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NEWS CLIPPINGS –26-02-2019

Integrated apparel manufacturing park to provide jobs to 7,000 people	The Hindu https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/integrated-apparel-manufacturing-park-to-provide-jobs-to-7000-people/article26370531.ece

It will have all basic amenities, uninterrupted power supply: Minister

The district's first integrated apparel manufacturing park called "Gobi Apparel Park" that is to come up at Rs. 106.58 crore at Kolapalur village at Gobichettipalayam is expected to provide jobs to 7,000 persons.

Under funding from the Ministry of Textiles of the Government of India and under the Scheme for Integrated Textile Parks (SITP) of the State Government, the park is being established that will have common facilities and other infrastructure to house 12 companies.

While the foundation was laid for establishing 11 companies, one company was inaugurated by Minister for School Education, Youth and Sports Development K.A. Sengottaiyan and Minister for Environment K.C. Karuppannan in the presence of Collector C. Kathiravan, Tirupur MP V. Sathyabama, MLAs and other officials here on Monday.

Mr. Sengottaiyan said the park would come up on 80 acre and provide jobs directly to 7,000 people.

The park would be provided with all the basic amenities, effluent and sewage treatment plants, uninterrupted power supply and wider roads. Also, quality testing centre, skill development centre, and modern accommodation for 3,000 works would also be established.

The Minister said that children's home, sports ground, old age home, community hall and other facilities would also be established in the park. He said that 2,500 people would be trained in the park every year and they could secure jobs anywhere in the country.

Mr. Karuppannan said the other 11 companies would be established soon and called upon entrepreneurs to utilise the facilities in the park.

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

A. Cotton		
Spot price- Shankar-6 (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
20096	42000	75.22
Domestic Futures price (Ex-Warehouse Rajkot) February		
Rs/Bale	Rs/Candy	USD Cent/lb
20500	42845	76.74
International Futures		

NY ICE USD Cents/lb. (May 2019)		73.10
ZCE Cotton: Yuan/MT (May 2019)		15460
ZCE Cotton: USD Cents/lb.		104.83
Basis difference (ICE March -Domestic Spot)		2.12
Cotlook A Index - Physical		81.25
WTI Crude USD / Barrel		55.48
B. Currency		
USD/INR	Close	Previous Close
Spot	71.14	70.98
USD Dollar Index	96.41	

Cotton Guide

The ICE cotton futures settled marginally high for the nearby contracts. The ICE May 2019 contract ended with at 73.10 cent/lb with a positive settlement figure of +9 showing a tendency of settling near the low figure of 72.86 as compared to the high figure of 73.81. The ICE July futures settled with a positive change of +16 at 74.33 cents/lb. The ICE estimated volumes were low at 20,516 contracts as compared to the previous 44,106 contracts. The volume for the May contract was at 14,134 contracts while the July contract were at 4,704 contracts. Today is the third day of the notice day for the ICE May contract. Total open interest increased by 2,512 contracts to 219,105, its first move to the upside in 11 sessions. May 2019 and July 2019 interest increased by 1,600 and 76 contracts, respectively, to 121,269 and 41,148.

The MCX Contracts on the other hand all settled with the similar change of +130 Rs. The MCX February, the MCX March contract and the MCX April contract settled at 20,180 Rs/Bale, 20,500 Rs/Bale and 20,790 Rs/Bale respectively. The total volume was recorded at 6,126 lots where in the February contract showed in volume at 2193 lots, the March contract showed in volume at 3296 lots whereas the April contract showed in volume at 637 lots.

The Estimated arrivals in India were estimated to be 155,000 lint equivalent bales (private estimates). Prices of Shankar 6 are hovering around the 42000 Rs/Candy range. The cotlook Index “A” has is readjusted lower at 81.25 cents/lb lower by (-1.00) cents/lb. Prices are expected to be in consolidation today.

Certified cotton stocks deliverable as on February 22, 2019 were at 127,974 480 lb bales, which were up from 127,973 from the previous session

We were expecting prices to show high volatility as the March 1 deadline was approaching with respect to the US China Trade talks. However, this deadline is indicated to be extended. Therefore, we expect the prices to be showing a sideways trend today.

Crude was down by around 3% as the US President said that the prices are too high. Macro factors are still playing a major role for cotton.

