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NEWS CLIPPINGS –08-12-2018

SIMA lauds revision of duty drawback rate for textile items	Business Standard https://www.business-standard.com/article/pti-stories/sima-lauds-revision-of-duty-drawback-rate-for-textile-items-118120701109_1.html

The Southern India Mills Association (SIMA) Friday welcomed the increase in duty drawback rate for textile items by saying it would help exporters improve competitiveness especially in countries which are signatories to the Preferential Trade Agreement (PTA).

The Central government had on Thursday announced a marginal increase of the rate.

In a press release here, SIMA chairman P Nataraj thanked Prime Minister Narendra Modi, Union Commerce & Industry Minister Suresh Prabhu and Textiles Minister Smriti Irani for revising the rate.

Also, the SIMA chairman lauded the removal of value cap for most of the items, which has been discouraging value addition.

Though the duty drawback rate was increased from 1.2 per cent to 1.7 per cent for cotton yarn; from 1.3 per cent to 1.6 per cent for cotton fabric; and from 2 per cent to 2.6 per cent for made-ups, there was a marginal decrease in the rate for apparel items, Nataraj said.

Considering the continuous fall in export of garments, he said, the industry was hoping for increase in the rate and the government could have at least continued the existing rate of duty drawback to sustain the existing level of exports.

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

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
21035	44000	79.65
Domestic Futures (Ex-Gin) November		
Rs/Bale	Rs/Candy	USD Cent/lb
21900	45810	82.93

International Futures		
NY ICE USD Cents/lb. (Dec 2018)		79.08
ZCE Cotton: Yuan/MT (Jan 2019)		14610
ZCE Cotton: USD Cents/lb.		82.40
Cotlook A Index - Physical		85.55
B. Currency		
USD/INR	Close	Previous Close
Spot	70.459	69.584

Cotton Guide:

COTTON FUTURES DAILY PRICE LIMIT REVERTS TO 3 CENTS PER POUND: Effective with the start of trading for Friday, December 7, 2018, the Daily Trading Limit for all Cotton No. 2 futures contract delivery months will revert to 3 cents per pound (300 points) above and below the prior day Settlement Price. The text of Cotton No. 2 Rule 10.09 can be found at: Link

Cotton futures settled lower across the board. March settled at 7908, down 207 points. The now expired Dec-18 settled at 7802, down 209 points. The other months settled from 53 to 183 points lower. Volume was 32,637 contracts. Cleared yesterday were 19,654 contracts. Markets in general were negative. US equities took a wild ride. First they dropped sharply then recovered all or most of their losses. At one point the Dow was down 784.85 points and finished down 79.40 points at 24,947.67. The NASDAQ had big losses, too, and it finished higher. By comparison grains had small losses at the lows and at the close.

At the heart of today's turmoil was the US-China trade war. Worries of additional tensions came with the arrest of China's Huawei Technologies' CFO Meng Wanzhou in Canada. Her arrest was at the request of the US Justice Department as part of an ongoing National Security investigation.

March traded in a 219 point range, from 7860 to 8079, making a new low for the week. Even so, March still has a 17 point gain on the week. So far this week's range has been 325 points, from 7860 to 8185. Mills were lightly active fixing on-call sales today. There were 441 EFPs that were likely tied to on-call fixations too. Spreads traded 7,088 times, about 52 percent of the volume. Differences added carry, just the opposite of yesterday.

March/May traded 3,934 times in a range of 89 to 124 points May premium and it settled at a 118 point May premium; the biggest May premium in 9 sessions. Yesterday's settlement was at 94 point May premiums, the smallest premium since it settled at 81 points on October 15th. Inputs are taken from Calcot Report.

On the domestic front, spot price traded steady around Rs. 44950 per candy ex-gin 80.70 US cents per lb at the prevailing exchange rate. Punjab J-34 is also higher at Rs. 4,423 per maund (75.65 cents per lb). Estimate of arrivals is 144,000 lint equivalent bales (170 kgs), including 40,000 in Gujarat, 36,000 in Maharashtra, and 23,000 in the Northern Zone.

On the futures front the December contract ended at Rs. 21790 down by Rs. 180 from the previous close. We think market might remain sideways to lower. The trading range for the day would be Rs. 21700 to Rs. 22000 per bale.

FX Guide:

Indian rupee has opened firmer by 0.45% to trade near 70.57 levels against the US dollar. Rupee strengthened amid weakness in crude oil price amid lack of OPEC deal on production cuts. Brent crude trades weaker near $60 per barrel as OPEC members ended the meeting on Thursday without a deal on production cuts. OPEC and non-OPEC members will meet today to take a final decision on production cuts. Comments from OPEC members indicate possibility of a 1 million barrel per day cut. Also supporting rupee is some stability in equity markets after recent sell-off. US equity market recovered from intraday lows yesterday amid Wall Street Journal report that Fed officials are considering whether to signal a new wait-and-see mentality after a likely rate increase at their meeting in December. The US dollar is also under pressure amid mixed economic data and concerns about inverting yield curve.

The 3-year bond yield was at a premium to 5-year yield for the third consecutive day. However, weighing on rupee is general weaker risk sentiment amid concerns about US-China trade deal and disappointment over RBI's decision to maintain calibrated tightening stance. Rupee may trade with a firm bias on weaker crude oil price. USDINR may trade in a range of 70.35-70.75 and bias may be on the downside.

