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### NEWS CLIPPINGS –09-07-2018

**Rupee may hit 70/Dollar mark this week,  
say bankers**

**Live Mint**

<https://www.livemint.com/Money/hDO2Z9mn59fzSM9bsEPHnM/Rupee-may-hit-70Dollar-mark-this-week-say-bankers.html>

A delay in FPI inflows till, say December, may drive the rupee beyond 70 against the dollar and RBI may issue NRI bonds to arrest the fall, says a BofAML report. A strengthening US dollar, lack of foreign investment and concerns over rising crude oil prices are likely to keep the rupee under pressure this week and may push it past the 70/Dollar mark, say bankers. The Reserve Bank of India (RBI) will certainly not be comfortable with that expensive a rupee and would strongly defend the currency, they said. According to bankers, 69.30 remains a crucial level for the rupee.

The rupee had touched an all-time low of 69.10 against the dollar on 28 June. It closed at a lifetime low 68.95 on Thursday. "Concerns over widening current account deficit due to higher crude oil prices and demand for dollar from oil companies and general importers is impacting the rupee. It may briefly touch the 70 mark this week but would not remain there," said a senior bank official.

Those companies who have to repay their external commercial borrowing (ECB) are also stocking up the US currency, a bank treasurer said. "The RBI won't allow the rupee to fall below 69.30. If it breaches this level, the rupee will touch the 70 level in no time," said another banker. The central bank has always stated that it does not target any level of the domestic currency, but intervenes in the foreign exchange (forex) market to check its volatility.

India's forex reserves stood at \$ 406.058 billion on 29 June.

According to analysts, the US-China trade war is putting pressure on all Asian currencies, but rupee is the worst hit so far. Inflow of foreign portfolio investments (FPIs) into the domestic equity market has also come down due to the US-China trade war, said another banker.

According to a report by Bank of America Merrill Lynch (BofAML), RBI rate hikes often hurt the rupee. The rupee has depreciated 1.9% since the repo rate hike on 6 June. A delay in FPI flows till, say December, may drive the rupee beyond 70 against the dollar and RBI may issue NRI bonds to arrest the fall. "We think RBI may issue NRI bonds to raise \$ 30-35 billion to comfort the forex market, if FPI flows do not revive by the December quarter," BofAML said in the report. If lack of FPI flows force RBI to sell \$20 billion, it would have to do open market operations (OMOs) worth \$50 billion to contain lending rate hikes, the report had said.

**Oil prices edge up as investors eye tight market**

Reuters

<https://www.reuters.com/article/us-global-markets/asia-shares-rally-on-u-s-jobs-relief-sterling-slugged-by-politics-idUSKBN1JY12P>

Oil prices rose on Monday as investors focused on tight market conditions after data late last week showed U.S. crude inventories fell to their lowest in more than three years.

Global benchmark Brent rose 37 cents, or 0.5 percent, to \$77.48 a barrel by 0305 GMT. U.S. crude futures added 29 cents, or 0.4 percent, to \$74.09.

Official data that came out on Thursday, a day later than normal due to the July 4 public holiday, showed inventories at Cushing, the delivery point for U.S. crude futures, fell to their lowest in 3-1/2 years.

“Cushing is clearly screaming out for crude, with the prompt few months more than \$2 backwardated,” said Virendra Chauhan, an analyst at Energy Aspects in Singapore.

Backwardation refers to a market situation that suggests tightness as prices for immediate delivery are higher than those for later dispatch.

Investors are also focusing on how much exports from Saudi Arabia and other Gulf states will rise, Chauhan said.

The Organization of the Petroleum Exporting Countries and other countries agreed earlier this month to a modest increase in output to dampen a rally in oil prices, which recently hit a 3-1/2 year high.

An increase in supply will reverse some of the output cuts that OPEC and other major producers put in place in early 2017 to end several years of supply glut.

The tightness at Cushing and the potential increase in Gulf exports “both have implications for how quickly the prompt overhang in the market can clear, and thus provide some direction for prices,” Chauhan said.

U.S. producers are continuing to bring more rigs into oilfields already producing at record levels. The U.S. rig count, an early indicator of future output, was up by five in the week to July 6, according to General Electric Co’s Baker Hughes energy services firm.

That brings the total count to 863, up 100 from last year.

Concerns that oil prices will be weighed down by a trade conflict between the U.S. and China have faded to some extent, analysts said.

The United States and China exchanged the first salvos in what could become a protracted trade war on Friday, slapping tariffs on \$34 billion worth of each others’ goods and giving no sign of willingness to start talks aimed at a reaching a truce.

