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# IBTEX No. 259 of 2017 December 29, 2017

USD 64.00 | EUR 76.45 | GBP 86.13 | JPY 0.57

## Cotton Market

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

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 19433 | 40650 | **80.91** |

**Domestic Futures Price (Ex. Gin), December**

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 20060 | 41961 | **83.52** |

**International Futures Price**

| | |
|---|---|
| NY ICE USD Cents/lb ( March 2018) | 78.80 |
| ZCE Cotton: Yuan/MT ( Jan 2018) | 14,755 |
| ZCE Cotton: USD Cents/lb | **86.77** |
| **Cotlook A Index – Physical** | **88.10** |

**Cotton & currency guide:** The both ICE and MCX cotton price on Thursday ended the session slightly on the weaker side. The recent excessive rise in price has prompted a part profit booking on the trade. Yearend closing may have also made the market to exit a portion of prior long positions in the market.

The most active March future at ICE ended the session at 78.88 cents and this morning the same is seen trading down by 0.13%. We expect with the recent overbought zone price correction cannot be ruled out.

On the price front on today's trading session 78 level is considered to be a strong support level while 79.40 is a very strong resistance point. We expect market to swing between the given trading ranges.

The most active January future at MCX made an intraday high of Rs. 20590 which settled lower at Rs. 20350 per bale. We expect on today's trading session market may remain slightly on the weaker side. Trading range for the day would be Rs. 20200 to Rs. 20500 per bale.

More on the market front no major action or event placed this week amid lower trading volume expected.

Trading volume on Thursday were just 19,566 contracts. Cleared were 27,379 contracts. The slowest volume so far in the week. Open interest was at 278,565 contracts, up 3,962 contracts from previous day. It was the highest open interest has been since March 29th (279,537 contracts). The 2017 open interest high was 288,081 contracts on 2nd February.

On the Indian front the spot price continued to trade positive at around Rs. 41200-41250 per candy ex-gin. Daily seed cotton arrivals are estimated at around 193,500 lint equivalent bales (170 kgs). This figure includes 60,000 bales registered in Maharashtra, 40,000 in Gujarat and 38,000 in Andhra Pradesh/Telangana.

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

## NEWS CLIPPINGS

# INTERNATIONAL NEWS

## Trump Adjusts Which Countries Will Get GSP Benefits and Which Won't

In the review of countries' eligibility for trade privileges with the United States and the promise to toughen up on the criteria for that eligibility, President Trump has decided to suspend privileges for some and open them up for others.

A statement from the Office of the U.S. Trade Representative Wednesday said the U.S. will suspend some of Ukraine's benefits under the Generalized System of Preferences Program (GSP), and restore Argentina's eligibility. The Gambia and Swaziland will see their preferences restored under the African Growth and Opportunity Act (AGOA).

"President Trump has sent a clear message that the United States will vigorously enforce eligibility criteria for preferential access to the U.S. market," U.S. Trade Representative Robert Lighthizer, said. "Beneficiary countries choose to either work with USTR to meet trade preference eligibility criteria or face enforcement actions. The Administration is committed to ensuring that other countries keep their end of the bargain in our trade relationships."

USTR said Ukraine's partial suspension comes as a result of its failure to provide adequate protection for intellectual property rights (IPR)—an issue that's gotten China in hot water with the U.S. too. Trump has given Ukraine a 120-day heads up about the issue, saying it has a "viable path to remedy the situation." Argentina's reinstatement comes as a result of its improved market access, but its restoration of benefits won't apply to all products, also owed to some IPR hangups.

When it comes to AGOA, USTR said The Gambia lost its eligibility in 2015 over human rights abuses and a deteriorating rule of law. The country has since had democratic elections and made progress in the areas of earlier concern. Swaziland lost its eligibility over issues related to restrictions on peaceful assembly and association. The U.S. outlined benchmarks that would see Swaziland get its benefits back, and the country met the last of the three benchmarks in November.

AGOA has been under review as the U.S. looks into all of its trade deals and preference programs to determine whether they're working to the benefit of the U.S. Rwanda, Tanzania and Uganda are under an ongoing eligibility review based on their ban on imports of used U.S. clothing, which the U.S. claims is negatively impacting domestic jobs.

