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IBTEX No. 76 of 2017 Apr 17, 2017

USD 64.33 | EUR 68.30 | GBP 80.66 | JPY 0.59

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
20222	42300	**83.90**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
20950	43822	**86.92**

International Futures Price

NY ICE USD Cents/lb (May 2017)	75.62
ZCE Cotton: Yuan/MT (July 2017)	15, 580
ZCE Cotton: USD Cents/lb	**86.32**
Cotlook A Index – Physical	**85.75**

Cotton guide:

Cotton price rose in the last week to settle at 75.62 cents per pound. During the last week cotton reversed from 73.35 cent. The counter reversed with short covering of positions with roll from May to July and December contract. Also the latest USDA report suggested US exports to be around 14 million bales close to 2005/2006 record of 17 million bales and higher in last five years have supported cotton price to trade higher.

Also the export data from the US suggest the pipeline of inventory is reaching to exhaustion with the total available stocks for the current year is likely to tight.

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Also the new crop contracts trading in invert may notice a basis advantage and that should support cotton price to trade higher. Since the May contract has now getting into notice period the July contract which is currently trading around 76.75 may be supported in the near term. However, 75 cents remain a strong support for the said contract. For the day we expect cotton price for July to trade in the range of 76.40 to 77 cents per pound slightly onto positive trajectory.

Coming onto domestic market spot price of S-6 variety traded around Rs. 43,500 to Rs. 44,000 per candy while the future contract for April ended the week at Rs. 20730 up by Rs. 80 from the previous week's close.

We believe market may remain sideways in fact on today's trend the price may initially trade positive taking cues from the international market. The trading range for the day would be Rs. 21K to 20600 per bale.

Compiled By Kotak Commodities Research Desk , contact us : research@kotakcommodities.com, Source: Reuters, MCX, Market source

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INTERNATIONAL NEWS

AGOA: Just 1 Reason Why China Loves Manufacturing In Ethiopia

Ethiopia attracted foreign investments of US$1.2 billion in the first six months of the 2016-2017 fiscal year, dominated by Chinese companies.

The investment is helping Ethiopia develop as a manufacturing hub for the global textile market.

Out of the 124 foreign investors that expressed an interest in Ethiopia's textile and clothing sector over the past three months, 71 were from China. Indian clothing and textile industry could also be a significant future player, with more than 30 investor inquiries.

"The bulk of recent investment is being made by Chinese companies in the textile and apparel sector," said Mekonnen Hailu, public relations director for the Ethiopian Investment Commission.

Investors include Chinese conglomerate Jiangsu Sunshine Group, which deals in wool textiles and garments. The company has decided to invest close to US$1 billion in Ethiopia.

It is building a major textile manufacturing hub in Ethiopia for the same reasons that many other Chinese textile investors are choosing to relocate their textile operations to the East African country, says Helen Hai, vice-president of Chinese footwear manufacturer the Huajian Group and advisor to the Ethiopian government on industrial strategy.

"Chinese textile companies are moving closer to their raw material base, the cotton-producing countries such as Ethiopia. This is part of its value chain repositioning, a strategy most Chinese companies are adopting. Companies are also using Africa as a gateway to emerging markets on the continent and to the European market," said Hai, who helped broker the Jiangsu investment deal.

Ethiopia's economy has registered double-digit growth in recent years, making it one of the fastest growing in sub-Saharan Africa.

The World Bank projects 8.9 percent growth this year.

Foreign investment has played a critical role in the country's economic success, with the government offering favorable benefit packages to attract clothing and textile companies looking to relocate their manufacturing bases to Africa.

Incentives include preferential trade deals and land policies, which can give investors profit tax holidays for up to nine years. Duty free imports of machinery, equipment and construction materials are also incentives used to attract investors.

All exports of products made in Ethiopia to the U.S. are duty- and quota free under America's African Growth and Opportunity Act (AGOA). The same benefits are also available for exports to the European Union under its Everything but Arms trade access for least developed countries.

Furthermore, Ethiopia offers extremely cheap electricity at US$0.04 cents per kilowatt hour. It is now the second largest electricity producer in sub-Saharan Africa due to its hydropower dams. Ethiopia is the source of major rivers, such as the Blue Nile.

Such low costs are particularly attractive to Chinese companies. The rising cost of land and labor in their home country has spurred many of its textile and clothing businesses to eye moving production to African countries such as Ethiopia to tap their abundant cheap labor.

Wages are approximately one tenth of what Chinese workers are paid, according to the investment commission.

"Ethiopia has a population of 100 million, the second largest in Africa after Nigeria and over 65 percent are under 20, making it a labor pool that is easily trainable to fit the requirements of the garment and textile industry," said Zemedeneh Negatu, global chairman of Fairfax Africa Fund and former managing partner of EY Ethiopia (Ernst & Young).

Local textile companies can also find reasons to be hopeful about the "foreign textile invasion," said Worku Zewde, general manager of Ethiopian knitted sportswear specialist Knit to Finish.

"Investors are putting money into training the local workforce to help raise manufacturing standards. To satisfy foreign buyers, the quality of cotton production has also been improving. I expect these industry improvements will trickle down and benefit local companies."

Source: afkinsider.com- Apr 15, 2017

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Pakistan: Dumping remains a very real problem

The polyester staple fibre industry is in trouble because its gross margins continue to be under pressure owing to a variety of factors like cheaper and under-invoiced imports from China, and volatility in raw material prices.

With almost a third of the country's total annual installed capacity of around 800,000 tonnes already closed, the industry is struggling for its survival.

Indeed, the imposition of anti-dumping duty in the range of 2.8pc and 11.5pc on low-priced PSF imports from China, for five years, in February last year and rebounding global crude oil prices have helped manufacturers slightly improve their capacity utilisation and gross margins over the last one and a half years.

Yet the future of the industry, according to a senior executive of Ibrahim Fibres, continues to depend on creation of a 'level playing' field for local producers.

"We have seen Dewan Salman Fibres shut down in 2009 and Pakistan Synthetic in 2015 owing to unfair competition from China.

If the Chinese continued to dump their surplus production in Pakistan for another few years, the remaining factories will also be forced to close down," the executive said on condition of anonymity.

At present, the three players — Ibrahim Fibres, ICI and Rupali Polyester — are using less than three quarters of their operational capacity of 537,000 tonnes a year because of competition with Chinese imports.

According to a report by Pacra, a local credit rating agency, the industry's revenues dropped about 6pc to Rs44.16b and gross margins were -0.8pc at the end of June 2016 from Rs46.94b and -0.9pc a year ago, despite a 5pc increase in capacity utilisation to 73pc from 68pc. Lower crude prices are blamed for the drop in revenues.

