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NEWS CLIPPINGS –27-12-2018

Manufacturing posts strong sales growth in Q2: RBI	**The Hindu** https://www.thehindu.com/todays-paper/tp-business/manufacturing-posts-strong-sales-growth-in-q2-rbi/article25838000.ece

Supported by robust demand conditions in textiles, chemicals, iron and steel

The manufacturing sector, particularly the textile, iron and steel segments, maintained the pace of sales growth in the second quarter of 2018-19 compared with the year-earlier period, the RBI said on Wednesday.

Demand conditions in the manufacturing sector "maintained its pace in the September quarter 2018-19 as reflected in strong sales growth (year-on-year)," as per the RBI analysis of 2,700 listed private sector non-financial companies.

"The manufacturing sector sales growth was mainly supported by robust demand conditions in chemical and chemical products, iron and steel, and petroleum products industries coupled with significant improvement recorded by textile industry," the RBI said.

The central bank said heavy moderation was seen in the sales growth of motor vehicles and other transport equipment, driven in part by a large adverse base effect, and pharmaceutical and medicine industries.

The information technology (IT) sector also recorded further improvement in sales growth over the year-ago period.

The manufacturing sector continued to record strong growth in net profit, which received support from other income.

On the expenditure front, manufacturing companies continued to face rising input cost (cost of raw materials, staff cost) pressures. In the case of the IT sector, staff costs accelerated in tandem with the improvement in sales growth, the RBI said.

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
20574	43000	78.03
Domestic Futures (Ex-Gin) November		
Rs/Bale	Rs/Candy	USD Cent/lb
20940	43765	79.42
International Futures		
NY ICE USD Cents/lb. (Mar 2019)		73.50(+0.95)
ZCE Cotton: Yuan/MT (May 2019)		14770
ZCE Cotton: USD Cents/lb.		97.24
Basis Difference (Domestic spot – ICE March)		4.53
Cotlook A Index - Physical		81.65
WTI Crude :USD/Barrel		46.05(+3.88)
B. Currency		
USD/INR	Close	Previous Close
Spot	70.21	70.08
USD Index	96.81	

Cotton Guide

We saw a fair competition yesterday between the bulls and the bears during the abbreviated day at ICE. The bulls gave a strong fight to get the settlement figures in the positive territory for all the ICE contracts. ICE March Settled at 73.50 with a positive figure of +95 points. The high figure that the bulls could drag to was 73.54 whereas the low figures where the bears breached were at 72.15 cents/lb. The ICE May contract also witnessed a change of almost a cent i.e. +93 where it settled at 74.73 cents/lb. The nearby deliveries ended in positive figures ranging from +74 to +95. Total open interest rose by 552 contracts to 212,048. March contract open interest Increased by 883 contracts to 124,594, with decreases in May and July contract with figures of -176 and -137 respectively.

At MCX the figures of various future contract months were a mixed bag. The MCX January contract emanated a (-10) loss and settling at 20,940 Rs/Bale with a lower volume of 1643 lots at 5008 and a higher open Interest of 762 lots at 7268. The MCX February contract saw gains of +50 settling at 21110 Rs/Bale whereas the MCX March Contract saw a negative figure of -110 settling at 21520 Rs/Bale.

Arrival figures have been estimated to be around 160,000 Lint equivalent bales (private estimates). Prices of Shankar 6 have remained unchanged at Rs 43,000 per Candy as an average price and Punjab J-34 at Rs 4,350 per maund. Cotlook Index A was unchanged at 81.65 (-1.75) 13:26 GMT 24th Dec, 2018.

Fundamental factors did not seem to have caused this kind of positive alterations in the International cotton market (witnessed yesterday) rather, these changes were attributed to a rally in Equities and Oil Prices. As I am writing this report at 8:45 am WTI crude is around 46.05 $/Barrel whereas yesterday it was in the range of 42.25 $/Barrel i.e. an increase of almost 4 $/Barrel which came with a news of a decline in the US crude stocks. Based on these factors we expect the market to display a sideways trend today.

On the technical front, ICE March futures witnessed recovery after holding the support near 72.00 level in yesterday's trade. As shown in the charts, the next support levels exists at 71.90 zone (76.4% Fibonacci level), only decline below could bring further selling towards 70 followed by 69 levels, else its looks like price will retrace towards 74.50 zone as oversold RSI restricts the downside for the near term . From the above it is expected that price could trade in the range of 74.50 to 71.90 with sideways bias. On the higher side above 74.50, 75.50 is the crucial resistance zone followed by 76.20. In the domestic markets trading range for January future will be 20650-21200 Rs/Bale.

Currency Guide

Indian rupee has opened weaker by 0.26% to trade near 70.26 levels against the US dollar. Rupee has weakened amid a sharp rebound in crude oil price. Crude rallied 8% yesterday amid sharp rise in US equity market, Russia's support for additional measures to check oversupply and expectations of another decline in US crude stocks. The US dollar rose against major currencies on upbeat holiday sales report and rise in bond yields. MasterCard Spending Pulse reports noted that total US retail sales, excluding automobiles, rose 5.1% between Nov. 1 and Dec. 24 from a year earlier. The US 10-year bond yield rose from 2.74% to 2.81% on economic optimism and improved risk sentiment. However, supporting rupee is firmness in global equity market led by sharp gains in US market yesterday. US DJIA index surged 5% yesterday as US President Trump reassured market players about US economy and tenure of Fed Chairman Jerome Powell. Risk sentiment improved also on signs of progress in US-China trade talks as reports noted that a US government delegation will travel to Beijing in two weeks to hold trade talks. Rupee appreciated sharply in last few days owing to sell-off in crude oil price and we are now seeing some correction. We could see some more depreciation as US dollar attracts investors and crude stabilizes however a sustained decline is unlikely given weaker outlook for crude and downbeat sentiment for US economy. USDINR may trade in a range of 70-70.4 and bias may be on the upside.

Next edition of Weaves in November 2019	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/next-edition-of-weaves-in-november-2019/article25838263.ece

To be organised in Erode

The textile fair organised by Texvalley and Confederation of Indian Industry recently generated business for nearly Rs. 450 crore, according to a press release from the organisers.

The four-day event in Erode had 204 exhibitors from different parts of Tamil Nadu, West Bengal, Karnataka, and Uttar Pradesh. The products displayed included greige fabrics, processed and finished fabrics, ethnic wear, knitted fabric, handloom/khadi, home textiles, accessories, machinery, and yarn.

Over 7,000 delegates from across the country and also from the U.S., Sri Lanka, Oman, South Africa, Dubai, Myanmar, Bangladesh, and Russia visited the fair. As many as 654 business-to-business meetings were held.

The next edition of Weaves will be held in Erode in November 2019, the release added.