As trade law firm Sandler, Travis and Rosenberg pointed out, however, the proclamations on which countries will see privileges and which won't, hold little weight at the present moment.

"The GSP changes will have little immediate practical effect because GSP itself expires Dec. 31, 2017," the firm said in a statement Wednesday.

The trade privilege program is expected to be renewed, but if Congress doesn't extend GSP before the current authorization expires, the Coalition for GSP said companies could be forced to pay more than $2 million per day in extra taxes.

In a letter to leaders of the House Ways and Means and Senate Finance Committees in November, the Coalition said, "American companies worry about a repeat of the last reauthorization process. Despite broad bipartisan support, GSP benefits lapsed for two years and companies were forced to lay off workers, freeze new hires, cut wages and benefits, and delay capital investments. Congress eventually renewed the program retroactively, but much of the damage could not be undone."

Companies like Nike, Target and Walmart joined in signing the letter, urging Congress to move forward with a timely renewal.

"GSP supports American manufacturing by reducing costs of imported inputs, machinery and equipment, and helps American families make ends meet by lowering the costs of consumer goods imported duty free.

The GSP program saved American companies nearly $730 million in import duties in 2016 and is on track to save even more in 2017," the letter said.

Source: sourcingjournalonline.com- Dec 28, 2017

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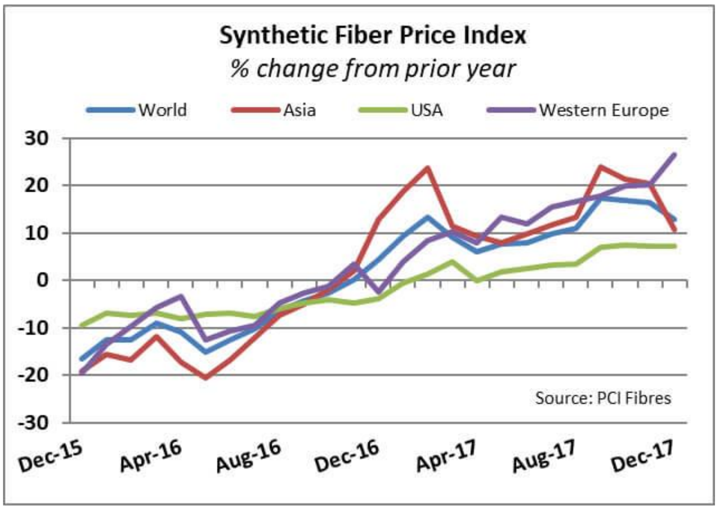
# Synthetic Fiber Prices Look to Continue Strength in 2018

Global synthetic fiber prices increased almost 13% in 2017, more than triple 2016's increase and the biggest annual gain since 2009, according to data from fiber consultancy PCI Wood Mackenzie.

The firm's Synthetic Fibers Index, which has rose in every month this year, was buoyed by increased global demand for apparel and textiles, and higher oil and intermediates costs.




Crude oil prices rose about 20 percent to $65 per barrel in 2017, which together with strong demand for man-made fibers, have allowed producers of polyester and nylon intermediates and fibers to increase their prices. Energy experts forecast that oil prices will settle down somewhat in early 2018, as tight supplies ease a bit, which will limit the ability of fiber producers to further increase prices.

In Asia, the world's largest fiber-producing region, synthetic fiber prices rose 10.8% in December, the sixth straight month of double-digit year-over-year increases.

Polyester filament remains the dominant man-made fiber product globally. In China, where most of the world's polyester filament production capacity is based, expansion this year didn't manage to keep up with growing demand for the fiber, buoying prices.

Although it remains to be seen whether prices remain elevated given the expectations of a dip in raw material costs, fiber suppliers will unlikely be willing to reduce prices if demand remains strong.

Staple fiber producers are running at or near capacity, with prices rising. Yarn spinners are shifting their interest to value-added products like hollow fiber and other products for blending with natural fibers.

Higher prices are expected through 2018 when China's ban on imports of plastic waste takes effect and curtails supply of recycled staple.

Nylon prices have risen this year due to a sharp increase in raw material cost, but demand, though strengthening, remains below supply. Barring any dramatic change in feedstock prices, there should be stability in this segment into 2018. The spread between nylon 6 and 66 prices narrowed in 2017.

