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NEWS CLIPPINGS

	NATIONAL NEWS
1	Exporters fret over delay in rebate rates
2	Cabinet approves MoU between India, Bangladesh to increase cooperation in trade remedies
3	Shri Piyush Goyal chairs meeting with various Export Promotion Councils
4	Finance Minister Smt. Nirmala Sitharaman assures industry of Government's support; Industry should wait & watch to assess the situation
5	Exports reviving, may be in positive territory in FY22: Commerce Secretary Anup Wadhawan
6	Textile MSMEs see uncertainty in production capacity ahead after recovering to near pre-Covid levels
7	Exporters seek tax-free bonds in lieu of pending MEIS refunds
8	CARE Ratings cuts India's FY22 GDP forecast to 10.2%
9	How ITF's videos prep spinning mill workers
10	INDUSTRY 4.0: Manufacturing gets a tech edge
11	Udyam Registration: 26 lakh MSME registrations so far on Modi govt's new portal not exciting, say experts
12	'Container shortage at ports has eased'
13	COVID-19 2nd wave: Textile production dips in India's Surat
14	Big corporates, government measures can help MSMEs fight pandemic, say experts
15	2nd COVID wave to delay full recovery for Indian apparel sector: ICRA
16	Fashion and lifestyle brands facing another crushing 20-30% decline in online sales amid second Covid-19 wave
17	Messse Frankfurt reschedules all leading industry exhibitions
18	Kovai, Tirupur textile units want exemption from lockdown curbs
19	Watch | Bt cotton: Is it time for India to bid it adieu?

INTERNATIONAL NEWS

Is Fashion Rerouting Product Away from Locked-Down Europe? Here's What the Data Shows

With all U.S. residents over 16 years old now eligible for a coronavirus vaccine, the majority of states have taken a significantly swifter approach to reopening when compared to most European markets. Although the U.K. just saw its latest four-month lockdown lift on April 12, various restrictions across the continent are still prevalent in France—where a month-long third lockdown kicked off April—and countries such as Germany, Italy, Belgium, Poland and the Czech Republic. In some way or another, these restrictions limit consumers' ability to shop for fashion and footwear in stores.

Yet despite these differences, shopper demand remains consistent across markets, even as many stores in Europe remained closed. If there's been one constant, it's that demand in materials is greatly exceeding supply, offering a ray of hope for retailers that have struggled throughout the pandemic, but causing massive headaches for the supply chain.

But does data indicate that brands and retailers are moving their supply from Europe to markets that are open or opening up?

Companies painted a mixed picture. According to Frank Fisher, vice president of global sourcing for the textile division at Milliken & Company, incoming orders have outpaced the supply of materials needed to feed its manufacturing plants.

"What we're finding is very little inventory anywhere in the supply chain that goes into making a finished good, plain and simple," Fisher told Sourcing Journal. "The whole world…went from safety stocks and buffer and fulfilling contracts…to just-in-time."

Combined with the ongoing container shortage, the dearth of material inputs had increased lead times from Asia to both the U.S. and Europe by three weeks in many cases. But Fisher did note that it was less economical for the shipping containers to be transported to Europe than it was for them to get to the U.S.

"They can make more money if they went to the Port of L.A. versus heading into Europe," he said.

Given the market-wide store closures in some European countries, the option of rerouting goods setting sail for the continent to the U.S. would seem to be the better option. Cargo rates on the Europe-U.S. trans-Atlantic route are cheaper at $3,254 per forty-foot equivalent unit (FEU) than its Asia-U.S. East Coast ($6,239 per FEU) and Asia-U.S. West Coast ($5,052 per FEU) counterparts, according to Freightos data from April 8. But the trans-Atlantic route shipping rates rapidly surged by almost 50 percent between March 31 and April 8, signaling a significant boost in demand.

Highlighting the burden of shipments from Asia to Europe, the spot rate for Asia cargo to North Europe is now up 396 percent year-on-year, with rates to the Mediterranean up 317 percent, according to Drewry's weekly indices. This jump is massive compared from the tallied route totals from Shanghai to New York and Los Angeles, which are up 133 percent and 153 percent year-on-year, respectively.

Yet even with these continued price spikes, it appears more retailers are more or less sitting on these shipments in Asia as opposed to actively rerouting them away from countries quarantining in Europe.

Notably, data from Panjiva, the supply chain research unit of S&P Global Market Intelligence, shows that imports from Europe to the U.S. increased only 1.2 percent year over year in March, suggesting that much of the U.S. import growth has been led by the West Coast ports. Compare that to shipments from China to the U.S., which garnered 177 percent year-over-year growth that same month.

"To date, beyond seasonal patterns, we haven't seen a dramatic decrease in demand or change in rerouting take place," Jan van Casteren, vice president of Europe at freight forwarder Flexport, told Sourcing Journal. "Many of our clients still have goods stored in Asia and are anxiously waiting for rates to drop to justify movement of these containers to Europe."

Meanwhile, Fisher noted that while Milliken has reallocated finished product inventory for clients, shifting from geographies normally outside their purview, it all comes down to consumer demand, and not a need to push product in certain markets.

"We are paying expedited freight to get product there largely to meet the demand of our critical customers that need supply," Fisher said. "I'll supply outside of region if I have the product to sell, I'm not doing a fire sale, saying I have a lot of stuff here and I want to move it out. I'm more saying, 'this is the only place I have it, let me get it over there because that customer is more important right now.'"

Supply chain and procurement consultancy Inverto said it did not have explicit insights or data about whether any apparel orders in Europe were rerouted to the U.S., but noted that fashion retailers it worked with still have full warehouses. Nevertheless, demand across categories has kept supply chains backed up across the region.

"Demand for consumer electronics, sports or garden equipment has even risen noticeably," an Inverto spokesperson said. "In fact, there are waiting times for some products such as bicycles."

Suez Canal crisis causes booking delays

The six-day Suez Canal blockage, which delayed shipments of consumer goods from Asia to Europe and North America and further limited container availability after the massive MV Ever Given Evergreen container ship got wedged in the passageway, has been at the center of many of the recent supply chain bottlenecks.

Due to the knock-on impact from the blockage, Maersk estimates a 20 to 30 percent capacity hit in the short term to the Asia-Europe trade, but there is still no guarantee as to how the shock to schedules and capacity will ripple through the trans-Atlantic and Asia-North American trade systems beyond delays of Suez services to the U.S. Faced with the capacity hit, Maersk has temporarily suspended its offering of online booking in some affected markets for its spot product, as well as all short-term contracts.

And on April 1, Hapag-Lloyd announced a booking suspension on eight sailings leaving Northern Europe for the U.S. in the first half of this month due to overbooking.

Lewis Black, president and CEO of mining and shipping company Almonty Industries, noted that his company traditionally took 10 days to ship from Portugal to the U.S., prior to the pandemic, yet now this process takes as long as four weeks. But he noted that shipping containers back to Asia presents an even more difficult scenario, further slowing down the overall supply chain. Almonty can't secure a booking to Thailand "and the shippers have no idea when there's going to be availability," Black said.

Van Casteren said the Suez Canal blockage and the uncertainty about delivery times has continued to delay many shipping decisions like this as rates continue to rise.

"Now, the primary concerns of shippers are 'Am I able to get my goods delivered where I want them and at the right time?' and 'Can I ship my goods at a rate that does not damage my business model?' van Casteren said.

U.S. import demand reaches all-time highs

While Panjiva doesn't carry timely enough data for Asia-to-Europe shipments, according to supply chain analyst Christopher Rogers, the firm has highlighted the fact that the U.S. is continuing to break records on the import front in the wake of the sustained demand spikes.

In total, U.S. seaborne imports of containerized freight surpassed 3 million 20-foot equivalent units (TEUs) in March, marking the first time the U.S. imports have topped that number, Panjiva's data shows.

"The 50.5 percent year-over-year expansion in TEUs partly reflects disruptions caused to imports from Asia at the start of the coronavirus pandemic, while the 36.9 percent expansion compared to March 2019 shows the surge is not just a timing artifact," Rogers wrote in a blog post. "The current surge in shipments likely reflects the clearing of an existing backlog of vessels as well as underlying demand."

The average daily handling of 97,300 TEUs during March was also 7.2 percent higher than the peak season shipments in the three months to Nov. 30, 2020.

Shipments to the U.S. linked to consumer discretionary companies doubled year over year in March, with a 91.4 percent jump in imports of home furnishings.

When will demand normalize?

The Covid-driven shift in goods consumption, whether in the U.S. or worldwide, and the ongoing supply chain disruptions, exacerbate the difficulty with gauging when shipping prices will level out and if demand will revert to "normal" levels even as lockdowns end. Drewry said it expects port congestion and equipment shortages to persist through 2021 and for carriers to lock in profits into 2022, thanks to higher annual contract rates signed this year.

“I think this is going to get worse before it gets better,” Black said. “I think the reality is, as the world starts to open up, the U.S.’s vaccination program is heading in the right direction, and in the U.K. people are starting to emerge from the ashes, what they’re finding is that the the infrastructure that has been relatively predictable and reliable for the last 20 years in terms of just moving things around, has essentially in many areas just buckled under the sort of random elements that we’ve all experienced over the last 12 months.”

