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

IBTEX No. 124 of 2019 June 27, 2019

SD 69.25| EUR 78.59 | GBP 87.81 | JPY 0.64

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
21531	45000	**82.74**

Domestic Futures Price (Ex. Warehouse Rajkot), July

Rs./Bale	Rs./Candy	USD Cent/lb
21720	45395	**83.46**

International Futures Price

NY ICE USD Cents/lb (December 2019)	66.39
ZCE Cotton: Yuan/MT (September 2019)	13,715
ZCE Cotton: USD Cents/lb	90.42
Cotlook A Index – Physical	**76.45**

Cotton Guide: The word HOPE is something that drives on a wave of optimism. The world is now hoping that a trade deal will happen between the two superpowers- US and China. Optimism is seen everywhere now whether it be commodities or equities. Prices are seen to be soaring at the moment. Will this Optimism be able to sustain itself? Will the Export Sales Data scheduled to be released today dampen this optimism? In the short run we might see knee jerk reactions but the long run prospects are still bearish as the fundamental factors are paving way for the bears. Only if there is a concreteness being witnessed in the trade deal, it's only then all markets would shoot high. In the last one year for cotton, the weighing scale has always favored Geopolitical news, giving less weightage to the fundamentals, as is the case with all the other markets - equities and commodities etc.

This evening we can see considerable changes favoring the bears as we expect the export sales data to be displaying lower than average figures. For the day, the ICE prices are expected to fluctuate with lower intensities in either direction thus showing consolidation.

The ICE contracts yesterday were filled with cheer on trade deal hopes. ICE Cotton futures escalated 1% to hit a one week high. The most active cotton contract – the third month December contract, settled high by +67 points at 66.39 cents/lb. The most volatile contract has been the ICE July contract which settled at 63.49 with a change of +129 points. The volume figures have still been on the downside at 21,595 contracts.

The MCX contracts had emanated positivity yesterday due to the same geopolitical reasons which caused ICE contracts to settle positive. The most active contract the MCX July contract settled at 21720 Rs/Bale with a change of +340 Rs. The MCX August contract settled at 21450 Rs/Bale with a change of +260 Rs. A surge in volumes can be seen in the MCX October contract. We expect the MCX contracts to be consolidated today.

The Cotlook Index A is adjusted a tad by +0.05 cents/lb at 76.45 cents/lb whereas the Cotlook 2019/2020 Index A is kept unchanged at 75.80 cents/lb. Prices of Shankar 6 are firm at 45,000 Rs/Candy.

Demand on the whole still remains a concerns. We can analyze demand with respect to two entities. One is with respect to Polyester fibre and Second is with respect to Economic Growth concerns. We all know how a slump in polyester prices can drag the cotton fibre prices along with it. On the other hand, textiles are the first to be effected, if a country's economy is not growing as expected. It affects the consumer spending. The purchasing power of a consumer decreases thus making the demand for textiles look dry.

On the technical Front, ICE Cotton is trading within a downward sloping channel, prices have held the support of 65.50-65.40 from the past week & with EMA (5, 9) at (66.24, 66.21) being the support for the price. However, a move below the support of 65.40 would witness a move till the lower end of the channel. The immediate resistances for the price is at 67.80, which coincides with higher end of the channel & 23.6% Fibonacci retracement level. Momentum indicator RSI is at 46 bounced from the oversold zone suggesting sideways bias for the coming sessions. For the today's session we expect the prices to trade within a range of 67.80-65.40. However, a breach in the either direction would give the price momentum. In the Domestic market MCX Cotton June may trade in the range of 22000-22600.

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

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INTERNATIONAL NEWS

US Goods-Trade Deficit Widens as Levies Rise on Chinese Items

The U.S. merchandise-trade deficit widened in May to a five-month high amid a surge in imports following President Donald Trump's decision to increase levies on $200 billion of items from China.

The gap increased to $74.5 billion from $70.9 billion in the prior month, according to a Commerce Department report Wednesday. That compared with the median estimate for a shortfall of $71.8 billion. Imports rose 3.7 percent, the biggest jump in four years, while exports advanced 3 percent, the most since early 2018.

Key insights

- The figures may reflect companies rushing orders to beat tariffs that Trump increased in May to 25 percent from 10 percent on $200 billion of imports from China—which took full effect June 1. While the president has vowed to reduce the trade gap and address what he calls unfair competition, the overall trade deficit has widened under his presidency.
- The report comes just days before a pivotal Group of 20 summit in Japan, where Trump and Chinese President Xi Jinping plan to discuss their trade war. The Trump administration has accused China of unfair practices and stealing U.S. intellectual property in applying the tariffs and threatening more, while China has retaliated with levies on American goods.

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- The report showed imports of automobiles rose 7.5 percent and industrial supplies, including petroleum products, were up 3.9 percent. Exports of consumer goods, autos, capital goods and foods, feeds and beverages all registered strong gains.
- Wholesale inventories rose 0.4 percent from the prior month while retail inventories were up 0.5 percent, according to other figures contained in the report. Analysts look to these numbers to adjust estimates for economic growth during the quarter.

- Wednesday's data on trade are for goods only, have limited details and don't include destinations or origins of items. The Commerce Department will release the full May report on international trade on July 3.
- Exports and imports of goods account for about three-fourths of America's total trade; the U.S. typically runs a deficit in merchandise trade and a surplus in services.

Source: sourcingjournal.com- June 26, 2019

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USA: Are We Ready for a Mass Exodus from China? All Signs Point to…Maybe

The feelings on a China sourcing exodus are about as disjointed as the president's tweets on the subject.

During Sourcing Journal's exclusive Tariffs & Turmoil event on Monday—in which senior apparel and footwear executives participated in a seminar deconstructing the current tariff landscape—attendees were mixed over whether manufacturers are prepared, willing or even able to relocate their operations from China to another country.

As with many companies, BBC International has a significant base in China, and Robert Mingione, senior VP of men's footwear, said they're evaluating how much of their operations should remain.

He described the industry sentiment as "cautiously optimistic"—both when it comes to the ability to relocate from China and whether the tariffs will necessitate the action.

While Maria Nyline-Asker, president of children's apparel manufacturer Ayablu, agreed that companies were evaluating whether sourcing bases were dynamic and diversified enough, she was less buoyant about the level of difficulty in making such a move, noting the typical 6- to 12-month product lifecycles. "To be able to move quickly is not something easily done," she said.

Laurel Harvey, an importer at women's wear manufacturer One Step Up, put it more bluntly: "I don't think they're ready."

Retail analyst and consultant Jan Rogers Kniffen, however, said he hasn't spoken to anyone who isn't moving out of China as fast as they can. When asked about the industry's readiness for a mass exodus, he was frank: "We're having a mass exodus from China."

He cited Croc's expectation to dramatically scale back its production in China with just 10 percent in the country by 2020 as just one example. "Everybody is doing it just as fast as they can find the capital to put into the plant, the workers to train and the supply chain logistics to move it."

Could all of this time have been better spent elsewhere? Perhaps.

"The distraction it's creating is causing some of us to take our eye off the ball," said David Shalom, VP of Poof Apparel, "and it's also causing us to make some decisions that we wouldn't normally make if we were focused on our business day-to-day."

Also lost is the time stolen from companies' abilities to address other pressing issues, such as sustainability, said BBC's Mingione, a key priority for both the apparel and footwear industries.

From a retail perspective, Kniffen was less certain that this was proving to be detrimentally distracting. "I'm not sure they're getting a negative effect on the rest of their business," he mused.

