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1. Kitex to set up Rs 500 crore infants garment unit in Karnataka

The Karnataka government has given the green signal to Kerala-based Kitex Garments to invest Rs 493 crore for a ready-made garments unit for infants in Hassan, Karnataka. The chairman and Managing Director of Kitex Garments, Sabu M Jacob, disclosed, "The government of Karnataka has given approval to the project. Now depending on how fast the government clearances comes through, the project will start. Our plan is to start commercial production by March 2019."At a recent meeting, Karnataka's State Level Single Window Clearance Committee cleared 52 new projects valued at Rs 5,233.82 crore. Of this, investments valued at Rs 2,369.56 crore are approved for Bengaluru. A release from the State Information Department noted, "An investment of Rs 2,864.26 crore has been approved for places outside Bengaluru. This reiterates the constant endeavour of the government to have overall industrial development of the State." Jacob said the garments unit would be located in a steel building which would be imported from the Gulf most likely Saudi Arabia. It will be nut-and-bolts job and would be set up very fast. "Initially, the unit will have capacity of 1,500 to 2,000 people. In Phase 1, it will produce up to 2-lakh pieces of infant garments. After that, we will expand every six months. We intend to complete the expansion by 2021," he disclosed. Andhra Pradesh is also luring Kitex Garments to take the company's investment to that State by offering various sops to the company. The Andhra Pradesh government has given some very compelling proposals to invest in that State. For instance, it has offered free land, support in setting up the building, power at Rs 1 per unit and salary for the staff for three years, he informed.

(Source: Fashionating World)

2. US looking at free trade agreement with India

The US government is planning a comprehensive Free Trade Agreement (FTA) with India in an effort to boost two-way trade that currently stands at $115 billion. "I want to see a US-India FTA a strategic view of our economic relationship could eventually lead to a roadmap for a US India Free Trade Agreement," US Ambassador to India Kenneth I Juster said. Delivering his inaugural policy address on US India Relations at Carnegie India, Juster said US is concerned about persistent trade deficit with its trade partners, including India. He also said although bilateral trade has reached $115 billion in 2016 from $20 billion in 2001, there is still plenty of room to expand the flow of goods and services in both directions and, in the process, for trade to become more reciprocal. "We welcome steps by India to continue its reform agenda, expand market access, and further enhance the protection of intellectual property. And we want to work with India to expeditiously resolve trade and investment disputes," he said. Juster, who was earlier Under Secretary at the US Commerce Department, urged India to take advantage of its growing ties with the US and transform itself as an alternative hub for US business in the Indo-Pacific region. On the issue of H-1B visas, Juster said while the US continues to attract the largest number of immigrants into the country, it plans to address some of the "fundamental issues" into the various categories of their visa regime."The US is probably as open a country as any in the world and we probably take more immigrants per year than any other country in the world. We do have a serious and different type of visas and qualifications that have evolved over the years. The Congress keeps reviewing it periodically and that process is on in Washington. We are looking more broadly at how various categories of the visas are working," he added. He also clarified that the US does not intend to block H-1B or its extension in the near future. Juster, who took over as the US Ambassador to India on December 1, said India and the US need to make "step-by-step" progress in defence trade and co-operation. As a result, he said, both sides will announce major defence agreements in 2019 in areas such as intelligence, surveillance, and reconnaissance platforms; fighter aircraft production; and the co-development of next generation systems, including a Future Vertical Lift platform or Advanced

Technology Ground Combat Vehicles. “In line with India’s desire to produce more of its equipment in its own country, I want to emphasise that the United States is more than just another supplier. Major US defence companies are already in India producing components for complex defence systems,” he said. He also added that in order to boost defence cooperation in India, both sides should also enhance military exchanges even as he pushed for greater defence deals under the Defence Technology and Trade Initiative (DTTI). “We seek to assist India’s efforts to build up its indigenous defence base and capabilities, as well as enhance the inter-operability of our two forces as major defence partners in the Indo-Pacific region,” he said.
(Source: Business Line)

