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IBTEX No. 18 of 2020 January 23, 2020

US 71.22| EUR 78.94 | GBP 93.45| JPY 0.65

Cotton Market (Jan 21, 2020)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19378	40500	**72.50**
Domestic Futures Price (Ex. Warehouse Rajkot), January		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19710	41194	**73.74**

International Futures Price	
NY ICE USD Cents/lb (March 2020)	71.25
ZCE Cotton: Yuan/MT (May 2020)	14,075
ZCE Cotton: USD Cents/lb	92.97
Cotlook A Index – Physical	**80.20**

Cotton Guide- The ICE cotton futures were closed yesterday due to a national holiday observed in the USA. This morning at its start the ICE Futures have measured a massive drop amounting to more than 80 points. There seems to be some correction happening after a massive +103 point increase in the ICE March contract. The ICE March contract is now trading at 70.48 cents per pound.

The MCX contracts on the other hand took a negative turn in almost equal proportions as compared to the previous sessions. The MCX January contract settled at 19,710 Rs per Bale with a change of -180 Rs. The MCX February contract settled at 20,000 Rs per Bale with a change of -160 Rs. Volumes almost touched 20K at 1955 lots.

The Cotlook index A has been updated at 80.20 cents per pound with a change of +100 points. The prices of Indian Shankar 6 are averaged at 40,500 Rs per Candy which is a 200 Rs decline as compared to the figure seen yesterday.

While speaking about long term prospects for cotton based on fundamentals, the prices of Cotton for the Next 3 months is expected to be in the range of 73-77 cents per pound [with an assumption that no major geopolitical distorting situations happening]. On the other hand, while analysing cotton crop sowing intentions, with history speaking, it is noticed that farmers intend to sow cotton for a year and for the next year shift to another crop.

This means we can witness crop rotation throughout the world. This further implies- we would enter the next marketing year with higher prices as we expect supplies to see a decline. Supporting this factor is the abundance of water available throughout the world [due to record rainfall] which gives farmers an advantage to shift to alternatives such as Soybeans which has given better realization than cotton.

On the fundamental front, we are of the view that prices would show marginal rise with 68 as the downward figure and a huge potential to reach 77 cents per pound in the next three months. It's a bit early to mention about prices for the whole year but we foresee prices to be in the range of 78-85 cents per pound for the month of December 2020 with a plethora of positive factors. The important factors that should be kept in mind should be the Phase 2 deal between US and China and the US Presidential Elections.

On the technical front, In daily chart, ICE Cotton March price has bounced from the support of the lower end of an upward sloping channel. Meanwhile, price is hovering around the 5 & 9 day EMA at 70.70, 70.50, with RSI reversing from the overbought zone suggest a phase of sideways trend in the market.

The immediate resistance for the price is the previous high ($71.96) which coincides with the higher end of the channel, the immediate support for the price would be 69.70-69.50 which is the recent low with the 61.8% Fibonacci retracement level. Thus for the day we expect price to trade in the range of 69.60-71.96 with a sideways bias. In MCX Jan Cotton, we expect the price to trade within the range of 19860-19500 with a sideways bias.

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

USA: Sourcing's New Way: Expanding Beyond China While Maintaining a Foothold

While the Sino-American trade war has spurred global apparel sourcing to diversify within Asia and throughout the world, China still holds a special place for many clothing companies.

For many apparel players, "'unpredictability' is the code word for last year, and certainly it's going to be for this year, as well," Julia Hughes, president of the U.S. Fashion Industry Association, said Tuesday while moderating the Texworld USA panel, "Global Sourcing Trends: What's on the Horizon for the Textile & Apparel Industry."

Angora Group, a strategic product management consulting firm serving socially conscious fashion brands, focuses on helping businesses launch new products, and part of that is setting up customized sourcing strategies, according to company president and partner Nesli Danisman.

Asked about the trade war's impact, Danisman said beyond the major challenge it created for any company sourcing in China, it has also resulted in "being more open-minded and nimble, and also less focused on our base of factories."

"It's been about taking more trips, seeing what's out there and having more options on the table for different product categories and different regions," she added. "We've really been building our database. That's because we work with some brands that are in China and want to diversity and shift some of their production base."

At Komar Brands, the diversification plan has evolved from being "narrow and deep," with loyalty to factories that had performed well over the years, to "knowing right now that China's not necessarily the place to be," and putting production in places like Vietnam, vice president of sourcing and production Yelena Mogelefsky said.

"One of the keys that I have found is my current factory base actually has facilities they own" outside of China, she noted. One, for example, operates a large factory in Bangladesh, and Mogolefsky has shifted extensive production there.

“More so than ever, I feel that planning is so important–I need to know the sales plans so I can hold capacity in certain factories instead of maybe just seeing how it goes” in a certain season or product, she added.

With that said, certain styles are still produced in China, Mogolefsky said, because “at the end of the day, it might not even be cost-effective to move it out of China,” even with the tariffs in place.

Importers are making a big push to find alternative sourcing countries, Hughes said, noting that Vietnam, a key destination, might soon be reaching capacity in certain areas. The fastest-growing U.S. suppliers with double-digit increases have been Cambodia, Pakistan, Egypt, Jordan, Ethiopia, Turkey and Myanmar, Hughes said.

For Mogolefsky, Bangladesh has been the top alternative to China for many years, while Sri Lanka has more recently been a destination for making Komar’s sportswear, sleepwear and intimate apparel, as well as Vietnam. She has started to investigate Ethiopia and Colombia.

“It’s worth going outside your comfort zone right now,” Mogolefsky said. “It’s worth spending a little money to try a new destination. We need to find what that new country is.”

Angora Group is doing more in Eastern Europe and Turkey, Danisman said, as well as North African countries such as Tunisia and Morocco.

“We also do a lot in L.A., with some Mexico thrown in,” she said. “We do keep high end in China. They use technology for intimates that no one has.”

Mogolefsky agreed that she has the same strategy about China for high-end intimates because “sometimes you can’t beat what you’re getting.” Throughout the trade war, Chinese factories have been willing to partner with brands and share the costs to maintain the business, she added.

Source: sourcingjournal.com- Jan 22, 2020

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Chinese textile companies seeking U.S. market expansion

Chinese textile companies have been actively exploring and expanding into the U.S. market through more innovation, upgraded services and bigger global footprints, according to industry insiders.

"We've been investing 7 percent of our annual revenue in our research and development efforts since 2015," said Jiang Nan, executive director and general manager of RomRol Outdoor, a Jiangsu Province-based company committed to developing functional fabric and clothing to serve mostly outdoor brands and brands with fashion outdoor collections.

At the just-concluded China Textile and Apparel Trade Show in New York City, RomRol Outdoor presented attendees, namely retailers, designers and brands, a catwalk show highlighting its various cutting-edge technologies. Its light-absorbing fabric and temperature sensor fabric proved to be most eye-catching.