However, Milliken & Co.’s Fisher said that he expects manufacturing and supply to be “extremely strong” by the third quarter of 2021.

“If everybody gets all of their supply chains back to a pre-Covid level—nobody wants to run a plant at 70 percent, you want to run your plants at 90 percent—they’re gonna have to run flat out for a while just to build some safety stock and catch back up,” Fisher said. “Whether or not the consumer ends up pulling all the end products is still a little bit to be determined depending on region, but we expect manufacturing is going to have to keep going just to begin to dig their way out of the hole of backlog of orders that have come out.”

Source: sourcingjournal.com- Apr 21, 2021

HOME

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Primark Sees Strong Reopening Traffic But Europe Headwinds Loom

Primark parent Associated British Foods touted strong foot traffic at store reopenings in England and Wales, but it still expects the Covid-19 pandemic to weigh on second-half results.

"Primark sales after store reopenings demonstrate the relevance and appeal of our value-for-money offering. We are excited about welcoming customers back into our stores as the lockdowns ease and are delighted with record sales in England and Wales in the week after reopening on [April 12]," George Weston, president of Associated British Foods (ABF) said.

Weston said that with stores reopening and Primark once again generating cash, ABF's management has decided to "repay the job retention scheme" funding it received from the government for the current fiscal year.

The decline in revenue for the reported first half was driven by the loss of retail store contribution from Primark due to lockdowns and other operating restrictions, noted Michael McLintock, ABF's chairman. He also said the company had accessed the job retention schemes offered by the U.K. and European governments to pay workers on the sidelines while stores were temporarily closed. "These schemes have enabled us to preserve all the jobs in Primark's 65,000 workforce," the chairman noted.

Looking ahead, McLintock said that the degree of uncertainty is now "substantially lower" than last year because of the large proportion of U.K. adults who have since received Covid-19 vaccinations, as well as from the early success in the reopening of Primark stores in England and Wales.

The picture was different elsewhere in Europe.

"The reopening dates for France, the Republic of Ireland and the remaining stores in Germany are yet to be confirmed. We will increase our retail selling space with an additional nine stores opening in the second half. We continue to expect the profit for Primark to be somewhat lower than last year," McLintock said.

Net Sales: ABF said group revenue fell 17 percent to 6.31 billion pounds ($8.81 billion) for the first half ended Feb. 27, from 7.65 billion pounds ($10.67 billion).

For Primark, revenue fell in the period by 40 percent to 2.23 billion pounds ($3.11 billion) from 3.71 billion pounds ($5.18 billion), with the decline due to restrictions from the Covid-19 pandemic that resulted in temporary store closures.

"The extent and timing of these restrictions have varied by market, with different approaches taken by each government," Weston said. "The majority of our stores were closed during November and from December to the end of the period. We estimate the loss of sales while stores were closed to be some 1.1 billion pounds ($1.53 billion) and when stores were open, the restrictions resulted in like-for-like sales of [down] 15 percent compared to last year."

Even in Eurozone countries where stores were allowed to open, many operated under restrictions on business hours and limitations on traveling distances from home. "In some cases, the range of merchandise we were permitted to sell was limited. Consequently, the like-for-like performance in the first half in the Eurozone was down 20 percent," Weston said.

Like-for-like sales for stores at retail parks were higher than a year ago, while shopping center and regional high street stores were lower, and large destination city center stores—typically reliant on tourism and commuters—continued to see significant declines in foot traffic.

In the U.S., Weston said the Primark operation is "now profitable." In addition, ABF is seeing strong business at newly opened stores at Sawgrass Mills in Florida, American Dream in New Jersey, and State Street in Chicago, which opened last month. "Primark is clearly resonating with the U.S. customer and brand awareness continues to build," Weston noted.

Regarding new store openings that are planned for the balance of the current fiscal year and beyond, Weston said there will be three new Primark stores in Spain during the current fiscal year and a second store in Rome. Seven more stores in Italy are planned by 2022, he noted, adding that the retailer is in the early stages of its expansion in Eastern Europe, with a second store planned for Poland and its first store in the Czech Republic. In addition to the Chicago store opening in the U.S. last month, Weston said the company has signed a lease for a store in Tysons Corner, outside Washington, D.C., joining the leases signed for new stores in Queens and at the Green Acres Mall in Long Island, both in New York.

As for how it did during the holiday season, Weston said all Christmas and gifting lines were sold out, while the performance for "stay at home" product categories was strong, especially in nightwear and loungewear. Markdowns were "substantially lower" than the year-ago period, and about 260 million pounds ($348.9 million) in seasonal stock for autumn-winter that wasn't delivered to stores will be held over and sold later this year.

On the reopening of stores in England and Wales on April 12, Weston said the company saw record sales in the first week. "Over half of the stores broke their own sales records," the CEO said. "The performance last week was driven not only by increased basket sizes but more importantly by an improvement in footfall across all our high street, shopping centre and retail park locations to bring footfall for the whole estate back to pre-Covid-19 levels."

While leisurewear and nightwear and lingerie has been strong, Weston said customer response to the new trends for spring/summer has been very strong, and Primark has seen "excellent demand" for fashion ranges in women's wear.

"We expect the period after the reopening of stores to be very cash generative as we sell the higher than normal inventory on hand. In line with our normal practice, we have placed substantial orders for merchandise for the coming autumn-winter season," Weston said.

Looking ahead, Weston cited April 26 as the reopening day for 20 Primark stores in Scotland, but he also added that the store reopening progress in the Eurozone "has been mixed" as some store reopening dates have been delayed and others reopened with limited store hours.

"A pre-booking system which controls the number of customers in the store at any one time, 'click and meet', has been introduced in our reopened stores in the Netherlands, Germany and Belgium. This format allows trading to continue albeit at a much-reduced level, where otherwise stores might have been closed," Weston said.

Based on current published reopening dates, Weston said the sales loss for the second half could be in the range of 700 million pounds ($976.8 million).

Earnings: Profit for the period fell 22 percent to 172 million pounds ($240.0 million), or 20.5 pence ($0.29) a diluted share, from 221 million pounds ($308.4 million), or 27.5 pence ($0.39), in the year-ago period.

Adjusted profit before tax was 319 million pounds ($445.1 million), or 25.1 pence ($0.35) a share, representing a 50 percent decline in adjusted profit before tax in the same year-ago period.

At the end of the first half reporting period, 22 percent of Primark's selling space was open. ABF expects more store reopenings in some markets over the coming weeks, with business at the end of April to represent about 68 percent of its retail selling space. That percentage increases to 79 percent if stores with restrictions on operations, such as reduced store hours, are included in the tally.

Executive's Take: "We continue to feel very optimistic about the opportunities for growth in the Primark business. We have a strong pipeline of store openings across a number of growth markets for the brand, with a particular focus on southern Europe and eastern Europe. We see further opportunity to expand our selling space in France, Spain, Portugal and Italy, where the Primark brand resonates strongly with consumers," Weston said.

Source: sourcingjournal.com- Apr 21, 2021

HOME

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California Garment Worker Bill Clears Key Hurdle

A bill designed to improve the conditions of California's tens of thousands of garment workers quietly passed the Senate Judiciary Committee earlier this month and will now move to the Senate Appropriations Committee as it inches its way closer to becoming law.

The Garment Worker Protection Act, which was introduced Dec. 7 as Senate Bill 62 by State Senator María Elena Durazo, expands upon a previous, similar bill, SB 1399, which failed to be called to a vote before the State Assembly adjourned last September, the deadline for passing a bill out of the legislature for the 2019-2020 session.

SB 62 is meant to close loopholes that allow wage theft to flourish in the Golden State's garment industry by establishing a form of "upstream liability" that holds contractors of garment production responsible for wages, damages, penalties and other compensation owed to the people who make those items—no matter how many layers of contracting are in between.

The bill also seeks to broadly eliminate the traditional piece-rate wage structure that pays California garment workers for every hem, cuff or sleeve they stitch, ensuring instead that they're paid legal minimum wages—$14 per hour for employers with 26 or more employees, and $13 per hour for employers with 25 or fewer employees—for all the time they spend working while still allowing for incentive-based bonuses.

The current "vicious price competition" endemic to the industry, Durazo wrote in a legislative factsheet for SB 62, means workers are paid an average of $5.15 per hour.

"Los Angeles is the center of California's 'underground economy'—a system characterized by scofflaw employers cheating workers out of billions in wages owed to them under minimum wage and overtime laws," she said. "No industry is rifer with these violations than the garment industry, where so-called retailers that contract with a network of manufacturers and subcontractors to produce their garments dictate the pricing structure."

The Senate Appropriations Committee will conduct the third of three hearings in the Senate. Once SB 62 passes through the Senate, it will proceed to the Assembly, where a new cycle of hearings will begin. The road ahead is long, but labor advocates say they're ready to "keep fighting for SB 62's passage," Marissa Nuncio, director of the Garment Worker Center, a California labor-rights group sponsoring the bill, told Sourcing Journal.

