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NEWS CLIPPINGS –17-07-2018

Govt raises import duties on a large number of textile apparel, fibres	**Business Standard** https://www.business-standard.com/article/economy-policy/govt-raises-import-duties-on-a-large-number-of-textile-apparels-fibres-118071700060_1.html

Import duties had been increased for an even broader set of products and goods in the textile categories back in October 2017

India on Monday raised the import duties on a large number of textile apparels, fibres and related products such as carpets by up to 20 per cent.

Spread across 37 broad tariff areas, the import duties, however, target products for which India's imports are low.

This includes textile apparels and accessories, hosiery item and certain types of vegetable based textile fibres, among others.

Effective duty rate for most of these items have been doubled.

Import duties had been increased for an even broader set of products and goods in the textile categories back in October 2017.

Interestingly, the export of apparels, the largest chunk of exports within the textile segment, has been contracting since the same month.

Export of ready-made garments continued to drop in June, contracting by 12.34 per cent, albeit lower than the 16.62 per cent fall seen in May.

Oil falls below $71 as Saudis are said to offer extra crude to some buyers	**Arabian Business** https://www.arabianbusiness.com/energy/400804-oil-falls-below-71-as-saudis-are-said-to-offer-extra-crude-to-some-buyers

Crude has been weakened by fears that global demand will be hurt by trade tensions between the US and China, after prices hit a three-year high last month on prospects of a supply crunch

Oil retreated below $71 a barrel after Saudi Arabia was said to offer extra crude supplies to some customers as OPEC's biggest producer plans to boost output, while the US is considering tapping into its emergency stockpiles to rein in prices.

Futures in New York slid as much as 0.8 percent, after falling 3.8 percent last week. Saudi Arabia offered additional

cargoes of its Arab Extra Light crude to at least two buyers in Asia for August, people with knowledge of the matter said, after supplying full contractual volumes to customers in the region.

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Investors are watching for signs that members of the Organization of Petroleum Exporting Countries and its partners are moving to fill any potential gaps in supply caused by renewed US sanctions on Iran, falling output in Venezuela and sporadic disruptions in Libya.

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month if needed, Russia's Energy Minister Alexander Novak said.

Still, the group's Gulf members may need to pump almost as much oil as they can to cover swelling output losses, according to the International Energy Agency.

"Going forward, we may see OPEC members with the ability to ramp up output seek to grab more market share, whereas other nations such as Iran and Venezuela trying to stick to the agreement," said Ahn Yea Ha, a commodities analyst at Kiwoom Securities Co.

"It's unclear whether the US will actually use the emergency inventories, but we can at least tell that they feel a lot of pressure from crude trading above $70 a barrel."

West Texas Intermediate crude for August delivery fell as much as 59 cents to $70.42 a barrel, and traded at $70.68 on the New York Mercantile Exchange at 12:26 p.m. in Seoul. Total volume traded was about 44 percent below the 100-day average. Prices dropped $2.79 to $71.01 last week.

Brent for September settlement lost 37 cents to $74.96 a barrel on the London-based ICE Futures Europe Exchange. Prices fell 2.3 percent last week. The global benchmark crude traded at a $5.36 premium to WTI for September.

Gujarat garment fair: Organisers fear shortfall in orders	**DNA India** http://www.dnaindia.com/business/report-gujarat-garment-fair-organisers-fear-shortfall-in-orders-2638099

The Gujarat Garment Manufacturers Association (GGMA) that will represent nearly 1,700 garment manufacturers in the three-day garment fair in the city, is fearing a shortfall of about 50% in orders as compared to the previous year's. Overall slowdown in the economy, they say, is taking a toll on the business.

The fair will see wholesale and retail buyers from across the country and abroad placing orders for the upcoming festive season of Navratri to Diwali as well as Eid. The orders will give local manufacturers an idea about the fashion trends and the demand from the market for the season.

However, unlike previous events, the mood this time is dampened. "The industry is facing a severe downturn. Against orders worth Rs 3,000-4,000 crore in previous fairs, this time we expect a business of about Rs 2,000 crore," said Vijay Purohit, president of GGMA

Over 260 manufacturers, representing close to 600 brands, will exhibit their products to over 18,000 buyers from states like Maharashtra, Rajasthan, Madhya Pradesh, Uttar Pradesh, Assam, West Bengal, Bihar, Odisha, Jharkhand, Chhatisgarh, Tamil Nadu, Andhra Pradesh, Karnataka and Kerala as well as from countries like Bangladesh, Sri Lanka and those of Middle East.

With nearly 5,000 garment manufacturers, Ahmedabad is one of the major hubs in India producing cotton garments, mainly menswear. "Buyers choose products from Ahmedabad because of its quality and price competitiveness," said Purohit. Local manufacturers provide a direct employment to close to 2.5 lakh individuals.

With festivals like Bakri Eid, Navratri and Diwali approaching in few months, the fair holds strategic significance for the manufacturers. While the market for menswear may be slowing down, manufacturers of womenswear and ethnicwear are bullish about the festive season. "Fashion is very dynamic in womenswear compared to menswear. Men's fashion is limited, but there are a number of options for womenswear. There is much more novelty here, so buying continues and we expect growth in business," said Vikas Bhansali, partner and creative director of Asopalav. "Womenswear segment has a significant proportion of impulsive buying, which is not the case in menswear," said Bhansali.

This will be the second consecutive year when the se ntiments are down ahead of the fair. The fair in 2017 was eclipsed by the roll out of Goods and Services Tax (GST).

