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NEWS CLIPPINGS –11-03-2019

Garment exporters welcome rebate on embedded taxes	**Business Line** https://www.thehindubusinessline.com/todays-paper/tp-others/tp-states/article26492251.ece

Big relief to units facing cash shortage post-GST

Post-GST, exporters of garments and made-ups have been struggling due to inadequate export benefits and tariff barriers. Industry associations and export promotion councils have pleaded with the government to hasten the GST and IGST refunds as most units were facing cash shortage.

In this context, the Union Cabinet's decision on March 7 to approve a scheme to rebate the state and central embedded taxes came as a relief to the textile sector. The Southern India Mills' Association Chairman, P Nataraj, said the proposed rates have arrived at the right time - it will benefit the garmenting and made-ups segments, and strengthen the entire cotton textiles value chain. The industry has been pleading to include spun yarn and fabrics under the RoSL (rebate on state levies) benefit for the last two years. " The government should have considered the spinning and weaving/ knitting segments as these suffer with surplus production capacity," said the SIMA Chairman.

A Sakthivel, Vice-Chairman, Apparel Export Promotion Council, said the approval of the new scheme by exclusively earmarking Rs. 6,000 crore (to prevent delay in refund of embedded taxes) will benefit the apparel manufacturers and exporters, boost the country's competitiveness in the export market and ensure equitable and inclusive growth of the textile and apparel sector. M Shanmugham, President , Tiruppur Exporters' Association, said, "The announcement has come at a time when the knitwear garment exporting units are going through pricing pressure from competing countries like Vietnam, Bangladesh, Cambodia, Indonesia, Sri Lanka, Pakistan apart from China. It is a welcome relief," he added.

On reduction in the hank yarn obligation from 40 per cent to 30 per cent with effect from January 1, 2019, Nataraj said that it is a welcome move that would enable ease of doing business. "The same has increased to over 1,600 million kg in 2018," said Nataraj, and added that the number of handlooms stood at 31.37 lakhs in 1997-98. It got reduced to 21.46 lakh in 2009-10. The proportionate reduction in obligation works out to less than 15 per cent. There is, therefore, room to reduce the obligation further to 10 per cent."

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
20287	42400	77.30
Domestic Futures price (Ex-Warehouse Rajkot) March		

Rs/Bale	Rs/Candy	USD Cent/lb
20710	43284	78.91
International Futures		
NY ICE USD Cents/lb. (May 2019)		73.49
ZCE Cotton: Yuan/MT (May 2019)		15265
ZCE Cotton: USD Cents/lb.		103.01
Basis difference (ICE March -Domestic Spot)		3.81
Cotlook A Index - Physical		81.25
WTI Crude USD / Barrel		56.07
B. Currency		
USD/INR	Close	Previous Close
Spot	69.89	70.15
USD Dollar Index	97.39	

Cotton Guide

Global Trend continues to confer a strong resistance at 75 cents

"75" The Lakhshman Rekha or we can call it the threshold line is still cherished. Market in the last week has kissed the high of 74.99 (ICE Future, May contract) and corrected down, turned volatile and finally settled at 73.45 cents per pound. The level 75 is a technical point however, reduced trading volume and steady open interests suggest traders' across the globe are not comfortable in seeing cotton so high given the recent fundamentals being bearish.

The U.S. 2018/19 cotton supply and demand estimates are unchanged from last month. The projected range for the marketing year average price received by producers of 69.0 to 71.0 cents per pound is reduced 2 cents, as the reported average price for January fell below previous expectations.

This month's 2018/19 world cotton estimates show higher production and ending stocks, and slightly lower trade. Production is estimated up 350,000 bales in Brazil on higher area and 200,000 bales up in Pakistan based on arrivals at gins. Production is 100,000 bales lower in Australia due to weather. World trade is forecast 140,000 bales lower with reductions for Brazil and Indonesia on the export and import sides based on activity to date. Ending stocks for 2018/19 are forecast 590,000 bales higher this month, at 76.1 million bales. This would be 5.1 million bales below their revised 2017/18 level.

Impact: Negative for cotton prices for immediate term

These USDA estimates suggest global production and ending stocks in the next year is expected to increase.

This might be too early to comprehend the fact that we have multi months ahead for the new season however these facts may not permit large gains in the price.

On the contrary it also does not indicate that price will fall drastically because it continues to hold the support level of 70 cents. Market isn't falling much below 70 in the recent past because hedge funds carry good amount of long positions, technical chart become oversold and mills huge unfixed on call positions. This determine before major move take place cotton in the international market is expected to trade in the broad range of 70 to 75 cents. However, we would still confer either side breakout will trigger a very quick move by at least 2 to 3 cents with large hit in the stop loss trade but we need to be very sure of the trend. For the week the aforementioned range is likely to persist.

