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NEWS CLIPPINGS –19-03-2019

In duty drawback, a readymade short-term gain for SMEs: CRISIL	Business Standard https://www.business-standard.com/article/sme/in-duty-drawback-a-readymade-short-term-gain-for-smes-crisil-119031801139_1.html

Export growth has slowed in recent years due to waning cost-competitiveness compared with China, Vietnam and Bangladesh

CRISIL expects the export incentives announced by the government in December 2018 to materially benefit the readymade garments (RMG) segment. In fiscal 2018, the segment housed about 37,400 SMEs, accounting for a quarter of the market. These units undertake job work for branded apparel companies.

RMG is the largest segment of India's textiles sector. The domestic market accounts for about 76 per cent of its revenues, and grew at 10 per cent in 2018, while exports fell two per cent.

Export growth has slowed in recent years due to waning cost-competitiveness compared with China, Vietnam and Bangladesh. Growth in non-traditional markets (other than US and EU) also likely slowed. In addition, demonetisation, GST and a cut in duty drawback hurt.

To rebound and attain the target of $82 billion exports by fiscal 2021, duty drawback rates were hiked and the cap on products where the rates were less than two per cent was removed.

This should improve competitiveness in markets where India has preferential tariff agreements. The withdrawal of the US from the Trans-Pacific Partnership will also help. But withdrawal of benefits under the Merchandise Exports from India Scheme could be a dampener and a key monitorable.

In the domestic market, deeper penetration of organised retail and the growing preference for RMG over tailor-made garments would lead to a growth of 10 per cent in the domestic market in 2019.

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

A. Cotton		
Spot price- Shankar-6 (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
20766	43400	80.84
Domestic Futures price (Ex-Warehouse Rajkot) March		
Rs/Bale	Rs/Candy	USD Cent/lb
21290	44496	82.89
International Futures		
NY ICE USD Cents/lb. (May 2019)		75.27
ZCE Cotton: Yuan/MT (May 2019)		15275
ZCE Cotton: USD Cents/lb.		103.21
Basis difference (ICE March -Domestic Spot)		5.57
Cotlook A Index - Physical		84.35
WTI Crude USD / Barrel		59.38
B. Currency		
USD/INR	Close	Previous Close
Spot	68.40	68.53
USD Dollar Index	96.41	

Cotton Guide

The ICE cotton futures traded in a sideways band. The intermittent red and green candlesticks denoted that market sentiments were mixed yesterday. The range of change seen in all the ICE Futures were from -23 to +18. The most active ICE May contract settled -23 points lower at 75.27 cents/lb touching a high figure of 75.91 cents/lb with a low figure of 74.89 cents/lb. The market emanated mixed signals with total volume at 25,043 contracts. The ICE May contract displayed a volume of 13,716 contracts as compared to the previous figure of 14,623 contracts which is a decline of 907 contracts or in percentage terms 6.2%. The Open Interest increased by 30 contracts to 221,011. The May OI decreased by 1,459 contracts to 107,316. The July and December OI increased by 718 and 612 contracts to 47,789 and 55,690 contracts respectively.

The MCX future contracts on the other hand remained positive thus driving the prices higher. The MCX March contract settled at 21,290 Rs/Bale with an escalation of +120 Rs. The April and the May contracts also escalated by +110 Rs and +80 Rs at 21580 Rs/Bale and 21820 Rs/Bale respectively. The MCX May contract however could not gain a triple digit increase. The total volumes seen at MCX were 11,171 lots as compared to the previous 3102 lots. This shows that the Volumes shot up by almost 300%. Domestic Market sentiments are seen to be bullish whereas the International market sentiments are consolidated with a bullish bias.

The arrival figures are estimated to be 100,500 lint equivalent bales (source cotlook) which includes 33,000 registered in Gujarat, 32,000 in Maharashtra and 13,000 in Andhra Pradesh. The prices of Shankar 6 are seen to head straight North. With an increase of Rs 400, the average prices of Shankar 6 are at 43,400 Rs/Candy. We expect the prices to further increase. The cotlook Index A has been positively adjusted to 84.35 cents/lb with a positive slide of 1.30 cents/lb.

The trading band for today should be 73.50 to 76 cents/lb. An either side break shall make a move of 1 to 2 cents. For MCX we expect the price band of 21,100 and 21,400 Rs/Bale. Despite the floating positive news, the US China Trade deal has not come to any point and the meeting is likely to be postponed to June.

ICE Cotton May future failed to sustain above the psychological levels of 76.00 and continued to remain sideways during the week. For the day immediate support holds around 74.45-74.00 zones. Meanwhile the strength in the rally was supported by positive cross over in short term EMA above the long term EMA, accompanied by channel breakout. Meanwhile crucial resistance is at 76.14. Only a move above would bring further buying in Cotton future. Likewise, below 71.80 crucial support exists around 70.80. So for the day price is expected to remain in the range of 74.00- 76.14 with side ways to positive bias.

Currency Guide

Indian rupee may trade with a positive bias against the US dollar however the gains could be limited. Indian rupee has been strengthening for last few days and has tested the highest level since August. Rupee has largely benefitted from firmness in domestic equity markets, continuing investor inflows, easing geopolitical risks and increased expectations that ruling BJP government may be reelected. As per Bloomberg reports, foreign inflows into Indian stocks are the highest in Asia this month. We are seeing a general strength in emerging market equities amid expectations of Fed's patient rate hike stance and China's commitment to continue with growth supporting measures. However, rupee's gain continues to be challenged by persisting strength in crude oil price and increasing global uncertainty. Brent crude trades near $68 per barrel amid OPEC and allies pledge to continue with measures to rebalance global market. Global economic uncertainty is also high amid mixed economic data from major economies and uncertainty about US-China trade deal and Brexit. US-China trade talks have stalled and no resolution is expected in the near term. UK is possibly looking at a longer extension for Brexit given lack of support for the deal. Rupee has been on upward momentum for last few days which could extend further with the currency now below key 69 levels. USDINR may trade in a range of 68.3-68.75 and bias may be on the downside.