With almost a third of the country's total annual installed capacity of around 800,000 tonnes already closed, the polyester staple fibre industry is struggling for survival

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The share of local producers in the market grew by over 11pc to 400,000 tonnes in 2016 from 360,000 tonnes the previous year compared with a drop of more than a fifth in imported PSF sales.

Historical data shows that the domestic PSF industry's earnings were as high as Rs64.91bn and gross profit margins 1.3pc in 2014, Rs57.11bn and 4.3pc in 2013 despite lower capacity utilisation of 68pc.

The local industry saw its prices fall from $1.8 per kilo in 2013 to $1.1 in 2016 with a commensurate decline in imported Chinese PSF from $1.5 a kilo to $0.9.

Domestic PSF producers also enjoy 7pc duty protection against imports in addition to anti-dumping duty imposed by the National Tariff Commission last year. But manufacturers contend that the impact of duty protection and anti-dumping duty is nullified because of under-invoicing and smuggling of PSF imports from China.

"Currently, the Chinese product is costs less than a dollar a kilo compared with the local PSF price of more than $1.25," a senior official of ICI, which has been acquired by the Younus Group, told Dawn. "China sells almost 80pc of its PSF at premium prices around the world and dumps the remaining in countries like Pakistan at less than the price of the raw materials used in manufacturing."

Ibrahim Fibres' executive said the industry had invested massive amounts of money in their PSF manufacturing facilities.

"Our company had invested Rs22bn to complete our third plant in 2015 to expand capacity but we are unable to operate at our full operational capacity due to unfair foreign competition."

Compared with the world cotton and synthetic fibre mix of 25:75, the use of man-made fibres by Pakistan's textile industry remains 80:20. The textile manufacturers and exporters often blame the higher-than-world prices of locally produced synthetic fibres because of tariff protections to the manufacturers for its lower use by the textile industry.

"It is totally misleading to blame us for the low use of synthetic fibres by local textile producers. The demand for polyester staple fibre has been stagnant for several years because of massive import of PSF-based fabric and garments from countries like China and Thailand etc.

Let me warn you today: if we are forced to shut shop the Chinese exporters will sharply increase their prices. We have seen this after the closure of Deewan Salman when China raised its prices by Rs20-30 a kilo to take advantage of shortages in the Pakistani market."

He said it was important to save the domestic industry to protect jobs. "We don't want a ban on imports, let me clarify. What we want is protection against unfair competition and practices to protect our investments as well as the 6,000 jobs associated with this industry."

Industry sources say 90pc of the PSF-based textile products made in Pakistan are used in the domestic market. Therefore, it is grossly unfair to suggest that the lower use of synthetic fibres by the local industry is hurting the country's textile exports.

"The protection to the local PSF industry doesn't hurt exporters. If you want to use imported synthetic fibres for exports you can use DTRE scheme. There's no restriction on that," the ICI official said. "If textile exports are declining it is because of other factors like outdated technology, inefficiencies, low value-addition, small size of factories, etc.

"Besides, the government's bias for imports rather than support for local manufacturing, inconsistent export policies, overvalued rupee, taxation, higher cost of doing business, etc have worsened the situation."

Ibrahim Fibres' executive said the domestic industry was internationally competitive in spite of being at a very large cost disadvantage because of higher energy prices, higher freight cost, increase in duty to 5pc from 3pc on import of raw material (PTA), underdeveloped upstream petrochemical industry, unskilled workforce, and poor infrastructure compared with the other regional players.

"But we need higher anti-dumping duties and tariff protection to compete with Chinese dumping. India has provided 10pc protection to its industry and Korea 8pc. Why can't we have higher protection?" he concluded.

Source: dawn.com- Apr 17, 2017

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Pakistan: Govt taking steps to boost textile sector

Secretary Ministry of Textile Industry Hassan Iqbal on Friday said the government was fully aware of the economic importance of the textile sector and PM's textile package of Rs 180 billion was aiming at to boost the sector.

He was addressing a function organised by All Pakistan Bed sheets and Upholstery Manufacturers Association (APBUMA) here.

Hassan Iqbal said registration of textile exporters was imperative to get the incentives under the Rs 180 billion textile package. He added that the registration system had been streamlined and payment will be started as soon as applicants will deposit the required documents.

He also assured to further speed up the registration process and hoped that payments under this package would start from coming Monday.

Regarding old claims of sale tax, income tax etc, he said the ministry was in contact with the FBR. "He has also taken up this issue with the finance division", he added.

Regarding Employees Old Age Benefits Institution and social security, he said for the first time these issues had been brought into his notice and he will talk to the heads of the concerned departments.

The secretary also appreciated a proposal to set up a textile spinning and stitching institute in Faisalabad and said he would direct joint secretary training to process this case.

He said the government had offered lucrative incentives for the import of the textile machinery. “We are ready to offer more concession to the textile sector”, he added.

Source: pakobserver.net - Apr 16, 2017

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USA: Cotton thrips forecasting tool helps preplant decisions

North Carolina State University has developed a thrips forecasting tool to help cotton farmers make preplant management decisions. Thrips injury is a function of weather-driven seedling growth and thrips pressure. The tool uses planting date, temperature, precipitation and knowledge of when and how severe thrips pressure will be to predict time of risk.

It is known that something preplant for thrips is needed. It can be an insecticidal seed treatment or an insecticide in-furrow. The new tool helps in making decisions on whether one should you use a seed treatment and an in-furrow, or a foliar spray.

It will help planters save time and money by making them use most intensive thrips management efforts on cotton that will be planted at a time that is most at risk for thrips.

“If you base a thrips spray off injury, it is usually too late to prevent damage to the crop. Immature thrips are a good sign that at-plant insecticides are running their course and a spray might be needed. Don’t forget that cotton is most sensitive to thrips damage when the 1st true leaf begins to appear between the cotyledons,” Southeast Farmpress said.

Although foliar sprays at later stages may occasionally benefit yields, targeting sprays when the first true leaf appears has been proven to be the most effective, it said.

This tool will give the best predictions within 10-14 days after the date it is used since it is based on weather forecasts.

Therefore, it should be used two weeks before one plants. It should also be checked a few days before planting. Then, it should be used every week after planting to track damage potential until cotton is at the four leaf stage.

Since the tool is based on many years of data from across the Southeast US Cotton belt and has been validated several years, it is expected to accurately forecast thrips risk to cotton.

Source: fibre2fashion.com - Apr 17, 2017

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RCEP facing a critical deadline

ASEAN is well on its way to becoming a global leader for regional integration and an important step in this process is on deadline.

The Regional Comprehensive Economic Partnership (RCEP) negotiations, which were to have been substantially concluded at the end of 2015, will now enter the 18th round in May.