Trade tariff war with US pushing Chinese oil buyers to Iran	**Press Tv** https://www.presstv.com/Detail/2018/07/16/568323/USChina-trade-war-pushing-oil-buyers-to-Iran

Indications are growing that Chinese companies are scrapping plans to purchase oil from the United States and are instead turning to Iran for imports in what appears to be a result of escalating trade tariff war between Beijing and Washington.

Sinopec, Asia's top refiner, was quoted by media as announcing that it planned to limit purchases of oil from the US and that it would instead increase imports from Iran.

Sinopec would continue to buy Iranian oil on fears that China would impose tariffs on US oil imports, Asia Times quoted an unnamed company executive as saying.

The report further added that many other Chinese companies were also planning to limit their oil imports from the US in favor of bigger purchases from Iran.

China, the world's top crude oil buyer and Iran's biggest client, imported around 655,000 barrels a day on average from the Islamic Republic in the first quarter of this year, according to official Chinese customs data. The figure was equivalent to more than a quarter of Iran's total exports over the period, media earlier reported.

Sinopec and state-oil trader Zhuhai Zhenrong Corp already account for close to 90 percent of China's total Iranian oil purchases collectively. State oil group CNPC buys the rest, according to a recent report by Reuters.

Last week, China's biggest refiner ShanDong Dongming Petrochemical Group also announced that it had halted crude oil purchases from the US and instead turned to Iran for imports.

The announcement – as reported by Russia Today – came amid escalating tensions between Beijing and Washington over trade tariffs. RT added in its report that the company's decision came as Chinese authorities were planning to impose tariffs on US crude imports and replace them with oil from West Africa and the Middle East, including Iran.

It also highlighted an announcement by Beijing that it was not going to fall into line with US sanctions banning business with the Islamic republic. China is America's second-biggest crude-oil customer with exports reportedly

totaling 400,000 barrels a day at the beginning of July. However, in response to the latest US tariffs on Chinese goods, Beijing slapped American crude imports with a 25-percent levy, RT further wrote.

US tariffs of 25 percent on $34 billion of Chinese imports took effect on July 6. The Chinese government retaliated with duties on the same value of US imports, ranging from soybeans to cars, and has vowed to respond proportionately to any new US tariffs.

Shortly after that, President Donald Trump said the US could impose tariffs on more than $500 billion worth of Chinese goods, while his administration has prepared a new $200 billion list of Chinese products that could be levied with 10-percent tariffs.

MCX Cotton Deposits Notably Increase by 294% in June 2018	**Indianfoline** https://www.indiainfoline.com/article/general-market-commodity/mcx-cotton-deposits-notably-increase-by-294-in-june-2018-118071600025_1.html

MCX witnessed a 57% jump in its cotton contract's average daily volume from 2605 lots (1 lot = 25 bales) in June 2017 to 4085 lots in June 2018. Correspondingly, there has been a substantial increase in average daily value from Rs132 crores to Rs231 crores over the said period.

Multi Commodity Exchange of India Ltd. (MCX) received extremely encouraging response with Cotton deposits in the current season (Oct' 17-Jul' 18), notably increasing by 294% in June 2018 vis-a-vis June 2017. This not only reaffirms the confidence of the stakeholders in the exchange as an efficient risk management platform, but also its well-equipped and robust warehousing and delivery mechanism for participants to tender and receive delivery. The cotton futures contract continues to serve as an efficient hedging tool to the market participants—producers, ginners, millers, yarn manufacturers, exporters, that enables them to tackle volatility or any adverse price movement in an efficient manner.

MCX witnessed a 57% jump in its cotton contract's average daily volume from 2605 lots (1 lot = 25 bales) in June 2017 to 4085 lots in June 2018. Correspondingly, there has been a substantial increase in average daily value from Rs132 crores to Rs231 crores over the said period. Moreover, the cotton stocks in warehouses hit a five year high at 161,000 bales in June 2018. The open interest stood at 13,581 lots at the end of June 2018.

The basis delivery centre for MCX Cotton contract is Rajkot (Gujarat) with additional delivery centres at Yavatmal and Jalna (Mahasrashtra), Kadi, and Mundra (Gujarat), and Adilabad and Warangal (Telangana), and the deposits are spread all across the delivery centres.

India is the largest producer of cotton in the world accounting for about 27% of the world cotton production. The major cotton producing states are Andhra Pradesh, Maharashtra, Gujarat, Punjab and Haryana. The growth in cotton crop has resulted in greater stability in cotton production. India is the second largest exporter of Cotton in the world. This makes cotton prices very vulnerable to changes in global demand and supply. In this regard, MCX cotton futures contract has emerged as a valuable and effective tool for managing cotton price risk.

Mrugank Paranjape, MD & CEO, MCX said, "The MCX cotton futures contract continues to go from strength to strength, and has proven to be national price benchmark and effective risk management tool for multiple

stakeholder groups across the cotton value chain. It is indeed heartening to note the positive impact our efforts have had on the businesses of the market participants and the trust they repose in MCX drives us to further strengthen our efforts."

Sanjay Jain, Chairman, Confederation of Indian Textile Industry (CITI) said, "Ever since the launch of MCX Cotton futures, the cotton industry has immensely benefited from this hedging tool that provides protection against price uncertainty and a robust delivery platform. This adds to sustainability of businesses especially SMEs which play a major role in textile sector, which is one of the largest contributing sectors in the economy of the country."