Indian Cotton Market and its latest Dynamics:

The 29mm Cotton in the last week in India continued to trade around Rs. 42,200 per candy ex-gin. Although during the previous week it had traded below Rs. 42000 but it failed to hold and quickly rebound. The fact is that Indian cotton isn't falling much below the 42K level because of support of raw cotton MSP in Indian market, the arrivals of new crop into the physical markets have considerably declined, and ginners are refraining from selling cotton below Rs. 42,000 per candy. However, on the other hand domestic price falling below MSP level could attract export demand.

On the futures front the March future ended at Rs. 20710 per bale down by around Rs. 200 from the previous week's close. The difference between March and April is holding around Rs. 300 per bale. The exchange has the highest stock deposited first time in the history determines that market is to maintain a sideways with mixed factors.

Domestic Crop number by CAI:

As per the Cotton Association of India crop committee's last meeting held on 1st March 2019, the committee has estimated Indian crop size of 328 lakh bales of 170 kgs against previous month's estimate of 330 lakh bales. Compared to last year's 365 lakh bales, Indian crop size in the current year will be lower by 37 lakh bales, down by 10.13%. Against this year's crop size of 328 lakh bales up to February 28, 2019, 213.42 lakh bales of cotton have arrived in the market, which is 65% of the total estimates. Likewise, the exports are expected to be around 50 lakh bales. The current environment of cotton in the world and domestic market seems very baffling. In one hand the US-China trade issues pertaining for the past more than a month hasn't come to any concrete output yet though there is expectation that US will have huge cotton and other agriculture commodity being exported to China. ICE cotton trading below 75 cents or failing to move higher vis-à-vis Indian cotton price for Shankar-6 at a premium is also making a large disequilibrium in the Indian export market.

Cotton Market Price Outlook:

In the short term Cotton is expected to remain mixed. As said above ICE will see a sideways trend with the given range of 70 to 75 cents per pound. Indian cotton price might continue to hold near Rs. 42,000 per candy. The MCX cotton future for March may trade in the range of Rs. 20450 to Rs. 21000 per bale.

Other Market Outlook:

Oil market is expected to trade sideways to lower and might witness an inside range of 55 to 57.50 USD/Barrel

USD/INR to trade strong however, quantum may be limited. The trading range for the week should be 69.50 to 70.40

Major Data and Events:

The US Retail sales and inflation numbers are expected. Euro-zone macroeconomic numbers are expected during the week. Later in the week China's retail sales and Industrial Production data is expected.

Currency Guide

Indian rupee may witness choppy trade against the US dollar but general bias remains weak. Rupee tested 70 levels last week but has failed to give a close below that level. Weighing on rupee is weakening global economic outlook amid disappointing economic data from major economies, downbeat growth outlook and uncertainty about Brexit and US-China trade deal. Also weighing on rupee is political uncertainty as market players position for elections. As per latest reports, elections will be held from April 11 to May 19 with results scheduled on May 23. However, supporting rupee is pressure on crude oil price and lack of flare up in tensions between India and Pakistan. The US dollar has also corrected from recent highs amid disappointing US non-farm payrolls data and Fed's stance to remain patient on rate hikes. Rupee may witness choppy trade near 70 levels however weaker risk sentiment may keep pressure on the currency. USDINR may trade in a range of 69.9-70.4 and bias may be on the upside.

Minimum Wages Act, an escape route?	The Hindu https://www.thehindu.com/todays-paper/tp-national/tp-karnataka/minimum-wages-act-an-escape-route/article26491559.ece

There has been high incidence of under-reporting of wages to escape from the professional tax net, and the cash component being added to the salary fixed as per the Minimum Wages Act has been noticed. "To adhere to the Minimum Wages Act, we have seen many industries fixing salary according to the Act.

If the wage exceeds Rs. 15,000, the excess is given in cash, thereby avoiding registration for professional tax," an official said. Since cash is used in a big way in the hospitality industry, small- and medium-scale industries, and the security and transportation section, which provides employment to more

than a million people, coverage is low here.

'There is still room for talks on GSP'	The Hindu https://www.thehindu.com/todays-paper/tp-business/there-is-still-room-for-talks-on-gsp/article26491297.ece

Bullish on India despite trade setbacks, says U.S.-India Business Council chief

The Hindu spoke to Nisha Biswal , president of the U.S.-India Business Council at the U.S. Chamber of Commerce. Ms. Biswal was previously the Assistant Secretary for South and Central Asian Affairs at the U.S. Department of State from 2013-2017. Excerpts.:

Is the door to GSP negotiations still open?

Sure. Of course, it is. In the sense that, I think, were there to be some significant developments on resolving these trade issues, I think that the administration always has the ability to reassess, to defer, delay or withdraw its intent to terminate…within that 60- day notification, certainly there continues to be room for negotiation.

