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NEWS CLIPPINGS –30-08-2018

India's textile sales likely to rebound on retail growth in US	Live Mint https://www.livemint.com/Money/EoRWHRIKXmZvI8hg9W8VYJ/Indias-textile-sales-likely-to-rebound-on-retail-growth-in.html

The healthy quarterly results of US retailers Walmart and Target can have a bearing on India's Indo Count Industries and Welspun India

The US market for textiles is vital to the health of local textile exporters. After a turbulent time in FY18, the market is gradually improving. Walmart Inc. and Target Corp., large retailers in the US, reported their best quarterly performances in recent years. This has created hope that measures taken by traditional retailers to combat industry changes (such as a consumer shift to online retail) are beginning to yield results.

The US-based National Retail Federation (NRF) raised its retail sales forecast for the year, citing a strengthening economy. The trade association now expects 2018 retail sales to increase at a minimum of 4.5% over 2017 compared to the 3.8-4.4% range forecast earlier. "Higher wages, gains in disposable income, a strong job market and record-high household net worth have all set the stage for very robust growth in the nation's consumer-driven economy," said NRF in a statement.

Validating the commentary, a senior executive at a local textile exporter said the industry is returning to growth trajectory after several quarters of weak sales. The domestic exporters have alluded to the recovery during the June quarter results. But conviction among investors was low as financial performance remained unimpressive. Earnings of most companies trailed estimates even as firms such as Indo Count Industries Ltd and Welspun India Ltd reported healthy volume growth.

Motilal Oswal Securities Ltd, for instance, pegged its FY19 volume growth estimate for Indo Count Industries at around 5% compared to the management guidance of 7-11%. "We remain cautious on account of a slower-than-anticipated recovery," it said.

Perhaps the recovery needs more validation. US merchandise import data capturing the coming holiday season sales needs to show an increase. As market disruption took its toll, India's share in total home textile exports to the US fell by a percentage point in the first five months of this year, shows data compiled by JM Financial Institutional Securities Ltd. According to an analyst with a domestic broking firm, the market share losses began to subside with cotton sheets gaining a foothold from June.

The volume recovery should also translate into earnings. Despite healthy volume growth, Indo Count Industries and Welspun India's earnings remained weak as reduction in export incentives, high cotton costs and low realizations impacted performance. The depreciating rupee may provide some relief. But as an analyst with a domestic broking firm pointed out, obtaining quality cotton at benchmark rates can be a challenge given the pest attacks and reduced crop acreage.

Improving US retail sales have raised the prospects of a recovery in performance of home textile exporters. However, clarity on the pace of recovery and earnings improvement is what will determine if investors in these companies also benefit.

Cotton and Currency Markets	**Kotak Commodities Research Desk** **For more details contact :** Research@kotakcommodities.com **&** aurobinda.gayan@kotakcommodities.com

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
22565	47200	85.88
Domestic Futures (Ex-Gin) July		
Rs/Bale	Rs/Candy	USD Cent/lb
23190	48508	88.26
International Futures		
NY ICE USD Cents/lb. (Dec 2018)		83.58
ZCE Cotton: Yuan/MT (Jan 2019)		16115
ZCE Cotton: USD Cents/lb.		91.16
Cotlook A Index - Physical		93.05
B. Currency		
USD/INR	Close	Previous Close
Spot	70.105	70.160

Cotton Guide

Today is the 9th consecutive trading session ICE cotton continues to trade in a very tight price range. Market is moving in the band of 80.60 to 84 cents per pound. On Wednesday the counter closed at 82.76 cents. No major development in the market hence it has gone into a very sideways zone. In fact the daily 5-day trading volatility has come down to near 14% which used to be above 30% a month ago. The subsequent months are also in the similar manner.

The macro factors are keeping the cotton markets jittery so a sideways trend is being felt. US equities closed at all-time highs in the S&P 500 and NASDAQ Indexes for the 4th consecutive session. The 2nd quarter GDP number stood at 4.2% slightly higher than expectations. Investors are also optimistic on trade negotiations with Canada adding to this week's promising results with Mexico. Meanwhile, China and Turkey trade negotiations will remain key factor for the cotton industry. While hopes are high for a good outcome, the uncertainty has put many traders on the sidelines.

This morning ICE Cotton is seen trading at 82.85 up by 0.11% and believe the trade set up will continue to remain in the same range. For the day the trading range would be 82.30 to 83.70 cents per pound.

In the evening the US weekly export sales report is schedule. The detail of the report is linked here. US Export Sale Report

From India the range of prices for 2017-18 remaining crop Shankar-6 traded steady with an average of Rs. 47800-47600 per candy, ex-gin (86.45 US cents per lb at the prevailing exchange rate). Quotes for Punjab J-34 are also unchanged at Rs. 4,800 per maund (83.00 cents per lb). The rupee has hit a new all-time low against the US dollar. This morning on Thursday the currency is trading at 70.75 per one US dollar.

For detailed report please get in touch with Kotak Commodities Research Desk.