Alternative fuels are cleaner and cheaper, the Union minister for road transport and highways said.

Union minister Nitin Gadkari is betting big on alternative fuels that will not only cut India's burgeoning crude oil import bills but also create additional sources of income for farmers, who comprise more than 50 percent of the country's population.

Alternative fuels are cleaner and cheaper, the Union minister for road transport and highways said.

Speaking to PTI, Gadkari said the use of ethanol, methanol, bio-compressed natural gas, dimethyl ether and electricity should be increased as alternatives to crude oil, 70 percent of which has to be imported.

"The benefit of these alternative fuels is that its raw material is available in the country and can be sourced in large quantities from the agricultural sector. It will help farmers increase their income too," Gadkari said

Speaking about the financial strain crude oil imports place on the country, Gadkari said: "We spend Rs 7 lakh crore annually to import crude oil. The economy is facing challenges - one of which is the heavy crude import bill. The fall in the value of rupee against US dollar is also related to this."

He said increasing production of oil within the country has its limitations, adding that imports comprise 70 percent of crude oil demands while domestic generation stood at only 30 percent.

"At present, ethanol is received from sugar mills and we mix 5 percent of it to petrol. This mix can be raised up to 22 percent but we do not produce ethanol in large quantity. Currently, we get about 4 percent ethanol after crushing one tonne of sugarcane," Gadkari said.

He said the government has allowed the use of B-heavy molasses for ethanol production to increase its production.

"Once ethanol availability goes up, we can blend more of it with petrol," Gadkari said. He, however, is not satisfied with these small steps. He said he has decided to go for vehicles which are capable of running on 100 percent ethanol or methanol.

"The US and Canada make flex-engines (dual fuel engines) for buses and other transport vehicles. We can use 100 percent petrol or ethanol in the same engine. The policy is ready for it. Its implementation will start in a few months," he said. He cited Nagpur as an example where 35 public transport buses are powered by ethanol.

The minister said private transport vehicle manufacturer Bajaj Auto was set to launch its vehicles that will have flex-engines. Listing his plans to increase the production of ethanol, Gadkari said the government has decided to make ethanol from cotton straws, rice, bagasse, bamboo and municipal waste.

"Once we remove metal, glass and plastic, the rest is biomass, which can be used for ethanol. We have made a policy

for it as well," he said, adding that one of the reasons for Delhi's air pollution was the burning of straw by farmers.

"Once we start making ethanol out of it, no farmer will burn it. And this will decrease air pollution as well," he said.

The minister's second choice for an alternative fuel is methanol, a product that can be obtained from coal. "We have coal fields and we can produce methanol in abundance. We can sell it at Rs 22 per litre. In China, methanol sells at Rs 13 per litre," he said, adding that companies such as Deepak Fertiliser, state-run RCF and Assam Petroleum produce methanol.

"Mercedes and Volvo have decided to give 10 buses each for Guwahati and Mumbai as part of a pilot project and these will run on 100 per cent methanol," he said. He added that both ethanol and methanol cause less pollution when compared to petrol and diesel. "While producing methanol, DME (dimethyl ether) gas is also obtained and this can be mixed with LPG and used as a cooking fuel. In the US, 20 percent DME is mixed with LPG. If we do the same here, we can bring down prices by Rs 50 to Rs 60 per cylinder," Gadkari said.

"You have a methanol economy in China and Israel. Why not in India?"

Electricity was another option, he said and added that his ministry is in favour of running electric buses.

Talking about the mathematics behind the move to go in for alternative fuels, Gadkari said: "Diesel today costs around Rs 60 (per litre), petrol around Rs 80, ethanol is at Rs 47 and methanol at Rs 22. The per unit cost of electricity is Rs 10. The equation is simple and clear." These alternative fuels, he said, were cleaner and would also bring savings to people.

**India has reacted well to US tariff hikes**

**Business Line**

<https://www.thehindubusinessline.com/opinion/india-has-reacted-well-to-us-tariff-hikes/article24366362.ece>

Postponing the levy of retaliatory duties and giving some room for resolution of the matter is tactically the right thing to do.

Last month, when India confirmed to the World Trade Organisation (WTO) its plan to slap retaliatory duties on 20 items from the US by June 21, it could have qualified as a proud moment for policy-watchers in India. The country was finally mustering up courage to take some concrete action against the Trump regime's bullying, and intended to punish it for wrongfully penalising its aluminium and steel producers. Finally, however, things turned out a little different. The Finance Ministry did come out with a notification listing retaliatory import duties on various items imported from the US, but actual implementation was put off by a month-and-a-half to August 4, 2018.

