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IBTEX No. 78 of 2021 April 23, 2021

US 75.11| EUR 90.32| GBP 104.09| JPY 0.70

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INTERNATIONAL NEWS

Sri Lanka need value-chain based solution for garment sector recovery

A value-chain-based solution that encompasses manufacturers, retailers, brands, and social safety nets for garment workers can help the apparel sectors of Bangladesh and Sri Lanka attain sustainable recovery, experts said at a webinar.

Titled 'Recovery of the Apparel Sectors of Bangladesh and Sri Lanka' the webinar highlighted the importance of a wide social safety net that commits to ensuring a living wage for RMG workers.

The webinar also heighted the findings of a joint study conducted by the Centre for Policy Dialogue (CPD) and Institute of Policy Studies, Sri Lanka (IPS). It was chaired by Fahmida Khatun, Executive Director, CPD and moderated by Professor Mustafizur Rahman, a distinguished fellow of CPD. Khondaker Golam Moazzem, Research Director, CPD, and Kithmina Hewage, Research Economist, IPS made the keynote presentation.

Experts urged Bangladesh manufacturers to tap into a potential $2 billion worth of orders diverted from China. They urged the governments of sourcing countries, as well as buyers and brands, to launch new social schemes for apparel workers. Experts also opined addressing medium-term challenges through national-level interventions alone would be difficult.

Prof Rehman Sobhan, Chairman, CPD, urged ILO to play an entrepreneurial role in bringing together international buying countries with supplying countries to restructure global demand management.

Sobhan also called for tripartite exercises including government, employers, and workers to address not just the immediate impact of the COVID-19 but a longer-term crisis.

Source: fashionatingworld.com- Apr 22, 2021

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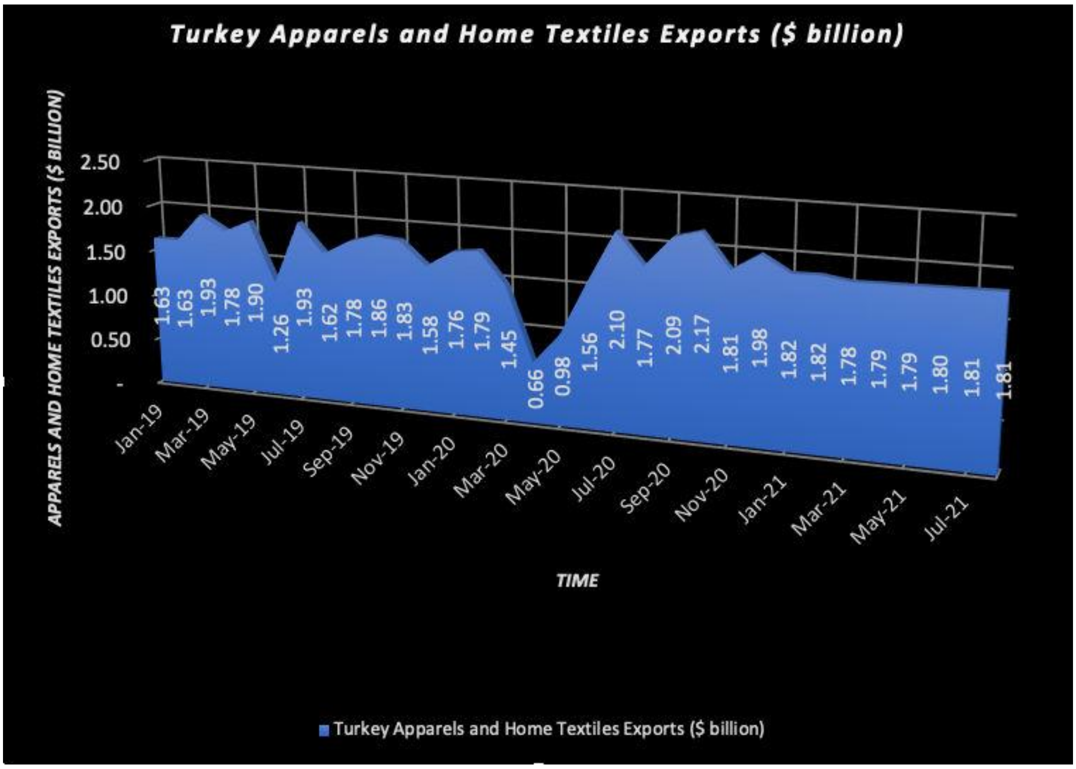
Turkey's apparel & home textiles exports to rise in 2021: TexPro

Continuing with the rising trend seen during the post-pandemic period in 2020, Turkey's apparel and home textiles exports are expected to show upward trend during the upcoming period of 2021. Turkey's exports to the US considerably increased last year. Exports to the UK have also grown after the post-Brexit trade agreement took effect this year.



In 2019, Turkey's apparel and home textiles exports were $20.73 billion with monthly average of $1.73 billion.

It showed a slight drop of 2.91 per cent to $20.13 billion in 2020. It is forecast that these exports will reach monthly average exports of $1.80 billion during January-August 2021, with a rise of 7.48 per cent compared to the monthly average exports of $1.68 billion in 2020, according to Fibre2Fashion's market intelligence tool TexPro.

Last year, Turkey's apparel and home textiles exports to the US increased by more than 20 per cent year-on-year to cross the $10 billion-mark. This year, Turkey's exports to the UK have shown a notable growth during January-March 2021 as post-Brexit free trade agreement took effect, according to the Turkish Exporters' Assembly TIM, the organisation with membership of 100,000 exporters representing 61 exporter associations and 27 sectors in Turkey.