"We are excited that SB 62 passed the Senate Judiciary Committee," Nuncio said "Most exciting was the powerful testimony given by our member leader, Ana, and the many garment workers, local businesses and community allies who called in to urge an aye vote. This win moves workers closer to wage justice and ethical fashion business closer to a level playing field."

Downtown Los Angeles is home to some 2,000 garment manufacturers, employing more than 45,000 people, according to the Garment Worker Center. Most of the city's garment workers are immigrant women—likely undocumented and therefore ineligible for unemployment benefits—who spend 10 to 12 hours each day cutting, sewing and dyeing clothing.

Though more than a dozen business groups, including the California Chamber of Commerce and the California Retailers Association, have labeled the Garment Worker Protection Act as a "job killer" for an industry that has seen significant business abscond to cheaper locales overseas, the bill garnered the support of several businesses, including Reformation, Suay Sew Shop and—surprisingly—Fashion Nova, whose suppliers a 2019 Labor Department investigation found owed workers $3.8 million in back pay.

"This is a monumental occasion for the fashion industry and garment workers statewide because we haven't seen any major reform to protect garment workers in over 20 years," Nicholas Brown, director of policy for Fashion Revolution U.S.A., a grassroots group that formed in the aftermath of the 2013 Rana Plaza collapse, said in a statement.

He noted that the bill comes at a "particularly crucial time" during the pandemic, since many workers are facing the additional risk of exposure to the coronavirus without hazard pay or any social protections.

"California has the power to set the standard for safe, humane, and ethical labor practices in the garment industry that has the opportunity to be replicated well outside of Los Angeles," Brown added.

Source: sourcingjournal.com- Apr 20, 2021

HOME

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Macy's expands customer base

Macy's is reengaging its core customers besides adding new ones in the first quarter.

As per Home Textiles Today, the brand is beneffing from the government's stimulus package and vaccine rollouts, though the impact varies by market.

The brand's average spend from the core customer – defined as the credit card loyalty base – has increased by 7 per cent so far this year compared to the same period in 2019.

While the overall number of core customers shopping Macy's remains lower than it was in 2019, he company has seen a 19 per cent jump in new customers – particularly driven by digital. Retail closures are also providing new customers in select categories at Macy's and Bloomingdale's.

The strong trends in home merchandise are still holding up in the first quarter. That's especially true in furniture and textiles, while sales are still gaining in housewares, tabletop and home décor.

Macy's has been reeling in 500,000 to 700,000 new Bronze loyalty card members each month this year and now has 12 million in total, up 20 per cent from the year-end. Some 38 per cent of them are below 40, and their spending is approximately 13 per cent higher than in 2019.

In terms of its physical store footprint, Macy's Inc. has shuttered 65 stores of the 125 doors slated for closure, with the remainder still scheduled to go dark. Afterward, 85 per cent of its store sales will be generated from A and B malls. Digital sales continue to expand, and the company believes its nameplates can generate $10 billion in annual e-comm sales by 2023.

Source: fashionatingworld.com- Apr 21, 2021

HOME

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Allow use of imported fabrics or textiles under GSP+ Scheme, urges DTI

At a webinar organized by the Philippine Exporters Confederation Inc, the Department of Trade and Industry (DTI) said it plans to urge European Union to allow Philippine garment exporters use imported fabric or textiles under the bloc's Generalized Scheme of Preferences Plus. As per a Phil Star report, the GSP+ scheme allows duty free export of 6,274 products from the Philippines to the EU if these products originate from the country.

For Philippine garment exports to qualify for the zero duty, the country needs to use locally made fabric or textiles. However, Philippine garment exporters face difficulty in complying with the requirement due to limited sources of raw materials, says Allan Geply, Trade Assistant Secretary, Philippine Exporters Confederation Inc.

Most raw materials are being sourced from China which do not qualify under GSP+, he adds. He urged the Union to amend this rule. Robert Young, President, Foreign Buyers Association of the Philippines (FOBAP) said, the amendment would enable the country to ship $100 million worth of additional exports to the EU. DTI also plans to push for a free trade agreement (FTA) with the EU.

Source: fashionatingworld.com- Apr 20, 2021

HOME

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COVID-19 to impact Indonesia's clothing and textile exports

COVID-19 is likely to lead to a decline in Indonesia's clothing and textile exports during the first seven months of this year. As per Indo Textiles, Indonesia exports around 70 per cent to the United States, the European Union and the Middle East.

In 2019, it exported clothing and fabrics worth $9,172.36 million Last year, the value of its exports fell 15.94 per cent year-on-year to $ 7,709.94 million due to the pandemic. It is expected to fall 6.72 per cent over the January-July 2021 period.

Since January 1 this year, Indonesia has implemented the Omnibus Law to create new jobs, increase investment, reduce taxes, simplify licensing procedures, and renew the ease of doing business for both domestic and foreign producers.

Recently, the Indonesian Trade Promotion Center (ITPC) collaborated with the Indonesian Embassy in Mexico to boost home décor and textile exports to Mexico. The collaboration covers the Balinese clothing and textile market, as well as Indonesian furniture in Mexico.

The Indonesian textile and clothing industry employs about 600,000 workers. In recent years, around 20 per cent factories shifted production from West Java to Central Java due to lower labor costs. However, efficiency is much lower in Central Java compared to Jakarta and its surroundings in West Java.

Source: fashionatingworld.com– Apr 20, 2021

HOME

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COVID-19 lockdown halts garment production in parts of Cambodia

A 14-day lockdown imposed to curb the spread of COVID-19 pandemic has halted garment production in several factories across Cambodia, especially in the capital city of Phnom Penh and its neighbouring Ta Khmau city. The lockdown imposed on April 15 will run till April 28 and the order requires all non-essential businesses to be shut down.

"The apparel, footwear and travel goods manufacturing sector is not considered essential sector that needs to stay open during the lockdown and thus we have to remain closed," the Garment Manufacturers Association in Cambodia (GMAC) said in a statement.

The lockdown has affected some factories working outside the lockdown areas, as their workers residing in Phnom Penh and Ta Khmau could not report to work, GMAC said. It added that the lockdown has also resulted in disruptions in the movement of raw materials and finished goods.

Since factories are unable to operate normally, GMAC members may not be able to honour their delivery schedules. The GMAC has appealed to all stakeholders not to punish its member-companies if they do not meet the previously agreed delivery schedules.

"We would like to appeal for your understanding to facilitate and make arrangements to help accommodate this special situation," GMAC said. "We urge all of you not to punish our members for this situation that is beyond our control."

There are approximately 1,000 factories in Cambodia producing garments, footwear and travel goods, together employing around 750,000 workers.

Source: fibre2fashion.com– Apr 20, 2021

HOME

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Pakistan beats India in apparel exports to US

Pakistan performed better than India in apparel exports to the United States in February 2021.

Pakistan had an outstanding performance among apparel export destinations globally during February, according to Sourcing Journal, a credible source for textile sector information.

“We were the only main exporter with increased apparel supply to America during Covid-19,” said Adviser to PM on Commerce Abdul Razak Dawood in comments to The Express Tribune.

Pakistan was on top position in the list of countries that export textile, according to a report released by Apparel Resources, another international platform that gives insights into apparel industry exports.

Normally, India and Bangladesh perform better than Pakistan but this time Pakistan has fared better than its neighbouring countries despite all the challenges of Covid-19 faced worldwide.

Although the apparel import value of the US, a prominent destination for textile exports, decreased 8.7% year-on-year to $5.39 billion in February 2021, its volume increased 3.2% and Pakistan was on top of the list of countries which witnessed a hike in their apparel exports.

Other countries that recorded growth in exports included China, Bangladesh and Egypt. Pakistan and China managed to increase their apparel shipments to the US both in terms of value and volumes.

“Pakistan is showing the world that we are a reliable supply destination,” Dawood emphasised.

India, Vietnam and Indonesia experienced a decline in apparel exports to the US both in value and volume terms.

The PM aide added that government policies for the textile industry played a significant role in exports. “Our vision is to promote ‘Make in Pakistan’,” Dawood remarked.

Even though the country is performing well in textile exports, it is facing many challenges to keep up with the performance. The biggest hurdle is the decrease in cotton production in the country, which is the main raw material for the textile sector.

The country is facing shortage of around half of its requirement of cotton, estimated at seven million bales. Giving in to the pressure from the textile industry, the government recently allowed duty-free import of cotton yarn.

During the pandemic, the medical segment of textile industry such as bed wear also grew as bed sheets were discarded frequently, said DH Corporate Research Lead Karim Punjani.

After coronavirus, the world learnt the lesson regarding supply chain sustainability, which indicated that no country should rely on only one destination for imports, he said.

"Countries now want to diversify their supply chain and this is a good chance for Pakistan to grab its share in countries which imported products from other countries previously," the analyst added.

"This will be a challenge for Pakistan; either it increases exports through existing companies or helps new players to venture into this sector."

