around 6.5 per cent over 2018–19, broadly the same pace as in 2017," it said, adding that the region continues to account for over half of world growth.

"Growth is expected to moderate gradually in China (though with a slight upward revision to the forecast for 2018 and 2019 relative to the fall forecasts, reflecting stronger external demand), pick up in India, and remain broadly stable in the ASEAN-5 region," the IMF said.

In the year gone by, China (6.8 per cent) was ahead of India (6.7 per cent), giving China the tag of being the fastest growing emerging economies, as has been the case for major parts of the past several decades. Notably, with a growth rate of 7. 1 per cent, India was the fastest growing country among emerging economies in the year 2016.

But due to the demonetisation in late 2016 and implementation of the Goods and Services Tax (GST), India's economy slowed down a little bit to 6.7 per cent in 2016. In 2017, India's growth rate dropped to 6.7 per cent.

According to Maurice Obstfeld, IMF Economic Counsellor and Director of Research, the two biggest national economies driving current and near-term future growth are predictably headed for slower growth.

China will both cut back the fiscal stimulus of the last couple of years and, in line with the stated intentions of its authorities, rein in credit growth to strengthen its overextended financial system.

Consistent with these plans, the country's ongoing and necessary rebalancing process implies lower future growth, he said at a news conference in Davos.

"As for the United States, whatever output impact its tax cut will have on an economy so close to full employment will be paid back partially later in the form of lower growth, as temporary spending incentives (notably for investment) expire and as increasing federal debt takes a toll over time," he said.

Early this month, a top IMF official said that India is reclaiming its place as a growth leader. "China alone is providing one-third of global growth. Japan has been growing above potential for several quarters," said the IMF First Deputy Managing Director David Lipton at the Asian Financial Forum in Hong Kong on January 15.

"India is reclaiming its place as a growth leader after a short slowdown. And the ASEAN-5 have gained momentum in response to higher investment and increased exports," Lipton had said.

Source: financialexpress.com - Jan 23, 2018

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Budget 2018: How Modi government can take care of MSMEs interests in union budget

Budget 2018: Many individuals involved in MSMEs will be glued to the updates given by finance minister Arun Jaitley on February 1. MSMEs are often tagged for creating jobs in the market with respect to the amount of investment required.

On February 1, Modi government will announce one of the most anticipated budgets of its tenure. Along with the major industrialists and the common man, many individuals from the SME or Small and Medium Enterprises will be glued to the updates given by finance minister Arun Jaitley. With SMEs creating more jobs in the market with respect to the amount of investment required, union budget should ensure the interests of this sector.

As per the pre-budget memorandum by FICCI, industries such as Textile has seen enough initiative by the government, Under Integrated Textile Parks (SITP) scheme, Textile Parks are developed are in pipeline. However, these Textile Parks under SITP Scheme and are on the same business model as seen in the Industrial Parks developed by the State Industrial Development Corporation (SIDC). This makes it difficult for the people working in the MSMEs as after the implementation of the GST or Goods and Services Tax, 'Real estate services' is kept at 18% under the new tax reform.

However, FICCI noted that Modi government had given 77 exemption from the whole of GST leviable on "One time upfront amount" leviable in respect of the service, by way of granting long term, that is thirty years or more for the lease of industrial plots by the State Government Industrial Corporation (SIDCs) to industrial units.

But things changed a bit on October 6 last year when FICCI noted that the GST Council held a meeting and decided that "Exemption will be provided to upfront amount payable in respect of granting long term lease of thirty years, or more of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations/Undertakings or any other entity having 50% or more ownership of Central Government, State Government, Union Territory to (a) industrial units or (b) developers in any industrial or financial business area".

FICCI also noted that under SITP the park owner does not belong to the Central Government, State Government or Union Territory but 40% of the project cost is funded by the Government in the form of either equity or grant to establish the Parks. As per the scheme, the funding by the Government in the textile park would be generally in the form of grant and even where it is in the form of equity, the combined equity of Government of India, State Government/ SIDC (if any) cannot exceed 49% in the SITP.

Provide Interest Subvention Scheme for MSMEs Banks

In its pre-budget memorandum, FICCI has recommended that scheme of interest subvention now known as Interest Equalisation Scheme should be provided by Government to MSMEs in general as currently provided in case of Pre & Post Shipment Rupee Export Credit only. The reduced rate of interest would help the units which are generally driven by individual or small entrepreneurs. This would encourage the growth of the entire MSME sector.

Source: financialexpress.com- Jan 23, 2018

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SIMA makes pre-budget recommendations to Indian govt

Exemption of 5 per cent goods and services tax (GST) on raw cotton, reduction of 18 per cent GST on manmade fibres (MMF) and recycled polyester staple fibre to 12 per cent and 5 per cent respectively, and levying GST on petroleum products are some of the key pre-budget suggestions offered by the Southern India Mills' Assocaition (SIMA) to the government.