Carpets, ready-to-wear and apparels were the major products in country's exports of 2020. While sales of carpets increased by more than 30 per cent over the previous year, exports of ready-to-wear and apparels climbed by more than 20 per cent in 2020 over 2019.

Turkey has planned to open foreign logistics centres in the target markets, especially in the US. This would further accelerate local exporters' access to markets and stimulate the exports, according to TIM. The logistics centres opened abroad will work as a regional base for exporters, reduce the costs of market access and accelerate access to new markets.

Source: fibre2fashion.com- Apr 22, 2021

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UK-based NGO WRAP to launch Textiles 2030 global sustainable agreement

The Waste and Resources Action Programme (WRAP), a UK-based global NGO, has launched Textiles 2030, the first in a new wave of global sustainable textile agreements. The ten-year programme for clothing and textiles slated to be launched on April 26, has secured commitment from over 10 brands and retailers, 20 recycling organisations and 10 affiliates.

The first major high-street names to join Textiles 2030 include Dunelm, John Lewis, M&S, Next, Primark, Sainsbury's, Ted Baker, Tesco and The Salvation Army. Over the next decade, the voluntary agreement will slash the impact that UK clothing and home fabrics have on the environment through practical interventions along the entire textiles chain, said the NGO in a press release.

The Textiles 2030 Roadmap will set out the water and carbon reduction targets, and the key milestones and activities to introduce circularity at scale. These goals will transform the UK's make-use-dispose fashion culture into one where products are made sustainably, used longer and then re-used or recycled. The Target-Measure-Act approach will be used so that textiles businesses set tough targets, measure impact and track progress on both an individual business basis, and towards national targets and public reporting.

The environmental targets of Textiles 2030 include cutting carbon by 50 per cent, sufficient to put the UK textiles sector on a path consistent with limiting global warming to 1.5°C, and reducing the aggregate water footprint of new products sold by 30 per cent.

"The UK Parliament has investigated the textiles sector twice in recent years and is now looking at UK fashion companies to act. Our research shows that consumers want sustainable clothes not disposable fashion. Textiles 2030 is about transforming textiles and creating a fashion sector fit for the future. We need fast, effective action from businesses more than ever. Brand and retail signatories must show their commitment by signing up to Textiles 2030. Businesses who fail to engage will be noticeable by their absence. If your business is not already involved in Textiles 2030, now is the time to sign up," said Marcus Gover, CEO of WRAP.

“It is time for businesses across the textiles sector to join Textiles 2030 and play their part at this critical time for the planet. Through Textiles 2030 we invite your commitment to work with WRAP, like-minded businesses and other partners towards a thriving, sustainable, circular UK textiles sector. I would like to see every CEO involved in this initiative,” said Rebecca Pow, environment minister, department of environment, food and rural affairs.

The agreement that builds on the foundation of the Sustainable Clothing Action Plan (SCAP) 2020 voluntary agreement, is the first national agreement in what will become a global network of new initiatives to reduce the environmental impact of clothing around the world, led by WRAP.

This new wave will be coordinated under the Textiles Action Network which is being developed by WRAP and supported by the Laudes Foundation. The project will deliver the first ever readymade plan to achieve global circular economy targets on clothing by co-ordinated national action. WRAP, in partnership with the World Resources Institute (WRI), will also develop a set of globally relevant targets and will launch the second commitment, in Denmark, in summer 2021.

The launch of Textiles 2030 will be marked by a virtual event on April 26.

Source: fibre2fashion.com– Apr 22, 2021

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Apparel brands take DTC route to boost sales: Report

Apparel brands are increasingly taking the direct-to-consumer (DTC) route to boost sales, says a report by the Loadstar. Sportswear and equipment producer Under Armour plans to quit 2,000-3,000 stores that currently sell its products and engage more in direct to consumer (DTC) sales. This will help boost profits and gain a more prominent position in the market.

Denim fashion giant Levi Strauss also plans to achieve 60 per cent sales through the DTC route. An early entrant in this segment, Nike made 35 per cent of its revenue through direct-to-consumer channels last year, up from 32 per cent in 2019.

FMCG brands Kraft Heinz, General Mills and Kellogg are also eyeing the DTC segment. Kraft Heinz sells baked beans and tomato soup via its Heinz To Home website to consumers in the UK, Europe and Australia, with online sales doubling last year to more than 5 per cent of global sales. PepsiCo set up two websites last year to sell some of its brands, like Doritos and Gatorade.

However, Jason Goldberg, Chief Strategy Officer, Publicis Communications and Chairman, shop.org, a division of the US National Retail Federation, warns, direct selling may not for everybody as securing capacity for final-mile delivery will be a challenge, as demonstrated by the past peak when the integrated parcel carriers raised charges and kept ceilings on volumes from large clients.

Levi Strauss aims to tackle this challenge by increasing its more traditional sales footprint. The company is adding to its own retail outlet locations.

Source: fashionatingworld.com– Apr 22, 2021

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Sri Lanka exporters, importers battle high rates, box shortfalls to maintain trade lifeline

Sri Lanka's exporters and importers are working against multiple global and domestic disruptions in logistics in the post Covid-19 period to keep exports ticking and supply the country with essential foods and raw material as freight rates soar.