"It doesn't seem to have slowed down automation in the stores at all. Everyone is still trying to do that. It doesn't seem to have slowed down online [operations]. In fact, maybe it's going to increase the emphasis online. I don't see them avoiding or not looking at something they were looking at and not allocating resources."

Still, despite all the doubt, uncertainty and ambiguity surrounding the tariff tranches, there may be something to say about the necessary conversation that's been forced—and even some unexpected silver linings.

"It's pushed people to go beyond their comfort zones to other countries," said Mingione. "[There are] other areas of opportunities in these other countries: new cultures, new methods of production. With each new culture, you learn about the ways they do things."

Kniffen reinforced that this turmoil is just an acceleration of a trend that was already occurring: "I think by next year we'll say, 'Oh my god, who knew they could move so fast?'"

Source: sourcingjournal.com- June 26, 2019

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Trump Warns of 'Plan B' on China Trade: Billions More in Tariffs

President Donald Trump said substantial additional U.S. tariffs would be placed on goods from China if there's no progress on a trade deal after his planned meeting with Chinese counterpart Xi Jinping at the G-20 Summit in Japan.

"My Plan B with China is to take in billions and billions of dollars a month and we'll do less and less business with them," Trump said Wednesday during an interview with Fox Business Network's Maria Bartiromo.

Trump has previously said he may decide to raise tariffs on the remaining $300 billion of Chinese imports if he doesn't like what he hears from Xi at this weekend's summit in Osaka. The two leaders are expected to meet Saturday—something financial markets worldwide will be watching carefully.

U.S. stock futures pared gains after the president's comments. Shares rose earlier after Treasury Secretary Steven Mnuchin reiterated he was "hopeful" for an eventual trade deal as leaders of the two countries prepare to meet at the G-20 summit.

An alternate course as the trade talks resume may be that U.S. suspends the next round of tariffs on the additional $300 billion of Chinese imports, Bloomberg reported Tuesday. If the tariffs on the broader set of goods does go into effect, it could be at a 10% rate rather than 25%, Trump said in the television interview Wednesday.

"My plan B's maybe my plan A, my plan B is that if we don't make a deal I will tariff, and maybe not at 25%, but maybe at 10%," Trump said in the interview Wednesday.

Trump also said that he likes China and he likes Xi but "they have taken advantage of us for so long." "They devalue their currency like a ping-pong ball," he said.

The talks between the leaders of the world's two largest economies mark a critical juncture in their trade war, which has gone on for more than a year, and both sides have plenty to lose if it escalates.

No detailed trade deal is expected from the leaders' summit, a senior U.S. administration official said Tuesday. The goal of the meeting is to create a path forward for a trade agreement, after negotiations broke down last month.

Source: sourcingjournal.com- June 26, 2019

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Robots May Displace 20 Million Manufacturing Jobs by 2030

Robots are on track to wipe out almost a tenth of the world's manufacturing jobs with the brunt borne by lower-income areas in developed nations, Oxford Economics says.

While automation should boost the economy as a whole, it is likely to create greater inequality as employment losses are concentrated in certain industries and countries.

Manufacturing could lose 20 million positions by 2030, making the sector 8.5% smaller than "if robots were not remaking the market," according to the research firm's report.

Job losses per robot

The pockets of workers most vulnerable to automation can often be found in rural areas with a traditional, labor-intensive industrial base, Oxford Economics said. Oregon is the U.S. state most likely to be affected, while the worst-hit region in the U.K. is likely to be Cumbria.

The report highlights how the structural shift in the labor market is throwing up new challenges as an increasing array of tasks are automated. It says more than half of U.S. factory workers displaced by robots over the past two decades were absorbed into three employment categories—transport, construction and maintenance, and office and administration work. Yet those categories are the most vulnerable to automation over the next decade.

The IMF has also highlighted the risk of rising inequality, and the OECD said last year that geography was a key factor because of the clustering of certain industries. For example, it found the proportion of jobs at risk of being taken over by robots was far higher in western Slovakia than around Oslo.

Oxford Economics said that metropolises such as London, Tokyo, Paris or Seoul are likely to be less affected, though even some traditional manufacturing hubs could fare well. "Regions that surround knowledge-intensive cities such as Toulouse and Grenoble in France, or Munich and Stuttgart in Germany, typically show much lower levels of vulnerability," it said.

Source: sourcingjournal.com- June 26, 2019

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China to allow overseas traders for cotton futures

China's Zhengzhou Commodity Exchange plans to allow qualified overseas traders in the trading of cotton futures. Currently, overseas traders participate in the trading of crude oil, iron ores and PTA futures. China listed cotton futures on the exchange in June 2004, and since then a daily average of 144,000 lots (5 tonnes per lot) have been traded.

In a recently issued white paper on cotton futures, the exchange said it seeks to further open up to increase its international influence, study international regulations and rules on cotton futures, and seek to involve overseas traders, according to Chinese media reports. Last year, China produced more than six million tonnes of cotton. Incidentally, China is the world's largest producer, consumer and exporter of textiles.

Source: fibre2fashion.com- June 27, 2019

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World cotton production to rise 5% in 2019-20: USDA

Global cotton production in 2019-20 is forecast to rise 5 per cent (nearly 6.5 million bales) above the previous year to 125.3 million bales, according to the US department of agriculture (USDA). This would be the second largest crop on record after 127.2 million bales produced in 2011-12. Cotton yield shall remain similar to the average of the last 2 years.

Larger production is forecast for a number of the major-producing countries in 2019-20, led by the United States (+3.6 million bales) and India (+2.5 million bales), the Economic and Research Service of the USDA said in its 'Cotton and Wool Outlook' report of June 2019.

For 2019-20, India is forecast to return as the leading cotton-producing country, supplanting China, which had surpassed India in 2018-19. For 2019-20, India's cotton crop is projected at 28.5 million bales—10 per cent above the previous year—as both higher area and yield are expected. India is forecast to account for 23 per cent of the world's cotton production in 2019-20.

Production in China is projected unchanged in 2019-20 at 27.75 million bales, as slightly lower area is offset by a higher national yield of 1,751 kg/hectare (1,562 pounds per acre); cotton production is concentrated in the high-yielding Xinjiang region in north-western China, where approximately 80 per cent of the crop is grown.

Cotton production in Pakistan is forecast at 8.0 million bales in 2019-20, 4 per cent (300,000 bales) above 2018-19, as a rebound in area and a nearly unchanged yield lift the crop above the 3-year average.

Meanwhile, cotton production in Brazil and Australia is expected to decrease in 2019-20 as lower area and yield are projected. For Brazil, production is forecast at 12.0 million bales, 6 per cent (800,000 bales) below the record 2018-19 crop currently being harvested.

For 2019-20, lower cotton prices are expected to reduce area slightly while yield declines from the record set in 2018-19—1,747 kg/hectare (1,558 pounds per acre).

For Australia, production is forecast at 1.9 million bales, 21 per cent (500,000 bales) below the 2018-19 crop, as low reservoir levels are expected to help reduce area and yield to their lowest in 5 years and 3 years, respectively.

World cotton harvested area in 2019-20 is projected at about 34.5 million hectares (85.1 million acres), nearly 4 per cent above 2018-19. The global cotton yield is forecast at 792 kg/hectare (706 pounds per acre) in 2019-20, slightly above the previous year.

Source: fibre2fashion.com- June 27, 2019

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China's exporters shift production to low-cost nations to dodge trade war

The infusion of Chinese capital has helped fuel expansion in Myanmar's fledging industrial sector

Pressured by a labour crunch and rising wages in China, Shu Ke'an, whose company supplies bulletproof vests, rifle bags and other tactical gear to the United States, first considered shifting some production to Southeast Asia a few years ago, but nothing came of it.