RomRol Outdoor is only one of the many Chinese companies that emphasize technology and innovation in order to be more competitive on the global market.

"We are still a decade behind our counterparts in countries like Germany and Japan, but that also means we have huge potential for growth," said Jiang.

He explained that Chinese companies used to only eye on the already large domestic market, but as the domestic market becomes saturated and communication with international partners becomes ever closer, they are now more eager to compete on the global stage and expand their international market share.

The show was held in parallel with the Home Textiles Sourcing, Apparel Sourcing USA, and the Texworld USA expos, all at the Javits Center earlier this week and bringing together more than 300 exhibitors from 17 countries and regions around the world.

More than half of the exhibitors came from China, and they produce cotton, functional fabrics, knits, faux fur, embroidery, lace, and more.

Headquartered in China's southeastern Xiamen city, the brand Grit & Zest established a branch in the United States in 2012. Specializing in swim, active, athleisure and casual wears, the company is one of the early ones to have presence in the United States in order to communicate with customers more smoothly and respond to their requests more quickly.

Mary Chua, president of Grit & Zest's U.S. company, said that with comparative advantages of labor resources and competitive prices, it used to be easy to sell products to the U.S. market.

"But not anymore," said Chua, adding that starting from 2015, the company has been offering more value-added products when doing business with its customers.

The brand offers design help and expert supervision from sample cycle to production. Its services include collection development, multi-language tech-packs, textile design, print design, graphic design, fabric and trim sourcing, testing, hardware design, label or packaging design, and garment fitting checks.

Chua said the company's competitive advantage lies exactly in its ability to offer the whole package. In addition, if a startup only has a design concept for its clothing line but does not know where to start, Grit & Zest can also help.

"We have to adapt and transform, following the trend closely," said Chua.
An increasing number of Chinese companies are also expanding their global footprints to show their U.S. customers that they are flexible and have enough capacity.

Xu Yan, assistant general manager of Jiangsu Guotai Huasheng Industrial Co., Ltd., said she has established quite a few partnerships with manufacturers in southeast Asian countries such as Vietnam and Indonesia, and already has three plants of their own in Myanmar.

"It all started in the past two to three years when we realized we had to look for alternative manufacturing bases other than China," said Xu.

Chinese companies turn to southeast Asian countries or even African countries to meet the needs of their customers, and to move some of their production capacity outside of China so that mid-to-high-end products can still be manufactured in China, industry insiders said.

They added that now Chinese companies are truly competing on the global stage as countries like Vietnam have also entered the arena, while those that are already there for a long time such as Japan are still striving to move forward.

"That's a challenge we have to face," Xu said.

Source: xinhuanet.com- Jan 23, 2020

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Rising global trade of artificial staple fibres

The global trade value of the artificial staple fibres has shown a sharp growth in the recent years. Total trade has moved up by 8.85 per cent in 2018 over the previous year, according to the data from TexPro. The global trade of artificial staple fibres which was $55.37 million in 2017, triggered to $60.28 million in the very next year.

The total trade of artificial staple fibres is anticipated to boost to $70.66 million in 2021 with a CAGR of 5.44 per cent from 2018, according to Fibre2Fashion's market analysis tool TexPro.

The global export of artificial staple fibres was $27.91 million in 2016, which was increased by 18.49 per cent to $33.07 million in 2018. Total exports increased by 13.19 per cent in 2018 over the previous year and is expected to reach $42.65 million in 2021 with a CAGR of 8.85 per cent from 2018.

The global import of artificial staple fibres was $26.69 million in 2016, which was climbed up by 1.94 per cent to $27.21 million in 2018. Total imports moved up by 4.01 per cent in 2018 over the previous year and is expected to upswing by 2.93 per cent to $28.01 million in 2021 from 2018.

China ($8.73 million), Germany ($6.16 million), Austria ($4.38 million), France ($3.77 million) and Italy ($3.47 million) were the key exporters of artificial staple fibres across the globe in 2018, together comprising 80.18

per cent of total export. These were followed by Spain ($2.55 million), Turkey ($1.70 million), US ($0.52 million) and Japan ($0.47 million).

From 2013 to 2018, the most notable rate of growth in terms of export, amongst the main exporting countries, was attained by Italy (191.18 per cent) and France (186.53 per cent).

Italy ($5.57 million), Honduras ($2.65 million), Czech Republic ($2.46 million), China ($2.39 million) and Bulgaria ($1.80 million) were the key importers of artificial staple fibres across the globe in 2018, together comprising 54.62 per cent of total import. These were distantly followed by Belgium ($1.46 million), Spain ($1.24 million), South Africa ($1.09 million) and Portugal ($0.93 million).

From 2013 to 2018, the most notable rate of growth in terms of import, amongst the main importing countries, was attained by the Czech Republic (133.18 per cent), Italy (89.12 per cent) and Bulgaria (145.16 per cent).

Source: fibre2fashion.com - Jan 22, 2020

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Myanmar garment firms to conduct survey on minimum wage

Myanmar’s garment manufacturers will conduct a survey to find out if workers are justified in asking for a steep hike in the daily minimum wage, according to the Myanmar Garment Manufacturers Association. A survey on the rising costs of garment factories was distributed among businesses during an association meeting in capital Yangon recently.

Association chairman U Myint Soe said the survey will be conducted in February and submitted to the National Minimum Wage Committee at its next meeting, according to reports in Myanmarese newspapers.

The survey will gather general information about the factories and businesses, their expenses, labour force, export market, employee salaries and benefits.

Under the law, the government must review the minimum wage every two years. A meeting of representatives of government, workers and employers will meet in May to begin discussing the minimum wage.

The Yangon Region government has begun collecting data on the cost of living in the country's economic capital to determine its own minimum wage proposal.

U Khin Maung Thwin, secretary of the Minimum Wage Committee and regional officer of Department of Labour, said the data collection started last week and will continue for 18 days.

The association said there are over 533 garment factories in the country, of which 90 per cent are exporters.

Myanmar's garment exports totalled $4.8 billion in 2018-2019, the ministry of commerce said.

Source: fibre2fashion.com - Jan 22, 2020

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Pakistan PM directs urgent measures to increase cotton produce

Prime Minister Imran Khan recently directed an amendment in the Seed Act and urgently re-establishing a cotton committee to boost cotton production in Pakistan. Chairing a meeting to review cotton policy and cultivation, he also directed the ministries of finance, national food security and commerce division to give proposals on fixing cotton support price.

The meeting discussed share of cotton crops in overall produce of the country and other related matters including import, export and challenges, according to Pakistani media reports.

Expressing concern over the gap between cotton production in different parts of the country, the prime minister regretted that the sector faced neglect by previous governments in terms of new seed harvesting, promotion of technology, adaptation of modern farming techniques and financial assistance to farmers.

