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NEWS CLIPPINGS –09-01-2018

Centre mulls incentives for States promoting exports	The Hindu http://www.thehindu.com/todays-paper/tp-business/centre-mulls-incentives-for-states-promoting-exports/article22400439.ece

Strategy on anvil for 40% of GDP to come from global trade in 7-8 years: Prabhu

Commerce Minister Suresh Prabhu on Monday said the government was looking into ways to incentivise States that promote exports, adding that a strategy was being prepared to increase the share of international trade in India's GDP.

"We have discussed ideas to incentivise States that will promote exports," Mr. Prabhu said at a press conference following the third meeting of the Council for Trade Development and Promotion.

'Experts needed'

"We will have to work with NITI Aayog for this. We had also asked States to appoint at least one nodal officer in charge of exports. They said for this, they would need experts, not bureaucrats. So, we are looking into that."

"We are in the process of preparing a strategy for at least 40% of India's GDP which will happen in next 7-8 years to come from global trade, and at least half of that should be from exports," he added. "So, [we are looking at] strategies for promoting that. We are also looking at strategies for Make in India..., to take our manufacturing share to more than what it is today."

Trade bodies that attended the meeting sought steps to raise the awareness of officers who handle refunds under the Goods and Services Tax, and also asked for an exemption from GST for all inputs used for export production.

"A refund mechanism, howsoever efficient, affects the liquidity and competitiveness of exports... we request you all to provide exemption from GST on inputs required for export production as [in] many countries where GST or VAT is in operation," Ganesh Kumar Gupta, president, Federation of Indian Export Organisations, said in a note.

Greaves Cotton eyes rich harvest in farm equipment	Business Line http://www.thehindubusinessline.com/todays-paper/tp-news/greaves-cotton-eyes-rich-harvest-in-farm-equipment/article10020552.ece

Greaves Cotton, a leading engineering company that makes a range of engines and heavy equipment, will grow its presence in farm equipment and implements business with offer of a complete range of solutions.

The company on Monday unveiled a new power tiller, developed using its own R&D capabilities, under the brand name 'The Bahubali'. It is priced in the range of Rs. 1.56 lakh and Rs. 1.76 lakh and powered by a new 14 HP engine. " We cater to a wide range of products and services to the farmers to help them right from ploughing to harvesting," Nagesh Basavanhalli, Managing Director & CEO, said at the company's plant at Ranipet near Chennai.

"We offer solutions across all stages -- irrigation to soil preparation, planting, plant protection, harvesting and to post-harvest cycle. Our product range includes six types of power tillers, six types of rotavators, two types of power weeders. Our objective is to position ourselves as a complete solution provider," said M Mohanan, President – Farm Equipment Business. The company's major target segments for farm equipment business are small and medium farms, gardens and landscaping categories. The company has a capacity to produce 6000-7000 units of power tillers and 10,000 units of other farm equipment and implements. All these are made at its Ranipet factory. Mohanan said the company has been strengthening its dedicated R&D facility and state-of-the-art large farm equipment factory in Ranipet. It has also set up a testing and validation facility inside the factory and will also create capabilities for real-world usage pattern tests across various terrains.

Bihar govt offers lucrative package to apparel industry	Tribune India http://www.tribuneindia.com/news/ludhiana/bihar-govt-offers-lucrative-package-to-apparel-industry/525702.html

To provide enough business opportunities, the Bihar Government seems to be leaving no stone unturned to attract the investors from Punjab, especially those dealing in textiles, apparel, dyeing industry from Ludhiana.

The Bihar government is offering huge incentives, better infrastructure to the industrialists to set-up manufacturing units in Bihar. A delegation of exporters, the industrialists dealing in textile/ apparel industry, dyeing industry is on a tour to the state.

The delegation members, including president of Knitwear and Apparel Exporters Organisers', Harish K Dua, had a meeting with the Principal Secretary, Department of Industry— S Sidhartha— and Bihar Industrial Development Authority Managing Director— RS Srivastva— and with other senior officials.

