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NEWS CLIPPINGS –10-01-2019

Textile processing units seek reduction in GST	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/textile-processing-units-seek-reduction-in-gst/article25955057.ece

The Dyers Association of Tirupur has said that if the Goods and Services Tax (GST) on Common Effluent Treatment Plants (CETPs) is not reduced to 5 %, knitwear exports from the hosiery town will be affected.

The association president S. Nagarajan has said in a press release that the Government had levied 18 % GST on the CETPs. The units wanted it to be reduced to 5 %. However, the GST council recently reduced the rate to 12 %. If the rate is not reduced to 5 %, the member units (textile processing units) of the CETPs will have to pay the amount and this will lead to financial problems. The medium-scale processing units will be hit by the 12 % levy and this will in turn affect knitwear exports.

The association office-bearers recently met the Chief Minister and sought the State's support to their demand.

They also met the Union Minister for Commerce and Industry Suresh Prabhu and the Union Minister of State for Finance Pon. Radhakrishnan and reiterated their demand. The GST Council should reduce the rate on CETPs and textile processing equipment used in the CETPs to 5 %, the Association 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
20622	43100	78.07
Domestic Futures (Ex-Gin) November		
Rs/Bale	Rs/Candy	USD Cent/lb
20920	43723	79.20
International Futures		
NY ICE USD Cents/lb. (Mar 2019)		73.13
ZCE Cotton: Yuan/MT (May 2019)		14995

ZCE Cotton: USD Cents/lb.		99.76
Basis Difference (Domestic spot – ICE March)		4.94
Cotlook A Index - Physical		81.05(-0.85)
WTI Crude :USD/Barrel		52.36
B. Currency		
USD/INR	Close	Previous Close
Spot	70.34	70.46
USD Index	95.14	

Cotton Guide

It is important to note that Businesses are slowing down all over the world because of these trade tensions about which we have been discussing for months now. The World Bank has already forewarned of "darkening skies" for the world economy, leading it to cut its growth forecast from three percent to 2.9 percent for 2019. The US China trade outcome seems to have made both the sides to pledge to each other – where China pledges to buy "substantial amount" of agriculture, energy, manufactured goods and Services from the United States. We have only been witnessing exchange of words or rather to put in a "good sense" – a promise given and taken. Will these pledges be able to find credence among market participants? Will the Duo adhere to the pledges made to each other? Will the market see a boost of demand in the upcoming days? All of these unanswered questions will still linger around if nothing concrete is seen on paper and action. For Cotton, China needs to start immediately buying upland and pima varieties which in-turn will be beneficial to the Global cotton trade as a whole.

Yesterday, ICE March settled 73.13 cents/lb with a massive change of +146 points. Similarly the ICE May and ICE July Contract ended up in triple digit settlement figures of +145 and +126 points respectively at 74.52 cents/lb and 75.66 cents/lb. The total open interest declined after eight sessions, losing 139 contracts to 224,007. The March and May open interest decreased by 1,005 and 1,263 contracts respectively, with figures of 127,179 and 38,426, whereas the July open interest increased by 1926 contract to 22,435 contracts. We expect prices to be show an upward movement today.

The MCX contracts were settled with positive figures of +30, +50 and +10 for January, February and March Contracts respectively. Whereas the MCX April contract declined by (-50) Rs. January contract settled at 20920 Rs/Bale, February contract settled at 21180 Rs/Bale whereas March contract settled at 21430 Rs/Bale. We presume the market now is in a bullish tone.

Cotlook Index A has been adjusted to 81.05 which amounts to a decline (-0.85). Arrival figures are estimated to be around 165,000 lint equivalent bales. Shankar 6 is priced at an average of 43,100 Rs/Candy.

On the technical front ICE March cotton prices made a bullish pattern (Morning star) accompanied with the RSI above 40 suggest a short term pullback in the price. Sustainable trades below 70.50 will only resume the downtrend while the immediate resistance is at around 74.50. From the above we expect prices to trade in the range of 71.50-74.60 with sideways to positive bias. Above 74.60, 75.35 and 76.20 exits as immediate resistance levels. In the domestic markets trading range for Jan future will be 20700-21160 Rs/Bale.

Currency Guide

Indian rupee may trade with a negative bias against the US dollar. Weighing on rupee is recent rise in crude oil price which has refueled trade deficit concerns. Brent crude rallied 4.6% yesterday but has eased a bit today to trade near $61 per barrel. Crude remains supported by OPEC and allies confidence that production cuts will rebalance global market. Rupee will also be pressurized by stall in recent gains in global equity market. Asian equity markets are trading largely lower today as initial optimism about US-China trade talks waned. US-China three day trade talks ended on an optimistic note however it will be a long time before trade disputes are resolved. Also weighing on market sentiment are concerns about Chinese economy amid disappointing inflation data. Brexit uncertainty rose as British parliament demanded the government come up with a plan-B within days if it loses a vote on the deal to leave the European Union. However, the US dollar will remain pressurized by Fed's patient stance on interest rate hikes. FOMC minutes and comments from Fed officials showed that the central bank wants more clarity before considering next rate hike. Rupee may witness choppy trade as market players assess US-China trade talks however general bias may be on the weaker side due to higher crude oil price. USDINR may trade in a range of 70.25-71 and bias may be on the upside.

India’s GDP may grow at 7.3% in 2018-19, says World Bank	**The Hindu** https://www.thehindu.com/todays-paper/tp-business/indias-gdp-may-grow-at-73-in-2018-19-says-world-bank/article25954733.ece

Upswing in consumption and investment to drive growth

India’s GDP is expected to grow at 7.3% in the fiscal year 2018-19, and 7.5% in the following two years, the World Bank has forecast, attributing it to an upswing in consumption and investment.

The bank said India will continue to be the fastest growing major economy in the world.

China to slow down

China’s economic growth is projected to slow down to 6.2% each in 2019 and 2020 and 6% in 2021, according to the January 2019 Global Economic Prospects report released by the World Bank.

In 2018, the Chinese economy is estimated to have grown by 6.5% as against India’s 7.3%. In 2017, China with 6.9% growth was marginally ahead of India’s 6.7%, mainly because of the slowdown in the Indian economy due to demonetisation and implementation of the Goods and Services Tax (GST), the report said.

