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NEWS CLIPPINGS –06-07-2018

SIMA bats for PSF for cotton	Business Line https://www.thehindubusinessline.com/news/sima-bats-for-psf-for-cotton/article24343410.ece

While hailing the increase in the MSP for cotton, the Southern India Mills' Association (SIMA) has emphasised the need for Price Stabilisation Fund (PSF) scheme and a Technology Mission on Cotton (TMC) in a revised format to double the income of the cotton farmers and to grow the business of the industry as well.

"Cotton productivity has stagnated at 500-550 kg per hectare against over 1,500 kg/hec achieved by over 20 countries. Australia for instance, has achieved productivity of 2,200 kg/hec. Further the quality of Indian cotton is much inferior when compared to the imported fibre, affecting both the farmers and the industry," said P Nataraj, Chairman, SIMA, emphasising the need for reintroducing PSF and TMC schemes.

He did not deny that India has emerged as the largest producer of cotton since 2015-16, accounting for 36 per cent of world cotton acreage covering 11.80 million hectares, with close to 2.3 crore farmers involved in cotton cultivation. Though things seemed good, consequent to the removal of cotton from Essential Commodities Act from February 2007, few cotton traders started dominating the cotton economy by covering large volumes during peak season.

The textile industry, which is predominantly MSME in nature could not compete with the multinational traders in covering cotton requirement. They therefore were forced to shell out 10 to 25 per cent higher cost for home grown cotton during off-season.

The price volatility often eroded the working capital and profit margins of the industry, restricting the industry growth rate between 6 and 8 per cent againsr the potential growth rate of 12 to 16 per cent.

Cotton PSF scheme consisting of 5 to 7 per cent interest subvention, 10 per cent margin money and nine months credit limit would enable the spinning mills and the Cotton Corporation of India to compete with multinational cotton traders and cover cotton during peak season, Nataraj said and added that this would enable farmers fetch better price, avoid MSP operations, prevent cotton hoarding and speculation. PSF would also bring more GST revenue and boost exports, the SIMA chief added.

Need for TMC

He pointed out that consequent to the roll out of TMC (between 1999 and 2002) and introduction of Bt cotton, India emerged as the largest producer of cotton. Following the government's withdrawal of extension of TMC, farmers' suffering began with spurious seeds, lack of seed technology and technology transfer, agronomy research, quality deterioration of the fibre at ginning stage and so on. This calls for approval of TMC II proposal, which has already been submitted by the Ministry of Textiles, Nataraj said, urging for constitution of a task force comprising of various stakeholders under Ministry of Agriculture and Textiles.

Hike in Cotton MSP to make fibre expensive, may hit industry:CITI	**Business Standard** https://www.business-standard.com/article/pti-stories/hike-in-cotton-msp-to-make-fibre-expensive-may-hit-industry-citi-118070501114_1.html

The hike in minimum support price of cotton would make Indian cotton fibre relatively expensive with respect to international prices and inflate prices of its products, the Confederation of Indian Textile Industry said today, while urging the government to establish a delivery mechanism for the industry to procure raw material at reasonable prices.

The government yesterday raised the minimum support price of cotton (medium staple) to Rs 5,150 per quintal from Rs 4,020 per quintal and that of cotton (long staple) to Rs 5,450 per quintal from 4,320 per quintal. "The Textile & Clothing being an integrated industry, the proposed hike in MSP based on 1.5 times the A2+FL costs would impact each segment along the supply chain raising the final price of the product.

"Further, this intervention would also make Indian cotton fibre relatively expensive with respect to international prices. As Textile & Clothing exports are still reeling under the pressure to perform, absorbing a hike of 28% would be difficult for the entire textile Industry," Confederation of Indian Textile Industry (CITI) Chairman Sanjay Jain said.

He said there was a need to examine the event from different perspectives and understand that the farmers' gain should not impact the USD 120 billion textile industry which employs over 10 crore people, and hoped the government would devise a direct subsidy route so that interests of both farmers and the industry are protected.