No input tax credit for post-supply discounts: AAR	**Financial Express** https://www.financialexpress.com/economy/no-input-tax-credit-for-post-supply-discounts-aar/1520562/

HOMEINFAThe authority for advance ruling (AAR) in Tamil Nadu has ruled that a firm would have to reverse the input tax credit (ITC) proportionate to the post-purchase discount extended by a supplier even if the buyer has paid full GST on the transaction.

The authority for advance ruling (AAR) in Tamil Nadu has ruled that a firm would have to reverse the input tax credit (ITC) proportionate to the post-purchase discount extended by a supplier even if the buyer has paid full GST on the transaction. This is contrary to the prevalent industry practice, tax experts said.

To extend discounts after the supply has been made, various companies currently issue a commercial credit note (a credit note without adjustment of GST) for price adjustments in scenarios like post-supply discounts. The buyer pays GST on the full value of supply and doesn't usually claim a reduction of GST of the amount relating to the reduction in value.

However, AAR has ruled that even though GST is paid on the full value, proportionate credit (as much pertains to the GST applicable on the value of commercial credit note) would not be available to the recipient of supply. Abhishek Jain, tax partner at EY said: “Most businesses had taken a contrary position on this and had claimed ITC of the entire GST paid by the supplier. The government should consider issuing an explicit clarification on the said issue to avoid any unwarranted and prolonged litigation on this aspect.”

According to the application filed by Chennai-based MRF in AAR, the firm is offered certain discount from its vendors in lieu of early payments. This is a post-supply discount which does not have any impact on the tax liability of the supplier, and MRF pays discounted price to vendors together with full GST to be charged on original price.

Proposed new industrial policy on the back-burner	**Business Line** https://www.thehindubusinessline.com/todays-paper/article26575174.ece

Time has run out for the government to announce the new industrial policy that hoped to attract foreign investments worth $100 billion annually, as the Model Code of Conduct makes it difficult for new measures to be implemented.

“Officials who gave the final shape to the new industrial policy tried their best to speed up things...before the announcement of election dates, but it did not work out. It can now be hoped that the new government takes forward the work already done and announces the policy soon,” a government official toldBusinessLine .

Govt’s proposed new industrial policy put on the back-burner	**Business Line** https://www.thehindubusinessline.com/todays-paper/tp-news/article26575215.ece

Efforts to unveil the policy before the announcement of polls come a cropper

Time has run out for the current government to announce the much-publicised new industrial policy that hoped to attract foreign investments worth $100 billion annually, create jobs and ease regulations as the Model Code of Conduct now in place makes it difficult for new measures to be implemented.

“Officials who gave the final shape to the new industrial policy tried their best to speed up things and get the last-mile issues sorted out before the announcement of election dates, but it did not work out. It can now be hoped that the new government that comes to power after the general elections takes forward the work already done and announces the policy soon,” a government official told BusinessLine . The Department for Promotion of Industry and Internal Trade (DPIIT), formerly known as the DIPP, had drawn up the new industrial policy sometime last year, and had also sent it to the Union Cabinet for its approval. The proposal, which when implemented would have replaced the 27-year-old existing policy, however, led to a lot of questions from Cabinet members.

“DPIIT officials gave an extensive presentation on the nuances of the proposed policy including changes in labour laws, policy to ease investments and business and also ushering in of new technology including artificial intelligence,” the official said.

But doubts on various aspects of the new industrial policy remained and a Cabinet approval was elusive. “One reason why there was a delay in approval was the fact that the proposal was multi-faceted and included sensitive issues such as labour regulations, foreign investment rules, reversing the inverted duty structure, and lending to the micro and small sectors,” the official said.

Share of manufacturing

The new industrial policy proposes to increase share of manufacturing in the country’s GDP to 25 per cent by 2022 from the existing 15-16 per cent.

The draft policy also proposed the establishment of a body with representation from the Centre and the States to work on changes in labour laws whenever required. It suggested strengthening of municipal bodies as well. Increased competition from China was also factored in by the draft policy and its effects on the MSME sector and ways to deal with it discussed.

Power Ministry seeks enforcement of tariff rationalisation for hydropower projects	**Business Line** https://www.thehindubusinessline.com/todays-paper/tp-news/article26575213.ece

The Ministry of Power has written to the Central and State Electricity Regulatory Commissions to enforce tariff rationalisation for hydropower projects.

The measures are expected to bring down tariff for power generated from a new hydropower project, a Power Ministry notification said.

Tariff rationalisation measures include providing flexibility to the developers to determine tariff by back loading of tariff after increasing project life to 40 years. Increasing the debt repayment period to 18 years and introducing escalating tariff of 2 per cent are also included in these measures, the notification said.

“The levelised tariff over the useful life of the project may be calculated on the basis of the norms specified in the Central Electricity Regulatory Commission regulations,” the notification added. The year-wise tariff, for a long-term power purchase agreement for the procurement of hydro power has been left at the discretion of negotiations between the project developer and the power distribution company.