“India’s growth outlook is still robust. India is still the fastest growing major economy,” World Bank Prospects Group Director Ayhan Kose told PTI in an interview.

“With investment picking up and consumption remaining strong, we expect India to grow 7.3% in the fiscal year

2018-2019, and average 7.5% in 2019 and 2020. India registered quite a bit of pick up in doing business ranking. The growth momentum is there (in India)," Mr. Kose told PTI.

MSMEs seek reduction in interest rates	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/msmes-seek-reduction-in-interest-rates/article25955042.ece

The Coimbatore SIDCO Industrial Estate Manufacturers' Welfare Association has sought reduction in interest rates for Micro, Small, and Medium-scale Enterprises (MSMEs).

The rates for MSMEs should be on a par with the agriculture sector, between 4 % to 5 %, the Association said.

The Credit Linked Capital Subsidy Scheme extended by the Government earlier is not available now. It should be implemented again for the MSMEs.

Further, MUDRA loans are mostly given to traders and Self Help Groups.

These should be extended to the small-scale manufacturing units or a new scheme on the lines of MUDRA should be framed for the MSME manufacturing units.

Regarding GST, the Association president, S. Surulivel, said the MSMEs should be permitted to make GST payments every quarter and they must have a simplified system for filing returns.

The labour charges for engineering job work should be reduced to 5 % and the GST refund process should be simplified.

The State Government should ensure that the MSME Facilitation Council met regularly every month and infrastructure facilities at the Government-promoted industrial estates are upgraded.

India set to become third-largest consumer market by 2030: WEF-Bain report	**Business Standard** https://www.business-standard.com/article/current-affairs/india-poised-to-become-third-largest-consumer-market-by-2030-wef-report-119010900296_1.html

India is poised to become the third-largest consumer market behind only the US and China; and consumer spending in India is expected to grow from $1.5 trillion at present to nearly $6 trillion by 2030, a World Economic Forum report said Wednesday.

According to the World Economic Forum (WEF), with an annual GDP growth rate of 7.5 per cent, India is currently the world's sixth-largest economy. By 2030, domestic private consumption, which accounts for 60 per cent of the country's GDP, is expected to develop into a $6-trillion growth opportunity.

"If realised, this would make India's consumer market the third-largest in the world, behind the US and China," the report said.

Commenting on the report, Zara Ingilizian, Head of Consumer Industries and Member of Executive Committee, World Economic Forum, said "as India continues its path as one of the world's most dynamic consumption environments, private and public-sector leaders will have to take shared accountability to ensure such consumption is inclusive and responsible.

Notwithstanding the significant growth in consumption, critical societal challenges will need to be addressed, including skills development and employment of the future workforce, socio-economic inclusion of rural India, and creating a healthy and sustainable future for its citizens.

The report titled 'Future of Consumption in Fast-Growth Consumer Market India' noted that growth of the middle class will lift nearly 25 million households out of poverty.

According to the report, growth in income will transform India from a "bottom of the pyramid economy" to a middle class-led one.

Future consumption growth will mainly come from rich and densely populated cities and the thousands of developed rural towns.

"India's top 40 cities will form a $1.5 trillion opportunity by 2030, many thousands of small urban towns will also drive an equally large spend in aggregate. In parallel, there will be an opportunity to unlock nearly USD 1.2 trillion of spend in developed rural areas by improving infrastructure and providing access to organised and online retail," WEF noted

The report produced in collaboration with Bain & Company builds on consumer surveys conducted across 5,100 households in 30 cities and towns in India, and draws from more than 40 interviews with private and public-sector leaders.

"It's an exciting future for firms that wish to unlock the consumption opportunity in India," as stated by Nikhil Prasad Ojha, Partner and Leader of the Strategy practice at Bain India.

To unlock the potential of these opportunities and to ensure equitable growth, the report identified three critical societal challenges that need to be addressed -- skills development and employment for the future workforce, socio-economic inclusion of rural India and healthy and sustainable future.

World Bank pegs India’s fiscal 2019 growth at 7.3%	**Live Mint** https://www.livemint.com/Politics/NnjV6Sc0SSxfluBbEoKmLM/Indias-GDP-expected-to-grow-at-73-in-201819-World-Bank.html

The World Bank on Wednesday kept India’s growth projection unchanged at 7.3% for 2018-19 and 7.5% in 2019-20 even as it warned that if a trade war between the US and China leads to a global slowdown, the spillover effects on emerging market and developing economies (EMDEs) could be profound.

This comes in the wake of the Central Statistics Office on Monday projecting the Indian economy to grow at 7.2% in

2018-19 against 6.7% a year ago.

It is of paramount importance for EMDEs to "rebuild policy buffers" while laying a stronger foundation for future growth by boosting human capital, promoting trade integration, and addressing the challenges associated with informality, the World Bank said in its latest Global Economic Prospects report titled "Darkening Skies".

India's growth has accelerated, driven by an upswing in consumption, and strengthening of investment growth amid harmonization of the goods and services tax rates, though rising interest rates and currency volatility are weighing on activity, the World Bank said.

Private consumption is projected to remain robust and investment growth is expected to continue as the benefits of recent policy reforms begin to materialize and credit rebounds. Strong domestic demand is envisioned to widen the current account deficit to 2.6% of GDP next year. Inflation is projected to rise somewhat above the midpoint of the Reserve Bank of India's target range of 2-6%, mainly owing to energy and food prices," it said.

Public sector banks in India, which represent roughly 70% of the banking sector assets, still report low profitability and high non-performing assets, the World Bank said. "Credit expansion could be limited in some major South Asia economies unless further steps are taken to deal with financial and corporate balance sheets," it said.

The Bank, which also reduced China's growth from the June projections by 10 basis points to 6%, pared down global growth by 10 basis points to 2.9% in 2019.

"Global growth is moderating as the recovery in trade and manufacturing activity loses steam. Despite ongoing negotiations, trade tensions among major economies remain elevated. These tensions, combined with concerns about softening global growth prospects, have weighed on investor sentiment and contributed to declines in global equity prices," it said.

Growth in the US will continue to be supported by fiscal stimulus in the near term, which will likely lead to larger and more persistent fiscal deficits, the Bank said. "Though the probability of a recession in the United States is still low and the slowdown in China is projected to be gradual, markedly weaker-than-expected activity in the world's two largest economies could have a severe impact on global economic prospects," it said.