"From 2009-10 to 2017-18, MSP increased by Rs 1,320/quintal and in 2018-19, it has been increased by Rs 1,130/quintal. The impact is huge and possibly unprecedented. Although, China has imposed an additional 25 per cent import duty on American cotton and the rupee has also depreciated against the dollar, still cotton and yarn would face headwinds," Jain said.

He emphasised that the real impact depends on the movement of international prices of cotton, and also pointed out that higher MSP would further compel huge cotton procurement by the state-run Cotton Corporation of India (CCI).

"In the past, for instance, the Centre raised cotton MSP (medium staple) by a record 39 per cent in 2008-09, driving up CCI's procurement to an all-time-high of 8.9 million bales. Industry hopes that a clear CCI Policy is spelt out, so that in case they need to make massive procurement, the industry gets regular offering from them throughout the season at international parity prices," Jain said.

Cotton traders warned	Indian Express http://www.newindianexpress.com/states/andhra-pradesh/2018/jul/06/cotton-traders--warned-1838934.html

Agriculture Special Commissioner D Muralidhar Reddy has said that officials of the department will take stern action against the traders who sell HT cotton seeds in the State. Agriculture Special Commissioner D Muralidhar Reddy has said that officials of the department will take stern action against the traders who sell HT cotton seeds in the State.

Addressing a review meeting with manufacturers and distributors of cotton and chilli seeds at Agriculture head office in Guntur on Thursday, he directed the cotton traders not to sell HT cotton seeds in the market.

Rupee falls 21 paise to close at 68.95, lowest closing value against dollar	Indian Express https://indianexpress.com/article/business/economy/rupee-closes-at-68-95-lowest-closing-value-against-dollar-5247249/

The rupee breached the 69-mark against the US dollar in intra-day trade last Thursday and has continued to trade above 68 for quite some time over the fear of rising crude oil prices.

The rupee on Thursday plummeted by 21 paise to close at an all-time low of 68.95 against the US dollar in the backdrop of rising crude oil prices and concerns over a global trade war. The development comes after the rupee on Monday traded at a near five-year low of 68.80 against the US dollar. The rupee last saw this level on August 28, 2013.

The rupee breached the 69-mark against the US dollar in the intra-day trade last Thursday and has continued to trade above 68 for quite some time as fears over rising crude oil prices, portfolio outflows from the capital market and widening current account deficit have rocked the foreign exchange market

Maintaining that there was no need to be alarmed over the declining rupee value, Niti Aayog Vice-Chairman Rajiv Kumar has claimed it was still overvalued in terms of Real Effective Exchange Rate (REER). “Rupee is overvalued in terms of REER. There is no reason to worry…RBI has maintained that it will not interfere to keep the rupee at any particular level,” Kumar said on Thursday.

Responding to criticism of the government on the issue of handling of the rupee, Kumar said that during the UPA-II regime in 2013, the rupee had weakened from 57 to 68 a dollar in three months, and hence the comparison would be misplaced.

The Indian currency has lost around 8 per cent this year as foreign investors have started pulling out funds and crude oil prices moved upwards with the strengthening of the dollar across the globe adding to the rupee’s slide. Capital outflows of around Rs 60,000 crore — Rs 19,500 crore from the equity market and over Rs 40,000 crore from the debt market —since April this year have put severe pressure on the rupee.

Karnataka budget: Kumaraswamy proposes 'Compete with China' scheme	The Hindu https://www.thehindu.com/news/national/karnataka/karnataka-budget-kumaraswamy-proposes-compete-with-china-scheme/article24338202.ece

To compete with China-made goods, the State budget has proposed to establish a unique programme. The budget states that spare parts will be manufactured at the village-level, assembled at Taluk level and malls be will be opened to market these goods. For this purpose, plug and play industrial sheds will be constructed.