The Power Ministry has also notified the Hydropower Purchase Obligation as a separate entity within the Non-Solar Renewable Purchase Obligation. This obligation will cover all large hydro power projects commissioned after March 8. The untied capacity (capacity without PPAs) of already commissioned projects will be able to avail this benefit.

All large hydro power projects have also been declared as renewable energy sources. But new hydro power projects will not automatically be eligible for any differential treatment for statutory clearances such as forest clearance, environmental clearance among others

Explained: Gap between Skill India goals and current status	Financial Express https://www.financialexpress.com/opinion/skill-india-why-there-is-a-gap-between-current-status-and-goals-explained/1520633/

Skilling has emerged as a buzzword. The push for a policy-backed skill development initiative is a significant step towards realising the potential of the workforce by enhancing its employability. The initiative seeks to strengthen institutional training, infrastructure, training of trainers, overseas employment, sustainable livelihoods and leveraging of public infrastructure. But there exists a huge gap between the current status and the desired goals in terms of a skilled workforce.

The foremost challenge is the huge proportion of poorly-trained workers in the informal sector—the largest employment generator in India. The large majority of skill training is carried out through self-taught practices, observation or a transfer of skills from a master craftsperson to an apprentice. The proportion of formally skilled workers in India is extremely low, at 4.69% of total workforce, compared to 24% in China, 52% in the US, 68% in the UK, 75% in Germany, 80% in Japan and 96% in South Korea.

The mismatch between skill, academic training and employment has broadened to an extent where, on one hand, employers are unable to discover suitably trained people, and on the other, the youth is unable to find the kind of jobs they aspire for. According to the latest India Skill Report (2019), only 45.6% of the youth graduating from educational institutions are employable. To address this mismatch, it is imperative to understand the 'return on skill' (ROS) concept.

Common sense tells us that a skilled person is in a better position to enhance his earnings. But to be able to understand the impact of skills on employment, one needs to take a closer and analytical look at it. The International Standard Classification of Occupations (ILO, ISCO-08) provides a framework to make it possible to compare occupational data internationally. ISCO-08 does not seek to substitute the existing National Classification of Occupations, but enables inter-country comparisons by aligning occupational classifications to ISCO-08 in concept and structure.

In the Indian context, many studies estimate return on education at the national level using NSSO data, India Human Development Surveys I and II (IHDS), National Data Survey on Savings Patterns of India, etc. But there are hardly any studies that investigate the labour-market ROS due to the absence of skill-based earning data.

To bridge this gap, the ICE360° (2016) survey of 60,360 households, 2,50,720 individuals covering multidimensional aspects of the economy, society and polity is an important data source. Geographically, the sample has been drawn from across 216 districts, 1,217 villages and 487 towns spread across 25 major states. By applying ISCO-08 concepts to ICE360° survey (2016), we have classified the skill levels, where skill is defined as the ability to carry out tasks and duties of a given job for which the person earns a remuneration. This corresponds to 62.4% of the total population who belong to the working-age group of 15-65 years who are eligible to work, excluding students and those unable to work. The skill levels have thus been classified as four types, from Levels 1-4 (

Little above half (56%) of the labour market is dominated by people who are classified at Level 2 skills, while 30% constitute skill Level 1 type. Nearly 11% of the population can be classified at skill Level 3, while the smallest share is that of skill Level 4. Slightly more than over half of skill Level 1 individuals are in the 15-35 years age group, whereas this group constitutes to about 40% for other skill level types. Over one-third of skill Level 4 individuals belong in the 36-45 years age group, which is higher than that for other skill levels. It is not surprising that higher skill level individuals reside in urban areas—a mere 26% of skill Level 2 individuals reside in urban areas

There is a high correlation between skill levels and education. One can argue that the higher the education, the higher the skill level. This can be further substantiated with the fact that only 3% of skill Level 1 individuals have high educational qualifications compared to 65% workers of skill Level 4.

Regular salaried income offers a foreseeable income stream and is most likely to be associated with better job security. Only 13% of skill Level 1 workers report that they are paid a regular salary. In contrast, 60% of workers classified as skill Level 4 earn regular salaries. Skill Level 1 workers, on the other hand, receive 75% of their earnings from non-agriculture wage labour as daily wages. It is important to note that skill Level 3 and Level 4 workers are concentrated in regular salaried and self-employed non-agricultural occupations. This wide disparity in skill levels of the labour force is a cause for concern in terms of employability.

More than three-fourths of skill Level 4 workforce resides in pucca houses, while only 35% of skill Level 1 workers do so. Household amenities like tap water, a separate kitchen, an in-house toilet, and liquefied petroleum gas (LPG) stoves are mostly to be found in the houses of skill Level 4 workers. The home conditions of the workers with skill Level 4 are indeed superior in terms of various household amenities. However, access to electricity connections is a common feature across all skill level type households.

Skills and ICT (information and communications technology) usage share a positive relationship, with the higher the skill levels, the higher is the usage. Our data reveals that ICT users earn more than double non-ICT users. Although this phenomenon is common across all skill levels, skill Level 1 shows exceptionally significant results.

Clearly, this skill level concept can help us better understand the connection between earnings and quality of the labour force. Such analysis is likely to provide important insights regarding the skill levels, which would require re-qualification and re-specialisation of the labour force in order to compete in the fast-changing globalised India. It can further be used to retrain and equip the workforce with adequate skills. In the next part of this series, we will discuss the concept of ROS and the factors that contribute to enhancing ROS.

Textile products export fall in February	**Financial Express** https://www.financialexpress.com/market/textile-products-export-fall-in-february/1520528/

Similarly, jute manufacturing (including floor covering) reported a decline of 10% to $23 million as compared to $26 million in February 2018.