FX Update

Indian rupee has depreciated by 0.3% to hit a fresh record low level of 70.815 against the US dollar. The US dollar continues to trade higher amid general optimism about US economy which further strengthens the case for Fed rate hike. US Q2 GDP growth estimate was revised up from 4.1% to 4.2% as against market expectations of a reading of 4%.

Also weighing on rupee is higher crude oil price. Brent crude trades higher above $77 per barrel amid bigger than expected decline in US crude oil stocks and worries about Iranian supply. Choppiness in equity market amid worries about US-China trade dispute is also weighing on rupee. Rupee may remain under pressure on general US economic optimism. USDINR may trade in a range of 70.4-71.1 and bias may be on the upside.

Industry challenges impact export-focused home textile companies in Q1 FY19	**Money Control** https://www.moneycontrol.com/news/business/industry-challenges-impact-export-focused-home-textile-companies-in-q1-fy19-2893891.html

While the rupee's depreciation against the dollar in recent times could offer some respite to home textile majors, the near-term outlook for the sector as a whole is far from promising.

India's export-oriented home textile companies have been caught amid a myriad of challenges of late. This fact was clearly visible in their weak financial performance in the quarter gone by, as seen in the tables below:

While the rupee's depreciation against the dollar in the recent past could offer some respite to these companies, the near-term outlook for the sector as a whole is far from promising. Here's why:

Competition

Stiff competition from other home textile exporting nations such as China, Vietnam, Pakistan and Turkey is expected to continue. Barring the yuan, currencies of other countries currently trade at a steep discount to the dollar.

The rupee, despite its current weakness vis-a-vis the dollar, is on a much stronger footing versus currencies of most developing nations.

Consequently, it can be hard for India's home textile players to compete against foreign counterparts in terms of gaining market share in the US. What adds to Indian companies' woes is the relatively low electricity, labour and fixed overhead costs in competing countries.

Cost inflation

Raw material (cotton) prices have been on an uptrend in India since quite some time, and no price respite may be visible in the foreseeable future. According to the Cotton Association of India, cotton production is likely to decline by 3-4 percent this year to 350 lakh bales.

The reduction is attributable to low rainfall in key cotton growing states such as Gujarat (which affects sowing patterns), a decline in acreage, outbreak of pink ballworm infestation on crops, and focus on other cash crops by farmers (especially in Andhra Pradesh, Maharashtra, Karnataka and Punjab).

For home textile majors, passing on such cost hikes to importers is difficult because products, more often than not, are commoditised in nature.

Weak offtake

In the US, which is the biggest market for home textile exports from India, financial position of some offline retailers hasn’t been too encouraging. This is predominantly because of heightened threat from e-commerce players out there, which has forced many brick-and-mortar outlets to shut shop and file for bankruptcy.

As a result, demand for home textile products from their end may remain sluggish for quite some time. Contract renegotiations may get trickier for India's home textile majors in view of the ongoing tough market conditions.

Established US-based retailers are realigning and restructuring business models by cutting down inventory. Instead of following the erstwhile policy of receiving monthly consignments, they are moving to the weekly orders system, which eventually increases working capital costs of suppliers (ie. India's home textile companies).

Outlook

Leading home textile markets for Indian exporters (primarily North America and Europe) witness strong demand traction in H2 of a fiscal due to the onset of the festive/wedding/holiday season. Hopefully, this will help Indian textile companies offset existing subdued scenario.

From a company-specific perspective, a lot would depend on the pace at which utilisation levels at manufacturing centres scale up. This factor, besides being a key indicator of the order book strength and probable demand trajectory, is extremely crucial in terms of aiding margin expansion.

An equally important aspect to look at is how quickly funds invested in capex start translating into cash inflows.

Home textile majors, historically, have been investing heavily in building capital assets for a wide variety of purposes.

These include achieving the benefits of backward integration (manufacturing yarn/fabric), increasing existing product manufacturing capacities, adding capacities to manufacture new products, saving power costs, facilitating technological upgradation, undertaking equipment maintenance or a combination of these.

Regional diversification is also the need of the hour given the high degree of dependence of Indian home textile companies on the US market.

Any stock that merits attention?

The undemanding valuations and inability to deliver significant price returns over an extended period of time is indicative of the bearish sentiment harboured by D-street towards home textile majors.

Notwithstanding the challenges mentioned above, in our view, Himatsingka Seide appears better placed to tackle industry headwinds compared to its peers and has good fundamentals to back its plans.

Himatsingka manufactures bed sheets, pillow covers, fabric (drapery and upholstery variants) and ultra-fine count yarn (constitutes a very nominal percentage of the annual turnover). The company's retail and distribution arm caters to private labels of major retailers across North America, Europe and Asia.

To explore the bath linen space, Himatsingka will commence operations at its 25,000 metric tons per annum terry towel manufacturing factory from Q4 FY19. A gradual increase in efficiency at its expanded 23 million metres per annum (mmpa) bed sheet manufacturing unit, which was commissioned back in H2 FY17, should provide an added impetus to the company's top-line.