India's annual production of cotton has been steadily increasing in the recent years supported by a rise in acreage, better genetically modified seeds, and improved practices. According to Cotton Advisory Board (CAB), India's estimated production is 37 million bales of cotton in 2017–18 crop year as compared with 34.5 million bales in 2016-17. The acreage yield was 568 kg/ha in 2016-17 as against of 484 kg per hectare in 2015-16. As per CITI, the area under cotton cultivation increased to 122.59 lakh hectares in 2017-18 (up by almost 13%) from 108.45 lakh hectares. India's cotton consumption estimates to 31.6 million bales in 2017-18 (including non-mill consumption of 1.9 million bales) against 30.6 million bales in 2016-17. As per Cotton Association of India, India has been a major exporter of cotton since 2005–06, and currently, the world's second largest exporter. It is estimated that India had exported 7 million bales of cotton in 2017–18 compared with 5.82 million bales in 2016-17.

India seeks investments from Oman	**India Today** https://www.indiatoday.in/pti-feed/story/india-seeks-investments-from-oman-1287236-2018-07-16

Commerce and Industry Minister Suresh Prabhu highlighted several steps taken by the government to promote an investment-friendly environment with a view to attracting investments from Oman, an official release said. During the India-Oman Joint Commission Meeting here, the minister invited Omani companies to build on their success in India and make investments to benefit from Make in India which are aimed to encourage manufacturing, the commerce ministry said in a statement.

"India has launched several investment friendly programmes like Make in India with a trillion dollar business opportunity in the country," it said. Both the sides increase cooperation in areas including energy, health, finance, infrastructure, tourism, space, renewable energy, start-up, SMEs, food security and services sector. The bilateral tarde between India and Oman has increased to USD 6.7 billion 2017-18 from USD 4.13 billion in 2014-15. Indian financial institutions such as State Bank of India, Bank of Baroda, HDFC Ltd and ICICI Securities and public sector undertakings including Air India, Life Insurance Corporation, Telecommunications Consultants India, Engineers India and National Building Construction Company (NBCC) have presence in Oman.

Domestic firms have invested in Oman in sectors like iron and steel, cement, fertilisers, textile, cables, chemicals and automotive, especially in Sohar and Salalah. "India-Oman Joint Investment Fund, a joint venture between State Bank of India and State General Reserve Fund of Oman, a special purpose vehicle to invest in India, has been operational and the initial corpus of USD 100 million has been fully utilized," it said. The fund has raised another USD 220 million for the second tranche which is being invested.

Haryana farmers to get benefit of Rs 6,000-18,000 per acre post MSP hike: minister	Money Control https://www.moneycontrol.com/news/india/haryana-farmers-to-get-benefit-of-rs-6000-18000-per-acre-post-msp-hike-minister-2720891.html

Compensation amounting to Rs 6,000 to Rs 12,000 per acre has been given to farmers through the Revenue and Disaster Management department. Farmers in Haryana will get a benefit of about Rs 6,000-18,000 per acre following a hike in MSP of kharif crops, state agriculture minister O P Dhankar said today said.

"Increase in Minimum Support Price (MSP) of crops as approved by the Central government will benefit the paddy farmers of Haryana with Rs 6,000 per acre, cotton farmers with Rs 18,000 per acre and bajra farmers with Rs 7,800 per acre," Dhankar said here today.

He said due to the increase in MSP, Haryana would get benefit of Rs 1,500 crore which includes Rs 1,200 crore for paddy and Rs 300 crore for other crops. The minister said the farming in Haryana is the most risk-free occupation in the country.

Elaborating, he said the state government has given compensation of about Rs 491 crore to farmers under 'Fasal Bima Yojana'. Compensation amounting to Rs 6,000 to Rs 12,000 per acre has been given to farmers through Revenue and Disaster Management department.

During 2015, Rs 1,092 crore were given for wheat crops and Rs 276 crore for cotton crops. Apart from this, the compensation amounting to Rs 268 crore pending from the tenure of the previous government was also given to farmers by the present state government, he said.

Dhankar said there were some challenges facing the farming sector which needed to be turned into opportunities.

Water availability was the biggest challenge. Under Atal BhuJal Yojana, Rs 712 crore has been allotted to Haryana for a period of five years for this purpose. As many as 36 blocks of Haryana are highly water exploited and to promote micro irrigation in these areas, the state government has been giving a grant up to 85 per cent.

He said 1.30 lakh hectare area in the state falls under micro irrigation. Apart from this, pipelines have been laid on one lakh hectare area for irrigation thereby increasing the irrigated area. A sum of Rs 75 crore has been given for such areas, he added.

Dhankar said 54 mandis in the state have been linked with e-NAM.

Apart from this, new mandis are also being developed. The largest mandi of the country being set up over 600 acres in Gannaur, would be constructed through special purpose vehicle for which approval had been given by the Cabinet.

He said that Haryana's first flower mandi would be set up with the assistance of the Netherlands over 8.62 acres in Sector 52, Gurugram.

India's Inflation mounts to 54 month high	Daily Pioneer https://www.dailypioneer.com/business/indias-inflation-mounts-to-54-month-high.html

Rise in the prices of manufactured products along with that of food articles and fuel types accelerated India's wholesale inflation rate to 5.77 per cent compared to 4.43 per cent in the previous month, official data showed on Monday.

The Ministry of Commerce and Industry data disclosed that June WPI rate was also higher on year-on-year (YoY) basis. It had risen by 0.90 per cent in June 2017.

"The annual rate of inflation, based on monthly WPI, stood at 5.77 per cent (provisional) for June 2018 (over June 2017) as compared to 4.43 per cent (provisional) for the previous month and 0.90 per cent during the corresponding month the previous year," the Ministry said.