Launched in November 2012, the agreement aims to deepen economic integration between Asean and its six dialogue partners (Australia, China, India, South Korea, Japan, and New Zealand).

Having missed two deadlines, the pressure is on for these 16 countries to substantially conclude negotiations this year. There is much at stake if the parties miss yet another deadline; not least is the reputational risk for the grouping and its six partners.

RCEP was designed to be a comprehensive and mutually beneficial economic partnership agreement, which would involve broader and deeper engagement between Asean and its dialogue partners by significantly improving their existing Free Trade Agreements (FTAs).

It is also intended to be a living agreement, providing a basis for addressing issues that may emerge in the future.

In short RCEP is a forward-looking, inclusive agreement.

Ideally, RCEP can be a 21st century model for inclusive integration among countries with different stages of economic development, political systems, ethnicity and cultural backgrounds.

Given global economic and political developments, and with the Trans Pacific Partnership Agreement (TPPA) in abeyance, the Asean-led RCEP can be the tailwind needed to counter the rising protectionism that increasingly blocks integration and the benefits of free movement of people, goods and services.

To be sure, the parties involved are aware of the benefits that can accrue from deeper regional economic integration. RCEP must be more than just another FTA involving only the "traditional" elements of market access for goods and services, and investment.

At a recent roundtable of trade experts, economists, and academics, organised by the Economic Research Institute for Asean and East Asia (ERIA), it was noted that for RCEP to truly be the impetus for change, it must include three key interdependent dimensions – broad and deep market access that permits people and products to move freely, rules that promote confidence in trade and commerce, and an inclusive approach to economic cooperation which will enable the less developed members to take advantage of the benefits of integration.

Further, in the face of global economic developments and technological advancements and disruptions, a forward-looking RCEP must recognize and accommodate newer elements of trade facilitation, Intellectual Property Rights (IPR), e-commerce, new production technologies, and include a future agenda for dealing with these and other evolving issues and developments.

Even as the RCEP parties consider including these elements, they have to resist being compared with the TPPA and being labelled as the less "ambitious" agreement, and the latter, the "gold standard."

The consensus at the ERIA roundtable was that RCEP could be the blueprint for open trade and investment in the region and the instrument for improving Asia's economic performance.

The TPPA was seen as pushing a US agenda of disciplines and rules, which were considered “WTO plus.” To paraphrase Professor David Vines of Oxford University, RCEP could, on the other hand, demonstrate a more collective, “non-hegemonic Asian leadership” on global economic openness.

Regardless of the level of ambition, in the immediate to short term, it is important for RCEP to aim for balanced and sustainable growth, which would facilitate the involvement of micro, small and medium Enterprises (MSMEs) in the production networks and global value chains of larger companies in the region; use economic and technical cooperation to further MSME development and effective capacity building; focus on trade facilitation; and have trade facilitative rules of origin and rules for e-commerce.

In the medium term, the parties must work towards rules or disciplines to support competition (including in the areas of government procurement and state-owned enterprises), IPR and the digital economy.

More importantly, in parallel to negotiations, parties, especially those from developing and less developed economies must consider adjustment policies at the national level, including in infrastructure, education and skills development to prepare to take advantage of the preferences being negotiated. There must also be continuous work on regulatory reform and the management of non-tariff measures.

This region comprises the fastest growing economies in the world.

The completion of RCEP negotiations would validate Asean’s role in the economic integration of this region and global trade and investment.

Source: thestar.com.my- Apr 17, 2017

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Bangladesh : Apparel shipment to non-traditional markets declines in first quarter

Apparel shipment to potential nontraditional markets declined sharply in the third quarter of the current fiscal year, in a blow to the country's effort to diversify exports base, officials said.

Exports to Brazil, Mexico, South Africa and Korea dropped by 26.97 per cent, 16.97 per cent, 16.86 per cent and 14.87 per cent respectively in July-March period of 2016-17 fiscal compared to the corresponding period of last fiscal, according to official data.

Shipment to Australia and India declined by more than 7.0 per cent, while exports to Japan and Turkey witnessed a meagre growth of 2.11 per cent and 0.29 per cent respectively in the same period.

The nontraditional emerging markets for apparels are Australia, Japan, China, Chile, Brazil, Japan, Russia, South Africa, New Zealand, Malaysia, Korea, India and Turkey.

The total exports of readymade garment products to the non-traditional markets grew by 1.57 per cent in the July-March period of the fiscal year 2016-17, according to data.

On the other hand, income from some traditional and major markets such as Belgium, the UK, the USA and Canada fell by 6.89 per cent, 6.85 per cent, 7.56 per cent and 6.41 per cent respectively during July-March of 2016-17 fiscal.

Recording a slow growth of 2.39 per cent, the country fetched $20.92 billion from apparel exports during July-March period of the current fiscal.

Apparel manufacturers attributed sluggish global demand followed by low unit price of garment items and high duty in the nontraditional markets to the dismal growth.

They also blamed internal issues such as an increase in cost of doing business and closure of a good number of factories due to compliance requirements to such a situation.

They also raised another factor that import from Bangladesh was getting costlier due to a strong local currency against the US dollar.

Moreover, the currencies are weaker in the importing countries, especially in Brazil, India, and Turkey, which contributed to sapping demand.

Exporters and experts blamed the high duty--33 per cent in Brazil, 30 per cent in both Turkey and Mexico and 40 to 50 per cent in South Africa for the poor exports to those countries.

The global demand for apparel is declining in the last couple of years putting a negative impact on local exports, Faruque Hassan, a vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), told the FE.

The price of apparel also fell while cost of doing business has significantly gone up, he added.

Currency devaluation in importing countries is another factor, Mahmud Hasan Khan, another BGMEA vice president, said adding local currency still remained stronger than US dollar.

Many factories have been shut due to compliance issues, which also left put an adverse impact on the production level, he said.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD), recommended the government's measures for convincing the non traditional markets to cut duty while reviewing the incentive package to enhance the sector's competitiveness.

Source: thefinancialexpress-bd.com – Apr 16, 2017

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Bangladesh : Call to develop trained manpower for readymade garment industry

Minister Nurul Islam Nahid has termed the country's readymade garment (RMG) industry a goose that lays golden eggs as some 4.5 million female workers alongside a good total of male ones are employed in this sector.

He urged the garment exporters to lay greater emphasis on making the industry reliant on local youths having skills of international standard especially in the field of design and fashion to cope with other global RMG exporters.

The education minister said that the foreign experts employed in making newer designs and fashion in the RMG buying houses are earning a lot of money staying herein our country by means of their superior performance.

"Our youths can become even better quality masters and experts in the field if provided with proper academic environment which is prevailing in the CBIFT and BUFT as they have developed designs suiting the choice and taste of the foreign buyers," he said.