Exporters are also facing shortfalls of containers with import controls in Sri Lanka, comppunding global bottlenecks in shuttling empty containers.

Though freight rates have started to stabilize gradually from Covid-19 peaks, Sri Lankan shippers are paying high rates.

Perfect Storm

Freight rates from Colombo to Europe, China and Hong Kong have jumped over 200 percent, to the US over 150 percent and to Singapore over 100 percent, Sri Lanka's Shipper Council Chairman Suren Abeysekera said.

Freight rates were competitive before the Covid-19, helped by large container ships coming into service, but pandemic disruptions had rapidly pushed up rates as ships were taken off service reducing capacity.

The Shanghai freight index has jumped three fold compared to 2019 last quarter while the Drewry's World Container Freight Index also shows a threefold jump from 2019 with average spot freight rate jumping from 1500 dollars in March 2019 to 4800 dollar by March 2021, Abeysekerasaid.

"In my 21-plus year experience I have never seen something like this before," Abeysekera says calling it a the 'perfect storm' in ocean freight.

The resurgence of economic activities after Covid lockdowns ended and the rush to build up stocks had created congestion in the global logistics system.

Now shipping companies were making large profits and orders have also been placed at shipbuilders.

"Whatever that stopped during COVID, couldn't come back to its former glory though the industry came back quickly to match the consumer demand," Abeysekera explained.

Costly Delays

Across the logistics chain, there are delays and congestion, which is a cost to shippers.

“Congestions created at ports amplify this issue with ships spending more time close to ports rather than moving cargo on water,” Abeysekera said.

“Remember the number of ships in the world has not suddenly increased but most are out of schedule creating havoc to demand when it needs supply.”

While global trade has not actually grown, it is the disruptions and delays that are causing capacity problems, he said.

“It is our understanding that the current volatility in the ocean freight market would continue throughout 2021 and shippers in the country should adapt to the new norm in containerized shipping,” he said.

The industry has taken a number of initiatives to mitigate the situation, more innovations are being done, but there are also measures that authorities can take, he said.

Box Shortfall

Overall ships were fuller than before, reducing the ability to shuttles empties.

Globally there were difficulties in getting hold of empty containers and also ones for specific types such as food grade boxes, refrigerated containers and different sizes such as 40 foot containers and 20 foot containers.

Vessels delaying their return to Asia due to congestion in export destinations had also contributed to a shortfall of containers in Asia. Others have also got stuck in inland ports.

There is at least one investigation by regulators to probe whether an artificial shortage is created, he said.

In Sri Lanka exporters are facing difficulties getting empty containers in general and specific types of containers.

Sri Lanka's import controls had created shortfalls of empty containers, whereas in the past, there was an excess of boxes in the island.

"Specifically for Sri Lanka, the reduction of imports has had a direct impact on container availability," Abeysekera said.

"Generally, Sri Lanka has an imbalance in the number of containers with more inflow than outflow. But currently it is reversed."

Due to import imbalance, the 20' equivalent size containers have a better availability compared to 40' and 45' containers in Sri Lanka.

But the overall export cost of 2 x 20' containers instead of a 40' container is incomparable.

Shippers Innovating

Shippers are taking several measures on their own to mitigate the fallout and maintain the external trade lifelines of the country.

Forecasting of volumes to shipping lines and maintaining the accuracy is one way to make sure shipments can be made on time.

"Currently, the earlier you could forecast the lines, the better chance for exporters/ importers to obtain space on vessels," Abeysekeras aid.

"Presently forecasting is done as early as found weeks ahead by some users. This helps with rates as well."

The creation of a common container pool without having to look for containers in specific yards would also help, he said.

Click here for more details

Source: economynext.com– Apr 23, 2021

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Bangladesh: Fire and Building Safety in Rmg Sector: Brands yet to agree to renew accord

Although the Accord on Fire and Building Safety in Bangladesh is set to expire on May 31, no brand has yet agreed to re-sign the agreement.

Speakers from Clean Clothes Campaign (CCC), IndustriALL and Worker Rights Consortium stated this at a press briefing, titled "Protect Progress: The Bangladesh Accord and Garment Worker Safety Under Threat", organised virtually yesterday, slamming the brands for not renewing the accord.

The current agreement -- which has legally prohibited brands from sourcing from unsafe RMG factories -- will expire in five weeks, notified the speakers. Following the expiration, unless brands extend their commitment, there will be no such legally-binding agreement, they said.

"Instead, brands are proposing watered-down versions of the programme that carry a very real risk that workplace safety in Bangladesh would backslide to the pre-Rana Plaza levels," said Clean Clothes Campaign.

The Accord was signed weeks after the collapse of Rana Plaza in 2013 as a binding safety programme, and over 200 brands gave their commitments to the agreement.

As per CCC, the body worked with 1,600 factories to make them structurally safe and compliant with international standards, and the signatory brands and retailers could only source from those factories. Suppliers also had to participate in the inspection and remediation programmes and ensure that remediation at their suppliers was financially feasible, it said.

On June 1, 2020, the RMG Sustainability Council (RSC) took over the Accord in Bangladesh. The RSC will continue with factory inspections, remediation monitoring, and workplace programmes.

"The RSC is a tripartite organisation in Bangladesh, but it does not have the same legal accountability or the same mechanisms to hold brands accountable. We need to have a global agreement between the brands and the unions," said Christina Hajagos-Clausen, garment director at IndustriALL Global Union.