Except the cotton yarn/fabs/made-ups/handloom products category, all the other categories under the textile segment reported a decline in exports in February.

Man-made yarn/fab/made-ups category has reported a decline of 2% in the month to $388 million, compared with $398 million in the year-ago period. Similarly, jute manufacturing (including floor covering) reported a decline of 10%

to $23 million as compared to $26 million in February 2018.

The carpet and handicraft categories reported a decline of 3% each to $111 million ($114 million) and $151 million ($156 million), respectively, in exports during the month, said the Confederation of Indian Textile Industry. Exports of the apparel segment, however, grew 7% during the month to $1.544 billion, compared with $1.44 billion in February 2018. Following this, textiles and apparel exports in February saw a growth of 3% to $3.094 billion, against $2.992 billion in February 2018. Cumulatively (April-February 2019), except the jute category, all the other categories under textile segment grew marginally.

January IIP falls, but difficult to gauge impact on steel demand	**Financial Express** https://www.financialexpress.com/market/january-iip-falls-but-difficult-to-gauge-impact-on-steel-demand/1520518/

Growth in industrial production boosts steel consumption as some of the critical segments of industry are steel intensive. Hence, the fall in the index causes concern for steel industry.

Growth in industrial production boosts steel consumption as some of the critical segments of industry are steel intensive. Hence, the fall in the index causes concern for steel industry.

However, it is difficult to predict precisely by how much the impact is translated into lowering the demand for steel on a monthly basis, as the lagged effect of demand contraction may get reflected in subsequent months as well. On the same logic, the net impact over a period of, say, six months gets neutralised by the monthly ups and downs of IIP and a trend analysis becomes appropriate.

The IIP for January 2019 shows that manufacturing (weight: 77.6%) goes down to 1.3% from 2.7% and (-) 0.6% growths in previous two months, leading to drop in IIP to 1.7% from 2.4% 0.3% growth rates observed in last two months. The mining sector favoured by MM&DR policy guidelines has clocked 3.9% growth in the month.

The cumulative growths of both manufacturing and IIP during the first 10 months of the current fiscal stand at 4.4%. Under manufacturing, some of the steel-intensive segments have performed relatively weak during the month. Manufacturing of fabricated metal products has gone down to grow at (-) 9.0% in January while machinery and equipment manufacturing dropped to (-) 2.2%.

Manufacturing of motor vehicles and trailers has performed in the reverse by achieving (-) 1.4% growth in the month. The same is reflected in a somewhat sombre growth of 8.8% in production of automobiles in April-February'19. While commercial vehicles achieved sales growth of 19.7% during the period (contributed by both medium, heavy and light commercial vehicles), sales of passenger vehicles and two-wheelers have gone up by 3.3% and 6.9%, respectively, during the first 11 months of the current fiscal.

The automobile sector has been maintaining an average growth between 12-14% during the previous months. Apart from fresh production, sales growths have been dependent on sales from inventory as well as by 15.5% rise in automobile exports (primarily by exports of 2/3 wheelers). The furniture manufacturing has gone down by 12% in January.

From the perspective of use-based classification, the capital goods segment after exhibiting respectable growth in months of October'18 and December'18 has clocked a (-)3.2% growth in January, closely followed by the consumer durable segment with a monthly growth of 1.8% only. The consumption growth during April-January'19 period in plates and HR and CR sheets/coils has been restricted to 1.3%, (-) 1.6% and 3.8%, respectively.

On the positive side, manufacturing of electrical equipment has clocked a growth of 7.8% in January and making the cumulative growth to reach 3.8%. This gets reflected in electricity generation index to grow at the 0.8% rate in January and 5.9% cumulatively. Also, consumption of electrical sheets has gone up by 26.3% in January, with imports rising 16.4% during the period.

In addition, the shipbuilding and parts, agricultural tractors and roller and ball bearings segments have achieved monthly growth rates of 132.8%, 35% and 30%, respectively, in January. This is good news for rising demand for plates, sheets, structural and alloy and special and steel product categories. The production growth of bars and rods of alloy and SS has also contributed to the IIP rise. Manufacturing of other transport dominated by rails and shipbuilding has achieved a monthly growth rate of 13% in January following a massive 18% rise in December'18.

One significant contributor for steel demand in the country is infrastructure and construction segment that has grown by a respectable 7.9% in the month and cumulatively at 8.4% during the period. It may be mentioned that this segment grew by 10.1% in last December and 8.9% in October'18.

As around 62% steel is accounted for by this industrial segment, a high growth in the segment leads to rise in steel consumption of 7.4% during the first 11 months of FY19.

It is therefore apparent that IIP figures for January are provisional and would undergo revision twice in coming months with changes in November and December indices.

A conclusive evidence of impact of monthly IIP on steel consumption must await the impending revisions of the recent months' indices as non-receipt of monthly data on specific segments and receipt of cumulative data for the segment in the subsequent month may make significant changes in the perceived role of the segment in influencing steel consumption. Only in October'18 the manufacturing sector and total IIP had observed growth rates ranging 8.2-8.4%. From this point of view, the annual IIP data is a much better indicator to display its influence on steel consumption unless a prolonged growth or stagnancy covering a period exceeding 6 months indicates a definite trend.

Counterfeit and pirated goods represent 3.3% of global trade: Report	**Money Control** https://www.moneycontrol.com/news/business/economy/counterfeit-and-pirated-goods-represent-3-3-of-global-trade-report-3659851.html

The latest assessment by the EU Intellectual Property Office and the OECD found the share of counterfeit goods had seen a "considerable" rise since its previous 2016 estimate of 2.5 percent of global trade.