Through its policy, Pakistan can encourage foreign direct investment in this sector by inviting companies to move their factories from other countries to the free economic zones in Pakistan.

Source: tribune.com.pk– Apr 21, 2021

HOME

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Bangladesh to remain as major apparel supplier to brands, says CPD-IPS study

Despite uncertainty, international clothing brands are confident that Bangladesh will remain a major source of apparels in the coming months, according to a new study. The Centre for Policy Dialogue (CPD), a think-tank based in Dhaka, and the Institute of Policy Studies (IPS) of Sri Lanka, carried out the study.

China's return to relative normalcy has released pressure on supply chains and China, Bangladesh, Sri Lanka and Vietnam are major players in the global supply chain of apparel business. Medium-term challenges will closely correlate with the extent to which the virus is contained. The second wave of Covid-19 has significantly reduced demand in prominent markets such as the US, the UK, and the EU, the study also said.

The findings of the study were presented at a webinar on 'Recovery of the apparel sectors of Bangladesh and Sri Lanka: is a value-chain-based solution possible?' on Tuesday.

Khondaker Golam Moazzem, research director of the CPD, and Kithmina Hewage, research economist at the IPS in Sri Lanka, made a joint presentation. They called for a collective action by market players to rebound and recover, and to be resilient.

The sudden attack of Covid-19 caused the sale of US clothing stores to decline by 79 per cent in April 2020.

Seventy-six per cent of suppliers had to reduce export orders and the highest proportion of order reductions in Bangladesh at 93 per cent, Vietnam at 80 per cent, China at 74 per cent and India at 61 per cent, the study also said.

The study also found that the fiscal constraints of Bangladesh and Sri Lanka squeezed domestic capacity to support the apparels sector during the crisis and initiatives of sourcing countries were inadequate.

Source: thedailystar.net– Apr 21, 2021

HOME

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Bangladesh: Transparency can facilitate sustainable growth in apparel industry

For the last few years, especially after the advent of the pandemic, concerns have been growing worldwide about the sustainability aspects of businesses. In this regard, the Bangladeshi RMG export industry is no different. Due to rapid adverse changes in the business climate and issues with ethical sourcing, consumers worldwide are more aware and selective when it comes to buying their clothes. This, in turn, has raised the propensity of foreign apparel buyers to assess potential suppliers in terms of sustainability.

Therefore, unsurprisingly, businesses which are yet to embrace sustainable practices are more likely to miss out on orders. As the sector accounting for the lion's share of the country's exports, the Bangladeshi RMG industry needs to adopt sustainable strategies to maintain their place in the global apparel export market. In the last year alone more than 11,000 BGMEA member companies have lost US$ 3.18 billion worth of work orders due to cancellations during the pandemic. Therefore, it is crucial for the RMG industry to adapt sustainable practices into their supply chains as well as inform potential buyers about said practices to attract and retain more orders.

While Bangladeshi apparel manufacturers are already implementing sustainable practices and green initiatives into the value chain, there is still room for improvement -- particularly for the occupational health and safety areas of the spinning, weaving and knitting, and dyeing and finishing sectors. For the readymade garments sector, the areas to improve on include reducing waste in manufacturing without losing productivity (lean manufacturing), meeting compliance requirements and managing quality.

Businesses can adapt multiple strategies to deal with their sustainability related issues, a crucial one being the use of technology. Especially during the ongoing global crisis, technology can help enhance communication among buyers and suppliers thereby reducing the need to meet in-person. It also allows for real-time monitoring and tracking of products which helps make the logistics system more efficient. Additionally, technology can help companies be more transparent in their activities, especially through supply chain traceability solutions which help companies show ethical sourcing in their supply chains, among other things.

Technology is significantly helpful for apparel manufacturers when it comes to consolidating data, increasing accountability and enhancing reporting and compliance management. Serai is one example of technology that can help apparel businesses with achieving end-to-end supply chain traceability and transparency. Serai is a free digital B2B platform that allows apparel businesses to track cotton and other raw materials going into their products.

Businesses can use the solution to trace order flow throughout the supply chain, manage supply chain risks and collect data for compliance needs.

Serai helps businesses map upstream suppliers and track environmental, sustainability and governance (ESG) commitments. For more information, readers may visit https://www.seraitrade.com/traceability.

Source: thefinancialexpress.com.bd– Apr 21, 2021

HOME

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Pakistan: Textile dependency

The import bill for March was approaching record levels while the trade gap significantly widened – both worrying signs for the current account balance. sugar, fertilisers and pesticides, automobiles, mobile phones, and industrial machinery. The year-on-year increase is 71%, which is also significant because the full effect of the Covid-19 pandemic was just starting to hit the local and global economies last March, meaning that demand declines had not fully set in.

This would not be a problem in itself if exports had shown similar growth, but that was not the case. Exports The import bill stood at $5.66 billion in March, mainly on account of oil and gas, wheat andincreased 31% to $2.36 billion in March, which would generally be considered a strong performance if not for the fact that imports had ballooned.

Analysts have noted that part of the spike in imports is attributable to agricultural commodities. Pakistan usually exports wheat, sugar, and cotton, but ending up importing them in recent months due to poor crop yields. In fact, total food group imports and fertiliser imports both doubled, while significant increases were also seen in oil and gas and automobiles — the latter almost tripled. A positive in the import stats was a 72% surge in machinery. However, power generators and cell phones, rather than industrial machinery, made up a large share of the increase.

Meanwhile, textile exports were up 30%, continuing a recent trend of positive growth. But the data also shows Pakistan's dependency on the sector — textiles made up 60% of total exports. Persisting failure to diversify has made Pakistan export-commodity-dependent, a negative term for countries where more than 60% of total merchandise exports are composed of commodities. In our case, it is literally a single commodity.

This does not mean that we need to stop supporting a lucrative sector. It is still a money-maker with growth potential. What we need to do is diversify so that we can grow and reduce commodity dependence. In the words of former UN Conference on Trade and Development Secretary-General Mukhisa Kituyi, "Given that commodity dependence often negatively impacts a country's economic development, it is important and urgent to reduce it to make faster progress towards meeting the sustainable development goals."

Source: tribune.com.pk– Apr 21, 2021

HOME

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NATIONAL NEWS

Exporters fret over delay in rebate rates

The RoDTEP scheme came into effect on Jan. 1 but lack of clarity is hampering sector's ability to price

Even as exporters fret over an inordinate delay in notification of the rates under a new WTO-compliant scheme for rebating taxes and duties to the export sector, they are also seeking greater clarity from the government on some grey areas in the scheme's functioning, according to tax consultancy firm RSM Astute.

'Very near future'

On Tuesday, Commerce Secretary Anup Wadhawan had said that the rates under the RoDTEP (Remission of Duties and Taxes on Export Products) scheme, which came into effect on January 1, would be notified in the 'very, very near future'.

Exporters have been urging the government to lift the uncertainty over the benefits that would accrue to them under the scheme, as they are it finding it difficult to price fresh global orders in the absence of the crucial information especially in sectors with thin margins.

"The trade and industry is hopeful that the scheme's operation would be smooth, and concerns would be addressed in the early stages of operationalisation," RSM Astute noted in a white paper on the scheme. "Due to COVID-19, India's exports may require more stimulus and the exporters hope that RoDTEP would not be an impediment to their business plans," it added.

Grey areas

The consultancy flagged the power given to Customs officers to suspend the scrips or refund credits or even to bar exporters from utilising these scrips especially as the grounds on which such suspensions could be done have not been spelt out.

As per government statements, the refund of taxes on exports would be credited to exporters' ledger account with the Customs department, which could be utilised to pay basic customs duty on imported goods. “Clarity would be required whether the refund could be utilised to pay other taxes on imported goods such as IGST and Social Welfare Surcharge,” the tax consultant said.

Under the MEIS scheme, which RODTEP has replaced, these refund credits could be used to pay customs duty, additional customs duty (with some exceptions) as well as central excise duties.

The delay in operationalising the scheme is affecting the exporters by restricting their ability to price products competitively and the uncertainty was making it harder to finalise contracts, RSM Astute pointed out.

Source: thehindu.com– Apr 21, 2021

HOME

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Cabinet approves MoU between India, Bangladesh to increase cooperation in trade remedies

The Union Cabinet on Tuesday gave its ex post facto approval to a Memorandum of Understanding (MoU) between India's Director General of Trade Remedies and the Bangladesh Trade and Tariff Commission to increase cooperation in the area of trade remedies, an official statement said.

The MoU was signed on March 27 in Dhaka.

The primary objective of the MoU is to promote cooperation between the two countries in the area of trade remedies, exchange of information, undertaking capacity building activities and activities in accordance with various provisions of World Trade Organization (WTO) in the area of anti-dumping, countervailing and safeguard measures in bilateral trade between the countries.

MoU seeks to foster better cooperation between the relevant authorities of both the countries so as to discourage unfair trade practices and promote rule based bilateral trading, the statement added.