The spandex business is stable thanks to strong demand for apparel that contains stretch. Invista agreed to sell its spandex and nylon textile filament businesses, including brands Lycra, Coolmax, Supplex, Thermolite and Tactel, to Shangdong Ruyi, a leading textile and apparel company, for an undisclosed amount.

Acrylic staple prices were weak for most of the year, but finally picked up a bit thanks to seasonal demand and higher polyester staple prices. Prices for its intermediate acrylonitrile, which were rising in the first part of the year, underwent a correction this fall.

Viscose prices, which were the one bright spot in the man-made fiber market in the first half of the year, have weakened due to flat demand despite high capacity utilization rates.

Asian synthetic fiber prices remain more than 20 percent below the world average, down from 19 percent a year ago.

The European synthetic fiber price index increased 26.4% in 2017, its biggest year-over-year rise since 2011. European prices are almost 23 percent above the global average, way up from 10 percent above average a year ago, helped by stable demand and higher Asian yarn prices.

The staple business remains strong thanks to growing demand for auto and hygiene products. Spandex continues to perform well despite downward price pressure from imports.

Turkey is in the process of almost doubling its polyester filament production capacity in the next two years, and has initiated anti-dumping measures, largely against Asian imports.

The U.S. index rose 7.1% percent in December, the smallest of any major producing region, and its third largest year-over-year increase in six years. U.S. synthetic prices remain almost 45 percent above the world average, down from 53 percent at the end of 2016.

U.S. auto production, where a large proportion of U.S.-made polyester goes, has fallen this year compared to 2016, though a new Toyota and Mazda plant is expected to be built in Alabama or North Carolina.

During the year, the gap between prices in the most expensive region (the U.S.) and the least expensive (Asia) narrowed a bit, a trend that is expected to continue as the industry becomes increasingly global.

Source: sourcingjournalonline.com- Dec 28, 2017

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## Bangladesh Opens First Ever Garment Factory in a Prison

Jailed citizens in Bangladesh will now be able to make garments while they serve their time.

The Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) trained 300-400 prisoners to work two shifts in a mini-garment factory, according to the Dhaka Tribune.

The mini-factory opened Wednesday in the Narayanagnj District Jail, with the idea of having prisoners earn money for their labor while serving sentences. Each prisoners' earnings will go to their respective accounts, which they can save or use to send to family.

The factory was built in a 5,000-square-foot area of the prison, with a total of 57 machines, some for sewing and others for embroidery.

The facility will import fabrics from abroad for the garment production, and some prisoners will work on producing jamdani woven fabrics, while others will produce bed sheets.

Little details were provided as to where the prison-made garments will go and whether they'll be for export. There was also little said about wage rates for the prisoners, which likely won't follow conventional domestic wage rates.

Separate from prisoners, Bangladesh has been looking to establish more reasonable wage standards in the country's ready-made garment sector, and the Bangladesh Garment Manufacturers and Exporters Association is pushing for wages to double to 10,600 taka ($127) a month, up from the 5,300 taka that hasn't gone up since 2013.

Source: sourcingjournalonline.com- Dec 28, 2017

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## U.S.-Korea Trade Talks to Begin Jan. 5

The U.S. and South Korea will hold their first talks on updating their bilateral free trade agreement Jan. 5 in Washington, D.C., and could hold subsequent rounds every three to four weeks, according to press reports.

Korea's trade ministry said earlier this month that the domestic procedures necessary to consider amending the KORUS agreement, including consultations with lawmakers and stakeholders, have been completed.

Trump administration officials have said they want to resolve outstanding issues with respect to KORUS implementation and secure revisions that will lead to fair, reciprocal trade.

Korean officials have said that while the agreement could be strengthened they see no need for substantial revisions because it has generated mutually beneficial outcomes in terms of trade, investment, and employment.

No details have yet been made available on the specific changes the two sides might seek.

The U.S. has placed a priority on reducing its trade deficit with Korea, which it says has more than doubled since KORUS took effect in 2012, and particularly in the automotive sector, which in 2016 accounted for nearly 90 percent of the total deficit of $27.6 billion.

