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NEWS CLIPPINGS –24-04-2018

Exports fall, apparel exporters shift focus to domestic market	**Tribune India** http://www.tribuneindia.com/news/business/exports-fall-apparel-exporters-shift-focus-to-domestic-market/578702.html

Perturbed over continuous decline in apparel exports from the country due to intense competitive pressures in the global market, Punjab-based apparel exporters are now shifting focus to domestic market. According to the industry, around 30-40% of the exporters have already started utilitising their partial or full capacity to cater to the domestic market.

The apparel exports from the country are on continuous declining trend since October 2017. The industry saw declining numbers in October, November, December 2017, January, February and March 2018 – a fall of 41%, 14%, 13%, 14%, 14% and 19% year-on-year, respectively, mainly due to stiff competition, slowdown and the discontinuation of certain export incentives.

The country's apparel exports in 2017-18 were to the tune of Rs 1,07,699 crore, posting a fall of 7.60% as compared to the same period of the previous fiscal. During 2016-17, India's apparel exports was to the extent of Rs 1,16,554 crore.

Compared to other states, the impact in Punjab, Haryana and Uttar Pradesh is in double digits as the input costs are higher.

"The dwindling exports have made it very difficult to survive. There are around 450 apparel exporters in Punjab and around 40-50% of them have shifted focus to domestic market. We have also shifted 50% of our production capacity to cater to the domestic market," said Harish Dua, managing director of Ludhiana-based KG Exports.

The domestic market is pegged at around Rs 3.25 lakh crore and it is almost three times more than the exports market. However, there is a catch to it. Manufacturers having only deep pockets can sustain in the domestic market.

Narinder Chugh, managing director of Ludhiana-based Million Exporter (P) Ltd., said, "In the absence of government support at this time, the exporters have no choice but to serve the domestic market in order to sustain. We are also planning to foray into domestic market and are in discussion with various MNCs for outsourcing."

Exporters say the decrease in duty drawback rates has made the Indian exporters uncompetitive as compared to other countries. Also, strengthening of Indian rupee against the US dollar has impacted the exporters. Countries like Bangladesh, Vietnam, China, Pakistan and Myanmar are posing major threat to Indian exporters as their products are more competitive than those of Indian exporters.

Diesel price hike affecting garment industries'	Business Standard http://www.business-standard.com/article/news-ani/diesel-price-hike-affecting-garment-industries-118042400057_1.html

The President of Garment Manufacturers and Wholesale Association of Telangana, Pavan Bansal, on Monday said that the recent rise in diesel prices was affecting the garment industries all over the country. Speaking to ANI, Bansal said, "Diesel rates have increased more than Rs. 10 in the last four years. This will impact the garment industry negatively raising the product of the price of the materials. It will lead to huge losses for the traders." He added that diesel was an important commodity for the industries as it was more affordable than petrol.

Highlighting the importance of the fuel, Bansal further said, "Diesel is used in several industries on a daily basis, whether it is garment or manufacturing industry. Our materials come from all over India. We send garment materials to neighbouring states like Karnataka, Andhra Pradesh, Maharashtra and Tamil Nadu. We also sell the materials in local areas." He also criticised the increase of Goods and Services Tax (GST) on raw products as it was becoming an additional burden on the traders. Meanwhile, Petrol prices have hit Rs 74.40 a litre, while diesel rates touched Rs 65.65, the highest ever since May 2014 in Delhi, according to Indian Oil Corporation (IOC).

In Kolkata, Mumbai and Chennai too, petrol prices climbed to new highs of Rs 77.10, Rs 82.25 and Rs 77.19 respectively. Diesel prices in the three cities touched record highs of Rs. 65.65, Rs. 68.35, Rs. 69.91 and Rs. 69.27 respectively. The sudden hike in prices of diesel and petrol, along with a rise in crude oil prices, was due to the ongoing supply cut of oil by the Organisation of the Petroleum Exporting Countries (OPEC), coupled with a strong global demand for crude.

Textile industry banks on expo to promote Gujarat as garment hub	DNA India http://www.dnaindia.com/business/report-textile-industry-banks-on-expo-to-promote-gujarat-as-garment-hub-2607994

In a bid to transform Gujarat from a fabric manufacturing hub to apparel manufacturing hub, textile players are organising a three-day expo ‘Farm to Fashion’ from May 4 in Ahmedabad.

Local manufacturers will display their offerings to buyers from across the country and abroad. Players say instead of selling cotton and fabrics, the idea is to encourage production of garments within the state.

“The idea is to support entire value chain, from farmers to garment manufacturers. Gujarat is the largest producer of cotton in the country so logically we should also be the largest producer and exporter of garments. Ironically, we export cotton and fabrics to competitors like Bangladesh and lose out on apparels. We want players to start garmenting within the state,” said Shailesh Patwari, president of Gujarat Chamber of Commerce and Industry (GCCI), which along with Maskati Kapad Market Mahajan is organizing the expo next month.

Relative lower productivity in cotton and garments combined with Free Trade Agreements (FTA) has resulted in Indian garments becoming uncompetitive to competitors like Bangladesh, Vietnam and Indonesia. A ‘White Paper’ conducting SWOT analysis of textile sector in the country will be prepared at the end of the event, which will also act as an input to modify the Textile Policy of the country.