He said apathy towards cotton cultivation not only resulted in a gradual decline in production and discouragement of farmers, but also affected textile industry and exports.

The government under the Prime Minister Emergency Programme is importing technology to save cotton crop from pink bollworm that would be shared with farmers at a cheaper price.

Source: fibre2fashion.com - Jan 22, 2020

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Bangladesh: Boosting apparel export to China

Huge trade imbalance is one of the major issues of concern for Bangladesh-China economic relations. Since the beginning, balance of trade has been overwhelming against Bangladesh and the growth rate of bilateral trade has remained highly in favour of China. Bangladesh's trade with China in apparel, the highest export earning sector of Bangladesh, is also not satisfactory.

China accounts for 47 per cent of Bangladesh's textile imports and it is also the source of textiles for Pakistan and Vietnam, registering 71 per cent and 50 per cent respectively (McKinsey Global Institute, 2019). China is the largest source of fabric for Bangladesh's readymade garment (RMG) sector followed by India. Bangladesh imports around US$5 billion worth of fabric annually from China, while from India nearly worth US$2 billion.

Although China is one of the export destinations of Bangladeshi apparel items, mainly cotton-based, the export volume is too small compared to that of the European Union (EU) countries and the United States. In 2009, Bangladesh's total export to Chinese market under the Asia-Pacific Trade Agreement (APTA) preference scheme was US$140.72 million, of which apparel accounted for only US$19.79 million as against China's total imports of apparels worth US$1,651.75 million.

Export Promotion Bureau (EPB) data show Bangladesh exported garment items worth US$391.60 million to China in fiscal 2016-17, and it remained almost the same in fiscal 2017-18.

On the other hand, Bangladesh exports 90 per cent of its garment products to the US and EU markets and ranks third in the EU markets, after China and Turkey. Total export of Bangladesh's garment items was US$19.32 billion to the EU in 2018 -- up 11.17 per cent year-on-year. Likewise, the US is the single largest export destination for Bangladeshi apparel items. Export of Bangladesh's apparel to the US jumped to 15.57 per cent, worth US$1.63 billion, in the first three months of 2019. Earlier, Bangladesh ranked as the third largest supplier of clothing to the US in 2017 with export of US$5 billion apparel products.

Why is Bangladesh's export of apparel to China not adequate? Several factors can be identified in this regard:

First, both Bangladesh and China are the world's major producers of apparel products. The RMG industry is the largest foreign currency earning sector for Bangladesh that accounts for about 83 percent of the country's total exports. The country has also set the target to export US$50 billion garment products by 2021.

Source: thefinancialexpress.com.bd- Jan 22, 2020

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Turkish textile fair debuts to in US to promote goods overseas

Turkish textile exporters have organized a fair in the U.S. to promote a full range of the country's textile products.

The two-day event, called "I of the World," kicked off for the first-ever time on Tuesday with the attendance of 32 companies from across Turkey, having been set up by the Istanbul Textile and Raw Materials Exporters' Association (İTHİB).

Turkish Deputy Trade Minister Rıza Tuna Turagay stressed that the U.S. was a significant target market for the textile sector.

While U.S. textiles and apparel imports total around $100 billion annually, Turkey has its share with some $1 billion exports to the U.S. in these sectors, said Turagay, adding that the figures did not reflect the potential of Turkey, whose textile and apparel exports rake in around $29.5 billion yearly.

Ahmet Öksüz, chairman of İTHİB board, said the fair would contribute to the $100 billion bilateral trade target.

"Turkey is the sixth-largest textile supplier in the world and the 10th in the U.S. market; our goal is to gain higher achievement," he said. Öksüz also points out that the U.S. implements 15% taxation on Turkish textile products, while it has free trade agreements with Jordan and Egypt. He said: "Therefore, competitivity is tougher for us when it comes to trading in similar products."

Source: dailysabah.com- Jan 22, 2020

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Apparel 4.0 is revolutionising Bangladesh RMG sector

In Bangladesh, the readymade garments (RMG) industry acts as a catalyst for the prosperity of the nation and its competitiveness in international RMG market. Any brand with the 'Made in Bangladesh' tag, is considered as a high value brand across the world.

Bangladesh has maintained a 6 per cent average of annual GDP growth rate with its limited resources. The RMG industry, with the biggest export earning capacity, has become a significant industry of the country. This sector accounted for 83 per cent of total export earnings of the country in MY 2017/18 which reached over $30.61 billion of exports in 2017/18 financial year.

The number of garment factories in the country is also increasing continuously with stable to high growth rate. In MY 2016/17, the number of factories in Bangladesh were 4482 and increased by 3.10 per cent to 4621 in MY 2018/19. It is expected to increase by CAGR of 1.53 per cent to 4764 in MY 2020/21 from MY 2018/19.

As a supply hub of the world, the Bangladesh garment industry is focusing on compliance and environmental sustainability. The count of green factories in Bangladesh is continuously increasing and has already exceeded the number 100. The cost of garment production has increased by 30 per cent in the country between 2014 and 2018. Also, the minimum wage of the garment workers has increased by 51 per cent since December 2018.

Garment Price Movements in Bangladesh

Despite the increase in the price of cotton, the main raw material for fabrics, the prices of Bangladeshi garments have started falling since the Rana Plaza disaster in April 2013.

A dozen of cotton trousers manufactured in Bangladesh sold for $62.23 in 2013 and dropped by 12.80 per cent to $54.29 per dozen in 2017, according to a finding by Worker Driven Social Responsibility Network (WSR). The price of cotton was 90.42 per cent per pound in 2013, it decreased to 83.09 in 2014 and 70.41 per cent in 2015. The prices of cotton continued to recover since 2016 and reached 85.99 per cent in 2017, according to the findings.

The prices of Bangladeshi garments are still following a downward trend with increased cotton prices because the international retailers are not ready to pay a fair price to local manufacturers and exporters.

In Bangladesh, the prices of the cotton play a very significant role in the industry as the production of cotton garments is still high compared to production of garments by man-made fibre or viscose fibre. Approximately 90 per cent of the total Bangladeshi garment exports are cotton based.

Click here for more details

Source: fibre2fashion.com- Jan 22, 2020

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Sino-Pak textile cooperation to focus on readymade garments

Pakistani and Chinese experts have agreed to developing a textile cooperation framework under China Pakistan Economic Cooperation by focusing on readymade garments, man-made fiber and textile skill training.

It was expressed in a one-day workshop organized by the Board of Investment (BOI) to deliberate on a diagnostic study on Pakistan's textile sector, conducted by the National Development and Reform Commission (NDRC) of China and China International Engineering Consulting Corporation (CIECC),said a press release issued by BOI here on Wednesday.