While the Bihar government wants to provide job opportunities to its population, the industrialists from Ludhiana said they were offered good infrastructure, reasonable power tariff, enough labour and subsidies which were the basics for any industry to flourish.

Talking to The Tribune, Harish Dua, said Bihar Government was ready to provide us prime location on a highway. “They are ready to provide us power up to Rs5 per unit. Not just that, the Bihar government has offered to set up common effluent treatment plants and sewerage treatment plant. We will have to provide them just the maintenance cost, once they are installed. Besides, fire station, hospital, schools - whichever facilities are viable, they are ready to give us”, said Dua. At the same time, Dua said the Punjab government had still not formulated any policy but a delegation will soon meet higher-ups in Punjab for further expansions, if state government showed eagerness.

If the Bihar government is successful in luring industrialists from here, it will be able to generate employment to approximately 20,000 population (textile workers). These knitwear and apparel manufacturers cater to a large number of brands and retail companies such as Spencer’’s Retail, Walmart, GAP and designers in France, Germany, US and other developed countries.

Here is why foreign apparel brands are offering big discounts	**Financial Express** http://www.financialexpress.com/industry/here-is-why-foreign-apparel-brands-are-offering-big-discounts/1007241/

The high street is not any more out-of-bounds for most city dwellers. Walk into a Zara or H&M store and one can find products on sale for as little as Rs 250 at H&M and at Rs 390 in Zara.

The high street is not any more out-of-bounds for most city dwellers. Walk into a Zara or H&M store and one can find products on sale for as little as Rs 250 at H&M and at Rs 390 in Zara. In their bid to draw in more customers and build loyalty in what has become an extremely competitive market, Swedish fashion retailer Hennes & Mauritz (H&M) and Spanish fashion retailer Zara have reduced prices by 25-30% for sales kicked off end of December. The lowest price points offered by these two brands in the past ranged between Rs 500 and Rs 700. Pinaki Ranjan Mishra, partner and national leader, retail & consumer products, Ernst & Young, said, “With these brands going deeper in newer cities, they are introducing lower price points to attract customers. Moreover, both these brands have very efficient supply chains, benefits of which they may be able to pass on to customers.” An H&M spokesperson in a reply to an email sent to the company said, “End-of-season sales that occur twice a year start with up to 50% and this has been our strategy since we launched in the country.” No Zara spokesperson was available for comment.

Experts said when Zara had entered the country around seven years ago, their average price point was around Rs 1,200 to Rs 1,400. But to hold on to this price point was difficult. The pricing battle intensified after H&M entered the country a little over two years back. Zara has corrected prices by about 25-30% to bring its entry level to around Rs 799 per product (before discount) in the last couple of years to compete with H&M.

Overall in 2017, post the festive season, retail sales were low and the brands might be trying to clear their inventory. Although brands are introducing lower price points, this may not impact the company's margins much as they are likely to make up for this through sale of products with higher prices. "Both the brands believe in profitable growth and would definitely try to save their margins," Mishra said. Rajat Wahi, partner, Deloitte India, said international brands after opening the first few stores in metros are struggling to attract footfalls in smaller cities. So, to introduce the brand to the new customer segment, price points are being tweaked. What is driving most brands to introduce products under Rs 1,000 — say at Rs 999, Rs 899 or Rs 799 — is that customers have to pay less tax post the GST (goods and services tax), he said.