Till the ecosystem for garment exports is set up, efforts to increase the exports of fabric will continue. Major export houses from Delhi, Bengaluru, Mumbai and other major hubs will also participate to promote the sales of fabrics. "Of late Gujarat has witnessed tremendous growth in the capacity in the production of fabrics. We have invited buyers from the country and outside to give a boost to the sales," said Gaurang Bhagat, president of Maskati Kapad Market Mahajan.

Four States and Puducherry to roll out intra-State e-way bill from April 25	**The Hindu** http://www.thehindu.com/business/Economy/four-states-and-puducherry-to-roll-out-intra-state-e-way-bill-from-april-25/article23647678.ece

Madhya Pradesh, Arunachal Pradesh, Sikkim and Meghalaya join in

In keeping with its plan to roll out the e-way bill system for the intra-State transport of goods in a phased manner, the GST Council on Monday announced the third phase, from April 25, in which the system will become applicable for Arunachal Pradesh, Madhya Pradesh, Meghalaya, Sikkim, and Puducherry.

While the e-way bill system is applicable across the country for the inter-State transport of goods, it is so far applicable for intra-State transport in Andhra Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Telangana, Tripura, Uttarakhand, and Uttar Pradesh.

E-way bills are getting generated successfully and till April 22, 2018 more than 1.84 crore e-way bills have been successfully generated which includes more than 22 lakh e-way bills for the intra-State movement of goods," the government said in a release.

"With the roll-out of e-way bill system in these States/union territory, it is expected that trade and industry will be further facilitated insofar as the transport of goods is concerned, thereby eventually paving the way for a nation-wide single e-waybill system," the government added.

Traders demand single-point GST	**Tribune India** http://www.tribuneindia.com/news/business/traders-demand-single-point-gst/578705.html

The Haryana Udyog-Vyapar Hit Mandal has demanded simplification of the GST and implementation of single-point GST in order to streamline the tax regime and spare the retail and wholesale traders from unnecessary hassles. Addressing a news conference after a meeting of the traders-industrialists' body here on Sunday, mandal president Anil Bhatia said if the government did not fulfil their demands, a convention of industrialists and traders would be organised in Delhi to chalk out the further course of action. He said a charter of demands would soon be sent to the Prime Minister in this regard. Industrialists Rajesh Jain, Jagmohan Mittal, Rajender Bansal, Lalit Mohan, Nand Kapoor and Ashu Khurana were among those present.

Supplier to merchant exporter can claim refund of unutilised credit	Business Standard http://www.business-standard.com/article/sme/supplier-to-merchant-exporter-can-claim-refund-of-unutilised-credit-118042300687_1.html

We are supplying to merchant exporter and charging 0.1 per cent IGST. Our ITC is accumulated. Can we file refund application on the grounds of inverted tax structure?

Yes. You can do so under Section (3) (ii) of CGST Act, 2017 read with rule 89 of the CGST Rules, 2017 and in accordance with CBEC Circular no.24/24/2017-GST dated December 21, 2017.

Your write-up, "IGST rules change again for export" (Business Standard, February 19, 2018),mentions notification no. 3/2018 GST dated January 23, 2018. But I could not find the stipulation regarding export without IGST payment under Advance Authorisation in the said notification. Please advise.

The notification 3/2018-Central Tax dated January 3, 2018 is available in the CBEC website at this link: http://www.cbec.gov.in/resources//htdocs-cbec/gst/Notification-3-2018-central_tax-English_New.pdf. It amends several provisions of the CGST Rules, 2017. Please see Rule 96 (10) of the same. It says, among other things, that the persons claiming refund of integrated tax paid on exports of goods or services should not have received supplies on which the supplier has availed the benefit of the notification 79/2017-Customs dated October 13, 2017. My write-up dealt with the implications of this change, besides other changes. So, you may not find in the notification the same words that I have used.

I understand that EPCG/Advance Authorisation issued will be governed by policyunder which it was issued. The obligation has been fulfilled and request for redemption is submitted with Joint DGFT, or yet to be submitted, and there is changein procedure as is in case of Para 5.10(d) of HBP-I. Is it obligatory for exporter to follow the changed procedure?

Yes. You have to follow the procedures applicable on the date you operate the procedures. Please see Public notice no. 43/2015-20 dated December 5, 2017 and Para 1.01 of the HBP.

Our item to be imported under advance authorisation -- flat-rolled products of stainless steel covered under ITC(HS) Codes: 7219 or 7220 -- was already issued. It was placed in Appendix-4J on October 18, 2017. Please clarify whether extension in export obligation period will be done in terms of Para 4.42 (d) or 4.42 (e).

Para 4.42 (d) of HBP says, "Extension in export obligation period for Authorisations issued under Appendix-4J (issued under FTP 2015-20) shall be allowed for a period not more than the half of the stipulated export obligation period." This provision is specific to advance authorisations issued under Appendix-4J. In your case, the authorisation was not issued under Appendix-4J. So, in my opinion, you need not seek extension in export obligation period under Para 4.42 (d) of HBP and the authorities should consider the request for extension in export obligation period under Para 4.42 (e) of HBP.

Can we clear samples supplied free of cost without GST payment?

Yes. But as per Section 17(5)(h) of CGST Act, 2017, input tax credit shall not be available for the same. You have to reverse the credit taken.