The minister said this while speaking as the chief guest at the fourth anniversary of the CBIFT (Chittagong BGMEA Institute of Fashion and Technology) and passing out ceremony of the first batch trainees who successfully completed four-year BSc Honours course from the institute.

The event was organised here Saturday night at the auditorium of Chittagong Club Ltd in the port city.

A total of 14 students were given the degree of BSc Honours from the Apparel Manufacture and Technology (AMT) with 12 more from the Fashion Design and Technology (FDT).

Presided over by the President of the governing body of the CBIFT and Managing Director of Eastern Group Nasir Uddin Chowdhury, the ceremony was addressed as special guests by Vice-Chancellor of Chittagong University Professor Iftekhar Uddin Chowdhury and BGMEA President Siddiqur Rahman.

First Vice-President of the BGMEA in Chittagong Moinuddin Ahmed Mintu and Founder Chairman of the Trustee Board of the BUFT (BGMEA University of Fashion and Technology) Mujaffar Uddin Siddiq also spoke as guests of honour.

The minister said there was only one per cent skilled workforce in the country when this government was voted to power. Now the percentage stands at 26. By the year 2020, this figure is expected to stand at 65.

"Days will come when we will export quality technicians and skilled manpower in different fields from this country to other countries instead of importing," he hoped.

Source: thefinancialexpress-bd.com - Apr 17, 2017

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NATIONAL NEWS

Textile sector seeks 5% taxes under GST across all value chains

The textile industry has urged the government to apply the lowest GST rate of 5 per cent across all value chains in the textile and apparel sector, to avoid any possibility of tax evasion.

While the final decision on the rate is yet to be decided, the draft rules propose four slabs -- 5, 8, 12 and 18 per cent of tax under GST. Currently, the applicable rates vary between 5 and 7 per cent, depending upon the use of raw materials and production of finished products.

In a representation to the Ministry of Commerce, apex industry body, the Clothing Manufacturers Association of India (CMAI), has said that a low GST rate of 5 per cent applied uniformly across the sector will propel domestic production, besides facilitating and encouraging voluntary compliance.

This would help India achieve its target of generating 35 million jobs and attracting investments worth $200 billion by 2025, the representation said.

The demand assumes significance in the wake of textile sector being the largest employer of skilled and unskilled workforce after farming.

The textile industry provides direct employment to 45 million individuals and generates 60 million indirect jobs. The industry also contributes 10 per cent to manufacturing production in the country.

With textiles commodities holding a seven per cent weightage in the Consumer Price Index (CPI), it is an essential commodity in the Indian consumption basket. Its functioning, therefore, has a considerable ripple effect not only on the economy, but also on the lifestyle of individuals.

“A uniform 5 per cent rate of GST with no exemptions in the sector will remove current blocked input taxes and tax cascading present in the industry, while also providing revenue enhancement for the government.

Even with 50 epr cent compliance from the industry, the tax revenue across the value chain under a uniform GST rate will see and increment of Rs 7,000 crore," said Rahul Mehta, President, CMAI.

A multi-tiered GST rate structure, on the other hand, will lead to distortions in production and consumption. It will also compromise fibre neutrality with producers moving to manufacturing garments made from fabrics that are taxed lower. Such a structure may also lead to disputes in the classification of textile products to different tax categories, experts believe.

"GST can transform the textile industry into a single market with a predictable tax system, enabling increased value addition, employment and exports.

This scope of GST to carve out a promising future of sustained growth for the textile sector can be achieved only through the application of a uniform low GST rate to the entire sector," said Mehta.

According to trade sources, a comprehensive uniform low GST rate has the potential of not only removing inefficiencies associated with exemptions and cascading in the sector, but also of increasing the government's revenue three fold. Currently fabrics are exempted from taxes.

They account for as much as three–fourth of total consumption spending on textiles, estimated to be around Rs 4.34 lakh crore in 2015-16. Extension of the tax base to fabrics and assuming 50 per cent of compliance, the government would generate Rs 10,850 crore.

Source: business-standard.com- Apr 16, 2017

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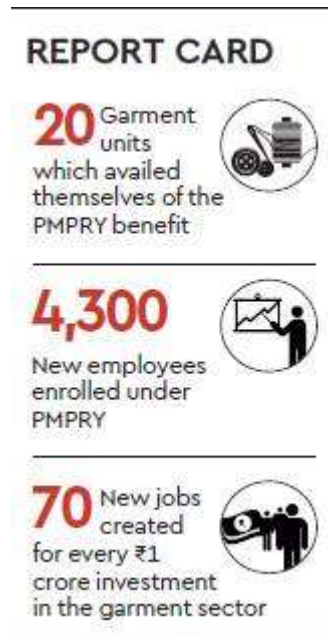
Jobs scheme for garments off to slow start

The special package for the garment sector unveiled by the Modi government in June last year doesn't appear to have made instant appeal to the firms in this labour-intensive industry.



Despite a crucial component of the package that the government will bear the entire 12% employer's contribution to the employees provident fund (EPF) for the first three years, just 20 units have availed themselves of the benefit so far and only 4,300 people have got jobs.

Under the Pradhan Mantri Rozgar Protsahan Yojana, the government bears 8.33% of the employer's contribution to EPF in other sectors.

According to the labour ministry sources, the tepid start is because of the slow implementation of the scheme and not enough publicity for it. "The scheme, approved by the Cabinet in June, got other necessary clearances only in August. EPFO had to ready the software and so the enrollment started only from October onwards.

Finally, in December, fund disbursements by the government started," a ministry official said. The software was also such that even a slight incompatibility between the credentials of the employee, as provided by employer, and his/her Aadhaar card details would automatically reject the enrollment, he said.

The Pradhan Mantri Paridhan Rozgar Protsahan Yojana (PMPRPY) scheme for the apparel sector was subsequently extended to the made-ups sector too. A budget of `6,006 crore was approved for the scheme, with the objective of creating 1 crore new jobs, additional exports of $30 billion and `74,000 crore more investments over three years.

According to government's estimate, for every `1 crore investment in the garment sector, a minimum of 70 new jobs are created as compared with 10 in steel and 25 in automotive sectors.

Analysts said the package did not yield the desired results as sectoral players were perhaps more comfortable with the informal nature of the jobs in the sector since it reduces their burden of complying with labour rules.

However, official sources said the number of PMPRPY beneficiaries would go up in the coming months as the government has now decided to bear employers' contribution of 8.33% of basic pay to the Employees' Pension Scheme (EPS) for new employees under the PMRPY even if new posts are not created by the firm. The benefit was earlier available only for new posts created.