Farmers' income has doubled: Naidu	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-andhrapradesh/farmers-income-has-doubled-naidu/article25838811.ece

'Agriculture and allied sectors have registered 11% growth rate and there is significant drop in suicides'

The State government could double the farmers' income in the last four-and-a-half years with persistent efforts, change in strategies and programmes.

Their income touched Rs. 2.52 lakh in 2017-18 from Rs. 1.28 lakh in 2014-15.

The agriculture and allied sectors registered an average growth of 11%. The growth rate stood at 17.76% in 2017-18 against 3.55% in 2014-15, according to Chief Minister N. Chandrababu Naidu.

The Chief Minister released a white paper on farmers welfare (agriculture and allied sectors) at the Grievance hall near his residence at Undavalli near here on Wednesday.

Apart from growth and development, the farmers' suicides had come down significantly.

The government was poised to make Andhra Pradesh as 'farmers suicides free State'. It was ensuring seed, power and water security for the farming community to that end.

The agriculture budget was increased to Rs. 19,070 crore in 2018-19 from Rs. 6,128 crore in 2013-14 despite stress on the State finances. Nearly Rs. 82,000 crore was spent on agriculture and allied sectors since 2014, he said.

'Of claims and reality'

"Prime Minister Narendra Modi has been promising to double the farmers' income. Andhra Pradesh has shown it. That's difference between claims and reality."

Despite deficit rainfall, the State could do well in agriculture and allied sectors due to change in the strategies. Aquaculture and horticulture were promoted in a big way. Andhra Pradesh stood first with regard to organic farming with 8% growth compared to an average 1% in the country. When the TDP assumed power, the districts such as Anantapur required de-desertification programmes and were at the bottom of the pyramid in agriculture. Now Anantapur stood first in the State with an income of Rs. 14,775 crore against the popular belief that Krishna, Guntur and Godavari districts fared well in the sector, he said.

Mr. Naidu said debt redemption scheme, soil health cards, farm mechanisation, zero budget natural farming, a drastic reduction in use of insecticides, pesticides, and fertilizers, government interventions in the purchase of farmers' produce, mega seed park and input subsidy were some of the initiatives that helped the government in achieving its targets.

Debt redemption

The CM said the government paid Rs. 15,147 crore to 58.29 lakh accounts, both agriculture and horticulture farmers, including 10% annual interest. It paid the entire loan if it were less than Rs. 50,000 as a one-time settlement.

For accounts more than Rs. 1.5 lakh, the government paid three instalments so far. Remaining would be cleared in a month. The outlay of debt redemption amount was Rs. 24,000 crore, he said. To a question, he said debt redemption, subsidies etc were not included in calculating the farmers' income.

Agriculture Minister Somireddi Chandramohan Reddy and others were present.

Cotton yield falls by half due to deficient rain	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-telangana/cotton-yield-falls-by-half-due-to-poor-rain/article25838529.ece

Cotton sown in 95,000 ha in Sangareddy district: official

Deficit in rainfall has badly affected cotton yield in the district. "There was 45 % deficit rainfall in the district. Cotton was sown in about 95,000 hectares and the yield has fallen from eight to 10 quintals per acre to three to four quintals per acre," District Agriculture Officer B. Narasimha Rao said.

"I had sown cotton in 30 acres, including five acres of my own while the remaining is on lease. I had paid a lease amount of Rs. 15,000 per acre. The total investment I made is Rs. 6 lakh whereas I am likely to get only Rs. 2 lakh. I do not know what to do now," a cotton farmer of from Pottipally in Sadashivapet mandal, R. Shivanandi, told The

Hindu. He attributed low yield in cotton to lack of rains and pink boll worm.

There was roughly a 45 per cent deficit rainfall and the rain has been scattered through the season resulting in reducing the cotton yield this has resulted in the yield falling by 50 %, official sources said. “In the past it was only pink boll worm that hit us and we were able to manage to recover our investment though we could not earn enough to cover the amount spent on labour. This year poor rainfall has aggravated our problems,” he commented adding that earlier they used to get eight to 10 quintals per acre whereas it had fell down to two to three quintals per acre this year.

“Farmers used to make two or three plucking from their fields once the harvesting seasons commenced. But this time, they will have to be satisfied with only one plucking as there is no rain. However, the effect of pink boll worm was relatively less,” president of Manjeera Rytu Samakhya Pruthvi Raj explained.

World economy is set to feel the delayed trade war pain in 2019	**Business Standard** https://www.business-standard.com/article/international/world-economy-is-set-to-feel-the-delayed-trade-war-pain-in-2019-118122600817_1.html

While 2018 was the year trade wars broke out, 2019 will be the year the global economy feels the pain.

Bloomberg’s Global Trade Tracker is softening amid a fading rush to front-load export orders ahead of threatened tariffs. And volumes are tipped to slow further even as the US and China seek to resolve their trade spat, with companies warning of ongoing disruption. Already there are casualties. GoPro will move most of its US-bound camera production out of China by next summer, becoming one of the first brand-name electronics makers to take such action, while FedEx Corp recently slashed its profit forecast and pared international air-freight capacity.

“Any kind of interference with commerce is going to be a tax on the economy,” said Hamid Moghadam, chief executive officer of San Francisco-based Prologis, which owns almost 4,000 logistics facilities globally. “And the world economy is probably going to slow down as a result of it.”

Financial markets have already taken a hit. Bank of America Merrill Lynch estimates that the trade war news has accounted for a net drop of 6 per cent in the S&P 500 this year. China’s stock market has lost $2 trillion in value in 2018 and is languishing in a bear market. Recent data underscore concerns that trade will be a drag on American growth next year. US consumers are feeling the least optimistic about the future economy in a year, while small business optimism about economic improvement fell to a two-year low and companies expect smaller profit gains in 2019.

For the world economy, the threat of trade war has dissipated, not disappeared. Three risks stand out. First, 90 days of talks between China and the US might end in failure, with higher tariffs following. Second, even without an increase in tariffs, front-loading of exports in 2018 will reduce shipments in 2019. Finally, looking beyond the trade war, early warning signs from PMI surveys to FedEx profit warnings flag a softening of demand.

Maharashtra co-operative spinning mills to get power subsidy of Rs 3 per unit	Indian Express https://indianexpress.com/article/cities/mumbai/maharashtra-co-operative-spinning-mills-to-get-power-subsidy-of-rs-3-per-unit-5509314/

Officials from the textile department said that co-operative spinning mills are expected to set up solar power plants in their premises in three years.

In an attempt to give the textile industry a boost, the state government has decided to give a power subsidy of Rs 3 per unit to co-operative spinning mills for three years.

Officials from the textile department said that co-operative spinning mills are expected to set up solar power plants in their premises in three years. The concessions in power tariffs are not applicable for residential users, said an official, adding that the subsidy will be reviewed every year to reduce the overall financial burden.

Sources in the textile industry said that 90 co-operative spinning mills in the state are likely to benefit.