"The Accord which has been extremely successful is currently threatened by the brand's refusal to sign the agreement," said Alke Boessiger, head of commerce department, UNI Global Union.

Speakers said that a year of being hard-hit by the pandemic was contributing to the refusal of the brands to continue with the Accord.

But there is no alternative to legislation, if companies are to be held accountable. "Or you need to have legally binding agreements. Voluntary commitments have always failed," said Christina.

"Negotiations are happening late because the brands requested so because of the pandemic and the unions agreed to it. We have been contacting brands to know about their position on key features. So far only ASOS has given a positive response," said Ineke Zeldenrust, international coordinator at Clean Clothes Campaign.

"The brands need to sign the agreement with the Global Union and make sure that the workers' safety is ensured. Nobody will listen to the Readymade Sustainability Council [RSC]. We are asking all the brands to sign the old agreement," said Kalpona Akter, president of the Bangladesh Garment and Industrial Workers Federation and founder of the Bangladesh Centre for Worker Solidarity.

"The call is not just for the current signatories, but also for all other brands, including those who were signatories of Alliance," said Christina. "The Accord has saved lives. We have only had about 10-12 lives lost and that too to things like boiler explosions. Boiler safety was included much later into the Accord," she added.

There's still over 900 factories that do not have a guaranteed safe exit route," said Ineke. "There are five weeks to go until the Accord agreement runs out, but the first Accord came about in only three. Brands can make it happen if they want to," said Kalpona.

Nasir Mansoor, president of the National Trade Union Federation in Pakistan, also spoke at the event.

Source: thedailystar.net– Apr 23, 2021

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Pakistani envoy eyes closer trade ties with Philippines

Pakistan's Ambassador to the Philippines Dr. Imtiaz Ahmad Kazi said on Wednesday he would push for the inclusion of Pakistan in the Regional Comprehensive Economic Partnership (RCEP) to boost trade with the Philippines and other members of the Association of Southeast Asian Nations.

"In 2008 we had comprehensive economic partnership agreements with Malaysia, Indonesia. We also had similar arrangement in 2016 when I was director general of East Asia Pacific countries in foreign office — we were negotiating with Thailand, free trade agreement, we already have with China also, but I think most important in these days is what has been accomplished last year in November, which is the RCEP agreement between 15 countries — Asean plus 5 — and I'm going to recommend Pakistan to become part of that. Once we are in that group, automatically we will have all the Asean related tariff reductions as well as between all the 15 countries," said Kazi during a roundtable with The Manila Times.

The RCEP, which includes the 10 Southeast Asian economies along with China, Japan, South Korea, New Zealand and Australia, is the world's largest trade pact in terms of gross domestic product.

"So I would request them -— and they will study RCEP procedures — and if we can join that, this automatically takes care of our [Philippines-Pakistan] bilateral FTA (free trade agreements) that there's no need [for] that once we join the RCEP. Let's see how things work out in that, we'll keep doing our best," the ambassador said.

Kazi said that while there were several initiatives to increase trade between the Philippines and Pakistan, a negotiation for a possible preferential trade agreement is yet to push through.

He added that Trade Undersecretary Ceferino Rodolfo earlier informed him that the Cabinet was deliberating the possibility of relaxing import rules for Pakistani rice and pork.

"So, these are good developments. But you are right; we need to come to a point where we should have some preferential trade. We already had it in Malaysia when I was deputy high commissioner in 2009," Kazi said.

The bilateral trade between the two countries amounted to $154 million in 2020. Pakistan's exports to the Philippines stood at $120 million.

Philippine exports to Pakistan include garments, paper products, cosmetics, dairy products, processed fruits, coconut products, tobacco, electronic components and machineries, iron, steel, cement, and chemicals.

Top imports from Pakistan were housewares, textiles, processed foods, dairy products, marine products, fresh foods, tobacco, textile yarns and twines, and industrial products.

Besides strengthening economic ties, Kazi expressed enthusiasm on the revival of the Philippine Embassy's Defense Wing in Islamabad in 2020 and the planned drafting of a memorandum of understanding for the Pakistan-Philippines defense cooperation.

He cited the Pakistani armed forces' exceptional capabilities and experience in fighting terrorism, which the Philippines could benefit from.

Kazi said both countries could share intelligence since the Philippines was also dealing with terrorists' threat particularly in Mindanao.

Source: manilatimes.net– Apr 23, 2021

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Pakistan: Cabinet ratifies decision of customs duty withdrawal on cotton yarn import

The federal cabinet has ratified the decision of the Economic Coordination Committee (ECC) to withdraw customs duty on the import of cotton yarn.

"In line with our policy to encourage value-added exports, the cabinet, in its meeting today, ratified the decision of ECC to withdraw customs duty on import of cotton yarn," said Advisor to Prime Minister on Trade and Investment Abdul Razak Dawood. "The notification will be issued in a few days," said the advisor.

Days ago, the ECC withdrew customs duty on the import of cotton yarns, in order to facilitate the value-added exporters.

"Pleased to inform that on a summary moved by Ministry of Commerce, ECC has withdrawn customs duty on import of cotton yarns to facilitate the Value-Added exporters. This will be notified with the approval of the cabinet," informed Dawood in a tweet post on Wednesday.

It is pertinent to mention that regulatory duty was already withdrawn in December 2020 on the recommendation of the commerce ministry. "Now the value-added manufacturers and exporters can import cotton yarns at 0% customs duty," added Dawood.