Post GST roll-out, taxes were lowered to 5%, from 7%, on products costing below Rs 1,000, even as they go up to 12% on products priced above Rs 1,000. Brands edging towards luxury are struggling in the country, and this is prompting them to tap opportunities in lower price segments, Wahi said. Inditex Trent, the joint venture between Zara brand-owner Inditex and Tata Group's retail arm Trent, witnessed 21.4% increase in sales to Rs 1,023 crore in FY17, but the company's net profit fell 40% to Rs 48 crore after the Spanish chain slashed prices by around 10-15% to keep pace with its competitors. Arvind Singhal, chairman of Technopak, said brands have managed to do well mainly on account of affordable pricing, while providing quality products. Swedish fashion retailer H&M scaled up revenues to Rs 704 crore between December 1, 2016 to August 31, 2017 (nine months), from Rs 291 crore in the year-ago period, on the back of lower price points maintained to combat Zara. Zara, which is present in India for the past eight years, operates more than 21 stores at present, while H&M, which entered the country more than two years ago, has 29 operational stores.

ICAC: Global cotton consumption to increase	**Hpj.com** http://www.hpj.com/crops/icac-global-cotton-consumption-to-increase/article_44f0ec2c-51be-5e8b-a94a-4a031dca34bf.html

The International Cotton Advisory Committee, Washington, D.C., announced Jan. 3 it expects global cotton consumption to increase in the coming year. Recovery continues in cotton production for 2017-2018, according to the ICAC, which projects an 11 percent growth to about 25.4 million tons due to increased area put into production. Production in just the United States for the current season is expected to increase 25 percent to 4.7 million tons. India, according to the report, will remain the world's largest cotton producer, with 2017-2018 production expected to reach 6.2 million tons. China will come in at No. 2, with 5.2 million tons of production. Pakistan is predicted to increase 11.5 percent, to 1.9 million tons, while Turkey is predicted to increase its production 18 percent to 829,000 tons. Other major cotton countries are expected to have positive growth attributed to increased production area and harvested yields. Meanwhile, international cotton prices have moved upward over the last few months that the season has been underway, according to the ICAC. “From the season low of 77 cents per pound at the start of season, prices are at a season high at the end of this calendar year up to 88 cents per pound,” the report stated. “The current season average of 80 cents per pound is lower than the 2016/17 average of 83 cents per pound.”

Global consumption, according to the ICAC, is expected to grow with a lower international price from the previous season and the rising price of competing fibers. After stagnating in 2016-2017, global cotton demand is expected to increase 3 percent in 2017-2018 to 25.2 million tons. Chinese mill use is expected to remain stable at 8.1 million tons, while India and Pakistan are expected to increase 3 percent and 4 percent respectively, according to the report. Consumption in Vietnam is expected to grow 12 percent to 1.3 million tons. Moderate growth of 2 to 3 percent is expected for other major consuming countries of Bangladesh, Turkey and the United States, according to the report.

No sales tax, customs duty on cotton imports in Pakistan	**Fibre 2 Fashion** http://www.fibre2fashion.com/news/textile-news/no-sales-tax-customs-duty-on-cotton-imports-in-pakistan-239955-newsdetails.htm

The Pakistani Government last week withdrew sales tax and customs duty on cotton imports with effect from January 8 to meet the shortfall of silver fibre, a key input in the country’s textile industry. The Economic Coordination Committee (ECC) of the cabinet approved a proposal regarding the same at a meeting headed by Prime Minister Shahid Khaqan Abbasi. The textile sector, which contributes more than 60 per cent of the country’s total exports of $20 billion, had been demanding the abolition of 4 per cent customs duty and 5 per cent sales tax since last year to promote value addition. The ECC meeting also approved financing plan for 1.2 billion cubic feet/day capacity of re-gasified liquefied natural gas (RLNG-III) pipeline project from Karachi to Lahore, according to Pakistani media reports.

The country set up its first RLNG plant in 2015 with a production capacity of 600 million metric cubic feet/day (mmcfd), and another with the same capacity was added recently to reduce the gap between demand and supply of around 2 billion cubic feet per day. Despite being the world’s fourth largest cotton producer, Pakistan relies on import of cotton to meet local demand, which is estimated at 15 to 16 million tons per year. Cotton production is expected to be around 11.1 million bales of 170kg each during the 2017-18 crop year.