“A committee has been set up under the chairmanship of the textile director. It is in the process of formulating the criteria to decide the eligibility,” said an official, adding that the textile director would carry out random inspections to check whether the power is being used for the same purpose.

Apart from co-operative spinning mills, a power subsidy of Rs 2 per unit will be given to powerloom units and other textile processing units.

“The information about the power consumption and productions of the spinning mills and other textile units will be collected through global positioning system,” the official said.

In February, the state government approved a new textile policy for 2018-2023. A government resolution on giving the power subsidy was issued on Friday.

Welcoming the decision, Ashok Swami, president of the Maharashtra State Textile Mahasangh, said: “It will give a much-needed push to the industry. One of the major reasons for spinning mills to incur losses is the higher power tariffs in the state compared to the state.”

Cotton farmers at mercy of middlemen	The Hans India https://www.thehansindia.com/posts/index/Telangana/2018-12-26/Cotton-farmers-at-mercy-of-middlemen-/465013

Cotton farmers are becoming victims to the conjuring middlemen. With no trace of government procuring centres, the middlemen are exploiting the farmers as per their whims and fancies. The negligence of the officials is not only denting the revenue of the government, but also affecting the lives of the farming community. As a result, almost 500 trucks of cotton from Tandur are being carried to Guntur on regular basis.

Farmers from Yalal, Peddemul, Tandur, Basheerabad cultivate cotton in a large scale. Though the monsoon did not favour, the farmers, however, had hopes that their yields could save them from their debts. But, all their hopes short lived, when the government failed to announce Minimum Support Price (MSP) and to set up procuring centres. Taking the situation to their advantage, some middlemen are directly approaching farmers in villages to purchase cotton. They are only deciding the prices as per their conveniences. The business of the middlemen has been going unabated, even though they don’t posses any permission from the government. It is learnt that about 20 middlemen who formed a syndicate are deciding the prices of cotton as per their wish.

The price of cotton in open market is about Rs 6,300 per quintal. But, the middlemen are offering only 4 to 5 thousand per quintal. They are not giving more than Rs 2,500 per quintal to some farmers by saying that their produce has more humidity. Neither marketing officials nor the people’s representatives have been bothered to care of what’s been happening. It is alleged that the middlemen and the concerned officials colluded on the issue. Even worse, the purchasers are deceiving them by using old weighing machines. Only electronic weighing machines are supposed to be used while procuring, but the middlemen are using old equipment and weighing stones. The weighing method is again adding to loses for the farmers. This is the high time that officials intervened and stopped the exploitation that is not only damaging the farmers, but also the revenue of the government.

Chinese economy thrives while Uighur Muslims suffer, Indian Muslim weavers struggle	Unmid.com http://www.ummid.com/news/2018/December/26.12.2018/chinese-economy-thrives-while-uighur-muslims-suffer-muslim-weavers-in-india-struggle-final.html

The Muslim weavers in India are for the last more than four years demanding from the Modi government to impose anti-dumping duty on Chinese clothes so as to keep a check on their prices. However, it turned out now that anti-dumping duty on Chinese clothes alone could not have served the interest of weavers in India. For, China has found a new way to bring down the costing of its clothes, that too, to such a level that it would be next to impossible to compete, at least for now.

The new reports that have emerged now suggested that hundreds of thousands of Uighur Muslims who were reported to have been kept in detention centers are forced to work in factories on no or extremely low wages. The clothes and other items thus manufactured in these factories are then exported to international markets on low prices. The documents detail plans for inmates, even those formally released from the camps, to take jobs at factories that work closely with the camps to continue to monitor and control them. The socks, suits, skirts and other goods made by these laborers would be sold in Chinese stores and could trickle into overseas markets, The New York Times said in a report published last week.

While the bulk of clothes and other textile goods manufactured in Xinjiang ends up in domestic and Central Asian markets, some makes its way to the United States and Europe. Badger Sportswear, a company based in North Carolina, last month received a container of polyester knitted T-shirts from Hetian Taida, a company in Xinjiang that was shown on a prime-time state television broadcast promoting the camps, the report added.

The Chinese authorities have rejected the report, saying it "a malicious attack that severely distorts the fact". However, The New York Times said accounts from the region, satellite images and previously unreported official documents indicate that growing numbers of detainees are being sent to new factories, built inside or near the camps, where inmates have little choice but to accept jobs and follow orders. The result is that, while Uighur Muslims who are pushed into forced labour by local authorities and pay the price of China's booming economy, in India, Muslim weavers who form a major chunk of the country's textile industry are forced to sell off their powerlooms on throwaway prices because of cheap clothes dumped into the country's market from across the border.

India has more than 2 million powerlooms. Out of them, around 2 lakh are modern machines, rest all are plain looms, according to the Textile Commissioner Office Mumbai. Data compiled by Malegaon Industries and Manufacturers Association (MIMA) shows more than 50% of these plain powerlooms are in Bhiwandi and Malegaon - two cities in Maharshtra which are dominated by Muslims whose only source of income is from the powerloom industries. However, since last about five years the textile industry in India is in recession and the worst hit because of the slow down are Muslim weavers. "The powerloom units in Malegaon are famous for their 24x7 working style. But, since June/July this year we are running our units only for 2-3 days in a week", a weaver, in the business since last 30 years, said while talking to ummid.com.

Situation in Bhiwandi is even worse. In fact, it was for the first time in the history of the city that two weavers committed suicidebecause they were unable to re-pay the bank loan. "Many weavers have sold out their powerlooms and have switched to other business", a local said.

But, the problem is that the whole economy of the two cities revolves around textiles and the slowdown in the industry impacts every trade and business. Hence, switiching to other trade is neither easy nor a solution. Local weavers say there are various issues that have resulted in the slowdown of the textile industry in India. However, availability of cheap Chinese clothes in the markets remain the major cause.

The government's textile policy is also strange. It imposes anti-dumping duty on imported synthetic fibres but allows import of cheap Chinese totally unchecked. A demand by the industry to impose similar duty on Chinese clothes have so far been met with deaf ears", weavers said.

All kind of fibres to be featured at Yarn Expo Spring	Fibre 2 Fashion https://www.fibre2fashion.com/news/textile-news/all-kind-of-fibres-to-be-featured-at-yarn-expo-spring-246426-newsdetails.htm

Natural fibres (cotton, wool, silk and flax ramie), man-made fibres (regenerated and synthetic), specialty fibres, natural and blend yarns (cotton, wool, silk and linen /ramie), man-made and blend yarns (regenerated and synthetic), elastic yarns, fancy yarns and specialty yarns – all will be featured at Yarn Expo Spring to be held during March 12-14, 2019.