The textile diagnostic report provided the Chinese viewpoints on the potentials and barriers of large-scale Textile Mills in Pakistan.

The report was also one of the deliverables of the 9th JCC held in 2019 and is a precursor to a more detailed work on the Textile Sector of Pakistan.

The workshop was attended by Executive Director General (EDG) of BOI, Qasim Raza Khan, Project Director of the Project Management Unit (PMU) BoI, Asim Ayub, Director SEZs BOI, Abdul Samie, Executive Director APTMA,Sattar Shahid, Director Textile Industry Division, Kanwar Usman, Chairman PRAGMEA, Shaikh Mohammad Shafiq, Head of Pak-China Investment Company Ltd,Tariq Masood and representatives from line ministries, private sector and academia.

EDG BOI, Qasim Raza Khan informed the participants that CPEC had now entered into the pragmatic phase of Industrial cooperation, and it was the right time to take Pakistan forward on the path of industrialization.

It has been agreed that the Chinese side will continue to provide intellectual and technical support to accelerate Pakistan's priority sectors especially through the 9 SEZs of Pakistan under CPEC wherein 03 SEZs have been prioritized and are now at an advanced stage of development, he added.

He was confident that through this cooperation, many Chinese companies would reap benefits of Pakistan's competitive advantages.

Project Director of PMU, Asim Ayub gave a brief presentation on the Textile diagnostic report, emphasizing that the trade potential had to be transformed into investment potential.

He specified three main areas of cooperation where Chinese could provide support to Pakistan with the objective of developing a textile cooperation framework. These areas include readymade garments, man-made fiber and textile skill training.

Executive Director APTMA, Sattar Shahid was of the view that for any meaningful investment to be made, there was a need to fix the business climate i.e. effective contract enforcements.

He proposed the need for an efficient and workable bankruptcy law, besides the tariff sector of Pakistan needed to be revisited.

Director Textile Industry Division,Kanwar Usman shared his views on the CPFTA-II with respect to its impact on the Textile Sector of Pakistan and emphasized on the issue of labor productivity in Pakistan.

He shared that the new Textile Policy of Pakistan was in the pipeline with special emphasis on infrastructure development and appreciated the aspect of Man-made fibers production that was included in the diagnostic report which ought to be taken in consideration by the country.

Chairman PRAGMEA, Shaikh Mohammad Shafiq was of the perspective that large scale units of Pakistan were only 20% of the total while SMEs comprised of nearly 80%.
Majority of the concessional tariff lines involved in CPFTA-II was related to the textile sector which held a huge opportunity for Pakistan, he added

There exists a great potential for cooperation in the value-added textile section and artificial fiber area by gaining technical expertise from the Chinese side.

Shafiq laid great emphasis on facilitating the SMEs in the textile sector.

The author of the Diagnostic study, Dr. Du Zhen Li, Deputy Director General of CIECC and the focal person on Joint Working Group (JWG) – Industrial cooperation (IC) from Chinese side, joined the workshop through a Videocon and shared that the Textile sector of Pakistan is chosen for the study based on its significance as an important industry, prioritized by the government of Pakistan.

Further, the Chinese Business community needed more information to understand the Textile industry of Pakistan in the backdrop of CPEC.

Executive Director General (EDG) of BOI, Qasim Raza Khan Qasim thanked the participants for their valuable input and assured that all the concerns raised by the stakeholders within the ambit of the BOI will be duly addressed and those outside the domain of BOI would be put forward to relevant Ministries for speedy solutions.

Previously, Dr. Du Zhenli the Deputy Director General of CIECC and the focal person on Joint Working Group (JWG) – Industrial cooperation (IC) from Chinese side, led a delegation of Chinese textile experts to conduct a diagnostic study of Textile sector. CIECC submitted the Textile Diagnostic report on 9th Joint Coordination Committee (JCC) held on 5th November 2019.

The report outlined the Textile Sector of Pakistan and areas of improvement that can lead to a positive impact on the export led growth vision to boost Textile sector of Pakistan.

Source: app.com.pk- Jan 22, 2020

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International apparel brands trigger price war in Bangladesh market

The second largest clothing manufacturer and exporter in the world, Bangladesh has become a major hub for manufacturing of extraordinarily cheap garments. Though industry leaders expected Bangladesh's status as the world's top manufacturer of cheap garments to change post the April 2013 Rana Plaza collapse, increased scrutiny did not get reflected in apparel costs.

Price fall despite rise in initiatives

As Bangladesh-based newspaper Daily Star reveals, prices of apparels made in Bangladesh continue to fall despite increased oversight and the rise in initiatives, such as the Alliance for Bangladesh Worker Safety and the Accord on Fire and Building Safety. Even an increase in cotton prices, used to make almost 90 per cent garments in the country, have not been able to uplift the price of these apparels. ForInternational apparel brands triggers price war in Bangladesh instance, in 2013, the country sold a dozen pair of cotton trousers for $62.26. However, in 2017 prices of the same quantity of pants dropped 12.8 per cent to $54.29 per dozen. At the same time, prices of T-shirts exported to the European Union declined by about 5 per cent.

Concentration hampers price growth

Reflecting on the falling prices of garments over the past five years Tripti Lahiri, Quartz says, apparel sales are increasingly concentrated in the hands of a few large multinational retailers whose massive orders give them significant legroom to not only set production timelines but also fix prices.

Rubina Huq, President of BGMEA, believes the industry has been over aggressive about price quotes in order to secure business from Western brands and retailers. This has led to buyers taking advantage of the situation by opting for international brands who offer clothes at cheaper rates. As a result, the domestic industry has few options other than reducing the price of their RMG products.

Source: fashionatingworld.com- Jan 22, 2020

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Asean textile industry reps eye seamless export trade

Members of the Asean Federation of Textile Industries (Aftex) gathered in Vientiane for two days to hear reports and learn about the activities of each participating country, as well as discuss collaboration.

The Aftex 43rd Council Meeting and 40th Plenary Session took place last week and was hosted by the Association of Lao Garment Industries.

The meeting shared information about garment business operations in Asean, considered the global garment market, and discussed ways to collaborate in the export of garments worldwide.

Participants also discussed products, raw materials, trade policies, adaptation, and the creation of strategies for problem solving.

Laos and some other Asean countries are preparing to graduate from Least Developed Country status and to embrace the Industry 4.0 era, which means streamlining trade using electronic systems and market integration within the region and the world.

The meeting also heard about the introduction of cooperation projects, trading, new technologies, new products, joint exhibitions and opportunities for new markets in China and the Republic of Korea.

Source: thestar.com.my- Jan 22, 2020

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#TradeAgreements will create jobs and protect human rights in #Vietnam

"The Trade and Investment Agreements with Vietnam can boost our trade and therefore create growth and jobs, both in Europe and Vietnam. The agreements will also help to raise environmental and labour standards and engage Vietnam on human rights according to EU standards," declared Iuliu Winkler MEP, who negotiated the approval of the agreements on behalf of the EPP Group.

