

DEFICIT RAINS

Farmers keep a wary eye on cotton crop

KOMALAMIT GERA
Chandigarh, 7 September

Cotton growers in Maharashtra, Gujarat and Karnataka are expected to be hit due to a deficit monsoon. If there is no rain in the next 10 days, a drought-like situation might come about.

Most farmers have preferred to replicate last year's area under cotton, despite prices last year falling sharply. Cotton Corporation of India (CCI) has done its biggest intervention by procuring about nine million bales (a bale is 170 kg) so far this year. The cotton season ends on September 30 and the new one begins on October 1.

With a 10 per cent fall in sowing and a deficit in rain-fed states, experts estimate a crop of 35 mn bales for 2015-16 (though CCCI estimates 37 mn). This depicts a trend of output decline, from 40.73 mn bales in 2013-14 to an estimated 38 mn in 2014-15 and 35-37 mn in 2015-16.

Prices have firmed up by ₹1,000 a candy (356 kg) in the past

Texprocil for extending export benefit

Cotton Textiles Export Promotion Council (Texprocil) has urged the government to extend the benefits being given to garments exporters for some more time, to help them compete with players from countries with which India has signed free trade agreements (FTA). R K Dalmia, chairman of Texprocil, said the benefits should continue for some more time, given the high cost of inputs and preferential benefits being offered to competitors. The emergence of mega trade agreements being promoted by the US and the European Union poses fresh challenges to countries like India. Therefore, India should take an integrated approach, rather than an ad hoc one, while negotiating new FTA or re-negotiating old ones, Dalmia added. The growth in exports of made-ups and cotton fabrics augurs well for the Indian textile sector, with further growth potential. This would help generate more employment, said Dalmia.

BS REPORTER

three weeks. Prices have spiralled as traders are liquidating less stock in anticipation of late crop arrival. The benchmark Shankar-6 variety is trading at ₹35,500 a candy, having risen by three per cent in three weeks.

Pradeep Jain, president of the Cotton Ginning and Pressing Factories Association, Jalgaon (Maharashtra), said prospects of

more rain are bleak. A farmer gets 10-12 quintals an acre in ideal condition, he said, and might get about eight quintals an acre this year. Against the estimated arrivals of 7.5 mn bales last year, we might get about 4.5 mn bales this year, he said of the state.

Marathwada and Khandesh in Maharashtra are worst affected, he said and Vidarbha by relatively less,

he added. Harvesting might also get delayed here by a fortnight, as insufficient rain slows growth of the plant.

Karnataka growers are projecting arrivals of about 1.5 mn bales, against 3.2 mn in 2014-15. The major districts affected are Dharwad, Vijayapura (former Bijapur), Belagavi (former Belgaum) and Kalaburgi (former Gulbarga).

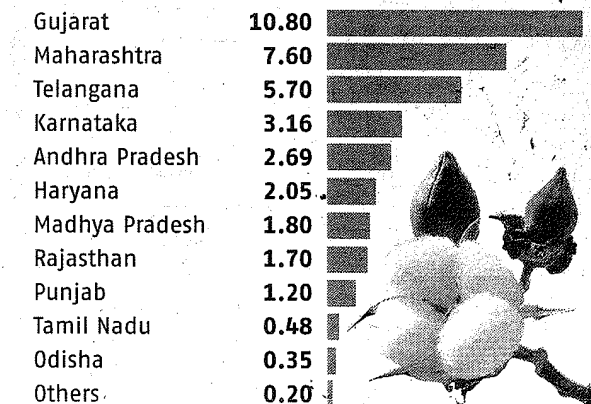
Arrivals in Gujarat might be 8.5-9 mn bales, against 10.8 mn in the current year. Dilipbhai Patel, president of the All Gujarat Ginners' Association, said the irrigated areas of north Gujarat might not be affected by much but Saurashtra would see a drop in production.