On the Technical Front, ICE cotton May futures witnessed decline as it failed to sustain above the 21 day EMA at 73.56. Meanwhile positive divergence between price and the strength indicator (RSI) restricted the downside in price. RSI in the daily charts is hovering around 45 levels suggesting sideways trend for the day. So for the day price is expected to remain in the range of 71.80-73.54 with sideways bias. In the near term strong supports exists around 70.00, followed by 69.50 levels. Likewise crucial resistance seen around 74.40 and 75.68 levels. In the domestic markets trading range for Feb futures contract will be 20100-20450 Rs/Bale

Currency Guide

Indian rupee- Indian rupee may witness mixed trade against the US dollar but general bias remains weak. Rupee may gain support from sharp correction in crude oil price. Brent crude trades weaker near $64 per barrel after a sharp

3.5% slide yesterday as US President expressed concerns about higher price and called upon OPEC to keep price steady. Chinese Yuan and other emerging market currencies have also benefitted from easing worries about US-China trade conflict. US President has decided to extend the March 1 deadline to impose higher tariffs on Chinese imports and also plans to meet Chinese President to finalize the deal. However, President Trump also said Monday an agreement "might not happen at all" and this fuelled some nervousness in the market. Asian equity markets have turned choppy after minor gains in US market yesterday. Also weighing on rupee is increased geopolitical risks. As per reports, Pakistan armed forces has claimed that Indian aircraft "intruded from Muzzafarabad sector" and "dropped a payload" near Balakot "facing timely and effective response from Pakistan Air Force". Rupee may witness choppy trade along with equity markets however general bias remains weak on geopolitical risks and general uptrend in crude oil price. USDINR may trade in a range of 70.95-71.4 and bias may be on the upside.

MEIS benefits allowed for exports through courier, says expert	**Business Standard** https://www.business-standard.com/article/sme/meis-benefits-allowed-for-exports-through-courier-119022500573_1.html

Para 3.06 (i) of FTP deals with exports of goods through courier or the foreign post office, using e-commerce

We are a manufacturer-exporter of engineering goods (automobile **parts). We make regular exports through couriers. Para 3.06 (i) of** FTP **restricts** MEIS **benefits to only Appendix-3C items for exports through couriers. Our item finds no mention in Appendix-3C. We are not sure whether our products, exported through courier are eligible for** MEIS. **Please clarify.**

Para 3.06 (i) of FTP deals with exports of goods through courier or the foreign post office, using e-commerce. As per Para 9.17 (a) of FTP, "'e-commerce' for the purpose of Merchandise Exports from India Scheme (MEIS) under Foreign Trade Policy (2015-20) (FTP) shall mean the export of goods hosted on a website accessible through the internet to a purchaser. While the dispatch of goods shall be made through courier or postal mode, as specified under the MEIS, the payment for goods purchased on e-commerce platform shall be done through international credit /debit cards and as per the Reserve Bank of India Circular (RBI/2015-16/185) [A.P. (DIR Series) Circular No. 16 dated September 24, 2015.] as amended from time to time." Since your exports are not through e-commerce platform, you are eligible for MEIS under the general provisions for MEIS. You must, however, ask the courier to file a shipping bill in your name indicating your intent to claim MEIS.

We are merchant exporters having an export **order in our name from a buyer abroad. Can we ask our supporting manufacturer to** export **the goods and file the shipping bill?**

As per Para 2.42 of FTP, "Third party exports (except Deemed Export) as defined in Chapter 9 shall be allowed under FTP. As per Para 9.60 of FTP, "'Third-party exports' means exports made by an exporter or manufacturer on behalf of another exporter(s). In such cases, export documents such as shipping bills shall indicate names of both manufacturer exporter/manufacturer and third party exporter(s). Bank Realisation Certificate (BRC), Self Declaration Form (SDF), export order and invoice should be in the name of third party exporter." So, the manufacturer can file the shipping bill on behalf of the merchant exporter.

Can an Indian resident (buyer) place an export order with another Indian resident (seller) for shipping goods to a consignee abroad?