Today, the Parliament's Trade Committee gave the green light for the ratification of the Trade Agreement and Investment Protection Agreement between the European Union and Vietnam. Through these agreements, EU exports to Vietnam are estimated to increase by around 29 percent, while Vietnam exports to the EU are estimated to grow by up to 18 percent. These figures correspond to export gains of €8 billion by 2035 for EU firms, while Vietnam exports to the EU are expected to grow by €15 billion.

The EU's main exports to Vietnam are high tech products, including electrical machinery and equipment, aircraft, vehicles, and pharmaceutical products. Vietnam's main exports to the EU are telephone sets, electronic products, footwear, textiles and clothing, coffee, rice, seafood and furniture.

"In times when the Trump Administration destabilises international trade, we need to push for rules-based trade. The Vietnam Agreements are a door opener for European products and European standards in other parts of Asia. We need trade agreements to ensure stability, protection and benefits for companies and consumers on all sides," insisted Winkler.

"Champagne, Rioja wine, feta cheese... we will also protect more than 160 traditional European food and drinks products from a specific geographical origin against imitation on the Vietnamese market. It's clearly a step forward to defend our European products," the MEP further stated.

A Joint Committee of EU and Vietnamese lawmakers, set up by the agreements, will ensure that environment and labour standards as well as human rights are respected.

“Of course, we do not give a ‘blank check’ to the Vietnamese authorities, but we will monitor the full observance and implementation of all the commitments made,” the MEP continued.

Together with the National Assembly of Vietnam, the European Parliament took up the initiative to set up a Joint Committee, which will scrutinise the implementation of the agreements. “Such direct contact with Vietnamese authorities will provide us with a good platform to engage and address early on any implementation issues that might arise,” Winkler concluded.

Source: eureporter.co- Jan 22, 2020

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NATIONAL NEWS

Making 'Make in India' work

To get investments to come in, we need to understand why investments go out

Prime Minister Narendra Modi's 'Make in India' initiative, to my mind, has been one of the most significant, structured and outcome-oriented policy initiatives by any Indian government in recent years. It was, unlike many similar initiatives in the past, well structured, properly thought through, had an identified set of priorities (originally 16 sectors, now grown to 25) and focussed on the key issue dogging all inbound foreign direct investments in India — the ease (or rather, the lack of) doing business in India.

It was also particularly well-timed. The programme itself was formally introduced on September 25, 2014, but Modi had outlined it a month earlier. In his first Independence Day speech on August 15, 2014, Modi said, "I want to tell the people of the whole world: Come, make in India. Come and manufacture in India. We have skill, talent, discipline and the desire to do something. We want to give the world an opportunity that come make in India."

The timing was near perfect. The Chinese growth engine had started slowing. Besides, new trade-related tensions between the world's two biggest economies — the US and China — were giving jitters to investors worldwide. They were looking for a safe hedge bet against potential turmoil in their key manufacturing base, China. And Prime Minister Narendra Modi, with a strong, pro-business image, had just burst on the scene, talking the talk that investors love to hear, and what's more having the absolute electoral mandate to enable him to walk the talk as well, without the many pressures of 'coalition dharma' which his predecessor had to face.

The 'Make in India' initiative, when it took off, had ticked all the right boxes. The policy promised to clear the red tape that shrouded any potential inbound investor, create world-class infrastructure required by modern manufacturing industry, and bring in policies that helped foster a climate of innovation and, importantly, protect the intellectual property that resulted from such innovation, something that global investors had little faith in as far as China was concerned.

So, we had a plan, it was workable and it was well-timed. Investors, should, logically, have been beating a path to India to set up mega manufacturing plants to supply the world. But has the 'Make in India' programme achieved what it set out to do?

Five years down the line, the picture is a bit muddled. True, in FDI terms, India is among the world's top destinations, garnering inflows of $49 billion in calendar 2019, according to UNCTAD. India now accounts for 85 per cent of all FDI coming into South Asia (but then our competitors in the region are Bangladesh, Nepal, Pakistan, Sri Lanka and Afghanistan!).

But FDI statistics include inflows into the capital markets, which still continue to account for the lion's share of capital flows. Statistics on specific, manufacturing sector FDI flows are a bit harder to come by. Manufacturing FDI was around $8 billion in 2018-19, accounting for less than a quarter of the total inflows.

E-commerce, which has nothing to do with either manufacturing or 'Make in India', is one of the key sectors for FDI.

In some sectors in particular, 'Make in India' appears to be doing exceedingly well. There are over a 100 mobile phone manufacturers in India and market leader Samsung last year upped one of its largest manufacturing set-ups from China and moved it to Noida in Uttar Pradesh. Apple and Xiaomi are also invested seriously in Indian manufacturing capacity.

Work in progress

But judged from the yardstick of what it set out to achieve, 'Make in India' is at best still a work in progress. The key stated outcomes were to increase the share of the manufacturing sector to 25 per cent of GDP and to create a 100 million additional jobs in the manufacturing sector by 2022.

Clearly, both have not happened, and going by the increasingly gloomy predictions for GDP growth, unlikely to happen by the target year. Manufacturing's share of GDP, currently a shade under 15 per cent, is not likely to increase significantly over the next two years. And jobs — particularly relatively better paid, stable, manufacturing jobs — continue to be a chimera.

Why hasn't 'Make in India' worked? To understand this, we need to understand why companies invest outside their home geographies. Looking at our companies is a good place to start. Last year, Indian companies invested nearly $12 billion as FDI in other countries, and India is now one of the top 20 origin countries for global FDI.

Why did they do it? Essentially, there are just three or four factors which drive corporates into significantly increasing their risk exposure by venturing into a foreign land. The first and biggest push factor is market access. If the rules are such that you cannot fully access a coveted market without investing in it, companies will invest. That is why Tata Steel bought Corus, for instance.

The second factor is acquiring technology. Again, this was a big factor in some of the big Indian FDIs in recent years — Tata Steel wanted technology for special steels, Tata Motors bough Jaguar Land Rover for its world class technology and design capability, and so on.

The third factor is acquiring talent. In the IT space for instance, a push-pull combination of tougher visa rules and availability of high-end talent, and access-limiting restrictions, particularly for government orders, has led to Indian IT giants like TCS, Infosys et al creating some serious capacity in the US.

The final factor is securing raw material and inputs for your domestic business. That is why Adani and Tata have bought mineral and coal mines abroad and why ONGC is making investments in oil and gas resources.

We need to ensure that the same factors apply in reverse as well. We have to make market access tougher via a pure trade route; we need to ensure that Indian innovation attracts global investment (it's already happening in the start-up space); we need to ensure that our talent does not migrate abroad but is headhunted at home; and we need to ensure that our precious natural resources are value-added at home.