An uptick in utilisation rate at Himatsingka's ultra fine count yarn spinning facility (set up in H2 FY18), coupled with higher contribution of private label and premium brands to overall revenue, will be critical in boosting margins. The company is also involved in talks with new European retailers for export orders.

However, interest and depreciation costs are anticipated to be higher in FY19 because of investments directed towards establishing the terry towel unit. GST-induced blockage of funds is another bottleneck that ought to be addressed. Realistically, a noticeable increase in earnings will be seen only starting FY20.

The stock, after witnessing a sharp correction of 37.3 percent from its 52-week high, trades at 9.8 times its 2-year forward earnings. Investors may, therefore, consider keeping this on their radar.

Punjab to relax norms for intra-state goods' movement	**Tribune India** https://www.tribuneindia.com/news/business/punjab-to-relax-norms-for-intra-state-goods-movement/644181.html

Textile job workers to get major benefits; e-way bill limit up

The Punjab government will soon allow a hassle-free movement of textile items for job work within the state and save thousands of small and medium enterprises (SMEs) from the trouble of getting e-way bills by enhancing the exemption limit from Rs 50,000 to Rs 1 lakh.

Textile and apparel value chain thrives on job works, which was hampered because of mandatory e-way bill requirement for items valued more than Rs 50,000. An exemption from mandatory e-way bill will help textile clusters in Ludhiana, Amritsar and Jalandhar

A decision has been taken on this matter. It will be implemented after the government issues a formal notification, which is expected soon," an official source said. Under the Goods and Services Tax (GST) rules, ferrying goods worth over Rs 50,000 within or outside a state requires securing an electronic-way challan (e-way bill) through prior online registration of the consignment. States can tinker with e-way bills only for intra-state movement of goods.

"We are going to follow the Maharashtra model, which has already abolished requirement of e-way bill for transportation of hank, yarn, fabric and garments meant for job work," the source said. Officials, however, say the Punjab government may trim down the number of items. Maharashtra gave relief to its textile industry from July this year, which allows intra-state movement of specified items within 50 km for job work.

Officials said, the Punjab Cabinet gave its nod to allow hassle-free movement of textile goods meant for job work and also extended the limit of intra-state e-way bill from Rs 50,000 to Rs 1 lakh on Monday. Tamil Nadu, Maharashtra and West Bengal are among other states to raise such limit.

Punjab Pradesh Beopar Mandal president Piara Lal Seth said the proposed move would help the traders and manufacturers from un-necessary burden and paper work. "The textile and garment industry is largely dependent on knitting, embroidery, printing and dyeing units, but all job workers are not that well-educated. They were facing problems in generating e-way bills. The decision of the state government will provide a sigh of relief to them," said Superfine Industries' managing director Ajit Lakra.

The government's decision is also prompted by the fact that several people were avoiding generating e-way bills by using horse-carts (tongas) for transporting goods as non-motorised vehicles do not require e-way bills for transporting goods.

"Many industrialists had started transporting furniture, yarn, ready stocks above Rs 50,000 through the tongas to avoid e-way bills/taxes. Respite will be given to those who are doing business in a transparent manner," said Federation of Punjab Small Industries Associations (FOPSIA) president Badish Jindal.

India eager to replace U.S. exports to China amid trade war	**Washionton Times** https://www.washingtontimes.com/news/2018/aug/29/india-eager-replace-us-exports-china-amid-trade-wa/

India's Ministry of Commerce and Industry is predicting that Indian-made products can fill much of the gap in the Chinese commodity markets created by departing U.S. exports fleeing the escalating trade war between Washington and Beijing.

The study, published earlier this week, identified at least a 100 markets that Indian analysts believe their products could replace U.S. exports to China because Indian-made goods will not be subject to the higher import tariffs that Beijing is starting to impose on products originating in America.

Chinese markets of note include cotton, corn, almonds, wheat and sorghum.

"These retaliatory tariffs provide a window of opportunity for enhancing India's exports to China," the Ministry of Commerce and Industry study said, according to The Economic Times, the leading English-language Indian finance newspaper.

Additional exports to China that India is eyeing, according to the Economic Times, include the markets for fresh grapes, cotton linters, flue-cured tobacco, lubricants and certain chemicals, including benzene.

Pink Bollworm attack: Maharashtra directs seed cos to pay Rs 210 crore to cotton farmers	**Financial Express** https://www.financialexpress.com/market/commodities/pink-bollworm-attack-maharashtra-directs-seed-cos-to-pay-rs-210-crore-to-cotton-farmers/1296866/

The Maharashtra Agriculture Department has directed seed companies in the state to pay Rs 210 crore in compensation to around 3 lakh cotton farmers affected by the Pink Bollworm attack.

The Maharashtra Agriculture Department has directed seed companies in the state to pay Rs 210 crore in compensation to around 3 lakh cotton farmers affected by the Pink Bollworm attack.

Hearings are in progress at present and accordingly the State Agriculture Commissioner Sachendra Pratap Singh, Vijay Kumar Ingale, director, Quality Control and other senior officials have been pursuing hearings on this issue.