The package for the sector included making EPF optional for employees earning less than Rs 15,000 per month. The idea was to ensure there is more cash in the hands of such workers.

Sources said even this has come a cropper since the proposal needs an amendment to the EPF Act and even the process for the same has not started yet.

For the proposal to take effect, the EPFO needs approval of its highest decision-making body, the Central Board of Trustees (CBT), to be followed by the Cabinet's approval and vetting by the law department before it could be tabled in Parliament. Many trade unions are, however, not happy with the proposal, as they think that it would deprive the workers of even a modicum of social security.

The package for the garment sector, which policymakers want to be extended to other employment-intensive sectors like leather and footwear, included introduction of fixed-term employment (in line with the seasonal nature of the industry), additional interest subsidy incentives under the technology upgradation fund scheme and enhanced duty drawback coverage for exports.

Source: financialexpress.com- Apr 17, 2017

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Addressing the deficit

So what ails India's exports, which have been stagnant these last five years even as the deficit in merchandise trade has remained large, despite the fall in oil prices? As was noted last week, India has a surplus in the trade in agricultural items as well as in services trade (mostly software).

It also has a net surplus when it comes to financial transfers, like remittances from non-residents. Among the deficit areas, as is well known, the biggest is in energy (oil, gas and coal), which accounted in 2015-16 for well over half the troll deficit In goods trade of $ 118 billion. The rest of the deficit was almost entirely explained by the deficit in trade in manufactured items.

This broad category can be defined and grouped in various ways. As it happens, India has a trade surplus in a knowledge-intensive area like drugs and pharmaceuticals, and also in its areas of traditional strength, such as in the broad textiles segment and in leather. But if you take just core manufacturing (engineering. chemicals and electronics), exports in 2015-16 totalled only $78 billion, whereas the imports of these items were two-thirds bigger at $130 billion,

These numbers need to be broken down further. Because, interestingly, the country is not badly off when it comes to trade in engineering goods- exports totalled $60 billion, while imports were smaller at $5.3 billion. It is a different story when it comes to chemicals - imports at $.36 billion were three times exports of$12 billion.

The imbalance was greatest in electronics- imports of $40 billion swamped exports of$6 billion. Two other problem areas are mining, where the import of coal and non-ferrous metals totalled $25 billion, and fertiliser($8 billion).

It goes without saying that every country has areas of strength and weakness when it comes to trade, and no country can expect to do equally well in everything. Vijay Kelkar argued more than three decades ago that, for whatever reason, India did relatively well in batch-production (like engineering goods) and poorly when it came to continuous-process industries like chemicals.

Though companies like Reliance have shown they can do perfectly well when it comes to exporting refined petroleum products, and some speciality chemical companies have notched up export successes, Mr Kelkar's broad finding has stood the test of time.

That leaves the electronics Industry, where the lack of exports is striking and the trade imbalance the most glaring. Surely, there is scope here for leveraging the attractions of a large domestic market to encourage suppliers overseas co set up local manufacture.

Chinese companies have started assembling mobile phones in India, and Apple might do so soon. If this progresses to the domestic production of components and then sub-assemblies, it would set the stage for becoming an export base, as has happened with small cars.

Beyond these, the issue to examine is the role of government policy. It is well understood that that the exports of yarn. textiles and garments could have been very much more than the $32 billion achieved in 2015-16. One of the factors that has stood in the way is labour policy, which is now being addressed in phases.

Similarly, when it comes to the growing reliance on imported fertiliser, one of the manifest causes is government policy; there has been virtually no investment in the sector for a decade or more.

In the energy sector, when cairn claims that it can account for half the country's production of oil, or when coal imports are growing, the question has to be asked whether preference for the public sector is standing in the way of Increasing domestic output, As for the large imports of non-ferrous metals. the issue is that conflicts over environmental issues have not been resolved satisfactorily: the consequence is that investment in the mining sector has suffered

The short point is that more effective promotion of domestic manufacturing and mining could significantly reduce the trade deficit in key sectors.

Source: business-standard.com- Apr 14, 2017

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State Govt. urged to announce textile policy

With States such as Gujarat, Maharashtra, Madhya Pradesh, and Telangana having textile policies, textile investments are coming up in these States. In an effort to support the textile industry in Tamil Nadu, the State Government should come out with a three-year textile policy at the earliest, according to Indian Texpreneurs Federation.

Capital subsidies

The association pointed out that several other States, especially those that have cotton, are offering capital subsidies to promote the textile industry.

With the subsidies and cotton availability, textile units in these States have price advantage.

Tamil Nadu has a robust eco system for textile manufacturing.

Hence, the State Government should come out with a policy to sustain and improve the existing units.

Improving technology

It should focus on improving technology of the existing manufacturing units, bring about energy efficiency and productivity in the textile sector, increase area under cotton in the State, offer competitive power prices, take initiatives for skill development, encourage production of value added goods, ensure growth of clusters such as Tirupur, Karur, and Erode and promote Made in Tamil Nadu brand.

The government should also support e-commerce, encourage man-made fibre textile products and have a policy that is in line with the textile policy of the Union Government.

The Tamil Nadu Government should set up a task force to discuss with the industry the growth plans and challenges, according to the federation.

The association members plan to meet the Chief Minister, ministers concerned, and the elected representatives and highlight the plight of the textile industry in the State and the need for a textile policy.

Source: thehindu.com - Apr 16, 2017

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Centre to facilitate cheaper loans to socially backward artisans, weavers

The government plans to facilitate loans at concessional interest rates for artisans and weavers belonging to the Scheduled Caste, with Textiles and Social Justice Ministries inking a pact in this regard on Friday.

A Memorandum of Understanding (MoU) was signed between the Development Commissioner (Handlooms) and the National Scheduled Caste Finance and Development Corporation.

The two parties will also collaborate for capacity building including skill upgradation and economic development of Scheduled Caste weavers and their families besides organising exhibitions and fairs for providing marketing assistance to enhance their earnings.

According to the pact, they will promote production and marketing of high quality handloom products at block level clusters in States such as Gujarat, Rajasthan, Maharashtra and Odisha.

Sharpening skills

"This endeavour shall enable Scheduled Caste weavers to sharpen their skills for production and marketing of high quality handloom products and better marketing linkages and, therefore, to have more income," an official statement said.

The pact was signed in the presence of Union Textiles Minister Smriti Irani and Minister of Social Justice and Empowerment Thawar Chand Gehlot here. The DC (Handlooms) and the National Scheduled Caste Finance and Development Corporation come under the Ministry of Textiles and the Ministry of Social Justice and Empowerment, respectively.

"There was a time in India where ministers did not talk to each other and the conflict between ministers used to be front-page news," Irani said.

The collaboration between the two ministries was proof of how various arms of the NDA government work in conjunction with each other, she added.