Cotton may be exempted from GST when purchased directly from the farmers under reverse or forward charge mechanism to reduce blockage of working capital at the time of procurement of inputs. As cotton enters the commercial stream only after raw cotton is ginned, GST may be applied from the ginned stage, SIMA said in a press release.

SIMA feels it is essential to reduce GST on manmade fibres from 18 to 12 per cent as these fibres provide more jobs and fetch higher value addition. All petroleum products should be brought under the GST net to reduce production cost by permitting seamless flow of input tax credit.

Though the GST law permits refund of credit accumulated due to the inverted duty structure with regard to goods and services, restriction with regard to fabric increases the cost of the product during its value addition. As fabric and its value added final products are goods consumed by the public, credit may be permitted to be availed or refunded, thereby reducing the negative impact on the product, according to SIMA chairman P Nataraj.

The government should also reduce the rate of corporate tax from 34.6 per cent to 25 per cent in a phased manner, the association said.

Cotton yarn should be included under the Merchandise Exports from India Scheme (MEIS) and Interest Equalisation Scheme (IES) benefits to arrest the decline in cotton yarn export and a stimulus package is needed for small and medium enterprises in the spinning sector that have been badly affected by demonetisation and GST implementation, it added.

Source: fibre2fashion.com- Jan 22, 2018

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Manufacturers seek reduction in duty, incentives on exports

Having experienced pressure on exports across segments in the recent past, the textile sector, largely dominated by the SMEs, has sought certain concrete measures to boost exports.

With an installed capacity of 7.5 million spindles, the northern region contributes 15% to the total capacity of the country. The total size of the domestic garment industry is around Rs 25,000-30,000 crore. Of this, woollens constitute 10-15%, with Ludhiana contributing 90% of the winter line.

In a memorandum submitted to Finance Minister Arun Jaitley through the Confederation of Indian Textile Industry, the manufacturers have demanded redressal of GST issues, lowering of tax rate and incentives.

Most of these issues pertain to facilitating the manufacturing and exports. Their major demands are as follows:

Refund of accumulated input tax credit at fabric stage

Since fabric and its value added final products are goods consumed by the general public, input tax credit (ITC) may be permitted to be availed or refunded, thereby reducing the negative impact on the product of mass consumption.

Refund of excess input tax credit of job workers

The manufacturers have requested to allow refund of excess or accumulated ITC of job workers by categorising them as a goods manufacturer. This would not only help the industry become more competitive and save it from imports, but it would also help the MSME sector, as practically all the job work is done by them.

Exempt raw cotton from 5% Goods & Services Tax

The industry has demanded that cotton being an agricultural produce may be exempted from payment of GST when purchased directly from the farmers under the reverse or forward charge mechanism so as to reduce blockage of working capital at the time of procurement of inputs.

Reduction of GST on man-made fibre

The manufacturers have also sought reduction in GST on man-made fibres from 18% to 12% as it provides more jobs and fetches higher value addition.

Bring all petroleum products under the purview of GST

All petroleum products may be brought under the GST net so as to reduce the production cost by permitting seamless flow of input tax credit.

Abolition of customs duty on imported wool fibre

The apparel grade wool of fine micron (25 micron and finer) and other fine animal hair are not available indigenously in our country. Therefore, the woollen industry is dependent on imports. It is, therefore, necessary that import duty on wool fibre is withdrawn.

Textile Upgradation Fund Scheme subsidy

Adequate funds could be allocated to the Ministry of Textiles for releasing the TUFS subsidy within the given time frame to clear the arrears and to meet the committed liability for 2018-19. Adequate funds may also be provided to clear the pending TUFS subsidies.

Source: tribuneindia.com- Jan 23, 2018

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Cotton prices to dip to Rs 105-110/kg in 2017-18

The domestic cotton prices expected to decline to Rs 105-110 per kg in cotton season (CS) 2017-18, from Rs 117 per kg in last season, due to 11 per cent increase expected in cotton production, a report said.

"The 11 per cent jump expected in cotton production at 375 lakh bales may bring down cotton prices to Rs 105-110 per kg in cotton season (CS) 2017-18, from Rs 117 per kg in CS 2016-17. The acreage has also risen as farmers have switched back to cotton following the price surge witnessed in the last season," Crisil Research said in its report here.

According to estimates, the planted area under cotton has increased 19 per cent to 123 lakh hectares compared with 103 lakh hectares in CS 2016-17. It is also 7 per cent higher than the 5-year average of 115 lakh hectares.