Earlier, the the department had directed seed companies to pay compensation worth Rs 93 crore to cotton farmers for the damage caused by the Pink Bollworm attack. Last season, some 34.35 lakh hectares had been affected by the Pink Bollworm attack affecting some 13.59 lakh farmers.

Notices were issued by the department in this regard. The hearings in districts of Amravati divison and Beed were pending. Insurance companies, National Disaster Relief Fund and seed companies are all part of the compensation process under the Pink Bollworm attack.

Around 1.55 lakh farmers are expected to receive compensation worth Rs 93 crore for cultivation on 55,000 hectares. Hearings for Akola, Buldhana, Amravati, Washim, and Yavatmal districts in Amravati division and Beed district are yet to be completed.

According to officials, seed companies have been granted one month's time to file their replies. After this, they can appeal to the Commissioner of Agriculture.

At least 12 districts are reported to be affected by pink bollworm. Maharashtra is the first state to seek National Disaster Relief Fund assistance for crop loss due to pest infestation; till now it was only sought citing drought. The state has sought Rs 3,337 crore aid and relief for pest attack on 42.07 lakh hectares. After punchnamas and assessment of the loss of the cotton crop due to pink bollworm, the state government in December 2017, announced compensation for farmers at Rs 30,800 per hectare. Of this, Rs 6,800 a hectare was to be given from the National Disaster Relief Fund (NDRF), Rs 8,000 from the crop insurance cover and Rs 16,000 from the claims from the seed companies.

Though the compensation from two components has to come from the respective companies, the third component has to be paid by the state government.

The state government, in January, sent a memorandum to the Centre demanding Rs 2,425 crore and later revised the amount to Rs 3,373 crore in March demanding the assistance under NDRF.

Since the Centre raised the queries related to the memorandum, and the delay led to further uproar among the farmers, the state government issued the GR on March 17 announcing that it would compensate the farmers from its own kitty

Pest management: Punjab cotton farmers conquer whitefly	**Indian Express** https://indianexpress.com/article/india/pest-management-punjab-cotton-farmers-conquer-whitefly-5331756/

Anil Kumar never believed he would grow cotton again after his entire crop on 50 acres — 4.5 acres own and the rest taken on lease — was destroyed by a whitefly epidemic in 2015. The 42-year-old from Ghallu village in Punjab's Fazilka district and tehsil ended up with debts of over Rs 15 lakh. He cleared about two-thirds of it in the subsequent years, by investing in a second-hand tractor and working it "day and night" on other farmers' fields in Punjab and neighbouring Rajasthan.

"I couldn't imagine going back to narma (cotton) after seeing what the chitti makhi (whitefly) did to my crop. But I took a chance this year after my fellow farmers here told me how the pest can be managed through proper cultivation practices. I've probably taken the right decision," says Kumar, who also followed the agriculture department's advice on timely sowing (mid-April to mid-May), planting hybrids such as RCH-773 and RCH-776 having better sucking pest and leaf-curl virus tolerance, and keeping a check on his crop for any signs of infestation.

“Earlier, I never bothered, as there were so many hybrids in the market. But this time I sowed good-quality seeds and did not plant after May 15. Further, I cleared all the wild vegetation around my fields before sowing and ensured that the lands leased in by me were at some distance from kinnow (citrus) orchards, which are breeding grounds for chitti makhi. In early-July, I started seeing ande (eggs/nymphs) of the pest under the leaves of my plants and sprayed a dose of pyriproxyfen insecticide,” Kumar tells The Indian Express.

He is confident of harvesting an average narma/kapas (raw un-ginned cotton) yield of 12-13 quintals per acre. “I have just completed the first picking of 64 man (25.6 quintals) from the crop on my own 4.5 acres sown in early-April. I got a rate of Rs 5,341 per quintal, but full-fledged pickings will happen only from mid-September. There are at least three pickings in roughly 20-day intervals,” adds Kumar, who does not perceive whitefly as a threat now.

Whitefly basically sucks sap from the cotton plant’s phloem or living tissue that transports food made in the leaves (through photosynthesis) to other parts. The small (1-2 mm) white insect is also a carrier for the leaf curl virus. The disease-affected plants are stunted, with less number of bolls and reduced yields. According to scientists, the late-sown cotton is most susceptible to the pest. The crop planted after mid-May is tender during July-August, when the weather conditions — hot, humid and cloudy — are congenial for infestation. The early-sown plant is less prone to attack, as mature leaves are not preferred by the whitefly.

Planting in time is a lesson that Mandeep Singh, 24, has also learnt. This farmer from Raipur village in Mansa district’s Jhunir tehsil had lost 100 per cent of his cotton crop on seven acres and 50 per cent on another seven during 2015 on account of whitefly. Like Anil Kumar, he did not sow cotton in 2016 and 2017, but after seeing farmers harvesting good yields and “managing” the pest, has taken the crop on three acres this year. Kuldeep Singh of Tungwali village in Bathinda district and tehsil, too, is growing narma on two out of his five-acre holding for the first time after 2015. That year, he had cultivated cotton on all five acres, which was completely destroyed by whitefly.