The Bank warned that the projected gradual deceleration of global economic activity over the forecast horizon could be more severe than expected given the predominance of substantial downside risks. "A sharper-than-expected tightening of global financing conditions, or a renewed rapid appreciation of the US dollar, could exert further downward pressure on activity in EMDEs, including in those with large current account deficits financed by portfolio and bank flows," it said.

Escalating trade tensions are another major downside risk to the global outlook, the Bank said. "If all tariffs under consideration were implemented, they would affect about 5% of global trade flows and could dampen growth in the economies involved, leading to negative global spillovers," it said.

Women entrepreneurs are major beneficiaries of Mudra scheme’	Business Line https://www.thehindubusinessline.com/news/national/women-entrepreneurs-are-major-beneficiaries-of-mudra-scheme/article25949385.ece

The scheme aims to strengthen forward and backward linkages for robust value chains

Textiles Minister Smriti Irani said on Wednesday that women entrepreneurs are the major beneficiaries of the Centre’s Mudra scheme. This is because women have cornered about 75 per cent of the total disbursals.

She said through policy interventions, the Central Government is ensuring that more and more women would join the organised sector.

The Pradhan Mantri Mudra Yojana (PMMY) is a flagship scheme of the government to provide loans of up to Rs 10 lakh to small entrepreneurs. The loans are being given by banks, small finance banks, non-banking financial companies (NBFCs) and microfinance institutions.

The scheme aims to strengthen forward and backward linkages for robust value chains anchored by industries, aggregators, franchisors and associations.

The minister said there are 14 crore loans that have been processed. “Of these, 75 per cent have gone to female entrepreneurs. That speaks a lot about the latent entrepreneurial talent of Indian women and that is where the key lies for exponential growth,” the minister said.

She was speaking at the Raisina Dialogue 2019 here.

Irani added that in the textiles sector, about 70-75 per cent of the workforce are women. She also said that people from the industry have realised more people would stay longer in a company as well as learn and enhance their skills if the girls are assured of a residence and education.

Regarding the delay in the passage of the Women Reservation Bill in Parliament, the minister stated, “We have time and again said that all political parties need to come to the forefront and help us pass this bill, that is an offer we have made time and again, we have not found many takers.”

The bill was passed during the UPA rule in the Rajya Sabha in March 2010, but could not be passed in the Lok Sabha.

New Rules Will Protect Teenage Girls Working in Clothing Factories in Parts of India	Teenvogue.com https://www.teenvogue.com/story/teenage-girls-garment-factories-southern-india

A new code of conduct will make it that garment factories in the southern part of India will have to stop hiring teenage girls ages 16 to 19 to work night shifts. These workers will also be allowed time off when they are on their periods and they will no longer be made to work over a nine-hour shift, Aljazeera reports. Though it is a huge step forward, it's important to note that the code of conduct is voluntary.

Southern India Mills' Association (SIMA), the organization negotiating for better conditions in textile factories, told

Aljazeera that "workers' needs are being taken into account and we have zero tolerance to any form of abuse."

Chairwoman of the Tamil Nadu State Commission for Women, Kannagi Packianathan, reiterated that the organizations are "working in tandem to create clear ground rules where women employees are concerned and are insisting on the prevention of sexual harassment laws being implemented."

In 2017, Reuters reported that one in seven women in the garment industry of the southern Indian city of Bengaluru faces sexual violence. These women are in a particularly vulnerable position, where speaking out against issues of violence and harassment could cause them to lose their jobs with no recourse. And, with women making up the majority of the around 45 million-person garment industry workforce in India, these issues have become a persistent problem.

While India makes up a large part of the textile industry, it certainly isn't the only region in the world facing issues with working conditions in the factories. The *Sydney Morning Herald*reported that some Cambodian factories (some of which make clothing for popular stores like H&M) employ teenagers as young as 15, though they are limited to the tasks that they are allowed to do until they are 18. Hopefully, the new measures in India will inspire change in other factories to protect young workers around the globe.

Make GST input tax credit claims online: Suresh Prabhu	**Economic Times** https://economictimes.indiatimes.com/news/economy/policy/make-gst-input-tax-credit-claims-online-suresh-prabhu/articleshow/67459306.cms

NEW DELHI: Commerce minister Suresh Prabhu Wednesday urged the finance ministry to make the process of refund of GST input tax credit online.

Prabhu, along with commerce and revenue department officials, met exporters to discuss the problems faced by the sector.

Banking issues, like caution listing of exporters, third party/ third country exports and list of items to be traded with Iran, were also discussed. The finance ministry officials would discuss the issues which were flagged in a meeting with banks on January 22, an official statement said.

Prabhu also highlighted the declining trend of export credit in recent months and suggested that banks may be asked to encourage flow of credit to the export sector particularly to MSMEs for generating more employment.

"The commerce minister also urged to make input tax credit (ITC) refund online to ensure that the export refund is seamless and also transparent and accountable," the statement said.

As of November-end, Rs 91,149 crore has been issued to exporters as Goods and Services Tax (GST) refund, which was 93.77 per cent of total claims with the tax authorities.

While Integrated GST (IGST) refund process is online, claiming of ITC refund still requires manual intervention.

Representatives of the export sector highlighted the problems of pre-import under advance authorisation and requested the Commerce Minister to bring the notification deleting the condition with retrospective effect.

"Suresh Prabhu asked DGFT and Department of Revenue, Ministry of Finance, to look into it so that genuine exporters are not harassed," the statement added.

Representatives from Federation of Indian Export Organisations, Pharmexcil, Gems and Jewellery Export Promotion Council, Engineering Exports Promotion Council and Chemexcil attended the meeting.

Fall-out of trade spat	**The Hindu** https://www.thehindubusinessline.com/opinion/fall-out-of-trade-spat/article25952423.ece

ASEAN could benefit at China's expense

At a recent ASEAN summit, it was observed that "perhaps one day ASEAN would have to choose between US or China."

ASEAN, with a population of 630 million having a combined GDP of \$2.4 trillion, forms the fourth largest export market for the US. It could benefit from the trade dispute between the US and China.

