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INTERNATIONAL NEWS

China's cotton exports under scanner as US looks to diversify sourcing

International cotton trade is becoming more complicated for China with the US keeping a close watch on its exports. The CCF Group reports, these days China's cotton exports are being closely monitored by the US for their purchase invoice, certificate of origin and declaration of noncompulsory labor importers. The value of China's cotton textiles and apparels exports to the US was already declining before COVID-19. The pandemic in 2020 soured this value further. Now, the US' sanctions against Xinjiang are expected to compound the crisis.

US' moves to other sourcing destinations

With imports worth $45-47 billion, the US has been one of the major importers of Chinese cotton textiles and apparels every year. In 2020 however, the country drastically declined its cotton imports from China and moved to other sourcing destinations such as India, ASEAN, Pakistan and Bangladesh. Currently, exports from these countries account for over 80 per cent of US cotton textile and apparel imports.

The US has also banned import of cotton fabrics containing Xinjiang cotton. This may not only affect China's exports but also those of Bangladesh and ASEAN countries such as Vietnam, Cambodia and Indonesia as these do not have a complete textile and apparel industry chain. They are highly dependent on intermediate links and feedstock imports, of which China is a major source.

Exports to RCEP members grow

In the first quarter of this financial year, China's trade with other 14 RCEP member countries grew by 22.9 per cent year-on-year to 2.67 trillion yuan. It accounted for 31.5 per cent of its total foreign trade value. China's exports during the quarter grew by 27.5 per cent to 1.25 trillion yuan while imports grew 19 per cent to 1.42 trillion yuan.

Its trade with ASEAN, Japan and South Korea increased by 26.1 per cent, 20.8 per cent and 19.5 per cent respectively. Of these, export of textiles and apparel increased by 27.9 per cent while those of mechanical and electrical products grew by 28.7 per cent to 659.85 billion yuan.

Source: fashionatingworld.com – May 11, 2021

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China firms need to set world cotton standards and prices

More efforts are needed for China to have a far greater say in the cotton textile industry and participate more in setting prices and formulating standards, according to experts.

A recent report by Qianzhan Industry Research Institute said the economic shocks of order cancellations and reduced demand for new garments have severely impacted the textile and apparel industry during the coronavirus-stricken 2020.

“The top priority is to reduce inventories and make a medium to long-term sustainable development plan, ” the report said.

In addition to exporting a large number of masks, protective clothing and garments to the global market since the second quarter of last year, many Chinese garment manufacturers have also borne the pressure of growing labour, material and shipping costs as they have increased their output, said Sun Ruizhe, president of the China National Textile and Apparel Council.

“China’s garment companies always contribute to the improvement of trade order through working with all parties and supporting the enhancement of international economic and trade rules and trade facilitation, ” Sun said.

“As it is unlikely that the pandemic will be fully contained over the short-term, new trade models such as e-commerce and artificial intelligence-empowered online transactions will become more effective for both China and the world’s garment businesses, further enriching and upgrading their industrial and supply chains.”

To mitigate potential risks caused by external factors, China’s garment industry needs to participate more in future standards setting and hold cultural events to introduce their products on the international stage, as well as bring in advanced technological solutions, industrial practice theories and aesthetic value orientation, Sun added.

“Even though they don’t produce many garments, developed countries have long-dominated international technical standards. Therefore, the formulation of a new generation of standards based on information technologies, and vigorously promoting the standardisation of technology, have become tools for developed countries to dominate the sector, ” Sun said.

Sun’s views are echoed by Cheng Zhiwei, a researcher of foreign trade at Jilin Academy of Social Sciences, who said Chinese companies should actively participate in the formulation of global standards and technical regulations as well as jointly establish an international standardisation organisation with China as an important member in the coming years.

Cheng added that it is also necessary for domestic players to speed up the development of key technical standards to promote the international development of China’s technology, products, engineering advantages and services.

According to a new report from Qianzhan Industry Research Institute, the textile and apparel market will continue to grow steadily with the ongoing gradual economic recovery and production resumption.

Under the 14th Five-Year Plan (2021-25) and the new dual-circulation development pattern, China will continue to foster high-quality development in the textile and apparel industry, with a key focus on boosting innovation and optimising its industrial system.

Source: thestar.com.my– May 12, 2021

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Denim industry adapts itself to changing demands in 2021

In 2020, growing preference for comfortable and stretchy clothing hit the global denim industry hard compelling brands like G-Star Raw and True Religion to file for bankruptcy. However, the industry soon bounced back by adapting itself to new changes. It geared itself to offer comfortable, stylish and sustainable denim products, reports Fashion Capital.

Emerging denim trends

In contrast to the traditional black and blue, denims are now available in grey shades also. The Pantone Color Institute launched a new range of grey denims that offer a vintage look. Brands are also moving away from tight, constricting styles to loose, soft silhouette. Dior and Gucci launched wide-leg denim trousers, kimono jackets, trench coats, puff sleeve tops, workwear and practical multi-pocket separates in pale blue, white and grey colors.

One of the most popular denim trends is patchwork style made from recycled or deadstock materials. Marianne Gallagher McDonald, Creative Director, Citizens of Humanity, a US-based denim brand, expects this trend to become a common feature as the industry looks to reduce consumption of natural resources and create a more just and equitable world.

Rise of the 'sustainable' denim

Denim mills, suppliers and brands across the world are looking to outstep each other in sustainability game. For example, Pakistani-based denim mill, Artistic Milliners has launched a capsule collection called 'Reflection' made from eight new fabrics. The fabrics are made from a combination of Lenzing's Tencel™ X Refibra™ Modal Indigo Color Technology and the company's inbuilt S3 Yarn Technology.

Austria-based Lenzing has launched Tencel™ branded modal fiber with indigo color technology that incorporates indigo pigment directly into Tencel™ branded modal fibers.

The pigment is incorporated using a one-step spun-dyeing process, and delivers superior color fastness using fewer resources. Lenzing promotes this technology in partnership with supply chain partners including Cone Denim"

To minimize waste and take the industry towards a circular model, denim players are also adhering to Making Fashion Circular-The Jeans Redesign guidelines. Over 60 leading brands, manufacturers, and fabric mills, including Boyish Jeans, Denim Expert and Cone Denim Mills are using these guidelines to launch sustainable jeans.

The guidelines encourage brands to use their denim products for a longer period, and recycle using natural chemicals and production processes. The guidelines have attracted reputed denim brands indicating the industry's growing shift to sustainability.