A manufacturing industry of household LED lights will be developed in Chitradurga district under this scheme. At present, LED lights are imported from China.

The State government will be developing Hassan district as bathroom floor tiles and sanitary goods manufacturing district to compete with China-made bathroom, floor tiles and sanitary goods.

To compete with Chinese toys, a manufucturing cluster will be established in Koppal district. The budget states that toys operated with battery and electricity have entered the market and ICB, chip, micro DC motor are incorporated in these toys. “There is a world market for such toys. In China these mechanized toys are manufactured and supplied to the entire world. In this background, a challenge to Chinese toys, it is proposed to establish a cluster for manufacture of toys in Koppal district,” the budget document read.

Apparel exports to decline by 10 per cent in FY19 due to GST	Economic Times https://economictimes.indiatimes.com/industry/cons-products/garments-/-textiles/apparel-exports-to-decline-by-10-per-cent-in-fy19-due-to-gst/articleshow/64871690.cms

India's apparel exports downturn may continue and is expected to decline by overall 10 per cent in FY19, a senior industry official said here.

In 2017-18 exports declined by 4 per cent to USD 16.7 billion. "Country's apparel exports have taken a beating from October 2017 onwards. The introduction of GST has resulted in non-refund of several embedded taxes. Consequently exports for the financial year 2017-18 declined by 4 per cent to USD 16.7 billion from 17.38 billion in the previous year," the Clothing Manufacturers Association of India (CMAI) president Rahul Mehta told reporters here. The downturn continued in FY 2018-19 with a month on month decline of 8-10 per cent and it is expected to witness overall decline by 10 per cent in FY19, Mehta said.

The country exports nearly 70 per cent of cotton garments and 20 per cent jump in cotton prices in last few months has also hit exports severly, he said.

The industry is having talks with the textile ministry and the government has assured that embedded taxes will be refunded through the drawback route.

Commenting on domestic apparel market, Mehta said, country's domestic apparel market is estimated at USD 67 billion, which has grown at a CAGR of 10 per cent since 2005. Indian domestic market has performed better than the largest consumption regions like US, EU and Japan, where depressed economic conditions led to lower demand and growth. Due to presence of strong fundamentals, the domestic apparel market size of India is expected to grow at 11-12 per cent CAGR and reach about USD 160 billion by 2025.

The domestic market size is dominated by ready-to-wear category, market size USD 56 billion, with 84 per cent share which is further growing at a CAGR of 10-11 per cent. The ready-to-stitch market currently at USD 11 billion is expected to grow at a CAGR of 7 per cent and reach about USD 20 billion in 2025.

In order to boost domestic trade, CMAI is organising a 67th national garment fair between July 16-19 this year in Mumbai. Nearly 916 exhibitors in 986 stalls are displaying 1,087 brands

The apparel trade show is expected to transact business worth Rs 700-800 crore, Mehta added.

Garment exporters expect GST refund of ₹4,000 cr	**Business Line** https://www.thehindubusinessline.com/economy/garment-exporters-expect-gst-refund-of-4000-cr/article24343070.ece

Notwithstanding the sharp drop in exports, textile companies are expecting the government to refund ₹3,000-4,000 crore of GST levied on the shipments made since the implementation of GST.

The blockage of funds with the government and rising operational cost are expected to pull down exports by 10 per cent this fiscal, said Premal Udani, Chairman, Board of Trustees of Clothing Manufacturers Association of India (CMAI).

To facilitate exports, the government refunds embedded taxes through drawback rates which is currently fixed at 1.6 per cent. The industry has demanded that the rates be increased to 7 per cent given the high incidence of taxes, he added.

The Government cannot expect exporters to be competitive in global market after incurring such high levies, he said.

Exports fell four per cent in the financial year ended March to $16.7 billion, against $17.38 billion logged in same period last year. Going by the export trend in the first quarter of this fiscal, all indications are that it will fall by at least 10 per cent, he added.