The dispute, driven by US tariff measures, primarily targets intermediate goods in the electronic and machinery sectors. It favours the countries of ASEAN, which have strong regional trade ties in the form of free-trade agreements (FTAs) along with the recently agreed Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The impact will be felt strongly in the sectors of information and communication technology (ICT), automotives and readymade garments (RMGs). These sectors also constitute major segments in US-China bilateral trade.

A report produced by the EIU on "Creative disruption: Asia's winners in the US-China Trade War", offers interesting insights into the effects of the trade dispute. The US has imposed tariffs on ICT, being its largest import from China, amounting to \$150 billion. The aim is two-fold: to cut the trade deficit with China; and to obstruct the Make in China development agenda of 2025, which formulated to enhance its key technological innovations. Malaysia and Vietnam will benefit most, especially in the manufacturing of consumer goods such as mobile phone and laptops. Major ICT companies such as Dell, Sony, Panasonic, Samsung and Intel have their presence in these countries. The presence of strong trade infrastructure, corporate laws, and an SEZ environment makes Malaysia and Vietnam potential locations for the ICT industry. Benefits may accrue to India, Indonesia and Thailand, given their ICT exports-oriented market.

The US is the largest destination for auto parts and automotives. "International Trade Centre statistics indicate that finished vehicle exports accounted for only 0.3 per cent of China's total exports in 2017, at a value of \$7.2 billion. The impact of the trade war on Chinese auto-parts exports, which were worth \$31 billion over 2017, will be greater", the report observes.

Thailand and Malaysia will benefit most from the trade dislocation in automotives. In Thailand, trade links in the automotive sector are well diversified with exports to the US, Japan and other ASEAN counterparts. The medium term benefits will be reaped by India, Indonesia, the Philippines and Vietnam. Japan, Singapore, South Korea and

Taiwan will be minimally impacted. For Asian markets, the bigger concern is tariffs on steel and aluminium and the Section 232 report of the US Department of Commerce.

Out of $257 billion annual Chinese textile and apparel exports, $38.7 billion went to the US market. As per WTO, in 2016, China accounted for 36.2 per cent of global textile and 34.5 per cent of clothing exports. Bangladesh, India and Vietnam will gain from the trade tension in RMGs. India has the potential to attract the apparel market. Mild benefits may go to Pakistan and Sri Lanka.

With rising concerns over land and labour in China, nations in South and South-East Asia are preferable markets for MNCs and private enterprises to establish their manufacturing base. The ongoing US-China trade conflict shifts the export manufacturing site from China to Asian markets. However, greater benefits to ASEAN may be expected only in 2020 or later.

India Inc expect faster growth in 2019: FICCI-PwC report	**Business Line** https://www.thehindubusinessline.com/economy/india-inc-expect-faster-growth-in-2019-ficci-report/article25950421.ece

India’s economy is projected to grow anywhere between 7.3 – 7.7 per cent

Business leaders expect faster growth in the next 12 months driven by expanding domestic market, technology and increased spending, according to a report.

The India Manufacturing Barometer 2019 by the Federation of Indian Chamber of Commerce and Industry (FICCI) and PwC reports that close to 74 per cent of companies surveyed believe that the next 12 months will see faster growth in their sector. Around 58 per cent of the respondents believe that their sector would grow faster by at least 5 per cent.

The sample for the survey includes companies that contribute approximately 12 per cent to the manufacturing Gross Domestic Product (GDP) of the country. The sectors include automobiles, chemicals, electrical machinery, food processing, leather, pharmaceuticals and textiles.

India’s economy is projected to grow anywhere between 7.3 – 7.7 per cent. Domestic market remains a major demand driver for India Inc. However business leaders anticipate an increase in turnover from global demand in the future.

Speaking at the launch of the report here on Wednesday, Puneet Dalmia, Managing Director, Dalmia Bharat Group, said that majority of the investment that happen in India are to cater to the domestic market. “Our exports accounted for 1.5 per cent of the total exports in 2013 and 1.7 per cent in 2017,” he said and added that for a country this big our exports should reflect that.

Rajat Kathuria, Director and Chief Executive Officer (CEO), ICRIER, a think tank, agrees. He said, “Our domestic market is big. But to be competitive you need to serve the global market.”

As India expands it manufacturing footprint, Kathuria said the companies should improve their logistics better.

Logistics cost in India is about 15 per cent of the overall cost whereas the cost is less than 10 per cent in countries like Japan. “Efficient logistics now will go a long way than it did in the past,” he added.

Other road blocks for exports include restrictions imposed by importing countries such as certifications, testing procedures, customer and technical barriers such as labelling regulations. Some countries impose price control measures that impact the custom value and limiting sales of goods to certain areas.

Strengthening the SME loan infrastructure in India	**Live Mint** https://www.livemint.com/Industry/zVl4vnnB4tKJPVzQ87oVRL/Strengthening-the-SME-loan-infrastructure-in-India.html

From kirana stores to local businesses, small and medium-sized enterprises (SMEs) are central to the Indian economy. According to the ministry of micro, small and medium enterprises, these firms contribute about 30% to India’s economic output and provide employment to over 111 million people. But despite this importance, India’s small firms are starved of funds.

One way to address this, according to a new study by the Asian Development Bank (ADB), is to establish credit-information infrastructure for SMEs and provide credit guarantees to ease their access to finance.

In the study, Naoyuki Yoshino and Farhad Taghizadeh-Hesary say SMEs face difficulties in accessing cheap finance because creditors lack clarity about the financial health of SMEs. Assessing financial health requires audited accounts and financial statements which SMEs often do not maintain. This increases collateral requirements for lending to SMEs and higher interest rates to compensate creditors for the increased risk.

The authors suggest that the development of SME credit risk databases, credit bureaus and credit ratings can help lenders gauge the risk associated with lending to small companies.

For instance, in Japan, the “credit risk database” association uses scoring models to evaluate creditworthiness of SMEs and align loan prices with credit risk. Similarly, in Thailand, a National Credit Bureau collects and processes credit information of financial institutions’ clients.

While these may be long-term measures, the authors suggest there are short-term methods for analysing SME credit risk by using financial data which captures SME activity, profitability and liquidity.