Source: fashionatingworld.com– May 11, 2021

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China's cotton imports decline 3 per cent in March 2021

In March 2021, China's cotton imports recorded a 3 per cent M-o-M decline to reach 280,000 ton, reveal Custom Statistics. However, on a Y-o-Y basis, China's cotton imported grew by 40 per cent. As per China Textiles, since 2020-21, China's cotton imports have increased by 90 per cent Y-o-Y to reach 1.94 million tonne of cotton. Most of these imports were from Brazil, India and West Africa, while cotton imports from Central Asia declined significantly.

China's cotton import base was relatively low due to the pandemic in the first half of 2020 and its cotton consumption recovered rapidly due to the large-scale vaccination. However, in the first quarter of 2021, China imported 970,000 tons of cotton in the first quarter of 2021, with a year-on-year increase of only 59 per cent. Since 2020, China has been actively purchasing cotton from the US. However, due to the outbreak, it's processing, delivery and transportation of some US cotton contracts have been delayed.

Chinese cotton spinning enterprises and traders have concentrated most of their deliveries from September 2020 to February 2021. In October 2020, the state issued an additional 400,000 tonne of processing trade sliding scale duty import quota, which can be extended to the end of February 2021. Its 1 per cent tariff quota in 2020 of some textile enterprises was concentrated between October 2020 to February 2021, and the quota is relatively sufficient, the cotton price is attractive, and the downstream domestic and foreign sales orders increase, which lead to the increase of foreign cotton imports;

Xinjiang cotton restrictions have caused some export-oriented enterprises and processing agents to increase the signing and purchasing of foreign cotton and yarn in order to avoid the risk of performance.

Source: fashionatingworld.com – May 11, 2021

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China, Korea to lead Asia Pacific's recovery in luxury sector

A new Euromonitor International report predicts China and Korea will lead the Asia Pacific's recovery of luxury sales. The agency predicts sales in these two countries will hit pre-pandemic levels by late 2021.

Of the two, China will account for 41 per cent personal luxury sales in the region by 2025. Hong Kong's luxury market has been hard hit by a combination of COVID-19, political unrest and a lack of mainland Chinese tourists, reveals the Luxury Goods 2021.

Hong Kong's personal luxury market contracted to $6.8 billion down from $11.7 billion between 2019 and 2020. On the other hand, Taiwan's luxury market grew from $7.2 billion to $7.5 billion, reports Business of Fashion.

Only affluent shoppers in Mainland China along with Taiwanese consumers could enjoy income growth during the year. China also emerged as Asia Pacific's leading personal luxury market during the year, outpacing Japan. By 2025, China's luxury sales are expected to increase by 10 per cent CAGR to account for 40 per cent of the global sector.

Source: fashionatingworld.com– May 11, 2021

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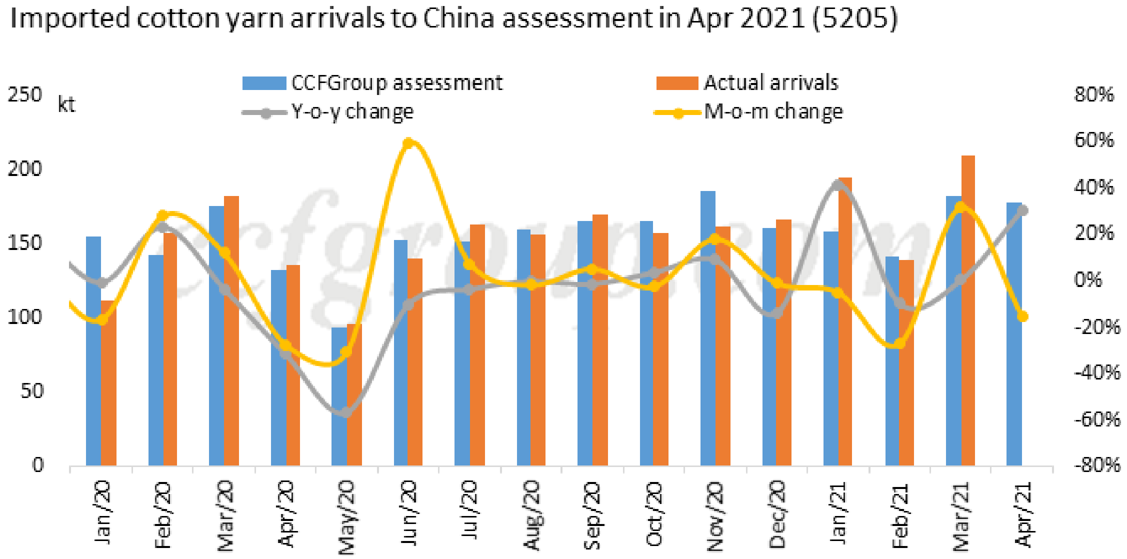
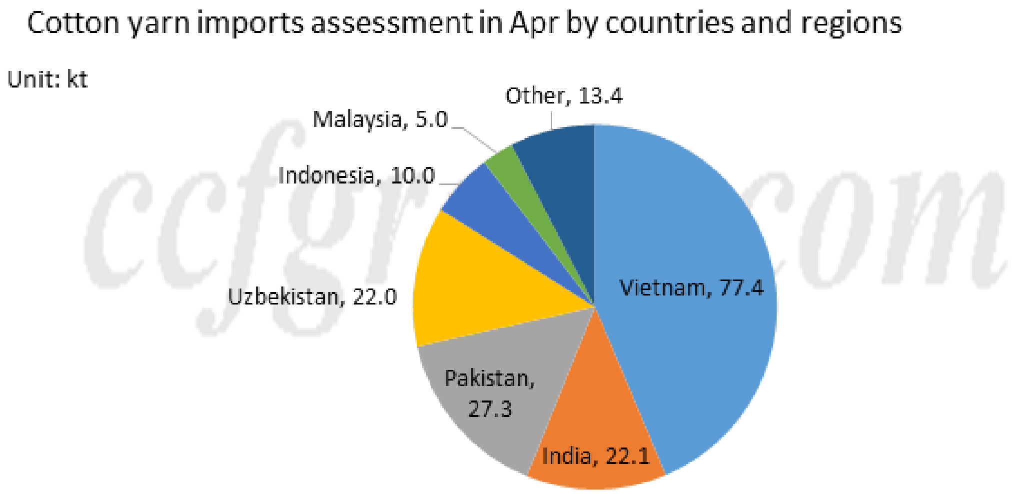
China: Apr'21 cotton yarn imports may move down 15.4% m-o-m to 177kt