Do you have an assessment of whether that will happen?

I don't have a very clear sense… From the perspective of the US India Business Council and the U.S. Chamber, we've consistently said with respect to GSP that we believe that the GSP programme is an important one, it's a beneficial one. It benefits both the U.S. side and the India side.

There has been growing frustration about the number of unresolved trade issues between the U.S. and India. It was, I think, the dairy and the medical devices industries that were cited in the GSP review. But, in the last six to 10 months, we've seen the number of issues that have caused heartburn in the U.S.-India trade corridor just continue to grow.

Was there a spillover effect from India's e-commerce policy and data localisation policies?

I don't think that there is a specific linkage on GSP, but if you are a policy maker and everything else is going really well, but you have this one issue you tend to be feeling about it in one way…It does colour the overall environment I would think.

What prevented the 'fairly modest' goals from being achieved in, say, the medical devices sector, agricultural goods or ICT?

Obviously the people best positioned to try to explain where things have or have not been able to be resolved are the people who are at the negotiating table, the two governments and their trade officials. What I would say is between the U.S. and India, because we tend to come at these issues more individually, we have tended to not be as willing to give ground. What I think USTR, therefore, was trying to achieve, was…to bracket together three or four issues that could then get resolved.

In the process of doing that, it seems like partly the Indian reaction is to feel like the goalposts were moving and more issues were being brought together.

I think that was not my understanding of USTR's intention… I don't think the Indian side perhaps viewed it in the same way. I think fundamentally the election timetable over the last 10 months has factored in because things like medical devices have become much more populist in terms of the government, the Indian government's posturing, positioning of economic issues to benefit the Indian citizens. Trade is a tough sell in any country in an election campaign.

In 2014, you had said that India-U.S. trade can rise to $500 billion. Is it still an achievable goal?

U.S.-India trade is going to grow… The question is, will growth be at a pace and the potential that it can be? … It is my hope that post-election, whatever the outcome that there will be, the demands of the Indian people are going to spur whatever government [that takes office] to make sure they are making those choices that will allow investment to come in that will create that [growth]. I'm still very bullish on India [and am] very optimistic about U.S. [and] India and U.S.-India trade. It's not going to be smooth and linear, but then with these two behemoth economies and democracies that are very complicated, nothing is going to be smooth and linear.

Isn't it unrealistic to expect a sovereign nation to not want to regulate the flow of data?

I fully understand that data governance is an important issue, not just in India, but around the world. The United States is also grappling with what and how much of a regulatory frame to place along issues like data security. I think what we are not saying is that India shouldn't have a regulatory structure or even being 100% against localisation of any kind of data. What I think we are saying is to caution against an over-regulatory approach.

Are you expecting trouble with regard to exemptions from Iran oil sanctions?

The U.S. and India, on the foreign policy front, have many areas where there is deep and growing convergence and then, also some areas where there are some significant divergences. The areas of divergences are slowly, but steadily, narrowing, but they are still there.

The policy of both the prior administration and the current one has always been to try to work through those differences and divergences.

By and large, whether it's talking about Iran oil, Iran sanctions, whether it's talking about Venezuela, whether it's talking about CAATSA, the U.S. and India have sought to find ways to have some space and some understanding. I think that will continue to be the case.

Some sections of the media have said that India is the next target of Mr. Trump's trade wars...

No. I don't think that's a fair characterisation. I don't think that the Trump administration is looking to have a trade war with India. I think that's just a completely overblown characterisation.

Wind loses energy as policy paralysis blows through this renewable sector	**The Hindu** https://www.thehindu.com/todays-paper/tp-business/wind-loses-energy-as-policy-paralysis-blows-through-this-renewable-sector/article26491303.ece

From 5,500 MW in 2016-17, capacity addition plummetted in the subsequent two years, leaving 4,000 SMEs that supply components to turbine makers, shaken

From a euphoric 5,500 MW in 2016-17 — when wind energy companies rushed to commission their projects so as to get their foot in before certain incentives expired — capacity additions have plummeted, to 1,762 MW in 2017-18 and an estimated 1,600 MW in 2018-19.

Notably, at the beginning of both the years, expectations were high. After 2016-17 ended with 5,500 MW, an ecstatic industry predicted 6,000 MW for 2017-18. That didn't happen, but still, many projected a boom for 2018-19. Now, when the record is dismal again, there are some (like Tulsi Tanti, CMD of Suzlon Energy) predicting record high installations in 2019-20, while others (such as market research company Crisil) are not so optimistic. So, each year begins with high expectations and ends in dismal performance. What is happening?

The situation would have been very different if only policymakers had thought things through and the government had been more helpful. But first, some background.

Unlike solar, wind power plants cannot be put up anywhere but only in locations where winds blow strong. In India, there are eight States where it is economically viable to put up wind turbines —Tamil Nadu, Gujarat, Karnataka, Maharashtra, Madhya Pradesh, Rajasthan, Telangana and Andhra Pradesh.