White fly infestation has hit the growing areas of Punjab, Haryana and Rajasthan. The irrigated cotton belt of this region is expected to lose a tenth of the crop, said Bhagwan Bansal of the Punjab Ginning Millers' Association.

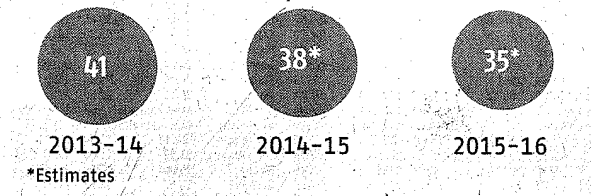
Telangana and Andhra have been steady with their crop, having got sufficient rain. A mild shower in next week might ensure a good crop.

SOFT FALL

(in mn bales)
Cotton arrivals till September 3 reached 37.76 million bales.



COTTON ARRIVALS (in mn bales)



No big yuan effect on India, says economist

BS REPORTER

New Delhi, 7 September

Policy makers in India looking to take advantage of the crisis in China may be in for disappointment, if arguments put forward by Andrew Freris, chief executive officer of Econosis Advisory, a Hong Kong-based advisory firm, prove true.

He says India should rather concentrate on market reforms, infrastructure investments and a substantial revamp of elementary education. These reforms, particularly in elementary education, may not have an immediate impact, but will take years to yield results, he cautions.

Freris argues "there is nothing specific here that could benefit India in terms of policy specifically designed to take advantage of China's problems". He argues that foreigners cannot be attracted to Indian equity markets because of the poor state of the Chinese market. "Foreign investors will buy Indian paper on the basis of its valuation and on the basis of macroeconomic expectations, and not because China is having a crisis," he says.

The recent devaluation of the yuan sent shock waves through global markets. Analysts contend that China is devaluing its currency to improve its export competitiveness. This move, many argue, will have far-reaching ramifications for countries like India.

However, devaluation will have a limited impact on India's export competitiveness because of the little overlap between the countries. The impact of a devaluation will be modest on India's exports says Freris. "Opportunities for India to benefit from, or be harmed by the current woes of China's

equity market, are very limited," he says in a research note.

This is because of two reasons. First, India and China have little export product overlap and second the yuan devaluation is too small to make a significant difference.

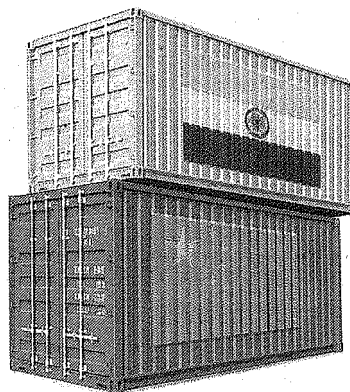
The author argues the "recent devaluation has been massively misinterpreted as an effort to make Chinese exports more competitive". The larger issue that he raises is "how Indian exports may compete more effectively forgetting this minor 3 per cent adjustment in the exchange rate".

Even if the exchange rate was to change in favour of India, Freris says "it would not make India more competitive vis-à-vis China simply because of the lack of product overlaps".

He says petroleum products and jewellery account for roughly 30 per cent of India's exports. In contrast, over 40 per cent of China's exports are mechanical and electronic goods. Further, unlike India, where agricultural products account for 10 per cent of exports, China exports little or no agricultural produce. This lack of product overlap reduces potential gains or losses on account of fluctuations in the value of the yuan.

Surprisingly though, he discounts sectors such as machinery, metal products, fabrics, textiles, electronics and plastics, arguing these are "subsidiary areas for both economies compared to the main export sectors".