1. Imported cotton yarn arrivals to China assessment

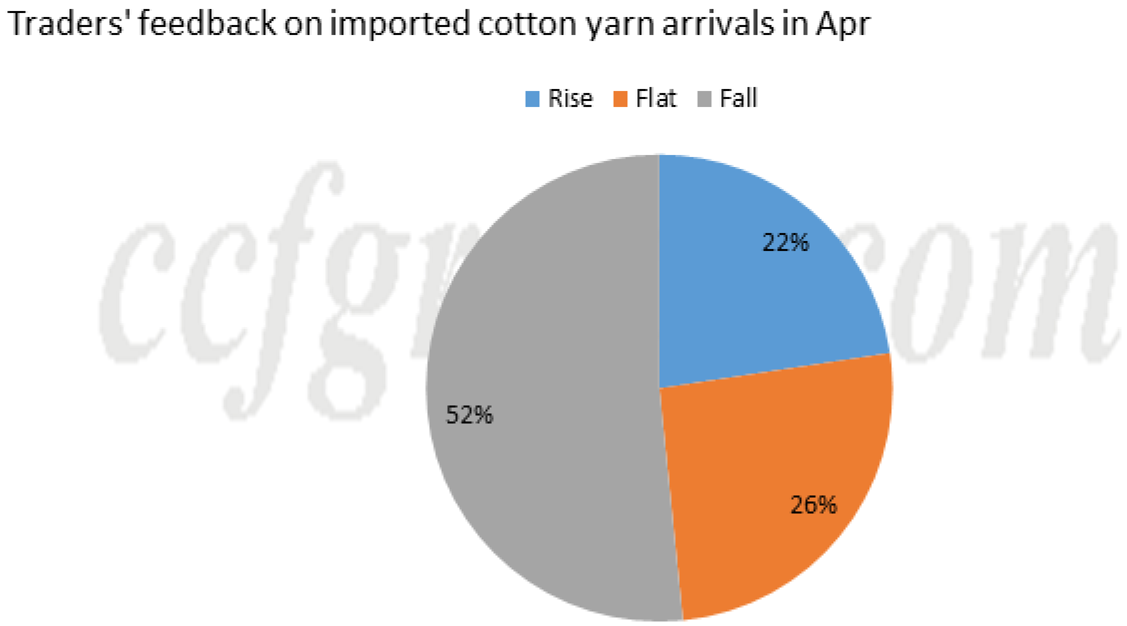


Cotton yarn imports of China in Mar reached 209.4kt, up 15.1% on the year and 51% on the month. It amounted 543kt cumulatively in the first quarter, up 20.5%, and Mar imports contributed the most. The imports in Apr is estimated lower than that in Apr, but higher than that in Feb. It is initially assessed at 177kt, up 30.5% on the year and down 15.4% on the month.



According to foreign shipment data in Mar, cotton yarn imports of China from Vietnam in Apr is estimated at 77kt; from Pakistan 27kt, from India 22kt, from Uzbekistan 22kt, from Indonesia 10kt, from Malaysia 5kt, and from other regions and countries 13kt.

2. Traders' reflection



Note: Over 30 enterprises are surveyed, covering over 50% of cotton yarn imports.

Major traders and L/C issuing companies expected that Apr arrivals will be lower.

3. Imported yarn stocks and supply and demand outlook in May

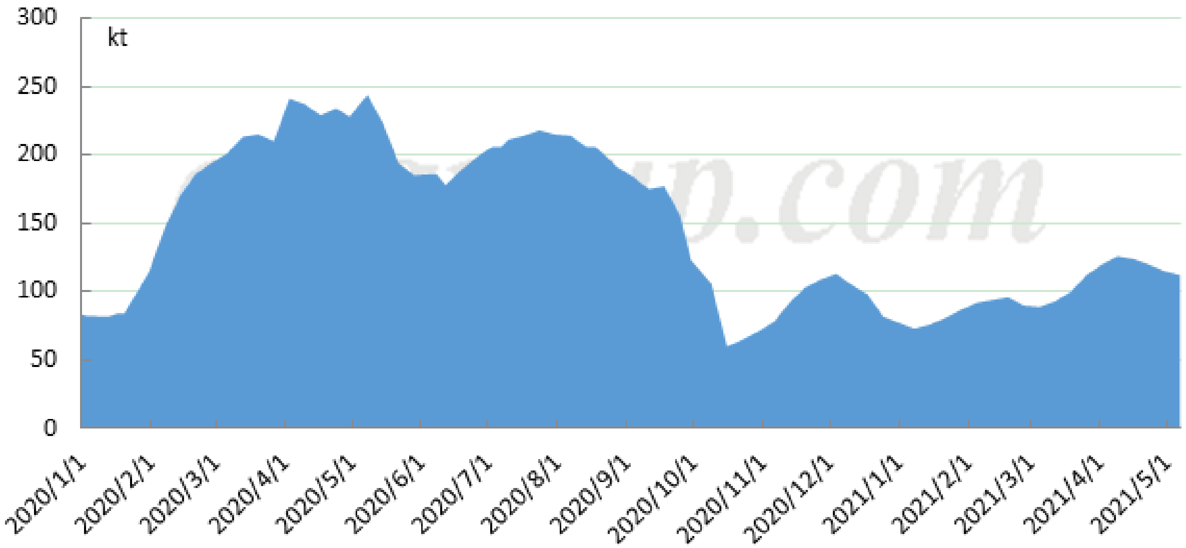
After intensive arrival of imported cotton yarn in Mar, Apr arrivals are likely to decline. It is mainly due to less orders in Feb-Mar, and previously delayed cargos having arrived in Mar.

The stocks of imported cotton yarn in early Apr showed uptrend and gradually declined in mid- to late Apr under reduced arrivals and better sales. The offers of imported cotton yarn increased in mid- to late Mar and the traded price followed up gradually.

Low prices of siro-spun cotton yarn disappeared gradually and prevailing price moved up, and ring-spun one showed the same trend. Open-end one was worse than others.