Other U.S. goals could include accelerating Korea's elimination of tariffs on U.S. agricultural products, which could be a non-starter for Seoul, and expanding market access for U.S. services.

According to a Yonhap News Agency article, Korea's trade ministry said topics of discussion are expected to include goods and services, investment protection, and rules of origin. The ministry added that it will "propose our demands equivalent to the U.S. calls and push for decreasing the scope of the renegotiations."

Source: strtrade.com- Dec 29, 2017

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## Turkish exporters hope to improve trade with Tunisia

Mutual investment and trade between Tunisia and Turkey will be beneficial for both countries, the chairman of the Turkish Exporters' Assembly (TIM) said late Wednesday.

Speaking at the Tunisia-Turkey Business Forum, Mehmet Buyukeksi said that entrepreneurs from both countries will have several opportunities for investment following Turkish President Recep Tayyip Erdogan's visit to Tunisia this week.

"We expect a change in Tunisia's decision on duties on imports from Turkey," he added.

In January, Tunisia announced it was raising customs duties on the imports of some products from Turkey and suspending some tax concessions in 2018.

A free trade agreement between the two countries in 2005 allows Turkey to export several products, including cereals, tobacco, textile, and telecommunication devices.

Ugur Dogan, chairman of the Foreign Economic Relations Board in the Turkey-Tunisia Business Council, said: "Tunisia is Turkey's fifth-largest trading partner among African countries."

The two countries' bilateral trade, which was $412 million before the free trade agreement, reached $1.1 billion in 2016.

He added that Turkish firms had invested $1 billion in Tunisia and employed 2,000 people to date.

"I hope high duties won't affect bilateral trade," he added.

He stressed that the two countries can collaborate in the fields of automobiles, aviation, textile and medicine.

Turkey's exports to Tunisia were $720.7 million in the first 10 months of 2017 and $910.6 million in 2016, while the country's imports from Tunisia were $163.5 million in January-October and $214.3 million in 2016, according to data from the Turkish Statistical Institute (TurkStat).

Erdogan visited Tunisia on Wednesday as part of his three-country tour to North Africa. Over 150 business people had a chance to accompany him during the visit to Sudan, Chad, and Tunisia.

Source: worldbulletin.net- Dec 28, 2017

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## Pakistan, Thailand presents complete offer list of FTA by Dec 30

Pakistan and Thailand would present their complete final list of Free Trade Agreement (FTA) on December 30 for increasing trade liberalization between both countries.

A Free Trade Agreement (FTA) between Pakistan and Thailand will be signed by mid of February 2018 to reach the final agreement, a top official of Ministry of Commerce told APP here Thursday.

The 10th round on FTA negotiation will start between Pakistan and Thailand by last week of January, 2018 he said.

Both sides had exchanged the final offer lists of items for free trade, including automobile and textile sectors in order to remove the reservations of both sectors, Pakistan wants concession on 100 products on textiles, agro-products, plastic and Pharmaceuticals as same Thailand granted to other FTA partners in these products, he said.

He said that Pakistan had relative advantages over Thailand in some 684 commodities including cotton yarn and woven textiles, readymade garments, leather products, surgical instruments and sports goods.

Talking on second phase of Pak-China FTA, he said China had agreed to provide market access to 70 items, shared by Pakistan besides providing concession on all items included in the offer list.

He added that coming round of negotiation with China under 2nd phase of FTA would be held in first week of January, 2018 in Islamabad. This acceptance came during the negotiations held under 2nd phase of Pak-China Free Trade Agreement (FTA) in China.

“We want the concession on 70 export items and low tariff line on products for further trade liberalization in 2nd phase of FTA between Pakistan and China,” he said.

He said that Pakistan was desirous to have duty relaxation on 70 products before launching the phase-II as same China has given to Association of South East Asian Nation (ASEAN) countries.

Source: brecorder.com- Dec 28, 2017

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## Turkey captures 38.8 per cent of Egyptian textile exports

According to the General Organization for Export & Import Control report Turkey has topped the nations importing Egyptian textile, capturing 38.3percent of the total exports recording $230.27 million.

The report noted that Egypt's textile exports have increased by 5 percent during the first 11 months of 2017 recoding $749 million compared $716 million during the same period in 2016.