However, overall yield is expected to fall 7 per cent to 520 kg per hectare due to erratic monsoon rains and anticipated pest-related losses, Crisil said.

A sharp increase in cotton production in CS 2017-18 will be a shot in the arm for spinners in the last two quarters of this fiscal. Also, demand normalisation after demonetisation and GST-led disruptions will improve utilisation.

The rating agency said that the falling cotton prices will also improve prospects for cotton yarn exporters in the second half of this fiscal. India is the largest producer of cotton, which improves competitive advantage of local mills for fibre procurement.

Further, rising synthetic fibre prices amid inflationary pressure on crude oil will drive substitution demand towards cotton yarn manufacturers.

The second quarter of fiscal 2018 was the least profitable in five years for cotton yarn mills as their margins touched 10.3 per cent as compared with a peak of 18.8 pe cent in the corresponding quarter of fiscal 2014.

Nearly 70 per cent of the cotton produced in CS 2017-18 are expected to be used in the next financial year by spinners, giving confidence that raw material cost would remain low in fiscal 2019, Crisil said.

This, coupled with stabilising cotton yarn prices amid better demand both in the domestic and export markets, and higher crude oil prices on average compared with the past fiscal will widen the differential between cotton yarn and cotton and support EBITDA margin improvement.

While domestic demand will be supported by a consumption recovery for the Indian economy, a better economic outlook for most textile trade partners and restoration of export incentives, though lower than the pre-GST period, would also support higher growth and firm up yarn prices next fiscal, the report said.

Source: indiatoday.in- Jan 22, 2018

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Canadian PM Trudeau to visit India from Feb 17-23; trade, investment to top agenda

Prime Minister of Canada Justin Trudeau will be visiting India from February 17-23. He will be visiting Agra, Amritsar, Ahmedabad, Mumbai, and New Delhi.

“The visit is aimed at further strengthening bilateral relations between the two countries in key areas of mutual interest including trade and investment, energy, science and innovation, higher education, infrastructure development, skill development and space.

Cooperation in security and counter-terrorism as well as exchange of views on global and regional issues of mutual interest will also form important components of the visit," said a statement issued by the Ministry of External Affairs on Monday.

Trudeau was expected to visit earlier following Prime Minister Narendra Modi's visit there in April 2015.

Groundwork for visit

However, several high-profile visits from Canada have paved the way for Trudeau's visit. In the last 18 months, 11 Cabinet Ministers from Canada have visited India, including Defence Minister Harjit Singh Sajjan and Minister for International Trade François-Philippe Champagne.

"India and Canada share a strategic partnership underpinned by the values of democracy, pluralism, equality for all and rule of law. Strong people-to-people contacts and the presence of a large Indian Diaspora in Canada provide a strong foundation for the relationship," MEA said.

Trade ties

During the visit both countries are expected to give a major push to bilateral trade and economic ties.

There are strong prospects of both sides signing the long-pending Foreign Investment Protection and Promotion Agreement (FIPPA) during the visit, which is under negotiations since 2006.

In his last visit to India in November, International Trade Minister Champagne had told BusinessLine in an interview that the negotiations on the FIPPA are almost complete and it is ready to be signed. In 2016, two-way merchandise trade between Canada and India totalled $8 billion.

Bilateral trade in services reached $2.1 billion in the same year. Canadian investment in India has increased by over $15 billion over the past three years mainly through institutional investors, and the number of Canadian companies active in India stands at over 1000.

"Canada greatly values its strong relationship with India. This visit reflects the high level of priority that Prime Minister Trudeau places on this strategic partnership," said Nadir Patel, High Commissioner for Canada to India.

Trudeau will also be visiting important landmarks during his trip such as the Taj Mahal, Sri Harmandir Sahib (also known as the Golden Temple), the Jama Masjid, and Swaminarayan Akshardham.

Source: thehindubusinessline.com- Jan 23, 2018

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India pushes for concluding balanced RCEP deal that includes services pact

Commerce minister Suresh Prabhu said RCEP negotiations may be taking longer than expected because of the economic diversity among member countries.

India on Monday insisted on concluding a "balanced and collectively satisfactory" Regional Comprehensive Economic Partnership (RCEP) agreement that includes a services pact, even as trade ministers of the 10-member Association of Southeast Asian Nations (Asean) grouping urged India to help conclude a deal in 2018.

To mark 25 years of dialogue partnership, India has invited leaders of all 10 Asean countries to New Delhi for a commemorative summit on 25 January.

On 26 January, all 10 Asean leaders will be chief guests at India's 69th Republic Day celebrations—an unprecedented break with tradition for India, which usually invites the head of government of a single country as the Republic Day chief guest each year.

