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NEWS CLIPPINGS –23-04-2018

Exporters seek revisit of NPA policy by banks	The Hindu http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/exporters-seek-revisit-of-npa-policy-by-banks/article23640825.ece

With huge amounts of incentives and dues pending from the government to them, the garment exporters here wanted the banks to take cognisance of the receivables from the government side while classifying their loan accounts as non-performing assets (NPA).

The exporters here are seeking for a revisit to the NPA policy by banks through government channels since such changes needed intervention of various monetary policymakers. Currently, the pendency of dues under Remission of State Levies scheme alone stand at Rs. 450 crore collectively for the Tirupur knitwear cluster, according to the statistics compiled by the Tirupur Exporters Association.

Besides, there was an outstanding capital goods subsidy of Rs. 100-odd crore for the entrepreneurs here under the Amended Technology Upgradation Fund Scheme.

"The banks should take up loan dues and the subsequent classification as NPA on a case-to-case basis instead of following the blanket norms on NPA classification. "The banks should take into consideration how much dues are pending for a particular industrialist and proportionally compute the loan portion which should be turned NPA, said TEA president Raja M. Shanmugam.

Replanting Indian cotton	The Hindu http://www.thehindu.com/todays-paper/tp-opinion/replanting-indian-cotton/article23640541.ece

Researchers say it is time India moves on from hybrids

Pink bollworm infestation in Bt cotton in India has turned the spotlight on an important question: has hybrid cotton lived up to its promise? India was a pioneer in this technology in the 1970s; today, it is the only country that exclusively grows cotton hybrids. Yet, cotton researchers are now asking if our over-reliance on this technology is responsible for our biggest problems in Bt cotton, such as infestation and low yield.

The world's first commercial cotton hybrid, Hybrid-4 (H-4), was developed in 1970 by the scientist Chandrakant T. Patel. The crop revolutionised cotton farming in India. Due to a genetic phenomenon called heterosis, hybrids often outyield open-pollinated (OP) varieties. So, from paltry yields of 122 kg of lint per hectare, production in India rose to 290 kg per hectare by 1992-93. The advent of hybrids also led to a mini-employment boom in the 1980s, with some 25 million people, mostly women, joining the labour-intensive hybrid industry.

But the high cost of hybrid seeds prevented farmers from adopting them in a big way until 2002. This was the year when Bt cotton changed the economics of cotton production by cutting down on the costs of pesticides for bollworms. Farmers adopted Bt cotton in great numbers, despite Monsanto restricting it to hybrids. As a result, by 2011, over 95% of cotton in India was under hybrids, from less than 50% before 2002. Bt cotton's insecticidal traits helped raise Indian yields further.

Why productivity plateaued

Eventually, though, productivity plateaued. As of today, India's average yield is around 500 kg of lint per hectare, about a fourth of Australia and Turkey which plant OP varieties. This is puzzling. Why has India's productivity stagnated despite an ostensibly high-yield technology?

Too many factors have contributed to this problem, some of which are uncontrollable, like climatic conditions and the sheer area under cotton production (11 million hectares). But other factors, such as the suitability of hybrids grown, are within India's control and it is crucial to understand them.

A big mistake that India made was in going overboard with the number of hybrids it approved after Bt cotton arrived. Until then, approval of new hybrids was a careful process: every time a seed company applied to release one, the Indian Council of Agricultural Research tested its agronomic traits in field trials for three years. This testing became less stringent after 2002, when the Genetic Engineering Approval Committee (GEAC) took over the process of Bt hybrid approval. Concerned that hybrid approval was taking too long and costing too much for seed companies, the GEAC simplified it. It said that as long as the genetic event (such as Monsanto's Bt event, Mon 531) had been tested in field trials, the cotton hybrid containing it required testing for only about a year.

This led to a deluge of poor-quality hybrids in India, with 1,128 hybrids being approved till 2012. Many of these inadequately tested hybrids were unsuited for the regions in which they were approved and hurt farmers and yield. "Farmers had to go through the harrowing experience of experimenting with new hybrids, only to burn their fingers in trying to identify the best," says K.R. Kranthi, who headed Central Institute for Cotton Research (CICR) in Nagpur till 2017 and is now with the International Cotton Advisory Committee in Washington, DC.

An unsuitable hybrid

What was the problem with an inadequately tested hybrid? Sometimes the seeds were of poor quality, sometimes the hybrids didn't express enough Bt toxin, and sometimes hybrids meant for one agro-climatic zone were approved in other zones. For example, many hybrids that were meant for irrigated farmlands ended up in areas with no irrigation, a recipe for disaster. Hybrids are a high-cost, high-reward technology; they need the right irrigation at the right time, as well as large doses of fertilizers and pesticides. All this is expensive and beyond the reach of poor farmers. Vijay Kumar, a researcher who headed CICR's Cotton Research Station in Surat, cites the example of Wagad tracts in Gujarat. These are barren lands where only a few Indian OP cotton varieties can survive. "People started growing Bt hybrids there," he laments. "It pulled down yields."

Indian hybrids had another downside. Many were designed to be tall and bushy, unlike OP varieties which are short and straight. This meant that hybrids could not be planted in large densities — one of the contributors of high yields in Australia and Brazil. Low densities led to farmers prolonging the cotton-growing season to increase output, which in turn triggered pink bollworm attacks.