He argues "India's growth benefits infinitely more by policies of market liberalisation, infrastructure investment, and a massive overhaul of elementary education. None of these policies' suggestions will have an immediate impact on growth. Indeed one should talk of decades rather than



EXPORT BOOK

Opportunities for India to benefit from, or be harmed by the current woes of China's equity market, are very limited

CHINA'S TOP EXPORTS

Products	As % of total exports, 2014
Electronic equipment	24.4
Machines, engines, pumps	17.1
Clothing in general	7.4
Furniture, lighting	4.0
Medical, technical equipment	3.2
Plastics	2.9
Vehicles	2.7
Gems, precious metals, coins	2.7
Iron or steel products	2.6

INDIA'S TOP EXPORTS

Products	As % of total exports, 2014
Petro products	20.0
Gems and jewellery	13.0
Agriculture	10.0
Fabric & textiles	7.0
Transport parts	7.0
Pharma	5.0
Machinery	5.0
Metal products	3.0
Electronics	3.0

Source: Research note by Andrew Freris, CEO of Econosis Advisory

years, especially over education policy".

On the underlying fundamentals of the Chinese economy, Freris argues the country will not face a severe crisis

but is rather going through a cyclical downturn. This view has been challenged by several analysts, many of whom argue that actual growth is much lower than official estimates.

Punjab scheme to boost sericulture

CHANDIGARH: Punjab's Department of Horticulture has proposed a new state plan scheme for the catalytic development programme during the current financial year to sustain the development of sericulture in the State.

"The Central Silk Board, union government, has discontinued the catalytic development programme being implemented in Punjab with effect from the financial year 2015-16.. now the Department of Horticulture, Punjab has proposed a new scheme..." Gurkanwal Singh, director of the horticulture said.

Singh said the state produces bivoltine silk, with bivoltine silkworms producing better cocoons with high silk content and improved quality.

"The popular silk worm races are NB-4 D2x SH6 and

GURKANWAL SINGH, Director, Horticulture Dept: The main objective is to bring horizontal and vertical growth in cocoon production, promote sericulture and harness natural resources

its reciprocal. The agro climatic condition of some pockets of the state is very congenial and conducive for cultivation of mulberry silk. The component-wise funding of the proposed scheme would be met from the state and beneficiary share in different ratios ranging from 75:25 to 70:30 subject to final clearance of the scheme by the state finance department," he said, accord-

ing to a Punjab government release here.

Singh said the marginal and landless farmers can adopt silk farming and get good returns as mulberry leaves is all that they need to feed silk worms.

He further said the main objective of the scheme is to bring horizontal and vertical growth in cocoon production, promote bivoltine sericulture and sericulture in the state and to harness the available natural resources — waste/degraded land for development of viable and sustainable sericulture.

Singh said that in India the major silk producing states are West Bengal, Jammu and Kashmir, Assam, Bihar, Orissa, Madhya Pradesh, Uttar Pradesh, Andhra Pradesh, Tamil Nadu, Manipur, Tripura and Maharashtra, besides the Mysore area.

PTI

FRESH LAUNCHES

Retail brands eye prime space amid capacity crunch at premium malls

As demand for space at top malls soars, owners amend lease pact to performance-based model, cut contract term

BY BIDYA SAPAM & SAPNA AGARWAL

MUMBAI

When US-based apparel and accessories retailer Gap Inc. launched its first India store in May, it chose Select Citywalk mall in New Delhi for its debut.

The same mall has also been chosen by Swedish fashion retailer Hennes and Mauritz (H&M) and US-based Aeropostale, a speciality retailer of casual apparel and accessories for teens, for the launch of its India operations next month.

Apart from these international apparel brands which are planning to launch their first stores in India this year, the existing ones such as Zara and Forever 21 are looking to expand their presence in the country.

Forever 21, for instance, plans to open four-five stores every year. It currently has around six outlets in India.

Most brands are chasing the same 8-10 properties located across the prime locations of the National Capital Region (NCR), Mumbai and Bengaluru, which hardly have any vacancy.

Ashutosh Limaye, research head at property consultant Jones Lang LaSalle (JLL), said the average vacancy level in prime shopping centres and malls is just about 6% in the top three cities—Mumbai, NCR and Bengaluru.