For about two decades, wind energy firms (called 'developers') would erect the turbines at chosen sites and sell power to the electricity supply companies at prices fixed (called 'feed-in tariffs, or FiT) by the respective State electricity regulators. The developer would get the FiT for the entire power purchase agreement period, typically 25 years.

Because only eight States constituted the 'market', annual fresh capacity installations used to be in the 1,500 MW — 3,000 MW corridor. Expanding the market meant that the other States also should buy wind power. This could not happen because of difficulties in putting up projects in one State and selling the electricity to another.

Centre steps in

That was when the Centre stepped in. As soon as the BJP came to power in 2014, it fixed a target of 1,75,000 MW of capacity for renewable energy of which 1,00,000 MW would be solar, 60,000 MW wind and the rest biomass and small hydro.

To make the 60,000 MW happen, the Government of India (through its new company, SECI), became a trader — it would buy power from the developers and sell it to the non-windy States, thus expanding the market. Developers who offered to sell at the least prices would get to sign long-term power purchase agreements; they could put up their projects anywhere, but should deliver the power at a substation. Thus began the epochal shift from fixed FiTs to market-determined tariffs.

What also began was — trouble. The first round of auctions closed in February 2017. Due to competition, developers offered to sell electricity at prices as low as Rs. 3.46 a kWhr; in contrast, the least FiT was Rs. 4.16 in Tamil Nadu. Now, upon seeing prices fall so low, the windy States began to ask themselves, 'why should we buy power at the costly FiT prices; why not we also conduct our own auctions to buy cheaper power?' But they didn't know the mechanics of the auctions and had to wait for some guidelines from the central electricity regulator. As they dithered, the 'windy State market' vanished. But the Centre too dragged its feet on further rounds of auctions. In 2017-18, just two auctions, for 2,000 MW, happened. The year ended on a dismal note.

In due course, activity picked up and till now, six rounds of SECI's, and several more of different States have happened and about 13,000 MW of capacity have been awarded. Prices dropped consistently, and fell to a low of Rs. 2.44 in the third round.

At this stage, two other problems arose. First, to be viable at such low prices, developers flocked to the two windiest States — Gujarat and Tamil Nadu.

All of the SECI-awarded projects (70% of all auctioned capacities) went to them, which was more than the ability of the substations to take the power.

Second, Gujarat frowned at 5,400 MW worth of projects coming up on its soil but all the power going to the non-windy States. Would there be any lands left for its own auctions? So, it refused to give land and came out with a policy that forced developers to put up their projects in specified ‘wind parks.’ Since the parks are not necessarily the best sites for wind projects, the developers didn’t like the policy. Negotiations began, project work got delayed.

More problems

The problems didn’t end there. As the best sites got taken, prices began to rise after from the fourth SECI round. Governments, suspecting a developers’ cartel, began imposing tariff caps — or the highest price they would accept. And they began cancelling auctions at ripe stages. Notably, the benefits of the low tariffs have never been passed on to the consumer — the electricity supply companies have pocketed the benefits.

The industry has been asking the government to do ‘substation-wise auctions’, (‘what is the cheapest best price you can offer if your wind turbines would be connected to this particular substation?’) The government is hesitating, apparently because substation-wise auctions will result in higher price quotes.

Of the 13,000-odd MW tendered, the deadline for completion has expired for 2,000 MW; but so far only 823 MW has come up. More auctions are set to happen. So, the question is, while there is a fat backlog and a healthy ‘order pipeline,’ will the projects come up? Mr. Tanti believes they will and says 2019-20 will see a record of 8 GW; Crisil disagrees — it projects 3,800 MW for the year. The worst sufferers in the mess are the 4,000 SMEs who supply components to turbine manufacturers and their two million employees.

Govt lowers sale price of Bt cotton seeds for a 450-gram packet to Rs 730	**Business Standard** https://www.business-standard.com/article/companies/govt-lowers-sale-price-of-bt-cotton-seeds-for-a-450-gram-packet-to-rs-730-119031100041_1.html

The Centre has marginally lowered the maximum sale price of Bt cotton seeds (BG-II) for a 450-gram packet to Rs 730 for the 2019-20 season. The licence, or trait fee, charged by companies has also been slashed by almost 49 per cent to Rs 20.

The new price of a Bt cotton seed packet weighing 450 grams and 120 grams refugia for the 2019-20 season — October to September — will be Rs 730, including a trait fee of Rs 20. The maximum sale price of Bt cotton seeds in 2018-19 was Rs 740, including trait value of Rs 39.

According to a gazette notification issued last week, for the second consecutive year after the central government started fixing its prices, following recommendations of a committee, the sale price of Bt cotton seeds, along with the trait fee, has been lowered.