Apart from being bushy, some of these hybrids also had a low harvest index, meaning that the mass of their seeds and lint was low compared to the mass of the rest of the crop, like shoots and leaves. This meant that fertilizers pumped into these hybrids were diverted to leaves rather than lint. This pulled down yield even in irrigated regions like Punjab. Further, Punjab suffered repeated whitefly infestations, which Bt cotton doesn't protect against. Tackling this needed well-timed insecticide sprays, which farmers did not always do.

Can OP varieties save the day?

Some cotton researchers believe that it is time to ditch hybrids and return to OP varieties, at least in rain-fed regions. Varieties are compact and can be selected for resistance against pests like whiteflies. When planted at high densities, they can rival hybrid yields, Mr. Kranthi and Mr. Kumar say.

What route India takes towards varieties depends on the patent issues surrounding Bt cotton. The Delhi High Court ruled this month that the patent on Bollgard-2, Monsanto's second generation Bt cotton, was unenforceable. This means that India has the option to use Bollgard-2, which confers resistance against pests like the American bollworm, in OP varieties. This was impossible until now, given Monsanto's licensing agreement with seed companies. However, Monsanto may appeal the decision in the Supreme Court.

Another, more radical, option is for India to skip Bt technologies altogether in OP varieties. Some researchers argue that Bt cotton is unnecessary, at least in some parts of the country. It was the cultivation of long-duration cotton that triggered both the pink and American bollworm infestations in these regions, creating the need for Bt cotton, they say.In a 2015 study, Andrew Paul Gutierrez, who studies pest control at the University of California, Berkeley, modelled data from Maharashtra's Yavatmal district to show that pink-bollworm infestations began with the advent of irrigated, long-duration cotton. Mr. Gutierrez argued that if rain-fed farmers can control pink bollworm with short-season cultivation alone, the comparative benefits of Bt cotton wouldn't outweigh its high costs.

Endgame for garment exports?	**The Hindu** http://www.thehindu.com/opinion/columns/endgame-for-garment-exports/article23630821.ece

The sector needs radical restructuring to survive

Every Indian city has one or several colourful, buzzing roadside or footpath markets. These have stalls festooned with trendy-looking clothes, often sporting surprisingly familiar global labels. India's 'export surplus' markets — or, to be more accurate, 'export reject' markets — have been ensuring that youngsters (as well as the hard-working poor and the ever-thrifty middle class) can actually buy fashionable clothes at pocket-friendly prices.

But these markets are only a side note to the real story. India's huge $100 billion-plus textiles and apparels industry, which employs more than 45 million people, accounts for almost 14% of exports and over a quarter of foreign exchange earnings. It is the second-largest employment sector after agriculture. Of this, the apparel sector alone accounts for more than 12 million jobs and a chunk of the exports.

Alarming data

However, all that may soon become a thing of the past. Not that India’s apparel sector is going away or anything — a nation of 1.3 billion people needs a lot of clothes — but India is quickly losing its place at the top of the table of apparel-exporting nations.

Last week, some alarming confirmation of this came by way of official export data, which went by somewhat unnoticed amidst the incidents of rape and a widespread shortage of cash which sparked nightmare flashbacks of demonetisation and sent people scurrying to ATMs to hoard more cash and worsen the situation.

Apparel exports in February (the latest month for which data are available) stood at $1.44 billion, a decline of 10.25% compared to the year before. In fiscal 2017-18 (April to February), overall apparel production declined 10.4% , while garment exports fell 4%. Worse, the trend is clearly downwards. Garment exports have fallen for six months in a row now and, except for a spike in a couple of months, have been mostly negative.

There are no signs of any immediate turnaround. The sector got hit with a double whammy: demonetisation and the goods and services tax (GST). Meanwhile, the rupee has also been appreciating, gaining 6.4% against the dollar through 2017. This means that an exporter who quoted, say, ₹100 per piece last April and quotes the same rate this April is already 6% more expensive to his buyer.

And the industry simply does not have the margin to take this 6% hit and still stay competitive with countries like Bangladesh and Vietnam which are eyeing India’s already shrinking share of the pie. Apparel exports from Bangladesh crossed India’s in 2003, while Vietnam passed India in 2011. Both nations enjoy the same advantage that India does — an abundance of cheap, skilled labour. In addition, they also enjoy favoured access through treaties to major markets like the U.S. and the European Union, while India is under intense pressure from the World Trade Organisation to phase out subsidies and incentives given to the textiles sector as the sector has already achieved ‘export competitiveness’.

The trouble is that while India’s garments sector is large in the aggregate, it is comprised mostly of tiny units. Almost 90% of India’s garment manufacturing units are in the unregistered sector. About 78% of the firms employ less than 50 workers and only 10% more than 500 workers. This means that individual entrepreneurs have severe limitations on the kind of capital they can invest in capacity and technology. So, most Indian garment exporters tend to compete at the bottom end of the market where competition is toughest.

Other challenges

With margins already wafer-thin, exporters also have to struggle with other challenges of doing business in India. For example, the Economic Survey 2016-17 made a strong case for focusing on the textiles and apparels sector as a job creator. Apparels are 80 times more labour-intensive than automobiles and create 240-fold more jobs than steel, the Survey pointed out. The Chief Economic Adviser’s team also highlighted the key issues: “Logistics, labour regulations, and tax and tariff policy, and disadvantages emanating from the international trading environment compared to competitor countries." In other words, trade treaties.

Logistics costs are also high: around $7/km by road transport, while it is just $2.5/km in China and $3/km in Sri Lanka. Add onerous tax issues and huge difficulties in even claiming one's legitimate dues. The biggest impact of GST has been that refunds due to exporters have been stuck for months, leading to locking up of working capital.