RCEP is a grouping of 10 members from the Asean grouping, plus India, China, Japan, South Korea, Australia and New Zealand.

The grouping envisages regional economic integration, leading to the creation of the largest regional trading bloc in the world, accounting for nearly 45% of the world's population with a combined gross domestic product of $21.3 trillion.

Commerce and industry minister Suresh Prabhu, in his speech, said RCEP negotiations may be taking longer than expected because of the economic diversity among member countries.

“It is important to address the sensitivity of member countries and their aspirations as negotiations gather momentum. We would all aim to achieve an RCEP that results in the realization of the potential of the three key pillars of RCEP—goods, services, investment—in a manner that is balanced and collectively satisfactory. Keeping this in view, India will be working closely and constructively with all RCEP member countries, particularly Asean, towards early conclusion of negotiations,” he added.

Indonesia trade minister Enggartiasto Lukita and Vietnam vice-minister of industry and trade Cao Quoc Hung in their speeches urged India to cooperate to conclude RCEP negotiations in 2018. “I hope India will not disappoint Asean countries,” Lukita added.

Emphasising on why RCEP needs a strong services pact, Prabhu said globally services trade is growing faster than merchandise trade. “Services are becoming a dominant driver of growth in both developed and developing countries. Services contribute almost two-thirds of India’s GDP and surplus in services trade finances almost half of our trade deficit. India currently runs an around $10 billion trade deficit with the Asean grouping,” he added.

Prabhu said eight countries have already ratified the Asean-India services and investment agreement which came into force in July 2015. “We are hopeful that other members will soon complete their national process to ratify the deal,” he added. Prabhu also insisted that provisions for movement of natural persons especially through the Asean-India services and investment agreement should be supported for efficient mobility of professionals.

India is pushing for greater liberalization in services sectors, especially for easier movement of its professionals to RCEP member countries. However, most countries are resisting any ambitious deal in services under RCEP while insisting that India further expand its tariff liberalisation offer in goods.

Foreign secretary S. Jaishankar, at a recent presentation before the parliamentary standing committee on commerce, called for “observance of due restraint” and not concluding trade arrangements which are not in India’s medium-term interests.

Source: livemint.com- Jan 23, 2018

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US govt shut-down keeps Indian exporters on tenterhooks

With the US government shut-down remaining in effect on Monday and efforts on in full swing to reach a temporary truce, Indian exporters are keeping a close watch on the developments.

They fear that a failure to reach an agreement on the crucial issue of immigration between lawmakers could affect shipments in the days to come.

While exporters are hopeful that a vote to end the shut-down with a short-term spending bill for three weeks will take place as scheduled on Monday, only a long-term solution would put minds to rest.

“If the disagreement amongst US lawmakers on immigration is not sorted out and a situation similar to the October 2013 shut-down gets replicated, Indian shipments to the US will definitely get affected.

Although we are given to understand that about 90 per cent of the workforce in the US customs and border protection will work, there might be disruption in other allied services that would lead to delays of our consignments and possible demurrage charges,” said Ajay Sahai from the Federation of Indian Export Organisations.

The current uncertainty in the US is due to the Democrats not agreeing to support a temporary funding Bill to keep the government open as they are unhappy with the Trump administration’s decision to end the Deferred Action for Childhood Arrivals (DACA), which gives legal protection to a category of young immigrants called the ‘dreamers’.

Senate Majority Leader Mitch McConnell, on Sunday night, promised to bring immigration legislation up for debate after February 8 so long as the government remained open.

The Democrats did not agree to a vote on ending the shut-down on Sunday night leading to the crisis continuing on Monday, but there is a possibility of the short-term funding Bill getting passed on Monday noon (US time).

The situation, however, may be back to square one if the immigration issue does not get handled satisfactorily in the weeks to come.

Engg goods exports

Engineering goods exporters, who have witnessed a surge in demand from the US recently, are apprehensive that the present situation could act as a dampener to export growth.

“We are apprehensive about the developments in the US. If the shut-down continues and essential services including ports get affected, our exports would get hit,” pointed out Suranjan Gupta from the Engineering Export Promotion Council (EEPC).

Source: thehindubusinessline.com- Jan 23, 2018

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Cabinet approves FDI liberalisation for single-brand retail trading; a sweet spot for the industry

The single-brand retail trading sector witnessed much-awaited relief with the government opening up the sector to 100% FDI under the automatic route, and also relaxing the mandatory local sourcing norms to make them more business friendly. So, 100% FDI under the automatic route is expected to provide global retail brands increased flexibility, while determining the quantum of their equity stake in Indian joint-ventures where brand rights and proprietary IP rights are granted, without requiring any prior FDI approval.