The licence fee is inclusive of all taxes. The planting of cotton crop starts in June.

For the 2019-20 cotton season, the retail price of BG-I genetically modified cotton seed varieties was not touched, while the licence fee was maintained at zero, as was the case in the previous season. However, it is of little consequence as BG-I cotton is already off-patent.

Lowering the retail price and the licence fee for Bt cotton seed packets (BG-II varieties) for the second year might impact the margins of seed companies, especially original licence holders, as it occupies almost 95 per cent of the country’s cotton market.

Bt cotton seed prices were first lowered in 2016-17 by a panel constituted by the Centre under the Cotton Seeds Price Control Order in December 2015.

The panel brought down the price to Rs 800 a packet from the previous Rs 830-1,030, while trait value was lowered by about 70 per cent, from Rs 163 a packet to Rs 49.

The move was followed by a draft guideline issued in May 2016, which capped the trait value at 10 per cent of the seed sale price and thereafter lowered it periodically.

The move received a lot of criticism from multinational seed companies.

Monsanto, which had a joint venture in this regard with Mahyco (Mahyco Monsanto Biotech or MMB), said it would "re-evaluate" all its businesses in the country; it took the biggest hit.

It had also petitioned against the order at the Delhi High Court.

In the 2017-18 season, the sale price of cotton seed packets was maintained at Rs 800 per packet, including a trait value of Rs 49.

MMB has sub-licensed Bt cotton seed technology since 2002 to about 50 domestic companies. It first sub-licensed BG-I technology, which went off-patent in 2006.

It now sub-licenses BG-II. Seeds produced using this technology occupy 95 per cent of the Indian cotton market. A third technology, BG-III, is in the pipeline, but its commercial use is yet to be approved.

Domestic seed companies alleged that MMBL has collected over Rs 7,000 crore as licence fee since 2002.

The Indian BT seed market is worth over Rs 3,500 crore a year.

The issue divided the National Seed Association of India (NSAI), with multinational companies and some like-mined Indian ones forming the Federation of Seed Industry Association.

Raising the pitch! Govt bodies seek hike in cotton MSP for 2019-20	**Financial Express** https://www.financialexpress.com/market/raising-the-pitch-govt-bodies-seek-hike-in-cotton-msp-for-2019-20/1507492/

CACP Maharashtra unit chairman Pasha Patel said the panel had proposed MSP rise considering increased production cost.

The Maharashtra unit of the Commission on Agricultural Costs and Prices (CACP) is seeking a 15% increase in the minimum support price (MSP) of cotton for the season of 2019-20.

In a recent meeting convened by the CACP, Maharashtra unit chairman Pasha Patel said the commission had recommended a rise in the MSP, taking the increased cost of production into account. "Our sample survey from 279 cotton-growing areas in the state found at least 15% increase in the cost of production, and therefore a decision was taken to seek a rise to support farmer incomes," he said.

The meeting held in Rajasthan was attended by top officials of the central commission, heads of departments of agriculture universities of Gujarat, Rajasthan, Madhya Pradesh, Goa and Maharashtra.

Patel clarified that there was no intention to prevent farmers from shifting to other crops such as soyabean. In Maharashtra, farmers usually switch to soyabean if they do not get prices for cotton. The MSP for medium-staple variety of cotton is at Rs 5,150 per quintal, and that for long-staple is at Rs 5,450 per quintal, which are roughly equivalent to Rs 43,000-43,500 per candy (1 candy equals to 356 kg). The government had raised the MSP for cotton by 26% this year. When contacted Atul Ganatra, president of Cotton Association of India (CAI), said the Centre was mulling to raise the MSP of cotton. At the meeting, CAI suggested connecting the MSP to quality and figure out a mechanism to incentivise better-quality cotton suitably. The government should stress on using good quality seeds, in addition to good irrigation facilities, he said. Industry officials have said even the Cotton Corporation of India has lent its support towards increasing the MSP of cotton.

The spot market prices of CAI for cotton of staple length 30 mm have dropped to Rs 42,100 per bale on March 1 from Rs 43,400 per bale on January 1. Prices of raw cotton are moving below the minimum support price levels.

The decline in the domestic prices has brought export parity, maintained traders. Prices are declining this season despite forecast of lower cotton production and higher exports figures for the first three months of cotton season that started in October.

In 2018-19, cotton output in the country is expected to be lowest in eight years due to late and deficient monsoon rainfall in the main cotton growing states of Gujarat and Maharashtra. Lower acreage in Telangana, Andhra Pradesh and Karnataka have reduced cotton production in south India by close to 14 % or 13 lakh bales.