When trade tensions flared into a tariff war last year, however, it was the final straw.

A day after US President Donald imposed additional tariffs on $200 billion of Chinese goods in September, Shu, 49, decided to start making vests for his US clients in Myanmar instead. Since then, the Trump administration has further hiked tariffs on Chinese imports, raising the US taxes on Shu's Guangzhou-made bulletproof vests to 42.6 per cent.

With more than half of his company's income reliant on orders from the United States, Shu was happy with his Myanmar decision.

"The trade war was actually a blessing in disguise," he said.

With Trump poised to slap 25 per cent tariffs on another $300 billion-plus of Chinese goods, no exporter in China will be unscathed.

In recent years, some Chinese manufacturers had already started to relocate some of their capacity to countries such as Vietnam and Cambodia, due to high operating costs at home. The trade war is now pushing more to follow suit, especially makers of low-tech and low-value goods.

A few Chinese exporters have also tried to dodge the trade war bullet by quietly transhipping via third countries.

CHOICE DESTINATION

Nine months on, Shu's firm, Yakeda Tactical Gear Co, is relying on his new Myanmar factory, which started operations in December, to produce new orders for its US clients. The 220 workers at his original Guangzhou plant, in China's Pearl River Delta manufacturing powerhouse, now mostly supply clients in the Middle East, Africa and Europe.

In Yangon, meanwhile, Shu's Myanmar factory turns raw materials imported from China into backpacks, kit bags and pouches for rifles and pistols - all labelled "Made in Myanmar" - almost all of which are exported to the United States.

"Our factory is receiving many orders. The products are being exported to the US and Europe. So, I believe our future will be improved from working in this factory," said Marlar Cho, 36, a supervisor at the factory.

The factory manager, 40-year-old Jiang Aoxiong from eastern China, said they were constantly rushing to keep up with orders, despite its 600-strong workforce.

Though international criticism of Myanmar's handling of the Rohingya crisis has crimped Western investment, the Southeast Asian nation has become the choice destination for some Chinese firms, drawn to its cheap and abundant labour.

The former British colony, located on China's southwestern border, exports some 5,000 products to the United States duty-free under a US trade programme for developing nations - another big plus. In the 12 months through April, approved Chinese projects increased by $585 million, the latest data from Myanmar's Directorate of Investment and Company Administration shows.

The infusion of Chinese capital has helped fuel expansion in Myanmar's fledging industrial sector.

In May, firms saw the fastest rise in workforce numbers since 2015, while production scaled a 13-month high, the latest Nikkei Myanmar Manufacturing Purchasing Managers' Index survey showed.

STAY OR GO?

ACMEX Group, a tyre maker based in China's coastal Shandong province, already had some experience with offshoring when the trade war began.

About two years ago, it started manufacturing some tyres in Vietnam, Thailand and Malaysia to take advantage of lower labour and raw material costs and avoid US anti-dumping duties.

With fresh tariffs in the trade war, the company plans to boost the proportion of tyres made abroad to 50 per cent from 20 per cent, and build its own factories instead of outsourcing to existing factories, Chairman Guan Zheng said.

"The time is ripe now," he said, adding that supply chain infrastructure had improved.

The experience of companies like ACMEX and Shu's Yakeda Tactical Gear underlines how the trade war has put Chinese exporters on the back foot, needing to either diversify their client base, increase domestic sales or move production to a third country.

But all those options require time and money, which are not necessarily available to China's legion of small exporters grappling with thinning profit margins. Even locations such as Vietnam and the Philippines have grown too dear for some.

While China has encouraged the relocation of some heavy industry overseas to ease overcapacity and support its ambitious Belt and Road infrastructure plan, Beijing is less supportive of a broader move to shift manufacturing offshore. Liang Ming, director of the Institute of International Trade at the Ministry of Commerce's Chinese Academy of International Trade and Economic Cooperation, rejected the idea that Chinese firms were leaving China in droves.

"Few companies are actually moving. If they move, they risk losses if there is a China-US deal," Liang told reporters earlier this month, adding that any relocation back to China would be expensive.

As trade pressures intensify, analysts say China will loosen policy further in months ahead to shore up economic growth.

Investors are also watching to see how much Beijing allows the yuan to weaken to offset higher US tariffs. The tightly-managed currency has depreciated about 2 per cent against the dollar since trade tensions worsened in early May.

Trump and Chinese President Xi Jinping are due to meet in Osaka at a G20 summit at the end of this week in a bid to reset ties poisoned by the trade war. And though costs and labour may be cheaper, some Chinese firms with experience of offshoring say there are downsides too.

Factory manager Jiang complained about lower worker productivity in Myanmar compared with China, flooded roads during the rainy season, and power cuts of eight to nine hours every day.

"If there is no trade war between China and the US, we definitely would not have come to Myanmar to open our factory," he said.

Source: business-standard.com- June 27, 2019

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Worn Again: 40 factories in 2029 to regenerate two million tons of fibers

Worn Again shapes the circular industry of the future. The British company, founded and piloted by Cyndi Rhoades, has already managed to recover the polyester and cotton fibers from textile waste and is now facing the next phase: to scale it up.

The objective to ten years will be to have forty factories to produce two million tons of regenerated fibers to return them back to the value chain of the textile industry.

The origins of Worn Again were in textile recycling, with the purpose of giving a second chance to the used garments. "But immediately we realized that if we wanted to do something different we had to look for the scale and this should involve the production companies," explains Rhoades.

The entrepreneur explains that they began to establish the first agreements with manufacturers of work clothes, but notes that her ambition to address the problem was then to look beyond recycling. In 2012, the company understood that the materials could be reused but not rewoven because there were technical limitations.

Then, in other industries, such as plastic, it was already possible to separate the contaminants in order to focus again on the materials. The purpose of Worn Again was to transfer it to the textile with the challenge of recovering the fibers of the threads to return them back to the value chain with the same quality as the virgins.

Currently, Worn Again is able to recover polyester and cotton, among other materials. It now remains to develop the process under a pilot plan with a view to scaling it up. According to Rhoades, they have set a deadline of two years to resolve it. From there, the next step will be to gain global size.

The distribution giants began to join the project from 2013. The Swedish H&M and the French luxury boiler Kering were among the first to join the project, entering its capital with a view of accelerating research. With time, other fashion groups have joined, as well as other industrial groups.

Among the latest to join this initiative are the Japanese clothing and sports equipment group Asics, the German weaver Sympatex, the German linen manufacturer Dibella, the US brand Dhana and the Mexican groups Diretex and Himes. These alliances allow companies in the sector to have access to certain quantities of raw materials to begin testing with them.

Source: themds.com- June 26, 2019

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EU-Vietnam Free Trade Agreement to provide fillip to exports: minister

The EU will eliminate 99.7 percent of tariff lines for Vietnam's exports in seven years after the EVFTA comes into force.

Up to 70.3 percent of Vietnamese products exported to the EU would be free of tariffs immediately, Minister of Industry and Trade Tran Tuan Anh told correspondents on Tuesday. Only 42 percent now enjoys zero tariffs.

In response, Vietnam will eliminate tariffs on 64.5 percent of imports from the EU, rising to 97.1 percent in seven years. "This is the highest commitment a free trade agreement partner has ever given us," he said.

Vietnam will be able to increase its exports of textiles, footwear, agriculture produce, and seafood, he said. The Ministry of Planning and Investment has estimated that exports to the EU will be 20 percent higher next year and almost 44.4 percent higher in 2030.