The authors also highlight the importance of credit guarantee schemes for lowering credit risk. To address lender uncertainty around SMEs, the government can guarantee to repay a substantial portion of SME debt. This will ease lender concerns and attract more finance to the sector.

What Monsanto’s seed patent victory in Supreme Court means for India’s farmers	**The Print.com** https://theprint.in/theprint-essential/what-monsantos-seed-patent-victory-in-supreme-court-means-for-indias-farmers/175020/

Monsanto used an interesting analogy in Supreme Court to retain its patent rights over a Bt cotton variety that resists the bollworm pest.

New Delhi: A ‘patented spark plug’ is of no use unless it is fitted in an engine of the car. Once fitted inside a car, the patent still belongs to the plug alone and not the car.

Using a similar analogy, American seed-maker Monsanto Tuesday won a legal battle in the Supreme Court of India to own patents of its genetically-modified cotton seeds.

The ‘spark plug’ example helped overturn a Delhi High Court judgment that plant varieties and seeds cannot be patented under Indian law.

A Supreme Court bench, headed by Justice R.F. Nariman set aside the high court verdict, saying the patent of Monsanto’s Bollgard-II Bt cotton seed technology, a GM variant that resists the bollworm pest, is enforceable in India.

Monsanto argued that its patent is on the gene, the seed technology — Bollgard II — incorporated into the plant, like the spark plug in the car. As the component inside an automobile can be patented, if not the entire car, the technology inside the seed can be patented, if not the whole seed, it said.

What this verdict means for Monsanto?

The decision is a huge relief for Monsanto as it had lost its patent on the coveted Bt technology, and, potentially, 80 per cent of its income from licensing of Bt cotton seeds.

Monsanto can now charge royalty on its technology and is free to launch new technologies in India.

It has also regained the right to sue a third party for using its technology without permission. However, the company refrained from commenting on the verdict more than saying, “We welcome the judgment of the Honorable Supreme Court. We await a copy of the complete order and will have further comment once we study the same in detail.”

Why did the dispute arise?

In 2004, US-based Monsanto, one of the world’s largest agri-chemicals and agri-technology companies, licensed Nuziveedu Seeds Ltd (NSL), a Telangana-based seeds company, to make and sell Bt cotton seeds using its technology, in exchange for a one-time fee and periodic royalties called ‘trait value’.

Monsanto terminated the agreement with Nuziveedu in November 2015, citing non-payment of dues. NSL had subsequently petitioned the court to cancel Monsanto’s patent, and the US firm lodged counter cases for patent infringements by NSL.

What Monsanto’s win means for Indian cotton farmer

Launched in 2002, the Bt technology is known to have brought prosperity to cotton growers. It reportedly increased India’s cotton production threefold, from 130 lakh bales in 2000 to 390 lakh bales in 2016. It helped India surpass China to become the world’s largest cotton producer.

Driven by the growth in cotton output, India's textiles industry has boomed. Its output doubled from 26 million spindles in 2000 to 52 million spindles in 2017.

"The apex court's decision to protect the technology from infringement will give confidence to other players to invest more in research and development (R&D)," said M. Ramasami, chairman of Rasi Seeds and a founding-member of the Federation of Seed Industry of India, which has 30 seed companies as members.

"Till last year, our firm hardly invested around 3-4 per cent of revenue in R&D. However, with the latest decision, I have got the confidence that if I develop a technology, it will be protected," he added. "From the new fiscal year, we plan to invest 7 per cent in R&D.

The Supreme Court has struck the right note by quashing the case filed by "pirates", said experts.

"Companies who have tried to promote piracy are short-sighted," said Ashok Gulati, agricultural economist. "The court's decision will make farmers happy as they will have access to latest technology across the globe, which will help increase their income.

"If we are concerned about Monsanto creating a monopoly in India, we must follow the China model, where they bought seed research company Syngenta for $43 billion," he said, adding that India had failed to invest adequately in indigenous research and development.

In India, the textiles sector is the second-largest employer after agriculture, employing an estimated 32 million workers. The textiles ministry wants to double production, and trade to $300 billion by 2025, which will require a significant increase in the yield of cotton fibre (as well as more production of synthetic fabric).

What if SC ruling had gone in favour of NSL?

The SC ruling is limited to the Monsanto's Bt cotton patent. However, had the court denied the grant of patent based on NSL's argument — that a seed or a plant cannot be patented — then the 107 patents already granted on agri-biotech products of Indian and foreign companies like Bayer, Syngenta, and DuPont would also have crashed.

There are more than 1,000 applications for patents on agri-biotech pending before the Indian Patent Office. These would have been dismissed, blocking the flow of high-end R&D products — Indian farmers and agriculture would have both suffered.

"It would have been a disaster if the NSL case had been upheld," observed Gulati.

ATIRA gets special recognition from ministry of textiles	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/textile-news/atira-gets-special-recognition-from-ministry-of-textiles-246634-newsdetails.htm

Ahmedabad Textile Industry's Research Association (ATIRA) received 'Special Recognition in Textile Sector' award in the category – Technical Textiles. The award was given at an event held in Delhi on January 5, 2019. ATIRA director MN Subramanian received the award on behalf of the organisation from Union minister of textiles Smriti Irani.

“ATIRA’s efforts in composites have resulted in innovations such as low cost toilets, jute composite, cottoncomposites, GFRP, KFRP, CFRP components and CFRP hybrid products. The organisation is also pursuing 32 geo technical textile projects in North East India for strengthening roads, stabilising slopes and lining water reservoirs. Antimicrobial face masks with 99.8 per cent virus filtration efficiency and water filters are some of its nano textile innovations,” the ministry of textiles said in the award presented to ATIRA.

“ATIRA has developed mission critical components such as reflectors, cylinders, blocks, struts for ISRO. They have already been installed in already launched space-crafts including GSAT-29, Chandrayaan-2, and Cartosat-3,” the award added.

The World's a Stage	Fibre 2 Fashion https://www.fibre2fashion.com/industry-article/8253/the-world-s-a-stage

The year 2018 was marked by trade hostilities between the United States and China. With exports hanging by a thread, Subir Ghosh looks ahead at 2019.