The textile exports have witnessed a growth of 9 percent during November 2017 registering $72 million comparing to $66 million during the same month in 2016. 10 countries have seized 70 percent of the textile exports between January and November 2017 posting $526 million.

Within 11 months the United Kingdom has come next in the list of the top Egyptian textile importers at $144 million followed by Saudi Arabia at $29 million, then Tunisia and Germany at $24 million and $19 million.

Source: fashionatingworld.com- Dec 28, 2017

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## Vietnam textile, garment exports exceed EAEU limit

Vietnam's textile and garment exports to the Eurasian Economic Union (EAEU) have exceeded trigger levels, or the total amount subject to preferential tariffs allowed into EAEU markets for this year.

According to the Ministry of Industry and Trade, the Department of Domestic Market Protection of the Eurasian Economic Commission has announced that 173.3 tons of underwear and 112.7 tons of children's clothes from Vietnam had been shipped to EAEU in the year to end-October, exceeding the trigger levels for this year in accordance with a free trade agreement between Vietnam and EAEU.

The agreement also stipulates that the union can slap safeguard duties on products beyond trigger levels within six months upon the shipment. In case the trigger levels are breached, Vietnamese underwear and children's clothes will not be entitled to preferential tax and will be imposed Most Favored Nation (MFN) import duties.

For each product, a trigger will apply each year if the volume of any products imported into the EAEU exceed the trigger for that year, the EAEU will immediately announce it to Vietnam by written document.

Source: fashionatingworld.com- Dec 28, 2017

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# NATIONAL NEWS

## Commerce Ministry to study impact of Chinese imports

A staggering trade deficit of $51 billion with China has prompted the government to conduct a study on the impact of Chinese imports and the extent to which they have displaced domestic production.

The commerce ministry will also seek to identify Chinese products that can be substituted competitively by domestic products through this in-depth study for the period between 2007-08 and 2016-17.

There will be specific emphasis in the study on sectors like steel, urea and other chemicals including pharmaceuticals, electronics, telecom and consumer products of mass consumption.

"The study will estimate the impact of Chinese imports on employment generation," an official aware of the development said, adding that the government will hire an external consultant to do the analysis.

Last week, the European Union ruled to check excessively cheap imports, as it flagged China for special attention, reasoning its economy is distorted by the state. It could mean more anti-dumping action against Chinese imports into the European Union.

This would encourage other countries as well to take action against very cheap Chinese goods that have flooded their markets. Among developing countries, India's trade with China has witnessed a steep rise with bilateral trade increasing to $71.4 billion in 2016-17 from $70.7 billion in 2015-16 and China replacing the US as the biggest trade partner of India.

However, the surge in India-China trade has been lopsided as it has been primarily driven by phenomenal surge in Chinese exports to India.

In contrast, India's exports to China have not grown much due to which the trade gap ballooned to $51billion in 2016-17.

Serious concerns have been raised about the growing trade deficit with China especially as it has hurt India's domestic manufacturing. "A large trade deficit with one particular country is of concern if the surge in imports is due to uncompetitive imports," the official added.

Hence, the government will identify imported products from China, which are significant in import value for India but are globally uncompetitive and can be substituted through domestic production or alternate imports.

The study will also establish if these imports are substituting domestic production instead of complementing them or they are competitive and being used as intermediates for value addition. For specific product groups, it will also map out the entire value chain from import to ultimate utilisation and consumption needs.

Source: economictimes.com- Dec 28, 2017

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## Cotton export pegged at 67 lakh bales in current marketing year

*The shipments were aggregated at 58.21 lakh bales during 2016-17 marketing year, Minister of State for Textiles Ajay Tamta said in a written reply to the Lok Sabha.*

Cotton export is estimated to increase by 15 per cent to 67 lakh bales (of 170 kg each) in the current 2017-18 marketing year, which started in October, because of the rise in the output of the commodity, Parliament was informed today.

This assessment was made by the Cotton Advisory Board.

The shipments were aggregated at 58.21 lakh bales during 2016-17 marketing year, Minister of State for Textiles Ajay Tamta said in a written reply to the Lok Sabha.

The crop production is estimated to increase to 377 lakh bales during the 2017-18 period, from 345 lakh bales.