Source: tribune.com.pk– Apr 21, 2021

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NATIONAL NEWS

The mounting cost of Covid 19

It´s not very clear at what point would the new cases begin to stabilise before they start coming down.

This wave will significantly increase the final cost of the pandemic, both in terms of lives and livelihoods lost. It is likely that the spread has increased because of new virus strains, but India could have done better in handling the situation.

Clearly, it declared a premature victory, which was visible in large political rallies, religious events, protests, and crowded markets across the country.

Perhaps the hope was that India will not witness another wave. This was also apparent in a comparatively slower rollout of the vaccination programme.

Unlike some of the other countries, India did not place large orders for vaccines, which would have given manufacturers certainty and funds to increase the scale of production. The pricing of vaccines didn´t help matters either. But this is likely to change. The government has decided to open up the procurement and administration of vaccines. Now state governments and the private sector would be able to procure independently.

The visibility of orders and better pricing should incentivise manufactures to increase production. However, increasing the scale of vaccination to a meaningful level will take time. Therefore, the focus till then should be on augmenting medical infrastructure to save as many lives as possible.

Several state governments have imposed restriction on mobility to contain the spread of the virus. The rapid increase in the number of new Covid19 cases and restrictions on activity are affecting economic recovery.

Nomura India´s Business Resumption Index, for example, has slipped to 83.8 from 98.1 a few weeks ago. The gain in economic activity since November 2020 seems to have already been wiped out. It is possible that the actual output in the current quarter would be lower than the last two quarters.

This could significantly delay the full economic recovery and make policy management even more complicated. India´s public debt and budget deficits are already on the higher side, and a sharp slide in economic activity will only make things worse.

The current year´s Budget estimates for the Union government are based on an assumption of 14.4 per cent nominal gross domestic product (GDP) growth.

But the potential sequential contraction in economic activity could increase risks. The fiscal deficit could rise from the projected 6.8 per cent of GDP on account of lower than expected revenue and higher expenditure. States are at the forefront in handling the pandemic and will also need more resources.

Yet another increase in government borrowing might become inevitable. Although deficit expansion may be unavoidable, it will still have longerterm consequences. The bond market is anyway struggling to finance the general government deficit and is demanding higher compensation.

Another increase in government borrowing on an existing large base would further complicate market realities. The Reserve Bank of India (RBI) is trying hard to keep “ bond vigilantes” in check. But the risk is that it might end up doing too much.

The RBI has started a new programme called the “ Gsec acquisition programme”, mainly to manage market interest rates. It will now commit upfront to buy a certain amount of government securities from the market. The market did react positively for some time but soon reverted to reality.

The market is more worried about the supply of bonds and the inflation outlook. The inflation rate in March inched up to 5.5 per cent. Disruption in supply chains can push it up further as happened in 2020.

Higher global commodity prices are also a risk. In terms of policy management, it´s important to recognise that the central bank´s excessive focus on yield management by flooding the system with liquidity could lead to sustained higher inflation in the medium term.

As the International Monetary Fund in its latest World Economic Outlook, noted: “...if monetary policy is used primarily to keep government borrowing costs low (or is widely perceived as doing so) at the expense of ensuring price stability, inflation expectations and inflation could, in principle, increase rapidly." The RBI should avoid such an outcome.

This would also undermine its own hardwon feat of attaining price stability over the last few years. Higher public debt and budget deficits, along with higher inflation, will also affect the currency and increase financial stability risks.

Rapid economic recovery in the US has anyway started pulling capital out of emerging market economies. The Indian rupee has depreciated by about 3 per cent this month. Although India has a large foreign exchange reserve, it should not prompt policymakers to take excessive risks.

Further, with rising Covid cases and restriction on activity, India may also not be able to capitalise on global economic and trade recovery.

The economic outlook will only improve once the Covid caseload begins to decline. Thankfully, the cloud of uncertainty has a silver lining.

Unlike last year, it´s possible to conclusively contain the pandemic. Therefore, the policy priority should be to curb the damage till a critical mass is vaccinated.

Source: business-standard.com – Apr 23, 2021

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UK-India full trade deal is in sight: London think tank

A free trade agreement between the UK and India "is very much a possibility", according to a new briefing paper by London think tank Institute of Economic Affairs (IEA) published ahead of the virtual call between PMs Narendra Modi and Boris Johnson on Monday.

The paper, authored by Indian-origin IEA academic fellow Shanker Singham, who served as trade adviser to the US government and is a member of the Bretton Woods Committee, also states that the UK and India are set to announce an enhanced trade partnership (ETP).

He said that whilst a trade deal would lead to a substantial increase in bilateral trade flows, it would have an even more significant role to play in terms of the geo-strategic dimension as India could be brought into an alignment of nations, including the US, UK and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) members, as a bulwark against the threat from China.

"China's threat is in large measure based on its network of anti-competitive market distortions, its state-owned enterprises and the projection of its market distorting practices on the rest of the world. The India-UK relationship could play a significant role in the containment of these practices," it states. "The potential for the UK to use the ETP, and even the launch of FTA negotiations to lock the Indian government into a broader coalition of willing partners could be a game-changer for the Indo-Pacific region."

The UK, India and the existing CPTPP countries constitute around half of the global economy.

"Many countries have sought to do a trade deal with India, but these have proved notoriously difficult to close. It is possible that the UK has the key to unlock the Indian puzzle," Singham writes.