Imports from the EU will also rise but at a slower pace of 15.28 percent next year and 36.7 percent in 2030.

Last year Vietnam exported goods worth $41.88 billion to the market, up 9.42 percent from 2017, while its imports were worth $13.89 billion, up 13.95 percent.

Prime Minister Nguyen Xuan Phuc announced on Tuesday that the agreement will be signed in Hanoi on June 30.

The deal will be submitted to the European Parliament for consent later this year. It is likely to be ratified by the National Assembly of Vietnam by the end of this year or early next year, Anh said.

The EU is Vietnam's second-largest export market after the U.S., with key exports including clothing and food products. The EVFTA is the EU's first comprehensive open markets deals with a developing Asian country.

Source: e.vnexpress.net- June 26, 2019

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Trump threatens to make larger his substitute battle by slapping tariffs on Vietnam

- President Donald Trump is doubtless making ready to originate a peculiar entrance in his substitute b
- attle against thought to be one of China's neighbors: Vietnam.
- All through an interview on Wednesday with Fox Industry host Maria Bartiromo, Trump threatened to impose tariffs on Vietnam.
- In 2017, US substitute with Vietnam amounted to $58.2 billion, per the Place of work of the US Alternate Representative.
- Seek the suggestion of with the Industry Insider homepage for additional tales.

President Donald Trump is in the center of a substitute battle with China, with the administration having levied a tariff of 25% on $200 billion price of Chinese imports.

Each aspect are locked in negotiations to complete the dispute, which has lasted for over a year. Now Trump is doubtless making ready to originate a peculiar entrance against thought to be one of China's neighbors: Vietnam.

All through an interview on Wednesday with Fox Industry host Maria Bartiromo, Trump hinted he would possibly perhaps perhaps impose tariffs on Vietnam, which has benefited from the US-China substitute dispute.

"A bunch of corporations are intelligent to Vietnam, nonetheless Vietnam takes help of us even worse than China. So there's a extraordinarily attention-grabbing scenario occurring there," Trump mentioned.

When Bartiromo asked Trump whether he planned to impose tariffs on China, Trump did no longer straight solution the query, announcing, “We’re in discussions with Vietnam.” He went on to listing Vietnam as “the one worst abuser of all individuals” and vowed to raise tariffs on China again if a substitute deal is never any longer reached.

All during the February summit with North Korean leader Kim Jong-Un in Hanoi, Trump praised Vietnam’s try at reducing the factitious imbalance. Vietnamese airline carriers made affords to to find jets and diverse tools price $20 billion, Politico reported.

Vietnam is a valuable American trading accomplice in Asia. Bilateral substitute between both worldwide locations has substantially increased since diplomatic relatives were restored in 1995, two many years after the discontinuance of the Vietnam War.

In 2017, US substitute with Vietnam amounted to $58.2 billion, per the Place of work of the US Alternate Representative.

The dwell US exports to Vietnam are cotton, computer chips and soy beans while the US is supreme destination for Vietnamese items. They encompass textiles and electronics.

Source: mildmint.com- June 26, 2019

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Pakistan: Textile exports earn $12.315bn in 11 months

The textile exports from the country during July-May (2018-19) were recorded at $12315.315 million compared to the exports of $12326.913 million of the same period of last year, showing nominal decrease of 0.09 percent, according to the latest data of Pakistan Bureau of Statistics (PBS).

The textile commodities that contributed in positively in external trade included knitwear, exports of which grew from $2453.576 million last year to $2670.581 million during the current fiscal year, showing growth of 8.84 percent.

The exports of bedwear also increased by 1.6 percent, from $2055.568 million to $2088.550 million whereas the exports of readymade garments increased by 4.16 percent, from $2342.714 million to $2440.138 million.

The exports of madeup articles (excluding towels) also grew by 0.55 percent, from $631.056 million to $634.507 million while the exports of cotton carded or combed also increased during the period under review.

Meanwhile, the textile commodities that witnessed negative growth in external trade included raw cotton, exports of which shrunk by 67.19 percent, from $57.534 million last year to $18.876 million.

The exports of cotton yarn also decreased from $1247.893 million to $1048.079 million, a decline of 16.01 percent whereas the exports of cotton cloth slid by 3.65 percent, from $2015.305 million to $1941.766 million.

Similarly, the exports of towels decreased from $737.151 million to $731.326 million, a decline of 0.79 percent while the exports of tents, canvas and tarpaulin decreased by 2.92 percent, from $79.835 million to $77.500 million.

The exports of art, silk, synthetic textile also slid by 2.79 percent, from $281.471 million to $273.630 million whereas the exports of all other textile materials decreased by 8.88 percent, from $394.652 million to $359.605 million.

On year-on-year basis, the textile exports from the country witnessed decrease of 0.69 percent in May 2019 compared to the exports of May 2018. The textile exports during May 2019 were recorded at $1187.031 million compared to the exports of $1195.301 million, the data revealed.

On month-on-month basis, the textile exports from the country, increased by 4.23 percent in May 2019 when compared to the exports of $1138.827 million recorded during April 2019.

It is pertinent to mention here that the country’s merchandize trade deficit plunged by 13.62 per cent during the first eleven months of the current fiscal year compared to the corresponding period of last year.

The trade deficit contracted by 13.62 per cent to $29.207 billion during July-May (2018-19) against the deficit of $33.812 billion recorded during July-May (2017-18).

The exports during the period under review witnessed nominal decrease of 0.3% by falling from $21.330 billion during last year to $21.267 billion during the ongoing fiscal year.

On the other hand, the imports declined by 8.47 per cent to $50.474 billion during the period under review from $55.142 billion last year, the data revealed.

On year-on-year basis, the exports declined by 1.72 per cent, from $2.139 billion in May 2018 to $2.102 billion in May 2019 while the imports declined by 12.8 per cent from $5.782 billion in May 2018 to $5.042 billion in May 2019, the data revealed.

Source: brecorder.com- June 26, 2019

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Bangladesh: Lack of financial literacy, awareness major challenges for wage digitizing

Lack of awareness of value proposition among factories and demonstration cases also stood in the way of wage digitization in RMG factories

Non-availability of national ID of workers, lack of financial literacy and awareness about accounts, and difficulty in covering fixed costs incurred by MFS providers are among major constraints in wage digitization in readymade garment industry in Bangladesh.

This was revealed in a knowledge-sharing event on ‘Creating the business case of mobile financial services (MFS)-based wage digitization in the RMG sector’ organized by the International Finance Corporation (IFC) at a local hotel in Dhaka on Tuesday.

Lack of awareness of value proposition among factories and demonstration cases also stood in the way of wage digitization in RMG factories, it was said.

The event was organized to establish the business case for digital wage payments using mobile financial services in the readymade garment sector and launched a series of resources to enable garment factories to move from cash to mobile-based wage payments for their workers.

President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Rubana Huq, senior financial sector specialist of IFC Ananya Wahid Kader, country manager of Bangladesh and Myanmar of Marks and Spencer Shwapna Bhowmick, director of Stylecraft Ltd Sharif Almas Rahman and chairman of ABA Group Mid Sajjadur Rahman Mridha took part in the panel discussion session.

Chief commercial officer of bKash Mizanur Rashid and consultant of IFC Takreem Riwan Siddiqui made separate keynote paper presentation.

Nuzhat Anwar, acting country manager of Bangladesh, Bhutan and Nepal of IFC, gave the opening remarks. Deputy general manager of Bangladesh Bank Masuma Sultana gave the closing remarks at the event.

The BGMEA president said: “Our main goal is to build a digital Bangladesh. So, we hope our goal will be implemented overcoming all bureaucratic complexities."