Although the postponement of duties was anti-climactic, diplomatically it was an astute move. A team from the US Trade Representative's office was to visit New Delhi in less than a week's time to discuss ways to bring down trade tension between the two countries. Imposing retaliatory duties at that point might not have set the right tone for the meeting.

## Astute thinking

It is easy to see that it was totally unfair on Washington's part to impose higher duties on Indian steel and aluminium without any provocation from the country and treating it at par with large exporters of the metals to the US such as China, Russia, the EU and South Korea.

Adding insult to injury was the fact that the duties were imposed under the garb of national security concerns when India has only tried its best to intensify bilateral security ties. Therefore, taking action against the unilateral unfair trade measure and hitting back at American products with retaliatory duties was totally called for.

However, it is hard to ignore that the US happens to be one of the largest export destinations for India. Despite exports from the US to India rising faster in 2017-18, India still has a robust bilateral trade surplus. If there is even a slight possibility of resolving the tariff issue amicably with the US, economic sagacity dictates that India should indeed give it a try.

Seen in this light, postponing the imposition of retaliatory duties and giving some room for resolution of the matter to the visiting team was tactically the right thing to do.

The same logic could be used to justify India's last-minute decision not to impose retaliatory duties on American iconic bike Harley Davidson. Since imposing duties would not have amounted to much revenue because of relatively low imports of the bike, the Centre thought it better not to unnecessarily provoke the US President who has been protecting the interests of the bike maker with zeal.

What is important here is that despite the placatory gestures India went right ahead to show the US that it means business by putting the effective date of implementation of the retaliatory tariffs on the notification itself. Unless India is convinced about rolling back the decision, the higher duties on imported items from the US will be triggered on August 4.

## Be firm

What India needs to do now is to singularly focus on convincing the US to roll back the additional duties imposed on Indian aluminium and steel. It should make it clear to USTR officials that enough time has been provided to them to iron out the matter and if the issue is not sorted out by August 4, the retaliatory tariffs would roll in.

While Trump is a powerful man, Indian Prime Minister Narendra Modi should take inspiration from other WTO members, including China, the EU and even Turkey, who are all on the path of retaliation.

India needs to remember that the US cannot operate in isolation. While bending a bit for the Trump regime given the US's superpower status may be diplomatically appropriate, India should not crawl.

<b>Rain brings respite to farmers</b>	<b>Hans India</b> <a href="http://www.thehansindia.com/posts/index/Telangana/2018-07-08/Rain-brings-respite-to-farmers/396300">http://www.thehansindia.com/posts/index/Telangana/2018-07-08/Rain-brings-respite-to-farmers/396300</a>
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Heavy rains lashed at various places of the district on Friday and Saturday giving a fresh lease of life to withering red gram, green gram, black gram and cotton crops. The district recorded moderate rainfall during the past 48 hours. The rains served as the boon to the farmers who have given up their hope on the recovery of cotton crop.

Rain Gods have shown mercy on the farmers perhaps understanding their plight. On Friday night, the Peddemul mandal recorded a rainfall of 27.2mm on Saturday. The farmers who have taken up deweeding of their crops on Saturday morning on account of the rain soon have to give it up as more rain lashed the mandal on Saturday morning. Elsewhere in Vikarabad district recorded the following amount of rainfall during the past 48 hours: Parigi-40.2mm, Doma-21.2mm, Puduru-38.4 mm and Kulkacharla-16.6mm.

In Puduru, the farmers resumed agricultural operations following the rains and started sowing seeds of maize and cotton. In Kodangal Assembly constituency, continuous downpour was experienced since Friday afternoon. Doultabad mandal recorded a rainfall of 27.2mm. On account of the rain, dried tanks, ponds and other minor irrigation sources are full of water. The rains brought respite to red gram, maize and cotton crops.

Meanwhile, residents of Madaveedhipalle on the outskirts of Annaram took out a procession to Lord Anjaneya temple performing bhajans. They performed special pujas for rains. Dharur mandal experienced a continuous rain of three hours from 12 noon on Saturday bringing joy to soybean, turmeric, cotton, maize and red gram farmers. On the whole Ranga Reddy district experienced 5.4mm rainfall, Vikarabad recorded 35mm and Medchal received 2.3mm during the past 24 hours.

While Kesampet in RR district recorded the highest rainfall of 30 mm, Shamirpet in Medchal district recorded the highest rainfall of 14 mm on Saturday. The following are the chief amounts of rainfall recorded at various places in Vikarabad district during the past 24 hours (mm): Vikarabad-35, Marpalli-8.2, Mominpet-12, Nawabpet-3.6, Dharur-45.4, Peddemul-27.2, Bantwaram-21.6, Kotpalli-23, Kulakacharla-16.6, Puduru-38.4, Doma-21.2, Parigi-40.2 mm, Tandur-4.8mm, Basheerabad-10 mm, Yalal-9.0, Kodangal-16.8, Doultabad-27.2 and Bomraspet-13.6.