In mid-November came the heartening news that textiles and apparel exports had jumped-by as much as an impressive 38 per cent in October because of higher overseas demand. According to the ministry of commerce and industry, textiles and apparel exports had reached ₹203.53 billion for October 2018 as against ₹147.79 billion in the corresponding month of the previous year. Textiles exports increased by 28 per cent, and that of apparel rose by 54 per cent that month. Sounded like good news.

The reasons being given for the turnaround were: a recovery in the global economy, a depreciating rupee that helped boost realisation of exporters, and a spurt in demand from the United States (US).

Just two weeks later, The Cotton Textiles Export Promotion Council (TEXPROCIL) added to the euphoria with the announcement that cotton textiles exports had reached $938.91 million in October 2018, marking a growth of 20.3 per cent against the corresponding month of 2017, when exports were valued at $780.37 million. In rupee terms, exports during October 2018 reached ₹6780.39 crore as against ₹5078.74 crore in October 2017, recording a growth of 33.5 per cent.

Even as observers were deliberating whether things were indeed getting better, the commerce ministry tried to make the best of the turnaround, even though that turnaround could well be only a temporary reprieve-by raising duty drawback rates for all segments so as to enable exporters tap global markets with full potential and enhance textile and apparel shipments from the country.

On December 7, the ministry raised duty drawback rates across all varieties i.e. cotton, man-made fibres (MMF), nylon, yarn, fabric and other categories. The commerce ministry periodically reviews duty drawback rates through the duty drawback committee and modifies rates if necessary so that central taxes are refunded in order to avoid the "export" of taxes and retain a level-playing field in the global market. With the tax structure undergoing a phenomenal change with the introduction of the goods and services tax (GST), exporters had been demanding a change in duties.

It remains to be seen how much these would translate into more exports, and in turn to increased industrial productivity. The figures at hand are for October-the month in which the rupee fell to its all-time low of 74.60 (on October 10). Since then, the rupee has been strengthening.

Way Too Fluid

Much of the rise in exports to the US was being pinned to an improvement in the retail market there. In August, the National Retail Federation (NRF) of the US raised its retail sales forecast for the year. The NRF expected 2018 retail sales to increase at a minimum of 4.5 per cent over 2017 compared to the 3.8-4.4 per cent 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," the federation remarked in a statement.

A newspaper article at that time mentioned how Indian exporters were reporting a healthy volume growth but also that their "earnings remained weak as reduction in export incentives, high cotton costs and low realisations impacted performance."

Pinning export hopes to the ongoing USChina trade war could have been misplaced. On October 30, US President Donald Trump announced that Indian exports of certain musical instruments, leather, textiles, dairy, chemicals and processed fruits and vegetables to the US would no longer enjoy duty-free access, with his administration withdrawing the concessions from November 1.

Softening yarn demand, spiralling costs hit cotton ginners hard	**Business Line** HTTPS://WWW.THEHINDUBUSINESSLINE.COM/TODAYS-PAPER/ARTICLE25955924.ECE

On the verge of loan defaults, many units have shut shop

AHMEDABAD/BENGALURU, JANUARY 9

Cotton ginners across the country are going through tough times. Faced with poor viability following reduced demand for yarn, and struggling to recover even their production costs, ginners are handing over the keys of their factories to bankers, quite literally.

In Gujarat, which has the largest number of ginning units in the country — it has 1,300 of India's 4,300 mills — ginners are among the few MSMEs with a high incidence of non-performing assets (NPAs), bankers said. Industry experts say the problem lies in the market dynamics and misplaced policy priorities.

A decade ago, when the ginning business was considered a promising and prestigious investment avenue, huge investments took place to add new capacities with subsidised bank borrowing.

"The main reason behind the stress is the lack of price parity. Raw cotton — the raw material for ginners — is getting costlier, while yarn prices are not picking up due to lack of demand," said Bhupendrasingh Rajpal, President of the Maharashtra Cotton Association. "Despite lower yarn prices, cotton prices are not going down because the MSP is hiked to protect farmers' interests. Now the ginning business is suffering."

“Ginning capacities in the country are double the crop size. Due to this, the industry faces idle capacities, hence the losses,” he added.

Ginned cotton currently fetches around Rs. 43,000 a candy (each of 356 kg), less than the production cost, estimated to be Rs. 44,000. This has pushed many to shut shop.

Other units are operating at reduced capacity to meet running expenses and pay for interest. New ginning clusters had come up in Saurashtra, North Gujarat and Central Gujarat. “Out of 1,300 mills, about one-fourth are operational, that too with reduced capacity utilisation. More units may shut down due to losses,” said Dilip Patel, a leading ginner at Kadi in North Gujarat.

Same story down South

The scene is no different in Karnataka and Telangana. The majority of the 350 units in Telangana are operating on a single shift and the lack of demand from textiles mills and MNCs has hit payment cycles, triggering a liquidity crunch, said B Ravinder Reddy of the Telangana Cotton Association. Ginners in the State plan to approach the government seeking sops such as the waiver of minimum fixed electricity charges, amounting to Rs. 1.75 lakh a mill a month, which has to be paid whether or not the mill is operational.

In Karnataka, about half of the 300 mills have already shut down owing to lack of business. In Raichur, about a third of the 39 units have not started operations this year, said Ramanuj Das Boob, who exited ginning to become a sourcing agent for MNCs. “The situation is going to be very bad this year on lack of demand,” he added.

US-China trade talks conclude on optimistic note in Beijing	**Live Mint** https://www.livemint.com/Politics/RPAyuaydACfqe66F6VtToK/USChina-trade-talks-conclude-as-hopes-of-a-deal-build.html

Beijing: China and the US wrapped up three days of trade talks and are reportedly coordinating how to characterize the results publicly as officials from both nations expressed optimism that progress had been made.

People familiar with the discussions said positions were closer on areas including energy and agriculture but further apart on harder issues. As of 8:25 pm in Beijing, neither the Chinese side nor the Americans had released a statement -- a possible sign of message coordination as the US delegation returned to Washington.

Stocks rose across Asia and Europe, and equity futures indicated an increase in the US on Wednesday, on signs the world’s two largest economies are trying to resolve their trade war.

Chinese foreign ministry spokesman Lu Kang said a one-day extension in talks showed both sides are serious about the talks. Some disagreements remain on structural issues and they need to be addressed when more senior negotiators meet later on, according to Chinese officials involved in the discussions who asked not to be identified.