She also said that now their main challenge was to implement the wage digitization process at all the garment factories.

"We are going to sign a memorandum of understanding with the ICT Ministry on June 27 to introduce a mobile banking system for workers," she told the program.

Rubana also urged Bangladesh's mobile financial service providers like bKash to come forward to join the E-wallet for RMG workers platform.

She said the aim of digitizing the payment was in line with the government goal of a cashless Bangladesh.

‘We are working with alacrity and engaging with all the stakeholders in the industry to move forward on this agenda and advance the national interest," she said.

According to the IFC data, there is a stark gender gap in access to financial services in Bangladesh, where only 36% of women have a formal bank account, compared to 65 percent of men.

Given the economic significance of the readymade garment sector, which is dominated by female workers, digitizing wage payments through MFS can have a significant impact on women's financial inclusion.

When garments workers open MFS accounts to receive their salaries, they can avail a broad range of financial services.

However, about 90% of factories pay their workers in cash, which is a missed opportunity for both the financial and RMG sectors.

Nuzhat Anwar said: "IFC is proud to engage with the private sector and leverage our international expertise in improving women's access to financial services. This engagement demonstrates how our approach can benefit all stakeholders in the garment sector's ecosystem."

Through IFC's initiative, over 70,000 female workers benefitted from digital wage payments to their mobile financial services accounts between 2016 and 2018, and they can now use their accounts to send money, build savings and make payments securely.

Masuma Sultana said: "Bangladesh Bank has worked tirelessly to ensure that the financial sector expands inclusively to reach underserved segments, such as women. IFC has been a long-standing partner in supporting us to achieve this goal, and the efforts to financially empower female garment workers is commendable."

Source: dhakatribune.com- June 26, 2019

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NATIONAL NEWS

RCEP next steps: on India's free trade agreement

India cannot afford to fall out of the free trade agreement negotiations

Leaders of the 10-member Association of South East Asian Nations have resoundingly committed to conclude negotiations for the Regional Comprehensive Economic Partnership free trade agreement by the end of 2019. Some like the Malaysian Prime Minister went a step further, suggesting that countries not ready to join the RCEP, notably India but also Australia and New Zealand, could join at a later date, allowing a truncated 13-member RCEP to go ahead. Others insist that all 16 members must agree on the final RCEP document.

It is clear that ASEAN, which first promoted the RCEP idea in 2012, is putting pressure on all stakeholders to complete the last-mile negotiations. The ASEAN summit, which ended in Bangkok on Sunday, agreed to send a three-member delegation to New Delhi to take forward the talks.

RCEP includes ASEAN's FTA partners — India, China, Japan, South Korea, Australia and New Zealand — and the FTA would encompass 40% of all global trade among economies that make up a third of global GDP. India has been keen to join. But six years into negotiations, its concerns remain: opening its markets for cheaper goods from countries like China and South Korea; and ensuring that RCEP countries open their markets for Indian manpower (services).

India has a trade deficit with as many as 11 of the RCEP countries, and it is the only one among them that isn't negotiating a bilateral or multilateral free trade agreement with China at present. As a result, although negotiators have agreed to New Delhi's demand for differential tariffs for its trade with China vis-à-vis the others, India has also made tagging the "Country of Origin" on all products a sticking point in RCEP negotiations.

Despite its misgivings, however, the government has reiterated that it is committed to making RCEP work, and any attempt to cut India out of the agreement was "extremely premature".

In the next few months, India will be expected to keep up intense negotiations, and most important, give a clear indication both internally and to the world that it is joining RCEP.

To that end, the Commerce Ministry has begun consultations with stakeholders from industries that are most worried about RCEP, including steel and aluminium, copper, textile and pharmaceuticals, and has engaged think tanks and management institutes to develop a consensus in favour of signing the regional agreement.

Giving up the chance to join RCEP would mean India would not just miss out on regional trade, but also lose the ability to frame the rules as well as investment standards for the grouping. Above all, at a time of global uncertainties and challenges to multilateralism and the international economic order, a negative message on RCEP would undermine India's plans for economic growth.

Source: thehindu.com - June 25, 2019

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How to make exports boom: Any high growth and jobs strategy must place exports at the centre

Prime Minister Narendra Modi has made exports a high priority. Indeed, India would do well if it gave them the highest priority and pursued their success in mission mode. No nation has sustained growth rates of 9-10% for two or more decades without succeeding in global markets.

China's share in global merchandise exports rose from 2% in 1991 to 12.4% in 2012. These two decades saw China fully transform from a primarily agrarian to a modern industrial economy.

Today, India's share in global merchandise exports remains low at 1.7%. In 2000, when China's GDP was no more than India's today, it already accounted for 4% of global merchandise exports.

Sustaining high growth and creating good jobs will require a strategy centred on building an export-friendly ecosystem in the country.

The starting point for this strategy is shedding three of our current obsessions: import substitution, micro and small enterprises, and a strong rupee. Import substitution has never produced sustained rapid growth anywhere.

On their own, micro and small enterprises can provide low productivity, subsistence wage employment to the multitude but they cannot be the source of high productivity, well-paid jobs without successful medium and large enterprises around them.

A strong rupee keeps imports artificially cheap for our citizens and our exports artificially expensive for foreigners. The resulting trade deficit then tempts policy makers to slap tariffs on imports.

The first step in building a trade-friendly ecosystem has to be a realistic exchange rate. We reaped the benefits of this approach in the 2000s. By letting the rupee depreciate steadily from Rs 17.1 per dollar in 1990-91 to Rs 47.7 per dollar by 2001-02, we created a highly competitive environment for producers of our exportable goods as well as those competing against imports, which were being liberalised alongside.

Our exports boomed during the following decade, with exports of goods and services as a proportion of GDP rising from 12.9% in 2001-02 to 24.1% in 2011-12. With rapidly expanding exports, we could also expand imports, which rose from 14.7% to 30.8% of the GDP over the same period. Recall that this was the period during which the cellphone revolution took place in India. Without the export growth, we could not have imported cellphones and this revolution would have stopped dead in its tracks.

Unfortunately, however, higher inflation in India than in trading partners without a commensurate nominal depreciation of the rupee has left Indian products up to 15% more expensive than their foreign counterparts since 2014.

An econometric study by Sajjid Chinoy and Toshi Jain finds that this loss of competitiveness has had a negative effect on India’s exports. In the coming years, if the US tariffs on China lead to a depreciation of its currency and India continues to hold on to the strategy of a strong rupee, it would compound the problem of loss of competitiveness of our products vis-a-vis China.

Getting the exchange rate right is only the beginning. We also need to maintain a liberal trade regime in which exports and imports can flow freely without the uncertainty of interventions that disrupt market processes.

Arbitrarily raising tariffs and bringing anti-dumping suits may benefit producers of some products, but they hurt the economy as a whole. They replace less costly imports by more costly domestic products while also, more subtly, undermining exports. When imports decline because of higher tariffs and anti-dumping duties, the Reserve Bank of India allows the rupee to appreciate, making our exports abroad more costly.

Free flow of exports and imports also requires trade facilitation. Unnecessary clearances, delays at ports and high transport costs add to costs of exports. In ease of doing business rankings, India still continues to have a low ranking on cross-border trade, which measures the time and cost associated with the logistical process of exporting and importing goods.

Finally, and above all, sustained export growth requires an ecosystem in which medium and large firms can flourish. This requires flexible labour and land markets. Contrary to the impression conveyed in media, progress was made in labour market reforms during the last five years. Of particular importance is the provision of fixed term contracts, which allows firms to let workers go on the expiry of the contract.