GST refunds issue refuses to go away	https://www.thehindubusinessline.com/specials/india-file/the-refunds-issue-refuses-to-go-away/article23650356.ece?utm_source=rss_feed&utm_medium=referral&utm_campaign=rss_syndication

Slow GST refunds continue to hurt exporters (who are entitled to complete refunds as exports are zero rated) in certain sectors, despite government claims.

The government claims that corrective measures taken in October to speed up refunds have alleviated the distress in the case of working capital-intensive sectors, but the impact on the ground appears to have been uneven.

Here, too, there seem to be two factors at work. First, the higher the working capital to sales ratio, the more the disruption in the sector concerned. Second, it appears that sectors with a long domestic value chain have been impacted more by delayed refunds than those where the inputs are imported.

Two factors

An RBI paper "Working Capital constraints and exports: Evidence from the GST roll-out" (February 12, 2018) concedes that exports in October registered a de-growth of 1.2 per cent largely on account of the refunds delays. The 30.5 per cent growth in November exports is attributed not just to the base effect (demonetisation) but also to improvement on the refunds front. While exports were up 9 per cent in 2017-18, some sectors seem to have fared worse than the others. "The export contributing sectors with high working capital/sales ratio were hit the most due to these liquidity constraints," the paper says.

Hence, sectors such as textiles, tea, gems and jewellery and electronic goods with high working capital to sales ratios (34 per cent, 41 per cent, 45 per cent and 61 per cent) registered negative growth in March-October 2017, to take only a few examples, according to the paper.

Biswajit Dhar, Professor of Economics, Jawaharlal Nehru University, explains: "It appears that GST refunds have hurt sectors with a long domestic value chain such as garments. It may not have impacted sectors such as pharma and gems and where the raw material is essentially imported."

Exporters claim that risk-averse banks are reluctant to extend credit to small exporters in particular. Ajay Sahai, CEO, Federation of Indian Export Organisations, says that for SMEs, a substantial portion of the refunds are stuck. Unlike the bigger players, who have access to the domestic market, these companies solely depend on exports, he says.

Exporters can claim refunds on the taxes paid on both inputs and the finished goods. IGST refunds are held up by the mismatch between the information in the shipping bills and the information filled in the GSTR forms. Mohan Lavi, an independent chartered accountant, explains: "The export general manifest should not be treated as a document for taxation purposes. The authorities are making a mistake here, as a result of which refunds are held up."

Even as tax authorities have set up help desks, there are localised reports of corruption. Forms in English pose a challenge to small industry, in particular. Small players lack the wherewithal to employ professionals.

Union Commerce Secretary Rita Teotia said: “We have had dedicated sessions of the GST Council primarily looking at refund bottlenecks. We have also examined the software glitches. There has been some improvement in the refunds. States must also begin the process of refunds.”

Overview of sectors

Leather: A sector with a large presence of small players is unable to afford professionals to sort out GST-related concerns. Israr Ahmed Mecca, Regional Chairman (South), Council for Leather Exports (CLE), states that “Exporters of finished leather, which accounts for 15 per cent of total exports, have been hit by refund delays.” Raw material attracts a higher tax rate (which ranges from 5 per cent to 28 per cent in the value chain), which can worsen the impact of refund delays.

Siddiq Ahmed, who handles finance for a small shoe manufacturer, says the company was unable to handle orders of 35,000 pairs of shoes, though the initial liquidity crunch had eased. Banks, in the context of the recent scams, are tightening export credit, further affecting the exporters.

Mecca states that “Exports grew 1.48 per cent ($4,388 million) between April and December 2017 as opposed to $4,324 million for the same period in 2016 due to a revival of demand in the EU.” “But the growth would have been more if not for the challenges we faced last year,” Mecca adds.

Gems and jewellery: GST roll-out has streamlined retail financial operations. Even as the tax rate on gold jewellery is fixed at a higher rate than the earlier regime, there is a greater possibility of increase in organised jewellery retailing, say industry spokespersons.

India’s exports include cut and polished diamonds, coloured gem stones, gold jewellery and coins to the US, the UAE, Russia, Hong Kong, Singapore and China.

According to data from the the Gems and Jewellery Export Promotion Council (GJEPC), net exports of gems and jewellery in April-February 2017-18 stood at ₹1,97,553 crore, 9.15 per cent lower than ₹2,17,443 crore reported for the same period in the previous year. Pharma: “Date expired” drugs are returned by the retailer to the company, and GST is expected to be paid at every stage, says DG Shah with the Indian Pharmaceutical Alliance, a platform for large domestic drug companies.

The industry had made a representation to the Government that “date expired” medicines being returned to the company should not be treated as a sale. And though there is an in-principle agreement, it has not translated into action on the ground, he says.

According to Shah, the estimated impact of this entire problem on the industry is about ₹500 crore. On the export front too, there are delays in getting credits and other export entitlements, he says. Working capital is blocked due to refund delays on duties paid on goods brought in for re-export, he points out.

Production cuts loom large for cotton seed firms, farmers to be impacted	Business Standard http://www.business-standard.com/article/markets/production-cuts-loom-large-for-cotton-seed-firms-farmers-to-be-impacted-118042300589_1.html

Squeezed between rising cost of production and falling realisation, cotton seed companies are planning to cut production for the kharif sowing 2019 which may impact India's 8 million farmers adversely.