The fair in Shanghai will take place alongside Intertextile Shanghai Apparel Fabrics and three more concurrent fairs. Between 2016 and 2018, Yarn Expo Spring saw increases of 29 per cent and 20.9 per cent in exhibitor and visitor numbers respectively,

Following a year of fluctuating demands and trends in the textile industry, especially in China and the Asia-Pacific region, it's more important than ever for suppliers to continuously innovate and produce strong products in order to survive in the uncertainty of the recent economic climate. Yarn Expo Spring presents itself as a leading fair for exhibitors to establish their brands, introduce their latest products, and reveal new innovations to their targeted audiences both in China and globally.

"As the demand for functional fabrics continues to increase, we can also see this trend in Yarn Expo," said Jiang Chang, marketing manager of Hangzhou Gaoxi Technology, China, highlighting just one of the trends evident at last year's Yarn Expo Spring. "Therefore, the fair helps us to learn about the industry's developments."

Yarn Expo is recognised for its diversity of suppliers, meaning that visitors can meet all of their sourcing needs in one place. With more industry buyers than ever sourcing synthetic, fancy and specialty yarns and chemical fibres at the fair, the Fancy Yarn Zone will feature almost 50 prominent yarn suppliers from all around the world. Meanwhile, high-quality natural yarns and fibres can easily be found, including high-end European linen and cotton from countries such as Egypt, India, Turkey and Vietnam, as well as an array of eco-fibres and carbon fibres for visitors seeking sustainable, light-weight materials.

The strength of Yarn Expo is its continuous evaluation of its audience and industry trends. Speaking about the last edition of Yarn Expo Spring, Wendy Wen, senior general manager of Messe Frankfurt (HK) said: "Local buyers were showing strong interest in the offerings from Asian countries such as Indonesia and Korea, while Vietnamese cotton exhibitors reported increased orders from China due to the favourable trade policies between these countries." The fair responds to visitor interest by presenting an array of high-quality exhibitors from a variety of countries and regions, including China, Egypt, France, Hong Kong, India, Indonesia, Korea, Pakistan, Singapore, Turkey, Uzbekistan and Vietnam.

What's more, exhibitors can enjoy a unique opportunity to leverage the fair's premium business platform, with the four concurrent fairs. From apparel to home furnishings, the entire textile supply chain will gather under one roof for

Intertextile Shanghai Apparel Fabrics – Spring Edition, Intertextile Shanghai Home Textiles – Spring Edition, PH Value and the China International Fashion Fair (CHIC).

The fair will feature natural fibres (cotton, wool, silk and flax / ramie), man-made fibres (regenerated and synthetic), specialty fibres, natural and blend yarns (cotton, wool, silk and linen /ramie), man-made and blend yarns (regenerated and synthetic), elastic yarns, fancy yarns and specialty yarns

Curb discharge of Chemicals	**Times of India** https://timesofindia.indiatimes.com/city/ahmedabad/curb-discharge-of-chemicals/articleshow/67263053.cms

Experts from industry and government present at a one-day conference organized by Ahmedabad Textile Industry's Research Association (ATIRA) on Wednesday, strongly advised industries to adopt technology to minimize discharge of hazardous chemicals. The conference was aimed at discussing issues pertaining to Responsible Textile Production through sustainable chemicals management through Zero Discharge of Hazardous Chemicals (ZHDC) in textile and allied industries.

According to experts, chemicals are an important input in textile production processes and these chemicals find their way in four outputs-the final product (fabric, Yarn, Garment), wastewater, sludge or air.

"Chemicals and textile industries tend to use a slew of hazardous chemicals which have detrimentals impact, not just on the environment but human health too. Chemical management is therefore extremely important for industries because apart from toxicity and irritation., chemical hazards also cause endocrine disruptions and specific target organ toxicity. Chemicals used exhibit carcinogenic, mutagenic and reprotoxic chatacteristics", said Prasad Pant, director-South Asia, ZHDC Foundation, during his address.

Industry experts also spoke of minimizing liquid discharge."Minimizing pollution load is a challenge. Even treated water discharge is an issue to address", said Shailesh patwari, ex-president, Gujarat Chamber of Commerce and Industry (GCCI).

MSME support and outreach drive for industries on Dec 27, 28	**The Hitavada.com** http://thehitavada.com/Encyc/2018/12/26/MSME-support-and-outreach-drive-for-industries-on-Dec-27,-28.aspx

Prime Minister Narendra Modi had launched a support and outreach programme for the micro, small and medium enterprises (MSMEs) sector on November 2, 2018. As a part of this programme, the Prime Minister unveiled 12 key initiatives addressing five key aspects for facilitating the sector.

These include access to credit, access to market, technology upgradation, ease of doing business, and a sense of security for employees. MSME support and outreach programme is aimed at synergising the Government's efforts by bringing together various Central ministries, State governments, lenders and private sector to provide implementable multi-dimensional solutions for MSMEs. MSME support and outreach portal intensively monitors the status of implementation of the programme across 100 districts.

In a bid to boost credit availability to MSMEs, a web portal (www.psbloansin59minutes.com) has been launched through which one can avail loans up to Rs 1 crore in just 59 minutes. The portal will enable principal approval of loans up to Rs 1 crore for MSMEs from Small Industries Development Bank of India (SIDBI) and 5 public sector banks (PSBs).

Nagpur has been chosen as a priority district under the scheme to be developed as an 'Agro and Food Processing Hub' under the Ministry of Food Processing Industries (MoFPI). The proposed MoFPI action plan on this initiative include, among other objectives of the campaign, creating awareness and promoting investment through various MoFPI schemes.

Government of India and SIDBI set up the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) for strengthening credit delivery system and facilitate flow of credit to the MSE sector. Rural Self Employment Training Institutes (RSETIs), provide skill training and skill up gradation of the rural BPL youth. The TReDS provide the platform to bring MSME sellers, corporate buyers and financiers together. The three Social Security Schemes run by the Employees' Provident Fund Organisation.

The women employees are also given the benefits at par and there are special benefits for the employees. Government e-Marketplace (GeM) facilitates on-line procurement of common use goods and services required by various Govt departments/organizations/PSUs.

Expert faculties from different parts of the country will make presentation on 'Opportunities, challenges and remedial measures in food processing sector for MSMEs' by Sudhanshu Bohra, PwC, Mumbai; 'Bankers role in supporting MSMEs' by Pramod Agrawal, AGM-SME, Bank of India, Lead Bank. Presentation on 'Trade receivables e-Discounting System (TReDS) for MSMEs' by Satyajeet Jathar, Receivables Exchange of India Ltd; Certification & Licensing - panel discussion by Neha Aggarwal, Deputy Director, CII and Nisha Kanbargi, Scientist C from BIS; presentation on linking MSMEs on GeM platform and e-commerce platform - Nikhil Patil, Infibeam Avenues, Mumbai.