Unless we tweak our policies to get these right, the 'Make in India' lion cannot hope to be the king of his own jungle.

Source: thehindubusinessline.com- Jan 23, 2020

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National Start-up Advisory Council to suggest steps to keep control with original promoters

The government on Tuesday said it has set up a National Start-up Advisory Council under commerce and industry minister Piyush Goyal to recommend measures to build a strong ecosystem to promote budding entrepreneurs, ease access to capital, incentivise investments and keep control of start-ups with original promoters.

Although the policy recommendations will come in due course, one of the objectives of the panel—to provide inputs on keeping control of start-ups with original promoters—has raised eyebrows.

Interestingly, in 2018, a task force on e-commerce under then commerce secretary Rita Teaotia had drawn criticism for suggesting necessary policy changes to enable founders of domestic e-commerce companies to retain control even if their share-holding was small. Subsequently, the draft e-commerce policy in 2019 junked the proposal, as many pointed out that foreign investors would shy away from investing in e-commerce start-ups if any such move was implemented.

In a statement on Tuesday, the commerce and industry ministry said the council will suggest steps to facilitate public organisations to foster innovation, promote creation, protection and commercialisation of intellectual property rights, make it easier to start, operate, grow and exit businesses by reducing regulatory compliances and costs.

Besides, it will have persons capable of representing interests of incubators and accelerators and representatives of associations of stakeholders of start-ups and representatives of industry associations.

The council will consist of non-official members to be nominated by the government, founders of successful start-ups, veterans who have grown and scaled companies in India, persons capable to represent interests of investors into start-ups.

The term of the non-official members will be for a period of two years. The individual names will be notified soon. The nominees of the ministries, departments and organisations concerned not below the rank of joint secretary will be ex-officio members.

Drawing capital remains the most critical challenge for Indian start-ups, despite the fact that some of them attracted big investments in 2019. Start-ups raised as much as $14.5 billion in 1,185 funding rounds, of which 459 were Series A and late-stage investments, according to the India Tech Annual Factsheet – 2019, compiled by data analytics firm Tracxn. This was substantially higher than $10.5 billion raised by the start-ups in 2018 and $10.4 billion in the previous year. The new council will be a catalyst in the effort to boost capital flows for the start-ups.

Source: financialexpress.com- Jan 22, 2020

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India and Russia: Impact on Trade Ties as Delhi Eyes Eurasian Economic Union FTA

India and Russia are currently engaged in discussions concerning a free trade agreement (FTA) between India and the Eurasian Economic Union (EAEU), which consists of Russia, Armenia, Belarus, Kazakhstan, and Kyrgyzstan.

There are good reasons to believe this will happen in 2020 as these markets offer Indian manufacturers and producers access to a combined EAEU market of 173 million people, while acknowledging that Russian businesses are less likely to be as disruptive to the Indian market as say for example the China alternative. Comments I made on this were recently highlighted in Japan’s Nikkei Asian Review last week.

Bilateral trade has been increasing in recent years, although it is still way under the latent potential.

Both are members of the BRICS grouping and the Indian Prime Minister, Narendra Modi attended the Far Eastern Economic Forum in Vladivostok last year. I discussed the outcome of that forum in the article India-Russia Business Ties Developing in Energy, Shipping, Agriculture, and Jewelry Fields.

India is in the market for oil and gas supplies and has been buying LNG from Russia’s Yamal facility in the Arctic.

India also sees opportunities for developing specific vessels to transport that gas, with a potential shipyard being in sited in Gujarat, Modi's political base. The two countries have stressed their need to develop trade, with Prime Minister Modi and Russian President Putin pledging to raise bilateral trade to US$30 billion by 2025.

But what else do the two countries trade?

Indian exports to Russia

Indian exports to Russia are on an upward trend, a situation that will further, and sharply, increase should an EAEU FTA materialize. If so, this is good news for Indian producers of generic medicines, tea, canned vegetables, grapes and raisins, rice, coffee and coffee extracts, and related consumables, such as spices, herbs, and essences.

Russian exports to India

Exports of beans to feed Indian consumers have grown to US$14.5 million from just US$2 million in the past two years, while sales of sunflower seeds and other oil-producing crops have also increased. Russian radar equipment as well as compasses and other navigational products also became important exports to India, while areas of growth include uncut diamonds, silver, mineral and chemical fertilizers, crude and petrochemicals, machinery, synthetic rubber, polymers, plastic products, and paper and other products.

Businesses in either India or Russia looking to take advantage should be discussing business intelligence and market research programs to properly define the size and accessibility of these respective markets – both are huge countries and a program to maximize initial investments – and where – need to be developed.

This is where our firm can assist – Dezan Shira & Associates maintain offices in Delhi, Mumbai, and Bangalore and can assist with developing business plans for Russian producers looking at the Indian market. We also have representation in Moscow and St. Petersburg and can assist Indian producers to understand and develop a business case for Russia. Enquiries should be sent, in both instances, to Maria Kotova at india@dezshira.com.

While I do not expect an India-EAEU FTA to be signed until later in the year, it is wise to prepare. Such an FTA will provide excellent opportunities for Indian businesses to access the Russian and Eurasian Economic Union markets, and time should be invested to understand where the opportunities lie.

Source: india-briefing.com - Jan 22, 2020

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When white turns gold

The Cotton Corporation of India (CCI) has procured 4,53,256.47 quintals of kapas (raw un-ginned cotton) from farmers of Khammam in the current 2019-20 marketing season since early November. This purchased quantity is over 56% more than the 2,89,851.96 quintals bought by the government-owned agency at the Centre's declared minimum support price (MSP) of Rs 5,550 per quintal. In terms of lint — the pressed white fibre from kapas after separation of its seeds through mechanical ginning — the increase is from 55,083 bales to 85,276 bales of 170 kg each.

But it is not just the higher procurement from this southeastern district of Telangana that's impressive. More significant is the reason, which has less to do with production; cotton acreage in Khammam this time has gone up only marginally to 98,599 hectares, from the normal of 96,116 hectares. According to

R Jeyakumar, deputy general manager of CCI, the main factor behind the 1.6 times jump in procurement is the Rythu Mitra Kendras across the district equipped with cotton moisture testing machines. The district administration activated 106 such temporary Kendras or kiosks, each manned by an agriculture extension officer (AEO) and a village revenue officer (VRO), during this marketing season.

CCI procures kapas from farmers only if the moisture content in the crop is between 8% and 12%. The Rs 5,550/quintal MSP is payable solely for the kapas having 8% moisture content. It reduces progressively with this content going up — to Rs 5,494/quintal for 9%, Rs 5,439/quintal for 10%, Rs 5,383/quintal for 11%, and Rs 5,328/quintal for 12%. Beyond 12%, which compromises the fibre quality, no produce is accepted.