Source: financialexpress.com– Apr 20, 2021

HOME

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Shri Piyush Goyal chairs meeting with various Export Promotion Councils

Union Minister of Railways, Commerce & Industry, Consumer Affairs, and Food & Public Distribution Shri Piyush Goyal today chaired a meeting with various Export Promotion Councils (EPCs). The Minister of State for Commerce and Industry Shri Hardeep S. Puri, and senior Officers of the Department of Commerce and DGFT also took part in the meeting. This was the 12th meeting held by the Ministry of Commerce and Industry with the EPCs in last one year, underlining the government's emphasis on resolving the export related issues, at the earliest.

Shri Piyush Goyal lauded the performance of Exporters, for doing the nation proud in such difficult times through their resilience and hardwork. He said that during 2020-21, the Country's cumulative value of overall exports declined by just 7% compared to the previous year, despite disruptions, uncertainty, lockdowns, gradual unlockdowns, supply chain difficulties, labour issues, and order cancellations in the Covid year.

He said that under the circumstances, the performance of the sector was really superlative. Trade data for March 2021 reflects the build-up of a strong recovery in exports, as the Merchandise exports in March 2021 grew by 60.29% as compared to March 2020. Shri Goyal said that in the first two weeks of this month also, the performance has been very good.

The Minister, after listening to the various suggestions of the EPC office-bearers, said that the Government will go all out to support the exporters. He said that many of their issues, falling within the ambit of the Ministry, would be resolved in a time-bound manner. Shri Goyal said that most of the sectors have larger export potential, which need to be identified and harnessed. He called upon the Exporters to strive to attain ambitious growth of more than 25% to reach US$ 400 billion merchandise exports during current year.

Source: pib.gov.in– Apr 20, 2021

HOME

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Finance Minister Smt. Nirmala Sitharaman assures industry of Government's support; Industry should wait & watch to assess the situation

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman, here today urged the industry to wait and watch for next few days to assess the situation amid the second wave of COVID-19 pandemic. The Finance Minister also assured the industry of full government support.

Addressing the FICCI National Executive Committee Members through virtual mode, Smt. Sitharaman said that with the Prime Minister's address to the nation, along with the new vaccination guidelines and with the five-fold strategy adopted in handling the COVID-19 cases — i.e., test, track, treat, COVID-19 protocols and vaccination — there will be a sense of reassurance.

"With all these steps, we should hope to see a positive change in the way the second wave of COVID-19 pandemic is moving. Industry is watching out and I would want you (industry) to keenly observe what is going on and we are together with the industry in (fighting) this (pandemic). I am sure all of us together will understand how best to now ramp-up and sustain the growth momentum which all of us are keen to see between the last quarter and this quarter," Smt. Sitharaman added.

"I would request the industry to watch the next few days a bit more carefully, and then assess for yourself what this quarter is going to be like," the Finance Minister exhorted.

Smt. Sitharaman further stated that sectors like hospitality, aviation, travel, tourism and hotels faced great difficulty since the start of COVID-19 pandemic. "We have extended the Emergency Credit Line Guarantee Scheme (ECGLS 2.0) for these sectors and I will ensure the efficiency with which it was performing last year shall perform even for the aviation and tourism sector," the Finance Minister said.

Speaking on the oxygen supply, Smt. Sitharaman said that the supply has been very neatly mapped and new permissions have been given particularly for the hard stressed 12 states (Delhi, Maharashtra, UP, Chhattisgarh, MP, Gujarat, Rajasthan, Punjab, Haryana, Karnataka, Tamil Nadu and Kerala). The supply is being moniored at district level along with reviews which are being undertaken and for next 15 days they will be closely monitored. "The government has exempted all inter-state movement of oxygen tankers, exempted from registration and permits, they can operate round the clock, and cylinder filling plants are operating 24 hours to fill the gaps with necessary safeguards," the Finance Minister stated.

Elaborating on the augmented pharma capacity, Smt. Sitharaman stated that steps have been taken adequately for drugs which are important, we have given fast-track approvals for Remdesvir production.

The Finance Minister also said that as soon as the medical oxygen demand will be met, the industry would also get the necessary supply of oxygen since the import of medical oxygen has been allowed.

Mr Uday Shankar, President, FICCI said that some clarity may be needed over essential and non-essential supply of goods. He further stressed on the need to support the MSME sector which is currently under difficulty.

Mr Sanjiv Mehta, Senior Vice President, FICCI while delivering the vote of thanks reiterated that the industry will fully support the government in all its endeavor to ensure both lives and livelihood.

Source: pib.gov.in– Apr 21, 2021

HOME

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Exports reviving, may be in positive territory in FY22: Commerce Secretary Anup Wadhawan

The country's exports are reviving and the shipments are expected to be in the "solid" positive territory in this financial year, Commerce Secretary Anup Wadhawan said on Tuesday. He said that exports recorded a significant contraction in April last year but gradually things started improving and the shipments have entered the positive territory.

"So, I am quite positive and hopeful that in 2021-22, we will be in solid positive territory. I have no doubts about that. But I do not want to predict numbers and make any targeted projections," the secretary told reporters. Since December 2020, the country's merchandise exports are recording positive growth. In March this year, the exports rose by 60.29 per cent to USD 34.45 billion. However in 2020-21, the shipments dipped by 7.26 per cent to USD 290.63 billion.

Product categories that recorded positive growth during March include oilmeals, iron ore, carpet, gems and jewellery, engineering goods, rice, spices, pharmaceuticals, chemicals, marine products, petroleum products, coffee , and tea. Gems and jewellery is a luxury product, and its demand would also slowly pick up, Wadhawan said, adding that exports are recovering from the severe COVID-19 impact.

He added that exporters have shown resilience and have covered a lot of the lost ground, after hit by Covid-19 pandemic. When asked about India's trade gap with the US and China, the secretary said that trade surplus with the US and deficit with China has improved in 2020-21.

India's exports to the US stood at USD 53 billion in 2019-20 and USD 51 billion in 2020-21. Imports from the US aggregated at USD 35.8 billion in 2019-20 as compared to USD 28 billion in 2020-21. The country's exports to China in 2019-20 were at USD 16.6 billion and USD 21.2 billion in 2020-21. Imports from China were worth USD 65 billion in 2019-20 while the numbers were roughly the same for 2020-21.

Source: financialexpress.com– Apr 20, 2021

HOME

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Textile MSMEs see uncertainty in production capacity ahead after recovering to near pre-Covid levels

Ease of Doing Business for MSMEs: MSMEs in the textile sector, which had recovered to up to 90 per cent of their pre-Covid production capacity before the second wave struck in March this year, are staring at business uncertainty in the coming weeks. Post lockdown, which led to a contraction in business activity, MSMEs had started to recover back in September with an increase in yarn prices. The recovery had hit around 80 per cent of the production capacity by December last year. However, with fresh Covid restrictions including lockdown, night curfew, weekend curfew, etc., across the country, MSMEs are fearing a decline in production capacity again.

"Covid will impact textile MSMEs but we don't know how much the impact will be this time. More than 60-70 per cent units, which are MSMEs in the sector, were able to recover back to the pre-Covid level. They are now operating at a production capacity of around 70-80 per cent while it should have been 100 per cent till now," Ashok Juneja, President, The Textile Association (India) told Financial Express Online. Founded in 1939, the association represents has over 23,000 members.

India's domestic textiles and apparel industry has a share of 2 per cent of India's GDP and 12 per cent of the country's export earnings, according to government data. During Covid, India became the second-largest manufacturer of personal protective equipment (PPE) kits in the world with over 600 companies in India certified to produce PPEs currently. The global market for the same is likely to be more than $92.5 billion by 2025. "The export of textiles and apparel also decreased for the period January 2020 to November 2020 due to the pandemic. But now export orders have started increasing," according to a statement by Textiles Ministry in February this year.

However, with lessons from last year, Juneja expects MSMEs to ensure labour doesn't migrate back to hometown again. "This time there won't be much labour issue as entrepreneurs seem better prepared than last year to take care of them, pay complete salaries without deductions, and avoid any layoffs." The sector is largely unorganised with no comprehensive information regarding the impact of last year's lockdown even as the level of production fell in jute, silk, etc., the ministry had said. As per Udyam Aadhaar Portal, the total textile manufacturing MSMEs registered between September 2015 to June 2020 were 6,51,512 while apparel MSMEs were

4,28,864. According to Udyam Registration, which replaced Udyam Aadhaar in July last year, 1,15,855 textile manufacturing MSMEs and 85,564 apparel MSMEs were registered between July 1, 2020, and February 9, 2021.

“Up to March last year, all textile units were running up to 80-90 per cent of their capacity before they contracted in production capacity to 30-40 per cent. The activity picked up in September and by December it scaled to 80-90 per cent production capacity. Cotton and synthetic yarn made great profits with the increase in prices. However, the performance has been sliding again from March 2021 due to Covid and currently, it stands at 60-70 per cent. If there is a complete lockdown, the production capacity might decline to previous year levels,” TK Sengupta, immediate past president, The Textile Association (India) told Financial Express Online.