A series of events will be organised by Joint Coordination Committee comprising of Vidarbha Industries Association (VIA), MIDC Industries Association (MIA), Butibori Manufacturers' Association (BMA) and Dalit Indian Chamber of Commerce & Industry (DICCI, Vidarbha Chapter) from on December 27 2018 from 10 am to 3 pm at VIA Auditorium, Udyog Bhawan, Civil Lines for 'aspiring entrepreneurs' in the food sector.

Second session on December 27, 2018 from 3 pm to 7 pm for 'existing entrepreneurs' seeking additional knowledge on Government schemes and to interact with relevant departments can reach MIDC Industries Association (MIA Hall), Hingna Industrial Area, Nagpur.

On December 28, Butibori Manufacturers' Association (BMA), Butibori will be holding full day orientation workshop on MSME support and outreach campaign for Butibori industries from 10 am to 6 pm at BMA, Butibori.

The sessions are free and open to attend for all. For details and registration, interested may contact VIA on 0712-2554090 / 2561211 or MIA on (07104) 236138 or BMA on 07104-265533 or Bank of India which is the Lead Bank on 0712 253 6440.

All members of the associations, industrialists, aspiring entrepreneurs and interested persons are cordially invited to attend the programme in large numbers and take advantage of the Government schemes. This was informed at a press conference jointly organised by Atul Pande, President of VIA; Capt C M Randhir, President of MIA; Nitin Lonkar, President of BMA, Nischay Shelke, President of DICCI- Western India, Gopal Wasnik, President of DICCI; Vidarbha Chapter, Chandrashekhar Shegaonkar, Secretary of MIA; Prasad Joshi, GM of Bank of India and Abhijeet Khandagale, Nodal Officer, Government of India. They have appealed all members of associations, industrialists, aspiring entrepreneurs to attend the workshop.

Pain points for the MSME sector	**Business Line** https://www.thehindubusinessline.com/opinion/pain-points-for-the-msme-sector/article25835822.ece

The RBI has its task cut out as it sets about addressing the sector's credit and viability concerns

A debate on MSMEs has come alive due to the Centre's insistence on a regulatory reprieve for the beleaguered sector post GST and post demonetisation. The RBI at its last Board meeting that Urjit Patel chaired, promised to set up a Committee on the MSME sector by the end of this month.

There is an estimate, authenticated by the Centre, that there are around 50 million MSMEs, both registered and unregistered, employing 120 million, second only to agriculture.

Credit crunch

MSMEs contribute 6.11 per cent of manufacturing GDP and 24.6 per cent of services GDP. They also account for 16 per cent of bank lending. Around 8 per cent of credit to manufacturing micro and small enterprises and 13 per cent to medium enterprises are estimated to be gross NPAs.

MUDRA (Micro Units Development and Refinance Ageny) and the '59-minute loan sanction' promises enhanced credit reach to the sector with SIDBI in the lead for both. MUDRA helped banks to push the services sector lending below ₹5 lakh significantly.

Field studies reveal that MUDRA loans have been used by several banks to swap a good number of failing micro service sector loans. There is also evidence of moral hazard following adverse selection as several enterprises are non-traceable at the location mentioned in the applications.

In the band of ₹5-10 lakh the percentage of loans is less than 20 per cent, indicating preference for a risk free portfolio and lack of interest in the manufacturing sector.

The government has put in place e-Invoice, TReDX, Samadhan, GeM to ensure prompt payment of bills from public sector undertakings and central government departments. Even so, the State PSUs and state government departments continue to delay the bills of MSMEs, leading to NPAs.

A procurement policy has been put in place to provide for preferential purchase from MSMEs, without sacrificing the conditions of quality of goods and services supplied to the buyer.

The process of loan disbursal is also cumbersome. Quite a few banks follow a multi-layered approach to lend to the sector and as a result due diligence suffers. The branch that disburses is also expected to monitor and supervise the credit but does not have the time or manpower for that.

There is hardly any communication between the entrepreneur and the credit authority until an irregularity in the account surfaces.

So given declining credit and growing NPAs, the following 12-point Agenda is a way ahead for the RBI panel:

* Thresholds in priority sector portfolio.

* Credit risk assessment of the MSMEs

* Thresholds for declaring the MSMEs as NPAs — 98 per cent of the portfolio in the fold of proprietors/family owned enterprises in the shape of partnerships, have no exit route of the sort facilitated under the IBC code or the Industrial Disputes Act.

* Revival and restructuring of sick enterprises — Innovative institutional interventions like the Industrial Health Clinics in States that carry the highest numbers of enterprises in this category.

* Cluster Development — Additional lending incentives.

* SIDBI's Role — Review and Redefine for assuming real leadership role.

* The guarantee mechanism in the shape of the Credit Guarantee Fund Trust for Micro and Small Enterprise (CGTMSE) needs to be reviewed and redefined.

It has a role conflict with SIDBI as the latter is its promoter and at the same time secures its guarantee for the enterprises financed directly by it. CGTMSE premia rates were found to be high by their primary lending institutions and the claim settlement process unacceptably late.

* Role of credit rating agencies and effectiveness of internal credit rating tools.

* Recommendations to the Centre on policy initiatives.

* Digitisation of MSME lending and managing its transition.

* Setting up of Movable Asset Registry — Operational issues and directions.

* Setting up of Public Credit Registry — Roadmap for data integration without sacrificing data

privacy and data security.

Given the cascading effect of the large corporate manufacturing and services enterprises on the MSMEs, their healthy growth is crucial for employment and growth of the manufacturing sector as a whole.

Since MSMEs are still largely debt driven and not equity driven, it is important that access to credit should be easier, cleaner, and faster.

India's exports doing 'extremely good', but I'm not fully satisfied: Prabhu	**Business Standard** https://www.business-standard.com/article/economy-policy/india-s-exports-doing-extremely-good-but-i-m-not-fully-satisfied-prabhu-118122600154_1.html

India is preparing a specific strategy for exports to each geography as part of plans to make 2019 a year when outward shipments would start driving the country's overall economic growth, Commerce and Industry Minister Suresh Prabhu has said.

The minister said India's exports performance has been "extremely good" in the past 14 months, but he is not fully satisfied as yet and the plans for 2019 also include a special focus on boosting shipments to the African continent and Latin America given huge growth potential there.

He said the Indian exports are growing at a time when the global trade is witnessing worst ever headwinds, countries are fighting at import duty front and there is increasing protectionism and slowdown in demand.

"(But) I am not fully satisfied. I want exports to drive India's growth. To do that, the situation is very challenging as each country is trying to put their own borders," Prabhu told PTI in an interview.

Since 2011-12, India's exports have been hovering at around $300 billion. During 2017-18, the shipments grew by about 10 per cent to $303 billion.

Experts have cautioned that growing trade tensions between the US and China could impact the global trade growth.

Imposition of high import duties by the US this year on certain steel and aluminium products have triggered a trade war kind of situation.