But more needs to be done. For example, the temptation to fix the minimum wage at excessively high levels needs to be resisted, as it would lead even small firms to become micro to escape ultrahigh minimum wages. India is also unique in the entire world in having rising minimum wages without rising levels of skills. This practice must be ended.

Buying land remains a challenge for large firms due to the existence of land parcels that remain in dispute within any large contiguous land area. Only an amendment of the current draconian Land Acquisition Act can solve this problem.

Absent these reforms, we must experiment with Autonomous Employment Zones that cover large areas of 500 square kilometres or more and have considerable autonomy to implement flexible land and labour laws. Like Shenzhen in China, some of these zones could be close to the coast to become export hubs.

Source: timesofindia.com - June 26, 2019

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Trade war an opportunity for India to attract multinationals : Panagariya

Panagariya called for undertaking labour law and land acquisition reforms to them more flexible to attract the multinationals

The escalating trade war between the US and China is an "opportune time" for India to attract the large multinationals looking for alternative locations outside the Communist country, eminent economist Arvind Panagariya has said.

Speaking at a panel discussion organised by the Consulate General of India in New York, Panagariya strongly called for India to slash tariffs on imported motorcycles and automobiles through "give and take" negotiations with the US.

He said as the large multinationals "are coming out" of China, "it is an opportune time for India to do whatever it will take to bring these multinationals to the Indian shores".

"This is also a great time for India to begin attracting the large multinationals that are now looking for alternative locations. Their wages have gone up and the trade war with the US has begun to close the access of the multinationals into the US market in a big way," Panagariya said on Monday.

The US and China have been locked in a bruising trade war since Trump imposed heavy tariffs on imported steel and aluminium items from China in March last year, a move that sparked fears of a global trade war.

US President Donald Trump has already imposed 25 per cent tariffs on USD 250 billion in Chinese imports and China has retaliated with tariffs on US goods.

In response, China imposed tit-for-tat tariffs on billions of dollars worth of American imports.

Panagariya stressed that the US was asking India to open up its markets.

"It is a good thing for India. I would open it unilaterally but here is an opportunity to actually negotiate with the US. Give them something and get something in return," he said at the event titled 'Economic Priorities for the New Government' of Prime Minister Narendra Modi.

Panagariya called for undertaking labour law and land acquisition reforms to them more flexible to attract the multinationals.

Panagariya, who served as the first Vice Chairman of the NITI Aayog from January 2015 to August 2017, acknowledged that there were "some sticky issues" such as data localisation, but added that other issues such as tariffs on the Harley Davidson motorcycles can be resolved.

"Go zero tariffs on Harley Davidson. What is the problem? How long are you going to punish your own customers - (after) 70 years of protection. Today auto tariffs in India are close to 100 per cent plus. Why, who is it benefiting. Some of these tariffs don't make sense," he said.

In February, India slashed the customs duty on imported motorcycles like Harley-Davidson to 50 per cent after US President Donald Trump called it "unfair" and threatened to increase the tariff on import of Indian bikes to the US.

The US President has repeatedly claimed that India imposes "tremendously high" tariffs on American products.

Panagariya emphasised that rather than using tariffs, India can use the exchange rate to its advantage.

"Let the rupee depreciate a bit, it will open the door for your exporters while it also compensates for the tariff liberalisation. This is exactly what we did in the 1990s," he said, adding that this will help make the Indian goods much more attractive and boost exports.

"I see this completely in India's interest," he said.

Panagariya, Director at the Raj Center on Indian Economic Policies at Columbia University, however, sounded a pessimistic note on India's current trade environment with the US, saying this is a "source of serious worry".

"You do not want to get into a trade war with the US. India has been generally on the good side of the US, then why head into this," he said at the event The panel discussion was organised in partnership with the Deepak and Neera Raj Centre for Indian Economic Policies and the US-India Strategic Partnership Forum (USISPF).

Having served for three years as the G-20 Sherpa of India, Panagariya said in his experience with the US, he learnt that Washington "believes only in negotiations - give and take".

Panagariya's remarks came as US Secretary of State Mike Pompeo began this three-day visit to India and the two sides are expected to discuss economic and trade ties that are witnessing signs of strain.

The US has terminated India's designations as beneficiary developing country under the Generalized System of Preferences (GSP) programme.

"India has implemented a wide array of trade barriers that create serious negative effects on United States commerce," the Office of the US Trade Representative said in March this year.

Source: business-standard.com - June 26, 2019

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Around 20-25 lakh hectares likely to come under HT Bt cotton cultivation

Government data reveals that 15% of the crop in the last season was HT Bt variety.

With farmers in a defiant mood, the area under herbicide tolerant (HT) Bt cotton is likely to go up this season in Maharashtra. Nearly 20-25 lakh hectare is expected to come under HT Bt variety of cotton this kharif, industry sources have stated, adding that more than 15-20 lakh packets of HT Bt cotton seeds are reported to have found their way into the state.

Nationally, around 40-45 lakh packets of HT Bt cotton seeds are reported to be in circulation, industry sources, who did not wish to be named, said. Government data reveals that 15% of the crop in the last season was HT Bt variety. Around 40 lakh hectare in Maharashtra comes under cotton cultivation and the percentage is likely to go up to 15-20%, said Anil Ghanwat, national president, Shetkar Sanghatana.

Nearly two weeks after it started in Maharashtra's Akola district, the 'pro-GM seed' movement, also termed as a 'civil disobedience' movement by Shetkari Sanghanata activists has now spread to 10 other districts of the state.

According to Ajit Narde, the chief of the technology cell of Shetkari Sanghatana, the campaign has now spread to the districts of Ahmednagar, Amravati, Buldhana, Dhule, Hingoli, Jalna and Yavatmal, among others.

On Tuesday. the Maharashtra government lodged police complaint against 12 persons in Akola district. The FIRs have been lodged for violation of various provisions of Seeds Act, Indian Penal Code, Protection of Plant Varieties and Farmers Act, Custom Acts of 1962 and the Patent Act, 1970. The move came after several farmers under the banner of Shetkari Sangathana organised multiple sowing of HT Bt as a mark of protest against what they said was illegal denial of technology to farmers.

Under the Environment Protection Act 1986, growing GM crops that have not been approved by the government is illegal and can lead to jail term of five years or a hefty fine of `1 lakh. HT Bt is the third generation of BT cotton in India.

Source: financialexpress.com - June 27, 2019

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The Indian Government considers raising minimum wage despite distrust of textile industry

The recently re-elected Prime Minister of the country, Narendra Modi, has proposed an increase of up to 40% in some of the most remote areas of the country.

The new Indian government is studying to raise the country's minimum wage. The country's Prime Minister, Narendra Modi, re-elected in the last Indian elections, is planning to raise it up to 30% or 40% in some states of India. The minimum wage of the country is granted by each state, although it must always be above the quota set by the central government.

The measure will be included in a new labor law proposed by the government after the previous bill in this regard had to be paralyzed due to the proximity of the elections. The Indian Labor Minister, Santosh Gangawar, has confirmed that the new law will also have an article referring to the minimum monthly payment, according to Just-style.

Currently, the minimum wage established for the whole country is 4.90 dollars per day, with a variable plus based on inflation. However, as it is a decentralized regulation, the state of New Delhi, for example, has a minimum wage of 7.90 dollars a day, while other regions, such as Chhattisgarh, maintain the same criteria as the one set by the central government.

For this reason, Indian manufacturers have progressively moved their production to the Indian states farthest from the capital, where the minimum wage is lower.