With demand for space in these malls soaring, mall owners are using their increased bargaining power to reduce contract periods and amending lease agreements to a performance-based model.

Under performance-based contracts, mall owners can exercise the right to relocate or evict a brand if the latter fails to generate a certain amount of business in a given period of time. Also, the contract tenure is being reduced to anywhere between two and five years for lesser-known retailers as against a period of 9-10 years in the past.

For instance, India's most valuable realty firm DLF Ltd, which

CHOICE LOCATIONS

Most brands are chasing the same 8-10 properties across the prime locations of the National Capital Region, Mumbai and Bengaluru.

Mall clusters	Average rent in H1-2015 (in ₹/sq. ft)	Year-on-year change (in %)
NEW DELHI		
Saket District Centre	550-600	9.1
Vasant Kunj	300-400	7.1
MUMBAI		
Central Mumbai	550-650	9.1
Western suburbs (Andheri, Goregaon, Malad)	225-275	0
Eastern suburbs (Kurla, Ghatkopar, Bhandup)	100-225	7.1
BENGALURU		
East Bengaluru (Airport road, Ulsoor, Whitefield)	90-100	11.8

Source: CBRE Research, H1 2015

NAVEEN KUMAR SAINI/MINT

runs DLF Promenade, DLF Place and DLF Emporio malls in NCR, is now signing six-year contracts with retailers as against nine-year leases in the past.

"Developers will now have the upper hand and can command more aggressive deals, where their downside is better protected, both in the short and long term," said Pankaj Renjhen, managing director (retail services) at JLL India.

At Select Citywalk mall, brands such as Pantaloons and Shoppers Stop moved to higher floors or resized their stores to make way for global entrants.

Likewise, at DLF Promenade in New Delhi, brands such as Adidas, Reebok, ColorPlus and Da Milano are being relocated to higher floors from the ground floor to make way for new brands.

"There is a churn happening," said Dinaz Madhukhar, vice-president and mall head at DLF Promenade and DLF Emporio.

Madhukhar explains that when DLF Promenade launched in 2009, the mall developer signed long-term leases of nine years. Now, as it looks to bring freshness to the mall, it is relocating some existing brands to higher floors and making space for new ones.

DLF Promenade will see at least 40% of the ground floor going to new brands this autumn and winter, said Madhukhar.

Rental values at premium malls are also increasing and the gap with standard malls is widening. There has been no new quality mall development in the last four years in these three cit-

ies, said experts.

Some of the premium malls which are in high demand include Select Citywalk and DLF Promenade in New Delhi; Oberoi, Infinity and High Street Phoenix in Mumbai; and Forum and Phoenix in Bengaluru.

According to a half-yearly report by property consultant CBRE, the average rentals have gone up by around 9% in the past year, across premium mall clusters in the three cities.

For instance, the average rentals in central Mumbai, where High Street Phoenix mall is located, currently stands at around ₹550-650 per sq. ft, a 9.1% increase in the first half of this year, compared with the year-ago period.

Mall clusters such as Saket District Centre in New Delhi have also seen a growth of around 9% during the same period. The average rental value per sq. ft ranges between ₹550 and ₹600.

Mall clusters in eastern Bengaluru (airport road, Whitefield and Ulsoor) saw rental values rise by 11.8% in the first six months, compared with the corresponding period of last year.

"There is a supply-side constraint, with no new quality development coming up. In such a scenario, with everyone expanding, successful malls have hiked their rentals considerably," said Dipak Agarwal, chief executive officer of DLF Brands Ltd, a unit of DLF Ltd.

DLF Brands has a portfolio of brands, which includes Forever 21, Mango, Sunglass Hut and Mothercare.

The retailer plans to open four-five Forever 21 stores every year and 20-25 stores of brands such as Mothercare and Sunglass Hut.

Agarwal added that retailers now have to engage in extensive negotiations with mall developers to secure good terms.