Moreover, CAI, in its latest release, forecast cotton output at 330 lakh bales, down by 10 % compared to last year's production of 365 lakh bales. It has also predicted imports to be higher by about 80 % on-year to 27 lakh bales. From the demand side, CAI has revised downward the consumption requirement by mills to 316 lakh bales from 324 lakh last season. Cotton sowing normally starts late April in irrigated areas of north India, while in rain-fed regions of the country, it starts in June.

India defies Asia slump as manufacturing hits 14-month high	**Asia Nikkei.com** https://asia.nikkei.com/Business/Markets/Nikkei-PMI/India-defies-Asia-slump-as-manufacturing-hits-14-month-high

India, Asia's third largest economy, is bucking the regional trend in manufacturing activity, after February's performance expanded at the fastest pace in 14 months, the latest Nikkei Purchasing Managers' Index survey revealed.

The monthly Nikkei PMI survey asks companies in major Asian countries and regions except China about changes in output, orders and other business conditions compared with a month earlier. A PMI reading below 50 indicates contraction, while over 50 points to expansion. Of the 15 sets of PMI data, nine showed a drop in February from the previous month and six rose. Looking specifically at the manufacturing sector PMIs, most of the results were down.

A notable exception was India. Its manufacturing PMI rose to 54.3 from January's 53.9, its highest level since December 2017. The growth of new orders was fastest since October 2016.

India's major manufacturing operations are in chemicals, machinery, metals and textiles. The country has been strengthening the manufacturing sector under Prime Minister Narendra Modi's "Make in India" initiative. With a population of 1.3 billion and an economic growth rate at around 7% -- faster than China and most Asian nations -- the country has enjoyed strong domestic demand over recent months. In February, 21% of the companies surveyed signaled a growth in new orders. Local auto maker Mahindra & Mahindra, for example, sold 52,915 cars in the domestic market during the month, up 9% from a year ago.

"A number of panelists indicated the acceptance of bulk orders from clients in key export destinations," the survey also noted.

India's biggest export destinations are the U.S. and the United Arab Emirates, accounting for 16% and 10% of the total exports in 2017, respectively, according to the World Bank. China was its fourth biggest customer at 4%.

This contrasts with East and Southeast Asian nations, where China is the top or the second biggest export destination. China accounted for 25% of South Korean exports, 19% of Japan's, 14% of Indonesia's and 14% of Singapore's, suggesting that India is not deeply entrenched in China's value chain and therefore not heavily exposed to the country's growth slowdown.

"Prospects for [Indian] manufacturers remain bright over the near term," according to Shilan Shah, an economist at Capital Economics, adding that the Modi government has unveiled policies to the benefit of small and medium-sized enterprises ahead of the general election that is due by May.

On the other hand, most other Asian nations recorded lower PMIs numbers in February as they continued to be affected by the U.S.-China trade tensions as well as the global technology slump.

One country hit hard was Japan, whose manufacturing PMI dropped to 48.9 from January's 50.3, falling below 50 for the first time since August 2016. Some of the country's electronic component makers have downgraded their earnings guidance for the fiscal year ending on March 31. Among them was Kyoto-based motor maker Nidec, which in January downgraded its net profit forecast by 24%, citing the weakening Chinese and global economies stemming from the trade war.

"Global trade frictions and weak domestic manufacturing demand pose considerable risks to Japan's goods producers," said Joe Hayes, an economist at IHS Markit. "With the consumption tax hike [to 10% from the current 8%] set to come into play later this year, weak domestic demand will only heighten fears that the economy could be poised for a downturn."

South Korea's PMI slipped from 48.3 in January to a 44-month low of 47.2 in February due to weak export demand, and recording a contraction for the fourth consecutive month. Similarly, Taiwan's PMI went down to 46.3 from January's 47.5. Overseas demand reduced sharply in the electronics-driven economy, with the New Export Orders Index falling to 41.0, the lowest in seven years.

For the Association of Southeast Asian Nations overall, the manufacturing PMI dropped from 49.7 to 49.6, also due to reduced overseas demand.

Now that the U.S. and China have extended their three-month trade tariff truce beyond March 1, the outlooks appears more favorable for Asian nations.

However, the PMI numbers offered a warning against over-optimism, said Priyanka Kishore, head of India and Southeast Asia economics at Oxford Economics. "The existing tariffs are unlikely to be reduced any time soon and the ongoing slowdown in Chinese demand, which we expect to last through the first half of 2019, will weigh on the rest of the region's exports and constrain activity in the near-term."

TS among top job generators in MSMEs	The Hindu https://www.thehindu.com/news/national/telangana/ts-among-top-job-generators-in-msmes/article26489299.ece

State accounts for 54% jobs along with Maharashtra and Gujarat

Maharashtra, Gujarat and Telangana have been the largest job generators in micro, small and medium enterprises (MSME) sector over the past four years, an all-India survey by the Confederation of Indian Industry (CII) has revealed.