Bengaluru power supply firm seeks tariff hike	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/bengaluru-power-supply-firm-seeks-tariff-hike/article25694635.ece

New proposal limits slabs from 6 to 4

The Bangalore Electricity Supply Company (Bescom), which caters to eight districts, including Bengaluru Urban and Rural, has sought a Rs. 1/unit hike in tariff for the financial year 2019-20.

Bescom sources said the hike is to cover the gap in revenue incurred during power purchase. The power utility had asked for an 82 paise hike last year, which was the least sought by the five electricity supply companies.

Bescom has also proposed a ‘non-telescopic’ tariff, wherein the number of slabs for LT2 a (i) (low tension) consumers, i.e., domestic consumers, has been reduced.

“The HT (high tension) and commercial/temporary tariff consumers are cross-subsidising the domestic consumers. We have now proposed to segregate the domestic consumers based on consumption for intra-cross subsidisation,” explained an official. Two years ago, the power utility had introduced more slabs, according to which, consumers had to pay more as they crossed each slab. However, the new tariff proposal limits the number of slabs from six to four.

For example, consumers had to earlier pay Rs. 3.5 a unit if their consumption was less than 30 units, and Rs. 4.95 for consumption between 31 and 100 units. Under the new proposal, those who consume below 50 units will have to pay Rs. 3.90, while those who consume more than 50 units, but less than 100 units, will have to pay Rs. 4.95 for all units from 1 to 100, officials explained.

Bescom’s tariff petition has also included the proposal of bringing in ‘new businesses’ under the commercial category. “There are these vending kiosks in tie-up with an online grocery store, wherein people can make purchases via an app and take items from a refrigerator. Those that were installed at offices and malls were under the commercial category. But the ones that were installed within apartment premises, at club houses and sports areas, were being considered under the domestic category, though it is a commercial activity," Bescom officials said.

Tangedco directed to refund payment from Indian Oil Corp.	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/tangedco-told-to-refund-payment-from-ioc/article25694837.ece

The levy was on account of disproportionate current usage

The Tamil Nadu Electricity Regulatory Commission (TNERC) has directed the Tamil Nadu Generation and Distribution Corporation (Tangedco) to refund the compensation charges levied on Indian Oil Corporation (IOC) for discharge of harmonics during the three months time granted for rectification.

Harmonics are generated by any load that draws current disproportionate to the voltage applied.

According to the petition, Tangedco had issued a notice on October 31, 2014 to IOC, granting a three-month period to bring down the harmonic limit within permissible limits. This was following an inspection in September that year. The notice said if there is a default, IOC would have to pay compensation charges at 15% of current consumption charges. Even when the measures to mitigate the harmonics was under process, Tangedco imposed a compensation charge of Rs. 17,35,877 with retrospective effect from October 2014 in the Current Consumption (CC) bills of March 2015, IOC said.

'Charges not in order'

The state utility continued raising the compensation charges in the monthly bills of April 2015, May 2015, June 2015, July 2015 for Rs. 2,99,193, Rs. 2,97,174, Rs. 3,70,830 and Rs. 3,75,939 respectively, it added. Tangedco said discharge of harmonics severely affected its grid power quality and it was the responsibility of the company to reduce its harmful effects by maintaining within limits.

The TNERC said the levy charged retrospectively before the expiry of the three-month period granted to the consumer to rectify the limits of harmonics was not in order.

The compensation charges collected prior to the expiry date of the three-month period, i.e prior to 24.12.2014, is liable for refund, it said.

However, the TNERC said that IOC is liable to pay compensation charges for the period after the expiry date of the three-month notice on 23.12.2014 to the date of rectification of limits of harmonics, which is 28.11.2015.

India's cotton output could drop to the lowest in 9 years	Economic Times https://economictimes.indiatimes.com/news/economy/agriculture/indias-cotton-output-could-drop-to-the-lowest-in-9-years/articleshow/66970098.cms

India's annual cotton output could drop 12 percent to the lowest in nine years as limited rainfall in the top two producing states has slashed crop yields, potentially cutting exports from the world's top producer, industry officials said.

Lower cotton shipments from India will allow rivals such as the United States, Brazil and Australia to increase cargoes to key Asian buyers such as China and Pakistan. It may also support global prices that have fallen 16 percent since hitting a four-year peak in June.

India could produce 32.5 million bales in the 2018/19 marketing year that began on Oct. 1 - the lowest since 2009/10 - as farmers in the western states of Gujarat and Maharashtra are reporting poor yields, said Chirag Patel, chief executive at major exporter Jaydeep Cotton Fibres Pvt Ltd.

Rains in Gujarat and Maharashtra, which account for more than half of India's cotton production, were nearly a quarter below normal during the June-September monsoon season.

Many farmers had to uproot plants after first cotton picking. There won't be a second or third picking like every year," Patel said.

India produced 37 million bales in 2017/18 and was expected to harvest 36.1 million bales this year, according to the state-run Cotton Advisory Board.

Despite higher prices, supplies are not picking up. The crop is lower than estimated," Patel said.