Some brands such as H&M, however, are able to get favourable terms as they have the capability of driving footfalls for the entire mall.

"Rentals, by and large, are where they were two years ago if I were to index them," said Darshan Mehta, chief executive officer of Reliance Brands Ltd, a unit of Reliance Industries Ltd, whose portfolio of brands includes Steve Madden, Diesel, Gas, Juicy Couture and BCBG.

According to him, there are a few desperate brands which are willing to pay high rentals to get a favourable location, but most others are able to get deals structured favourably to suit them.

Justifying the high rentals, premium malls say they have the ability to drive sales.

"At Select Citywalk, we provide a platform for brands which are capable of generating revenue of ₹2,700 per sq. ft, which is probably the highest in India," said Arjun Sharma, director at Select Citywalk.

He acknowledges that at an absolute level, when compared with other malls, rentals at Select Citywalk could appear steep, but rentals only account for about 10-12% of a brand's revenue from a store.

To be sure, a brand should also do its share of marketing, and engage with consumers on social media to pull in footfalls and create excitement, Sharma added.

India's organized retail sector has inherent challenges such as poor infrastructure, multiple regulations and lower sales per sq. ft as compared with global counterparts. Sales per sq. ft in India is on an average five times lesser than the international average. Even gross margins as a percentage of sales are 7-8% lower than the international average, while rentals as a percentage of sales are twice the international average, said a February report by Gofrugal Technologies and Retailers' Association of India, a lobby group.

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GAUHAR GLOWS AT DELHI DO

By **Radhika Bhalla**

HOT on the heels of fashion weeks across the country, the Capital witnessed a three-day event titled India Runway Week 2015 over the weekend.

Day 1 on Friday began with a host of apparel and jewellery designers presenting Indo-western creations on the runway for the winter/festive season. Jaipur-based designer Himmat Singh opened the event with a collection of *bandhgalas* and trousers for men with his collection Royal Heritage. He roped in two showstoppers singer Mika Singh and *Mary Kom* actor Darshan Kumaar to walk the ramp in orange and mustard ensem-

bles, with aviator shades on.

Other designers who showcased on the first day included Anupam Kumar, Biba Kohli, Hetal Shah and Neetu Singh.

Day 2 brought in a wide variety of muses and inspirations, with the highlight being Delhi-based

Walks the ramp for a show with a cause

jewellery designer Akassh K Aggarwal's show *The Boudoir*. Using flora and fauna motifs, the young designer dabbled in precious stones like diamonds, rubies, emeralds, pearls, sapphires and citrines. Model-turned-actor Gauhar Khan

walked the ramp as the showstopper, looking beautiful in a pink and gold *lehenga-choli* with an intricate choker necklace and side *jhumar* on a high hair up do.

Talking to MAIL TODAY the diva said: "I'm very happy that this fashion walk comes with a social message as Akaash K Aggarwal has strongly raised a voice against marital rapes with his show." On her personal style, she said: "My style funda is to keep it simple. If you see, I wore a heavy neckpiece so I avoided heavy make-up or even earrings."

Day 3 saw actor Adah Sharma walk the runway for the grand finale show by Shravan Kumar Ramaswamy, who showcased a strong use of handloom weaves.

Reel It In

A forum for women filmmakers, WMF, plans its first film festival

PALLABI MUNSI

VAISHNAVI SUNDAR, a Chennai-based actor, theatre artist and filmmaker, quit advertising and marketing to make films. Her online forum, Women Making Films (WMF), is an attempt to support women who are a minority in filmmaking. "Official statistics show only five per cent filmmakers are women," she says, adding that WMF is holding its first film festival in Delhi, Mumbai, Bangalore and other cities in September.

"WMF is a platform for filmmakers who identify themselves as women, to collaborate and use one another's expertise. I intend to bring together members from all departments — cinematography, make up, music and VFX," says Sundar. Since its inception about a month ago, WMF has attracted 1,500 people on its social media page and 40 members at present.