Top exporters

In case of exporters, Maharashtra, Tamil Nadu and Telangana emerged top three States, the CII survey covering 1.05 lakh MSME units in 350 industrial centres of the country showed.

The industry body used the turnover-based definition of MSMEs.

The survey focussed on jobs created over the last four years, jobs expected to be created in short term (one year) and medium term (three years).

Rise in employment base

It was disclosed that the geographic dispersion of 3.32 lakh jobs created in the country over the last four years, an increase of 13.9% over employment base, was predominantly in Maharashtra (29%), Gujarat (14%) and Telangana (10%). The thre States together accounted for 54% of jobs.

The survey indicated that exporters were responsible for 21% of the 3.32 lakh jobs created.

About 8,800 jobs were created in Telangana by exporter MSMEs in food processing, metal products, machinery parts, textiles and apparels and IT and tech. Another 24,184 jobs were created in the State by non-exporter MSMEs involved in hospitality and tourism, textiles and apparels, transport and logistics.

It came to light that 5.70 lakh jobs were likely to be created in the country in short term (one year), of which Telangana will account for 42,535 jobs and stand fifth in the country, trailing Maharashtra, Gujarat, Karnataka and Tamil Nadu. Of the 42,535 jobs in the State, exporters will contribute 9,992 jobs and non-exporters 32,543 jobs.

Road map

The road map for medium term (three years) MSMEs in Telangana shows exporters likely to create 20,401 jobs and non-exporters 60,392 jobs. A senior industries official told *The Hindu* that an estimated 25 lakh people are employed in 11 lakh MSME units, both in organised and unorganised sectors, in Telangana. The units produce more than 8,000 products for domestic and international markets.

India, ASEAN clock fastest growth for e-commerce, digital trade sectors: FICCI-KPMG	Business Standard https://www.business-standard.com/article/news-ani/india-asean-clock-fastest-growth-for-e-commerce-digital-trade-sectors-ficci-kpmg-119031000130_1.html

India and 10-member ASEAN are among the fastest growing economies in the world with even faster growth rates for e-commerce and digital trade sectors, according to a new report by industry body FICCI and consulting major KPMG.

By 2021, global e-commerce sales are expected to reach 4.5 trillion dollars, up from 1.3 trillion dollars in 2014.

"While China dominates the global e-commerce sector, India and ASEAN are among the fastest growing markets. Both regions are making investments to develop an ecosystem that can sustain and promote increasing digital trade."

The e-commerce market in India is estimated to reach 165.5 billion dollars by 2025 while the ASEAN is estimated to reach a volume of 90 billion dollars, said the report titled 'India and ASEAN: Co-creating the Future.'

The Association of Southeast Asian Nations (ASEAN) comprises Indonesia, Thailand, Malaysia, Singapore, Philippines, Vietnam, Cambodia, Myanmar, Brunei and Laos.

Within ASEAN, Indonesia's e-commerce market is likely to increase to 46 billion dollars by 2025 (from 1.7 billion dollars in 2015), Thailand to 11 billion dollars (0.9 billion dollars), Philippines to 9.7 billion dollars (0.5 billion dollars), Malaysia 8.2 billion dollars (1 billion dollars), Vietnam 7.5 billion dollars (0.4 billion dollars) and Singapore 5.4 billion dollars (1 billion dollars).

By 2025, China's e-commerce market will expand to a whopping 672 billion dollars.

The fast growth everywhere is led by rising internet penetration and smartphone use, a young population and an expanding middle class.

Significantly, cross-border e-commerce is expected to play a major role in supporting e-commerce expansion, with the sub-segment expected to reach 1 trillion dollars by 2020. This is driven by customers seeking lower prices and accessing unique or speciality products or brands not available in their home country.

However, the report cautions that the rapid adoption of e-commerce and digital platforms presents a new set of security challenges.

While governance of cyberspace and cybersecurity policies are still evolving, the time is ripe for India and ASEAN to elaborate on mechanisms for secure digital payments and other associated ecosystems, it said.

INDIA'S COTTON EXPORTS TO CHINA ON THE RISE	English Vietnam https://english.vietnamnet.vn/fms/business/219393/vietnamese-garment-firms-struggle-to-conquer-domestic-market.html

Domestic garment market has a great potential as world famous fashion brands have been increasing their presence in Vietnam's market. Amid the situation, local garment companies have adopted marketing strategies so as to promote their approach to customers and increase market share in home ground.

Vietnam's garments exports have posted high growth for many consecutive years with export turnover always 5-10 percent higher than previous year. Up to now, Vietnamese garments have been available on the market of nearly 200 countries. Last year, garments exports exceeded US$36 billion, up 16.1 percent compared to that in 2017. Although Vietnamese garment companies have showed great performance in export, they are still struggling to gain ground right on their home ground.