He states an FTA would have commercial benefits to both countries. The UK would like to see Scotch whisky tariffs reduced and greater access for UK financial, legal and professional services in India. India wants the UK to be more accommodating of business and student visas, in particular for IT executives. If the UK lowers its tariff schedule further below the EU's

Common External Tariff and diverges from EU bans on products, then Indian agriculture could substantially benefit too, it adds.

But the report warns that FTAs are "irrelevant if the rule of law and contracts are flouted, or if anticompetitive market distortions are the order of the day".

Citing the cases of Vodafone, Cairn Energy and Devas Multimedia Pvt Ltd, the report raises concerns that the Indian government is "systematically breaking bilateral investment treaties (BITs), ignoring court and arbitration rulings, cancelling contracts, expropriating private property and using state institutions to prosecute the very parties whose rights they should be protecting".

Singham urges Johnson in his talks with Modi to push the Indian government to recognise and respect its existing commitments under bilateral investment treaties.

"Future British investors in India will expect the Indian government to abide by the BIT, including arbitration judgments. If this cannot be certain, then why would any investor feel confident about the provisions of a future FTA?" the report asks.

Source: timesofindia.indiatimes.com– Apr 22, 2021

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RBI loan moratorium of little help for MSMEs as business recovery to repay remained low, say experts

The six-month (March-August 2020) moratorium on term loans announced by the Reserve Bank of India helped MSMEs briefly survive Covid amid disruption in income but the reprieve fell short in addressing their recovery concern amid the demand slump.

Now battling the second Covid wave, MSMEs are hoping for stronger working capital handholding and for a longer period to stay afloat. However, banks and credit rating agencies had last year suggested the RBI that extending the moratorium period would risk more non-performing assets in the ecosystem.

"At least 30 per cent MSMEs had availed moratorium benefit. However, businesses still don't have money to repay the debt. The moratorium was the oxygen mask for survival not the betterment of MSMEs. It only postponed the suffering as MSMEs still have to pay the amount with interest burden. The mask was removed in August by RBI without being sure about the Covid situation," KE Raghunathan, Convenor and Spokesperson, Consortium of Indian Associations (CIA) told Financial Express Online. The MSME body CIA represents over 30 trade associations in India.

Bengaluru-based former president of Federation of Karnataka Chambers of Commerce and Industry and chairman of diesel genset and pumpset maker DPK Engineers S Sampathraman seeks another moratorium amid fall in demand. "We availed moratorium as cash flow was affected. The loans we took helped us treat our fixed overhead costs and not towards improving the business. Demand-side is the problem.

Until demand improves, businesses cannot improve in the current situation. For repayment of the loan, I don't have enough money as there are no buyers as of now. There has to be an additional flow of loans from the government without any conditions unlike in ECLGS. Another round of moratorium is needed since there is no money to repay. It is a dire necessity," Sampathraman told Financial Express Online.

Raghunathan urged the government and RBI for an immediate rollout of MSME-focused stimulus to arrest the decline in their current situation amid the second wave. While the impact of existing lockdown restrictions would be ascertained in near future, the impact of Covid and following lockdown last year on MSMEs in terms of the number of units that shutdown was also not certain. According to MSME Minister Nitin Gadkari, while the MSME sector suffered Covid impact, "however, as MSMEs are there in both formal and informal sector, data regarding temporary or permanent closure of the units are not maintained by the Government of India in Ministry of Micro, Small and Medium Enterprises (MSME)."

The minister had said in a written reply to a question in the Rajya Sabha earlier this year. However, according to a study undertaken by Khadi and Village Industries Commission (KVIC) to assess the impact of the pandemic on the micro-units set up under the Prime Minister's Employment Generation Programme (PMEGP), 88 per cent of the PMEGP beneficiaries reported that they were negatively affected.

"If the current Covid situation extends for the next 30 days, minimum 45 per cent MSMEs will be dead. Already 30 per cent MSMEs are shut due to the first wave in the country. Last year, the government performed surgery on MSMEs without any sedation. This time before the lockdown, there should be sedation of moratorium, capital support to MSMEs who have lost revenue, postponing all payment collection like GST, PF, ESI, etc., by six months so that whatever money MSMEs have can be used for this emergency situation," said Raghunathan.

Lenders too are keeping an eye on the impact of Covid 2.0 on MSMEs to ascertain the subsequent stress they are likely to witness in the segment. "Actual stress would be gauge through the payment behaviour only. The current behaviour is not truly reflective of what actually MSMEs are going through. The second wave is bringing completely unexpected disruption to MSMEs. While MSMEs were yet to fully recover post moratorium through the storm of the first wave, they are now met with a tornado," Arup Kumar, General Manager, SIDBI told Financial Express Online.

The RBI had last year allowed a debt restructuring scheme for stressed MSMEs, which were in default but 'standard' as on January 1, 2020, till March 31, 2021. According to a PTI report, the representative body for NBFCs in India Finance Industry Development Council has requested RBI to extend the one-time restructuring scheme for MSMEs till March 31, 2022, as these enterprises haven't been able to revive their businesses.

"When the moratorium was offered, there was no MSME activity happening. For MSMEs to repay, their operations were necessary which wasn't there. The government had offered ECLGS and the restructuring scheme that had taken care of whatever stress was there. However, now with the second wave, it is difficult to ascertain the level of impact on banks and other lenders. But moratorium destroyed the credit culture as it affects the discipline of payment. It gives license for non-payments," said Kumar.