Cotton seed producers claim that their production costs have risen by 20 per cent the past three years, especially since the Bollgard II Bt cotton price was fixed at Rs 800 per packet of 450 each two years ago. But, after stagnating for two years, the government of India decided to cut its prices by Rs 60 or 7.5 per cent to Rs 740 per packet for the current year.

The cut was announced at a time when seed companies initiated awareness programmes for farmers to help them adopt best farm practices to fetch higher yield from the same sowing area. Last year, many farmers in Maharashtra, Andhra Pradesh and Telangana reported huge cotton output loss due to pink bollworm attack on the standing crop. The decline in output in major producing states prompted the government to reduce its cotton production forecast 5-7 per cent for harvesting season 2016-17.

"We had requested the government to raise seed prices after two years of stagnation at Rs 800 a packet (of Bolgard II) to accommodate increasing labour cost, fixed and other costs including the research and development (R&D). Instead, the government cut its prices by 7.5 per cent to Rs 740 a packet. While the cost of production has gone up by nearly 20 per over the last three years, realisation slumped by 7.5 per cent. This will result into lower production and investment capacity for the next season as the distribution of seed packets for the current season got almost over.

Seed supply would impacted heavily next year," said Satish Kagliwal, Managing Director, Nath Seeds and Founder President of National Seed Association of India (NSAI). India has seen a sharp increase in cotton production from a deficit country till two decades ago to one of the largest cotton producers now. With its production between 33 and 38 million bales (one bale = 170 kg), India's annual cotton exports stand at 4-5 million bales. India sends cotton to China, Bangladesh and a number of other major textile manufacturing countries. Indian exports also include cotton yarn on a large scale to China and Bangladesh, among others destinations.

"With this kind of price cut, it has become difficult to realise cotton seed production as a sustainable business model," said Ashwani Yadav, Executive Director, Federation of Seed Industry of India (FSII).

Seed manufacturers prepare production and distribution strategies of seed packets a year in advance to enable farmers to source high yielding seeds from reliable sources. Thus, seed producers ensure the packet reaches distributors by the first fortnight of March in north Indian states like Punjab and Haryana for farmers to procure seed for early sowing by March-end. Sowing of cotton seeds gradually spreads to other states for sowing with the pre-season showers. So, the distribution for the current season has already done in the north Indian states.

India produces around 50 million seed packets of 450 grams each for 8 million farmers of the country to grow cotton in 12.26 million ha of land every year.

Coming apart at the seams	The Hindu

Distress by the yard North Indian workers engaged in cutting garment in a hosiery unit in Tirupur M Periasamy - THE HINDU

Hit by falling production and exports in the aftermath of GST, garments needs policy support to address both immediate and structural issues. Amiti Sen and LN Revathy report

Tirupur in Tamil Nadu, India's well-known garments hub, employing about six lakh, wears a sleepy look these days. There aren't many load pullers and lorries stacked with material to be seen.

Nearly 3,000 km north, in Noida's garment units, there is an almost beguiling sense of normalcy. Inside a factory unit with large iron gates, workers are busy piling up reams of patterned cotton cloth, ready to be cut and sewn into attractive clothing. Others are grouped together in different rooms going about their tailoring work like dutiful soldiers. But there can be no denying that India's garments industry, the second largest employment generator after agriculture, is in trouble. Apparel production and exports have both declined sharply over the past 10 months, despite a growth in global demand

What exactly is ailing our apparels sector, which accounts for over 10 per cent of total exports? "Acute liquidity crunch is the main reason. Because of lower rates of refunds under the duty drawback and remission of state levies (ROSL) schemes, manufacturers and exporters are short of cash. Smaller units are not in a position to take new orders," explains Anil Peshawari, Meenu Exports, Noida.

GST blues

It's been a triple whammy. The lowered rate comes on the back of slow GST refunds, as exporters (who are tax exempt) apply for both reimbursement of input taxes as well as IGST paid on the finished goods. The sector has barely recovered from the impact of demonetisation. After GST came into force last July, the Centre re-calculated duty drawback rates and slashed it to 2.2 per cent from an average of 9 per cent while the ROSL rates were reduced to 1.3 per cent from 3.3 per cent.

Subsequently, the government recanted and increased the incentives under the Merchandise Export from India Scheme (MEIS) to 4 per cent, from 2 per cent. But the net loss in reimbursements for exporters is 5-5.5 per cent of export value, as per industry calculations.

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Tirupur Exporters' Association (TEA) President Raja M Shanmugham agrees that it is the small exporter who is worst hit. "Small and tiny units are struggling to cope as they have not been able to get GST refunds. Only 300-odd cases were filed for refund up till April 10," he says. There are about 8,000 MSME units in the knitwear cluster. About 1,000 units are engaged in the export of garments.

While the tax authorities have been advising units to engage a senior person or auditor to help file GST returns, small players contend that they cannot afford to engage a person at a senior level.

HKL Magu, Chairman, Apparel Export Promotion Council, puts it thus: "The industry suffered because funds were blocked and payments to suppliers and workers were hit. This affected production." Apparel output fell by 10 per cent during April-February 2017-18.

As for the post-GST duty drawback cuts, the government rationalises the move by saying that exporters' taxes are completely reimbursed now. Exporters, however, contend that input taxes paid by exporters were low in any case and the GST refund was only giving them an advantage equivalent to 0.5 per cent of export value. Despite low input taxes, the drawback rate in the previous regime was high as the government was using it as a mechanism to compensate garment exporters for disadvantages they suffered vis-à-vis competing countries such as Bangladesh, Cambodia and Sri Lanka.