The World Trade Organisation (WTO) too has stated that escalating trade tensions and tighter credit market conditions in important markets will slow trade growth in 2019.

"In 2019, we would like to ensure that all measures that we initiated earlier and the new measures get consolidated and 2019 should be a new year for exports. So I am preparing a strategy. For each of the geographies, we will prepare a specific strategy," Prabhu said.

Elaborating on his plans, the minister said African continent holds huge potential for domestic exporters and there is a need to significantly boost shipments to that region.

Prabhu said his ministry is in process of creating a template for some kind of a free trade agreement with Africa which will take into account the overall difference of level of growth of that continent and the country specific profiles.

Similar plans are there for other regions as well, including for Latin America, he said. Central America, South East Asia, Central Asia and South Asia hold huge potential for domestic exporters, but "our performance is at sub-optimal level" in these regions, he added.

Emphasised on the need to promote value added exports, Prabhu said his ministry is trying to bring Japanese and Korean companies on board to increase outbound shipments of marine products.

He also hoped that the recently announced agri-export policy will help boost exports from the sector to $60 billion in the next five years and $100 billion in the next 10 years.

"This is doable because we are the largest producers of milk and the second largest producer of fruits and vegetables," he said. The ministry would be drawing a strategy to promote shipments of five categories -- plantation crops, meat, fisheries, agriculture and horticulture, he added.

For this, the minister will be meeting all plantation boards, farmers associations and organisations and discuss issues related to every segment.

"We are asking states for product-specific clusters. For example, in Jalgaon (Maharashtra) we are promoting cluster for bananas, and for grapes in Nashik," he said.

The ministry is also preparing an incentive package for labour intensive sectors like leather to address issues faced by exporters.

"We are preparing a package which will ensure that exporters' woes are addressed properly. There have been challenges for the export sector over a period of time and one big challenge is credit," he said.

The ministry is also looking at quality of goods being exported by India as foreign firms are keeping a special tab on this.

Further, Prabhu said as India is one of the major exporter of services like IT and ITeS, the ministry's strategy will have elements to promote services exports also.

The government has approved an action plan for 12 champion services sectors, including IT, tourism and hospitality, for realising their potential through establishment of a Rs 50 billion dedicated fund.

Commenting on the growth prospects next year, exporters said the government needs to focus on areas like timely refund of Goods and Services tax; adequate availability of affordable credit; extending export duty benefits to more areas like seeds; and interest subsidy to merchant exporters.

"If government will take all these steps in the coming months, we can register 20 per cent growth in exports," the Federation of Indian Exports Organisation (FIEO) President Ganesh Kumar Gupta said.

Promoting exports helps a country to create jobs, boost manufacturing and earn more foreign exchange.

Government eases power exports to neighbouring nations	Financial Express https://www.financialexpress.com/economy/government-eases-power-exports-to-neighbouring-nations/1425881/

Industry representatives FE spoke to said the 2016 guidelines allowed cross border trade only through the 'term ahead' market and did not allow trading in the more attractive 'day-ahead' market.

The government has removed restrictive riders which discouraged neighbouring countries to buy power from India's spot power markets. Also, it barred plants with Coal India fuel linkage or captive mines from selling power outside India, a move that could help imported coal-based units in the private sector to have a larger pie of the markets in neighbouring countries.

Industry representatives FE spoke to said the 2016 guidelines allowed cross border trade only through the 'term ahead' market and did not allow trading in the more attractive 'day-ahead' market. The latest guidelines for cross-border electricity trade issued by the power ministry, reviewed by FE, have removed such conditions. However, foreign entities would be required to participate in power exchanges only through Indian power trading entities.

"The new guidelines are far more industry friendly and allow a wider set of generators, using commercial or renewable resource, to export more freely," said Kameswara Rao, leader, power, PwC India. "It enables larger investments with combined power generation and evacuation facilities, which can lower costs for importing nations." As reported by FE earlier, independent power producers had asked the power ministry to clarify if fuel sourced from Coal India linkage or captive mines can be used to export power. The clarity was sought after NTPC Vidyut Vyapar Nigam, a wholly owned arm of NTPC, had emerged as the successful bidder in the auction for power supply to Bangladesh.

The Association of Power Producers had said that exporting power using domestic coal would be "hampering domestic consumer interest". NVVN had won contracts for supply of 300 MW power to Bangladesh till May 2033 from power stations of the DVC. Experts FE spoke to could not immediately clarify if the new guideline would prevent NVVN from supplying electricity to Bangladesh. Notwithstanding anything done for import/export of electricity with neighbouring country(ies) "shall be deemed to have been done or taken under provisions of the latest guidelines and shall continue to be in place till the expiry of the existing contracts," the document stated.

As much as 7,203 million units (MU) were supplied to Nepal, Bangladesh and Myanmar in FY18. Bangladesh is the largest buyer of Indian power. Adani Power has signed a 25-year power purchase agreement with the Bangladesh Power Development Board to supply a net capacity of 1,496 MW to the neighbouring country from the firm's upcoming 1,600 MW imported coal-based plant in Godda, Jharkhand. Sembcorp Gayatri Power, which runs a 1,320 MW imported coal-based power plant in Andhra Pradesh, had received letters of intent from the BPDB to supply 250 MW to the neighbouring nation for 15 years.

EAC agrees to make regional trade cheaper, faster, simpler	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/textile-news/eac-agrees-to-make-regional-trade-cheaper-faster-simpler-246444-newsdetails.htm

Burundi, Kenya, Rwanda, Tanzania and Uganda recently agreed to make trade among themselves and with other countries cheaper, faster and simpler. In a meeting in Nairobi, representatives of the countries said they would implement trade facilitation reforms including reducing 'non-tariff barriers' like burdensome and incompatible product regulations.

The countries are members of the East African Community customs union and common market (EAC). The ministerial meeting took place in parallel with the first UNCTAD Africa eCommerce Week from December 10 to 14, according to an UNCTAD statement.

The EAC move comes after most African countries signed the African Continental Free Trade Agreement (AfCTFA) in March 2018. The AfCFTA envisages establishing an Africa free trade area by building on regional blocs such as the EAC where trading nations already work together. The EAC declaration also aligns with the World Trade Organization's Trade Facilitation Agreement, which entered into force in February 2017.

In the declaration, EAC countries committed to supporting National Trade Facilitation Committees (NTFCs) as the main vehicle for coordinating the implementation of the trade facilitation measures at the national level.

Intra-EAC trade, while low compared to regions outside Africa, is the highest among regional economic communities in Africa at 19.35 per cent of exports.

UNCTAD and TMEA, a non-profit organization established in 2010 to support the growth of regional and international trade in East Africa, also renewed their cooperation agreement for 2019–2021. They decided to continue to work on trade facilitation, trade portals, enquiry points, trade and gender issues, and to explore working in other fields such as transport.