New season cotton supplies usually start from October and peak in November and December. But spot supply in the past two months only reached around 7 million bales compared to 10 million bales a year ago, said Atul Ganatra, president of the Cotton Association of India (CAI).

Pink bollworms also hit plantation in Maharashtra, he said.

Indian farmers have adopted genetically-modified seeds known as Bt cotton that are resistant to bollworms, but it hasn't stopped the infestations. Pink bollworms consume the fibre and seeds inside a cotton plant's boll, or fruit, and yields fall.

LIMITED SURPLUS

In June, traders were expecting India to export as much as 10 million bales amid strong demand from China due to the trade dispute between Beijing and Washington.

But smaller crop size will limit surplus for overseas sales and lift local prices, said Arun Sekhsaria, managing director of exporter D. D. Cotton.

"We could export 5 to 6 million bales. Export demand is likely to pick up in coming months as Indian cotton is cheaper than other origins," Sekhsaria said.

Indian cotton is being offered around 84 to 85 cents per lb, cost and freight, to buyers in Bangladesh and Vietnam, versus around 90 cents for those from the United Sates and Brazil, dealers said.

In the current season, traders have contracted to export around 2.5 million bales and have shipped around 1 million bales, said Ganatra of CAI .

Cabinet clears agri export policy to take shipments to $60 billion by 2022	**Live Mint** https://www.livemint.com/Home-Page/oK2OARVDym1eSMEUT0HSPP/Cabinet-approves-policy-to-boost-farm-exports-Suresh-Prabhu.html

The policy is aimed at helping India step up exports of an array of farm goods but also seeks to avoid ad hoc, knee-jerk policy decisions often aimed at keeping a lid on food inflation

Seeking to double agricultural export to $60 billion by 2022, the Union Cabinet Thursday approved a maiden export policy for the farm sector that imposes no restrictions on export of all organic and processed products. However, export policy for primary agricultural products, like onion, would reviewed periodically on a case-to-case basis depending on price-supply situation, said Commerce Minister Suresh Prabhu after the Cabinet meet.

“The policy aims at doubling agricultural shipments to over $60 billion by 2022,” he said, adding that achieving the target was “doable”.

He said the farm exports have grown by 20 per cent in a year.

Agricultural exports are currently estimated at $30 billion. Prabhu said there was a time when India used to import agricultural products, but now it is exporting in a big way.

He rued India had no export policy for agri products despite a major producer. Prabhu said the first ever ‘Agriculture Export Policy, 2018’ would help the government in achieving the target of doubling farmers’ income. The policy aims to boost exports of agriculture commodities such as tea, coffee and rice and increase the country’s share in global agri-trade.

The policy would focus on all aspects of agricultural exports including modernising infrastructure, standardisation of products, streamlining regulations, curtailing knee-jerk decisions, and focusing on research and development activities.

It will also seek to remove all kinds of export restrictions on organic products, the minister added.

The implementation of the policy will have an estimated financial implication of over Rs 1,400 crore. As per an official release, the objective of the policy is to diversify export basket, destinations and boost high value and value added agricultural exports.

It will also provide an institutional mechanism for pursuing market access, tackling barriers and deal with sanitary and phyto-sanitary issues.

Other objectives of the policy is to strive to double India's share in world agri exports by integrating with global value chain at the earliest and enable farmers to get benefit of export opportunities in overseas market.

Prabhu said the policy has arrived at after consultation with state governments. He said states have also agreed to remove 'mandi tax' and reforms in Agriculture Produce Marketing Committee (APMC) norms.

To operationalise the policy, the government would focus on creating agri clusters, promote value added shipments, attract private investment and infrastructure development.

This story has been published from a wire agency feed without modifications to the text.

Revised All Industry Duty Drawback (DBK) Rates Schedule (2018-19) notified by CBIC, applicable from 19 Dec. 2018	**Vaclub.in** https://caclub.in/revised-all-industry-duty-drawback-dbk-rates-schedule-2018-19-notified-by-cbic/

CBIC has notified the Revised All Industry Duty Drawback Rates Schedule for 2018-19 applicable w.e.f. 19 Dec. 2018, vide Notification No. 95/2018 Customs (NT) dt. 6 Dec. 2018, in respect of specified exports and subject to compliance with the procedural requirements notified from time to time, as under:

G.S.R. (E). – In exercise of the powers conferred by sub-section (2) of section 75 of the Customs Act, 1962 (52 of 1962) and sub-section (2) of section 37 of the Central Excise Act, 1944 (1 of 1944), read with rules 3 and 4 of the Customs and Central Excise Duties Drawback Rules, 2017 (hereinafter referred to as the said rules) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 89/2017-Customs (N.T.) dated the 21st September, 2017 published vide number G.S.R. 1178(E), dated the 21st September, 2017, except as respect to things done or omitted to be done before such supersession, the Central Government hereby determines the rates of drawback as specified in the Schedule given below (hereinafter referred to as the said Schedule) subject to the following notes and conditions, namely :-

Notes and conditions. –

(1) The tariff items and descriptions of goods in the said Schedule are aligned with the tariff items and descriptions of goods in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) at the four-digit level only. The descriptions of goods given at the six digit or eight digit in the said Schedule are in several cases not aligned with the descriptions

of goods given in the First Schedule to the Customs Tariff Act, 1975.