"The high drawback rate was a way to support the domestic industry and help it compete against countries like Bangladesh and Sri Lanka that have got a free trade agreement (FTA) with the EU. Our products straight away become 9.8 per cent more expensive in the EU because of import duties as these countries' exports are duty free," says Peshawari. As the EU is one of the biggest markets for Indian garments and textiles, losing it would be a big blow.

According to A Sakthivel, a Tirupur-based garments exporter and an office-bearer of Federation of Indian Export Organisations, the reduction in incentives by about 5 per cent is a jolt. Exporters were already working on a thin margin of 3-4 per cent.

Structural issues

M Vijay Bhaskar, Professor of Economics, Madras Institute of Development Studies, explains that the wafer-thin margins are a result of sellers, mostly small-scale and fragmented, lacking pricing power against large, MNC buyers. With fashions being engineered to change every two months against, say, a year, about two decades ago, sellers are placed at a disadvantage, he explains.

Taking the pricing issue further, Ahmedabad-based Ashim Roy, General Secretary of New Trade Union Initiative, says: “Rather than focus on labour arbitrage at a time when wages are already rock bottom, the government should address the pricing issue by working towards some institutional framework. Logistics costs, too, are much higher in India than in competing countries.” Economic Survey 2016-17 too points out that Vietnam, while prevailing over India in market share, has a higher wage

The other structural issue is the traditional tariff bias against man-made fibre at a time when the global demand for it is on the rise. CMD, Indorama Synthetics, OP Lohia, says:

“For cotton garments, there is synchronisation of taxes from raw material to garment, at 5 per cent. In the synthetic sector, the GST on polyester fibre or yarn is still at 18 per cent, whereas on the fabric it is 5 per cent. It defeats the purpose of tax reform, when you have a higher tax on raw material.”

In sum, a government that seems intent on propelling the labour-intensive garments sector as a central actor in its ‘Make in India’ drive is yet to get its policy mix right.

Inputs by Rutam Vora and A Srinivas

How to reverse the trend of jobless growth	**Financial Express** https://www.financialexpress.com/economy/how-to-reverse-the-trend-of-jobless-growth/1141819/

Promoting the growth of MSMEs, skilling for an industry-ready workforce, producing periodic data on employment, promoting & tracking entrepreneurial sector are some ways that can lead to sustainable employment generation

In a jobless growth economy, unemployment remains stubbornly high even as economy grows. This may be because a relatively large number of people may have lost their jobs or new members entering the workforce are much higher than jobs available. In India, the latter seems to be the case, thereby obstructing the benefits of growth from reaching the masses. While analysing the paradox of jobless growth, I have categorised the reasons and the possible solutions into a ten-point action plan:

*__Formalise labour arrangements:__ India experienced decline in jobs due to a reduction in contract workers (nearly 70,000 were retrenched in the first half of FY16, compared to 161,000 additions in the first half of FY15). Contractualisation is a universal phenomenon and the solution is to simply end the informal nature of employment. Better pay, job security, safe work environments and social security benefits will only help workers bring out their best. In fact, companies making high-specification products realise that contract labour can lead to batch rejections.

*__Improve business sentiment:__ Employment in export units, reeling under a shrunken global demand, has seen a sharp decline. In the automobile sector, only a handful of jobs have been added. Large manufacturers are trimming operations; Nokia shut down its handset factory in Chennai, rendering 8,000 workers jobless, and for Microsoft, the new owner of Nokia, making smartphones in China and Vietnam was cheaper. Following on the heels of Goldman Sachs and Nomura, JP Morgan Asset Management also exited its onshore India-based mutual funds business. Cement major Lafarge is another case in point. The focus should be on kick-starting the investment cycle, incentivise job creation by giving infrastructure a push, finding a way to lower interest rates and improving ‘ease of doing business'.

*__Improve labour-absorption:__ The economy is generating fewer jobs per unit of GDP—more work is being done with fewer employees due to major improvements in automation, robotics and productivity. So, more focus on labour-intensive sectors will generate employment. While sectors like financial services and e-commerce seem obvious as ones to focus upon, the significance of new economy enterprises shouldn't be underestimated. These could be in education, hospitality, healthcare, as also green sectors such as solar and wind.

* **Policy push to speed up the five labour market transitions:** Transitioning from farm to non-farm, rural to urban, subsistence self-employment to wage employment, informal to formal, and school to work will enhance productivity norms.

*__Schemes to promote MSME growth:__ Arresting the lacklustre global demand and weak exports, and diversifying the exports basket are the dire needs of the MSME sector. Enhancing the employment potential of MSMEs is critical as the sector contributes 40% to India's manufacturing output, employing 14 crore workers.

*__Skilling for an industry-ready workforce:__ Given India's demographic dividend, it acquires special significance. With 54% of our population below 25 years of age, we are sitting on a massive workforce. Unfortunately, many of them are unemployable with their skills not matching the emerging industry requirements. While curriculum has largely remained static, its application has become dynamic.