"Build up inflation rate in the financial year so far was 2.49 per cent compared to a build up rate of (-) 0.44 per cent in the corresponding period of the previous year."

On a sequential basis, the expenses during the month under consideration on primary articles, which constitute 22.62 per cent of the WPI's total weightage, rose by 5.30 per cent, from a marginal rise of 3.16 per cent in May 2018.

Among primary articles -- food articles -- which has a weightage of 15.26 per cent in the index, edged up last month by 1.80 per cent from an acceleration of 1.60 per cent reported for May.

The cost of fuel and power, which commands a 13.15 per cent weightage in the index, increased at a fast pace of 16.18 per cent during the month, from a rise of 11.22 per cent in May.

Similarly, expenses on manufactured products increased by 4.17 per cent, from 3.73 per cent in the previous month.

On a YoY basis, onion prices in June soared higher by 18.25 per cent and potatoes by 99.02 per cent. The overall vegetable prices in June rose by 8.12 per cent, against a fall of (-)21.22 per cent in the same month a year ago.The data showed that wheat became expensive by 5.14 per cent on a YoY basis, while paddy became dearer by 3.71 per cent.

However, protein-based food items such as eggs, meat and fish became marginally cheaper by (-) 0.07 per cent during the month.

As per the data on YoY basis, the sub-category of manufactured food products registered a rise of 4.17 per cent.

The prices of both high-speed diesel and petrol climbed higher than in the previous month of last year, by 17.45 per cent and 21.63 per cent.

In addition, the acceleration in WPI rate adversely impacted the key domestic equity indices. The barometer 30-scrip Sensex on the BSE, which had opened at 36,658.71 points, closed at 36,323.77 points -- down 217.86 points or 0.60

per cent -- from its previous close of 36,541.63 points.

According to Aditi Nayar, Principal Economist at ICRA: “The lagged transmission of higher crude oil prices, an uptick in cotton prices and electricity tariffs, the hardening of inflation for manufactured products as well as an unfavourable base effect, led to the sharp pickup in the WPI inflation to a 54 month high in June 2018.”

“The hardening of the YoY WPI inflation in June 2018 relative to the previous month was pervasive, led by all the major sub-sectors of the WPI.”

India Ratings & Research’s Director for Public Finance and Principal Economist Sunil Kumar Sinha said: “Even core inflation or inflation in items other than food and fuel has shown a sustained increase over the past three months. Higher core inflation is often interpreted as indication of reduction in output gap in the economy. However, situation appears to be more complex.”

“On the one hand industrial growth slowed to a seven-month low in May 2018 and several manufacturing sectors are still saddled with excess capacity and on the other hand core sector inflation at 4.8 per cent is the highest print in the new WPI series.”

The rise in WPI rate comes days after the Central Statistics Office (CSO) revealed that retail inflation in India touched the 5 per cent mark in June, compared to 4.87 per cent in May.

CBIC to organise 3rd GST refund fortnight from July 16	**Business Standard** https://www.business-standard.com/article/news-ani/cbic-to-organise-3rd-gst-refund-fortnight-from-july-16-118071700071_1.html

The Central Board of Indirect Taxes and Customs (CBIC) will organise third refund fortnight from July 16 to July 30 to clear pending GST refunds. "In order to liquidate pendency further, and to handhold/guide the trade for applying for the refund claims in a proper manner, it has been decided to observe another refund fortnight from 16th July 2018 to 30th July 2018," a statement issued by CBIC read.

"Dedicated refund cells and helpdesks will be provided for exporters to get their refund claims processed, in each Commissionerate," the statement added.

The CBIC further asked the exporters and export organizations to take benefit of this opportunity to get their pending refund claims processed.

In the first refund fortnight, Rs 4,265 crore IGST refunds and Rs 1,136 crore ITC refunds were sanctioned by field formations of CBIC. Similarly, during the second refund fortnight, Rs 6,087 crore IGST refunds and Rs 1,548 crore ITC refunds were sanctioned.

In case of IGST refunds for goods exported out of India, the percentage of the amount of refund claims disposed of by CBIC is already more than 90 percent.

GST tweak may see the return of retrospective amendments	Live Mint https://www.livemint.com/Politics/keTt7cFq1NSpWVFx25Fw7J/GST-tweak-may-see-the-return-of-retrospective-amendments.html

The GST amendments will be tabled in the upcoming monsoon session of Parliament beginning 18 July

The government is likely to retrospectively amend laws governing the goods and services tax (GST) to deny transitional credit to taxpayers against cesses levied in the earlier indirect tax regime.

If it goes through with its plan, the Narendra Modi government will be going back on its promise of not making retrospective amendments to tax laws that have an adverse impact on taxpayers.

The proposed amendment to the GST law seeks to explicitly exclude cesses levied in a pre-GST regime from allowable transitional credit that can be claimed by companies. Under the transitional credit provision, companies were allowed to claim tax credit against levies such as value added tax and service tax on stock purchased before implementation of GST for a limited period.

Many companies availed the transitional credit facility seeking input tax credit also for cesses such as the Krishi Kalyan cess paid in the pre-GST regime through the TRAN-1 form.

However, the central government doesn't want to give credit against the cesses. Mint could not ascertain the exact amount of transitional credit claimed against cesses.

It accordingly proposes to specifically amend the transitional provision in the GST law to only allow input tax credit against eligible duties and insert an explanation excluding cesses from the list of eligible duties.