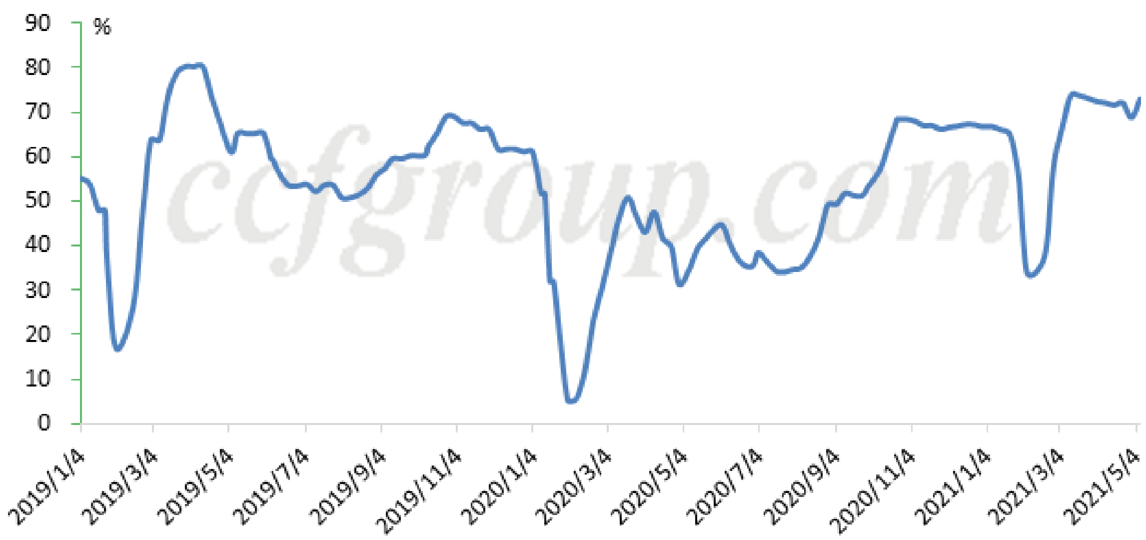
Downstream demand for imported cotton yarn improved in Apr. Jiangsu and Zhejiang markets performed better than Guangdong. The operating rate of downstream weavers using imported cotton yarn experienced rise, fall and rise successively. By end-Apr, it reached 68.8%. From May Day to date, Guangdong market has recovered quickly.

Imported cotton yarn stocks in China



In terms of different regions, in Lanxi, weavers ran at high rate and their inventory was also high. The sales quickened after May Day holiday. In Foshan of Guangdong, the operating rate was low in Apr, and it rose slightly after May Day holiday as the orders increased gradually. In Nantong, the operating rate improved as home textile market turned better.

Comprehensive operating rate of fabric mills in China

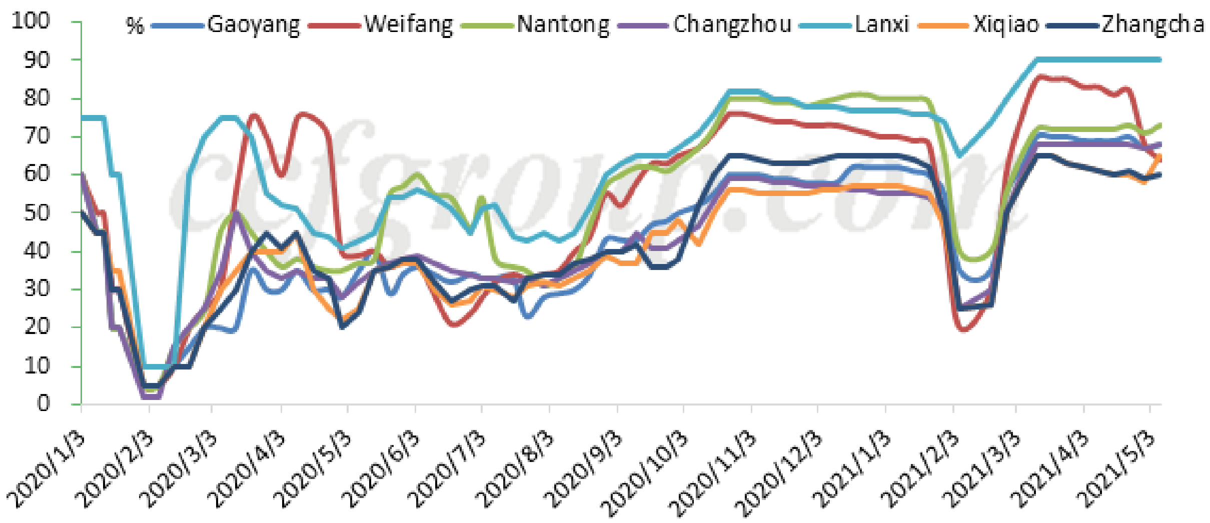


In Weifang, small and medium-sized weavers suffered losses due to lack of orders and they did not operate actively. On the whole, comprehensive operating rate of weavers moved up slightly as weavers ran at high rate in

Guangdong, Nantong and Gaoyang, except that in Weifang has not recovered to pre-holiday level.

As things stand, Apr arrivals are likely to reduce compared with Mar ones. How about May arrivals? In terms of ordering time, the cargos to arrive in May were mainly ordered in Mar-Apr, though a small amount of Indian and Pakistani cotton yarn with end-May shipment was still sold in early May.

Operating rate of fabric mills in major cotton yarn consumption areas in China



On the other hand, the price of spot imported cotton yarn was in downtrend in Mar and lower than forward one, so the ordered quantity was less, and in Mar-Apr, there was short procurement opportunity for Indian and Vietnamese cotton yarn, but the procurement volume was small. As a consequence, May arrivals may decline further. In addition, the sharp appreciation of renminbi largely reduces settlement cost of imported cotton yarn and traders gain better profits.

Source: ccfgroup.com– May 11, 2021

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Denim apparel imports by US increase by 0.61% in FY21 Q1

Global blue denim apparel imports by the United States in the first quarter surpassed the same period in 2020 by 0.61 percent to a value of $701.84 million, according to data from the Commerce Department's Office of Textiles & Apparel (OTEXA)

As per Sourcing Journal, Mexico was the top sourcing spot in the first three months of the year, with shipments rising 4.75 percent to $145.48 million, according to OTEXA, while imports from Bangladesh increased 7.99 percent to $133.27 million.

Other winners among the major production countries were China, with imports up 5.96 percent to $71.95 million; Pakistan, with an increase of 8.86 percent to $68.4 million; Nicaragua, up 26.24 percent to $29.32 million, and Turkey, with a gain of 31.39 percent to $13.79 million.

The Western Hemisphere overall saw imports grow 4.73 percent to a value of $185.56 million in the period, which included a 14.08 percent from Central American Free Trade Agreement countries.

Shipments from Sub-Saharan Africa countries also increased, with an overall gain of 18.66 percent to 32.89 million, led by upticks from Ethiopia, Kenya and Tanzania.

For the 12 months through March, Bangladesh held a 20.35 percent market share, followed by Mexico at 16.95 percent, Vietnam at 12.74 percent, China at 11,97 percent and Pakistan at 9.17 percent.

Source: ccfgroup.com– May 11, 2021

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New Guidelines Address Organic Cotton Seed

The Organic Cotton Accelerator (OCA) has released the "Non-GM Cottonseed Production Guidelines," which provide the textile sector with a key tool for safeguarding the integrity of organic cotton at the seed level.

These guidelines aim to create a standardized industry approach for the production of non-genetically engineered (non-GM) seed marketed to organic cotton growers and ultimately improve the integrity of the entire organic cotton value chain from seed to shirt.

Led by OCA, these guidelines have been developed in consultation with sector experts and through field pilots at three Indian seed producers. They are now made available to producers of non-GM cottonseed who want to implement solid practices to monitor and prevent GMOs along their seed supply chain.