Major gaps in skills are in industries such as auto, building and construction, textiles and retail. Also, there is a skills shortage for jobs ranging from welders to masons and from electricians to nurses. Industries require market-driven skills to meet their business needs of higher productivity, lower costs and higher efficiencies. It is imperative that apart from beefing up their in-house training facilities, the industry focus on tie-ups with educational/training institutes, and refurbishing curriculum, content, teaching/training methodologies.

*__Manufacturing sector needs a boost:__ While the services sector contributes 58% to India's GDP, the manufacturing sector's contribution is 24%. India's late policy resurgence towards manufacturing is the main reason why the country lags behind China. The sector's role in triggering structural change has remained unattended while we have focused on the less employment-providing, less tradeable and less technology-oriented services sector.

India is not likely to emulate China where 34% of its labour force is involved in manufacturing. But even if we can increase this to 20%, up from the current 11%, it would account for another 100 million jobs!

*__Producing periodic and reliable data on employment:__ Regular estimation of job numbers and related indicators has long guided policy creation in some of the other successful economies. Employment generation must be the soul of policy creation; to do that, it is imperative to know the statistics on the same periodically. The last time India carried out a focused and comprehensive estimation of the employment situation nationwide was in 2012 through the 68th round of NSSO. Needless to say, these figures are no longer used for gauging policy exigencies in the country.

*__Promoting entrepreneurial sector:__ Many of the jobs in the economy are created by Flipkarts, Myntras and Snapdeals of the world. Start-ups are an engine of job-creation. According to NASSCOM, 3-4 IT start-ups are born every day in India and India is the third largest start-up base; just behind the US and the UK but ahead of China and Israel, with 1,400 new start-ups in 2016, up by 8-10% from 2015. These ventures are poised to grow 2.2 times to reach 10,500 by 2020.

*__Dignity of labour:__ It remains an exotic concept in India. Shuffling papers is seen as more dignified as compared to holding a torque wrench and rolling up of sleeves on the shop-floor. The faster this mindset changes, the better it is for India.

UNDP's Asia-Pacific Human Development Report 2016 warned India could face a critical shortage of jobs in the coming 35 years. There are two ways to look at it—as a huge wave of unemployment and demographic disaster that will leave India floundering, or as an unprecedented resource for wealth creation that will outpace much of the world if equipped with right skills.

Bangladesh Set to Reach Economic Par With India	**The Diplomat** https://thediplomat.com/2018/04/bangladesh-set-to-reach-economic-par-with-india/

Bangladesh is poised to graduate from "least developed country" to "developing country" status. The United Nations Committee for Development Policy announced in March that Bangladesh had successfully met the criteria to graduate from a "least developed country" (LDC) to a "developing country" (DC). That sounds like a lot of bureaucratese. But it isn't. The UN's low-key proclamation has led to celebration in Bangladesh and for good reason.

This once famously impoverished nation – regularly crushed by famine and floods – will soon have the same economic status as Mexico, Turkey, and its neighbor India. And it achieved that ranking fast; Bangladesh has been an independent nation for just 47 years. Literally speaking, Bangladesh won't attain formal status as a developing country until 2024 and only if it maintains its current standing in three basic economic calculations: per capita gross national income and two indexes, one that measures the education and health of its citizens and a second that measures its resilience in the face of economic and environmental shocks. Countries that meet or exceed these thresholds graduate from LDC to DC.

Bangladesh has fulfilled the United Nation's criteria in all three categories. How did it manage that? Bangladesh's economy has grown at an astounding rate of more than 6 percent for six consecutive years, propelling its per capita gross national income above the threshold required by the UN for a status upgrade. Economic growth, in turn, lifted many of Bangladesh's poorest citizens out of destitution. As economic opportunities proliferated, Bangladesh's exports diversified, reducing the nation's economic vulnerability. In addition, Bangladesh's government focused its policies on helping its neediest residents. These programs greatly increased access to education and healthcare, especially among women.

Bangladesh consistently ranks among the top 10 nations in gross domestic product (GDP) growth. Its economy grew 7.28 percent in the past fiscal year, for example, exceeding the government's already optimistic projections. Indeed, Bangladesh's annual GDP rose from $100 billion in 2009 to $250 billion in 2017, an eye-popping 150 percent increase.

The rapid expansion, coupled with sustained poverty reduction, put it on the fast-track to international notice.

Bangladesh also diversified its economy. Much of its early growth came from the ready-made garment industry. It earned its nickname: T-shirt maker to the world. But now, other industries are flourishing as well, including aquaculture and online services. Even the garment industry is diversifying. Along with basic shirts, Bangladesh also produces high-end sportswear that can be found in Europe's trendiest stores.

Bangladesh's booming economy has brought employment to millions, especially women, many of whom are earning salaries for the first time. Prime Minister Sheikh Hasina has made empowering women a priority. During her time in office, women have attained high positions in government, business, and labor organizations. In rural areas, development programs in aquaculture have turned wives, once second-class citizens, into breadwinners, improving family fortunes and social standing. The World Economic Forum validated the government's success in these metrics last year when it ranked Bangladesh first in gender equality among South Asian nations for the second year in a row.

Education is an even bigger success story. Between 2000 and 2016, Bangladesh's net enrollment rate at the primary school level increased from 80 percent to 99 percent. Secondary school enrollment also increased from 45 percent to 54 percent. In addition, Bangladesh achieved complete gender parity in primary education, with 99.4 percent of all girls attending school. Eighty-one percent of the students who enroll in first grade now reach fifth grade. As a result, the adult literacy rate hit a 12-year high last year and is expected to climb in the years ahead as access to educational opportunities expand across the country.