With the potential increase of the minimum wage by the Government, the companies would no longer have reasons to move to remote productive areas, according to Chandrima Chaterjee, director of the Indian Council for the Promotion of the Exportation of Clothing (Aepc, for its acronym in English).

While the central government believes that the measure will increase growth and boost investment, the Indian textile sector says that raising the minimum wage will affect exports and personnel management, since there will not be enough resources available to pay the overtime hours of Indian employees.

Source: themds.com - June 26, 2019

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PM Modi meets 40 economists, industry experts

Further opening of insurance and banking sectors to foreign direct investment (FDI), speeding up the disinvestment process and managing water resources were reportedly among the key topics of Prime Minister Narendra Modi's interaction with 40 economists and industry experts last week to achieve higher economic growth. The theme was 'Economic Policy-The Road Ahead'.

The day-long interaction was divided into two parts. First, economists in five distinct groups discussed various themes. These groups deliberated upon macro-economy and employment, agriculture and water resources, exports, education and health. Later, they made presentations to the prime minister.

The meeting was also attended by ministers Piyush Goyal and Rao Inderjeet Singh, vice chairman of NITI Aayog Rajiv Kumar, according to an official release.

Meanwhile, Modi in a tweet said he had a fruitful interaction with economists and other experts. "The inputs received were insightful and will benefit our growth trajectory."

Among the economists and experts present were Bimal Jalan, Shankar Acharya, Surjit Bhalla, Vikram Limay, Sonal Varma, Shekhar Shah and Bibek Debroy.

Source: fibre2fashion.com - June 26, 2019

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Tax sops for job creation, greater push towards skilling the need of the hour

With unemployment being a major challenge for the government, the Budget must provide measures to address the same

The Modi 2.0 government has one big challenge — jobs, and it is widely expected that the Budget is likely to provide some incentives for job creation.

The Government has accorded high priority for the sector by creating a special Cabinet Committee on Employment and Skill Development. The Committee is headed by the Prime Minister and has as members Ministers-in-charge of Ministries handling labour-intensive sectors such as Textile, MSMEs, Tourism, Steel, Housing & Urban Affairs and Civil Aviation. The committee will work towards better synergy between job and skills, besides promoting job creation. The big issue is what can be done in this Budget for better job environment?

Net payroll*

Age band (Years)	Sept '17-March '18	April '18-March '19	April 2019
< 18	41,622	95,076	11,585
18-21	9,60,776	23,42,998	2,56,436
22-25	5,59,017	17,71,707	2,66,901
26-28	50,252	5,78,756	1,33,345
29-35	30,280	7,64,746	1,91,741
35 >	-89,007	5,58,940	1,83,036
Total	**15,52,940**	**61,12,223**	**10,43,044**

*Provisional Estimate as per EPFO records

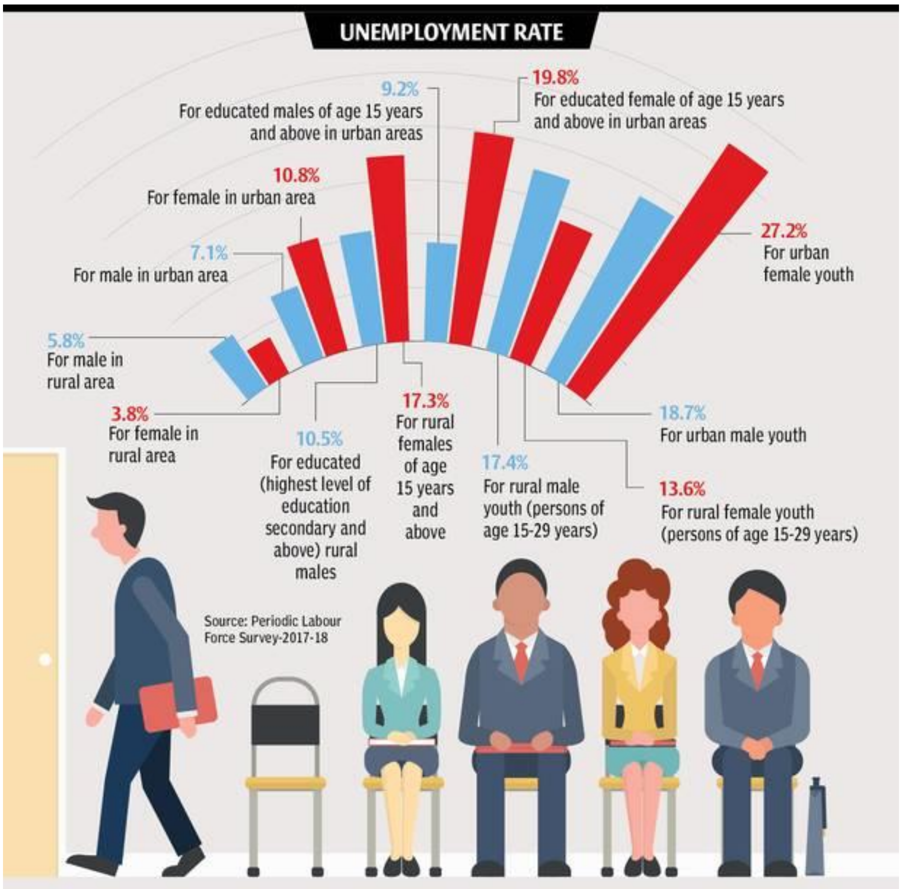
Simplifying the process to set up Micro, Small and Medium Enterprises (MSMEs), cutting down regulatory norms, focus on shifting workforce from unorganised to organised sector are some of the points that industry experts want to be addressed in this Budget.

"We would want the government to come up a mechanism so that setting up of micro, small and medium enterprises (MSMEs) can be simplified. These industries should be provided some tax exemption," said Pravin Agarwala, Co-founder CEO, BetterPlace.

Scope for growth

As lot of people migrate to bigger cities, benefits given to MSMEs will help in creating local livelihood. This will help in creating local jobs, he added.

According to industry, there is growth in the job opportunities in sectors such as transportation, logistics, banking and financial services.



However, construction is one area where there is less growth. Industry also expects the government to invest thoroughly in public-private partnership to create world class training institutes for skilling.

Currently, a majority of the Indian workforce is in the unorganised sector so there is also demand to make the sector more organised. “Lowering the regulatory norms can help in bringing more workforce into the organised sector. There is a 18 per cent GST on HR staffing so we would expect it to be lower. Decrease in the GST would bring more people under organised staffing,” said Amit Vadera, Head, Staffing-BFSI and government, TeamLease.

Industry experts said that jobs are not the problem in the country, the issue is with the wages. There are both quality and quantity jobs available, however, proper skilling plays a major role to shift between available options and aspirations.

India Inc feels that lowering the corporate tax will create more and more job opportunities. As of now, almost 99 per cent of companies filing returns have to pay corporate tax at the rate of 25 per cent (excluding of cess and surcharge), but remaining one per cent contribute maximum of revenue.

Now the expectation is that even if this one per cent is brought under 25 per cent tax bracket, they will be encouraged to invest more in both greenfield and brownfield projects and thus creating job opportunities.

Source: thehindubusinessline.com - June 26, 2019

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Labour reforms, incentives vital to create quality jobs

The Indian economy may even be a $3-4 trillion economy in a few years on the strength of its services sector, yet the issue may remain the same — where are the good quality jobs

The Modi government plans to raise the size of GDP to $5 trillion, from $2.75 trillion, by 2024. This indeed is a very ambitious target accompanied by another harsh fact, which was not officially accepted till recently — in 2017-18 India had the highest unemployment rate in the past 45 years at 6.1 per cent.