As an initiative popularised by the community, Directed By Women, USA, films made by women are being screened all over the world till September 15. In solidarity, WMF is hosting screenings in different cities in India under the title, The First Festival. "We have shortlisted 15 films from seven countries. These range from fiction to animation and documentaries," she says. Participating filmmakers range from Hamaira Bilkis to younger names such as Ajita Banerjee from Delhi who has been documenting tribal issues. The films include Sandhya Ramachandran's *Oviyam*, about four people and a painting, and their



Vaishnavi Sundar

perceptions of fiction and reality. *I Am Yet To See Delhi*, a 19-minute film by Bilkis, is about exploring a new city. The filmmaker discovers the soul of the city not in its museums and architecture but with her relationship with its people. *Bublee Bejaan Prosthetics* is a six-minute animation film by Ankita Kini that explores a world of mindless consumerism.

The film festival started in Thiruvananthapuram on September 1. The Delhi edition is on September 8 and 12 at Design Village in Noida. Hyderabad is on September 9, Kolkata on September 10 and 11, and Bangalore on September 12 and 13. For further details, follow the group's Facebook page.

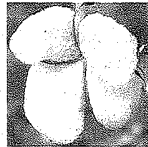
QUICKLY

Last week's top 5 (in %)			
Gainers		Losers	
Oat	7.8 ▲	Gasoline	6.9 ▼
Tin	7.0 ▲	Coffee	4.0 ▼
Wool	3.0 ▲	Cobalt	3.4 ▼
Sugar	2.7 ▲	Wheat	3.3 ▼
Rice	1.9 ▲	Platinum	2.5 ▼

Source: Trading Economics

Cotton flat on weak demand

Rajkot, September 7



Cotton prices stayed unchanged on weak demand in Saurashtra region of Gujarat. Kapas or raw cotton was also down on poor ginning demand.

According to a trader, demand may reduce further pressurising the price. However, fears of crop damage on weak monsoon progress may arrest the downtrend. Gujarat Sankar-6 cotton was traded at ₹35,000-500 per candy of 356 kg. Nearly 500 bales of 170 kg each arrived in Gujarat and 1,200 bales arrived in India. Kapas was at ₹910-935 per 20 kg and gin delivery kapas was traded at ₹940-950. OUR CORRESPONDENT

Selling pressure pounds pepper

Kochi, September 7

Pepper markets on Monday declined on selling pressure. Reports of release of 250 tonnes of allegedly tainted pepper have pushed the market down today, market sources told *BusinessLine*. On the terminal market, 17 tonnes were traded. Of this, seven tonnes were from the High Ranges, while 10 tonnes were semi-processed material from re-sellers. Spot prices fell by ₹300 a quintal to ₹64,000 (ungarbled) and ₹67,000 (garbled). September futures on the IPSTA also declined by ₹300 to ₹68,225. Export prices fell to \$10,400 a tonne c and f for Europe and \$10,650 for the US. G K NAIR

Soya in bear grip

Indore, September 7



Despite improved global cues, soya oil continued to trade low on weak physical demand with soyabean refined at ₹568-70 for 10 kg (₹578-80 last week), while soya solvent declined to ₹530-35 (₹547-48). Soyameal was being quoted at ₹31,500 a quintal. Soyabean ruled at ₹3,225-3,340 a quintal amid arrival of 30,000-35,000 bags in mandis across Madhya Pradesh. Compared to last week, soybean is up ₹100. Plant deliveries of soybean were quoted at ₹3,350-3,425. Notwithstanding report of damage to soyabean crop on account of insufficient rains, rally in soyabean appears unlikely given arrival of new crop is just few weeks away. OUR CORRESPONDENT

Govt to pay relief for third successive crop

Wheat, cane and cotton brought misery to farmers

RUCHIKA M KHANNA

TRIBUNE NEWS SERVICE

CHANDIGARH, SEPTEMBER 7

For state farmers, cotton will be the third successive crop in the past one year that is bringing misery. This will also be the third successive crop for which the state government will pay compensation to the farmers.