(2) The general rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 shall, mutatis mutandis, apply for classifying the export goods listed in the said Schedule.

(3) Notwithstanding anything contained in the said Schedule, –

(i) all art-ware or handicraft items shall be classified under the heading of art-ware or handicraft (of constituent material) as mentioned in the relevant Chapters;

(ii) any identifiable ready to use machined part or component predominantly made of iron, steel or aluminium, made through casting or forging process, and not specifically mentioned at six digit level or more in Chapter 84 or 85 or 87, except those classifiable under heading 8432 or 8433 or 8436, may be classified under the relevant tariff item (depending upon material composition and making process) under heading 8487 or 8548 or 8708, as the case may be, irrespective of classification of such part or component at four digit level in Chapter 84 or 85 or 87 of the said Schedule;

(iii) the sports gloves mentioned below heading 4203 or 6116 or 6216 shall be classified in that heading and all other sports gloves shall be classified under heading 9506.

(4) The figures shown in column (4) in the said Schedule refer to the rate of drawback expressed as a percentage of the free on board value or the rate per unit quantity of the export goods, as the case may be.

(5) The figures shown in column (5) in the said Schedule refer to the maximum amount of drawback that can be availed of per unit specified in column (3).

(6) An export product accompanied with a tax invoice and forming part of project export (including turnkey export or supplies) for which no figure is shown in column (5) in the said Schedule, shall be so declared by the exporter and the maximum amount of drawback that can be availed under the said Schedule shall not exceed the amount calculated by applying ad-valorem rate of drawback shown in column (4) to one and half times the tax invoice value.

(7) The rates of drawback specified against the various tariff items in the said Schedule in specific terms or on ad valorem basis, unless otherwise specifically provided, are inclusive of drawback for packing materials used, if any.

(8) Drawback at the rates specified in the said Schedule shall be applicable only if the procedural requirements for claiming drawback as specified in rule 12, 13 and 14 of the said rules, unless otherwise relaxed by the competent authority, are satisfied.

(9) The rates of drawback specified in the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is –

(i) manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962);

(ii) manufactured or exported in discharge of export obligation against an Advance Authorisation or Duty Free Import Authorisation issued under the Duty Exemption Scheme of the relevant Foreign Trade Policy :

Provided that where exports are made against Special Advance Authorisation issued under paragraph 4.04A of the Foreign Trade Policy 2015-20 in discharge of export obligations in terms of Notification No. 45/2016-Customs, dated 13th August, 2016, the rates of drawback specified in the said Schedule shall apply as if in the said Schedule, the entries in columns (4) and (5) against the Tariff items in the said Schedule below all Chapters, except Chapter 61 and 62, are NIL, and those in Chapters 61 and 62 are as specified in the Table annexed hereto;

(iii) manufactured or exported by a unit licensed as hundred per cent Export Oriented Unit in terms of the provisions of the relevant Foreign Trade Policy; (iv) manufactured or exported by any of the units situated in Free Trade Zones or Export Processing Zones or Special Economic Zones;

(v) manufactured or exported availing the benefit of the notification No. 32/1997- Customs, dated 1st April, 1997.

(10) Whenever a composite article is exported for which any specific rate has not been provided in the said Schedule, the rates of drawback applicable to various constituent materials can be extended to the composite article according to net content of such materials on the basis of a self-declaration to be furnished by the exporter to this effect and in case of doubt or where there is any information contrary to the declarations, the proper officer of customs shall cause a verification of such declarations.

(11) The term „article of leather‟ in Chapter 42 of the said Schedule shall mean any article wherein (a) 60% or more of the outer visible surface area; or (b) 60% or more of the outer and inner surface area taken together, excluding shoulder straps or handles or fur skin trimming, if any, is of leather notwithstanding that such article is made of leather and any other material.

(12) The term “dyed”, wherever used in the said Schedule in relation to textile materials, shall include yarn or piece dyed or predominantly printed or coloured in the body.

(13) The term “dyed” in relation to fabrics and yarn of cotton, shall include “bleached or mercerised or printed or melange”.

(14) The term “dyed” in relation to textile materials in Chapters 54 and 55 shall include “printed or bleached or melange”.

(15) In respect of the tariff items in Chapters 60, 61, 62 and 63 of the said Schedule, the blend containing cotton and man-made fibre shall mean that content of man-made fibre in it shall be more than 15% but less than 85% by weight and the blend containing wool and man-made fibre shall mean that content of man-made fibre in it shall be more than 15% but less than 85% by weight. The garment or made-up of cotton or wool or man-made fibre or silk shall mean that the content in it of the respective fibre is 85% or more by weight.

(16) The term “shirts” in relation to Chapters 61 and 62 of the said Schedule shall include “shirts with hood”.

(17) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for adult shall comprise the following sizes, namely : –

(i) French point or Paris point or Continental Size above 33;

(ii) English or UK adult size 1 and above; and

(iii) American or USA adult size 1 and above.

(18) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for children shall comprise the following sizes, namely :-

(i) French point or Paris point or Continental Size upto 33;

(ii) English or UK children size upto 13; and

(iii) American or USA children size upto 13.