This will certainly provide an increased comfort to brands that are looking to co-venture with Indian players to benefit from their local knowledge and capabilities in supply chain and distribution, pricing and consumer insights. In addition, the automatic route enhances the entry and ease of doing business in India, by doing away with the voluminous paperwork associated under the approval route and the time taken to obtain the approval.

Further, with the global retail industry expressing concern in implementing the mandatory local sourcing norms applicable where FDI exceeds 51%, the Cabinet has also announced liberalisation to ease the initial challenges faced with respect to the same.

Accordingly, for the first five years of operation in India, multinationals will now be permitted to set off incremental sourcing of goods from India towards global operations against the required local sourcing from India. This liberalisation would allow global retailers adequate time to design and implement a local sourcing strategy for the Indian market, while at the same time encouraging them to consider India as a sourcing hub for their global operations.

As one may recall, in 2016, in the case of companies trading products with 'state of the art' or 'cutting edge' technology, local sourcing norms were exempted for the first three years of operations. Given the above, while single-brand retail trading companies can now breathe a sigh of relief, the multi-brand and food retail segments are eagerly awaiting the Union Budget 2018, with their hopes pinned on further FDI liberalisation.

For instance, FDI in companies engaged in multi-brand retail trading is currently restricted to 51%, while at the same time mandating a minimum investment of $100 million as well as 30% local sourcing towards Indian operations. This industry would appreciate a similar relaxation in the local sourcing norms as was announced for single-brand retail trading and the investment ceiling being increased to greater than 51% equity stake in an Indian entity, under approval route, providing commercial flexibility.

While 100% FDI has been permitted since 2016 for retail trading of food products manufactured or processed within India, global companies have been hesitant to invest in India on account of not being permitted to sell any non-food products locally. Permitting such companies to sell non-food products to a certain extent of their turnover could make the investment policy more attractive to several global supermarkets and hypermarkets, who can evaluate setting-up operations in the country, thus providing consumers with improved accessibility to global brands and leading technology and international best practices, while also improving the food processing yield in India.

Coming to the domestic retail industry, more specifically the "mom and pop" retailers operating in the country, there has been some anxiety created on account of the recent FDI liberalisation announcement. With several global companies now expected to enter the Indian marketplace, the smaller scale domestic retail industry hopes that the Budget 2018 will provide some relief for them as well.

Until March 31, 2010, retail traders having turnover up to Rs 4 million were provided the option of adopting presumptive taxation at the rate of 5% (under section 44AF).

Reintroducing similar provisions, with an increased turnover threshold, could help the "mom and pop" retailers across the country enter the tax net and be more compliant, while reducing the complexity associated with tax compliance and the scope of burdensome tax litigation, thus improving the ease of doing business for them as well.

Finally, while all the above factors would be crucial to give a positive thrust to the supply side of the retail industry, consumption trends are also extremely important to support the GDP growth. As per the first advance estimates for 2017-18 released by the Central Statistics Office, growth in private final consumption expenditure has declined to 6.3% in the current fiscal (from 8.7% in 2016-17).

Accordingly, with growth experiencing a slowdown, the Budget 2018 is also expected to include some favourable announcements for consumers, enabling them have more disposable income in their hands, leading to higher consumption, such as an increase in the basic exemption limit and a change in the tax slabs for individuals.

Should the upcoming Budget 2018 meet the expectations of global retailers, domestic retailers and Indian consumers, the retail industry in India could reach a sweet spot with both demand and supply factors having an extremely favourable outlook for the coming years, thereby contributing more meaningfully towards the country's GDP growth.

Source: financialexpress.com- Jan 23, 2018

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India must go bullish on Asean

Despite a looming Chinese presence, the ten-country bloc can offer lucrative business and strategic opportunities

This Republic Day, heads of the all the ten Asean economies — Thailand, Vietnam, Indonesia, the Philippines, Malaysia, Singapore, Myanmar, Cambodia, Laos, Brunei — will meet in Delhi. And the world will possibly sit up to take note of this gathering for reasons more than one.

Asean is touted to become the fourth largest economic bloc in the world by 2030. As the region increasingly witnesses Chinese adventures in and around the Indian Ocean, it has become ìmportant for India to strengthen its relationship with other Asian economies.

Not rhetoric, but commerce

The 3Cs, namely commerce, connectivity and culture, should ideally become the pivot of cooperation between Asean and India. This idea was fittingly placed by External Affairs Minister Sushma Swaraj at an Asean event last year.

It is true that India's mythology and culture find great resonance across the entire Asean region. However, repeated mention of the historical linkages appear rhetorical, and unable to add any real value as these economies anticipate a proactive and constructive commercial engagement with India.