Textile industry demands Rs100bln in stuck tax refunds	The News https://www.thenews.com.pk/print/411049-textile-industry-demands-rs100bln-in-stuck-tax-refunds

LAHORE/KARACHI: Textile industry on Wednesday urged the government to settle more than Rs100 billion in outstanding sales tax refunds, which are causing serious liquidity crunch for manufacturers and exporters.

Ali Ahsan, chairman of All Pakistan Textile Mills Association said current and deferred sales tax refunds are lying pending at various large taxpayer units (LTUs) and regional tax offices (RTOs) mainly due to the cross-matching of invoices.

“The FBR (Federal Board of Revenue) should issue directions to all the LTUs and the RTOs for expeditious processing of refunds and subsequent payments against the refund payment orders issued in order to save industry facing the threat of being declared as defaulter,” Ahsan said in a statement.

Banks are already reluctant to revise (financing) limits of companies as per the increased cotton rates.” Textile exporters said the government has not released a single rupee on account of duty drawback of taxes (DDT) and drawback of local taxes and levies (DLTL) since it came into power four months back.

Value-added textile exporters said the previous government released Rs32.18 billion on account of payment of DDT under the Prime Minister’s Trade Enhancement Package and DLTL claims under the textile policies of 2009/14 and 2014/19.

“The sitting government has not released a single rupee till date,” Jawed Bilwani, central chairman of Pakistan Hosiery Manufacturers and Exporters Association (PHMA) said in a separate statement.

“The new government has taken over charge for more than four months (and)

is busy in lip service, verbal announcements and photo sessions but no practical steps and measures have been taken yet to release the amount of claims of DDT and DLTL.”

Textile exports remained flat at $5.506 billion during the first five months of the current fiscal year of 2018/19 as the value-added sector couldn’t perform up to the mark despite constant rupee devaluation against the US dollar. Rupee has lost a quarter of its value against the US dollar since December last year.

Bilwani said huge amount of exporters’ liquidity of billions of rupees in DDT and DLTL has been stuck with the government, causing great sufferings to the already-burdened exporters who couldn’t understand “how to make both ends meet and such an alarming situation will ruin the export business of the value-added textile exporters”.

“The government has not given any firm commitment to release DDT and DLTL claims,” he added. PHMA’s chairman further said billions of rupees in sales tax refund, customs rebates and withholding tax claims of exporters are also pending with the government.

"Value-added textile export sector is the backbone of Pakistan's economy (and) earns major amount of foreign exchange and revenue for the government," he added. "Besides, the sector is also labour-intensive and largest employment provider and generator. Value-added textile exporters are battling for their survival in the global market due to costly inputs and high cost of manufacturing."

Bilwani demanded of the government to help the industry overcome the challenges, provide an enabling business environment and create a level-playing field for textile exporters. "It is crucial that the government should immediately release payment against DDT and DLTL claims of textile exporters and accord priority to resolve the issues of textile exporters."

Pakistan, Argentine hold talks to boost trade ties	**Ary News.com** https://arynews.tv/en/pakistan-argentine-hold-talks-to-boost-trade-ties/

ISLAMABAD: Pakistan and Argentine on Wednesday held talks in Islamabad to discuss ways to boost trade ties and to expand cooperation in diverse fields.

Pakistani delegation was headed by Secretary Commerce Younus Dagha while the Argentinean delegation was led by its ambassador to Pakistan Rodolfo Jose Martin Saravia in the meeting.

Talking to journalists, Younus Dagha said that Pakistan and Argentine have two hundred million dollars of annual bilateral trade which could be enhanced up to eight million dollars.

Both the delegations agreed to hold talks next year to finalize the free trade agreements, he said and added that the agreements will help reduce the trade deficit.

Pakistan's export in textile, medicine and information communication will increase after the agreements with Argentina, said the secretary commerce.

Meanwhile Argentinean envoy Rodolfo Jose Martin Saravia offered Pakistan to take advantage of their expertise in the fields of livestock, food and meet processing technology. He said that they wanted to expand cooperation with Pakistan in the fields of chemicals and mining.

Recent US moves reflect its shifting focus to Indo-Pacific	Atimes.com http://www.atimes.com/recent-us-moves-reflect-its-shifting-focus-to-indo-pacific/

The administration of US President Donald Trump sent out confusing signals soon after coming to office by threatening to withdraw the US from the North Atlantic Treaty Organization, the World Trade Organization, and the United Nations Human Rights Council. The administration also slapped sanctions against Iran and Russia in a bid to coerce and prevent them from adopting strategies contrary to Washington's interests.

Of late, Washington seems poised to disengage militarily from Yemen, Syria and Afghanistan. This apart, President Trump's decision to erect a wall against neighbor Mexico to prevent migration has precipitated the country into a temporary domestic political chaos.

However, there are clear indications that the administration will maintain its influence in the Middle East through its Arab Gulf allies. For instance, the administration has not only been lobbying for maintaining arms supplies to Saudi Arabia, President Trump has admired Riyadh's willingness to contribute to reconstruction efforts in Syria. He said: "Saudi Arabia has now agreed to spend the necessary money needed to help rebuild Syria, instead of the United States. Isn't it nice when immensely wealthy countries help rebuild their neighbors."

Amid perceptible disagreements within the administration, the decision seems to be based on the realization of America's long military entanglements claiming substantial amount of economic resources with mounting troop casualties in the region without palpable benefits and solutions at sight. It is in this light that the administration's decision to draw up plans to remove approximately 7,000 US troops from Afghanistan as well as all 2,000 from Syria must be understood.

On the other side, the administration has clearly adopted measures to enhance its role and contain Chinese influence in the Indo-Pacific region. The administration not only articulated an innovative geographical expression for the "Asia-Pacific" by renaming it "Indo-Pacific'' and underlined the centrality of India to the region but containment of China and formation of a group of allies became central to its Indo-Pacific strategy.

Indicating positive engagement in the Indo-Pacific region, US Secretary of State Mike Pompeo announced $113 million in new technology, energy and infrastructure initiatives with the objective of casting the US as a trustworthy partner in the Indo-Pacific region in July and some days later he pledged to provide $300 million in new security funding for the region.

Meanwhile, Australian Foreign Minister Julie Bishop said in July, "Australia, the United States and Japan have announced a trilateral partnership to invest in projects … that would build infrastructure, address development challenges, increase connectivity, and promote economic growth."

The belief that the Trump administration on the lines of "America first" thinking would hamper the alliance system is refuted by its stress on the formation of a formidable alliance system in the Indo-Pacific. The administration concluded a so-called 2+2 meeting with India on September 6 that devoted more time to discussions on the American imperative of shaping the contours of Indo-Pacific policy and intended to bring India closer to the US in sharing similar viewpoints as regards their role and aspirations in the Indo-Pacific region.