The same farmers, however, are happy with the quality of their crop now and hoping for good prices as well. In 2017-18, kapas rates ruled at Rs 4,000-4,200 per quintal early in the season and rose to Rs 5,000-5,100 towards March, but by which time most farmers had already sold. Average realisations were only around Rs 4,500 per quintal. For 2018-19, the Narendra Modi government has declared a minimum support price of 5,150 per quintal for medium staple and Rs 5,450 for long staple varieties, while these were Rs 4,020 and Rs 4,320 last year.

The whitefly epidemic of 2015 ravaged the cotton crop on an estimated 1.38 lakh hectares (lh) out of Punjab’s total 4.36 lh area. That, and significant losses reported in the balance area, resulted in farmers cutting down plantings to 2.56 lh in 2016 and 3.82 lh in 2017. The not-so-good realisations in 2017-18 and greater yield-cum-price stability from paddy — plus assured government procurement — has meant that cotton acreage has been low even this year, at 2.83 lh. But the farmers who have planted may not regret their decision.

Key to the turnaround in fortunes has been the measures taken for controlling whitefly. Following the 2015 epidemic, a committee comprising agriculture department officials and scientists from Punjab, Haryana and Rajasthan — farmers there, too, had faced problems from the pest — was formed under the chairmanship of the Vice-Chancellor of Punjab Agricultural University (PAU), Ludhiana. Among other things, it shortlisted 38-44 Bt cotton hybrids — out of the 250-300 available in the market — that were relatively whitefly-resistant and suited for cultivation in the three states.

“We laid stress on timely sowing and clearing wild vegetation before planting. If farmers sow between April 15 and May 15, the plant would be 45-70 days old by end-June and will have 40-45 leaves. So, even if the pest attacks, the damage is less than when it is on plants that have lesser number of, and more tender, leaves. And if it rains by then, the insects will get washed away, keeping the overall pest population below the ETL or economic threshold levels. That will reduce pesticide use as well, since farmers need to spray only if the number of insects per leaf exceeds six or so,” explains Vijay Kumar, senior entomologist at PAU.

In 2015, more than 70 per cent of the cotton area in Punjab was sown late. The pest could, then, strike when the plant was very small and having 10-15 leaves. “In the last two years, PAU’s regular advisories issued to farmers, including through formation of WhatsApp groups, have definitely helped,” notes Harvinder Singh, agriculture development officer of Mansa district.

The other major intervention has come from the state agriculture department appointing “scouts”, who conduct village-level surveillance for early detection of nymphs (baby whitefly insects) in plant leaves. “The scouts were trained at PAU. From the 2016 season, they would visit 2-5 villages daily in the eight cotton-growing districts (Firozpur, Faridkot, Fazilka, Muktsar, Bathinda, Barnala, Mansa and Sangrur) to monitor breeding levels of the pest and report back to us. This year, we have 250 such scouts, who are all BSc agriculture students at PAU and are being given a monthly stipend of Rs 12,000 for the job, which is now part of their training,” states Jasbir Singh Bains, director of agriculture, Punjab government.

The effects of these are seen on the ground. In 2015, Punjab’s cotton (lint fibre) yield averaged a dismal 197 kg per hectare. In 2016 and 2017, it hit a record 756 kg and 750 kg, respectively. This year, the expected yield is an-time-high of 778 kg — though that would be confirmed only in the next couple of months.

MSME in GST's focus: What's in store the coming months?	**Economic Times** https://economictimes.indiatimes.com/small-biz/sme-sector/msme-in-gsts-focus-whats-in-store-the-coming-months/articleshow/65588402.cms

With a contribution of as high as 45 per cent towards the country’s GDP, Micro, Small and Medium Enterprises (MSMEs) have a vital role to play in the Indian economy. The sector has faced many challenges both regarding the economies of scale, the lack of high-end technology and other benefits enjoyed by its larger counterparts.

Earlier, at the 28th GST Council meeting, it was pointed out that close to 93% of the total taxpayers filing GST returns, have turnover below Rs 5 crores and their contribution to total GST revenue is less as compared to large companies. This gives scope for Government to look into means for reducing the compliance burden in this sector. This will, in turn, reduce the administration cost incurred and will provide a level-playing opportunity for MSMEs.

The principal issues faced by the sector was adapting to the new regime of indirect tax, GST. The online submission of the GST returns has now been made simpler to suit the sector. To further reduce compliance efforts, quarterly SAHAJ and SUGAM returns have been proposed for those with turnover upto Rs 5 crores. Those with turnover upto Rs 1.5crores, will become eligible to opt for composition scheme, the earlier limit was Rs 1 crore.

Adding to this, the Income Tax Act was amended in the last fiscal where steps were taken to ease the MSME sectors' tax burdens; through a change in the threshold of Section 44AD. Businessmen with turnover up to Rs 2 crore could opt for presumptive taxation. Businesses with turnover in excess of Rs 2 crore are mandated to maintain detailed accounting records.