The editor-in-chief of the Global Times, a state-run Chinese newspaper known for its nationalist leanings, said on Twitter around 4 pm in Beijing that he’d heard the two sides were still consulting on the wording of coordinated statements.

China and the US plan to release a message on trade talks at the same time Thursday morning in Beijing, he said later in another tweet. The talks, though arduous, were conducted in a pleasant and candid atmosphere, he said.

Later this month, US Trade Representative Robert Lighthizer is expected to meet with Vice Premier Liu He, President Xi Jinping's top economic aide who is leading negotiations for China, a person familiar with the situation said last week. Liu made a brief appearance at the talks in Beijing on Monday, boosting optimism that China was serious about making progress on a deal.

The mid-level talks were the first face-to-face meeting between the two sides since their leaders met on 1 December. Prior to the meeting, China made a number of concessions to US demands including temporarily cutting punitive tariffs on US-made cars, resuming soybean purchases, promising to open up its markets for more foreign investment, and drafting a law to prevent forced technology transfers.

The negotiations were extended from the two days initially scheduled, according to the Chinese. President Donald Trump tweeted "Talks with China are going very well!" late on Tuesday in Beijing.

The US president is increasingly eager to strike a deal with China soon in an effort to perk up financial markets that have slumped on concerns over the trade war, according to people familiar with internal White House deliberations. The S&P 500 Index has fallen about 8% since Trump and Xi agreed on a 90-day truce at their meeting in Argentina last month.

Lack of EU regulatory coherence 'impacting' mobile phone and textiles sectors	**Chemical Watch.com** https://chemicalwatch.com/73193/lack-of-eu-regulatory-coherence-impacting-mobile-phone-and-textiles-sectors

The absence of coherent regulation in the EU means that potentially hazardous chemicals are "continuously" being used in all stages of the production process in the textiles industry, a Norwegian study has said.

And current EU policies for this sector and for mobile phones "often let member states shape the laws and their implementation themselves", the European Sustainable Market Actors for Responsible Trade (Smart) project said in a release.

This leads to "more use of chemicals and less sustainable waste management".

Smart, funded by EU research and innovation programme Horizon 2020, focuses on the environmental and social footprint of global supply chains for clothes and mobile phones. It comprises researchers from 25 institutions from around the world. It started in March 2016 and will run until February 2020.

The EU today has "a wide range of sustainability-oriented policies and regulations, but there is a lack of coherence and sufficiently stringent and enforceable regulation," Smart project leader Beate Sjåfjell said.

"Reforms adopted by the EU to promote sustainability often give a broad scope to the member states on how to implement these. Unfortunately, member states tend to aim for minimum implementation, out of fears of jeopardising their own competitive position or that of their businesses," she added.

Commenting on the study, Mauro Scalia from textiles and apparel industry association Euratex said: "Coherent regulation is already in place, yet the enforcement is a competence of the member states and it significantly varies, both on domestic production and especially on imported goods."

He added that "different and difficult" enforcement and non-application of REACH outside the EU can lead to chemicals being used in "very different ways" in textile manufacturing globally.

That, however, does not mean a "responsible business would use more chemicals within the current EU regulatory framework", he said. On the contrary, Mr Scalia added, an "ample set" of high level industry standards have "for decades" ensured strict levels of protection.

Considering the mobile phone sector, the Smart project said lack of consistency means hazardous materials end up being spread across the world, often in low-income countries where waste management is lacking.

In Ghana, for example, phones are used and repaired until "only a few parts" are "collected for recycling abroad, and most just gets thrown away", Smart's Maja Van der Velden said.

"The lack of sustainable recycling practices leads to the pollution of land, water and air," she added.

Missing information

It is not easy for consumers to consider sustainability when making their purchasing decisions because "there is a lack of public information from the companies regarding their business operations and their various impacts," Smart's María Jesús Muñoz Torres said.

Smart's Tineke Lambooy added that the EU should "introduce new regulation that mandates companies to disclose reliable and comparable information, and operate in a more sustainable way".

Businesses, she went on, "cannot do this alone because there has to be a level playing field. So, it is up to the regulators to introduce this, at least that is what many companies and/or their representatives express."

The Smart project results will be presented on 24 January at the European Commission Department for Justice (DG Just) in Brussels. DG Just is responsible for the Commission's policies on justice, consumer rights and gender equality.

Industrial policy on Malaysian model nearing completion	**Business Recorder** https://fp.brecorder.com/2019/01/20190109438124/

Ministry of Industries and Production (MoI&P) is giving final touches to the long-awaited Industrial Policy on Malaysian model, to be submitted to the federal cabinet for approval during the current month. This was stated by Prime Minister''s Advisor on Commerce, Textile, Industries and Production and Investment, Abdul Razak Dawood while talking to Business Recorder.

Presently, thousands of industrial units have been closed due to ''unfriendly'' policies i.e. high cost of doing business, regulatory hurdles and more recently fear of the initiation of an investigation by National Accountability Bureau (NAB).

The MoI&P had prepared a draft Industrial Policy 2010-11 and uploaded its draft on its website which had been removed later on after the business community criticised the Ministry for not taking them on Board for this purpose.

The country''s LSM output increased by 0.95 percent in October 2018 compared to October 2017 and 5.33 percent compared to September 2018. LSM growth was just 0.65 percent during the first four months of the current year (July-October 2018-19) as compared to corresponding period of 2017-18.

Official sources told this scribe that provincial governments have been requested to send their recommendations for revival of sick units. The policy will comprise short-term, medium-term and long-terms measures to revive the industry.

Pakistan Business Council (PBC), which is supported by the PM''s Advisor, is playing a key role in drafting an Industrial Policy which will bridge the fundamental disconnect between the government and the private sector and bring coherence within the industrial sectors.

The focus will be on value-added exports and imports substitution, i.e., textiles; pharmaceuticals; agriculture; oil & gas sector; engineering - iron & steel; other sectors including ceramics, footwear, tires, mining & furniture; Integrated petrochemicals complex; IT & Business Process Outsourcing (BPO).

"Contours of a new industrial policy" has revealed that the contribution of manufacturing to GDP was 12.1 percent in 2018 down from a high of 17.5 percent in 2005. This decline in share of manufacturing has seen Pakistan''s share of global exports flat lining as high input costs have impeded competitiveness of relatively low value-added, heavily textile-reliant exports, while those of competitor countries have seen large increases.