What this needs is a holistic policy response rather than temporary band-aids and piecemeal incentives. The tax policy needs to be aligned with global trends, while the scale problem needs to be met through aggregation of individual units in large clusters, preferably with quick access to export points, thus curbing logistics costs. Technology upgradation needs serious funding, while trade treaties need to be reviewed to ensure that India gets access for its competitive products in major markets. Above all, Indian entrepreneurs need to also focus on creating their own global brands rather than simply producing for other labels.

Why MSP at cost plus 50% is no big deal	**Business Line** https://www.thehindubusinessline.com/news/why-msp-at-cost-plus-50-is-no-big-deal/article23638485.ece?homepage=true

The MSP for many crops is already 1.5 times cost; and procurement is either absent or very minimal except for paddy and wheat

There has been much speculation on the Budget promise to farmers of 50 per cent return on cost of production. But this may not help farmers much, as many crops already enjoy 50 per cent profit at minimum support price (MSP), according to the price policy document of the Commission for Agricultural Costs and Prices (CACP).

The MSP of rabi crops such as barley, gram, lentil, rapeseed and wheat is already more than 1.5 times the cost. For wheat, in fact, it is two times — with cost at ₹817/quintal and MSP at ₹1,735.

For kharif crops such as bajra, arhar and urad, too, the MSP is over 1.5 times the cost of production. The cost considered by CACP is as per the A2+FL formula, which includes expenses on farm inputs — including seeds, fertilisers, fuel and irrigation — and imputed value of Family Labour. That said, there are crops where the support price just about covers the cost. MSP is likely to go up sharply in such crops. These include jowar, ragi, sunflower seed, sesamum and nigerseed. For jowar, the MSP will increase by 44 per cent, and for ragi, by 54 per cent.

However, the MSP increase will be ineffective in crops where the market prices are higher. For instance, the current jowar price is about ₹26/kg in Gujarat. The MSP at 1.5 times the cost (assuming a 5 per cent increase in cost of production from last kharif) will work out to ₹2,450/quintal, or ₹24.5/kg.

The same is the case with sesamum (gingelly), where the market prices now rule at ₹65-75/kg, while the MSP next season is likely to be ₹64/kg.

Poor procurement

In the few crops where the MSP is actually attractive, it is doubtful if the Centre will be able to enforce MSP. Though MSP is announced for over 20 crops, procurement is effective only in paddy and wheat. In all others, it is either absent or very minimal. In 2016-17, the total procurement of pulses was 1.47 million tonnes, against production of 23.13 million tonnes.

For oilseeds, the picture is worse; in 2016-17, kharif procurement in groundnut by the National Agricultural Cooperative Marketing Federation of India (NAFED) was 1.8 lakh tonnes, versus the season's production of 60.5 lakh tonnes. Sunflower, procurement stood at 4,249 tonnes against the kharif season production of 98,000 tonnes.

"There is no guaranteed procurement today. There is no action if someone buys below MSP, so there is no point in even announcing the support price…," says GV Ramanjeneyulu, Executive Director, Centre for Sustainable Agriculture.

Rice may shine

One crop that will turn more remunerative under the new MSP, and where there is also strong procurement, is rice.

But rice is a water guzzler, and the Centre may want to think twice about more farmers shifting to this crop.

Also, since India exports about 10-12 million tonnes of rice a year, a higher minimum support price will see the country losing competitiveness in the export market.

The new MSP on cotton, too, may have an impact, as the Cotton Association of India (CAI) steps in whenever market prices drop below MSP.

But that again will impact the export competitiveness of Indian cotton.

Three new schemes

To enforce MSP, the NITI Aayog had suggested three plans to the States last month. One, a Market Assurance Scheme, proposes procurement by States, with the Centre compensating them for the loss up to a certain limit.

The second, a Price Deficiency Procurement Scheme, allows the farmer to be compensated for the difference between MSP and actual price received.

The third, a Private Procurement and Stockist Scheme, proposes that the government provide tax incentives to private players to procure produce from farmers.

In a recent paper titled 'Supporting Indian Farmers: Price Support or Direct Income/Investment Support?' Ashok Gulati, a noted agricultural economist from ICRIER, has pointed out that the cost of a Price Deficiency Payment scheme, if ramped up at the national level, will be a whopping ₹1.13-1.69 lakh crore if prices are down 20-30 per cent from MSP.

The moot question, therefore, is whether States will be willing to bear the financial burden of these schemes.

A year later, the Insolvency and Bankruptcy Code is still evolving	Live Mint https://www.livemint.com/Industry/X3wAbf9I3Um8xTDUdbeHaL/A-year-later-the-Insolvency-and-Bankruptcy-Code-is-still-ev.html

It is too early to decide if the Insolvency and Bankruptcy Code has been successful, but it has instilled a sense of urgency, among all stakeholders, to resolve bad loans

It has been a year since the Insolvency and Bankruptcy Code (IBC) came into effect. Introducing a modern bankruptcy framework is one of the most significant reforms put in place by the Narendra Modi government. It has won praise from multilateral institutions such as the World Bank and the International Monetary Fund and is one of the prime reasons for India's big 30-notch leap up the ease of doing business rankings.