Further, urban unemployment was at 9.7 per cent during October-December 2018. All these targets and data leave us with a question — will India be a country with $5 trillion economy with many smart cities having many un-smart unemployed people?

Development is possible without creating much employment. In fact it has been happening already if one goes through the data of many fast developing companies. Take a look at the balance-sheet of blue chips such as HDFC Bank or Reliance. Growth in their business, revenue and net profit is not matched by the growth in work force. Companies are doing more business with less or almost same or marginally increased work force.

If anybody is prepared to work for ₹10,000 or ₹15,000 per month, he or she has a job. However, good quality job is missing. This precisely explains that there is hardly any clamour or dharnas or processions for jobs that were witnessed during the seventies. A recent government survey on labour confirms what is already known to many — 71 per cent of employees do not have any written contract of jobs. Jobs are there, quality is missing.

One reason why quality jobs are missing is that the manufacturing sector is stuck at 16 per cent of GDP for almost three decades. This sector can create quality jobs even for the less-educated. Service sector jobs are usually for the better educated and trained and the data suggests that most of the development took place in the service sector.

In the global export market, India is losing even in traditionally strong areas such as textile to countries like Bangladesh and Vietnam. Good quality jobs in great numbers come from big manufacturing. Can we imagine any Indian factory employing around 2 lakh employees at a single location? The answer is no. In China, one company employs around 2 lakh employees at a single location producing Apple products.

In India quality jobs will require big manufacturing. The Indian economy may even be a $3-4 trillion economy in a few years on the strength of its services sector, yet the issue may remain the same — where are the good quality jobs?

Promoting good quality jobs

The government must consider incentives for job creation and must remove all the hurdles for big manufacturing.

With the ongoing China-US trade war, one must use the opportunity to persuade some big manufacturing units working for US brands to relocate to India. Some labour reforms and incentives may help create lakhs of quality jobs.

Source: thehindubusinessline.com - June 26, 2019

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Myntra setting up 30 experience centres across India

India's Myntra is setting up 30 experience centres across major cities where customers can receive orders and try items, it recently announced.

Started as a pilot a few months ago in Bengaluru as part of its efforts to enhance customer experience, the company has now set up five such centres in Delhi National Capital Region, Bengaluru and Hyderabad.

These centres will offer value-added services like order pick-up, instant returns, trial room and alterations of products, Myntra Jabong head Amar Nagaram told a news agency.

This not only results in better customer experience but also brings down cost of returns as customers can receive faster replacements, he said.

The efforts came ahead of Myntra's June 21-24 End of Reason Sale (EORS).

The company has also focused on strengthening the retail grocery store partners' network for last-mile delivery of packages.

Source: fibre2fashion.com- June 26, 2019

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Payments data must be stored in systems located in India, says RBI

The clarification has come a week after the government said the RBI would examine concerns around its strict data-localisation guidelines

The Reserve Bank of India (RBI) has said all data related to payment transactions must be stored in the country and that such information, if processed abroad, will have to be brought back within 24 hours.

"The entire payment data shall be stored in systems located only in India," the RBI said in its frequently asked question (FAQ) section on Wednesday, responding to certain issues raised by payment system operators. "The data should be deleted from the systems abroad and brought back to India not later than one business day or 24 hours from the payment processing, whichever is earlier," it added.

The clarification has come a week after the government said the RBI would examine concerns around its strict data-localisation guidelines.

Payment providers have been lobbying at various levels for free flow of data across borders in order to ensure that customer benefits and fraud analysis are not affected.

While the government has been pushing for softer data-localisation guidelines by allowing data mirroring, the RBI has held its ground, maintaining that India's payments data can only be stored locally.

The central bank has also said the data stored in India can be accessed or fetched whenever required for handling customer disputes as well as for any other related processing activity, such as chargeback. The data may be shared with the overseas regulator, if so required, depending upon the nature/origin of a transaction with due approval of the RBI, it added. The RBI allows a copy to be stored abroad in case of cross-border transactions.

The clarity on data processing outside India may come as a relief to global payment firms, but the RBI’s reiteration on exclusive storage poses a problem.

The representative of a leading international payments provider had told Business Standard earlier that the company needed to change some of its global processes to ensure that none of the payments data of Indian customers was stored elsewhere while processing globally. He had said that most of the other players would need to follow a similar process and called it a‘work-in-progress’.

The RBI had released data-localisation guidelines on April 6, 2018, and gave payments providers six months for complying with the norms.

Despite excessive lobbying by these players, the RBI remained firm on its guidelines and nearly all payments providers submitted a compliance plan and report to the regulator when the deadline approached. Majority of payment players have complied with the data storage norm.

Source: business-standard.com- June 27, 2019

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Uniqlo ready with 'unlimited investment' for its India play

Tadashi Yanai, founder and CEO of Fast Retailing, which owns Uniqlo, told ET that Uniqlo aspires to be the "best selling retailer in India".

In India, Uniqlo will compete with Zara and Swedish fashion brand H&M in the burgeoning yet very challenging market for fast fashion.

Japanese fashion brand Uniqlo expects India to outpace China and its home country to become its largest market though it will take about a decade for the country to mature as a large market and a sourcing base for Asia's largest fashion retailer.

In his first interview to Indian media, Tadashi Yanai, founder and CEO of Fast Retailing, which owns Uniqlo, told ET that India could be "number one and the most exciting market in the world" even as he did not give a timeframe for that. He said Uniqlo aspires to be the "best selling retailer in India".

"Indian market has 1.3 billion (people). And (millions) of them are getting qualified as a part of the middle class…this is the fact," said Yanai, the richest Japanese businessman with a personal wealth of about $30 billion. "The budget is unlimited when it comes to investment (in India) and there is no capping," he said. Uniqlo plans to tap the growing ecommerce route in India "as soon as possible."

He pointed out that he is familiar with the Indian ecommerce market being a member on Softbank's board and playing a part in Softbank's decision to sell its stake in Flipkart to Walmart last year. "When it comes to Indian e-business and digital business, I have been well versed with the most updated situation fortunately," he told ET in his office at Tokyo's suburb of Ariake.

Over the decades, Yanai has transformed his father's small clothing shop business into one of the world's largest fashion powerhouses. He founded Unique Clothing in 1984 in Hiroshima that is currently known as Uniqlo.

Uniqlo operates over 2,200 outlets globally in more than 20 countries including China, the US, Europe, Australia and Southeast Asia, and the Tokyolisted Fast Retailing reported revenues of $19 billion and profit of $1.4 billion for fiscal 2018.

Uniqlo plans to roll out its first store in India in the New Delhi region later this year. Mall executives said Uniqlo is opening stores in Ambience Mall in Vasant Kunj, DLF Place Mall in Saket and in Mall of India in Noida besides a smaller version outlet in CyberHub in Gurugram.

They said a couple of stores could be as big as 60,000 sq ft, which would make it the largest fashion store in the country. The largest store at present in the country is a five-storied high street outlet of Spanish fashion brand Zara in South Mumbai that spans 51,300 sq ft, followed by a 40,000 sq ft H&M outlet in Mall of India, Noida.

Yanai wouldn't comment on specific store size, but said, "You know, you have a lot of people – 1.3 billion population – and you do not have many (large modern) stores.

In India, Uniqlo will compete with Zara and Swedish fashion brand H&M in the burgeoning yet very challenging market for fast fashion. Yanai said India could also be a large global sourcing base for Uniqlo along with China and Bangladesh. However, he said it will take about a decade for India to mature as a large market and a sourcing base for the Tokyo retailer.

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