Rahul Mehta, President, CMAI, said the increase in minimum support price for cotton will hit the industry further as 70 per cent of garment exported are cotton-based.

Cotton prices have gone up 20 per cent in last four months impacting the cost matrix of exporters, he said on the sidelines of an event to announce the 67th National Garment Fair in Mumbai between July 16 and 19.

The strong compounded annual growth of 10 per cent to $67 billion in domestic demand since 2005 is the only solace for garment companies. In contrast, the demand in the US, EU and Japan has slowed down due to weak economic conditions.

The unorganised apparel market accounts for 65 per cent of the overall domestic trade of $67 billion. Dominated by the ready-to-wear category at $56 billion, the domestic apparel market is expected to touch $160 billion by 2025, said Mehta.

CBIC launches GST 'Verify App'	**Money Control** https://www.moneycontrol.com/news/trends/current-affairs-trends/cbic-launches-gst-verify-app-2676351.html

Every time you shop/eat/buy check the bill if there is any GST amount mentioned, if yes verify through this app if she/he is genuinely registered person or not, thereby you save the amount shown as tax from the fraudster if he is cheating you," the statement said.

The Central Board of Indirect Taxes and Customs (CBIC) has developed a mobile app 'GST Verify' to protect interest of consumers. It is an android app to verify if the person collecting GST from the consumer is eligible to collect it or not, an official statement said today.

It also provides the details of the person/ company collecting GST, it said.

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It further said that a Composition Tax Payer should not collect the tax from his consumer.

This app, developed by B Raghu Kiran joint commissioner GST Hyderabad, can be used all across the country, it added.

Cotton Production Improves in Pakistan	**Cotton Grower** https://www.cottongrower.com/cotton-news/cotton-production-improves-in-pakistan/

Sustained growth in cotton production reached 10.685 million bales during the last fortnight (Dec 1-15), according to an article on Dawn.com. A 5.30 per cent increase has been witnessed over the corresponding period last year when production stood at 10.147m bales.

The latest cotton production figures issued by Pakistan Cotton Ginners Association on Monday showed higher growth in Sindh’s cotton production at 4.136 million bales, an increase of 11.70pc over the same period last year when production stood at 3.703m bales. The province produced around 433,275 more cotton bales so far over last year.

Against this, cotton production in Punjab during the period under review recorded a modest increase at 6.549m bales or 1.63pc higher over the corresponding period last year when production was at 6.444m bales. Overall, the province produced 104,765 more bales over the last year.

Trump says China could face more than $500 billion in US tariffs	CNBC https://www.cnbc.com/2018/07/05/trump-says-us-will-impose-16-billion-in-additional-tariffs-on-china-i.html

President Donald Trump said on Thursday tariffs on $34 billion worth of Chinese goods will kick-in at 12:01 a.m. EST on Friday morning. Another $16 billion are expected to go into effect in two weeks, he said.

Trump's statements reinforce earlier threats that he would escalate the trade conflict if Beijing retaliates

President Donald Trump speaks to supporters during a campaign rally at Scheels Arena on June 27, 2018 in Fargo, North Dakota. President Trump held a campaign style 'Make America Great Again' rally in Fargo, North Dakota with thousands in attendance.

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Aboard Air Force One on his way to a rally in Montana, Trump told reporters he would also consider imposing additional tariffs on $500 billion in Chinese goods, should Beijing retaliate.

First "34, and then you have another 16 in two weeks and then as you know we have 200 billion in abeyance and then after the 200 billion we have 300 billion in abeyance. Ok? So we have 50 plus 200 plus almost 300," Trump said.

"It's only on China," he added.

Trump's statements reinforce earlier threats that he would escalate the trade conflict. The dispute with China has roiled financial markets worldwide, including stocks, currencies and the global trade of commodities from soybeans to coal.

China has said it will not "fire the first shot", but its customs agency made clear on Thursday that Chinese tariffs on U.S. goods would take effect immediately after U.S. duties on Chinese goods kick in.