IBC represented a big change in the power equation between creditors and debtors. Before the code was enacted, lenders were at the mercy of big borrowers. The plethora of laws that was supposed to resolve stressed assets only resulted in interminable delays in the courts. According to World Bank statistics, it took an average of 4.3 years to resolve a soured account. Lenders recovered an average of 26.4 cents to the dollar. These were among the poorest numbers in emerging economies.

The new framework is supposed to change all that. It is a timebound process. Cases once admitted are supposed to be resolved within 270 days; if not, companies go into liquidation. During the resolution process, management control is taken away from promoters and vested with a resolution professional.

"In my view, the whole debtor-creditor relationship will undergo a change and this is positive from the perspective of improving the credit culture of the country. This will lead to better availability of credit and eventually help in improving the ease of doing business," said R. Subramaniakumar, managing director and chief executive officer at Indian Overseas Bank.

Since the code came into being, at least 2,434 fresh cases have been filed before the National Company Law Tribunal (NCLT) till 30 November and at least 2,304 cases seeking the winding-up of companies have been transferred from various high courts. Of these, 2,750 cases have been disposed of and 1,988 cases were pending during the period under review (as of December), according to a reply to the Lok Sabha by the minister of state for finance, Shiv Pratap Shukla.

Still, a year after its introduction, the code remains a work in progress. It has teething troubles and requires constants tweaks, as indeed all new laws do. Despite the recent amendments to the code, and regulation changes by the Insolvency and Bankruptcy Board of India, there are still several gray areas in the code. The government has set up a committee to review its functioning. The committee has started work and called for comments from stakeholders to identify issues impeding the efficiency of the IBC resolution and liquidation framework.

Of haircuts and liquidation

This year will see the resolution of the 12 big cases identified by the Reserve Bank of India (RBI) for early resolution under the framework. These cases will approach their 270-day deadline in the next few months.

Initially, banks were hesitant to use this tool, fearing large haircuts, or sacrifices on loan and interest payments, which could put them in the cross hairs of vigilance agencies. The government, through the agency of the central bank, had to goad lenders to resolve their largest bad accounts using the new system. Subsequently, in the second quarter of this financial year, banks referred the 12 big cases identified by RBI—which make up close to one-quarter of the Indian banking system's stressed assets of Rs10 trillion—to the NCLT. By the end of December, lenders had referred (or were in the process of referring) another 28 large cases to bankruptcy court.

The hesitation also stems from the fact that the code is yet to prove its efficacy. Indeed, the first case to be resolved under the new framework set off jitters among lenders.

Synergies Dooray Automotive Ltd, a maker of alloy wheels for cars, the first case to be resolved under the new regime, saw lenders take a 94% haircut. They recovered only Rs54 crore against a claim amount of Rs972 crore.

Innoventive Industries Ltd, a Pune-based steel products maker, the first case that was filed under the code, is facing liquidation after a committee of creditors (CoC) rejected two resolution plans, including one from the company's promoters. The liquidation value for the company is about Rs130-140 crore, which translates to less than 10% of its total debt.

"One single (Synergies Dooray) case cannot become guidance for future. That I would treat as an exception. As far as NCLT is concerned, each case is different and the claim on the particular borrower is different, enterprise value will be different," said Rajnish Kumar, chairman, State Bank of India, in a media teleconference on 5 October. "So when we go to the NCLT for resolution, we have to look at the enterprise value, we have to look how many buyers are there in the market, what is the value they are putting, whether resolution is a better option than liquidation. As far as liquidation is concerned, our recovery will be the lowest. That's why the decision will be based on what will derive the maximum value for the bank."

Barring errant promoters

The Synergies Dooray case also gained notoriety after Edelweiss Asset Reconstruction Co., one of the firm's creditors, challenged the resolution. The arguments went like this: The resolution plan for Synergies Dooray involved merging the company with Synergies Castings Ltd, a creditor and related party. Synergies Casting, which had held 75% of debt of the defaulter, transferred a significant chunk of loans to a non-related party called Millennium Finance Ltd.

This, according to Edelweiss, enabled Synergies Castings to put in place a proxy in the committee of creditors and diluted Edelweiss's voting share. This transfer of debt is illegal, Edelweiss contended.

The prospect of promoters coming back into control of their companies and at steep discounts prompted the government to issue an ordinance in November. The amendment barred wilful promoters and errant promoters of defaulting companies, and their related and connected parties, from bidding for stressed assets in the resolution process.

While the intent of the amendment was lauded, it also came under criticism for poor drafting.

The ordinance is very wide; it seems to debar many people in India. Related party (definition) is very vague and everyone could be a related party," said Renuka Sane, associate professor, National Institute of Public Finance and

Policy at New Delhi. There were fears that private equity firms and those whose primary business was dealing in distressed assets would be barred. Some experts expressed concern that barring some bidders would reduce the recovery rates of these stressed assets. This was particularly so for defaults in micro, small and medium enterprises (MSMEs), where the promoter was often the only bidder. Most MSMEs saw disruption in their cash flows because they were not paid on time by large companies, to whom they provided services, according to bankers.

“Most promoters of small and medium business are nowhere close to wilful defaulters. Their ability to repay has been crippled because their bills have not been cleared by clients. In this case, taking their company away and not giving them a chance to get back the unit seems unfair,” said a banker with a mid-sized public sector bank.

In December, however, the bill replacing the ordinance diluted some of these strictures to strike a balance in the trade-off between punishing wilful defaulters and ensuring a more effective insolvency process. The bill allows defaulting promoters to bid provided they repay the dues in a month to make their loan account operational and the resolution happens within the overall time frame specified in the code. The bill also allows asset reconstruction companies, alternative investment funds (AIFs) such as private equity funds and banks to participate in the bidding process.