Global sales of counterfeit and pirated goods have soared to $522 billion a year, amounting to a whopping 3.3 percent of world trade, according to a report published on March 18.

The latest assessment by the EU Intellectual Property Office (EUIPO) and the OECD found the share of counterfeit goods had seen a "considerable" rise since its previous 2016 estimate of 2.5 percent of global trade.

Such goods represented 121 billion euros worth of imports into the European Union alone - a massive 6.8 percent of total imports into the bloc, up from five percent in 2016, EUIPO said in a statement.

"Counterfeiting and piracy pose a major threat to innovation and economic growth, at both EU and global level," EUIPO executive director Christian Archambeau said.

He said that the "deeply concerning" rise "clearly calls for coordinated action, at all levels, to be fully tackled".

The companies most affected by counterfeiting and piracy are mainly based in developed OECD nations like the United States, Japan, South Korea and EU states, the report said.

But businesses in China, Brazil and Hong Kong are being increasingly hit, it added.

The countries exporting the most counterfeit and pirated goods were China, Hong Kong, United Arab Emirates, Turkey, Singapore, Thailand, India and Malasysia.

The report was based on data from almost half a million customs seizures by international enforcement agencies.

How India's trade basket changed between 2013-14 and 2018-19	**Business Line** https://www.thehindubusinessline.com/economy/how-indias-trade-basket-changed-between-2013-14-and-2018-19/article26572193.ece

India's merchandise exports in the current financial year are expected to top the levels achieved in 2013-14 for the first time in five years, thanks to a little help from the elevated petroleum product prices.

Estimates are that the value of India's exports will rise above $314 billion, as it had already earned $298 billion between April 2018 and February 2019.

However, the composition of the basket of goods that helped India earned over $300 million in 2013-14 is significantly different now, with the share of petroleum products declining and that of manufactured items rising.

Top earner

Yet, petroleum products continue to be the top earner of foreign exchange, although total earnings are lower than five years ago, an outcome of volatile global prices. Crude and product prices, although elevated, are far lower than it was five years ago. Therefore, its share in the export basket has declined to 14.8 per cent of the earnings in 2018-19, between April and January, the period for which comparable disaggregated data is available from 20.4 per cent in the corresponding period of 2013-14. In contrast, the share of electric machinery and equipment as well as aluminium and aluminium products in the export basket has doubled and tripled, respectively, since 2013-14.

Electric machinery and equipment now account for 2.6 per cent of the export basket, up from 1.2 per cent in 2013-14 and aluminium and its products account for 1.8 per cent, up from 0.6 per cent.

At the commodity group level, contribution of chemicals and related products recorded a jump in export earnings from 9.8 per cent in ten months of the 2013-14 to 13.2 per cent in the current year, helped by a jump is export of agro and organic chemicals mostly. Drugs formulations and biologicals, which are also categorised as chemicals, continue to be a key export commodity.

Significant changes are also seen in the direction of trade, even though the US continues to be the top destination of exports and China the top source of imports. The US is now a more important destination for India than it was in 2013-14, with 16 per cent of the exports headed there now compared to 12.5 per cent five years ago.

Bangladesh and Nepal are also among the top ten destinations for India's export.

India to renew essential commodities quota for Maldives	**Business Line** https://www.thehindubusinessline.com/economy/policy/india-to-renew-essential-commodities-quota-for-maldives/article26568267.ece

To hold Maldives-India Business Forum in 2019

India will renew the quota for essential commodities for Maldives, including river sand and stone aggregate, for a period of three years, starting April 1, 2019, Minister for External Affairs Sushma Swaraj has said.

In a meeting between Swaraj and her counterpart Abdulla Shahid in Male, the two noted the increase in bilateral trade volume over the past few years and agreed to improve connectivity as a means to promote the exchange of goods and services, culture, and people, according to a joint statement released by the two sides.

"The Ministers also agreed on the need to boost private sector involvement, and agreed to hold the Maldives-India Business Forum in 2019," the statement added.

Swaraj is on a two-day visit to Maldives at the invitation of her counterpart Shahid.

At present, India's exports to the Maldives are worth $212 million, which is a miniscule part of the country's total exports of over $300 billion. Its imports from the tropical country are negligible at round $5 million.

Last January there were reports that India had cut down on Maldive's quota for essential commodities such as onions and eggs. The Indian government had denied the allegation and clarified that the quota for the items were based on the actual utilisation by the country in the recent past.

India's relationship with Maldives improved significantly after pro-India opposition candidate Ibrahim Mohamed Solih won in the September 2018 elections and became the new president after defeating Abdulla Yameen, who was seen as being close to China.

"FM Shahid thanked the Government of India for the provision of financial assistance in the form of budgetary support, currency swap, and concessional lines of credit," the statement said.

The Foreign Ministers welcomed the entry-into-force, on March 11 2019, of the Agreement on Visa Facilitation and expressed their commitment to address the issues related to the welfare of their respective communities residing in both countries, including the speedy provision of consular services.

Focus on circular economy for job creation and climate change goals	**Money Control** https://www.moneycontrol.com/news/business/focus-on-circular-economy-for-job-creation-and-climate-change-goals-3658461.html

The Global Recycling Day, which falls on March 18, has a crucial significance for a country like India, which has to achieve massive economic growth by balancing the dual objectives of job creation and its international commitment to the Paris Climate Goals and SDGs (sustainable development goals).

In such a scenario a transition is imminent, a kind of paradigm shift that is focused on fostering economic growth, through circular economy, banking on the so called 6R principles of 'reduce-recover-reuse-recycle-redesign-remanufacture'.