3. Indian govt okays 100% FDI under automatic route for SBRT

To liberalise and simplify the foreign direct investment (FDI) policy, the Union Cabinet chaired by Prime Minister Narendra Modi has given its approval to a number of amendments. Government approval will no longer be required for FDI in Single Brand Retail Trading (SBRT). This will, in effect, allow 100 per cent FDI under automatic route for SBRT. “Extant FDI policy on SBRT allows 49 per cent FDI under automatic route, and FDI beyond 49 per cent and up to 100 per cent through government approval route. It has now been decided to permit 100 per cent FDI under automatic route for SBRT,” an official statement said. The government has also decided to permit single brand retail trading entity to set off its incremental sourcing of goods from India for global operations during initial 5 years, beginning April 1 of the year of the opening of first store against the mandatory sourcing requirement of 30 per cent of purchases from India. “For this purpose, incremental sourcing will mean the increase in terms of value of such global sourcing from India for that single brand (in Rupee terms) in a particular financial year over the preceding financial year, by the non-resident entities undertaking single brand retail trading entity, either directly or through their group companies. After completion of this 5-year period, the SBRT entity shall be required to meet the 30 per cent sourcing norms directly towards its India’s operation, on an annual basis,” the statement said. A non-resident entity or entities, whether owner of the brand or otherwise, is permitted to undertake ‘single brand’ product retail trading in India for the specific brand, either directly by the brand owner or through a legally tenable agreement executed between the Indian entity undertaking single brand retail trading and the brand owner. The further liberalisation of FDI policy is aimed at providing ease of doing business in the country. This will lead to larger FDI inflows contributing to growth of investment, income and employment. Commenting on the announcement, Ramesh Kaushik, Brand Experience, Blackberrys, said, “With an expected positive impact on employment, this move should also add more purchasing power and bring larger customer base into the fold. In the prima facie, everyone stands to gain with this move.” “In a market like India, which is one the world’s most opportunistic markets, where the retail industry has emerged as one of the most dynamic and fast paced industries, this news of 100 per cent FDI in single brand retail is one of the most optimistic development. “The country will now see the biggest retail players globally enter the Indian shores as individual brands, which would have a greatly positive impact on the economy as a whole. This would also mean the country would now see a lot more retail footprint from brands all over and there’ll be much more buying in the country which is always a good thing for a retail brand,” said Karan Behal, founder and CEO, Pretty Secrets, one of the fastest growing retail brands in the country. “This is great news for the retail industry in particular and India’s economy as a whole. The recent policy reforms and regulations have revived India’s profile as an investment destination. With this announcement, global investors will have the opportunity to invest into what is one of the fastest growing economies in the world,” said Anshuman Magazine, chairman, India and South East Asia, CBRE. For India, FDI is a major driver of economic growth and a source of non-debt finance for the country’s economic development. Hence, the Indian government has put in place an investor friendly policy on FDI, under which FDI up to 100 per cent is permitted on the automatic route in most sectors/activities. In the recent past, the government has brought FDI policy reforms in a number of sectors, which has resulted in increased FDI inflows in to the country. During the year 2014-15, total FDI inflows received were $45.15 billion as against $36.05 billion in 2013-14. During 2015-16, country received total FDI of $55.46 billion. In the financial year 2016-17, total FDI of $60.08 billion has been received, which is an all-time high.
(Source: Fibre2Fashion.com)

4. Govt brings back fixed-term employment, central trade unions to oppose move

The Union government has issued a draft notification to allow all businesses to offer fixed-term contracts to workers.This will enable industries to hire workers for short-term assignments and terminate their services once the projects are completed. The Labour and Employment Ministry brought back the proposal, junked earlier last year, after receiving a demand from various quarters of the industry, especially food processing and leather sectors. The government had allowed fixed-term employment only for apparel manufacturing sector so far and had proposed to extend it to footwear, leather, and accessories sector workers in a decision taken by the Union Cabinet recently. The government had said that the move would help "attract large-scale investments at a global scale". Under fixed-term employment, workers are entitled to all statutory benefits available to a permanent worker in the same factory. The benefits include the same working hours, wages, and allowances. However, employers may not give notice to a fixed-term worker on non-renewal or expiry of his or her contract. Additionally, the employers are not mandated to provide retrenchment benefits to workers hired on fixed term contracts. The move will enable employers to hire workers directly from the market without mediation by a contractor that poses a big hurdle for both industries and employees, a labour ministry official said."A fixed-term employment is a workman who has been engaged on the basis of the contract of employment for a fixed-term," as per the proposed Industrial Employment (Standing Orders) Central (Amendment) Rules, 2018, dated January 8. It said that workers hired on fixed-term contract should be eligible for all statutory benefits "proportionately according to the period of service rendered" by the worker."At present, the contract labour has to be hired by contractors and apart from devoid the contract worker from all facilities that a permanent worker enjoys, they are also paid low as contractor charges a fee," said M S Unnikrishnan, Chairman of Confederation of Indian Industry (CII)'s National Committee on Industrial Relations.However, central trade unions said it would oppose the move, as the government did not hold consultations before bringing out the draft rules. "The government cannot have varying definitions of a worker. Moreover, without consultations, the government cannot bring changes to labour law. In fact, every worker should be given a permanent status after two years of continuous employment," said Bharatiya Mazdoor Sangh president Saji Narayanan.However, government officials said that the Industrial Disputes Act 1947 always had allowed provisions for fixed-term employment but it was not "explicitly mentioned" in other rules and regulations definition the working conditions and other employment-related benefits."The measure will have more implications for the export sector rather than domestic manufacturing since continued demand and seasonal spikes in orders ensure that manufacturing continues for 10 months every year on an average," Rahul Mehta, President of Clothing Manufacturers Association of India and Managing Director of Creative Group said.The industry would also be watching the government's decision to extend statutory benefits currently accorded to permanent employees such as similar wages and working hours to fixed-term employees as well. Mehta pointed out certain unique challenges and said providing provident fund benefits to a person hired for a couple of months is not only cumbersome, it may also dissuade employees from taking up a job where his in-hand salary is reduced.The NDA government had mooted allowing fixed-term contracts for employment in April 2015 by issuing draft rules to amend the Industrial Employment (Standing Orders) Central (Amendment) Rules, 2015. However, Bandaru Dattatreya, who was then labour and employment minister, had shelved the proposal last year after strong opposition from trade unions.The previous NDA government in 2003 had allowed hiring fixed-term workers but the United Progressive Alliance (UPA) government in 2007, following pressure from central trade unions, scrapped it.

(Source: Business Standard)