“As the system is new, challenges will be there. But the government has been proactive in evolution of the code, taking into account views of all stakeholders. I think in a quarter or two the system will be well matured,” said Subramaniakumar of Indian Overseas Bank.

The role of IRPs

Another area where the new framework has been facing some teething troubles is on the role of insolvency resolution professionals (IRPs), who take control of a stressed company after it is admitted under the bankruptcy process. IRPs have faced multiple challenges from promoters and creditors. Often, the courts had to step in to protect IRPs from promoters.

Two such examples are Rolex Cycles Pvt. Ltd and AML Steel Ltd, where the NCLT benches in Chandigarh and Chennai, respectively, took a stern view of the bullying tactics by promoters. The NCLT issued a warning to the promoters and ordered police protection for the IRPs. In the case of Rolex, which was taken to NCLT by Hero Cycles Ltd the IRP was not allowed to enter the site to make an assessment of the company’s assets. And in case of AML Steel, the IRP informed NCLT that it was facing stout resistance from the debtor.

“The NCLT judgements are helpful to an extent. But an individual can only do so much. That is why in a majority of large resolution cases, the IRP is one individual but he/she is propped up by big consultancy firms and a huge team supports the IRPs in the day-to-day functions of the company and to draft a resolution plan,” said a resolution professional who didn’t want to be named.

For instance, Sumit Binani, IRP for Monnet Ispat and Energy Ltd is supported by Grant Thornton Advisory Pvt. Ltd. “The challenge from creditors is in the form of resolving inter-creditor disputes and the creditors need to be in control all the time,” said Binani.

Still, in many cases, the fear of liquidation is forcing stakeholders to cooperate to find a viable solution.

“So far the approach of bankers has been very positive and supportive of the IBC process and all stakeholders remain keen for a viable resolution. The path to resolution focuses on maximizing value as compared to the path to liquidation which is a worst-case option where all stakeholders have ultimately more to lose and less to gain, ”said Vijay Kumar Iyer, the IRP for Bhushan Steel Ltd.

“We are seeing companies making efforts to repay and trying for a way out before the case is referred to NCLT. By and large, borrowers who are been taken to the NCLT are cooperating with IRPs because the resolution has to be in best interest of everyone,” said R.K. Takkar, managing director and chief executive officer of UCO Bank.

Fixing gaps in the code

While bankers are still grappling with the framework and waiting for a string of successful resolutions, it remains a work in progress. The code has landed four times in the Supreme Court. In these cases, the apex court dealt with the legality of the code, showing that there are gaps which have to be plugged through amendments or changes in regulations.

One such change was to incorporate homebuyers as operational creditors. Earlier, home buyers as a category were not recognized as financial or operational creditors. The loophole in the code was first recognized by the Supreme Court in the insolvency case against Jaypee Infratech Ltd.

In a 9 August order passed by the Allahabad bench of NCLT, insolvency proceedings against Jaypee Infratech were initiated. This effectively left 32,000 homebuyers in a lurch. On 5 September, the apex court stayed the NCLT order to achieve a balance between the rights of homebuyers and other creditors. Since then, the apex court has initiated recovery for homebuyers of Unitech Ltd and Supertech Ltd through creation and maintenance of a designated website where homebuyers can specify if they wish for a refund or continue to wait for possession of flats.

The bankruptcy regulations were amended on 16 August and homebuyers can now file claims to get their dues from real estate companies. However, this takes care of homebuyers’ interests only to a certain extent.

“Now the bigger question which arises is where do creditors fall in the waterfall mechanism given in the IBC and what will be their ranking? Will they fall in the category of trustees whose rights are reserved on liquid assets for resolution process? Will home buyers get the status of secured creditors? These are the questions that are still to be addressed,” said Satwinder Singh, partner at Vaish Associates, a law firm

Another recent case of aggrieved homebuyers is the case filed on 20 September by 107 homebuyers in the Supreme Court against an order of the National Company Law Tribunal (NCLT) that admitted Bank of Baroda’s insolvency petition against Amrapali Silicon City project in Noida. “The creditor in control model has its own constraints. Many of the issues being experienced under the new Indian insolvency regime emanates from this basic construct. The tension between secured creditors and flat-buyers in the real estate sector is one such example,” said Pratik Datta, a policy researcher and Chevening Weidenfeld Hoffmann Scholar, University of Oxford.

Experts say that clear legality has developed only on matters relating to admission of the matters. The Supreme

Court ruled that IBC takes precedence over state laws.

Some judgements by National Company Law Appellate Tribunal (NCLAT) have also clarified that the admission of an insolvency plea is a judicial process and thus is not time-bound; however the resolution is administrative and has to adhere to the 180-day timeline. According to bankers and legal experts, the jurisprudence concerning the resolution plan for companies, liquidation process, issues concerning claims, valuation, rights and duties of the insolvency professionals is likely to evolve with time. Much is left to be done. For instance, recent rulings by two NCLT benches—in Hyderabad and Mumbai—have added to the confusion. The Hyderabad bench passed a resolution which was approved by 66.67% members of the CoC and the Mumbai bench ruled that 75% is sacrosanct.

The regulatory interplay

Regulatory turf wars are not uncommon when multiple regulators are regulating the same entity. So far, the Insolvency and Bankruptcy Board of India (IBBI) has got support from other regulators, barring a few hiccups.