In July last year, Financial Express had reported that HDFC Chairman Deepak Parekh had urged RBI to avoid moratorium extension on loan repayments beyond August 2020 as borrowers who could service their loans were deferring payments. "Please do not extend the moratorium because we see that even people who have the ability to pay – whether it is individuals or corporates – are taking advantage under this moratorium and deferring payment…There is some talk that there will be another extension of three months. It's going to hurt us, and hurt the smaller NBFCs particularly," Parekh said at industry body CII's council meeting.

Source: financialexpress.com– Apr 22, 2021

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Goyal calls upon exporters to reach $400 bn merchandise exports this fiscal

Commerce and Industry Minister Piyush Goyal on Tuesday called upon the exporters' community to strive to attain ambitious growth of more than 25 per cent to reach $400 billion merchandise exports in the current year.

While interacting with various Export Promotion Councils (EPCs), Goyal said that several sectors have large export potential, which needs to be identified and harnessed.

He called upon the "Exporters to strive to attain ambitious growth of more than 25 per cent to reach $400 billion merchandise exports during the current year".

In 2020-21, the country's exports declined by 7 per cent to about $290 billion despite disruptions, uncertainty, lockdowns, supply chain difficulties, labour issues, and order cancellations in the Covid year.

"In the first two weeks of this month also, the performance has been very good," he added while assuring all support to exporters.

Source: economictimes.com– Apr 22, 2021

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Textile mills in Ichalkarani go silent as workers leave

The mills in the textile hub of Ichalkaranji, often known as the Manchester of Maharashtra, are seeing a drop in work as migrant workers head back home amid the rise in Covid-19 cases and the stringent restrictions in place.

The traders from other states are also hesitant to place orders here due to the increasing number of Covid cases in Maharashtra.

Satish Koshti, the president of the district power loom association, said that Ichalkarani has a large number of migrant workers working in around 13,000 small and big power loom factories.

“The textile industry here was recovering after the huge set back last year. But the fear of lockdown and rise in Covid cases is driving migrant workers back. The industries, which stay largely dependent on migrant workers, have been badly affected again,” he said.

The strict lockdown last year and reduction in orders had severely hit the textile hub. Currently, only the looms with export orders are functioning up to 50%, while the domestic supply is stopped.

Ashutosh Hupare, a textile loom owner, said, “If the migrant workers leave they won’t return soon and without them, the mills can’t function. So I have decided to provide food and shelter along with some advance payment to the migrant workers in my factory. But still few are insisting on returning home in fear of lockdown.”

Harsh Shah, a textile trader said, “With the yarn cost fluctuating, the owners are hesitant to place an order as after purchase if the yarn cost goes further down it will be difficult to recover the amount.”

He added that due to this the dealers from other textile producing cities like Surat, Mumbai, Bhiwandi, Delhi, Meerut and Kanpur are not placing any new orders. A few of them have cancelled their orders due to rise in Covid cases.

Last year’s traumatic experience still haunts the workers. Maan Singh, a migrant worker said, “Last year, we faced several difficulties to reach our home towns and hence we are returning to avoid the same. The market is slow and the Covid cases are continuously rising. So, it is better for us to return home and stay with our families.

Ichalkaranji is famous for its grey cloth production after which the unprocessed cloth is sent to Surat, Mumbai, Bhiwandi and Delhi for further processing. The city with the presence of powerloom, air-jet, knitting and handloom also exports fabric across the world.

Source: timesofindia.indiatimes.com– Apr 23, 2021

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Cotton futures up 0.5% to Rs 21,200 per bale on lower global stocks

Cotton futures were trading higher at Rs 21,200 per bale on April 22 as participants increased their long positions as seen from open interest. The agri commodity traded in the positive territory after a gap-up start in the evening session.

The soft commodity has been trading higher than 100 and 200 days' moving averages but lower than 5, 20 and 50 days' moving average on the daily chart. The Relative Strength Index (RSI) is at 44.76, which indicates weak momentum in prices.

“Though short term gains could be seen in ICE Cotton, proliferating COVID cases in Asian countries may drag cotton in coming sessions. If ICE Cotton sustains above 86 today, more gains could be expected”, said Mohit Vyas, Analyst at Kotak Securities.

Abhijeet Banerjee, Senior Research Analyst-Agri Research, Religare Broking Ltd said, “Cotton complex markets had registered impressive gains in last few sessions. Under a bullish price scenario, the April month's USDA report has added fuel to the market from buyers' perspective. World cotton production is forecast at 113.0 million bales in 2020/21, the smallest in 4 years and the result of lower harvested area. million bales, equivalent to 22 percent of total usage."

Meanwhile, world cotton stocks (93.5 million bales) are forecast lower in 2020/21, bolstering this season's cotton price expectations.

The global stock reduction is supportive of cotton prices, particularly in an expanding global economy with rising world cotton mill use, he said.

Cotton arrivals across the country in the first half of April plunged below 31,500 tons, down by 70 percent month-on-month. Arrivals are still better than last year when a complete lockdown around the nation brought the arrivals near 3,000 tons, as per Agmarknet data.

MCX April Cotton trades at a discount of 18 percent from Cotlook A price of 90.20 cents as on Tuesday.