Asean today is one of the most thriving business and commerce centres globally. The region constitutes around 8 per cent of the global exports, and receives 15 per cent of world investments, while having almost 26 per cent in outward investments. It is also home to economies such as Cambodia, Laos, Myanmar and Vietnam, which are often touted as the last frontier economies in the world having exhibited more than 7 per cent growth consistently over the past few years.

That said, India's commitment to trade and investment in Asean remains far from impressive. While around 10 per cent of India's exports goes to Asean, we contribute only 2 per cent to Asean's total import from across the globe. In fact, the balance of trade has always been in favour of Asean.

Asean's strength today lies in plantations, electronics and heavy machinery, while for India it is largely in computer services, light engineering and pharmaceuticals. Both sides needs to create appropriate frameworks to reduce both tariff and non-tariff barriers to widen the scope of trade, while looking at participation in the value chain.

Chinese shadow looms

There exists the continuous dominance and interference by China in some of the economies in the region as it gets desperate to win control in and around the subcontinent. The entire Asean region is flooded with Chinese products. For example, in Cambodia, many government vehicles sport the tag, "Gifted by friends from China". Coincidentally, India was instrumental in Cambodia securing freedom, but today finds it difficult to have a significant commercial presence in that country.

Meanwhile, China has gained significant prowess and is able to exploit differences within Asean. Investments, soft loans, grants and assistance have been offered to most of the new frontier economies, making it difficult for countries such as India to do genuine business there.

Recently, for instance, the Philippines expressed its allegiance to China over its age-old partner the US, which could have far-reaching strategic and defence spillovers. Amidst all this lies the Malacca Strait, which carries about 40 per cent of world trade and has been of Chinese interest for long; India and the Asean economies have expressed concerns over this and have agreed to manoeuvre the maritime borders.

India in 2015 announced a ₹500-crore Project Development Fund, which was meant to encourage Indian businesses to set up ventures in CLMV countries (Cambodia, Laos Myanmar and Vietnam).

The region offers a lot of opportunities for Indian entities in project exports, supply contracts, and creating utility infrastructure, apart from having manufacturing set-ups. It is important for India that such initiatives are realised soon, especially when it faces competition from an aggressive Chinese.

Many free-trade zones have already come up in the frontier economies. For example, Japan is helping build one in Sihanoukville in Cambodia and another at Thilawa in Myanmar, while Taiwan is aiding one at Vientiane Industrial Trade Park in Laos. Vietnam already has a free-trade zone flourishing with Singapore's support.

India must strive to penetrate in select Asean economies where China is well entrenched, while increasing its influence in others where China is gaining a foothold. India must shrug off its traditional inertia and replicate the Chinese approach of offering the entire bouquet of its services to engage with the Asean economies. This would essentially mean avoiding procrastination and inordinate delay.

Good economics

Indian businesses could benefit by setting up production units in Asean, which could then act as a platform for them to enter China with whom Asean has an FTA. India could also benefit from Asean's trade agreements with other economies in the region.

Further, the ambition to have an Asean Economic Community would catapult the ten economies of $2.6 trillion into a single market and production base, providing Indian business unparalleled access to over 622 million people, almost double the populaton of the US.

However, India needs to be cautious while negotiating the Regional Comprehensive Economic Partnership (RCEP) with China being the big elephant in the room. Trade facilitation is another key area. It is important for Indian banks to set up operations in the region which would help Indian businesses.

Aspects such as Mutual Recognition Agreement in the context of services should be ratified at the earliest keeping aside any apprehension on the impact that this could have on Asean's services sectors which are largely confined to Singapore.

India may also explore opportunity to be a part of the Asia-Pacific Economic Cooperation or APEC, and to the Chiang Mai Initiative Multilateralisation (CMIM) — a mechanism created in 2010 to help manage regional financial crisis.

Both India and Asean would require to chisel their existing policies to facilitate trade and investment and, more importantly, maintain a sustainable environment for peace in the region. Given that the US is moving towards protectionismwith the withdrawal from the Trans-Pacific Partnership, its influence over Asean may see some relegation.

In this context, a benign and non-hegemonic engagement between India and Asean would yield sound economic results and would be a shot in arm as far as strategy is concerned. Should this happen, it may possibly be one of the most successful foreign policy initiatives of the Modi government.

Source: thehindubusinessline.com- Jan 23, 2018

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Why government must cut corporate tax rate to 25%, incentivise jobs

The US recently reduced the federal corporate tax (CT) rates from 35% to 21%, a reduction of 40% in one stroke, the largest single CT rate cut in the world. In the UK, the CT main rate (for all profits except ring fence profits) is 19%, further reduced to 17% for the year starting April 2020. A study on the CT rates around the world in 2017 reveals the worldwide average CT rate is 22.96%, measured across 202 tax jurisdictions.