(19) The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall apply only to goods exported by airfreight, post parcel or authorised courier through the Custom Houses as specified in para 4.72 of the Hand Book of Procedures, 2015-2020 published vide Public Notice No. 1/2015-2020, dated the 1st April, 2015 of the Government of India in the Ministry of Commerce and Industry, after examination by the Customs Appraiser or Superintendent to ascertain the quality of gold or silver and the quantity of net content of gold or silver in the gold jewellery or silver jewellery or silver articles. The free on board value of any consignment through authorised courier shall not exceed rupees twenty lakhs.

(20) The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall not be applicable to goods manufactured or exported in discharge of export obligation against any Scheme of the relevant Foreign Trade Policy of the Government of India which provides for duty free import or replenishment or procurement from local sources of gold or silver.

(21) “Vehicles” of Chapter 87 of the said Schedule shall comprise completely built unit or completely knocked down (CKD) unit or semi knocked down (SKD) unit.

2. All claims for duty drawback at the rates of drawback notified herein shall be filed with reference to the tariff items and descriptions of goods shown in columns (1) and (2) of the said Schedule respectively. Where, in respect of the export product, the rate of drawback specified in the said Schedule is Nil or is not applicable, the rate of drawback may be fixed, on an application by an individual manufacturer or exporter in accordance with the said rules. Where the claim for duty drawback is filed with reference to tariff item of the said Schedule and it is for the rate of drawback specified herein, an application, as referred under sub-rule (1) of rule 7 of the said rules shall not be admissible.

3. The amount referred in sub-rule (3) of rule 7 of the said rules, relating to provisional drawback amount as may be specified by the Central Government, shall be equivalent to the drawback rate and drawback cap shown in column (4) and (5) in the said Schedule for the tariff item corresponding to the export goods, if applicable, and determined as if it were a claim for duty drawback filed with reference to such rate and cap.

4. This notification shall come into force on the 19th day of December, 2018. (please refer above attachment for Schedule of All Industry Duty Drawback Rates applicable w.e.f. 19 Dec. 2018)

Weaving a new future for India's ailing textiles industry	**Financial Express** https://www.financialexpress.com/opinion/weaving-a-new-future-for-indias-ailing-textiles-industry/1406000/

There is a need to work on challenges in the form of outdated technology, inflexible labour laws and infrastructure bottlenecks. The government also needs to re-look at fibre neutrality and evaluate various trade agreement opportunities.

The textiles sector in India, primarily dominated by the unorganised and small players, had taken a major hit with demonetisation and the implementation of the goods and services tax (GST). The sector appears to be finally recovering, as reflected by the improvement in the Index of Industrial Production (IIP) and exports data over the last few months.

The government has tried to support the domestic industry by increasing import duty on several textile items. However, there are some deep-rooted problems with the sector, and these need to be addressed to see any long-term sustainable revival in the sector. At the same time, it is also disheartening to note that the Indian textiles industry—which is one of the oldest industries of the Indian economy—is finding it difficult to compete with much smaller players such as Bangladesh and Vietnam.

The textiles and apparels industry in India is valued at around $127 billion in size. The sector is a large foreign exchange earner, and is the second-largest employer (after the agricultural sector) in the country. In India, the sector enjoys the presence of the entire value chain—from fibre, yarn, fabric and apparel—apart from the availability of cheap and abundant labour. However, in spite of these benefits, India's share in the global textiles exports is just 5%, which is minuscule as compared to China's share of 38%. Much smaller players like Bangladesh and Vietnam have a share of 3% in global exports and are increasingly threatening India's exports.

The exports from the sector are valued at around $37 billion, amounting to 13% of India's total exports. The share of textiles in India's total exports has fallen sharply—from a high of 25% in FY02. The export growth from the textiles industry was expected to jump, with the abolition of the Multi Fibre Arrangement (MFA) in 2005-06, whereby developing countries were released from export quota requirements. However, growth did not rise sharply, as the industry faced increased competition from low-cost producers like Vietnam and Bangladesh. The rise in labour cost in China could have been the perfect opportunity for India to increase its share in the global textiles industry. But India's textiles industry has not been able to encash this opportunity, as the industry grapples with domestic issues including outdated technology, inflexible labour laws, infrastructure bottlenecks, and a fragmented nature of the industry.

In midst of the existing challenges, the industry also needs to gear up for the abolition of some of the existing export subsidies. According to the World Trade Organisation's Agreement on Subsidies and Countervailing Measures, a country needs to phase out export subsidies for a product as it achieves export competitiveness, defined as 3.25% share in world trade, and the per-capita income reaches more than $1,000 per annum. As per this agreement, India is under pressure to end export subsidy for the textiles sector by 2018. This implies that the existing subsidy schemes—including the Merchandise Export from India Scheme (MEIS) and the Export Promotion Capital Goods (EPCG) Scheme—will get affected by the same.

There are a number of factors ailing the industry and the government needs to take multiple actions to revive the industry. To begin with, the government needs to move away from export-specific subsidy, which violates WTO norms, to focus on regional and cluster subsidies, technology upgradation and skill development subsidies, which benefit all the producers. Fibre neutrality is another aspect that will give a boost to the industry. In India, cotton and manmade fibres (MMF) have differential tax treatment. It was expected that with the introduction of GST, the fibre neutrality aspect will be looked into, but the differential tax treatment continues, with cotton taxed at 5% and manmade fibres at 12%. Globally, manmade textiles and garments are in high demand, with the ratio of cotton-to-manmade-fibre consumption at 30:70. India, despite being the second-largest textiles exporter in the world, lags in this category because of unavailability of manmade fibres at competitive prices. In fact, of the total textiles and clothing exports from India, cotton accounts for around 75%. There is a need to align our production with the global consumption patterns.