As for higher production cost in the textile industry, he also said, cotton prices show that in comparison to the previous year, average prices have decreased by 2-4.8 per cent for various cotton varieties.

In a separate reply, the minister said the government is taking several measures to promote procurement of cotton from farmers on minimum support prices through Cotton Corporation of India (CCIL).

"During the current cotton season, CCIL has opened 348 procurement centres to ensure remunerative prices to farmers. As on December 20, 97.59 lakh bales have arrived for cotton season 2017-18. Out of which, 3.66 lakh bales have been procured by CCIL under MSP operations from farmers," he added.

Source: moneycontrol.com- Dec 28, 2017

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## Tax payers can see status of returns filed on GSTN portal

Tax payers can now view the status of the returns filed by them on the GST Network portal, the company handling the technology backbone of the new indirect tax system said today.

"All users logging on the GST portal can now see the status of their returns filed for all the returns like GSTR-1 or GSTR-3B at one place," GSTN CEO Prakash Kumar said

While GSTR-3B is in the initial sales returns filed by the 20th day of the succeeding month, GSTR-1 is the final sales return.

Businesses with turnover of up to Rs 1.5 crore have been allowed quarterly filing of GSTR-3B and the same for July- September period will have to be filed by December 31.

Those with turnover exceeding Rs 1.5 crore will have to file GSTR-1 for July-October by December 31.

GSTN has already provided to tax payers the functionality to claim refund of exports of services with payment of tax, accumulated due to inverted tax structure and on account of supplies made to SEZ unit/SEZ Developer

Source: economictimes.com- Dec 27, 2017

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# Trade deficit widens due to various global, domestic factors

In a written reply to a question in Rajya Sabha on Wednesday, Minister of State for Commerce and Industry C.R. Chaudhary informed that the government has taken various steps to overcome country's trade deficit during the year.

He said, India's merchandise export registered a positive growth of 11.27 percent during the last six months in 2017-18 (June-Nov) as compared to the corresponding period of the previous year.

The trade deficit has increased from USD 57.18 billions in 2016-17 (June-Nov) to USD 74.27 billions in 2017-18 (June-Nov).

Trade deficit depends upon relative fluctuations in the import and export of different commodities due to the global and domestic factors such as demand and supply in domestic and international markets, currency fluctuations, cost of credit, logistics costs, etc., he added.

The Government announced a major relief package for exporters in October 2017 by extending the Advance Authorization (AA) / Export Promotion Capital Goods (EPCG) / 100 percent EOU schemes to sourcing inputs etc. from abroad as well as domestic suppliers.

Holders of AA / EPCG and EOUs would not have to pay Integrated Goods and Services Tax (IGST), Cess etc. on imports. Also, domestic supplies to holders of AA / EPCG and EOUs would be treated as deemed exports.

During the mid-term review of Foreign Trade Policy, export incentives under Merchandise Exports from India (MEIS) have been increased by 2 percent across the board for labour intensive MSME sectors leading to additional annual incentive of Rs 4,567 cr.

This was in addition to already announced increase in MEIS incentives from 2 percent to 4 percent for Ready-made Garments and Made Ups in the labour intensive Textiles Sector with an additional annual incentive of Rs 2,743 cr.

Further, incentives under Services Exports from India Scheme (SEIS) have also been increased by 2 percent leading to additional annual incentive of Rs 1,140 cr, he added.

Source: smetimes.in- Dec 28, 2017

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## Apparel export falls 10% in November

Apparel export fell in November by 10 per cent in dollar terms and nearly 14 per cent in rupee terms, as against November 2016.

**APPAREL EXPORT**

| Month | FY'17 (in ₹ cr) | FY'18 (in ₹ cr) | Y-o-Y growth (%) |
|---|---|---|---|
| April | 8,817.92 | 11,272.24 | 27.83 |
| May | 9,940.1 | 10,342.55 | 4.05 |
| June | 10,565.13 | 9,979.57 | -5.54 |
| July | 9,775.38 | 8,262.94 | -15.47 |
| August | 8,904.32 | 8,556.35 | -3.91 |
| September | 8,570.76 | 10,707.86 | 24.93 |
| October | 9,110.75 | 5,398.08 | -40.75 |
| November | 7,782.82 | 6,719.21 | -13.67 |
| Apr-Nov | 73,467.18 | 7,1238.8 | -3.03 |

Source: DGCI&S, Kolkata, 2017

Export of ready-made garments (RMG) were $1,036 million, down almost 10 per cent from a year before. In rupee terms, export was Rs 6,719 crore, from Rs 7,783 crore in November 2016, down 13.7 per cent.