When weighted by GDP, the average is 29.41%. Seventy-five countries have CT rate lower than 20% and 167 countries have a CT rate below 30%. Thirty countries have CT rates between 30% and 35%.

With a CT rate of 34.61%, India ranks 18 in the 20 highest CT rates in the world. A dozen countries in this group have a CT rate of 35%. This study was conducted by Tax Foundation, a tax policy non-profit organisation based in the US. Europe has the lowest regional average CT rate at 18.35% (25.58% when weighted by GDP).

Conversely, Africa and South America tie for the highest regional average CT rate at 28.73% (28.2% weighted by GDP for Africa, 32.98% weighted by GDP for South America). Asia has a regional average CT rate of 20.05% (26.26% weighted by GDP).

OECD member states have an average statutory CT rate of 24.18%, while the CT rate for BRICS countries is 28.32%.

The worldwide CT rate has declined significantly since 1980 from an average of 38.68% to 22.96%, a decline of 41%. It has consistently decreased since 1980, with the largest decline occurring in the early 2000s.

Revenue impact of top six tax incentives for CT payers

Nature of incentive	2015-16 Revenue impact (₹ crore)	2016-17 Projected revenue impact (₹ crore)
Accelerated Depreciation (section 32)	50,027.00	54,345.30
Deduction of export profits of units located in SEZs (section 10A and 10AA)	18,864.30	20,492.60
Deduction of profits of undertakings engaged in generation, transmission and distribution of power (section 80-IA)	11,416.00	12,401.40
Deduction/weighted deduction for expenditure on scientific research (section 35 (1), (2AA) &(2AB))	10,107.40	10,979.80
Deduction of profits of industrial undertakings derived from production of mineral oil and natural gas (section 80-IB)	5,985.70	6,502.40
Deduction of profits of undertakings engaged in development of infrastructure facilities (section 80-IA)	5,064.90	5,502.10
Total	**1,01,465.30**	**1,10,223.60**
Total tax incentives	**1,15,176.50**	**1,25,118.50**
Share of top 6 tax incentives to total of all tax incentives	**88%**	**88%**

Effective tax rate* of sample companies in the manufacturing and service sectors

(FY2015-16); Sample size: 5,97,884 companies

Sector	Number of companies	Share in total profits (%)	Share in total tax liability (%)	Effective tax rate (%)
Manufacturing	1,24,063	46.73	42.78	25.86
Service	4,73,821	53.27	57.22	30.34
Total	**5,97,884**	**100**	**100**	**28.24**

* Effective tax rate is inclusive of surcharge and education cess

Source: Receipts Budget 2017-18

With the US announcing a huge CT rate cut of 40%, the dynamics of conducting business with the US will undergo a significant change. The transfer pricing policies adopted by multinational companies to compensate cross-border transactions will also change, as also the commitment of budget outlays of US companies to Indian companies. With the statutory CT rate at 34.61%, India is among the high tax countries in the world. India's CT rate is higher by 10%-plus compared to the worldwide average statutory CT rate.

This high rate in the country is negatively impacting the competitiveness of Indian multinational companies and that of India as a destination for investment. Our tax laws incentivise automation, capital-intensive and big industry at the cost of labour-intensive and small-scale industries which create more jobs.

The manufacturing industry's increased use of capital and automation along with huge tax incentives is leading to reduced employment growth in a labour-surplus country.

For too long, India has incentivised big industry and more automation, discriminating against labour and jobs. While automation increases productivity, jobless growth will destroy our society, and creating jobs remains the foremost priority.

Tax deductions and tax incentives make up the difference between the statutory CT rate and the effective tax rate (ETR). The accompanying table provides the revenue impact of top six tax incentives for CT payers during FY16 and FY17.

The impact of the lopsided incentive schemes is reflected in the ETR of companies in the manufacturing and the job-intensive service sectors. The service sector, which is more job-oriented, has a higher ETR of 30% in FY16, as compared to 26% of manufacturing, which adopts capital-intensive automation. This is one of the major reasons for the lack of good jobs in the last decade.

During FY16, about 46% of the companies in India contributed 1.4% to CT, reflecting an ETR of zero and less than zero (indicating losses). Another 11% of companies had ETR between 0-20%, contributing 3.84%. About 57% of companies contributed a disproportionately lower amount of 5.24% in relation to their profits.

About 24% of companies had an ETR between 30-33%, contributing the substantial part of CT (45.63%). Only about 7.77% of companies accounting for 12% of CT had an ETR approximately equal to the statutory rate. This shows that CT across companies is unevenly distributed, primarily due to various tax preferences in the statute.