No. As per Regulation 8 of Foreign Exchange Management (Export of Goods and Services) Regulations, 2015, "Unless otherwise authorised by the Reserve Bank, the amount representing the full export value of the goods exported shall be paid through an authorised dealer in the manner specified in the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 as amended from time to time." This is reiterated at Para A3 of RBI Master Direction no. 16/2015-16 dated January 1, 2016. Para A2 of the same Master Direction says that it is obligatory on the part of the exporter to realise and repatriate the full value of goods/software/services to India within a stipulated period from the date of export. These stipulations cannot be complied with where the Indian party (resident) makes payment in Indian rupees.

Draft e-commerce policy contains strong elements of protectionism, say players	**Business Line** https://www.thehindubusinessline.com/todays-paper/tp-news/article26370956.ece

The draft national e-commerce policy put up for consideration and discussion of all stakeholders by the Department for Promotion of Investments and Internal Trade on Saturday although imperative to the growing e-commerce industry, has strong elements of protectionism in it, say players.

As a consequence, instead of creating a fair marketplace environment to both foreign and domestic e-commerce firms, the Government will end up providing an unfair advantage to local sellers and make it difficult for foreign-controlled e-commerce firms to do business in India.

One of the key issues which the draft policy raises is about data being a national asset and wants foreign companies to localise data in India which will require investments in data infrastructure from e-commerce companies like Amazon and Walmart.

The draft e-commerce policy addresses six broad issues of the e-commerce ecosystem including data, infrastructure development, e-commerce marketplaces, regulatory issues, stimulating domestic digital economy and export promotion through e-commerce.

Given the scale, size and reach of the e-commerce industry which has transcended the start-up stage of evolution, it is important for the Government to lay out a framework and ground rules for regulating the industry, especially with regulations to protect consumer data, ensure cross border data privacy, create domestic infrastructure for data localisation as there is huge potential for misuse of this data, observed serial entrepreneur and partner K Ganesh.

"However, certain parts of the policy such as promoting domestic alternatives to foreign-based clouds and e-mail facilities and regulating advertising charges in e-commerce for small enterprises and start-ups reek of protectionism, that is targeted at companies like Google and Facebook. The question to ask here is, do we have efficient and cost effective domestic alternatives that the e-commerce industry can turn to," he said.

Hurdle for foreign firms

K Vaitheeswaran, founder of India's first e-commerce firm Indiaplaza, said: "One the one hand the Government is encouraging FDI in e-commerce and on other it is bringing down the ease of doing business for foreign firms."

Arvind Singhal, CMD of Technopak, said, the e-commerce policy is unlikely to create major hurdles for foreign e-commerce players like Amazon and Flipkart as they are largely compliant to Indian regulations with registered business entities in India. The policy is targeting under-the-radar entry by Chinese e-commerce players which are shipping goods to India but avoiding customs duty by bringing them in as gifts.

Analysts and lawyers BusinessLine spoke to feel that the draft e-commerce policy needs more clarity. "Under WTO there is a moratorium on imposition of customs duty on intangible transactions such as electronically transmitted data services. With data as an asset class becoming a valuable source for monetisation by foreign entities, the policy seeks to utilise a combination of customs regulations and foreign exchange management regulations under the RBI to identify commercial transactions on which it can potentially levy a duty or impose restrictions going forward," said L Badri Narayanan, Partner, Lakshmikumaran & Sridharan.

Target of 5 million acres set for cotton cultivation: minister	**Business Recorder** https://fp.brecorder.com/2019/02/20190226450064/

Punjab Minister for Agriculture Malik Nauman Ahmad Langrial has said that the provincial government has planned to attract farmers towards cotton growing and a target of 5 million acres has been set for cotton cultivation. Speaking at the Lahore Chamber of Commerce and Industry, the minister said that quality seed for one lakh acres will also be provided by the government to encourage cotton cultivation because farmers prefer to grow wheat, rice and oil seed due to high profit margins as compared to cotton. Punjab Seed Corporation's Managing Director Waheed Akhter Ansari also spoke on the occasion.

He said the Punjab government attaches priority to the development of agriculture sector to give a boost to the national economy. All possible measures including agriculture marketing, good price of crops for the farmers and facilitation are being taken in this regard, he added.