The amendments will be tabled in the upcoming monsoon session of Parliament beginning 18 July.

"Excluding cesses from transitional credit will be the only amendment that will be retrospective as the transitional claims have already been filed through the TRAN-1 form. None of the other amendments proposed to the GST laws are retrospective," said a government official, who did not want to be named.

Companies had claimed nearly ₹65,000 crore in transitional credit by mid-September, prompting the Central Board of Indirect Taxes and Customs (CBIC) to review the claims. CBIC asked taxpayers to file revised claim forms by 27 December or face action for what they believe are exaggerated claims. It has started the process of phase-wise examination of some of the highest transitional credit claims.

CBIC also warned taxpayers not to utilize disputed transitional credit against GST liability and said that it will recover the amount with interest and penalty.

"Such an amendment will have a financial impact on the business as the tax liability will increase. Industry expected that the cesses that were creditable in the pre-GST regime will be creditable in the GST regime as well. We could see advance rulings or the companies approaching courts," said Suresh Rohira, Partner, Grant Thornton India LLP.

GST practitioners form national body to suggest changes	DNA India http://www.dnaindia.com/ahmedabad/report-gst-practitioners-form-national-body-to-suggest-changes-2637700

Practitioners of Goods and Services Tax (GST) from across the country have formed a Joint Action Committee (JAC) to suggest simplification in compliance and filing of returns as well as to ensure that money (of businessmen) is not blocked in the form of refunds due to them. The JAC was announced on Sunday, when the two-day national conclave of tax practitioners concluded in Ahmedabad.

The committee was formed to fill the gap of a nation-wide body to represent to the authorities the issues faced by businessmen and tax practitioners at the grass-root level. "GST is a national Act, which subsumes most of the Acts governing states and central taxes. There is no way local tax practitioners can represent their cases to GST Council. Such a national body is the need of the hour," said Amit Dave, a tax practitioner from Indore.

Close to 200 delegates from 29 states and Union Territories participated in the conclave. Representatives from each state will be a part of the JAC. A core body within JAC will also be formed to coordinate the activities of JAC.

The conclave witnessed deliberations on a host of issues, and suggestions to simplify the system will be submitted to the GST Council. "The upcoming meeting of GST Council has suggested 46 amendments, the conclave deliberated on a wider range of issues. We were surprised with the kind of issues faced under GST in different parts of the country," said Axat Vyas, one of the key organisers of the conclave.

Some of the major suggestions include single one-click monthly return, allowing rectification in returns and creation of an activity log for traders to trace their actions, among a host of others. The Conclave also deliberated on short comings of the Act.

Participants complained that the GST portal is not uniform across states and while it is functional in some states, it's dysfunctional in neighbouring states. Deepak Bapat, a tax practitioner from Maharashtra, said that the IT system is not robust enough and the Act is in place. "All commissioners are given an authority to extend the deadline to file taxes by three months, but they have never used this discretion," said Bapat. Sreedhara Parthsarthy, a tax practitioner from Ballari, in Karnataka, advocated that traditional tax practitioners should also be allowed to audit GST returns. Under the GST regime, only Chartered Accountants and Cost Accountants are allowed to conduct audit reports.

Core industries need to do a digital rethink	Live Mint https://www.livemint.com/Technology/iBUjtB8JGmhuYS1UZIElxH/Core-industries-need-to-do-a-digital-rethink.html

In the age of digital disruption, a measured approach needs calibration

The rise of tech start-ups designing new services and digital consumers demanding hyper-personalized, better experiences have driven the infusion of advanced digital technologies in consumer-facing industries. In some instances, consumer demand has been supported further by regulatory changes, leading to technology-led business

model innovation.

The growth of digital banking is a case in point. Traditional, asset-heavy industries that form the core of the economy, on the other hand, are yet to witness similar transformative changes. They are taking a slow and steady approach, piloting digital initiatives in a piecemeal manner, and investing in digitalization at the edges, while keeping their core business model or processes unchanged.

While taking a measured approach has its merits, in the age of digital disruption it needs constant calibration, failing which it could lead to billions of dollars in lost opportunities. Research done by the World Economic Forum and Accenture finds that the metals and mining industry could unlock $400 billion in value with the use of digital, and the oil and gas sector could unlock $4.5 trillion. Similar financial gains are in store for other industries.

Contrary to the widely-held perception, asset-heavy industries are not always protected from disruption despite significant barriers to entry. While they may not face big-bang disruptions common to consumer businesses, they do face the threat of compressive disruption, reflected in declining profitability with the slow and prolonged erosion of revenue and operating profits. Our research reveals that from 2007 to 2015, globally, companies in slow-moving industries saw operating margins fall from 12.9% to 9.5%.

Closer home, the textiles and apparel industry is a reference point. Even though the industry has grown at a compound annual growth rate (CAGR) of 13.5% between 2009 and 2017, growth in production volumes have stagnated since FY14. Textile exports have experienced similar stagnation, shrinking by 1.1% CAGR in the three years since FY14. The textiles and apparel industry is losing out not only to Chinese large-scale manufacturing, but also to competition from much smaller Asian peers such as Bangladesh and Vietnam. Competitive advantages are fast eroding as Indian manufacturers are unable to keep pace with their peers when it comes to digitally-enabled process automation.