Bangladesh has accelerated its development by embracing technology and the digital age. A country of 163 million people, Bangladesh has more than 145 million mobile phone subscribers, an increase of nearly 59 million in just six years. The adoption of new technologies has led to positive social changes, faster communication and an increased desire for democracy. The government's "Digital Bangladesh" program has extended internet access and government services to the far reaches of the country. Thanks to economic, social, technological, and infrastructural improvements, Bangladesh has become a vibrant hub of South Asia. Its people and its government deserve to celebrate this remarkable progress in so short a time.

Researchers investigate 'why clothes don't fall apart'	**Phys.org** https://phys.org/news/2018-04-dont-fall.html

Cotton thread is made of many tiny fibers, each just 2-3 cm long, yet when spun together the fibers are capable of transmitting tension over indefinitely long distances. From a physics perspective, how threads and yarns transmit tension—making them strong enough to keep clothes from falling apart—is a long-standing puzzle that is not completely understood.

In a new paper published in Physical Review Letters entitled "Why Clothes Don't Fall Apart: Tension Transmission in Staple Yarns," physicists Patrick Warren at Unilever R&D Port Sunlight, Robin Ball at the University of Warwick, and Ray Goldstein at the University of Cambridge have investigated yarn tension in the framework of statistical physics. Using techniques from linear programming, they show that the collective friction among fibers creates a locking mechanism, and as long as there is sufficient friction, a random assembly of fibers can in principle transmit an indefinitely large tension.

Their results provide a quantitative basis for the heuristic explanation proposed by Galileo in 1638, who was puzzling over the problem of how a rope can be so strong when it is made of such small fibers. "The very act of twisting causes the threads to bind one another in such a way that… when the rope is stretched… the fibers break rather than separate from each other," he wrote. In modern terms, Galileo was describing friction.

In the new study, the researchers modeled the yarn as a group of randomly overlapping fibers. The results showed that, as the friction increases, a percolation transition emerges. As the researchers explain, this transition corresponds to "a switch from a 'ductile' failure model where the yarn fails by fiber slippage… to a 'brittle' failure mode where the failure mechanism is fiber breakage." Above this threshold, the tensile strength becomes roughly 100 times stronger than before.

"We now understand better at a fundamental level how friction stops fibrous materials from falling apart," Goldstein told Phys.org. "From an applied perspective, we can use the insights to underpin the design of fabric conditioners, for example."

In the future, the model could also be used to optimize the properties of sewing threads made of various fiber blends. When extended from fibers to granular media, the results may also have applications for better understanding the stress transmission in sand piles and grain silos. In addition, the researchers plan to investigate the threshold in greater depth.

"We plan to write a longer paper exploring the nature of the 'supercritical' state, above the percolation transition," Goldstein said.

Bangladesh emerges largest importer of Indian cotton	**Financial Express** https://www.financialexpress.com/market/commodities/bangladesh-emerges-largest-importer-of-indian-cotton/1143136/

Bangladesh has emerged as the biggest importer of Indian cotton this season. It imported around 21 lakh bales of cotton from India overtaking China, which was largest importer of Indian cotton until now.

Bangladesh has emerged as the biggest importer of Indian cotton this season. It imported around 21 lakh bales of cotton from India overtaking China, which was largest importer of Indian cotton until now. For many seasons, China has remained the largest importer of cotton from India and has imported around 17-18 lakh bales during any given season. However, for the past couple of seasons, China has not been importing much cotton because of large reserves of the crop within the country itself. In the last two seasons, China has imported some 19 lakh bales of cotton. Bangladesh, on the other hand, has imported around 36 lakh bales during this period. According to industry people, there have been no restrictions on the import of cotton in Bangladesh.Cotton is exported from India via Kolkata port and the road route from Benapole. Traders say that expenses on logistics are reduced since Bangladesh in India’s neighbour.

Bangladesh produces less than 8 lakh bales in a season and is not considered a significant cotton producer. Over 90 % of the country’s textile mills’ needs are met through imports. The country has over 85 textile mills and a large presence in powerloom and processing. The country's textile business has 35% foreign direct investment, industry sources said. Both US and China are large investors in the textile business. US exports around 25-28 lakh bales.

The Cotton Association of India (CAI) has estimated domestic consumption at 324 lakh bales while the exports for the season are estimated at 65 lakh bales which is higher by 5 lakh bales than the CAI's estimate of the previous month as the country is now witnessing a good export demand. The carry-over stock at the end of 2017-18 season is estimated by the Association at 21 lakh bales, which is lower by 1 lakh bales of 170 kgs each than the CAI 's earlier estimate. Several new textile mills have come up in Gujarat and other states have started operations resulting in about 35 lakh new spindles this year. India is also the second largest exporter of cotton in the world next only to the US and it also has a vibrant import market.

So far, India has exported 15 lakh bales of cotton to China. As per data provided by CAI, the country has contracted 15-20 lakh bales for exports to China. Following the trade war with the US, China has imposed tariffs on import of cotton from the US. Cotton is one of the 106 US goods on which Beijing has imposed up to 25% tariffs. Atul Ganatra, President, Cotton Association of India (CAI), had earlier said India has been receiving demands for cotton from several other countries, including Vietnam, Indonesia and Turkey. According to the CAI, India had exported 63 lakh bales of cotton last year. Each bale has nearly 170 kg of cotton.