While India has abundant supply of labour, flexibility in labour laws and adequate skilling will give a big boost to the textiles industry. For instance, women should be allowed to work in all three shifts, after taking into account adequate safeguard measures. This will enable the industry to employ more female workforce. The textiles industry in India is mainly dominated by small scale and unorganised players—small and medium-sized enterprises (SMEs) make up around 80% of the industry. These SMEs find it difficult to manage the latest technology. It is here that technology upgradation schemes will help Indian players to increase both their productivity and competitiveness. In addition, the government needs to carefully evaluate the various trade agreement opportunities—Bangladesh and Vietnam benefit from favourable access to some of the big apparel markets.

Lastly, the Indian textiles industry needs to move up the value chain. India has a high share in global export market in upstream products, such as fibre and yarn (14% each). However, India has a low share in value-added downstream segments. India's exports of apparels and fabrics have a share of around 3.5% each in world trade. Compare this to China's share of 40% in the apparels segment, and even smaller players like Bangladesh and Vietnam have a higher share of 5.6% and 4.2%, respectively, in global apparels exports.

The textiles industry is important not just for labour absorption and as a source of foreign exchange, but also as a symbol of India's rich heritage. We have the required ingredients in the form of raw material availability and abundant labour to make the industry a success story. There is a need to work on correcting the challenges in the form of outdated technology, inflexible labour laws and infrastructure bottlenecks. The government also needs to re-look at fibre neutrality and evaluate various trade agreement opportunities, while domestically focusing more on technology upgradation and skill development.

Textile industry will flourish only if CETPs are established'	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/textile-industry-will-flourish-only-if-cetps-are-established-minister/article25694850.ece

Minister calls upon industrialists to hand over the required land in five districts

Minister for Electricity, Prohibition and Excise, P. Thangamani, has called upon industrialists to handover the required land for establishing zero liquid discharge-based Common Effluent Treatment Plants (CETPs) in the five districts in the region.

At the special plenary session of Premier Textile Fair, Weaves, at Texvalley, here on Friday, he said that next to agriculture, textile industry provided jobs to 45 lakh people in the State and problems in dyeing were a major challenge to the growth of the industry. Former Chief Minister Jayalalithaa had announced establishing CETPs at Rs. 700 crore as most of the units in Tirupur, Erode, Salem, Namakkal and Karur districts were cottage industries. But industrialists were yet to provide the land, he added.

The Minister said that if textile industry needed to flourish, a permanent solution was needed which was establishing CETPs. He said that the government would create awareness among the villagers that the CETPs would not pollute groundwater Mr. Thangamani said that currently 18,000 MW power was generated in the State and an additional 5,000 MW was needed in the near future, of which Tangedco had proposed to generate 4,000 MW by 2023. "But a few farmers' organisations and political parties are stirring people to protest against erection of electric towers in farm lands", he said and called upon people to cooperate in implementing new schemes.

Minister for Industries, Steel Control and Special Initiatives, M.C. Sampath said industrial growth in the State was positive as the State led in 12 sectors in the country. He said a total of 2,216 companies had applied in the single window clearance portal of which 168 proposals were cleared and work had begun. These companies would provide jobs to 44,000 people, he added.

Minister for School Education K.A. Sengottaiyan said the department had proposed to provide skill training in textile sector as the opportunities were enormous. Minister for Environment K.C. Karuppannan, and Collector C. Kathiravan also spoke. S. Chandramohan, vice-chairman of CII, Tamil Nadu, called upon effective steps to increase cotton production in the State, integrated facility for processing from yarn to garment, designing centres and continuous wet processing facilities.

A Memorandum of Understanding was also singed by power loom clusters with 25 educational institutions that would help design and market textile products.

Why mills aren't worried about low cotton production yet	**Live Mint** https://www.livemint.com/Mney/iBpvBWLucZGtURlwHRze2I/Why-spinning-mills-are-not-worried-about-low-cotton-producti.html

News reports that cotton crop yields will hit a three-year low in the October 2018-September 2019 season have set alarm bells ringing on the Street. A low yield implies lower output and higher cost of production. This could raise cotton prices and put spinning mills in distress. The moot question is how severe the impact on profits of spinning mills will be. Will they spin a woeful yarn with high input costs in the near future?

Estimates from the Cotton Advisory Board point to production of 36 million bales (one bale = 170kg) during the 2018-19 cotton season compared to 37 million bales in the previous year. Drought and uneven rainfall in Gujarat and Maharashtra is likely to pull down the average yield.

However, spinning mills do not look distraught, at least yet. According to K. Selvaraj, secretary general of the Southern India Mills' Association, "The situation is comfortable after the arrival of the initial crop in the market. Also, the last season ended with higher than normal cotton stock position that would act as a buffer for the current season."