The cotton prices surged by 7 per cent – 10 per cent month on month during January 2021, led by strong export demand for cotton yarn, according to India Ratings & Research. As per India Brands Equity Foundation, the production of raw cotton in India is estimated to have reached 35.4 million bales in FY20. A cotton bale is a standard-sized and weighted pack of compressed cotton lint after ginning.

Source: financialexpress.com– Apr 21, 2021

HOME

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Exporters seek tax-free bonds in lieu of pending MEIS refunds

Exporters have proposed that the government issue tax-free bonds in lieu of pending refunds under the Merchandise Export from India Scheme (MEIS), in the wake of the country's poor revenue realisation.

The Federation of Indian Export Organisations (FIEO) has proposed a mechanism of tax-free bonds attracting 6% annual interest with a three-year lock-in period to provide certainty of refund and ensure liquidity for exporters.

"Exporters may be allowed to file the claim so as to verify the value of the tax-free bond to be given to them, which can be encashed after 3 years, by which time the government revenue would be on sound footing," FIEO said in a letter to the finance ministry last month, adding that the bonds will also help those exporters who want to raise funds from the bank by pledging the bonds.

FIEO president Sharad Kumar Saraf said exporters have yet to receive tax refunds of around ₹40,000 crore under the MEIS as they were not allowed to file their claims under the scheme April 2019 onwards.
"This has affected the liquidity of exporters, particularly the micro and small ones. This has also added to the uncertainties which are rising day by day," FIEO said in the letter.

Source: financialexpress.com– Apr 22, 2021

HOME

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CARE Ratings cuts India's FY22 GDP forecast to 10.2%

CARE Ratings has cut GDP growth forecast for FY22 from 10.7-10.9 per cent to 10.2 per cent in the backdrop of the second wave of Covid-19 pandemic, with various States imposing restrictions ranging from night curfews to weekend lockdowns to full lockdowns.

This is the second time within a month that the credit rating agency has revised GDP growth forecast downwards. On April 5, it lowered the forecast from 11.0-11.2 per cent to 10.7-10.9 per cent.

The agency estimated the potential loss of Gross Value Added (GVA or output) at ₹1.13 lakh crore.

Madan Sabnavis, Chief Economist, in a note, said: "The spread of the virus in Maharashtra had led to the announcement of a lockdown by the State government which began in a less stringent manner from the first week of April.

"Consequently, on factoring the potential loss of economic output due to the restrictions in Maharashtra, on April 5 we lowered our GDP forecast for FY22 to 10.7-10.9 per cent (from 11-11.2 per cent)."

But the lockdown has been made more obtrusive to business activity by April 20, with more stringency expected in the forthcoming fortnight, he added.

Further, the spread of the virus to other States has caused similar actions by governments, ranging from night curfews and weekend lockdowns to full lockdowns.

The main assumptions made by CARE to arrive at the revised GDP include Centre not announcing a lockdown at the national level; infection incidence rising in May from new regions; other states, besides the current ones, also announcing lockdowns; and business activity getting constricted with these measures.

The note said the distinction between essential and non-essential goods will further push back the latter; consumption as a whole will fall and all of this decline will not be compensated for during the course of the year unlike last year. Also, the loss of output in the various segments of the services sector cannot be recouped.

The agency said the lockdown impact has been worked out for a 'two-month effect' meaning, thereby, these lockdowns will be eased from June onwards. This may not really be so in which case the impact would be sharper.

Challenges in providing relief

Sabnavis emphasised that the major challenges will be providing relief to the business units which also includes employees who may have to go back to their hometowns.

As per his assessment: "The SMEs (small and medium enterprises) specialise more in non-essentials and will be pushed back further. Maharashtra has announced a relief package of around ₹5,500 crore…the lockdown is to end on May 1 which may not materialise.

"State budgets are stressed already and have limited space to support enterprises. Localised lockdowns are also likely to pressure the revenue collections of the States."

The Centre may have exhausted all the policy measures under Atmanirbhar Bharat and hence cannot be expected to come up with any big-bang schemes this year too, he added.

"Two events in the country, State elections and the Kumbh mela, have involved millions of people coming together with social distancing norms not being followed. This has potential to spread the virus at an exponential rate through the country and several States have announced measures to test people returning from the pilgrimage," cautioned Sabnavis.

The post-election lockdowns in the five States can be expected once polling is completed and more people are tested for Covid-19, he added.

Source: thehindubusinessline.com– Apr 21, 2021

HOME

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How ITF's videos prep spinning mill workers

Till the outbreak of the Covid pandemic, spinning mills in Coimbatore, a textile hub in Tamil Nadu, offered training for new workers round the year as attrition rates were high.

Thanks to the initiative of Coimbatore-based Indian Texpreneurs Federation (ITF) on digital learning and showing how technology can make companies fitter for the new business environment, spinning mills are no longer worried about attrition and training.

The attrition rate in the spinning sector is very high at 30-40 per cent. Mill workers include people from Tamil Nadu and from North India.

Three job roles — autoconer (or auto winding), sider and doffer — account for about 80 per cent of a spinning mill's workforce.

With the Covidoutbreak, ITF took the lead to go down the digital path and invested in digital tools for training workers.

The first learning video was for the role of autoconer last year and the second for a doffer has been launched now and it is working on the third video to cover major workforce of spinning mills.

"The first video has so far attracted more than 60,000 views. I would say about 80 per cent our association members are using it," Prabhu Damodharan, Convenor, ITF, told BusinessLine.

Whenever a new worker is recruited by a mill, the video is shown to the worker in an exclusive classroom repeatedly for a few days.

"The challenge before us was to device training programmes that will be fool-proof, scientific and quick. We developed the videos with the help of professionals. So, this video will ensure that the prerequisites and basic information are well understood by the worker before he is starts hands-on training on actual machinery," he said.

The videos have also played a big role during the staff mobilisation process in other States. When a team goes to hire people in other States, this video is shown to them and it gives an idea about the role and infuses some confidence to take up the job.

Now, mills are asking for more such videos beyond shop-floor operations such as maintenance work. “Now, we have been asked to produce such videos for apparel operations and we are exploring it,” said Damodharan.

The videos are also uploaded on YouTube for the benefit of mills across India.

Source: thehindubusinessline.com– Apr 21, 2021

HOME

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INDUSTRY 4.0: Manufacturing gets a tech edge

Data drives today's industrial processes, but many manufacturers continue to use legacy software and multiple systems to analyse plant information, which is resource-intensive and requires frequent manual updates to ensure accuracy. In addition, while AI projects have been deployed by many companies in "islands" across the plant floor, manufacturers have struggled to implement AI at scale across their global operations.

Google Cloud and Siemens, a tech behemoth in industrial automation and software, have joined hands to make the entire exercise simple and seamless. cccSiemens intends to integrate Google Cloud's leading data cloud and artificial intelligence/machine learning (AI/ML) technologies with its factory automation solutions to help manufacturers innovate for the future.

By combining Google Cloud's data cloud and AI/ML capabilities with Siemens' Digital Industries Factory Automation portfolio, manufacturers will be able to harmonise their factory data, run cloud-based AI/ML models on top of that data, and deploy algorithms at the network edge. This enables applications such as visual inspection of products or predicting the wear-and-tear of machines on the assembly line.

Deploying AI at the shop floor and integrating it into automation and the network is a complex task, requiring highly specialised expertise and innovative products such as Siemens Industrial Edge. The goal of the cooperation between Google Cloud and Siemens is to make the deployment of AI in connection with the Industrial Edge— and its management at scale—easier, empowering employees as they work on the plant floor, automating mundane tasks, and improving overall quality.

Source: financialexpress.com– Apr 21, 2021

HOME

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Udyam Registration: 26 lakh MSME registrations so far on Modi govt's new portal not exciting, say experts

Even as the number of MSMEs registered on the new Udyam Registration portal, which replaced the erstwhile process of filing for Udyog Aadhaar Memorandum (UAM) in July last year, has scaled to 26.42 lakh as of April 20, 2021, as per the MSME Ministry data, the growth is not very encouraging, according to experts. The Reserve Bank of India had in August last year mandated enterprises, registered under Entrepreneur Memorandum (EM) part II and UAM till June 30, 2020, to file for new registrations on the Udyam Registration portal. EMs and UAMs were valid till March 31, 2021, while MSME registration under UAM as of June 30, 2020, stood at 1,02,32,451 (over 1 crore), according to the MSME Ministry 2020-21 annual report.

"While there is no data to show how many out of 26 lakh Udyam Registrations so far are new enterprises and how many have migrated from UAM or EM registrations but that is not a big figure. Many existing MSMEs are yet to apply for Udyam Registration due to reasons such as lack of awareness or lack of will as it is business as usual for them with their UAM or EM registrations and they haven't faced any major challenge with the change in the law. The government and RBI would have to be a bit more stringent in getting MSMEs to register on new portal as the idea behind it is to consolidate MSME registration data at one place," Pankaj Kumar, President, Indian Industries Association told Financial Express Online.

To improve ease of doing business for MSMEs, the government had launched the Udyam Registration portal for paperless registration and classification of enterprises based on self-declaration. Small businesses aren't required to upload any documents or proof except the Aadhaar number for registration. The MSME Ministry had also organized a single-window system at Champions Control Rooms (set up at MSME Development Institutes across India) and district industries centres for facilitating the process.