It is not that asset-heavy firms are not investing in digital. Ninety-six percent of more than 900 companies that Accenture spoke to in 21 markets in 2017 said they view digitalization as a strategic tool and are investing in it. However, only 13% admitted to getting the desired results. Further analysis showed that a part of the problem is too much of a focus on trying out new technologies and experimenting with new areas of impact in a fragmented manner. In India, there was a disproportionate focus of firms using technology to drive new growth, ignoring profitability gains through operational efficiency.

That’s where the gap is. In asset-heavy sectors, much of the value is trapped around core processes; making them state-of-the-art could have a significant impact on companies’ bottom lines.

Another research, based on a study of 343 leading global companies across eight industries, showed that only 6% are able to couple broad levels of digital investment with commensurate business success, or are what we call “digital high performers”. The ones that succeed are worth noting: they achieve this by having a clear and meticulous focus on the transformation of the core business and growth in the new. They overcome the innovator’s dilemma and the fear of cannibalizing profits to launch new business models. Thus, they achieve 44% higher revenue growth and 34% higher profitability, even when compared to companies that are embracing digital in fairly advanced ways.

The convergence of maturity curves for major technologies such as artificial intelligence, quantum computing and blockchain presents an exceptional opportunity to businesses. The right combination of these technologies could lead to financial gains far greater than what each technology would deliver on its own. The time to act is now.

Domestic apparel market to grow by 12% on robust demand, says CMAI	**Business Standard** https://www.business-standard.com/article/companies/domestic-apparel-market-to-grow-by-12-on-robust-demand-cmai-118071600951_1.html

The growing Indian economy has led to expectations of 11-12 per cent growth in the domestic apparel market in the next seven years, said a study conducted by the apex industry body the Clothing Manufacturers' Association of India (CMAI).

"India's domestic apparel market was estimated at $67 billion in 2017 which had grown at a compounded annual growth rate (CAGR) of 10 per cent since 2005. Owing to strong fundamentals, India's domestic apparel market size is now expected to grow at 11-12 per cent CAGR and reach about $160 billion by 2025," said Rahul Mehta, President, CMAI, while inaugurating the 67th National Garment Fair, India's largest apparel trade show currently being held.

The four-day business-to-business (B2B) fair houses 916 exhibitors in 986 stalls displaying 1,087 apparel brands in a 650,000 square feet area. The fair displayed leading brands in men's wear, women's wear, kid's wear and accessories.

"India's domestic market has performed better than the largest consumption regions like the US, EU and Japan, where depressed economic conditions led to lower demand and growth," said Mehta.

The domestic apparel industry is dominated by ready-to-wear category with its market size of around $56 billion, with an 84 per cent share which is further growing at a CAGR of 10-11 per cent. The ready-to-stitch market is also gaining momentum as more and more men who have been buying premium or luxury readymade clothing brands want to wear a shirt or a trouser that fits them perfectly. The ready-to-stitch market, currently at $11 billion, is expected to grow at a CAGR of 7 per cent and reach about $20 billion by 2025.

Premal Udani, Managing Director, Kaytee Corporation, a kids' wear apparel manufacturer and exporter, said that apparel exports had taken a beating from October 2017 onwards.

"The introduction of the goods and services tax (GST) had resulted in non-refund of several embedded taxes. Consequently, apparel exports for the financial year 2017-18 (FY18) declined by 4 per cent to $16.7 billion from $17.38 billion in the previous year," he added.

The downturn continues in FY 2018-19 with a month-on-month decline of 10 per cent. The government is seized of the matter and has assured that embedded taxes will be refunded through the drawback route.

Garment exports continue to fall in April-June	Financial Express https://www.financialexpress.com/industry/garment-exports-continue-to-fall-in-april-june/1247230/

Readymade garment exports (RMG) in the first three months of current fiscal (April to June) declined by 16.57% to Rs 27,103 crore as compared to Rs 31,594 crore in the same period of last fiscal.

Hit hard by rising cotton prices coupled with issues such as GST as well as reduction in duty drawback rates and return on state levies, the readymade garment exports (RMG) in the first three months of current fiscal (April to June) declined by 16.57% to Rs 27,103 crore as compared to Rs 31,594 crore in the same period of last fiscal.

After reporting a 8% decline in FY18 exports to Rs 1,07,679 crore, the exports of readymade garments continued to witness fall of 21.40% in April, 12.59% in May and 7.8% in June to Rs 8,860 crore (Rs 11,272 crore earlier), Rs 9,041 crore (Rs 10,343 crore earlier) and Rs 9,203 crore (Rs 9,980 crore earlier), respectively, according to an industry data for the first three months of current fiscal. In dollar terms, the decline in April, May and June 2018 was at 22.78%, 16.57% and 12.45%, respectively.

According to industry sources, the beleaguered knitwear export sector has been passing through a challenging business environment further to implementation of GST and this could be apparently witnessed from the continuous declining of knitwear exports on a month-on-month basis since October 2017 after three months transition period got over and the declining of exports for the second half yearly period of 2017-18 was 21%. The most worrying factor is that the negative trend in exports growth is continuing in the current financial year also.

Haryana Farmers To Get Benefit Of Rs 6k To Rs 18k Per Acre After Centre's Hike In Msp: Dhankar	Daily Pioneer https://www.dailypioneer.com/state-editions/chandigarh/haryana-farmers-to-get-benefit-of-rs-6k-to-rs-18k-per-acre-after-centres-hike-in-msp-dhankar.html

Haryana Agriculture and Farmers' Welfare Minister, OP Dhankar on Monday said that farmers of the state will get a benefit of about Rs 6,000 to Rs 18,000 per acre after Central Government approved a steep rise in the minimum support price of crops, giving farmers the promised 50 per cent return on input costs.