For instance, the Securities and Exchange Board of India (Sebi) on 21 June exempted buyers of shares in distressed firms from the requirement of making an open offer even if the purchase triggers such an event under the takeover code. A dispensation is needed from the Competition Act to ensure a resolution plan is approved by the Competition Commission of India (CCI) and is not termed as violating terms of the act, said Manish Aggarwal, a partner at KPMG India. Similarly, a resolution plan could attract minimum alternate tax (MAT) at the rate of 18.5% on the portion of debt written off because that could be seen as income. On 6 January, the Central Board of Direct Taxes eased rules for insolvent companies.

The only hiccup was on sharing financial data of default with the Information Utility (IU), under the Insolvency and Bankruptcy Code 2016, are envisaged to collate all information about a debtor, which in turn will help in establishing default as well as verifying claims of creditors. In September 2017, the Insolvency and Bankruptcy Board of India (IBBI) registered National e-Governance Services Limited (NeSL) as the first IU.

Banks and other financial institutions were reluctant in sharing data with the NeSL as they needed a clearer sense from RBI. The confusion was cleared on 19 December when RBI directed its regulated institutes to share information with the IU. Now, all eyes are on the committee which has been set up to suggest tweaks to code.

Banks will call clients when cash arrives	**Times of India** https://timesofindia.indiatimes.com/city/surat/banks-will-call-clients-when-cash-arrives/articleshow/63872329.cms

Surat: Some nationalized banks have asked their customers wanting to withdraw money from their accounts to write their names and mobile numbers on the back of the cheques so that they can contact them once they are provided with cash by the RBI. The SBI, BoB and a few other banks have been collecting cheques from customers wanting to withdraw big amounts by taking down their contact numbers.

Most transactions in the Diamond City are done in cash and currency shortage has hit real estate, textile and diamond sectors hard. Sources said SBI’s currency chest on Friday dispensed Rs 10 lakh each to cooperative banks in the city. However, the cooperatives in turn gave Rs 20 lakh to their link banks in the region.

Miffed over fall in exports, garment exporters demand cut in lending rate	Times of India https://timesofindia.indiatimes.com/city/ludhiana/miffed-over-fall-in-exports-garment-exporters-demand-cut-in-lending-rate/articleshow/63869553.cms

Concerned over continuous fall in the exports of readymade garments (RMG) from India, garment exporters of the city are now demanding that the central government should lower lending rates for them and bring out new incentive schemes else the fall will continue. According to the recent data released by Directorate General of Commercial Intelligence and Statistics (DGCI&S), there has been decline of 7.60 percent in India's export of RMG to the world in financial year 2017-18 as compared to financial year 2016-17. As per the data, total exports of RMG from India was 1,16,554 Crores in 2016-17 which has fallen to 1,07,698.80 crores in 2017-18. Alarmed over the fall, prominent garment exporters of the city on Saturday attended a meeting organised by Apparel Exporters Promotion Council (AEPC) and discussed the next course of action.

Speaking on the issue, Harish Dua, president, Knitwear and Apparel Exporters Organisation and executive member of AEPC said,"In 9 months out of last one year, huge fall has been registered in exports of RMG from India. Various reasons are responsible for this grim situation, the biggest being non seriousness of union government for solving issues concerning garment exporters. Its been months now since various incentives and subsidies available to us were withdrawn and reduced, but ever since no new initiatives have been taken by the government for revival of exports" Dua also added, "We once again request government and especially ministry of commerce to start new schemes to encourage exporters and also introduce incentives to support us”

According to Narinder Chugh, permanent invitee to AEPC, "This is a very critical situation especially for Ludhiana which has the highest number of garment exporters in the region. From past one year the growth of garment exports has suffered a big blow, but this problem can be overcome even with little initiatives by government like reduction of rate of interest on bank loans for exporters to 2 percent. In addition to this solving the issue of delay in GST refunds and bringing new schemes for technology upgradation can change the entire scenario for us".

Fieo writes to RBI, FinMin for reintroduction of LoUs	Economic Times https://economictimes.indiatimes.com/news/economy/policy/fieo-writes-to-rbi-finmin-for-reintroduction-of-lous/articleshow/63865859.cms

The apex exporters lobby Federation of Indian Export Organisations (Fieo) has written to the Reserve Bank and finance ministry seeking lifting the blanket ban on letter of undertakings (LoUs) saying it will further hurt exports by making them more uncompetitive.

The Fieo, promoted by the Commerce Ministry and industry, has written to Reserve Bank Governor Urjit Patel and finance ministry seeking reintroduction of the crucial trade finance instruments, but feels that the government will have to take the lead to end the stalemate, a top Fieo official has said.

"The LoUs were in operation for many years, so at the drop of a hat you cannot abolish such instruments...look at the utility of it. Such instruments are used globally, why deprive our exporters or importers of it?" Fieo director general Ajay Sahay told PTI.

Admitting that the lobby has so far underplayed the impact of the mid-March move by the RBI, Sahay said earlier

Fieo felt that only the gems & jewellery sector used the instrument, but it has later transpired that others, including the employment-intensive textiles and leather industry, are also using LoUs.

When asked if the ban will impact exports, he said, "absolutely" and adding while the gems & jewellery sector will be the worst impacted, others will also be hit.

He pointed out that gems & jewellery exports have contracted by a massive 36 per cent following the regulatory actions, which employs 5 million.