Recently, amidst ample curiosity and anticipation, the 29th GST council on the 4th of August converged to address the issues and challenges surrounding the future of Micro, Small and Medium Enterprises. A special committee has been put in place to expedite the addressing of these concerns. With the setting up of this committee, further reforms in input tax credit claim, the limit for registrations, the reverse charge mechanism etc are expected to take place. With these changes, there will be more employment opportunities created in the sector, helping with overall economic growthj.

The MSME sector has been particularly affected by GST filing due to complexity and newness of the structure of the tax regime. These businesses which were not paying excise duty in the earlier regime are severely impacted. The committee is likely to take up whether such units must be exempted from CGST collection and deposit. This will further relax the load caused to them due to GST.

Working capital issues have been one of the top issues. Availability of Input tax credit on time and in an unambiguous manner is very important for this sector as it will affect their working capital cycle. Since these businesses are small, free flow of ITC is critical to keep the working capital in rotation. Delay in filings or compliance by their own suppliers or delay in release of payments from their buyers, have severely impacted their day to day functioning.

Delayed GST Refunds is something that has always been a cause of concern for this sector. The government has taken measures to ensure that the pending sanctions are cleared to unclog the working capital plugs that sector is currently witnessing. Ensuring timely refund is of critical importance as the heart of their survival lies in operating with an effective working capital.

Another vital discussion was the suggestion for a one-time settlement scheme for legal and litigation issues pertaining to Central Excise and VAT. Implementing this will save resources for MSMEs by unlocking the disputed payments for the government.

MSMEs play a vital role in contributing to our economic growth, with these essential changes, they will prosper.

India to double exports by 2025: Suresh Prabhu	Money Control https://www.moneycontrol.com/news/business/economy/india-to-double-exports-by-2025-suresh-prabhu-2887421.html

"This is necessary in view of challenges like uncertainty of global trade, rigid approach of banks affecting availability of credit, high logistics cost and productivity standards and qualities," an official statement quoting Prabhu said.

The government is working on a comprehensive strategy to double the country's exports by 2025, Commerce Minister Suresh Prabhu said today. Issues related to exporters were discussed during a stakeholders' meeting to discuss a strategy for revitalising India's exports and doubling the exports by 2025.

"This is necessary in view of challenges like uncertainty of global trade, rigid approach of banks affecting availability of credit, high logistics cost and productivity standards and qualities," an official statement quoting Prabhu said.

Minister of State for Commerce and Industry C R Chaudhary will be the chairperson of this mission and will review the work of different export promotion councils and divisions of the ministry.

In 2017-18, the country's merchandise exports grew by 10 per cent to USD 303 billion, while services exports rose by 18.8 per cent to USD 195 billion in the same period. The ministry is also taking meetings with key ministries for preparing sectoral export strategies.

Prabhu stated that a special strategy is being prepared for the services sector to achieve broad-based growth instead of the existing pre-dominance of IT-ITeS. The ministry said that commodity and territory specific strategy is also being prepared for items like gems and jewellery, textiles, engineering, electronics, chemicals, pharma, agri and marine products.

Territory specific strategy will cover North American Free Trade Agreement (NAFTA), Europe, North East Asia, ASEAN, South Asia, Latin America, Africa, Australia and New Zealand.

The commerce minister said that apart from traditional markets, India must also look at boosting trade with smaller countries.

He also said that exporters should not miss the opportunity presented by China's consumer market

India's economy seen growing at steady 7.6% pace in April-June - Reuters poll	Fx Street https://www.fxstreet.com/news/indias-economy-seen-growing-at-steady-76-pace-in-april-june-reuters-poll-201808290545

According to the latest Reuters poll of economists, India’s economy is expected to have expanded by 7.6% in the April-June quarter, in light of an improvement in the manufacturing and exports sector.

Key Findings:

“The median consensus in a poll of 50 economists put annual economic growth just a touch lower than the near two-year high of 7.7 percent in the January-March quarter.

Forecasts for the $2.59 trillion economy ranged between 7.0 and 8.0 percent.

The poll results suggest domestic demand was strong, driven primarily by manufacturing activity that remained solid despite elevated oil prices and a weakening Indian rupee.

If the median prediction for the April-June quarter proves correct, it was will be the third period in a row with 7 percent or higher growth.

India’s fiscal deficit widened in the April-June quarter to 68.7 percent of the budgeted target for this fiscal year, a concern but an improvement 80.8 percent for the same period of 2017.”

Uncertain jobs data, strained agriculture, lower investments: Is Indian economy really looking up?	**Financial Express** https://www.financialexpress.com/economy/uncertain-jobs-data-strained-agriculture-lower-investments-is-indian-economy-really-looking-up/1296352/

There is a definite indication of a higher GDP growth in the first quarter of the financial year 2018-19 as compared to the same period last year but the key indicators are likely to display a better picture as they are pitted against a different year which witnessed slowdown due to disruptions caused by the GST before sharp rebound, a report has observed.