Immediate comments for this story were not available from the MSME Ministry. The same will be updated here once shared.

Before the MSME Development Act, 2006, the registration by MSMEs used to be at District Industries Centres (DICs). Subsequently, as per the provisions of the MSMED Act, 2006, MSMEs used to file EM- part I at DICs before starting an enterprise EM-part II after commencement of production. A total of 21,96,902 EM-II filings were recorded between 2007 and 2015, according to the MSME ministry annual report. From September 2015 to June 30, 2020, UAM has been in place and as of December 31, 2020, micro MSMEs constituted 93 per cent of the registered enterprises on the Udyam portal while 6 per cent were small enterprises and 1 per cent were medium businesses.

"MSMEs with Udyog Aadhaar were around 1 crore. After the RBI mandate, this 1 crore enterprise should have been converted into Udyam Registration but there is only 26 lakh so far and that is not a very exciting figure. Since the UAM was valid till March 31, it means that around 74 lakh MSMEs may be out of the registered MSME bracket. This means they wouldn't be entitled to the priority sector benefits that are otherwise given to registered MSMEs," Mukesh Mohan Gupta, President, Chamber of Indian Micro, Small & Medium Enterprises (CIMSME) told Financial Express Online.

Source: financialexpress.com– Apr 20, 2021

HOME

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‘Container shortage at ports has eased’

Concor reduces empty haulage rates

Shortage of containers has now eased in the country, said Pawan Agarwal, Special Secretary in the Logistics Division, Ministry of Commerce and Industry, during a press meet on Tuesday.

In March, almost 58 per cent additional (year-on-year) exports has been handled, which is about 17-18 per cent more than the level seen during March 2019 (pre-Covid), according to the Container Shipping Lines Association (India) (CSLA).

During a review with the Federation of Indian Export Organisations (FIEO) and CSLA on April 15, the exporters body said that due to coordinated efforts, the issue of shortage of containers has almost been sorted out, except some shortage of food-grade containers for export of tea, coffee or spices. This is localised to southern ports (Kochi/Tuticorin/Chennai/Mangaluru), which CSLA apprised is a long term issue due to import deficit at these ports.

Also read: Container shortage, rising freight rates hit pharmaceutical exports

Further, CSLA said that the impact of Suez Canal blockade has subsided. The bunching was handled well by Indian ports mainly due to timely advance intimation, after the meeting on March 26.

Steps taken

In coordination with shipping lines, steps were taken to reposition empty containers in India on an urgent basis.

Consequently, 100,000 empty containers were repositioned on Indian ports from across the world by the shipping lines.

With effect from April 1, 2021, the haulage charges of empty containers from port to hinterland have been reduced by 50 per cent by the Container Corporation of India (Concor) through a discount scheme. This is expected to result in reduction of overall shipping cost.

Quarantine time dropped

In early 2020, the quarantine period applicable on ships arriving from China was 14 days. Quarantine period — which is the time spent by seafarers on board in isolation after departure from China — was reduced to the extent of five-seven days, after a detailed discussion with the Ministry of Shipping, Ports and Waterways and Ministry of Health and Family Welfare. In coordination with customs, a special drive was launched for expedited clearance of unclaimed or uncleared cargo. Consequently, more than 2000 empty containers were released.

Demand-supply match

The Logistics Division in partnership with FIEO, EPCs and shipping lines has also coordinated the development of a portal for matching demand and supply of containers.

The first version of this portal has been made available on FIEO website and has received excellent response from exporters. The portal has been a significant contributor in planning supply of containers during March 2021.

Concor has already issued an order of 2000 containers to BHEL, and Braithwaite and Co. Ltd. Discussions are on with steel manufacturers for producing COR-TEN steel in India at competitive prices and with Railway wagon manufacturers or BHEL or private manufacturers (DCM-Hyundai, Balmer and Lawrie) to set up production lines for indigenous manufacturing of containers.

Source: thehindubusinessline.com– Apr 20, 2021

HOME

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COVID-19 2nd wave: Textile production dips in India's Surat

Textile production has decreased in India's textile city of Surat due to the onset of the second wave of the COVID-19 pandemic, according to various associations. Restriction of working hours, migration of workers, and textile traders testing positive are among the factors adversely affecting textile production and trade in manmade textile hub.

“In the last one-and-a-half months, the fabric production has been reduced by one crore metre per day. Usually, we produced 4.5 crore metre daily,” Ashok Jirawala, the president of the Federation of Gujarat Weavers Association (FOGWA) told The Indian Express this week.

Fabric production has currently declined by around 22 per cent compared to March 2021, according to FOGWA.

Though the government is yet to announce a full-fledged lockdown, a number of workers are migrating from Surat due to the fear that it might be imposed. As a result, workers' strength in factories has gone down by 25-30 per cent. "Workers are still leaving. In the coming days, more workers are expected to leave. If the current COVID-19 situation continues then we will clock huge losses,” Jirawala added.

The textile business in Surat has also been affected due to lockdown and curfew in other states. “Due to the COVID-19 situation, several marriages, which were fixed in the summer in UP and Bihar and other north Indian states, have been cancelled and this has also affected our business.

Our markets in many areas in UP are under lockdown and the situation is similar in Bihar, Madhya Pradesh and Maharashtra,” Pramod Chaudhary, former president of Southern Gujarat Textile processing Association (SGTPA) told The Indian Express.

The decrease in trade volumes is reflected in the number of trucks carrying textile parcels from Surat to other parts of the country. Compared to the usual 350-400 trucks carrying around 150 to 170 parcels each, the number of trucks moving out of the city has come down to only 70, Surat Mercantile Association president Narendra Saboo said in the same newspaper report.

Meanwhile, the Gujarat Chamber of Commerce and Industry (GCCI) and the Federation of Surat Textile Traders Association (FOSTTA) have requested the state chief minister Vijay Rupani to impose a complete lockdown of at least one week. The voluntary 2-day lockdown on weekends is not enough to break the chain of the corona virus, according to these trade bodies.

There are 175 textile trading markets in Surat, which employ lakhs of workers.

Source: fibre2fashion.com– Apr 21, 2021

HOME

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Big corporates, government measures can help MSMEs fight pandemic, say experts

Second Covid wave is creating extreme discomfort to small businesses

Compassionate capitalism by the big industries along with government measures can help MSMEs overcome the pandemic-induced crisis, point out industry experts.

As India has been witnessing the second Covid wave, MSMEs (micro, small and medium enterprises) have already started to press the panic buttons over the possible business disruptions due to restrictions and partial lockdowns announced in various parts of the country.

Entrepreneurs and small business owners are generally self-motivated and fight till the end. They try to pump in financial resources from savings, by pledging spouses' gold etc. Private sourcing, borrowing from friends and relatives have prolonged their existence during the Covid-hit quarters.

While the consumption started to pick up since the last quarter of financial year 2021, the second Covid wave is creating extreme discomfort to small businesses. MSMEs are at the crossroads again, burdened with heavy borrowings while staring at loan repayments. Livelihoods of tens of thousands of families are at stake again.

"MSME will require unprecedented support not only from the government, but also from large industries. While Central and State governments can look at the range of possible solutions, big corporates can look at compassionate capitalism to help MSMEs survive, stabilise and surge ahead into the future," says MK Anand, Strategic Business Advisor – MSMEs & Founder, SEE CHANGE Consulting & Chairman, MSME Sub-Committee, Andhra Chamber of Commerce.

Diversion of CSR funds

Large industries can look at diverting their annual CSR funds for the survival of micro and small units. Several of them could be turned into their suppliers and can be funded to overcome the crisis, he said.

Telecom giants and internet providers could offer fee-waivers to MSMEs for a couple of quarters as it will help them adapt technology or take up digital path towards resilience. Also, small entrepreneurs could be offered free health insurance policies by private insurance companies.

“A major help from big brothers during this crisis period will be to clear the payment dues of MSMEs on a war footing. The move will improve their liquidity and fund flow positions. Big companies should also handhold MSMEs with some waivers and other support measures,” said an analyst at a leading brokerage house.

Anand said that given the current challenging period, bank interest could be waived, and GST payments should be deferred for six months for MSMEs. “Fuel charges must be reduced substantially with a slab-based approach based on their turnover if they show MSME Certificate. It will also trigger them to register with Udyam Portal,” he added.

Also, the Credit Guarantee Fund Trust for Micro and Small Enterprises scheme must be open for all MSMEs by all branches of nationalised banks. Collateral-free loan should be extended based on the number of invoices, client list and clients’ payment-linked assurance.

Source: thehindubusinessline.com– Apr 20, 2021

HOME

****

2nd COVID wave to delay full recovery for Indian apparel sector: ICRA

Given the resurgence of COVID-19 cases in India and some of the key export markets, the full recovery for Indian apparel players is expected to be prolonged and pushed back to FY23, ICRA Ratings has said in its latest report. Their business performance in FY22, however, is expected to be better than FY21, as companies are better prepared to follow protocols.