Apart from this, compensation amounting to Rs 3,257 crore has so far been given to farmers during the tenure of present State Government to make farming a risk-free venture, said Dhankar while talking to the mediapersons here.

He said that increase in minimum support price (MSP) of crops as approved by the Central Government would benefit the paddy farmers of Haryana with Rs 6,000 per acre, cotton farmers with Rs 8,000 per acre and bajra farmers with Rs 7800 per acre.

Due to the increase in MSP, Haryana would get Rs 1500 crore which includes Rs 1200 crore for paddy and Rs 300 crore for other crops, said the Minister.

Spelling out the achievements of his Department, the Minister said that the State Government has given compensation of about Rs 491 crore to farmers under Fasal Bima Yojana. Compensation amounting to Rs 6,000 to Rs

12,000 per acre has been given to farmers through Revenue and Disaster Management Department.

During 2015, Rs 1092 crore was given for wheat crops and Rs 276 crore for cotton crops. Apart from this, the compensation amounting to Rs 268 crore pending from the tenure of the previous government was also given to farmers by the present State Government, he added.

When asked about the number of farmers benefitted from crop insurance schemes, he said that more than three laks farmers of the state have been benefitted.

He further said that the present Central Government has been increasing the MSP of crops from time to time as a result of which the average income of farmers has reached up to Rs 11,000 per acre.

The farmers of Haryana have got enhanced income of Rs 7,335 crore, he added.

Dhankar also said that 54 mandis in the state have been linked with e-NAM. The crops not procured by government are being purchased through e-NAM. Apart from this, new mandis are also being developed.

The largest mandi of the country to set up over 600 acres in Gannaur, would be constructed through special purpose vehicle for which approval has been given by the Cabinet, he said.

The Minister added that Haryana's first flower mandi would be set up with the assistance of Netherlands over 8.62 acres in Sector 52, Gurugram.

He said that apple mandi has been set up at Sector 20, Panchkula and in order to further expand it, there is a provision to set up new and modern apple mandi over 75 acres land of HMT, he added.

About the problem of burning of crop residue, Dhankar said that a sum of Rs 65 crore was spent on prevention of crop residue burning. As many as 6338 farmers were given agricultural equipment for disposal of crop residue last year. This year, equipment for this purpose would be given to 5563 farmers and 900 groups for which a budget of Rs 150 crore has been earmarked, he added.

He also said that 2863 hectare saline and waterlogged land of 14,282 farmers have been reclaimed with a sum of Rs 21 crore. This year, a target has been set to reclaim 2,186 hectare land of over 2,100 farmers, he added.

Kenya banks on Rivatex factories, high-yield seeds to revive textiles	**Nation.co** https://www.nation.co.ke/business/Kenya-banks-on-Rivatex-factories/996-4663860-138qb1y/index.html

Kenya is banking on the modernisation of Rivatex factories and the adoption of high-yielding seeds to revive the ailing cotton sector.

Through the upgrade, whose cost will add up to Sh3 billion by the end of the year, the textile firm targets to spur production from the current one tonne of lint, equivalent to 6,000 metres, to over 12 tonnes or 40,000 metres of

finished products in a day, according to the firm.

Rivatex currently consumes 10 bales of cotton daily, but this is expected to increase to 70 bales once the modernisation of the equipment is complete.

Kenya wants to take advantage of the global markets such as the African Growth and Opportunity Act (Agoa) to change the fortunes of the sector. Under Agoa, goods of more than 6,000 product lines, mainly textile and apparel, accounting for 65 per cent of the total exports, are granted quota and duty-free access to the US market.

Kenya ranks among the top suppliers of apparel to the US, having exported $340 million (Sh3.4 billion) worth of goods to the market last year.

Kenya's total exports to the US under the Agoa plan peaked at Sh35.2 billion in 2015, before declining to Sh32.7 billion last year, according to the Economic Survey data.

Kenya is yet to fully exploit this opportunity to revive the cotton industry. But the government says this is now changing with Investment and Industry Principal Secretary Betty Maina, noting that the ministry has already rolled out initiatives to return the sector to its glory days. She called on farmers to start growing the crop again.

"If you have a parent or relative who was growing cotton but gave up, tell them to grow the crop because we are reviving this factory. We hope to double and expand the production in the coming years," she said.

Kenya has also set sights on growing genetically modified cotton on a commercial scale, which experts say will be a game-changer. This follows the recent approval by Nema for BT cotton trials.

President Uhuru Kenyatta in January said he was betting on the sector to create 50,000 jobs and generate Sh20 billion, especially in apparel export earnings, this year as part of his final-term economic revival plan.

Treasury Cabinet Secretary Henry Rotich said the government allocated Sh1.2 billion in this year's budget to promote the development of the crop and encouraged farmers to take advantage of a ready market to grow the crop.

Kenya produces 30,000 bales of cotton annually against spinning capacity of about 10,000 metric tonnes of lint. To bridge this gap, Kenya imports from Uganda and Tanzania. PS Maina said the government is committed to creating a ready market for textile products.

"The President last year promised all products for the police, NYS and military will be sourced locally and military and other public agencies should be exposed to the products," added the PS.

Rivatex used to produce millions of tonnes of fabric before it was placed under receivership in 2000 following massive mismanagement. In 2007, Moi University bought the firm but has been struggling to produce finished products due to obsolete equipment.

The upgrading of the firm will cost Sh3.016 billion after the company secured a grant from the Indian government for technology transfer and purchase of new machines. The loan was extended to the country following the visit by

Indian Prime Minister Narendra Modi to Kenya in 2017.