So far, cotton prices have softened. After touching ₹136 per kg (Sankar-6 variety), the price has eased to ₹124 per kg. On the other hand, robust demand for yarn both in domestic and international markets has supported yarn prices. A 35% jump expected in yarn exports between April and October from a year ago and a 25% growth in overall textile exports will bolster yarn prices in the near term.

Stable demand and production would kick in benefits of operating leverage too. This should help sustain operating margins if not improve them. That said, there are challenges of rising wage and interest costs.

In other words, lower cotton output may elevate prices at the end of the current cotton season. But, a stable demand for yarn will help minimize the impact on mills' profitability.

Centre gives cold shoulder to cotton, polyester garments	**Tribune India** https://www.tribuneindia.com/news/business/centre-gives-cold-shoulder-to-cotton-polyester-garments/695172.html

The Centre has tinkered with an export incentive scheme that has left the cotton apparel exporters of northern India high and dry, but brought cheers to the woollen garment exporters.

The Central Board of Indirect Taxes and Customs (CBIC) has slashed duty drawback rates from 2% to 1.8% in case of cotton garments. For polyester, the new duty drawback rates will be 2.3% from 2.5% earlier, official sources said. The new drawback rates are effective December 19.

The move came as a bolt from the blue for the cotton apparel industry, which was expecting an increase in duty drawback rates, Punjab and Haryana-based exporters said.

Apparel industry has tremendous potential for employment generation. The industry is passing through an adverse situation due to intense international competition, particularly from neighboring countries. Surprisingly, instead of raising the incentive, it has been reduced," said Ludhiana-based KG Exports Managing Director Harish Dua.

Exporters said, there has been a marginal increase in business for the past couple of months mainly due to dollar appreciation, but the industry is far behind the 2016-17 level. "The government must also stop raw cotton export to boost exports," he said. There are around 200 cotton garment exporters in Punjab and Haryana.

Apparel exporters are required to use various inputs for making garments. About 70% of the material consumed is cotton, which is agri-product coming from farming sector and out of GST ambit. It comes loaded with all embedded taxes, which the farmer has to pay for production and transportation of cotton. During the production process of fabric and garments, electricity gets consumed which is also embedded in the cost of garment. Expenses are incurred on fuel and transportation, exporters said, giving reasons for losing market share in the international market. "All these add to the input cost and leads to losing competence over China," one of the exporters said.

They added that margins are very thin. "Our neighbouring competitors like Bangladesh, Pakistan, Sri Lanka and Vietnam have duty advantage of 9.60% in importing countries whereas India does not have the same advantage in the absence of signing of FTA with EU. Our products, therefore, get outpriced and we lose the market," they said.

On the other hand, woollen manufacturers said increase in duty drawback rates from 3 to 4.8% will help the exporters. "Any kind of support from the government is helpful for the industry. The increase in duty drawback rates will definitely boost the exports from the country and also give some kind of cushion to the domestic exporters which are facing stiff completion from China and other neighbouring countries," said Monte Carlo Fashions Executive Director Sandeep Jain.

With value addition, powerlooms can double earnings'	**Business Line** https://www.thehindubusinessline.com/news/with-value-addition-powerlooms-can-double-earnings/article25692079.ece

Our Bureau The powerloom sector in India can double its earnings in five years if it focuses on value addition, modernisation and by enhancing productivity, said SSM Mathivanan, President, Tamilnadu Powerloom Federation Ltd (TNPLF).

Addressing a session on the challenges and opportunities of the weaving sector at Weaves, a premier trade fair under way at Texvalley, Erode, he observed that India continued to export grey fabrics to countries such as China and Bangladesh, which in turn added value to these fabrics for better realisation in international markets. Grey fabrics fetch just about ₹30 a metre for weavers, but with value-addition like fabric printing, weavers can get double the amount.

"The sector needs to embrace modernisation and go for wider fabrics which are in high demand. The sector currently produces fabrics with a width of 48 inches but with automated looms, it will be able to produce fabrics of 63 inches width."

Low productivity

He said India stood sixth in loom productivity despite having more machinery than China, which is ranked on top in productivity. "There are about 50 lakh handlooms, half as many powerlooms and close to 2 lakh automatic looms. While one powerloom can produce 50 metres of fabric a day, we are able to achieve only half of it," Mathivanan said.

"Lack of quality power and fluctuation in the price of raw materials also impacts the sector. Also, more than 90 per cent of powerlooms are in the unorganised sector and these units do not have the wherewithal to impart training to workmen. If these issues are addressed, and the units venture into value addition, there should be no turning back, as the demand for fabrics is set to grow," he said.

"The per capita consumption of fabrics is registering continuous growth, from about 10 metres a day two decades back to 25 metres at present. While it is a pittance when compared to the US, where the per capita consumption is close to 500 metres, with increasing purchasing power and lifestyle aspirations, it is set to grow in India too," Mathivanan added.

Puneet Dudeja, Sales Director (South Asia), WGSN, a fashion forecast services company, urged weavers to exploit business opportunities that arise out of trends such as fads, fashion and classics. "Big data and artificial intelligence can play a key role in fashion forecasting," he said.

M.S. Swaminathan calls GM crops a failure; Centre's adviser faults paper	**The Hindu** https://www.thehindu.com/sci-tech/agriculture/ms-swaminathan-calls-gm-crops-a-failure-centres-adviser-faults-paper/article25693009.ece

Genetically engineered Bt cotton has failed to provide livelihood security for farmers, says article.