India's rapid economic growth, has created a larger consumer base with a growing demand for materials. As India embarks on even higher trajectories of growth, its resource requirements is set to increase. Estimates suggest that annual material consumption in India will likely triple by 2030, compared to 4.83 billion MT in 2009. Enhanced material recycling could help India decouple its growth story from primary resource and material consumption.

If one thinks of long term growth a circular economy path to development is something we should consider as it could bring India economic benefits of around Rs 40 lakh crore in 2050 compared to the so called business-as-usual development path – a benefit equivalent to 30 per cent of India's current GDP.

Labour intensive

Take job creation for instance. The more labour intensive recycling value chain can generate six to eight times more jobs than by incineration or land filling of wastes –Examples of this can be cited from the United States scrap industry which generated over 150,000 direct jobs and 323,000 indirect jobs in 2015 (ISRI); and China where recycling industry created 1.5 million direct jobs and about 10 million indirect jobs.

In India, the metal recycling sector presently employs almost 1.75 million people, contributing 2% of the GDP. Studies reveal that material recycling in all probability can create six times more jobs in 2030. This calls for designating recycling as a ‘strategic sector’ under the Make in India programme in view of the sector’s huge environmental footprint, tremendous job creation potential and, its prospects of adopting high-end process and technologies.

However, recycling rates in India are languishing for a variety of factors, making the country the third largest importer of various types of scrap material.

Although presently there is an over-supply of scrap metal in South-East Asia, imposition of import duty on metal scraps is a deterrent for recyclers to import. In recent years, there has been a rising cost of imports from Free Trade Agreement (FTA) countries too since suppliers increase their product pricing in order to keep parity with the duty added price of scrap from non-FTA countries.

To mitigate such risks, there is an inherent need to ensure a steady supply of domestic scrap conforming to appropriate quality standards. Government should also look at incentivising R&D and innovation in the sector since the unavailability of indigenous technologies and domestic suppliers leave no option for the players but to rely on high-cost import of machineries.

Tech-enabled

Similarly, a focus on 'emerging technologies' would be absolutely critical to radically transform the recycling industry in the future and make it globally competitive. For example, blockchain records transactional data throughout the recycling supply chain thereby helping ensure traceability of material flow from collectors to recyclers.

Such technologies combined with artificial intelligence could fundamentally change the way in which materials and natural resources are accounted for, valued and traded, incentivising individuals, companies and governments to unlock financial value from the so-called waste materials.

Policy push

Considering the tremendous potential for reuse and recycling of products in India, there is a need for a more comprehensive national policy aiming at formalisation of the ecosystem and 'ease of doing business' for recyclers.

The policy may target at removing barriers for the input factors, establishing an electronic market-place for trading of scraps and recycled products, promoting public procurement of recycled material, harmonising the standards for scraps (ISRI and BIS standards) and establishing accredited testing labs and certification procedure. Following successful examples in China, government should look at setting up dedicated material recycling zones (MRZ), connected with large industrial areas and cities through reverse-logistics network.

Of late, the global community has started to recognize the long-term impact a circular economy could have towards climate change mitigation. Unfortunately, in India, as in many other developing countries, there has been little emphasis on 'circular economy' as an important pillar of NDC (Nationally Determined Contributions) for achieving low-carbon growth with social equity and inclusiveness. The reduce-reuse-recycle of wastes significantly reduces energy consumption in the commodity value chain.

For example, 17 trees, 2.5 barrels of oil, 4100 kWh of electricity, 4 cum of landfill and 31780 litres of water can be conserved by recycling 1 tonne of paper alone. In the same manner, recycling an aluminum can or producing a glass container eliminates 95% and 70% of energy required for producing a similar container from virgin material. To embed the topic in our national climate change narrative, there should be deeper empirical research on GHG impacts of potential circular economy actions across various sectors.

Policy, institution and technology are necessary but are not sufficient conditions by themselves to create a break-through in material recycling. As global examples and best-practices show, a 'circular economy' should be a core and embedded theme of the government’s key missions and programmes.

A fourth pillar is to bring in a behavioural change where every citizen naturally and intuitively segregates waste at the source. For this, the government and businesses alike should learn from successful zero waste systems implemented elsewhere in the world, mostly in EU, China, South Korea, where almost all construction and demolition wastes, paper, plastic, glass, metals etc., are typically recycled.

In India's case, making it an integral part of Swachha Bharat, Smart City Mission, Make-in-India Mission etc., will be a crucial step to mainstream the circular economy and accelerate its adoption in all walks of life.

FIEO expresses concern over rupee surge	**Business Line** https://www.thehindubusinessline.com/economy/fieo-expresses-concern-over-rupee-surge/article26571580.ece

The Federation of Indian Export Organisations (FIEO) on Monday said the sharp appreciation in the rupee is a cause of concern and called for intervention to manage extreme volatility in the domestic currency.

The Indian rupee surged by 57 paise on Monday to close at an over seven-month high of 68.53 against the US dollar, also marking a sixth straight session of gains, driven by sustained foreign fund inflows and narrowing trade deficit.

"Such sharp appreciation is causing concern both amongst the exporters as well as importers, as uncertainty in the exchange rate is driving volatility," FIEO President Ganesh Gupta said.

"Exporters who have contracted at ₹74 to a dollar but could not hedge it due to non-availability of limit by banks, tend to incur huge losses," he said.