<b>Action against vendor of banned cotton seeds ordered</b>	<b>The Hindu</b> <a href="https://www.thehindu.com/todays-paper/tp-national/tp-andhrapradesh/action-against-vendor-of-banned-cotton-seeds-ordered/article24363594.ece">https://www.thehindu.com/todays-paper/tp-national/tp-andhrapradesh/action-against-vendor-of-banned-cotton-seeds-ordered/article24363594.ece</a>
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Minister Somireddy makes surprise checks in Guntur and asks personnel to collect samples and send them for testing

Minister for Agriculture Somireddy Chandramohan Reddy has warned of stringent action against those involved in sale of fake seeds and adulterated fertilizers to farmers.

Surprise checks

The Minister on Saturday conducted surprise checks on several wholesale shops at Patnam Bazaar and at Rajagari

Thota selling seeds and fertilizers.

Mr. Reddy found to his dismay that the traders at a shop in Patnam Bazaar were selling BT-3 cotton seed banned in the country and ordered that the entire stocks should be confiscated. He also instructed joint director of Agriculture Vijaya Bharathi to register cases against the trader and the dealer who had sent the stocks. The Minister also asked the department personnel to collect samples and send them for testing to the seed testing laboratory.

With the launch of agricultural operations, farmers come to the town to buy seeds and fertilizers and Guntur, being a hub of wholesale trade, all major seed companies have distributors here. But allegations of supply of fake seeds and those without proper approvals have surfaced recently. An unofficial estimate puts the volume of seed business at close to Rs. 1,000 crore per season.

Even registered seed companies have faced charges of supplying poor quality seed causing huge losses to farmers.

36 cases registered

“The Department of Agriculture will not spare anyone indulging in supply of fake seeds. During 2017, we had confiscated adulterated seeds worth Rs. 24.6 crore and this year we have seized stocks worth Rs. 6.25 crore. Dealers are importing the fake seeds and fertilizers from Maharashtra. We registered 22 cases in 2017, and this year we have booked 36 cases so far.

The Vigilance Department is also conducting surprise checks on seed traders,” said Mr. Chandramohan Reddy.

On the Centre’s decision to enhance the Minimum Support Price (MSP) of agricultural crops, the Minister said the State government has spent Rs. 3,200 crore on procurement of various crops while the Centre’s contribution is a mere Rs. 1,120 crore.

**Textile machinery show to be held in  
January**

**The Hindu**

<https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/textile-machinery-show-to-be-held-in-january/article24368292.ece>

Business-to-business meetings to be organised with delegates

The second edition of Global Textile Technology and Engineering Show will be held in Mumbai from January 18 to 20 next year.

According to a press release, the event by India ITME Society is supported by all the major textile export promotion councils. Business-to-business meetings will be organised with delegates from Ethiopia, Ghana, Botswana, South Africa, Tanzania, Benin, Togo, and South Sudan on January 18.

Weaving units

Hari Shankar, chairman of India ITME Society, urged the technical textiles, apparel, and weaving units in this region, including Coimbatore, Erode, and Tirupur to take part in the show.

A conference on technology innovation in textile colouration and an international conference on non-woven technical textiles will be held on January 19 and 20 respectively as part of the event.

Textile machinery and accessories manufacturers can interact with delegates from African, south Asian, and Asian countries apart from the visitors from textile clusters across the country.

Machinery, accessories, and solutions will be displayed in 13 major categories, spread across the textile value chain, including engineering technology, the release added.

For details, log on to [www.gttes.india-itme.com](http://www.gttes.india-itme.com)

**India's apparel exports fall by 17% in Q1  
FY19 due to slowdown in demand**

**Business Standard**

[https://www.business-standard.com/article/economy-policy/india-s-apparel-exports-fall-by-17-in-q1-fy19-due-to-slowdown-in-demand-118070800361\\_1.html](https://www.business-standard.com/article/economy-policy/india-s-apparel-exports-fall-by-17-in-q1-fy19-due-to-slowdown-in-demand-118070800361_1.html)

A slowdown in demand from developed countries; Indian exporters urge the government to sign FTA

India's apparel exports are estimated to have declined by 17 per cent in the first quarter of FY19 due to a slowdown in demand from developed countries following weak economic activity there.