75% subsidy for courses

The Minister informed that from April 1, Schedule Caste artisans and weavers are being provided 75 per cent subsidy on taking up courses from Indira Gandhi National Open University and National Institute of Open Studies, to extend quality education to those belonging to backward communities.

Source: thehindubusinessline.com- Apr 15, 2017

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Technical textiles use in govt. projects gets push

Textiles Minister talks to agriculture, health ministries

Technical textiles or functional textiles, considered a sunrise sector in the country, is all set for demand taking off for products such as geo and agro textiles.

“Technical textiles is a thrust area for the Government because of the value addition involved,” said Textile Commissioner Kavita Gupta. “It can be used in infastructure projects, including ports, roads, and railways, and in sectors such as agriculture. We want to promote use of textile products that will improve productivity, health standards, and infrastructure,” she said.

Geo textiles, for example, are permeable fabrics that are used in association with soil and which have the ability to separate and filter, while agro-textiles are used in shading and in weed and insect control.

In an effort to increase use of technical textiles in Government projects, she said, “We are trying to promote interface with other ministries. The Textiles Minister has spoken to four ministers so far and will be speaking to more.”

Union Textiles Minister Smriti Zubin Irani has spoken to Agriculture, Urban Development, Health, and Surface Transport ministers and is expected to have discussions with defence, railways, and heavy industries ministers too.

The aim is to create awareness, promote use of technical textile products, then ensure the usage is mandated in at least some areas. “Development and use of products have to go up. Simultaneously, standards are being created,” she said.

Functional textiles can be woven or non-woven. Automobile, geo, medical, industrial, and agro textiles are among the range of products that are made in the country. Foreign Direct Investments are also coming in, especially for geo textiles. There are a large number of units that are into production of items such as non-woven carry bags or wipes too.

TUFS support

The Textile Commissioner said that the number of larger industries involved in the manufacture of various technical textile products is estimated to be about 2,500. Close to 1,000 of these have received Technology Upgradation Fund Scheme support.

Industrial textiles (such as filtration fabric) and made-ups (home textiles) have taken off. “Geo (textiles used in road works) and agro textiles will [also] take off. Smart textiles (sensor embedded textiles) is another potential area,” she said.

According to K.S. Sundararaman, vice-chairman of Indian Technical Textile Association, technical textiles is a fragmented sector with several small and medium-scale industries manufacturing specialised products. “It is difficult to give a definite number on the number of units, production, etc. But, a majority of them are in the SME sector,” he said.

The main challenges for technical textiles in the country are awareness among consumers, need for technology and knowledge about it among entrepreneurs, the investments and time needed to be innovative and develop applications, and raw material availability.

“China is a generation ahead in production of technical textiles. But, their costs are going up and this is an opportunity for India,” he said. The Government should select and support entrepreneurs to be sent abroad to learn about technical textiles, he suggested.

Source: thehindu.com - Apr 15, 2017

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More TN outfits make it to the ‘trusted brands’ list

Around 30 companies from Tamil Nadu, including textile players RmKV and Pothys, have made it into the most trusted brand list, according to a recent report.

The Brand Trust Report — India Study 2017, launched recently by TRA Research, a brand intelligence and data insights company, revealed that representation from Tamil Nadu has increased this year by nine; the previous list had 21 companies.

Of the 1,000 brands listed, new entrants RmKV and Pothys were ranked 413 and 459 and educational institutions Veltech University and Panimalar at 464 and 559, respectively. In dairy industry, Hatsun and GRB Diary Products debuted and ranked 555 and 724, respectively. Other Tamil Nadu companies include Sprinkle Salt 984 and Gold Winner oil at 775.

Chennai-based automobile manufacturer TVS was ranked 34 as opposed to 46 last year and Nissan jumped six places to occupy the 161th position this year. Addressing media people at the launch on Thursday, N Chandramouli, CEO, TRA Research, said, “The brands from Chennai have been doing consistently well, especially the ones in niche segment such as textiles and consumer goods.”

Overall, Samsung was ranked India’s most-trusted brand of this year, followed by Sony and LG. Apple ranked fourth, a rise of 12 ranks followed by Tata, Honda, Maruti Suzuki and Dell at fifth, sixth, seventh and eighth positions, respectively.

Lenovo climbed 18 ranks from last year and was placed ninth followed by Bajaj at the tenth spot.

Source: thehindubusinessline.com- Apr 15, 2017

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Push for increasing supply of certified jute seeds at low cost

After the Cabinet Committee of Economic Affairs had increased MSP by Rs 300 to Rs 3,500 per quintal for 2017-18 season, the Union textiles minister Smriti Irani along with the Jute Corporation of India and the National Jute Board has asked to help increase the supply of certified jute seeds at a cheaper price to farmers in consultation with the National Seeds Corporation.

Irani gave these directions at a recent inter-department meeting which discussed concerns raised by the industry about the poor grade of raw jute, which was affecting the quality of finished bags.

The textile minister also stressed the need to create awareness among farmers about the benefits of using certified jute seeds and improved retting (soaking the fibre) and production technology through Krishi Vigyan Kendras.

She added that an MoU with the National Seed Corporation can help place a formal demand for better quality seeds. Raw jute quality was a concern raised by stakeholders of the industry and if better quality of seeds along with improved cultivation technique are used some of the concerns about quality are likely to be addressed.

According to industry sources, around 6,000 tonnes of seeds are required annually for cultivation and only a part of the total quantity is of the high yielding variety and conform to certified standards. This affects the quality of lightweight jute sacks which require finer counts of yarn.

The textile minister also called for scaling up of jute ICARE (Improved Cultivation and Advanced Retting Exercise) programme, which is being promoted by the Centre and aims to modernise certain aspects of jute farming and improve farmers' income.

In addition, the ministry is promoting new varieties of jute.

Shares of jute companies have rallied following the hike in minimum support price (MSP) on Wednesday. Companies such as Gloster and Cheviot have risen 11.1 per cent and 7.7 per cent, respectively, on the BSE after the announcement.

Source: yarnsandfibers.com - Apr 15, 2017

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Cotton prices may stabilise to below Rs 40,000 per candy, push mill uptake

Despite a below normal monsoon forecast likely to impact production, 2017-18 could turn out to be a better year for India's cotton heavy textile sector. Estimates peg cotton prices at below Rs 40,000 per candy of 356 kg mark or Rs 20,000 per bale of 170 kg in the coming weeks, turning out to be competitive for textile mills, thereby enhancing mill uptake.

As per the International Cotton Advisory Committee (ICAC), while delayed harvesting earlier this season has led to India's exports projected to decline by 23 per cent to 960,000 tons in 2016/17, India's mill use of cotton also declined by three to 5.1 million tons in 2016/17 due to high domestic and international cotton prices.