"We ended up buying more simply due to these decentralised village-level moisture measurement camps. They resulted in an increase in the number of cotton farmers from Khammam, whose crop adhered to the maximum 12% moisture limit fixed by us. They waited till their kapas had dried enough, before bringing it to our procurement centres," Jeyakumar points out.

It is very often the case that farmers get to know about their crop's moisture levels only after bringing it to CCI's purchase centres at or adjoining the wholesale mandis. When the kapas gets rejected because of having more than the prescribed moisture limit — which is normal for the crop that is harvested and brought for sale early — the grower is, then, compelled to go to the private traders' outlets, where it fetches a rate well below the MSP.

"This is the first season, when we opened these Kendras where farmers can sample their produce and check the moisture content before loading it for taking to the market. The AEO and VRO provide them assistance and advise on whether this is the right time to sell or should they allow the crop to dry more.

Even if the farmer doesn't want to sell to CCI, he becomes more aware about the quality of his produce and is, hence, empowered to bargain better with the private trader or ginner. In the absence of such a facility that gives prior information on its moisture content, the farmer is reduced to being a passive price taker" notes R V Karnan, district collector of Khammam.

Khammam has eight wholesale markets and five CCI procurement centres. The 106 temporary Kendras, having moisture testing machines for cotton as well as paddy, are closer to the fields of farmers, who neither need to travel much nor carry more than a small sample of their crop now.

Karnan claims that 11,276 farmers — out of the district's total 15,249 who sold to CCI — visited the kiosks and 7,461 kapas samples got tested during this season. The 4.53 lakh quintals procured by CCI — worth Rs 245 crore taking an average MSP of Rs 5,400/quintal at just above 10% moisture content — accounted for over a fifth of Khammam's estimated kapas production of 22.18 lakh quintals for 2019-20.

On paper, the Rythu Mitra Kendras are a simple and low-cost intervention. The 120 moisture measurement machines bought by the district administration cost only around Rs 14,200 a piece.

But for the ordinary farmer who is regularly short-changed at the mandis, it has made a significant difference to the realisation on his produce. And that comes merely from access to better information. It's an idea worth taking to farmers in other parts of the country as well.

Source: indianexpress.com - Jan 23, 2020

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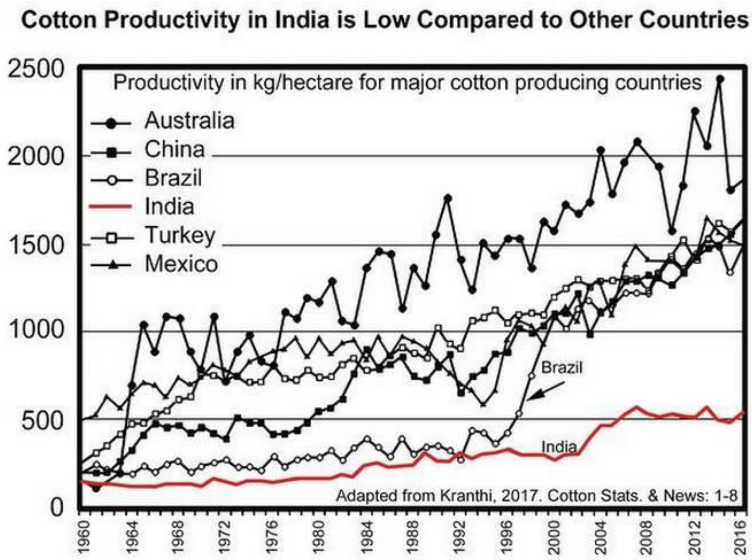
The flawed spin to India's cotton story

Genetically Modified (GM) pest resistant Bt cotton hybrids have captured the Indian market since their introduction in 2002. These now cover over 95% of the area under cotton, with the seeds produced entirely by the private sector. India's cotton production in 2019 is projected as the highest ever: 354 lakh bales.



Bt cotton's role in increasing India's cotton production, which GM proponents have highlighted as being instrumental, has also been used to argue for extending GM technology to increase food crop yield. However, critics say that Bt cotton hybrids have negatively impacted livelihoods and contributed to agrarian distress, particularly among resource-poor farmers.

The Indian experience

This year, India is expected to be the world's largest cotton producer, surpassing China in output. However, India's productivity (yield per unit area), is much lower than other major cotton-producing countries, meaning a much larger area is used for cotton production.

Indeed, India's productivity has been only a third of these countries for over four decades. Why is this so? It cannot be explained by agronomic or socio-economic differences because these countries include both developed and developing countries, and different geographies. Which feature of cotton cultivation in India differs from other countries and might account for this large anomaly?

India is the only country that grows cotton as hybrids and the first to develop hybrid cotton back in 1970. Hybrids are made by crossing two parent strains having different genetic characters. These plants have more biomass than both parents, and capacity for greater yields. They also require more inputs, including fertilizer and water.

Though hybrid cotton seed production is expensive, requiring manual crossing, India's low cost of manual labour make it economically viable. All other cotton-producing countries grow cotton not as hybrids but varieties for which seeds are produced by self-fertilization.

A key difference between hybrids and varieties is that varieties can be propagated over successive generations by collecting seeds from one planting and using them for the next planting; hybrid seeds have to be remade for each planting by crossing the parents. So for hybrids, farmers must purchase seed for each planting, but not for varieties. Using hybrids gives pricing control to the seed company and also ensures a continuous market. Increased yield from a hybrid is supposed to justify the high cost of hybrid seeds. However, for cotton, a different strategy using high density planting (HDP) of compact varieties has been found to outperform hybrids at the field level.

Cotton planting strategies

For over three decades, most countries have been growing cotton varieties that are compact and short duration. These varieties are planted at high density (5 kg seeds/acre), whereas hybrids in India are bushy, long duration and planted at ten-fold lower density (0.5 kg seeds/acre).

The lower boll production by compact varieties (5-10 bolls per plant) compared to hybrids (20-100 bolls/plant) is more than compensated by the ten-fold greater planting density. The steep increase in productivity for Brazil, from 400 to 1,000 kg/hectare lint between 1994 and 2000 coincides with the large-scale shift to a non-GM compact variety. Cotton is a dryland crop and 65% of area under cotton in India is rain-fed. Farmers with insufficient access to groundwater in these areas are entirely dependent on rain.

Here, the shorter duration variety has a major advantage as it reduces dependence on irrigation and risk, particularly late in the growing season when soil moisture drops following the monsoon's withdrawal. This period is when bolls develop and water requirement is the highest.

The advantages of compact varieties over hybrids are considerable: more than twice the productivity, half the fertilizer (200 kg/ha for hybrids versus 100 kg/ha for varieties), reduced water requirement, and less vulnerability to damage from insect pests due to a shorter field duration. Yet, India has persisted with long-duration hybrids, many years after benefits of compact varieties became clear from global experience.