A research paper co-authored by leading agriculture scientist M.S. Swaminathan, which describes Bt cotton as a 'failure,' was criticised by India's Principal Scientific Adviser (PSA), K. VijayRaghavan as 'deeply flawed'.

The paper, 'Modern Technologies for Sustainable Food and Nutrition Security', appears in the latest issue of the peer-reviewed journal *Current Science*. It is authored by P.C. Kesavan and Prof. Swaminathan, senior functionaries of the M.S. Swaminathan Research Foundation (MSSRF). The article is a review of crop development in India and transgenic crops — particularly Bt cotton, the stalled Bt brinjal as well as DMH-11, a transgenic mustard hybrid. The latter two have been cleared by scientific regulators but not by the Centre.

"There is no doubt that GE (genetically engineered) Bt cotton has failed in India. It has failed as a sustainable agriculture technology and has, therefore, also failed to provide livelihood security for cotton farmers who are mainly resource-poor, small and marginal farmers," according to the paper, "…The precautionary principle (PP) has been done away with and no science-based and rigorous biosafety protocols and evaluation of GM crops are in place."

'Flawed and full of errors'

The piece also raises questions on the genetic engineering technology itself on the grounds that it raises the cost of sowing. Also, the insertion of foreign genes (in the plant) could lead to "molecular and cellular events not precisely understood."

The Kesavan and Swaminathan 'Review' (sic) is deeply flawed and full of errors. Needs scientific rebuttal," Mr. VijayRaghavan tweeted from his personal account. Before being appointed the PSA, Mr. VijayRaghavan, a biologist, was Secretary, Department of Biotechnology, which funds a variety of molecular biology projects. Mr. Kesavan, who is the lead author of the piece, told *The Hindu* that he was unaware of Mr. VijayRaghavan's comment but was expecting a "scientific, point-by-point response (of any flaws)."

"I'm not on Twitter but I believe a senior scientist shouldn't be making such irresponsible comments," he said.

The Hindu reached out to Prof. Swaminathan's office and was told that the paper had raked up "a lot of controversy." "We'll likely soon be holding a press conference or a discussion on some of the points raised since the paper was published," a spokesperson for the MSSRF said. Mr. VijayRaghavan said in a text message that he wouldn't be immediately elaborating on his criticism but would in a "few days."

'Last resort'

Prof. Swaminathan, credited with leading India's Green Revolution, has in recent years advocated 'sustainable agriculture' and said the government should only use genetic engineering as a last resort. "…Swaminathan emphasised that genetic engineering technology is supplementary and must be needbased. Only in very rare circumstance (less than 1%) may there arise a need for the use of this technology," according to the paper.

However, the MSSRF is also involved in GE research. It has a programme on developing drought-resistant GM rice by using genes from mangroves to potentially protect rice varieties grown along the coasts from being affected by higher saline content — a consequence of warming seas from climate change. "The programme is ongoing but isn't aimed for the present. Genes from salt-tolerant plants too aren't ideal…however, GE may be deployed to manage against abiotic stresses," said Mr. Kesavan. Abiotic stresses refer to environmental factors that could meddle with plant yield, as opposed to 'biotic' stressors such as insects. Conventional GE technology uses genes from soil bacterium to either protect them from specific pests, or — as in the case of GE mustard — facilitate hybridisation. This means making the plant more amenable to developing higher-yielding varieties.

US Trade Deficit Hits 10-Year High on Record Imports	Voa News https://www.voanews.com/a/us-trade-deficit-hits-10-year-high-on-record-imports/4689275.html

The US trade deficit hit a 10-year high in October as Americans used a stronger dollar to snap up record imports, the government reported Thursday.

The result showed the trade gap has continued to swell despite the punitive tariffs imposed this year on allies and adversaries alike by US President Donald Trump, who has focused intently on the subject with the goal of reducing the deficit.

Amid Trump's high-stakes trade war with Beijing, the total trade gap rose 1.7 percent to $55.5 billion, driven by all-time high imports, according to the Commerce Department.

The gap in goods trade with China likewise continued to expand, rising two percent to $38 billion, seasonally adjusted, as key exports like soybeans fell.

The October figure handily overshot analyst expectations, and could confirm weaker economic growth in the final quarter of 2018.

Americans bought more medications and imported autos while also taking more vacations, benefiting from the stronger US currency.

Travel by Americans also rose by $200 million, driving up US services imports to a record $46.9 billion.

The deficit in goods also was the highest on record at more than $78 billion, as US imports of goods and services hit a high as well, rising 1.5 percent to $266.5 billion.

Auto imports — another subject on which Trump is battling European leaders — likewise hit their highest level ever, at $31.8 billion.

From January to October, the total trade deficit rose more than 11 percent compared to the same period last year, and the gap in September was $555 million bigger than initially reported.

Long-suffering soy exports, victim of China's retaliatory tariffs since July, fell by another $800 million in October while exports of aircraft and parts, also sensitive to trade relations, fell $600 million.

Meanwhile, there were declines in imports of computers and telecommunications equipment but not enough to offset the strong gains in pharmaceutical and auto imports for the month.