However, despite delayed harvesting previously and a below normal monsoon forecast this year, the Indian textile industry's cotton use is now projected to recover by 1 per cent to 5.2 million in 2017/18. In addition, cotton imports from key markets like China and Vietnam are also set to grow by 4-6 per cent, thereby increasing India's position in domestic and global cotton market.

"India's production is projected to grow by two per cent to 5.9 million tons while production in China could reach 4.8 million tons in 2017/18 as area expands by three per cent to 3 million hectares after five seasons of contraction.

After declining by three per cent to 5.1 million tons in 2016/17 due to high domestic and international cotton prices, India's mill use is projected to recover by one per cent to 5.2 million tons in 2017/18. India's exports are projected to decline by 23 per cent to 960,000 tons in 2016/17, partially due to the delay in harvesting earlier this season," ICAC stated.

Similarly, according to an Angel Commodities' report, cotton prices have begun showing a downward trend, which could enhance mill uptake going forward. As per the report, recently, spot prices of cotton bale at Rajkot fell to Rs. 20,630 per bale of 170 kg, from Rs. 21,060.

However, expectation of higher cotton demand from China and forecast of El Nino during the later part of current month may still keep cotton prices higher.

"The Cotton Association of India (CAI) has maintained its estimate for production of cotton in the country in 2016-17 for October to September at 34.1 million bales where one bale is 170 kg, as it had projected in January.

In 2016/17, farmers continue to realise better price for their produce since the cotton prices have remained firm.

The cotton arrivals are in full swing now and gap of arrivals as compared to last year has narrowed down considerably in the preceding period," Angel Commodities' report further stated.

Meanwhile, prices are expected to stabilise further in the coming months due to sufficient availability of cotton in the domestic market, despite a below normal monsoon forecast.

"The prices are expected to stabilize in coming months due to sufficient availability of cotton in the domestic market. Moreover, CCI has also been purchasing cotton at commercial rates during the current season and might have procured more than 100,000 bales bales which will be available for the textile mills later in the season.

Cotton prices for rest of the season will be driven by the export demand from the country which is expected to be good due to China demand," the report observed.

Source: business-standard.com - Apr 15, 2017

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‘Erroneous caution-listing of exporters hurts shipments’

Commerce Ministry, trade body ask RBI to heed community’s genuine concerns

The commerce ministry and Federation of Indian Export Organisations (FIEO) have warned the Reserve Bank of India (RBI) that erroneously ‘caution-listing’ exporters will severely hurt the country’s shipments. They asked the banking regulator to soon address the genuine concerns of the exporting community in this regard.

As per RBI norms, exporters would be ‘caution listed’ if any shipping bill against them remains open for more than two years (from the date of shipment) in the computerised system called Export Data Processing & Monitoring System (EDPMS) — provided no extension is granted by the RBI or an authorised bank.

The EDPMS, launched by the RBI in February 2014, is a computerised system for effective monitoring of exports transactions. Since EDPMS eliminates paper reporting requirement to a great extent, it is considered an ‘ease of doing business’ reform.

The caution-listing can happen in certain cases even before the expiry of the two year-period – that is, when authorised banks recommend such an action in instances where an exporter has come to adverse notice of investigative agencies such as the Enforcement Directorate, the CBI and the Directorate of Revenue Intelligence; or other law enforcement agencies; or in cases where exporter is not traceable or not making any serious efforts for realisation of export proceeds.

‘8% unrealised’

The financial year in this context is 2014-15 as the two-year deadline currently falls on April 20, 2017. As per official estimates, about nearly 8% of the country’s overall (goods & services) export proceeds in FY15 have not been realised so far – meaning, there was no realisation of export proceeds to the tune of $37.5 billion out of India’s goods and services exports in FY15 worth $468.45 billion.

The issue was discussed on April 13 by the commerce ministry, RBI, FIEO, Indian Banks' Association, Directorate General of Foreign Trade as well as the industry bodies CII and FICCI, official sources told *The Hindu*.

The FIEO — the apex body for the country's exporters — said caution-listed exporters are denied packing credit, in turn affecting their exports. Also, caution-listing results in 'non-letter of credit bills' (non-LC bills) not being negotiated. As a result, though goods reach the buyer on time, they have to wait for banking documents (due to the exporter being caution-listed).

This leads to delays and huge demurrage charges that have to be paid by the exporters, the FIEO said. Besides, the caution-list is accessed by regulatory and investigating agencies who in turn issue notices/letters to exporters adding to the latter's paper work of exporters. "Therefore, it is necessary that caution list only covers exporters whose shipments are not realised beyondthe specified time without any genuine reason," it said.

Errors cause confusion

It said in several cases, banks fail to report the transaction (of realisation of export proceeds by exporters) in the EDPMS on time leading to the system erroneously and automatically caution-listing exporters.

Pointing out that caution-listing has also happened due to data errors such as wrong entries of shipping bill number and date, as well as port code - in turn resulting in mismatch of actual exports and their realisation, the FIEO said the deadline of April 20, 2017 should hence be extended for genuine cases by the RBI in consultation with banks.

As per the RBI norms, once related bills are realised and closed or extension for realisation is granted, the exporter should automatically be 'de-caution listed'. The commerce ministry has asked the RBI for an audit of banks on instances of non-reporting of the transaction by them in the EDPMS.

Referring to norms allowing exporters to write-off 5% of their export proceeds (status holder exporters are entitled to write-off of 10%), the FIEO said if the outstanding amount remained within this stipulated limit, exporters should not be caution-listed.

The RBI, however, has said "giving extension (beyond April 20, 2017) would be detrimental to the planned process of 'ease of doing business' (initiative) ... as well as monitoring of such exports/and exporters..."

Source: thehindu.com - Apr 16, 2017

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Forex debt deserves more attention

When Viral Acharya, a globally acclaimed banking expert, was recently appointed deputy governor of the Reserve Bank of India, it sent more than one signal about the thought process of Indian policymakers. *Prima facie*, one would have thought it was a signal that India could still attract global experts to work in domestic policy-making — after the not-so smooth exit of Raghuram Rajan from the governorship.

At a more substantive level, the Acharya appointment also signalled the urgency to tap global expertise to find a solution for the bad loans crisis afflicting Indian banking now.

Forex omission

The mission-mode focus on the stressed (rupee) loans of Indian banking is certainly very welcome given that it is in the corporate industrial sector that the level of stressed bank loans is highest (25 per cent of all loans to this sector).

At the same time, though, it is surprising how the public debate has missed out on the foreign exchange component in the total debt of the corporate sector.