Mr. Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association (VITAS), admitted that despite several barriers from large markets, garments and textiles industry was extremely successful in export last year but it faced difficulties in domestic market. Growth of garment products of large producers in domestic market was extremely low with some even much lower than their set targets.

According to Mr. Giang, when free trade agreements become effective, import tariffs reduce and retail market is opened for foreign enterprises, several foreign fashion brands including Zara, H&M, Topshop and Old Navy have landed in domestic market and directly competed with Vietnamese ones. Meanwhile, local fashion industry has not actually kept pace with global fashion trend yet. Fashion designers and firms still have to do things on their own as there is no school for training of professional fashion designers.

In addition, local consumers tend to prefer imported clothes to domestically-made ones despite the campaign to encourage Vietnamese people to give priority to made-in-Vietnam products.

How to effectively approach domestic market is an urgent matter for garment firms this year. According to the VITAS, there are five factors to achieve sustainable development for garments industry.

Particularly, firms have to carry out strategy to develop technology. Of which, they have to build 3D technology for fashion creation as human cannot meet the rapid movement of market. Next, they have to build resources; which means that they have to have the ability to train professional designers, increase their fashion vision and foreign language in order to update global fashion trend.

In addition, firms have to set up distribution network. Of which, they cannot skip the traditional distribution network but also have to focus on e-commerce channel because consumers, especially young ones, tend to go shopping online these days. At the same time, they have to standardize their business ethics and services and catch up with the fashion trend so as to be responsible for their products till the end to build trust in consumers.

Lastly, the Government should build industrial zones which include waste water treatment facilities and call for investment into fiber textile and dyeing factories to complete the fabric production chain for garments industry. This will be the foundation to localize fabric source in order to help garments and textiles industry to shift from processing to designing and exporting garment products under Vietnamese brands. More importantly, by this, local firms will be able to make the most out of free trade agreements that the country has signed.

Although it remains difficult for local garments firms to enter domestic market, some firms have had detail solutions. For instance, Phuong Dong Garment Company with FHOUSE brand will establish a commercial company to draw out trading strategy for this brand to return to home market.

At the same time, it also has solution to develop designing and materials to make products that meet demand of local consumers. As for Corporation 28, besides upgrading machinery to improve productivity and quality and reduce cost prices, the firm has opened more stores for consumers to approach its products more easily.

It also sends it products into supermarkets to gain market share and increases market coverage for their products to be easily recognized by consumers.

Besides, firms which used to mainly focus on export have also started to aim for domestic market. Small firms also become more positively in winning consumers by investing in designing, improving product quality and restructuring cost prices.

Vietnam featured in world's top 10 emerging markets logistics	**English Vietnam** https://english.vietnamnet.vn/fms/business/219491/vietnam-featured-in-world-s-top-10-emerging-markets-logistics.html

China claimed the top spot of the index, followed by India and UAE, Indonesia, Malaysia, Saudi Arabia, Mexico, Qatar, Turkey and Vietnam.

In Southeast Asia, Vietnam ranked third, behind Indonesia and Malaysia, and stood above Thailand at 11st and the Philippines 20th.

Vietnam's international logistics market is the standout driver of its overall performance in the 2019 Index. Domestically, the country has solid but not remarkable logistics opportunities – both contract logistics and domestic express markets are around US$750 million in value per year with healthy growth rates, and GDP per capita is amongst the higher of the 50 emerging markets in the index, reinforcing likely positive development.

On the international side, Vietnam has developed real strength. It rates as the fifth largest market for logistics intensive goods trade by value – a measure where it is broadly in line with the significantly larger Indian economy and double the size of much larger Brazil.

This advantage is expected to strengthen further as strong growth in both imports and exports is expected over the next five years. The country's sea freight market also plays a key role in strong international logistics performance.

A network of more than 160 ports throughout the country – with main gateways at Ho Chi Minh City, Hai Phong and Da Nang – have annual capacity of more than 11 million TEU, while the report estimated that Vietnam's sea freight market will grow at a 15.3% CAGR over the five years to 2022.

Additionally, Vietnam remained 4th overall in the international logistics opportunities sub-Index - where average wages in the manufacturing sector are approximately four times lower than in China.

Its expertise and infrastructure have improved to such an extent that it is a major global exporter in a number of sectors, including textiles and apparel which have come to account for approximately 40% of air freight trade with the US. Such exports are helping fulfil the rapid delivery expectations of fast-fashion and online retail, according to Agility.

More widely, Vietnam's ability to negotiate and sign new bilateral (such as with the EU) and multilateral (such as with ASEAN members) trade agreements has bolstered its ability to access new markets and should see it continue to grow over the longer term too. To date, it has signed 17 FTAs, although not all are implemented.

Meanwhile, a rank of 20th in the business fundamentals sub-index suggests room from improvement, with the need to address regulatory burden in particular.