The role of manufacturing in the economy has declined and its rate of growth lags far behind India, Bangladesh and Sri Lanka. As a result Pakistan has lost its share of world exports whilst Bangladesh''s share doubled and Vietnam''s grew seven-fold during the same period.

The sources said Ministry of Industries and Production would identify some sectors which included LSM and SMEs which would be given regulatory as well as financial incentives. However, the rest of industry will also get some incentives.

IMF has projected 4 percent growth in coming years in Pakistan which implies that the country will lose 1.5 percent of GDP that, in turn, will hit revenue and jobs. The government has to keep in mind these factors before finalization of new industrial policy.

The new Industrial Policy will focus on import substitution, exports, technology, capital and risk-intensive sectors rather than on short payback, domestic consumption oriented industries that reap the demographic dividend of Pakistan''s large and growing middle class.

PBC has suggested following key enablers for new Industrial Policy: Fiscal Policy Reforms: The tax burden needs to be evenly spread out with all sectors paying their due share. Manufacturing with a 12.1 percent share of the GDP cannot contribute 58 percent to tax collection. Fiscal policy making should be separated from tax administration. Taxes should be on profits as opposed to any other proxies of profit, further the number of taxes need to be reduced, and multiplicity of tax authorities must be rationalized through the creation of a National Tax Authority. Tax rates need to be regionally competitive and brought down significantly to ensure that there is a level playing field between the formal and informal sectors.

A cascading tariff structure for imports where tariffs are highest on finished products domestically produced while being lowest on raw materials and intermediate products not available locally is also recommended. This cascading tariff structure is essential if Pakistan is to become part of global value chain. Similarly, the National Tariff Commission (NTC) has to take a more aggressive approach when it comes to protecting domestic industry; it needs to take inspiration from similar institutions in India, Indonesia and Turkey.

Vietnam sees export, trade opportunities in Cambodian market	**Vietnam Plus.com** https://en.vietnamplus.vn/vietnam-sees-export-trade-opportunities-in-cambodian-market/144797.vnp

– Vietnam's exports to Cambodia exceeded 3 billion USD last year, setting a record high in a decade and opening up opportunities for local firms to capitalise on untapped potential of the neighbouring market, statistics show.

In the past three years, the value of Vietnamese shipments to Cambodia increased continuously from 2.2 billion USD in 2016 to 2.77 billion USD in 2017 and 3.4 billion USD in the first 11 months of 2018.

According to the General Department of Vietnam Customs, during the January-November period last year, the export of steel, petroleum, and garment-textile products to Cambodia recorded significant increases and together accounted for the lion's share of the country's total, at 49.63 percent.

Notably, 1.2 million tonnes of steel products were exported to the market for over 796 million USD, annual increases of 53.04 and 74.36 percent, respectively. Firms have been advised to continue coming up with business plans to boost construction material shipments to Cambodia.

Fruit export also soared to reel in 2.4 million USD in the period, indicating a rosy outlook for the sector. Material plastic and timber-woodwork products also joined the upward trend, bringing in 15 million USD and 9.98 million USD, up 110.99 and 44.37 percent on year, respectively.

Recently, upbeat signals have led to a forecast that Vietnamese enterprises will have more chances to make gains from the Cambodian market.

Last year, the Cambodian Government introduced the Rectangular Strategy-Phase 4 which covers a priority of boosting economic development via increasing business activities with major partners and foreign direct investments, as well as improving international trade. It means Vietnam has favorable conditions to invest in the economy.

At the Vietnam – Cambodia business forum held in Hanoi on December 6 last year, Cambodian Prime Minister Hun Sen said the local government has adjusted the investment law to facilitate foreign investors. He added that it also put forth a series of measures to better the country's business climate, which simplifies and automates customs procedures, and cuts official and unofficial fees to boost import-export.

Official statistics announced at the forum showed that as of November 2018, Vietnam had 210 investment projects in Cambodia with a combined registered capital surpassing 3 billion USD. Among the 77 countries and territories worldwide, Vietnamese investors are pouring the third biggest sum of their capital in Cambodia.-VNA

RMG Workers' Pay Disparity: Protest rages on	**The Daily Star** https://www.thedailystar.net/frontpage/news/pay-disparity-protest-rages-1685380

Garment workers' protests over disparity in their new wage structure once again turned violent yesterday as they clashed with law enforcers and vandalised some factories and vehicles in Savar, Ashulia and Gazipur -- the apparel manufacturing hub of the country.

At least 72 people, including 15 policemen and two journalists, were injured in the clashes that led to long tailbacks on both sides of Dhaka-Aricha and Dhaka-Mymensingh highways.

Operation of around 170 garment factories was suspended, fearing further unrest. Members of Border Guard Bangladesh had been deployed in the areas around 10:00am to keep the situation under control, reports our Savar correspondent.

A number of workers alleged that they had been beaten up by law enforcers during peaceful protests.

Talking to The Daily Star yesterday evening, Monnujan Sufian, state minister for labour and employment, said her ministry called an emergency meeting today to discuss the situation with the members of the committee formed on Tuesday to review the wage structure for garment workers.

At a press conference at her residence last night, Monnujan urged the agitating workers to calm down and not to resort to violence at factories or on the streets.

She further said any discord would be resolved through discussions in the light of labour law, and that she would seek the prime minister's intervention, if necessary.

Commerce Minister Tipu Munshi also called upon the agitating workers to return to work, saying their concern would be addressed within a month.

Garment workers took to the streets for the fourth consecutive day yesterday, a day after the government assured them that it would address the disparity in the new wage structure within a month.

A number of trade union leaders said the workers might have not been informed properly about the decision made at a tripartite meeting between government officials, union leaders and garment factory owners on Tuesday.

The meeting unanimously agreed to redress the disparity in the new wage structure implemented last month. It also formed a 10-member body to review the wage structure.

“There were some problems in the third and fourth grades of the minimum wage structure,” said Shamsunnahar Bhuiyan, workers' representative in the minimum wage board formed for garment workers in January last year.

“We tried to discuss openly the disparity in wages at different grades, but there was not enough time to do that,” she told this newspaper over the phone.