The Apparel Export Promotion Council (AEPC) has attributed the fall to a cut in duty drawback rates and in the Rebate on State Levies (ROSL) scheme that the industry had before rollout of the Goods and Services Tax (GST); also, sustained rise of the rupee against the dollar in recent months.

"We have been requesting the government the restore the duty drawback to the pre-GST era. Competing nations are also benefiting from free trade agreements with European countries, which we have been asking the government to expedite, too," said Ashok Rajani, chairman of AEPC.

Cumulatively, for the period April-November, first eight months of this financial year, apparel export grew only marginally in dollar terms, by 0.7 per cent compared to the same period last year.

And, fell three per cent in rupee terms. Largely led, it appears, by a two per cent decline in textile manufacturing and six per cent fall in apparel manufacturing in the period.

"Capacity utilisation in the RMG industry has also been falling. If the current trend continues, we might not be able to even match the $17 billion worth of apparel export India posted last year," Rajani added.

Every $1 bn of loss in export would result in job loss for 700,000 workers in the apparel industry, says the latter.

In 2016-17, total apparel export was $17.5 bn, up 2.9 per cent over the previous year. Largely triggered by some of special package benefits for the industry that year. In rupee terms, RMG export in 2016-17 was Rs 1.17 lakh crore as against Rs 1.11 lakh crore, up 5.4 per cent.

Source: business-standard.com- Dec 29, 2017

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## E-commerce industry to grow at 60% in 2018: RedSeer

***Industry analyst RedSeer Consulting pegs the online shopping industry's growth at 23 per cent to $17.8 billion in 2017***

India's online shopping industry is estimated to grow at 60 per cent to about $28.5 billion in terms of gross merchandise value (GMV) in 2018, according to a report.

The e-commerce industry is expected to return to high growth next year as large players such as Amazon, Flipkart and Paytm Mall begin to look beyond the 20 million customers who shop online on a monthly basis. Industry analyst RedSeer Consulting pegs the online shopping industry's growth at 23 per cent to $17.8 billion in 2017.

"Once Flipkart raised money, they began spending aggressively and going after market share growth, prompting Amazon to follow. If you see growth this year, it was much higher in the second half compared to the first half. This strong growth in the second half will be the base for growth next year," said Anil Kumar, chief executive officer, RedSeer Consulting.

While Flipkart's growth had slowed due to unavailability of funds in 2016, a bigger detriment to the industry growth was delivered by Snapdeal. The erstwhile number three player saw negative GMV growth, which pulled down the overall industry growth.

Entering 2017, this slow growth hampered the first half of the year, until Flipkart raised $1.4 billion led by Tencent and $2.5 billion from Softbank. Now with sufficient funds, the company is once again turning on the heat and is looking to expand the base of online shoppers in the country.

RedSeer estimates that only 20 million people in the country shop online on a monthly basis. That figure swells to 90 million if we look at the number of people who shop online at least once a year. Beyond this, there's a base of about 150 million people who are connected to the internet but have not shopped online yet.

"If you ask me, the large e-commerce players will go after this untapped segment of buyers. What will they have to do to bring them online? They're going to have to improve trust, provide the right value and have the right kind of products listed on their platforms," adds Kumar.

Going after first-time buyers would supersede the need to get existing customers to buy more frequently in 2018, the contrary of what happened in 2017. While this doesn't mean that Amazon and Flipkart would stop trying to get repeat customers, the amount of attention and resources spent on it would be far lesser than reaching new customers.

The top online shoppers in India continue to be locked in metros, but if these companies want to reach new customers they will have to invest heavily in logistics, warehousing and coming up with new models. In 2015 and 2016 e-commerce firms solely relied on discounting to get more customers to shop from them, but after experiencing the ills of that model of growth, none are expected to return to that. E-com industry to grow at 60% in 2018: RedSeer

Source: business-standard.com- Dec 29, 2017

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