India’s finance minister, in his 2015 Budget, promised to reduce CT rate from 30% to 25%, with corresponding withdrawal of exemptions over the next four years. He then withdrew many exemptions.

In his 2017 Budget proposal, he only announced a reduction in CT rate to 25% for smaller companies with annual turnover up to Rs 50 crore, effectively reducing the high rates. Now, this last Budget needs to reduce the CT rate to 25% and keep the promise.

Also, accelerated depreciation accounts for the largest tax incentive. The projected revenue impact in FY17 due to accelerated depreciation is Rs 54,345 crore.

It accounts for about 43% of gross revenue foregone of Rs 1,25,119 crore. Accelerated depreciation is provided as an incentive for capital investment, incentivising capital-intensive firms and adversely affecting labour-intensive firms.

As banks have already reduced interest rates, this deduction could be reduced to 10%, with a corresponding reduction in CT rate to 25% from FY19. Such a withdrawal could provide about Rs 20,000 crore to CT, reducing the revenue loss and keeping the effective tax almost constant. Similarly, the phaseout of other income tax deductions already communicated could provide about Rs 10,000 crore to the increase in CT.

The revenue loss (including surcharge and education cess) due to reduction of CT rate to 25% is estimated to be Rs 40,000 crore at FY18 rates, net of the phaseout of deductions. Analysts expect a rise of 15% in profits for 2018-19, so growth in CT, net of rate reduction, without buoyancy could be 8%-plus.

From the year 2016-17, dividend tax at the rate of 10% is payable by individuals, HUFs and firms receiving aggregate dividend income in excess of Rs 10 lakh per annum from a domestic company. Similarly, equalisation levy at 6% is applicable on specified services provided on or after June 1, 2016.

The additional tax generated from the phaseout of accelerated depreciation, other deductions and exemptions, and contribution from these new taxes and growth in CT at about 15% during FY19 would recoup the revenue loss substantially, enabling reduction of CT rate to 25% in one stroke.

By reducing the threshold rate accompanied by a phaseout of tax deductions, the manufacturing sector will not be adversely impacted. They will be able to write back the deferred taxation created in the books towards accelerated depreciation claimed in tax returns to mitigate impact next year.

With a lower post tax cost of capital, their ability to invest will increase, generating higher employment.

This will help accelerate the Prime Minister's "Make in India" programme, invigorating the manufacturing sector to make India a global manufacturing hub. A reduction in the CT rate will reduce the cost of credit from the banking system over time and also reduce the cost of capital, and make the job-intensive sectors more competitive.

A reduction in CT rate by 5% will enable banks to write back deferred taxes up to Rs 10,000 crore and corporates will be able to write back about 15% of Rs 2 lakh crore in deferred taxes.

It will reduce costs from regulated industries as they get a cost-plus return. By lowering the CT rate, the labour-intensive industries will have more cash to grow faster and create more jobs, which is India's number one priority. It will also enable the NDA to keep its promise of reducing corporates taxes to all by 2019.

Source: financialexpress.com- Jan 23, 2018

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Patanjali to launch apparel line by Diwali 2018

Patanjali Ayurved is set to launch traditional Indian dresses by this Diwali. The Baba Ramdev promoted brand's new clothing line was earlier set for April launch but it was delayed due to logistic issues.

Patanjali's spokesperson SK Tijarawala says the apparels will include denim, sweaters and shirts. "We are working to meet the deadline and if not Diwali, then by January next year."

Experts say the company's focus will be on manufacturing low cost apparel that is expected to cater to the spiralling middle class. Much of the manufacturing is expected to be outsourced.

A report by the Federation of Indian Chambers of Commerce & Industry (FICCI) states, "India is among the top apparel consuming nations, just behind the EU, the US, China and Japan. "The domestic apparel market of India is worth US$ 59 billion as per the 2015 figures.

It has registered a robust growth rate of 10 per cent since 2005 despite global uncertainties and slack demand. The Indian domestic market has performed better than the largest consumption regions like the US, the EU and Japan where depressed economic conditions led to lower demand growth.”

The apparel sector is the big growth story for the Haridwar-based company that plans to line extend Ramdev’s brand to increase its turnover. Patanjali’s growth is phenomenal post its launch in 2006.

Last year, the company posted a turnover of over Rs 10,000 crore. Starting in North India, the company is currently targeting West Bengal and Southern states.

“We are getting a tremendous response in the southern states like Kerala,” Tijarawala added. Ramdev announced his company’s tie up with eight e-commerce companies, including Amazon India, Flipkart, Paytm, BigBasket, Shopclues and Grofers to sell its products.

Source: fashionunited.in- Jan 23, 2018

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