He explained that the alternatives for LoUs like bank guarantees increase the cost by 1-3 per cent, hence making exports uncompetitive globally.

Sahay said the ban has also wrecked the planning of exporters who face the spectre of banks cancelling LoUs. He further said the association has taken up the same with the commerce ministry.

"That is putting a lot of pressure on exporters. We have taken it up with the commerce ministry. The commerce secretary is working with the finance ministry," he said.

On writing to the RBI and finance ministry seeking reintroduction of LoUs, Sahay feels that government will have to come out with "clear direction" in the matter.

The LoUs were banned following the discovery of the over Rs 13,000-crore Nirav Modi scam, the biggest fraud in domestic banking history early February. The instrument was allegedly misused by Modi and his henchmen in connivance with officials of state-run Punjab National Bank's at the Brady House branch in south Mumbai between 2011 and 2017.

The kind of mess which has happened is not possible with normal importers-exporters. Who will give you that kind of LoU without any margin money or without any safeguards? Why are we talking about an exceptional situation and applying it across the sector?" Sahay asked. Sahay said even as the country struggles to create jobs, such developments have led to a huge question mark over job retention.

What will you do with these workers? Our biggest problem today is jobs. We should not talk about creation, we should talk about job retention. This is a huge challenge," he said.

He also expressed concern over the contraction in exports in employment-intensive sectors, stressing that the 9.8 percentage growth in exports to USD 302 billion looks good only on "the face of it".

"We should do some introspection. In the labour intensive sectors, we are losing out our competitiveness. Bangladesh, Vietnam and even Myanmar may be taking the lead in apparel exports," he said.

There is a major need to work on skilling to push our exports and labour law changes are also required, said Sahay.

US-China trade war boosts cotton exports	**My Digital.Com** http://www.mydigitalfc.com/fc-supplements/invest/us-china-trade-war-boosts-cotton-exports

China, the second-largest buyer of American cotton, has slapped 25% tariff on the US imports

If there are few things India appears to be gaining out of the ongoing trade war between the US and China – at least in the short term. The cotton trade is certainly one of them. Ever since the trade war between the two countries broke out, India has exported 150,000 bales of cotton to China. Going by the Cotton Association of India (CAI) statistics, in the last 10-15 days India has contracted 150,000-200,000 bales for exports to China.

That's not without a reason. China is heavily dependent on cotton imports from the US. China, the largest consumer of cotton, is the second-largest buyer of American fiber with one out of every five bales headed there. Following the trade war, China has imposed tariffs on import of cotton from the US. Cotton is one of the 106 US goods on which Beijing has imposed up to 25 per cent tariffs.

So with fresh high tariffs on the import of cotton from the US, Chinese manufacturers who need the raw material in large quantities would all but shift increasingly to India. Also, Indian cotton prices are 10 cents cheaper (at 80 cents per pound) against global price on the Intercontinental Exchange. The other factor favouring India is the low freight charges.

CAI, in its latest approximation, has raised its estimate for India's export to 6.5 million tonnes in 2017-18 (October-September) from 5.5 million tonnes projected at the start of season. Last year, the country exported about 5.82 million bales of cotton. For CY2017/18, consumption is forecast at 32.4 million bales, up 5.5 per cent from last year's consumption of 30.7 million bales.

The impact of these developments and factors was immediately felt in the market in India. "MCX cotton futures is trading on a positive note since the start of April and jumped almost 2.2 per cent (Rs 440 per bale) on reports of lower acreage, increase in export demand from China and rise in mill consumption. Prices have been supportive as cotton production for the country revised downwards for the fourth consecutive month by CAI to 36 million bales from 37.5 million bales, estimated in December 2017," said Ritesh Kumar Sahu, fundamental analyst (agri commodities), Angel Commodities Broking.

CAI has brought down cotton output projection in March to 36 million bales from February estimates of 36.2 million bales. Last year the output was 33.8 million bales. Mill consumption is expected to drop to 32.4 million bales (33 million bales), while exports may increase to 6.5 million bales (6 million bales). With overall supply expected to touch 41 million bales, the closing stock by the season-end is expected to be higher at 2.7 million bales (2.2 million bales). One has also to keep in mind that cotton consumption is expected to improve over last year due to various government schemes and incentives to boost garment and apparel exports will renew mill activity.

Sahu of Angel Commodities said, "We expect cotton to trade on a positive note towards Rs 21,500 per bale (CMP: 20,620) in next one month on expectation of improved exports demand and reports of reduction in cotton acreage in coming kharif season. But if India's exports during the recent month surge due to US-China trade war, cotton acreage may increase, supported by near normal monsoon forecast. During the current season, China is the fourth largest market for Indian cotton after Bangladesh, Vietnam and Pakistan. But India is hoping to export three times more cotton – about 2.7-3 million bales – to China next year as it looks to restock cotton and also going to impose a 25 per cent import tax on the US cotton. Moreover, cotton prices may also increase if government declare the minimum support price 1.5 times the cost of cultivation," Sahu said.

Union agriculture minister in city to attend bollworm meet	**Times of India** https://timesofindia.indiatimes.com/city/nagpur/union-agri-minister-in-city-to-attend-bollworm-meet/articleshow/63860804.cms

NAGPUR: Union agriculture minister Radha Mohan Singh, cotton scientists from the city-based Central Institute for Cotton Research (CICR) and several other stakeholders are expected to sort out the crisis caused by pink bollworm attack on cotton crop last year and formulate a policy to prevent its recurrence at a meeting here on Sunday. Chief Minister Devendra Fadnavis and Union minister Nitin Gadkari are also likely to attend the conference organized by Indian Council for Agriculture Research (ICAR) as Maharashtra has the second largest area under cotton cultivation and a large parts of Vidarbha, Marathwada and Khandesh depend on this cash crop every kharif season .