Sourcing cotton from India is more cost effective and less expensive in comparison to other countries, according to traders. India has already shipped nearly 53-55 lakh bales in the current season and contracts have been signed for another 8-10 lakh bales scheduled for shipment in April-May.India will export 65-70 lakh bales of cotton in the ongoing cotton season 2017-18 (October-September) amid aggressive demands from neighbouring countries like Bangladesh, Pakistan and China, according to traders.

The country's cotton exports would reach 65 lakh bales by May-end as Bangladesh, the world's largest cotton importer, does not have much of its own production and its spinning mills largely depend on imports, CAI has said. In the early six months of this cotton production and marketing season 2017-18 (October-March), India had sold 55 lakh bales of cotton, of which 17 lakh bales were shipped to Bangladesh followed by 11 lakh bales to Pakistan, 10 lakh to Vietnam, 7 lakh to China, 7 lakh to Indonesia and Taiwan, and 3 lakh to other countries including Sri Lanka, Turkey and Thailand, among others.

Quton releases new cotton hybrid seed	**The Herald** https://www.herald.co.zw/quton-releases-new-cotton-hybrid-seed/

Zimbabwe's major cotton seed producer Quton, has released new cotton hybrid seed with a higher yield potential compared to current non hybrid varieties, in a move that is set to revive the country's cotton sector that has been on the decline for years.

Speaking at the launch of the new cotton seed hybrids in Harare recently, Quton managing director Edworks Mhandu, said his company is releasing the hybrid varieties after conducting successful trials in partnership with the

Cotton Research Institute in various parts of the country.

He said the results of research had shown that the hybrid seeds, which generally require less water had a yield potential of 20-25 percent higher than non – hybrid seeds.

“The new cotton hybrid seed is going to revolutionise the country’s cotton sector through improved yields and improved livelihoods for farmers. Our vision is not ending with hybrids only, but we want to go further into biotechnology to enhance the competitiveness of Zimbabwe’s cotton sector. It’s now possible for breeders to introduce new varieties in 6 to 7 years instead of 15 years. We are introducing these varieties with the main objective of increasing productivity and enhanced incomes for cotton farmers.”

Quton, the country’s sole cotton seed producer in collaboration with the Cotton Research Institute, conducted trials over the last two cropping seasons to develop highly adaptable and high-yielding cotton varieties to enhance the country’s competitiveness on the world market.

The company released its C567, C571 and C608 cotton hybrid varieties, which broadly have large bolls, very high oil and protein content as well as good fibre quality compared to the QM301 open variety. With good agronomic conditions and practices, the C571 and C567 varieties can yield about 5 500kg per hectare while the drought tolerant C608 can yield some 4 000kg per hectare.

Quton breeders say the figures could be higher depending on soil and other agronomic conditions. They say the hybrid varieties have a potential for 60 bolls per plant. Quton and the Cotton Research Institute conducted trials in the 2015/ 16 and 2016 /2017 cropping seasons in main cotton growing regions — Gokwe, Sanyati, Muzarabani, Bindura and other areas.

“Our trials were a huge success and I’m optimistic that these new varieties will gain acceptance and improve the livelihoods of cotton farmers,” said Mr Mhandu.

“The cotton sector had gone on a downward spiral for several years. The question was, what do we do to increase productivity. These cotton hybrid varieties could help us increase our return per hectare and help our farmers to retain interest in growing cotton. Quton is working flat out to ensure our farmers get some economic benefits from the seed. If farmers are happy with their returns, then we know we are going to get business.”

Quton is already training thousands of farmers in major cotton growing regions of the country on how to grow these new varieties. Training was also done during trials to help build the capacity of farmers to grow cotton hybrid seeds.

Quton cotton breeders say a shift to the use of less water tolerant seeds would help offset challenges related to unpredictable rainfall patterns resulting from climate change.

India’s leading agri-biotech company Maharashtra Hybrid Seeds Company, acquired a controlling stake in Quton in 2014 from Seed Co in a transaction worth $10 million. The acquisition gave the Indian firm a platform to introduce hybrid seeds to Africa. The foray into African market is expected to strengthen Quton and Mahyco’s positioning in the global cotton market.

Quton also has operations in Tanzania, Malawi and Zambia where cotton hybrid seeds have also been undergoing trials. These countries too, predominantly use open pollinated varieties.

Mahyco is working to introduce these hybrids in seven other African countries.Quton breeders say the new varieties have a potential to transform cotton production through improved viability for farmers, increased cotton hectarage and increased national cotton output.

Hybrids will certainly attract farmers back into cotton growing in Zimbabwe because of improved yields per hectare," said a breeder.

More than 180 000 small-scale farmers are growing cotton to sustain their livelihoods but falling world cotton lint prices, rising production costs and low returns have continued to subdue cotton production in Zimbabwe and most other African countries. About 98 percent of the cotton grown in Zimbabwe is exported in its raw form.

Zimbabwe's cotton production has dropped from an estimated 400 000 tonnes annually at its peak a few years ago to 200 000 tonnes now.

The decline has been attributed to a combination of factors, lack of suitable hybrid varieties, including lower prices for the crop and drought.