In Washington's perception, New Delhi was a reluctant partner in the overall American strategy to strengthen the US-Japan-India-Australia quadrilateral format primarily aimed at containing Chinese influence. The Trump administration seemed poised to inspire and recruit stable partners in the Indo-Pacific region in the face of rising prominence of the Chinese role under the rubric of the Belt and Road Initiative (BRI).

Signing of the defense pact known as the Communications Compatibility and Security Agreement (COMCASA) on the eve of the 2+2 dialogue, while facilitating Indian military platforms' access to encrypted, cutting-edge and high-end secured communication equipment from the US, was primarily aimed at allowing interoperability between the US and Indian armed and naval forces and enabling India to put Chinese moves in the Indian Ocean and Himalayas under close surveillance.

The two countries also agreed to conduct tri-service military exercise during the dialogue. Forging ahead with Indo-US strategic relations, the American leadership granted India Strategic Trade Authorization-1 (STA-1) status with an objective to ease export controls over sales of high-technology product, which has so far been applicable only to its NATO allies.

On the other side, the Trump administration indicating a low priority for the Afghan engagement (Islamabad was previously considered central to Washington's Afghan war and peace strategy) extended its suspension of security assistance to Pakistan as Islamabad failed to act against terrorism as per the American convictions.

While the leadership in Pakistan was reeling under economic crisis and poised to seek loans from the International Monetary Fund, the Trump administration expressed its unwillingness to assist Islamabad in securing any loans from the IMF to repay Chinese loans. The administration remained cautious as to Beijing's rising geopolitical influence under its BRI, which it believed could rise to global prominence if unchecked.

The administration continued to show its disapproval of the Chinese BRI over issues from rising indebtedness among participating countries to lack of transparency and disregard for an open and inclusive approach on sustainable financing. Further, it took to stiff trade restrictions to check Beijing's growing economic clout allegedly by illegitimate means, which took the form of a trade war between the two great powers.

The Trump administration made efforts at attaining breakthroughs in the process of denuclearization of North Korea and ushering in peace on the Korean Peninsula arguably to concentrate more on containing Chinese influence. The administration meanwhile announced its decision to withdraw from the landmark Intermediate-Range Nuclear Forces Treaty with Russia, indicating its preference for a comprehensive pact that included Russia, the United States and China, and US national security adviser John Bolton was noticed saying in Moscow that Russia had been violating the INF Treaty for years and rising powers such as China meant that it was a “new strategic reality out there.”

It is worthwhile mentioning that the Indo-Pacific region is not only rich in natural resources, especially hydrocarbons that fuel the industrial engines of the world’s economies, it is also emerging as a center of international trade and investment by throwing up a large market of nearly half of the world’s population. There are in fact many reports that predict that by 2050, half of the world’s top 20 economies will be in the Indo-Pacific and countries like India, China, Indonesia and Japan will be among the top five economies in the world.

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Rashtriya Lok Samata Party (RLSP) chief Upendra Kushwaha, a former Indian cabinet minister who recently quit the National Democratic Alliance (NDA) government, joined the opposition United Progressive Alliance (UPA) and became a part of the Grand Alliance in Bihar. Kushwaha cited dissatisfaction with the NDA government’s failure to fulfill the promises made to the people of Bihar as the reason for his joining the Grand Alliance.

Although the exact reason he left the NDA was unhappiness regarding seat-sharing with the Bharatiya Janata Party (BJP), the major constituent of the NDA, no doubt this has brought smiles to the face of the Indian National Congress (INC), the main constituent of the UPA, which is now hoping to return to power in 2019.

Bottom of Form

Former Bihar chief minister Lalu Prasad’s Rashtriya Janata Dal, currently led by his son Tejaswi Yadav, is the main opposition party in the state. Congress, buoyed by victories in the recent state assembly elections in Rajasthan, Madhya Pradesh and Chhattisgarh, is trying to flex its muscles to gain more of Bihar’s seats at the upcoming national parliamentary elections from its ally RJD. Some Congress leaders have even pitched for a 20:20 seat share just like the equal seat share of the two NDA partners BJP and Janata Dal (United).

However, Congress is aware that an equal seat share with the RJD is not possible given the INC’s weak organizational structure in the state in comparison with the RJD, which has been successful in holding its core vote banks – Yadavs and Muslims – accounting for 31% of the state population. During the last national election, out of 40 parliamentary seats held by Bihar, the RJD contested 27, leaving 12 seats to the Congress. The remaining lone seat was contested by the Nationalist Congress Party (NCP).

But the current scenario of the Grand Alliance, which expanded with the membership of the RLSP, presents a gloomy picture for the Congress. Recently, the Vikassheel Insaan Party led by Mukhesh Sahni, an Extreme Backward Caste (EBC) member, also joined the Grand Alliance.

The INC has a task ahead to bargain with the RJD to retain the previously allotted tally of 12 seats in Lok Sabha, lower house of Parliament. The Grand Alliance in Bihar currently comprises the RJD, Congress, Jitan Ram Manjhi’s

Hindustani Awam Morcha (Secular), the Kushwaha-led RLSP and Sharad Yadav's Lok Janatantrik Dal.

Besides, there are talks between RJD and the three Left parties – the Communist Party of India, Communist Party of India (Marxist) and Communist Party of India (Marxist-Leninist). It is to be noted that CPI (ML) and RJD have been arch-rivals in Bihar state politics but their strong opposition against the BJP has brought them closer.

According to reports, the RJD is willing to sacrifice seats to accommodate its allies but it will contest no fewer than 20 seats. The RLSP, as the reports say, is promised four or five seats by the RJD. The other parties – HAM (S), LJD, CPI, CPM and CPML – may get one seat each, although they are eager to contest more than one. Also, the RJD may concede one seat to the Samajwadi party. In such a situation, Congress is left with a smaller number of seats in its share than in 2014. The RJD is reportedly supposed to allocate only eight seats – fewer than 2014 elections – to INC.

In the present scenario, it seems that to defeat the BJP led by Prime Minister Narendra Modi, Congress has no other option but to agree to the will of its allies that are dominant in their own regions. Bihar, once a stronghold of the Congress, is a significant state for national politics and the Congress is aware of the fact that to restore its lost glory, the party has to revive in the state.

However, at present, there are no hopes of increment but rather high chances of decrement in the tally of Congress' seat share in the Grand Alliance and it is definitely a challenge for the INC in Bihar to persuade the RJD to allow it to contest at least in 12 seats like in 2014 in the upcoming general elections.

And if the party fails, it will be a blow to the Congress, as it will continue to be dominated by regional forces like the RJD in Bihar, and this may have adverse effects in seat bargaining in the upcoming 2019 polls in other states such as Uttar Pradesh, Tamil Nadu, West Bengal, Maharashtra, Jharkhand, Andhra Pradesh and Karnataka, where Congress is willing to stitch alliances with the other regional parties to defeat the BJP.