Last year, there were reports of widespread loss to crop from pink bollworm pest attack. What was more worrying is that over 90% of the seeds sown in around 40 lakh hectares are of genetically modified Bt cotton that is supposed to be resistant to bollworm attack.

Another problem that erupted last year was deaths from fumes inhalation while spraying string toxic pesticides on the crop. This again was blamed on the illegal sale and sowing of 'BG-III' or herbicide tolerant GM seeds that found their way surreptitiously into market though not approved by the state or the Union government.

"The problem has assumed serious proportions and it is now a matter of survival for cotton growers. While it has now been established that the Bt cotton seeds no longer offer protection from pest attack, the government has failed to provide alternative variety of seeds that farmers can prefer to sow. Research for a straight variety resistant to bollworm pest has failed in last four years," said Kishore Tiwari, chairman of the task force on farm distress.

Tiwari will be present at the meeting and said he would raise the need for re-framing of national policy on cotton seeds. Cotton is the first crop where genetically engineered seeds were allowed in the country. The Rs 450crore seeds market in 2002 has today increased ten folds crossing Rs4,000 crore and a foreign company is reaping huge benefits.

"With no desi seed available in required quantities dependence on Bt will continue. In that case all will boil down to pest management regime and how the government is able to enforce it by use of approved pesticides," Tiwari added.

The state agriculture minister will also hold a kharif plan meeting for the district. Minister of state Sadanand Khot and guardian minister Chandrashekhar Bawankule will also be present.

Pakistan : Foreign Scientists To Visit Cotton Research Centres	Urudu Point https://www.urdupoint.com/en/pakistan/foreign-scientists-to-visit-cotton-research-c-322811.html

Scientists from different countries are visiting cotton research stations of Pakistan, located in different cities during their 15-day tour and training programme, commenced on Sunday.

The tour is being arranged under the auspices of the Ministry of National food Security and Research, said a release issued by the Central Cotton Research Institute (CCRI), Multan. According to the CCRI Multan, the cotton scientists of Burkina Faso, Chad, Malay and Banen would visit different stations and share their experiences with other scientists.

The basic objective of the tour was to work on different challenges facing the cotton crop including attack of pests, cotton leaf curl virus etc. Similarly, the experts would also discuss cotton genes, different varieties of cotton, etc. The CCRI Multan has completed all arrangements to hold interactive sessions with the foreign scientists. These scientists would visit CCRI Multan on May 2. On May 4, Cotton Commissioner and Vice President pakistan Central Cotton Committee Dr Khalid Abdullah will distribute certificates among the participants of the training session.

Bangladesh still popular for low-cost apparel	The Daily Star https://www.thedailystar.net/business/bangladesh-still-popular-low-cost-apparel-1566334

Bangladesh is still a lucrative destination for sourcing low-cost garment items, coming second to only China, according to the Global Sourcing Survey-2018 by the AsiaInspection, which provides inspection services to global brands. “Outside of China, India and Bangladesh are increasingly given preferences for textile sourcing due to being lower-cost destinations,” said the report on the survey conducted by AI in December last year.

Top officials of more than 250 companies working in all major consumer product segments were interviewed for the survey. Of the total respondents, 16 percent said Bangladesh is their destination of choice for sourcing textile and garment products. China though remains in the lead: it is a regular sourcing destination for nearly 88 percent of the respondents and half of the businesses expect to buy even more from there in 2018. “The work order situation is positive now,” said Asif Zahir, director of Ananta Group, a leading garment exporter.

Thanks to the rebound of economic situation in Europe and the US, the retailers and brands are placing work orders in bulk in Bangladesh. At the same time, Bangladesh's reputation has also improved due to inspection and remediation of the garment factories by the Accord and Alliance. However, buyers do not want to pay higher prices, although the cost of production will go up further with wage hike, port congestion and higher transportation cost.

“Of course, Bangladesh is a lucrative destination for the global garment buyers,” said Anwar-ul Alam Chowdhury Parvez, a former president of the Bangladesh Garment Manufacturers and Exporters Association. Bangladesh is a favoured destination not only for the competitive price and quality, but also for technical upgrades and improved safety after the inspection and remediation.

After a journey of nearly four decades, the country's production base is gradually shifting to high-end apparel items from basic products. Of the total garment exports from Bangladesh in a year, 40 percent are high-end value-added garment items, he said. “Previously the focus was on basic items but now we are looking at value-added items,” he added. In the footwear segment, 21 percent of the survey respondents said they will source from Bangladesh. Some 36 percent respondents said they will source food items from Bangladesh, while 15 percent will buy electrical and electronics products from here, the survey said.

Among the top challenges in sourcing in 2017, the cost of manufacturing and raw materials comes first -- a trend expected to continue into 2018. Politics is expected to have a more immediate impact than technology: most of the surveyed businesses anticipate to be affected by tariffs, quotas, protectionism and embargos, rather than automation and 3D printing. Vietnam is a notable competitor for China in footwear, chosen by 50 percent of respondents, the single most popular choice of any industry outside of China, the study said. In cross industry average, 14 percent of the respondents preferred Bangladesh as their sourcing destination.