The damage caused to wheat crop earlier this year and the non-payment of dues to sugarcane growers forced the state government to intervene and pay almost Rs 500 crore. The damage to cotton crop now will also have to be compensated by the state government. Amidst concerns that the state Revenue Department would not be able to assess the damage caused to cotton crop by the whitefly attack, the Agriculture Department has deputed its officers along with the Revenue Department staff to assess the damage to cotton crop. The special girdawari began across the cotton growing belt in the state today.

With the state having suffered an estimated 15 per cent loss to cotton crop, the state government has decided that it will provide compensation to the cotton farmers. The compensation will be based on the damage caused to the crop in various parts of the cotton growing belt com-

Who will get what

- In case of 100 per cent damage to the cotton crop, growers will get ₹8,000 per acre as compensation (₹5,400 from Centre through State Disaster Relief Fund and ₹2,600 from state)
- In case, the damage is between 33 and 75 per cent, the farmer will get ₹5,400 per acre as compensation (entire amount to be borne by the Centre through the SDRF)
- In case, the damage is 26-32 per cent, growers will get ₹2,000 per acre as compensation (to be borne by the state)



☞ The CCI has buffer stocks of 27 lakh bales, while China — which is the largest market for Indian cotton — has buffer stocks of 47 million bales. Though new export markets for Indian cotton are being explored, the prices are not expected to be much higher than MSP as demand is less than production ☞

Dr MS Sidhu, ECONOMIST

prising of Abohar, Fazilka, Mansa, Muktsar and Bathinda, besides some parts of Barnala. It is estimated that farmers have uprooted cotton crop on approximately 10,000 hectares, after their crop was totally damaged in the whitefly attack. However, the exact damage will be known on September 18, when the report of the special girdawari is released.

Area under cotton declines

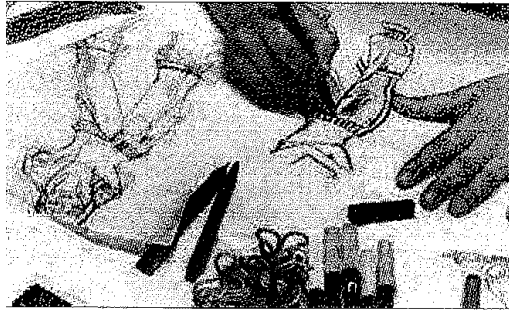
This year, the area under cotton was slightly less than last year — 4.20 lakh hectares as compared to 4.50 lakh hectares. The reason for this marginal decline in area was the relatively low price

fetches by cotton last year. This year, the cotton crop in the state will fetch Rs 4,000 per quintal as MSP, according to the rate notified by the Cotton Corporation of India (CCI). The real worry for the cotton growers now is about how much of the crop will be procured by the CCI which has huge buffer stocks.

Dr MS Sidhu, Adjunct Professor, Department of Economics, Punjab Agricultural University, said this year, the cotton crop could face a problem, with both CCI and the largest cotton market for Indian cotton — China, having high buffer stocks.

Fashion route

The Indian Institute of Art and Design in collaboration with Kingston University, London, offers Bachelor degree programmes in fashion design, interior architecture and communication design at its



campus in New Delhi. Candidates must have appeared/passed the CBSE/ISC/IB or any other equivalent board +2 examination in any discipline. Candidates who have recently appeared for the examination and are awaiting their results may also apply. The online application fee payment of Rs 1,000 through credit/debit/net banking facilities of all major banks can be paid in cash or through a demand draft in the name of "Teamwork Education Foundation", payable at New Delhi. The last date of submission is 10 September. The university is offering 30 scholarships to meritorious students. One can apply online at www.applytoiiad.com