In the futures market, cotton for April delivery touched an intraday high of Rs 21,280 and an intraday low of Rs 21,180 per bale on the MCX. So far in the current series, the commodity has touched a low of Rs 20,340 and a high of Rs 22,760.

Cotton futures for April delivery jumped by Rs 110, or 0.52 percent, to Rs 21,200 per bale at 19:38 hours IST on a business turnover of 3,324 lots. The same for May contract gained Rs 90, or 0.42 percent at Rs 21,520 per bale with a business volume of 6,016 lots.

The value of April and May's contracts traded so far is Rs 70.77 crore and Rs 63.39 crore, respectively.

At 14:10 (GMT), US Cotton futures were slightly up 0.06 percent at 86.28 cents/pound on Intercontinental Exchange (ICE).

Source: moneycontrol.com– Apr 22, 2021

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Madhya Pradesh: Textile units stare at losses as curbs affect production

Homegrown textile industries driving high on overseas demand since September last year have started losing business due to loss in production and delay in shipping consignments owing to shortage of manpower.

The second Covid wave has affected the availability of workers in factories, creating shortage and disrupting production activities that industry players feel may worsen in the future looking at the daily spike in cases.

Textile units claim to have received export orders for another four to six months but shortage of manpower has slowed down production and dispatch of goods on scheduled time. The United States and United Kingdom are the major export markets for Indian made garments and textiles.

H S Jha, who heads the human resource department at a textile industry in Pithampur said, "Though industries are exempted from the lockdown restrictions but the pace of infection has gripped a lot of the workforce and this has hit our production efficiency.

We are not able to meet targets due to loss in production and simultaneous delay in shipping orders." He said his company has been operating with just 30% manpower.

Growing concerns over health and fear of catching the infection has led many workers to flee urban hubs. According to Indian National Trade Union Congress (INTUC), over 3,000 workers from Pithampur left for their villages in the last 10 days.

Source: timesofindia.indiatimes.com– Apr 22, 2021

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Industries manufacturing essential goods exempted from Covid restrictions

Industries manufacturing essential commodities and continuous process industries have been exempted from the night curfew and Sunday lockdown

Industries manufacturing essential commodities

Manufacturing units of drugs, pharmaceuticals, sanitation materials oxygen, medical devices, medical textiles, their raw material components and intermediates; food related or food processing industries including food for poultry, pets and animal husbandry; units engaged in production of agricultural inputs including fertilisers, agricultural machinery and components

Under the continuous process industries- these are excluded

Refineries, large steel plants, cement plants, continuous process chemical industries including paints; sugar mills; fertilizers; float glass plants; large foundries with continuous process; tyre manufacturing plants; large paper mills; electronics industries using surface mount technology, including mobile phones and consumer electronic products; automobile manufacturing units that have large foundries, paint shops or other continuous processes and vertically integrated large textile units

The GO has also exempted export and their vendor units

Manufacturing units that supply components or equipment for the defence sector; manufacturing units of automobiles and components and units producing packaging materials

Relaxations are also permitted for these units

Telecommunications, night shift operations of IT/ITES companies workforce to operate from the office; maintenance and operations of data centres and other critical IT infrastructure to support back end operations of medical, financial, transport and other critical services; warehousing activities and industries providing maintenance for the purpose of fire safety, machine safety and worker safety will be permitted

Source: newindianexpress.com– Apr 21, 2021

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No exodus of migrant workers from TN as industries, State govt offer 'comfort'

Unlike other States, key industrial clusters in Tamil Nadu are not seeing any migrant exodus this time. Most migrant workers, it appears, have chosen to stay back.

Unlike the first wave last year, also there is no complete shutdown of business activity, inter-State transport is still allowed, and there are no visuals of migrant workers deserting cities and industrial belts and trudging home with family members.

"Majority of the migrant workers in the organised sector are not leaving. Companies and managements are having a clear communication at the floor level to give migrant workers the comfort.

Meetings are held alternate days to bring about a positive mindset. We are not witnessing any panic like last time in our industries," said Prabhu Damodharan, Convenor of Coimbatore-based Indian Texpreneurs Federation.

Migrants also realise the advantages of staying back for their safety and continuation of income flow. After May 1, industries also plan to vaccinate the migrant workers.

"To my knowledge, industries in Chennai have not faced migrant labour exodus issues so far this time. Workers have also understood the benefit of staying back as employers have assured them salary, stay, food and necessary support. Returning to their villages will serve no purpose with no income assurance," said K Srikanth, Convenor, MSME Panel (Tamil Nadu), CII, and CEO, Alfa Rubber Springs (P) Ltd.

Also, most industrial units pay the full salary without any cuts and there is also over-time salary when shifts are added. So, it's highly beneficial and remunerative for migrant workers to stay back.

"Places like Ambattur Industrial Estate (in Chennai) and surrounding areas have a huge migrant population employed as helpers, shop-floor workers, etc. I happened to meet them a few days ago and gathered that a small percentage of people left for their home-towns. But there is no mass exodus like last time," said KP Gopal, Director, Stuser Tools Pvt Ltd.

The industry feels that the State government's support and policymakers' assurance of avoiding a complete lockdown played a big role in continuation of activities.

"Our approach has been that the industry functions during this time and I believe that signal has helped the migrants understand that there won't be a complete lockdown and suspension of economic activity," said Neeraj Mittal, MD & CEO of Guidance Tamil Nadu.

Source: thehindubusinessline.com– Apr 22, 2021

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