In the same period last year, India clocked a three-year-low GDP growth rate of 5.7%, majorly due to massive de-stocking ahead of the implementation of the Goods and Services Tax (GST). Rating and financial institutions are expecting the GDP growth rate in the April-June quarter of the current financial year to be between 7.5% to 7.7%.

“FY18 was different in terms of the operating environment as GST had caused some degree of upheaval with the growth pattern moving into a trough before rising sharply. This was witnessed in GDP growth as well as industrial growth which in turn will tend to display a better picture this year,” a report by Care Ratings said.

“For the current financial year so far, there are mixed signals on the state of the real economy,” the report said. While praising the performance of FDI inflows and better trade numbers, Care Ratings expressed worry over indications of unclear employment scenario, strained agriculture, and lower investments.

“The employment scenario appears unclear given the different contrary indications given by the EPFO and CMIE data,” the report said. On investments, it said that while the picture on domestic investment intentions is still a bit nebulous, the FDI flows have been more positive and definite with growth of 22% in the first quarter from $10.4 billion to $12.7 billion.

GDP likely to clock 7.4% growth on pick up in industrial activity, monsoon: RBI	Economic Times https://economictimes.indiatimes.com/news/economy/indicators/gdp-likely-to-clock-7-4-growth-on-pick-up-in-industrial-activity-monsoon-rbi/articleshow/65594017.cms

The Reserve Bank expects India's economic growth rate to accelerate to 7.4 per cent in the current financial year on pick up in industrial activity and good monsoon. In its annual report released today, RBI also said that its monetary policy will continue to be guided by the objective of achieving the medium-term target for retail inflation of 4 per cent, within a tolerance band of +/- 2 per cent, while supporting growth.

It cautioned that India's external sector will have to confront global headwinds, but expressed confidence that the Current Account Deficit would largely be financed by foreign direct investment.

Several experts, including largest lender State Bank of India, expects the CAD to widen this fiscal on account of persistent high oil prices and large trade deficit. The CAD was estimated at 2 per cent of the GDP in fiscal year ending March 2018.

The report notes that agricultural production is likely to remain strong, growth impulses in industry are strengthening (propelled by a sustained pick-up in manufacturing and mining activity), corporate are reporting robust sales growth and improvement in profitability, and services sector activity is also set to gather pace.

Also, revenue-earning freight traffic of railways has picked up, driven by stepped-up movement in coal, fertiliser and cement. Over the rest of 2018-19, the acceleration of growth that commenced in 2017-18:H2 is expected to be consolidated and built upon.

Keeping in view the evolving economic conditions, real GDP growth for 2018-19 is expected to increase to 7.4 per cent from 6.7 per cent in the previous year, with risks evenly balanced," said the RBI's Annual Report.

The report has maintained the projection regarding GDP growth for the current fiscal as estimated in the third bi-monthly monetary policy of 2018-19 announced earlier this month.

Going forward, it said the up-tick in credit growth is likely to be supported by the progress being made under the aegis of the Insolvency and Bankruptcy Code (IBC) in addressing stress on balance sheets of both corporates and banks, recapitalisation of state-owned banks, and a positive outlook on the economy.

The prevailing negative credit-to-GDP gap indicates that there is sufficient scope for credit absorption and expansion in bank lending on a sustained basis," the report said.

On inflation which averaged 4.8 per cent during Q1:2018-19, is likely to face upside risks over the rest of the year from a number of sources, warranting continuous vigil and a readiness to head off those pressures from getting generalised, it said.

Rising global commodity prices, especially of crude oil, and recent global financial market developments are firming up input cost pressures.

The RBI has cautioned that global headwinds are likely to confront India's external sector in 2018-19.

Even though exports have gathered momentum in April-June quarter of 2018-19, the worsening global trade environment as a result of "protectionist policies" may impinge upon external demand, it said. Elevated crude oil prices and the strengthening of domestic demand may push up the import bill.

As per the report, over the medium-term, the pace and quality of growth will be anchored by progress on the unfinished agenda of structural reforms in -- resolution of banking and corporate financial stress; taxation; agriculture; liberalisation of the economy's external interface, especially with FDI; and galvanising the business environment.

The hard-earned gains of macroeconomic stability that have defined the recent period as its greatest achievement need to be preserved as an imperative within this endeavour," it said. The Central Statistics Office will release the GDP estimate for the April-June quarter (Q1 of 2018-19) on August 31.

Egypt's cotton exports up by 41.2%	**Middle east monitor** https://www.middleeastmonitor.com/20180830-egypts-cotton-exports-up-by-41-2/

Egyptian cotton exports have risen by 41.2 per, reaching 688,000 metric quintals during the first nine months of the current agricultural season, the state-run Central Agency for Public Mobilization and Statistics (CAPMAS) announced yesterday.

Egypt's agricultural season starts early September and lasts until the end of August of the following year.

According to the CAPMAS official data, the country's cotton exports amounted to 487,000 metric quintals during the same period of the previous agricultural season.

The metric quintal is equivalent to around 157 kilograms.