Anti-profiteering body can act sans complaints'	**The Hindu** https://www.thehindu.com/business/anti-profiteering-body-can-act-sans-complaints/article26572242.ece

Can do mock purchases to see invoice

Consumer complaints are not the only trigger for the National Anti-Profiteering Authority (NAA) to act, said its chairman B.N. Sharma.

Mock purchases can be made by NAA offices to check a trader's invoice for profiteering.

"This invoice could later be cancelled and the cancelled invoice be taken cognisance of for checking out matters if need be," he said, participating in a special session on 'Anti Profiteering in GST', organised by the Merchants Chamber of Commerce and Industry (MCCI).

The NAA was set up under Section 171 of the Central GST Act, 2017 to check whether trade and industry were passing on rate reductions under the Goods and Services (GST) Tax.

Besides interested parties, the NAA chairman, as a civilian, could also take note of any instance, he said.

Citing instances of some tax payers increasing prices of products whose rates have been reduced, he said, "Industry has to first pass on the benefits and then increase prices, say two months later, in a justifiable manner." MCCI president Vishal Jhajharia said as per the Lok Sabha proceedings of January 4, 2019, NAA had issued orders against nine businesses which were found not to have passed on rate cut benefits to the tune of ₹559.8 crore.

Former diplomat stresses need for an evolving foreign policy	**The Hindu** https://www.thehindu.com/news/national/telangana/former-diplomat-stresses-need-for-an-evolving-foreign-policy/article26572630.ece

'Russia's proximity with China, Pak a challenge for India'

India's foreign policy needs to be constantly evolving in a dynamic world as it guides the country's relations with other nations in every sphere of interaction, said former ambassador to Syria, V.P. Haran.

He was addressing the students of National Institute of Technology (NIT) here as part of an outreach activity of Ministry of External Affairs and the institute's golden jubilee celebrations on Monday. Speaking about 'India's foreign policy – challenges ahead', Mr Haran observed that Russia's growing proximity with China and Pakistan, and Pakistan encouraging cross border terrorism were challenges that India needs to tackle in the coming years.

"We have not been entirely successful in mobilising the international condemnation of Pakistan in its support to terrorism. However, there is growing recognition at the international level on Pakistan's involvement in terrorist activities in India. Hopefully, this will lead to some meaningful action against Pakistan," he said.

Global terrorism

The senior officer pointed out that terrorism has become a globalised industry and does not have any religion. "Terrorists change their affiliations quite easily. A terrorist in Al Qaeda today may switch loyalty to Islamic State tomorrow and fight his former comrades. The money and brutality is more attractive to them than ideology," he pointed out.

Stating that foreign trade contributes significantly to economic growth and employment, Mr Haran favoured continued dialogue with other countries, particularly the Doha round of trade negotiations.

"We are facing unfair competition from China which continues to be a non-market economy despite their commitments in World Trade Organisation. The US has been resorting to bilateral measures on trade related issues ignoring multilateral rules agreed upon in the WTO framework," he pointed out.

NIT director N.V. Ramana Rao, registrar S. Govardhan Rao, dean (International Relations) K.V. Jayakumar were present at the lecture.

Vietnam earns bigger garment export in 2 months	**Asia & Pacific** http://www.xinhuanet.com/english/asiapacific/2019-03/12/c_137888389.htm

Vietnam gained nearly 4.9 billion U.S. dollars from exporting garments and textiles in the first two months of this year, up 19 percent year-on-year, according to the country's Ministry of Industry and Trade on Tuesday.

Between January and February, products witnessing significant export growth included fabrics made from natural fibers (up 14 percent), fabrics from synthetic fibers (up 14 percent) and clothing (up 11 percent).

The revenue surge was mainly attributable to strong market demand, with many orders already placed for the first six months of this year or even the whole year, said the ministry.

By the end of this year, total export turnovers of the industry may reach 40 billion U.S. dollars, the Vietnam Textile and Apparel Association forecast.

Vietnam, among the world's five biggest exporters and producers of garments and textiles, posted garment and textile export turnovers of over 30.4 billion U.S. dollars in 2018, up 16.6 percent from 2017.

However, Vietnam had to spend more than 12.9 billion U.S. dollars importing cloth last year, up 13.5 percent, the association said, noting that most of local cloth has yet to satisfy quality requirements of the country's key garment export markets.

Asia’s exports slump to deepen as global economic slowdown hits regional powerhouses	**Shipping News** https://www.hellenicshippingnews.com/asias-exports-slump-to-deepen-as-global-economic-slowdown-hits-regional-powerhouses/

Asia’s exports slump is expected to deepen, with analysts saying regional trade is heading for its lowest point since 2015.
Amid a slowdown in global demand, Asian exports will continue to decline until at least April, according to an index compiled by Nomura Bank.

The index combines eight economic elements to predict exports three months in advance for China, Hong Kong, India, Indonesia, South Korea, Malaysia, the Philippines, Singapore, Taiwan and Thailand and it shows a rocky road ahead.

Among these early gauges are purchasing managers’ index for global manufacturing, which is a finger on the pulse of factory output around the world, semiconductor orders and China’s import growth.

China’s import growth, meanwhile, crashed by 4.9 per cent, said Rob Subbaraman, a managing director at Nomura, who co-authored the research, which is bad news for other economies in the region, which are heavily reliant on Chinese demand.

Nomura’s research shows that global semiconductor sales growth declined by 5.7 per cent year on year – an indicator of a sluggish electronics sector, a dominant industry in the region.

The index feeds into a wider picture of underwhelming official trade data across Asia's exporting powerhouses, including South Korea and Taiwan, and Indonesia – the largest economy in Southeast Asia.