Textile workers demand unpaid severance pay	Khmertimeskh https://www.khmertimeskh.com/50508267/textile-workers-demand-unpaid-severance-pay/

More than 1,000 textile workers from a footwear factory in Daun Keo City yesterday rallied at the Takeo Provincial Hall to demand officials intervene on their behalf to get their unpaid severance packages.

The workers said that the factory was supposed to pay them a severance package upon the conclusion of their six-year contracts.

Protests began on Monday when the workers first descended upon their former place of employment, a factory operated by Takeo Shoes Cambodia. On Tuesday, the workers protested in front of the provincial labour department and yesterday they hit the provincial hall.

Worker Meas Srey Oun said yesterday at the provincial hall that Takeo Shoes Cambodia was not upholding its obligations.

Ms Srey Oun said that workers initially filed a complaint at the provincial labour department ten days ago.

“We worked there for many years, we need our severance pay and we will return and return again,” she said. “We are afraid that our former employer will not pay our severance.”

Takeo provincial Governor Ocuh Phea said that he met with the workers to find a solution for them and noted that the complaint has been received and that provincial officials are handling the case.

First, we want them to go back home without any protest and we will meet with their employer for a solution,” Mr Phea said.

Yi Sokhorn, another worker, said that they were not coerced to rally. Instead, Mr Sokhorn said that they took it upon themselves to fight for their missing pay.

“Unions didn’t help us to rally, we all came together to demand our severance pay,” he said.

In March, the government said it was prepared to pay out $4.6 million to about 4,100 workers whose bosses fled without paying their wages.

Since then, thousands of workers who were abandoned by their employers have received compensation from the government.

The government also moved to amend article 89 of the labour law regulating severance pay for workers.

Following the amendment, the Garment Manufacturers Association in Cambodia said the move could financially burden employers by forcing them to pay out severance all at once rather than in instalments.

In a statement after the amendment, GMAC said amending article 89 protects workers, but “will create a new degree of financial burden for the employer and possibly other human resource management challenges”.

“We would like to express our concern and ask the government to please carefully consider the issue,” the statement added. “We strongly suggest that employers pay the compensation in phases.”

Trump Tariffs on China Take Effect as Trade War Escalates	Bloom berg https://www.bloomberg.com/news/articles/2018-07-05/trump-s-trade-war-threat-to-turn-reality-as-china-tariffs-begin

U.S. President Donald Trump fired the biggest shot yet in the global trade war by imposing tariffs on $34 billion of Chinese imports. China immediately said it would be forced to retaliate.

The duties on Chinese goods started at 12:01 a.m. Friday in Washington, which is just after midday in China. Another $16 billion of goods could follow in two weeks, Trump earlier told reporters, before suggesting the final total could eventually reach $550 billion, a figure that exceeds all of U.S. goods imports from China in 2017.

U.S. customs officials will begin collecting an additional 25 percent tariff on imports from China of goods ranging from farming plows to semiconductors and airplane parts. China's officials have previously said they would respond by imposing higher levies on goods ranging from American soybeans to pork, which may in turn prompt Trump to raise trade barriers even higher.

It's the first time the U.S. has imposed tariffs directly aimed at Chinese goods following months in which Trump accused Beijing of stealing American intellectual property and unfairly swelling America's trade deficit.

The riskiest economic gamble of Trump's presidency could spread as it enters a new and dangerous phase by imposing direct costs on companies and consumers globally.

"Once these tariffs start going into effect, it's pretty clear the conflict is real," said Robert Holleyman, former deputy U.S. trade representative under President Barack Obama and now a partner at law firm Crowell and Moring LLP. "If we don't find an exit ramp, this will accelerate like a snowball going down a hill."

Recent U.S. tariffs on steel and aluminum antagonized fellow developed nations and drew return fire from countries including the European Union and Canada.