The Egyptian government recently announced that it had expanded the country's cotton cultivation area by 46 per cent to reach 322,000 acres, up from 222,000 acres in 2017.

Pakistan's cotton yield likely to cross 14.2m bales	**Pakistan Today** https://profit.pakistantoday.com.pk/2018/08/29/pakistans-cotton-yield-like-to-cross-14-2m-bales/

The Cotton crop's output during the current season is expected to cross 14.23 million bales. The anticipation comes due to a 2% increase in area under cultivation during the period under review compared to the last year.

The favourable weather conditions, suitable climate position for the crop, better management and low intensity of pest attacks in Punjab and Sindh this year were indications of a significant growth in output, said Pakistan Central Cotton Committee vice-president Dr Khalid Abdullah.

Talking to APP on Tuesday, he added that whitefly attacks on the cotton crop in Punjab had reduced from 17% last year to 12% this year. However, he lamented that the cotton crop in Sindh had remained water-stressed due to below average rainfall in agricultural areas.

Apparel Industry Foundation revs up to support local designers	**Chicago Tribune** http://www.chicagotribune.com/lifestyles/ct-life-candid-candace-0902-story.html

cal fashion designers showcased their collections at "Rev Up Chicago: Moving Fashion Forward," a fundraiser Aug. 22 at Bentley Gold Coast. Hosted by and benefiting the Apparel Industry Foundation, the event attracted over 150 guests, honored Pat and Joe Perillo, and featured an exciting runway show and an award and scholarship presentation.

During a reception, guests mingled in the Gold Coast dealership amid pricey Bentleys, Lamborghinis, Rolls-Royces and Maseratis. Produced by Susan Glick, the 25-minute fashion show included looks created by established designers Caroline Rose, Heidi Hess, Lauren Lein Ltd., Maria Pinto M2057, Mira Couture, ARMigami and Ricorso, and emerging designers Brandon Blackshear, Model Atelier, Rebellion and Varyform.

The runway production, emceed by local fashion expert Erica Strama, showcased a variety of chic designs and accessories from casual to formalwear. Blackshear presented his first collection and took inspiration from classic American sportswear, sending models down the runway in finely tailored activewear. Rebellion designer Stephanie Wheat's specialty was brightly colored leather and fur handbags, and Robin Harris (Model Atelier) focused her designs on "tall, strong, confident women." Lein's collection was themed "Make America Beautiful" and featured models in flirty, feminine dresses and whimsical hats. Mira Couture closed the show with models gliding down the runway in dazzling eveningwear.

Marsha Brenner, who has served as the Apparel Industry Foundation and the Apparel Industry Board's executive director for more than 20 years, spoke about the most rewarding part of her job. "For me, when I see a youngster do well and become something, my heart melts. Take for instance ARMigami's designers Joan Pavalon and Jocelyn Weinzimmer. They came to me with a crazy idea for a shawl that you can wear multiple ways, and I told them to go for it. They're now doing really well and are appearing on QVC," she said.

Brenner introduced Stanley Paul, who has been involved with the organization since 1990. He presented a $5,000 tuition scholarship award to up-and-coming designer Jennifer Hanna (Harper College) through his Stanley Paul/Raelene Mittelman Fashion Design Scholarship Fund, which was founded in memory of his late sister Raelene. Paul's foundation awards scholarships annually to students from Chicago and/or Illinois who are enrolled in a Chicago area college that has a fashion design program. To date, the foundation has awarded more than $300,000 to students.

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Other scholarship finalists featured in the show were Maria Angjelli (Dominican University), Bionca Cummins (Illinois Institute of Art in Chicago), Temuulen Dashdondog (College of DuPage) and Judith Lopez (Harper College).

Cummins, who presented her Medieval Nightlife collection in her first industry show, was enthusiastic about the support she's received from the organization. "I did my internship at (the Apparel Industry Board Inc.) and learned so much from them — fabric manipulation, pattern design and so much more. … In places like New York, fashion is really at the forefront, but we don't have that in Chicago. Even though we're the heart of America, fashion can get lost here, but AIBI helps us keep our ideas of fashion alive and our voices heard."

Joe Perillo Jr. and his sister Trish Inguagiato introduced their parents, the evening's honorees. "They have always given their hearts and souls to everybody unconditionally and are true role models and an inspiration to all of us," said Inguagiato. The Perillos were joined onstage by their grandchildren Elianna and Joe Joe as they accepted a custom portrait by popular local artist Rosemary Fanti, and a crystal star award.

Ald. Tom Tunney, 44th, spoke about the organization's impact in the community. "We want to reaffirm the city's commitment to jobs in the apparel industry and the Apparel Mart. We're going to work with the city's budget process to make sure that we sustain this relationship because this industry is an integral part of jobs and our economic development. … We have to maintain this industry and Chicago as a fashion capital of the country," he said.

For more than 30 years, the Apparel Industry Foundation and its board have been resources for emerging and established designers in the greater Chicago area, providing them with mentorship, a hotline for jobs, fashion business seminars, shared manufacturing space and classes in pattern-making, business counseling, technical design and more.