While a trade war deal between China and the United States may ease extreme business pessimism, the health of many Asian economies is more closely related to the wider global growth picture, which is negative.

"Exports by major Asian economies have been on a downward trend since they peaked at the end of 2017, and the deceleration became more rapid towards the end of last year. With the softening global demand and uncertainties related to the US-China trade dispute, this trend could continue, at least in the first half of 2019," said Chen Dong, senior Asia economist at Pictet Wealth Management.

Exports from Indonesia tumbled 11.33 per cent from a year earlier in February, well below the market consensus of a 4.5 per cent drop. It was the fourth straight monthly decline and the steepest slump since June 2017.

In South Korea, home to a host of leading car and electronics manufacturers, exports crashed 11.1 per cent in February.
In the Philippines, the latest available data was for January, when exports declined for the third successive month, by 1.7 per cent. This was, however, an improvement from December's 12 per cent decline.

Exports decreased the most in the electronics equipment and parts sector, followed by metal components, gold, and machinery and transport equipment.

Japan too is experiencing a tough time in trade terms. In January, Japan's machine orders, which exclude those of ships and electrical equipment, declined 5.4 per cent month-over-month, worse than an expected 1.7 per cent fall.

This marked the third straight decrease in core machinery orders and the steepest since September. The decrease was led by a 51.2 per cent plunge in textile mill products while non-manufacturing orders also declined by 8.0 per cent
With the world economy faltering, global central banks and governments have taken a dovish turn to try to arrest the decline.

The Bank of Japan acknowledged this week that "exports and production have been affected by the slowdown in overseas economies", and that the labour market has "shown some weakness recently".

The European Central Bank has also expressed fears over a "period of continuous weakness and pervasive uncertainty" this year.

China's government pledged for more stimulus measures, especially cuts in value-added tax and personal income tax, although it is keeping monetary policy "prudent", after exports tumbled by 20.7 per cent in February, the biggest fall in three years.

However analysts are sceptical as to whether central bank have the capacity to issue the required amount of stimulus.

“Is there any place in the world now that can really start a new stimulus programme and achieve results?” said Kevin Lai, chief economist Asia equity research at Daiwa Capital Markets. “China has already done a lot of stimulus and its debt is already very high so it has very limited bullets left.”

Chen at Pictet Wealth Management added that China’s stimulus measures will be slow to show up in the economy. So far there are still no signs of a sharp rebound, even if a hard landing is not expected.

Furthermore, domestically-driven Asian economies may outperform exporters in the current environment, Chen said.

However, these economies are not without their domestic risk factors. Both India and Indonesia, which have huge consumer bases, will have general elections in the coming months that may add to the Asia-wide picture of uncertainty.

Textile exports stagnant despite rupee depreciation, cut in energy prices	**Nation PK** https://nation.com.pk/19-Mar-2019/textile-exports-stagnant-despite-rupee-depreciation-cut-in-energy-prices

Pakistan’s textile exports had not increased despite the fact that the government had depreciated the currency and reduced the prices of electricity and gas.

The country’s textile exports had marginally enhanced by over one percent to $8.9 billion in eight months (July to February) of the ongoing fiscal year.

Meanwhile, the country’s overall exports had also shown 1.9 percent growth and recorded at $15.1 billion in July to February period of the 2018-19, according to Pakistan Bureau of Statistics (PBS).

The incumbent government had announced various incentives for the exports oriented sectors to boost the country’s exports. The government had depreciated the currency by around 25 percent as the dollar value had gone to Rs140.

Similarly, the government had also announced to reduce the gas and electricity prices for the exports oriented sectors. However, the exports had not increased so far despite all these measures.

“Impact of rupee depreciation would be visible in next five months,” said an official of the ministry of commerce last week. He further said that exports will pick up momentum and imports will record further steep decline in the months ahead.

In textile sector, according to PBS, exports of knitwear had enhanced by 11.36 percent during July to February period of the year 2018-19 over a year ago.

Similarly, exports of bed wear had also recorded an increase of 3.53 percent and exports of made-up articles had gone up by 2.12 percent. Meanwhile, exports of ready-made garments had also surged by 2.72 percent in first eight months of the current financial year.

The PBS data showed that exports of cotton cloth had recorded a decline of 1.04 percent.

Similarly, exports of raw cotton had tumbled by 72.49 percent. Exports of cotton yarn witnessed an increase of 13.53 percent.

Meanwhile, exports of towels had declined by 1.29 percent.

Meanwhile, the exports of food commodities had recorded increase of 1.08 percent during first eight months of the current fiscal year. In food commodities, exports of fruits recorded growth of 15.29 percent, vegetables 1.21 percent and oil seeds, nuts and kernels exports had gone up by 121.7 percent.

The country's exports have increased by 1.85 percent to $15.11 billion during July to February period of the current fiscal year from $14.84 billion of same period of last year.

On the other hand, the imports have gone down by 6.13 percent to $36.64 billion in first eight months of the year 2018-19 from $39.03 billion of previous year. Therefore, the trade deficit was recorded at $21.52 billion in the period under review.

The country spent $9.6 billion on the imports of petroleum group, 6.7 percent higher than a year ago. In the petroleum sector, the government imported petroleum products worth $4.2 billion and spent $3.04 million on petroleum crude.

Similarly, the country imported liquefied natural gas (LNG) worth $2.2 million and liquefied petroleum gas (LPG) worth $182 million.

The PBS data showed that country had spent $6 billion on importing machinery during July and February period of the ongoing fiscal year.

The third biggest component was food commodities whose imports rose to $3.9 billion during first eight months of the ongoing financial year.