The guidelines are set to help the growing number of Indian organic smallholder farmers by increasing their access to non-GM seed and strengthening the integrity of organic cotton produced for brands and retailers.

OCA said the market demand for organic cotton is growing, which is why it is important to secure the availability of reliable non-GM seed, an essential requirement in organic farming. Organic regulations guarantee that organic producers take far-reaching steps to avoid GMO contamination from farmers to spinners and brands. However, in countries like India where GM cotton dominates the market, accidental GMO contamination at the seed level may incur, making it challenging to secure the basic characteristics of the seed required by organic farming regulations and jeopardizing the integrity of the broader organic cotton sector.

Responding to this critical need of the sector, OCA, through its Seed and Innovation Program, is focused on improving non-GM cottonseed availability as an essential first step in working toward setting up organic cottonseed value chains. By developing the Non-GM Cottonseed Production Guidelines, OCA wants to help seed producers monitor and prevent GMO presence in different contexts and countries, from early breeding stages up to the final production, processing and packaging of planting seed.

"Each Indian farm group has long been seeking its own remedy for one and the same challenge–procuring reliable non-GM seed for their farmers," Vivek Rawal, CEO and director at bioRe India, said. "By strengthening and validating seed producers' capacity to implement standard practices for preventing GMO presence in their cottonseed lots, OCA's Seed Assurance Program significantly reduces the risk of GMO contamination in seed lots marketed to farm groups and limits the need for repeated GMO sampling and testing by farm groups."

OCA's program officer, Mathilde Tournebize, said the organization has already started rolling out the implementation of the guidelines in India, starting with Partech Seeds.

"By verifying Partech's compliance to these guidelines using second-party verification audits at the end of 2021, they will be able to differentiate themselves in the marketplace, while their clients will feel more confident to source reliable non-GM seed to grow their organic cotton with," Tournebize said.

Partech Seeds has established a long-term partnership with OCA and is a leading partner invested in producing seed for the Indian organic cotton sector.

OCA is also rolling out the Non-GM Seed Assurance Program by partnering with seed producers and providing capacity building support on a need basis to implement these guidelines. OCA said it will hold an annual review of the framework to guarantee continuous improvement and the global implementation of these guidelines.

The OCA is a multi-stakeholder organization dedicated to organic cotton and committed to bringing integrity, supply security and measurable social and environmental impact to organic cotton. Since its establishment in 2016, with founding partners Laudes Foundation, H&M, Kering, Eileen Fisher, Textile Exchange, Tchibo, Inditex and C&A, OCA has been committed to convening the sector around a common agenda and using the platform's collective investments to act as a catalyst for change.

Source: sourcingjournal.com– May 11, 2021

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Fires Wreck Garment Factories in South Africa, Philippines, Pakistan

Fires that continue to plague the global garment industry lend credence to calls by labor advocates for an Accord for Fire and Building Safety that covers not just Bangladesh but all textile-producing countries.

One conflagration broke out at a multi-story textile factory in the city center of Durban in South Africa Monday, causing severe damage that spilled over to a nearby building, though firefighters were able to evacuate all occupants and extinguish the flames before they grew out of control, local media reported. Robert Mckenzie, a spokesman for KZN Emergency Medical Services, said there were no reported injuries and that the cause of the fire is as yet unknown.

Over in the Philippines, a garment facility in Golden Mile Business Park in the Cavite province of Carmona burst into flames Tuesday, sending fire trucks from Bacoor, General Mariano Alvarez, General Trias, Silang and Biñan, Laguna to help put out the blaze.

A witness told the Manila Bulletin that the fire started on the second floor of the building, where textiles were being stored. No casualties were reported. While the cause of the fire is still under investigation, the damage was estimated at 15 million Philippine pesos, or $313,500.

In Karachi in Pakistan two weeks ago, a fire that ripped through a garment factory in Orangi Town took seven fire tenders and six hours to extinguish. The only reported injuries belonged to one of the firefighters, who received burns on his hands while battling the flames. The cause of the fire is still unknown.

Earlier in April, a fire gutted a garment factory near Bilal Chowrangi in Karachi's Korangi Industrial Area. Firefighters said the two-story building's narrow windows and entry points impeded efforts, but the blaze was ultimately extinguished with six fire tenders and eight water tankers after five hours. One official told The Tribune that boilers and liquified petroleum gas cylinders found at the site could have caught fire, leading to the conflagration.

Labor groups have been lobbying for a global agreement, much like the one that was forged in Bangladesh after the 2013 collapse of Rana Plaza, that would hold brands and retailers legally accountable for remediating workplace hazards at their garment suppliers, no matter where they are in the world.

“Factory problems are not new to this industry and we don’t think that issues around safety should be put to the side right now,” Christina Hajagos Clausen, garment director at IndustriALL Global Union, an Accord signatory, told reporters at a briefing last month. ”Right now is the time to move forward with a global agreement that would be legally binding. It’s quite important for workers, globally, to be able to go to work safely. This is not something that should only be for one group of workers in one country.”

But even the original agreement is at risk of evaporating, labor advocates say. The original Accord, which expires at the end of the month, is in danger of rolling back the progress that made 1,600 of Bangladesh’s factories safer for nearly half of the country’s 4.1 million garment workers.

There also remains “unfinished business,” as the Clean Clothes Campaign, Global Labor Justice-International Labor Rights Forum, Maquila Solidarity Network and the Workers Rights Consortium wrote in a report late last month. While it is “well-established” that the Accord has been the most successful safety program in the modern history of the apparel industry, they said, deadly safety risks remain in a “substantial number” of factories producing for Accord signatory brands.

According to a review of the Accord’s publicly available data, at least 12 leading brands covered by the agreement, including Bestseller, C&A, H&M and Calvin Klein owner PVH Corp., are each sourcing from dozens of factories that have failed to install fire alarms, sprinkler systems and adequate emergency exits. All the brands, the report noted, are “fully aware” of the safety deficiencies at their factories in Bangladesh because they receive regular reports from the Accord.

H&M previously declined to discuss the matter in detail because negotiations over a new agreement are currently taking place. “We are now focused on securing the independence, resources and financing of this organization to secure workplace safety for all workers in Bangladesh,” Masarrat Quader, who is responsible for stakeholder and public affairs in Bangladesh, told Sourcing Journal in April. Bestseller, C&A and PVH Corp. did not immediately respond to requests for comment.

“It is important to recognize that, if the Accord agreement is not extended and expanded, the circumstances of factories with unresolved safety problems would get worse, not better,” the organizations said. Without the “robust oversight” of the Accord, factories and brands would no longer have the financial incentive that motivates and allows factories to protect and continue to improve workplace safety.