If the rupee loans of the corporate sector from Indian banks are stressed or debt servicing is only piecemeal or sporadic (as a Credit Suisse report on the low interest coverage of a sample of 3000 companies indicates), the problem will be equally or even more severe with respect to the forex (FX) component of the total debt — for the following reasons.

First, it is the size of the commercial FX debt. At between $180 and $200 billion (depending on classification of certain debt items), commercial FX debt in rupee terms is about 60 per cent of the total bank (rupee) credit to

the medium- and large-scale industry, or ₹22,00,000 crore. (Total debt of the medium-/ large-scale industry is therefore approximately ₹36,00,000 crore).

Second, the same strains on and paucity of operational earnings, and the inability therefore to service the bank debt load is applicable with respect to the FX component of the total debt also.

But by far the strongest factor that makes FX debt as much of an evil as the rupee bank debt is the fact that much of it (FX debt) is unprotected or unhedged against unfavourable currency movements. Given the size of the debt stock, this is potentially a systemic risk factor that can damage the credit risk profile of the country itself, going beyond individual companies.

Unhedged forex debt

Official data on the level of unhedged forex debt of the corporate sector is not available. But policymakers in India have now and then in public expressed their dissatisfaction at the low level of hedging of corporate forex exposures.

India Ratings & Research recently said (*BusinessLine*, January 25, 2017) that nearly 65 per cent of the total ₹19,50,000-crore or $290-billion gross forex exposure of India's top 100 overseas borrowers was unhedged. It also noted that companies in the oil and gas, metals and mining, power and telecom sectors made up 75 per cent of the $290 billion. (As can be seen, the figure quoted by India Ratings is higher than that indicated as external commercial borrowings in the RBI's external debt statistics).

India's RBI has factored in unhedged forex debt in determining credit risk factors in the capital adequacy computations.

A corporate with unhedged forex debt attracts a higher credit risk charge and the bank loans to this corporate suffer a higher capital charge (and consequently higher lending rate).

But if RBI officials' comments and the India Ratings report is any indication, these have not had much impact.

Incentive missing

As in any other situation in economics, here too what is missing is the incentive that can drive desired economic behaviour. And as in other areas, it is the responsibility of the policymaker to create the appropriate incentives so that desirable behaviour (much enhanced FX hedging) is generated.

In this context, it may be reasonable to ask if India's RBI by its repeated pledges — over the past at least 15 years — to maintain "orderly" conditions in the FX markets and "limit" volatility has spawned a certain complacent behavioural approach in corporate hedging.

The poignant point to note here is that despite those pledges, it is not that the rupee has been steady enough to make non-hedging a profitable strategy for Indian companies.

Time and again, the larger macroeconomic imbalances created by that pledge have forced the RBI to abandon it (pledge) — resulting in acute disorder and steep rupee deprecation in the markets and consequently immense financial strain for companies. Developments in 2007-08 and more recently, the 2011-13 experience and the current (2016-17) phase of highly controlled range-bound movements are clear examples.

The first step towards creating a proper incentive structure is to permit wide two-way movements in the rupee.

That can be achieved only if the RBI consciously desists from that "orderly" pledge and follows that up by keeping away from the markets. Wide two-way moves will automatically incentivise at least a part of the overall unhedged universe to come into the market to hedge. Imagine an ECB borrower who has raised funds when the rupee was, say, 67.50 and leaves it unhedged (very much the case as the India Ratings report implies).

If in a "free" market situation, the rupee rises to, say, 62.50, the borrower obtains excellent levels to hedge out his debt completely.

There are both conventional and slightly more complex market instruments to do that.

If a corporate treasurer can opportunistically seize such market opportunities — provided they are available — he can end up with a total cost of funds that may be in very low single digits — which incidentally is the objective in leaving FX debt unhedged in the first place!

Source: thehindubusinessline.com - Apr 16, 2017

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Bridging the gap between employers, employees

Last year, the World Economic Forum's 'Future of Jobs' report had predicted that artificial intelligence and robotics will take over more than 5 million jobs by 2020.

The report noted that "some jobs will be wiped out, others will be in high demand, but all in all, around 5 million jobs will be lost."

In addition to robots taking over, the increasingly competitive job market is making the lives of employees no easier.

The dynamics have changed considerably—just a college degree no longer guarantees a job. This is because the rapidly advancing technology has transformed many jobs and the sought-after skills for professional success.

To cope with the current workforce's needs and culture, employers are seeking employees who are skilled in artificial intelligence, robotics and Big Data. This is a skill-set that most Indian colleges and universities do not include in their curriculum.

And it's not just artificial intelligence and engineering skills that are in-demand these days. With businesses going global and dealings with international clients becoming a norm, soft skills are more important than ever for potential employees.

According to the findings of the SEED Report 2016 (Student Enrichment and Employment Development), the employment scenario in India has changed for the better, but the curriculum continues to lag behind. Although a lot has changed in terms of market trends and technology, the education system needs updating.

Most college curricula in India are still not equipped enough to teach in-demand, job-ready skills. Aspiring Minds, the country's leading employability solutions company, recently conducted a survey and the numbers reveal that India has almost 8 lakh engineering diploma holders who enter the job market every year and only about 20% of them are employable.

A report by Assocham presents that of the lakhs of business graduates produced every year from over 5,500 business schools in India, only 7% are employable. This ascertains the fact that there is a major gap between learners, potential employees and employers.

With all of these factors at play in India's education and professional landscape, the massive open online courses (MOOCs) offer a solution for employees and employers.

MOOCs help in bridging the gap between what employers want and what are the skills job-seekers possess. Job-seekers in India do not need to be dependent on their traditional curriculum alone, but can take an unbundled approach to education and pick and choose online courses and programmes they need to advance their skills and expertise.

An example of this is the MicroMasters Programs, developed by MIT and adopted by various universities. MicroMasters Programs meet the needs of top corporations and provide learners with valuable knowledge and a career-applicable credential for highly competitive in-demand fields, while also providing a new path to a Master's degree. Adding MicroMasters to a resume/CV or LinkedIn can help one advance his or her career.

MOOCs make it easy to learn from any top university across the world from home, and since courses are online, they are easily updatable to stay in sync with the latest job trends and workforce needs.

Many use online learning to upskill or reskill to get a new job or to do better in their current careers. Digital learning helps job-seekers stay updated with the latest trends and technologies, and not become obsolete.

India has a large youth population and MOOCs can be a perfect answer to job woes, considering online learning's impact and cost-effectiveness.

MOOCs are one of the latest progressions in the education sector and have the potential to go a long way in India.

By embracing flexible, online learning programmes that expand access to higher level and continuous education, India can pave the way for democratisation of quality education for all.

Source: financialexpress.com - Apr 17, 2017

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