The continued favourable progress on the vaccination rollout and a material shift witnessed towards online shopping will cushion the adverse impact on the brick-and-mortar outlets, helping companies report a better performance vis-à-vis last year, ICRA said in its recent report titled, "Full recovery to pre-COVID levels likely only by FY2023, amid lingering impact of the pandemic."

Further, lockdown restrictions are likely to be more targeted and regionally focused vis-à-vis the national lockdown implemented last year, and companies are better prepared to follow protocols, respond to restrictions and minimise loss of operations, the report said.

ICRA projects the Indian apparel companies to report double-digit growth in FY22 albeit on a low base, achieving ~85-95 per cent of the pre-COVID turnover levels, broadly maintaining the level of recovery achieved in H2 FY21.

Besides pent-up and festive demand, which temporarily supported demand during Q3 FY21, increased mobility amidst the easing of the lockdowns increased consumer confidence in H2 FY21. This encouraged higher footfalls in marketplaces and drove discretionary consumer spending.

"The trend seen in FY21 is corroborated from the rating movements as well. While the credit ratio (ratio of upgrades to downgrades) for apparel companies remained at less than 1 in FY21, reflecting a weakening of the credit profiles amid COVID-19 induced challenges, nearly two-thirds of the downgrades happened in the initial seven months of FY21, with downgrade pressures subsiding significantly from November 2020 onwards," said Jayanta Roy, senior vice president & group head, Corporate Sector Ratings, ICRA.

In FY21, apparel exporters in ICRA's sample are estimated to have reported a 20-25 per cent decline in turnover, and a 50-75 basis points (bps) decline in operating margins, following a 200-bps decline in FY20 owing to a revision in export incentive rates and a COVID-led slowdown witnessed from Q4 FY20 onwards. For FY22, ICRA expects top-line growth of ~15-20 per cent for apparel exporters with range-bound margins amid continued discounting requirements, volatile demand patterns and intense competition in the global apparel markets.

Apparel retailers are expected to report a 35-40 per cent growth in turnover in FY22, with partial recovery in operating margins. However, margins are expected to remain lower than the pre-COVID levels by ~200-300 bps. Domestic apparel retailers are estimated to have witnessed ~35-40 per cent decline in turnover and a sharp contraction of ~400-500 bps in their operating margins in FY21, with steep discounts to liquidate channel inventories and high fixed costs such as rentals, sales force etc, despite steps taken to curtail these costs.

For FY22, apart from these continued pressures, increased raw material costs are likely to limit improvement in margins for apparel players. There has been a sharp surge in yarn prices across the board. In March 2021, cotton, polyester and viscose yarn prices averaged ~21-22 per cent higher than the level seen about three months ago, and ~40 per cent, 26 per cent and 19 per cent higher respectively, than the average level in March 2020.

"While the demand for apparels had improved in the recent quarters, it remained below pre-COVID levels. This apart, the recent resurgence in COVID cases in key metros and tier-I cities is likely to keep the demand weak in the near term.

Even after the infections subside, the resultant higher channel inventory is expected to keep it a buyers' market, allowing sellers limited flexibility to pass on the cost increases to the buyers. This is expected to cap the improvement in profitability during FY22, despite the y-o-y increase in turnover," Nidhi Marwaha, vice president & co-head, Corporate Sector Ratings, ICRA, said.

Nevertheless, the partial recovery in sales and profitability is expected to result in some improvement in coverage metrics of apparel players during FY22, supported by limited capex spends, even though working capital borrowings to support the elongated cycle will keep debt levels high.

Source: fibre2fashion.com– Apr 21, 2021

HOME

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Fashion and lifestyle brands facing another crushing 20-30% decline in online sales amid second Covid-19 wave

Fashion and lifestyle brands, already reeling under a huge drop in sales, are now facing another crushing 20-30% decline in their online sales amid a deadly second wave of Covid-19 cases.

“People have already gone through a lot of hardship and they see this is a crisis that is not going to go away soon,” said Dhruv Bogra, country manager for Forever New that has seen online traffic in April decline by 30% compared to March. “This is creating greater anxiety and uncertainty than before.”

Online has been a saviour during the pandemic last year when e-commerce businesses soared double or triple times for most brands. But in the latest spike this year, even online is dragging as sales have dropped 20-30% in April compared to March.

“People are more concerned about their near and dear ones and the immediate priority is health and safety of family and friends and that’s where shopping has taken a back seat,” said Sundeep Chugh, CEO of Benetton India, one of the largest online selling brands in India. Chugh said online sales have plummeted by 15-20% after the first week of April this year.

Omni-channel enabler Ace Turtle, which handles end-to-end online sales for brands including Fossil, RayBan, Lifestyle, Skechers, Tommy Hilfiger among other labels, said e-commerce sales for the brands it is handling have declined by 12-14% in March-April compared to January-February. Rival ANS Commerce that manages Jack & Jones, Bath & Body Works, Celio and Aldo among other labels, said e-commerce orders were down 20% on Sunday – figures available for latest daily orders - compared to any other single day average.

Some brands have again introduced deep discounting in April – traditionally a good business month – in a bid to prop up sales amid lockdowns in Delhi and Mumbai and weekend curfews in many other cities.

Brands are offering steep discounts through text messages or on the social media. Marks & Spencer is providing up to 50% discounts, Acics is offering flat 40% plus an additional 15%, Jack & Jones has flat 50% off while Celio also had flat 40% plus 10% rebate of pre-paid orders. However, some brands are saying that there is no point offering discounts as malls in bigger cities are shut and consumers are also curtailing discretionary online purchases.

"When markets are closed and you walk-ins are down by 70%, there is no point going on a sale," said Chugh of Benetton.

Source: economictimes.com– Apr 21, 2021

HOME

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Messse Frankfurt reschedules all leading industry exhibitions

In line with the recent announcements and new measures in place to tackle resurging cases in Mumbai, Messe Frankfurt Asia has decided to rescbedule all leading industry shows such as Gartex Texprocess India, Screen Print India, ISH India powered by IPA, Media Expo and LED Expo have been rescheduled.

While the Delhi editions of Gartex Texprocess India, Screen Print India, LED Expo and Media Expo continue to be on schedule, the new dates for the Mumbai editions will be announced in coherence with government guidelines, as soon as the venue is made safely accessible.

The state government's recent advisories aimed at breaking the spread of the second wave as well as the on-going vaccination programmes have led to the Bombay Exhibition Centre (BEC) simultaneously doubling up as a jumbo care centre as well as a vaccination centre. Inaccessibility of the venue and the new measures put in place by regional governments make it impossible to host large-scale trade shows in the coming months.

Despite the new lockdown restrictions, the Indian economy reeling under the negative impact since the onset of the pandemic shows no signs of slowing down the business momentum which has been picking up in 2021. The vaccination progress in many countries is being closely watched and is an encouraging sign that the situation will ease soon.

Source: fashionatingworld.com– Apr 21, 2021

HOME

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Kovai, Tirupur textile units want exemption from lockdown curbs

"Time restrictions between 10 pm and 4 am and lockdown on Sundays would curtail production as the manufacturing units would be in a position to work only in one shift. So far, the mills were operating in three shifts. This would make over 75 per cent of the workers jobless and have severe impact on the industry," said Ashwin Chandran, chairman of Southern India Mills Association (SIMA).

The shifts for the textile industry, which requires round the clock work in spinning, weaving, knitting, processing and vertically integrated units, is normally from 7 am to 3 pm, 3 pm to 11 pm and 11 pm to 7 am. Hence, the employee mobility will be between 10 pm and 1 am for the third shift when employees report to work, while it would be 11 pm for second shift employees to return home after work.

Most of the textiles and clothing manufacturing segments including yarn, fabric, bleaching, dyeing, printing and finishing involve sequence of continuous processes. Any stoppage would amount to huge loss, as the material on the machine and machinery condition might get affected, apart from the manpower loss. The labour intensive textile industry, which limped back to normalcy after COVID-19 relief measures, is feared to witness another round of exodus by guest workers triggered by loss of jobs.

"In fact, the textile units incurred huge expenditure to bring back the workers from various states after they left for their hometowns following the countrywide lockdown last year. In such a situation, stopping the units during night hours and on Sundays would force several lakhs of workers out of job," said Ashwin Chandran.

Therefore, SIMA has appealed to the government to permit them to run during night and allow employees to use transport facilities to operate in the night shifts and work on Sundays. Knitwear firms in Tirupur have also expressed apprehension that their production will dip by 20 to 30 per cent.

"Already, crores worth finished goods were stagnated as they could not be sent due to lockdown in Mumbai and other north Indian states," said S Maheswaran, a textile firm owner.

Source: dtnext.in– Apr 21, 2021

HOME

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Watch | Bt cotton: Is it time for India to bid it adieu?

Did you know that Bt cotton seeds cannot be re-used? Watch the video.

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Credits
Concept & presentation: Gitanjali Diwakar

Source: thehindubusinessline.com– Apr 21, 2021

HOME

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