“Moreover, factory safety is a continuous process that requires ongoing monitoring and maintenance; termination of the Accord would swiftly lead to backsliding at factories where progress has been completed,” they added.

Labor advocates worry that not only will less effective voluntary initiatives replace the binding contract in Bangladesh, but that the “failure” of brands to extend and expand the Accord will also stymie progress in other garment-producing countries.

“Recent mass fatality disasters at garment factories in countries like Morocco and Egypt demonstrate that workers around the world continue to face life-threatening safety risks,” the report said. “Advocates in garment-producing countries like Pakistan have long called for the Accord to be expanded to cover factories producing for brands in countries beyond Bangladesh.”

Source: sourcingjournal.com– May 11, 2021

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Chinese textile company Challenge to train 2,000 workers in Pakistan

Challenge, a Chinese textile company based in Lahore, has signed an agreement with the government of Gilgit-Baltistan in Pakistan to train 2,000 workers from the region and provide employment to them in its factory. The signing ceremony recently held in Islamabad was attended by the representatives of the company and the Gilgit-Baltistan government.

The ceremony was also attended by businessman Qamar Bobi who played a role in bringing the Chinese investment in Pakistan, according to Pakistani media reports.

Speaking at the ceremony, Karen Chen, managing director, Challenge Group, said that the company will select 2,000 workers from Gilgit-Baltistan, train them and provide jobs in their textile establishments in Lahore. The workers will also get food and accommodation.

The textile unit will employ around 3,000 people in all.

Source: fibre2fashion.com – May 11, 2021

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Turkey's apparel and home textiles exports to grow exponentially in 2021

Turkey's apparel and home textiles exports are expected to record exponential growth in the upcoming period of 2021. As per China Textile, Turkey's exports to the US increased considerably last year. Exports to the UK also grew after post-Brexit trade agreement took effect this year.

Last year, Turkey's apparel and home textiles exports to the US increased more than 20 per cent year-on-year to cross the $10 billion-mark. The country mainly exported carpets, ready-to-wear and apparels.

Its exports of carpets increased by more than 30 percent over the previous year, while those of ready-to-wear and apparels climbed by more than 20 percent in 2020.

This year, Turkey's exports to the UK grew considerably from January-March 2021, according to the Turkish Exporters' Assembly TIM. Turkey plans to open foreign logistics centers in the target markets, especially in the US. This would further accelerate local exporters' access to markets and stimulate the exports.

The logistics centers opened abroad will work as a regional base for exporters, reduce the costs of market access and accelerate access to new markets.

Source: fashionatingworld.com – May 11, 2021

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Vietnam: VITAS to support sustainable development of the garment sector

Under the United Nations Development Goals, the Vietnam Textile and Apparel Association (VITAS) aims to support the garment sector's sustainable development and improve the standard of living of employees. The global fashion industry consumed 79 billion cubic metres of water, emitted 1,715 million tonne of CO2, and generated 92 million tonne of waste in 2015. The figures are forecast to grow by at least 50 percent by 2030.

Vu Duc Giang, President, VITAS opines, to achieve sustainable development and compete in the fashion industry's global supply chain, Vietnam should focus on quality, technology, productivity, delivery time, and transparency It should also minimize its energy and resource consumption and invest in advanced technologies to meet international standards on work and the environment, he adds.

Dr Do Quynh Chi, Director, Research Centre for Employment Relations (ERC), says, Vietnamese manufacturers should improve their production values and invest in compliance with international labor and environmental standards to build a long-term and direct relationship with fashion brands.

Manufacturers should establish links with peer producers to fully explore their strengths, adds Giang. She emphasizes the importance of developing policies that promote SMEs in terms of technology and management, enabling them to participate in sustainable development standards and move up global supply chains.

Source: fashionatingworld.com– May 11, 2021

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Bangladesh: HSBC rolls out digital payments solution for apparel sector

The Hongkong and Shanghai Banking Corporation has launched a digital payments solution for the apparel sector, which is the key and main currency earner of the country's exports with an around 85 per cent contribution.

The HSBC recently signed an agreement with Babylon Group in an effort to migrate the apparel manufacturer's payments onto the bank's online banking platform.

HSBCnet enables all kinds of local payments such as salaries, wages and vendor payments remotely and without any manual intervention.

The solution eliminates paper-based instructions typically required to process local payments, allowing clients to authorise transactions seamlessly – including via mobile application. It supports clients to achieve faster banking turnaround times, reduced costs and greater transparency across the payments cycle with robust security and audit trail features.

The HSBC has also extended remote printing facilities to Babylon Group, which will allow printing cheques from several office locations across Dhaka, Savar and Chattogram through a centrally managed Cheque Outsourcing Services.

Babylon Group can issue checks from wherever is most convenient, enabling same-day handover, without unnecessary physical movement and couriers under the solution, which would have otherwise taken up 3 to 4 days. "Our vision is to enable simple, fast and secure payments for our customers through our technology propositions," said Kevin Green, head of wholesale banking at HSBC Bangladesh.

"Digitalisation and the fast adoption of technologies continue to be critical for sectors that are vital, such as garments, the largest sector in Bangladesh," he said.

"HSBC is developing and deploying some of the industry's most advanced and innovative technology to make banking easier and more secure for our customers. We are committed to being a key part of our clients' digital transformation as their chosen transaction banking partner," he added.

"The arrangement has brought significant improvement in our payment management and helped worker payments to mobile financial services accounts on the same date of processing.

HSBC's cheque outsourcing services also helped us a lot for making supplier payments from different locations in a seamless manner that improved turnaround time during the pandemic," said Abdus Salam Sikder, director of Babylon Group.

Source: thedailystar.net– May 12, 2021

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Pakistan's cotton import bill surges to $1.84bn

Pakistan spent $1.838 billion on cotton imports during nine months of the current fiscal year (9MFY21) which is a 46% increase from $1.258bn recorded last year.

Pakistan's cotton import bill in FY19 was $1.65bn and the 9MFY21 lint imports has crossed the FY20 total cotton import bill of $1.704bn of last year.

There has also been a massive decline in cotton production from over 14 million bales in 2012 to 5.6m bales this year which has made things difficult for the textile industry who were looking forward to improving their performance.

According to brokers, the importers have booked 7m bales to import for the season that will probably last till September.

Total exports during 9MFY21 rose by just $212m to $10.411bn compared to $10.269bn in the same period of FY20.

Nasim Usman, Chairman of the Karachi Brokers Forum said that that data collected from private sector importers is estimated at around 7m bales. According to him, in the absence of local cotton stock, the total import by the end of the current fiscal may be around $2.5bn to $3bn.