Indian High Commissioner to Kenya Suchitra Durai, who was present at the event, observed that modernisation of the factory will result in more than 2000 direct jobs. “Our partnership with Kenya and Moi University through Rivatex also involves capacity building by taking managers and some workers to India who are being trained at LMW Ltd and this will ensure that the factory will produce quality products,” noted Ms Durai.

Made in Bangladesh: scaling up green apparel manufacturing	**Daily Star** https://www.thedailystar.net/business/made-bangladesh-scaling-green-apparel-manufacturing-1606618

Many years ago, I did my doctoral research on the environmental compliance of Bangladesh's readymade garment industry at the London School of Economics and Political Sciences. Back then, the industry was beginning to make its mark with their American and European buyers. They were demonstrating their newly found confidence at delivering cheap and basic clothes in a “fast fashion” supply chain. The foreign buyers were price-setters and controlled who participated in the global apparel supply chain. Their collective codes of conduct were the rulebook and governed the quality of the product, how it was made, how it was shipped, and how social and environmental issues were to be addressed by the garment companies along the way.

Years later, I was back at my alma mater to talk about a very different garment industry. This article is based on what I presented at the Bangladesh Summit hosted by the LSE and the UC Berkeley.

The Economist magazine recently said that it's a good time to be celebrating Bangladesh's economy right now. Bangladesh is no longer a disaster story. Bangladesh is not a basket case.

Gross domestic product grew steadily at 6 percent in the past decade, with the last two years' growth being around 7 percent. Industrial share of the GDP is 29 percent, and the lion's share of that comes from the garment industry.

The garment industry has about 4,000 active factories, employing 4.4 million workers, 80 percent of whom are women. In a conservative society like Bangladesh, that is a remarkable story.

The sector has spawned backward and forward linkage industries, and estimates indicate that about 50 million Bangladeshis depend on the apparel sector for a living.

Garment exports stood at $28 billion in the fiscal year of 2016-17, and globally Bangladesh is second only to China in apparel export volumes.

Like in any part of the apparel supply chain, compliance management has been a challenge in Bangladesh as well. In the 80s, sweatshop-like conditions and child labour were a sad reality. In 2012 and 2013, Bangladesh was the stage for the most horrific industrial accidents the world has seen: Tazreen factory caught fire, killing 112 workers and the Rana Plaza building collapsed, killing 1,134 workers. These tragedies shook the entire supply chain and buyers, governments, international development agencies, factory owners, labour groups, NGOs and trade bodies all rallied together.

Now the Unicef says that children are no longer employed in the garments factories (although child labour is prevalent in informal economic work and in murky corners of the sub-contracting supply chain). The International Labour Organisation and buyer groups – the Accord and the Alliance – in the past five years have inspected all garment factories and remedied them for building and fire safety. A large number of factories have shut down, some have moved, and some are still taking corrective action.

About $1 billion has been invested by factory owners to ensure better working conditions. The buyers now say that working conditions are a lot better and non-compliant factories no longer exist in Bangladesh. The workplace conditions are still not ideal and one can say with some certitude that there is a long way to go to maintain the standards rigorously.

Bangladesh's compliance history is no doubt checkered and spotted. But it is also the stage for some not so quotidian achievements. According to the United States Green Building Council, Bangladesh is home to some of the world's most environment-friendly apparel factories.

The world's highest-rated green denim, knitwear, washing and textiles mills are all in Bangladesh. Of the top 11 LEED Platinum-certified factories, eight are from Bangladesh.

So far, 67 garment factories have achieved LEED certification. Of them, 17 are platinum rated and 37 gold rated. Some 280 factories are under process for LEED certification.

But it's just not the 300-odd LEED superstars. The garment sector is accelerating its greening and becoming known for its sustainability initiatives. It is home to the Partnership for Cleaner Textile (Pact), the world's largest apparel resource efficiency programme. The Pact Phase-1 was implemented in 215 factories at a cost of $11 million. The Phase-2 has just been launched and will reach another 250 factories at a cost of $7 million.

While eco-friendly development remains a desideratum, the $28 billion question is how do we go from LEED and PACT success stories to transformational change that will ensure Bangladesh's place in a green supply chain? Green technology involves hardware and operational knowledge and can range from large and complex technologies to simpler ones. Typically, cleaner production faces two kinds of barriers: economic and institutional. Garment factory owners will think about the economic viability of the suggested green tech, the capital availability, and the risks to their company's main objectives of profit maximisation.

PACT and LEED results are critical at this point of breakthrough because they reify the eco-efficiency business case that fuels peer demonstration. Success stories in more than 400 factories present compelling case studies of what is possible through constructive dialogue, collective effort and technical advisory. The business case will act as a catalyst towards greening in many factories once the “super stars” become the norm.

In order to enhance peer learning and investment into cleaner production, Bangladesh's garment factories specifically need strong regulatory signals favouring cleaner production (targets and regulatory measures), long-term institutional changes (not just availability of green loans, but ease of access and disclosure of disbursements), economic incentives to banks, financial institutions and factory owners, removal of perverse resource pricing, and collaborative and coordinated efforts to foster networks of greening, skills building, trust building and behavioural

change.

This list is not exhaustive, nor it is reflective of the complexity of the problem, but it starts a new way of thinking about spreading greening in a city that is also one of the most-polluted in the world. We must transcend from being islands of greening to more uniform performance, and learning how to do that from those which perhaps might be a better way.