The minister further said that Punjab Agriculture Marketing Regulatory Authority is in the formation process that would ensure good price of crops for the farmers. During the current year, per acre cotton production will be increased from 18 maund to 25 maund. Farmers are also being encouraged to grow edible seeds that would help save huge foreign exchange, he added. He said the Punjab Seed Corporation is organizing motivational seminars for the farmers.

LCCI President Almas Hyder said the agriculture and economy are vital for each other. Development of the agriculture sector will bring economic issues under control besides getting rid of the IMF. Though Pakistan is an agrarian country but cotton production is not enough to meet the local demands and the country is spending billions of dollars on import of this commodity, he said. Almas Hyder said that Pakistan has produced around 10 million bales of cotton on average for the last several years against consumption of over 14 million bales. The modern techniques and hybrid seed can help Pakistan produce 30 to 40 million bales of cotton, he said. He also highlighted the issues of sugar industry, flour mills and tractor manufacturers and said that the government must support tractor manufacturers as this sector is vital for agriculture.

Energy sector crippling again	Business Recorder https://www.brecorder.com/2019/02/26/477057/energy-sector-crippling-again/

Six months down the road, government has yet to show any actionable performance in handling the energy mess. Inefficiencies in energy related sector are at the core of the twin deficit problem, yet the incumbents have nothing concrete to demonstrate.

The energy related ministries and finance ministry combined have failed so far in handling the circular debt, and other energy related governance and management issues. At the time PTI assumed power, the energy circular debt was Rs1.2 trillion and now news reports suggest that it is standing around Rs1.4-1.5 trillion. In 150 days, the toll has increased by an average Rs1.5-2 billion per day.

Did the government come unprepared? If six months are not enough, how many are? The talks of issuing Sukuk initiated 4 months ago and to-date no TFC or Sukuk has been issued. This could have happened in weeks. Dar in 2013 was spot on. An anchor to tackle the energy mess is missing.

Rs200 billion Sukuk is likely to be issued this week or the next. But government's indecisiveness and slow decision making is not the right recipe for reforming energy sector. The problem is that no one is taking onus, and collectively, they do not seem to have comprehended the gravity of the issue.

The decisions were wrong from the onset – be it handling of furnace oil imports, managing RLNG demand, clearing circular debt, sacking gas companies board or appointing MDs, gas subsidy to textile – For details read "Textile gas and comedy of errors", published on 8th November, 2018, or gas price revision formula. The challenges are big, but the government does not seem to have team to tackle the same.

The focus is on fixing power sector thefts which is a small problem in bigger scheme of things. The energy management team is penny wise but pound foolish. The first step in resolving any mess is to work on the big hurdles, before delving into the petty matters. What is the fun in stopping a few billion rupees leakages when the buildup of circular debt is Rs1.5-2 billion per day?

There is an energy task force, and cabinet committee of energy, but no one is seemingly in control. The minister of Petroleum is the weak link – earlier he was the head of the CCoE, but now Asad has assumed the role. The PTI government needs to get it straight by having one energy ministry. (read "Power sector needs powerful centre" published on 20th November, 2018)

The next step is to have right people at right place and coordination amongst relevant departments and ministries. How can you expect the NTDC in existing capacity to perform when the next year forecast on energy mix is out of proportion? The NTDC estimated FY19 FO consumption at 2.7 billion units while in 7 months; the consumption is already 7.4 billion units.

In FO fiasco, earlier there was a supply glut (read "No end to furnace oil lover affair" published on November 9, 2018). This was followed by import ban on FO and the way RLNG demand and supply is being handled, there is a chance that more FO would be imported this year. The mismanagement in RLNG is simply due to lack of coordination of power and petroleum divisions within the so called energy ministry. The power division does not give firm demand to petroleum and the latter does not import enough RLNG cargos.

This and other problems demonstrate lack of understanding and capacity constraints. For example, the idea of gas prices revision was right, but it should have been on averages instead of abrupt jump in bill on cut off slabs – such decisions require simple math and commonsense. Another example was sacking gas companies' board which is not a jurisdiction of executives in government – the gas problem was due to being presented incorrect demand by the petroleum ministry, but nobody was fired there. Now acting MDs are working in gas distribution companies. Similarly, top executives are missing in E&P companies.

Energy is the epicenter of the fiscal problem. And to get out of the rut of boom-bust cycle, the most pressing need is to strengthen and straighten the energy sector.