Pakistan economy is primarily agricultural in character and cotton is the most significant industrial raw material that is produced by the country. However, lately Pakistan has slipped to being the fifth largest cotton producer in the world and the third largest cotton consumer. The country is unable to meet its cotton production targets and there is no one willing to take the blame.

Cotton production is a source of livelihood for 1.7 million farming families and acts as a raw material to the $12 billion export textile industry. Moreover, cotton picking is also the largest source of employment for the village women. It contributes 8.5 percent to Pakistan's GDP and is therefore extremely crucial for the economy.

It is pertinent to note that despite the gradual decline in cotton production since the past few years, PCCC which was constituted to help with the development, improvement and marketing and manufacturing of cotton has done nothing to help. Through an extensive research and development program, this committee was supposed to help replace the archaic technology that was responsible for the low levels of cotton production. However, it has remained ineffective till now.

When compared to its neighbor India- Pakistan's per acre yield is not even 25pc which is alarming.

However, china-Pakistan Economic Corridor (CPEC) Authority chairman Asim Bajwa recently disclosed that Pakistan is making efforts to produce cotton in Balochistan with China's support. The Chinese are interested in producing cotton in unused lands, he said.

The Punjab agriculture secretary also announced that cotton will be planted on 4 million acres in Sindh and till now sowing on 13pc area has been completed. He further said that the Punjab government was giving subsidy to farmers on cotton seed and fertilisers under its subsidy programme. The Punjab Seed Council has approved 15 new cotton varieties.

Source: globalvillagespace.com– May 10, 2021

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NATIONAL NEWS

Exporters raise high input costs, pending export refunds with Piyush Goyal

Commerce and industry minister Piyush Goyal on Tuesday said that India's merchandise exports can reach $400 billion in FY22 as there is a large potential for enhancing exports in several sectors like pharma, engineering, auto-component, fisheries and agro-products.

At a meeting with export promotion councils, issues related to high input costs due to rising prices of steel and plastics, release of pending refunds under export incentives and extension of interest subvention scheme for one year.

"He said that performance of exports in April 2021 and 2020-21 gives a hope that an ambitious target of $400 billion merchandise exports can be achieved this year," commerce and industry ministry said in a statement.

India's merchandise exports in April were $30.21 billion, an increase of 197.03% over $10.17 billion in the same period last year and an increase of 16.03% over $26.04 billion in April 2019.

Industry representatives who attended the meeting said that the minister also pushed for quick resolution of differences between the commerce department and the finance ministry over the Remission of Duties and Taxes on Exported Products (RoDTEP) whose rates are yet to be notified though the scheme was rolled out in January.

"Increasing raw material prices especially steel and plastics were an area of concern and the industry was asked to stay alert for any increases in input costs," said a representative of an export promotion council who attended the meeting.

As per another representative, high freight costs and persisting container shortages were other key issues taken up at the meeting.

"It was a stock taking meeting and the ministry pushed for early disbursement of benefits under the Service Export from India Scheme for 2019-20," the source said, adding that a fresh economic package could offer some incentives for the country's export sector.

The Federation of Indian Export Organisations has said that exporters have yet to receive tax refunds of around Rs 40,000 crore under the Merchandise Export from India Scheme as they were not allowed to file their claims under the scheme from April 2019 onwards.

Exporters also sought exports to be included in essential services amid the Covid-19 pandemic as localised lockdowns especially in Maharashtra would lead to factories remaining shut for the next fortnight.

Source: economictimes.com– May 11, 2021

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Moody's cuts India's growth forecast to 9.3 pc, risks of longer-term eco scarring

Moody's Investors Service on Tuesday slashed India's growth forecast for the current financial year to 9.3 per cent saying that the second wave of coronavirus infections hampers economic recovery and increases risk of longer-term scarring.

Moody's, which has a 'Baa3' rating on India with a negative outlook, said obstacles to economic growth, high debt and weak financial system contrain sovereign credit profile.

The US-based rating agency had in February forecast a 13.7 per cent economic growth for the current fiscal (April 2021-March 2022). As per official estimates, the Indian economy contracted 8 per cent in the previous fiscal ended March 2021.

"India is experiencing a severe second wave of coronavirus infections which will slow the near-term economic recovery and could weigh on longer-term growth dynamics.

"The surge of the virus, which has been driven by a highly contagious variant, has put significant strain on India's healthcare system with hospitals overrun and medical supplies in short supply," Moody's said.

Stating that the second wave of coronavirus infections hampers economic recovery and increases risk of longer-term scarring, Moody's said the reimposition of lockdown measures will curb economic activity and could dampen market and consumer sentiment.

However, it does not expect the impact to be as severe as during the first wave. Unlike the first wave where lockdowns were applied nationwide for several months, the second wave 'micro-containment zone' measures are more localised, targeted and will likely be of shorter duration. Businesses and consumers have also grown more accustomed to operating under pandemic conditions.

"As of now, we expect the negative impact on economic output to be limited to the April-June quarter, followed by a strong rebound in the second half of the year.

“As a result of the negative impact of the second wave, we have revised our real, inflation-adjusted GDP growth forecast down to 9.3 per cent from 13.7 per cent for fiscal 2021 and to 7.9 per cent from 6.2 per cent in fiscal 2022,” Moody’s said.

Over the longer term, Moody’s expects growth to be around 6 per cent.

“The credit profile of India is increasingly constrained by obstacles to economic growth, a high debt burden and weak financial system. Policymaking institutions have struggled to tackle and contain these risks, exacerbated by the coronavirus pandemic,” it added.

It said mutually reinforcing risks from deeper stresses in the economy and financial system could lead to a more severe and prolonged erosion in fiscal strength, exerting further pressure on the credit profile.

India began the third phase of its vaccination campaign for those aged 18-44 on May 1, making the vaccination available to the entire adult population. However, as of early May only around 10 per cent of the country’s population had received at least one dose of the vaccine.

“A shortage of vaccines and logistical difficulties in reaching a large rural population (about two-thirds of the population) complicate the vaccine roll-out,” Moody’s said.

It added that the international community has recently contributed to India’s vaccine efforts with increased medical and vaccine supplies to help address shortfalls. “The spread of the virus and the rate of vaccinations will have a direct impact on economic outcomes.”

Moody’s expects the renewed surge in the virus to contribute to a marginal shortfall in revenue and a redirection of spending toward healthcare and virus response relative to what the government budgeted in February. It expects an wider general government fiscal deficit of about 11.8 per cent of GDP in current fiscal, compared with our previous forecast of 10.8 per cent.

“We expect the combined impact of slower growth and a wider deficit to drive the general government debt burden to 90 per cent of GDP in fiscal 2021 (April-March 2022), gradually rising to 92 per cent in fiscal 2023,” Moody’s said.