Data compiled by the apex industry body, the Clothing Manufacturers' Association of India (CMAI), showed India's apparel exports at \$1.35 billion and \$1.34 billion in April and May 2018, a decline of 23 per cent and 17 per cent respectively. During FY18, apparel exports from India fell by 4 per cent to \$16.72 billion.

Starting in June 2017, after the goods and services tax (GST) was implemented, and resulted in the blockage of working capital due to delay in refund of state levies and other mandatory refundable taxes, the slowdown in overseas pick continued till the first quarter of the current fiscal.

"India's overall apparel exports are estimated to have declined by 17 per cent in the quarter between April – June 2018 due to depressed economic conditions-led lower demand and growth. Consequently, Indian domestic market performed better during the first quarter of the current fiscal than the largest consumption regions like United States (23 per cent share in India's overall apparel exports), European Union (38.4 per cent share) and Japan (1.1 per cent share)," said Rahul Mehta, President, CMAI, while announcing the 67th National Garment Fair, India's largest apparel trade show, scheduled to be held between July 16-19.

India's domestic apparel market was estimated at \$67 billion in 2017 and it has grown at a compounded annual growth rate (CAGR) of 10 per cent since 2005. Owing to strong fundamentals, the domestic apparel market is expected to grow at 11-12 per cent CAGR and reach about \$160 billion by 2025.

"The introduction of GST has resulted in non-refund of several embedded taxes. Consequently, apparel exports for the financial year 2017-18 posted a decline. 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," said Premal Udani, Managing Director, Kaytee Corporation, one of India's largest kids' wear

exporters.

Meanwhile, the apparel industry has raised concerns over the rising import of apparel from Bangladesh, which experts claimed had hit the domestic industry hard.

“The imports of textiles and apparel have reported a jump of 16 per cent to touch the highest ever of \$7bn for the financial year 2017-18 compared to \$6bn. All the categories across the value chain have seen a drastic rise in imports over the last few years,” said Sanjay Jain, Managing Director, TT Ltd and Chairman of the Confederation of Indian Textile Industry (CITI).

**India fully WTO compliant, doesn't subsidise exports: Suresh Prabhu**

**Business Standard**

[https://www.business-standard.com/article/economy-policy/india-fully-wto-compliant-doesn-t-subsidise-exports-suresh-prabhu-118070700322\\_1.html](https://www.business-standard.com/article/economy-policy/india-fully-wto-compliant-doesn-t-subsidise-exports-suresh-prabhu-118070700322_1.html)

Union Minister for Commerce and Civil Aviation Suresh Prabhu on Saturday sought to dispel the notion of other countries that India subsidised its exports.

He said that the government was merely trying to mitigate the adversities of the exporters, which did not tantamount to subsidising of exports from India, specifically farm products.

"It is a misconception that we subsidise our exports. We are fully WTO compliant and not at all violating those", Prabhu said at a chat session organised jointly by Shefexil and a leading business daily here.

He said that OECD countries were giving more subsidies to their farmers, particularly in the export of agriculture products.

Talking about agriculture exports, he said "should it not be so that when India exports its agricultural products to other countries, those importing nations deter themselves from subsidising those items".

Stressing on agriculture, Prabhu said it was important to provide market access to the farmers for which the highest standard of safety was needed to overcome the non-tariff barriers (NTBs).

The government was already working on a craft agriculture policy to double farmers' income, he said.

"The commerce department is already working on the development of standards. The standard in the Western countries is very high ", he said. Unless the highest standard was not adhered to, it would be difficult to do exports, he added. He also said there would be no market access and realisation of better prices.

Prabhu also said that the ministry was also working on preparing an integrated logistics plan to reduce costs and increase speed and efficiency. Earlier speaking at a CII event, he said that the ministry was preparing separate plans for the manufacture of drones and planes in the country.

China's major cross-border e-commerce players put much focus on the Middle East and India markets, a report has shown.

Five of the top 10 best performing cross-border e-commerce apps in the first five months focus on the two regions, such as Club Factory, SHEIN, ROMWE, and JollyChic, according to a report from app data provider App Annie.

Smartphones are popular in Arab countries and local consumers have strong purchasing power. But the oil-rich countries lack textiles and other light sectors, offering cross-border e-commerce opportunities for products like apparel.

The Indian market enjoys a huge population and high potential for economic growth, thus attracting many e-commerce players to expand their presence.

Alibaba's AliExpress tops the list, which mainly reviews the performances of third-party business-to-consumer e-commerce platforms targeting overseas consumers.

The report also showed that South American markets pose rising growth potential while developed markets in Europe and the United States remain attractive to Chinese e-commerce players.