Impact of policy

If one grants that India would have benefited greatly from deployment of compact cotton varieties as supported by the evidence, then the question arises: why was this not done? Two phases of policy have contributed to this situation. The first is before GM cotton, when India persisted with hybrids from 1980-2002, while other countries shifted to HDP. Why was such a significant innovation in cotton breeding ignored for so long and what kept public sector institutions and cotton research centres from developing and releasing such varieties? The answers lie with the agricultural research establishment. The second phase where the question of hybrids versus compact varieties could have been considered, was at the stage of GM regulation when Bt cotton was being evaluated for introduction into India.

It would not have been out of place to have evaluated the international experience, including the context of introduction of this new technology. Information should have been considered on the form in which it would be deployed (hybrids versus varieties). Importantly, agro-economic conditions where it would be used should have been a guiding factor. However, the scope of evaluation by the GM regulatory process in India was narrow, and did not take this into account. Consequently, commercial Bt hybrids have completely taken over the market, accompanied by withdrawal of public sector cotton seed production. The Indian cotton farmer today is left with little choice but to use Bt hybrid seed produced by private seed companies.

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Source: thehindu.com - Jan 22, 2020

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KVIC seeks international trademark for khadi items

State-owned Khadi Village Industries Corporation is eyeing international trademark for 'khadi' under the Paris Convention for protection of industrial property to prevent any product from masquerading as 'khadi' nationally or globally.

KVIC is fighting cases in several countries including Germany for violation of the Khadi Mark regulations. The Regulations issued in 2013 by the ministry of micro, small and medium enterprises, empower KVIC to grant 'Khadi Mark' registration and take royalties from any producer using the Khadi mark. In 2015, KVIC slapped around Rs 600-crore penalty on garment retailing chain FabIndia for marketing mill-made fabric as khadi, which is ideally meant to be hand-spun.

The Paris Convention is a multilateral treaty dealing with the protection of industrial property in the widest sense. It is administered by the World Intellectual Property Organization (WIPO), one of the specialised agencies of the United Nations dealing with the protection and promotion of intellectual property rights.

"Ever since the pre-independent era, Khadi has been considered as the national symbol for Swadeshi. The word marks "Khadi", "Kutir", "Sarvodaya", and the logo of Khadi India and Charkha are the harbinger of this spirit and hence, must be protected," KVIC Chairman VK Saxena has said.

Article 6 of the Paris Convention of 1883 protects armorial bearings, flags and other State symbols of the States part to the convention, including official signs, and hallmarks indicating control and warranty adopted by them.

Saxena has written to Commerce and industry minister Piyush Goyal seeking minister's intervention for the matter to be taken by the Department for promotion of Industry and Internal Trade (DPIIT) on a 'priority' basis.

Source: economictimes.com - Jan 22, 2020

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Govt staggers GSTR filing deadline to ease system load

After taxpayers complained of technical glitch in filing the monthly summary GST returns (GSTR3B), the government on Wednesday said it would allow staggered filing on the basis of turnover and location to ease the load on the system which is witnessed closer to the filing deadline on 20th of every month.

For about 8 lakh taxpayers with turnover over Rs 5 crore, the last date of filing would remain the same. For those below the turnover threshold, they have been further divided into two groups of 46 and 49 lakh taxpayers belonging to two sets of states and UTs whose deadline will now be 22nd and 24th of every month, respectively. However, experts said that while excess load is a problem on the last day of filing, when the system shows that it's busy preventing return-filing, is only a part of the problem. There are other structural issues as pointed out by a CAG report tabled in Parliament earlier this year.

"These design problems include time lag in payments to appear, multiple OTPs are sent for a single filing, data takes time to reflect, preview of returns show wrong numbers, data uploaded using ASP/GSP takes additional time to reflect, system frequently log out the user," Rajat Mohan, senior partner at AMRG & Associates, said.

The CAG report had said: "Inadequacies in the system show that there was a failure in not just system design, but its testing by GSTN and acceptance by the tax departments before a pan-India rollout. As such, the executive who has endorsed the system as developed is equally accountable for the problems being faced."

The first category of 46 lakh taxpayers would be from J&K, Ladakh, Himachal, Punjab, Chandigarh, Uttarakhand, Haryana, Delhi, Rajasthan, UP, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha. The second set of 49 lakh assessees would be from Chhattisgarh, MP, Gujarat, Daman and Diu, Dadra and Nagar Haveli, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands, Telangana and Andhra Pradesh.

"For further improving the performance of GSTN filing portal on a permanent basis, several measures are being worked out with Infosys and will be in place by April this year," the government said in a statement.

Source: financialexpress.com- Jan 23, 2020

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Maintaining database: National Business Register on anvil

India will come out with a National Statistical Business Register that will have data on all business enterprises in the country collated based on the results of the ongoing seventh economic census, officials familiar with the development said.

The register will have a district-wise list of all business enterprises and establishments engaged in production or distribution of goods or services, and it will be updated regularly using data from Goods and Services Tax Network, databases of Employees' State Insurance Corporation, Employees' Provident Fund Organisation, and those with the corporate affairs ministry, they said.

"The census will provide a framework for dynamic register which can be updated using the data from other departments including GSTN," said an official in the know of the development.

The data collected is expected to help improve the quality of national accounts and provide input for the proposed annual survey of services.

The Ministry of Statistics and Programme Implementation (MoSPI) wants to put in place such a register to strengthen the assessment of economic activity by digitising enterprises' data.

The register will have details such as the name of an enterprise, its location, activities, type of ownership, number of workers and PAN/TAN.

The ministry had earlier reached out to the finance ministry to share GST data such as quarterly tax collections and information on tax paying units in order to make the national accounts robust.

ROBUST SERVICES DATA

The government also expects the data to help it with the proposed Annual Survey of Services for a more elaborate coverage of the services sector.

As per India's first chief statistician Pronab Sen, the proposed services survey will draw from two sources—data from GSTN and a business register. All businesses with an annual turnover of over Rs 40 lakh have to register under GSTN. For North East and Jammu and Kashmir, the threshold is lower at Rs 20 lakh. "This is because unlike the Annual Survey of Industries, services have a dynamic frame," Sen said. "These two datasets will then feed into the GDP estimates." He said data on name, address and type of business from GSTN can be used in the planned survey.

Many states have begun the process of preparing their own business register. For instance, Rajasthan has been successful in developing business register with unique Business Registration Number (BRN), thereby integrating business establishments in that state. As per Sen, the government's idea to conduct the economic census every three years is not wise because it is costly and requires deployment of a huge number of people. "With school teachers not permitted to conduct the survey, all state government functionaries are being involved and that is a challenge," he said.

Source: economictimes.com- Jan 22, 2020

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