Just as the economy appeared to be inching back to normalcy, India was hit by a second wave of infections, prompting states and cities to restrict public movements and impose lockdowns, which have hit some businesses hard.

India is facing the world's worst outbreak of COVID-19 cases with more than 3 lakh new daily COVID-19 cases being reported for two weeks now and the new cases reached more than 4 lakh new daily cases over the weekend.

Over the past months, the outbreak in India has exploded, with reports of superspreader gatherings, and shortages in hospital beds, oxygen and medicines.

Coronavirus infections have crossed 2.29 crore since the virus surfaced in China more than a year ago, with a death toll of 2,49,992.

Last week, another US-based rating agency S&P last week said India's GDP growth rate could drop to 9.8 per cent under the 'moderate' scenario, where Covid infections peak in May.

It could even to as low as 8.2 per cent in a 'severe' scenario under which cases peak in late June. S&P in March had forecast India to grow at 11 per cent in current fiscal.

Besides, Fitch Ratings had last month said the resurgence of COVID-19 infections may delay India's economic recovery, but won't derail it, as it kept the sovereign rating unchanged at 'BBB-' with a negative outlook.

Fitch projected a 12.8 per cent recovery in GDP in the fiscal year ending March 2022, moderating to 5.8 per cent in FY23.

Fitch Ratings had on Monday said that India's slow pace of vaccination could mean that the country remains vulnerable to further waves of the pandemic even once the current surge subsides.

Source: financialexpress.com– May 11, 2021

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Goods export can hit $400 b in FY22: Goyal

Assures exporters that there concerns related to export promotion schemes, inverted duties were being taken up with the Finance Ministry

India's goods exports may touch $400 billion in 2021-22 going by the export performance in FY21 and in April 2021, Commerce & Industry Minister Piyush Goyal has said. A "large potential" exists in sectors such as pharmaceuticals, engineering and agro products.

"He (the Minister) said that performance of exports in April'21 and 2020-21 gives a hope that an ambitious target of $400 billion merchandise exports can be achieved this year. There is a large potential for enhancing exports in several sectors like pharmaceuticals, engineering, auto-component, fisheries and agro-products," per an official release of the Commerce & Industry Ministry.

The Minister, on Tuesday, held a meeting with several Export Promotion Councils to discuss various issues concerning international trade and assured them that their concerns were being looked at, per an official release. Senior officials from the Ministry and the Director General of Foreign Trade were also present at the meeting.

The Department of Commerce has taken up several areas of concern for exporters with the Ministry of Finance for their early resolution, such as the pending implementation of the Remission of Duties and Taxes on Export Products (RoDTEP) scheme and the existing inverted duty structure, Goyal assured exporters.

India's exports, during April-March 2020-21, declined by 7.4 per cent to $290.18 billion compared to $313.36 billion in 2019-20, as exports had fallen steeply in the initial months of the fiscal due to the Covid-19 lockdown and halt in manufacturing activities.

Goyal took note of the encouraging performance of exporters even when the world was reeling under the Covid-19 crisis.

He pointed out that India's goods exports in April 2021 were $30.21 billion, an increase of 197.03 per cent over $10.17 billion in April 2020 and an increase of 16.03 per cent over $26.04 billion in April 2019. The value of exports in the first week of May 2021 was also up by almost 9 per cent over the same period of 2019-20 ($6.48 billion).

“He (Goyal) said that exports excluding POL (petroleum, oil, lubricants), are even better, and have increased in this period by 15 per cent over same period of 2019-20,” the statement said.

Goyal said the participants should approach the Covid helpdesk of the Department for resolving problems emanating due to Covid-related measures. He assured exporters that the Department of Commerce had taken up several issues of exporters with the Ministry of Finance for their early resolution, like RoDTEP, MEIS and inverted duty structure.

Source: thehindubusinessline.com– May 11, 2021

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Cotton exports top last season's shipments

Lower domestic prices made global buyers turn to Indian cotton

Building up on lower domestic cotton prices, Indian exporters have so far shipped over 75 per cent of the 65 lakh bales (each of 170 kg) of cotton exports projected for the whole year 2020-21.

Cotton Association of India's (CAI) latest data showed shipments as on April 30 at 50 lakh bales. This means, India by April has shipped out what was exported during the whole of last season. The trade body, in its revised export projections, has estimated India's cotton exports for the year at 65 lakh bales.

"Indian cotton was the cheapest in the world. Therefore, we could take advantage of being competitive in the international market," said Atul Ganatra, President, CAI.

The season 2020-21 had started with lower cotton prices at around ₹40,000 a candy (each of 356 kg of processed ginned cotton) during October-November 2020. The international prices ruled at around 68 cents per pound.

With brightened international price prospects, India's cotton shipments gained momentum, thereby lifting the domestic prices to ₹40,800 on December 10, 2020 and ₹46,200 on May 10, 2021. Meanwhile, international cotton, too, had inched up to 96 cents on February 26, 2021. Global prices softened to 86-87 cents a pound.

"However, now the export parity has reduced as the international prices have dropped from 96 cents to 88 cents so it gets less attractive to export with reduced parity. Also, we are facing challenges of availability of containers, higher freight costs and competition from US and Brazil. The export prospects are not as attractive now as it was about three months ago," also Indian exporters are facing getting good quality for export is a problem , he added.

Ganatra noted that of the total estimated production of 360 lakh bales for 2020-21, so far 336.37 lakh bales or over 93 per cent of the crop has arrived in the market.

Consumption figures trimmed

“The CAI has reduced its consumption estimate for the current crop year by 15 lakh bales to 315 lakh bales of 170 kgs each from its previous estimate of 330 lakh bales . Cotton consumption this year is likely to take a hit because of the ongoing Covid-19 pandemic and lockdown in most of the States.

The consumption now estimated for the current crop year is, however, higher by 65 lakh bales compared to the previous year’s consumption estimate of 250 lakh bales,” said Ganatra in a statement after the CAI Crop Committee meeting on May 11.

As of April 30, 2021, the consumption is estimated at 190 lakh bales. Cotton imports are projected at 11 lakh bales for the year, which will be 4.50 lakh bales lesser from 15.50 lakh bales estimated for the 2019-20.

Source: thehindubusinessline.com– May 11, 2021

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Commerce and industry minister Piyush Goyal calls for clearing dues of exporters

Commerce and industry minister Piyush Goyal on Tuesday asked his team to seek an early payment of exporters' dues from the finance ministry, while looking at ways to help businesses raise funds against these dues.

An option being explored by the commerce department, is to accept applications from exporters for the now-defunct Merchandise Exports from India Scheme (MEIS) so that traders can avail of loans against the outstanding amount and get some liquidity.

The revenue department has been sitting on refunds for over a year apart from not paying exporters under the new Remission of Duties and Taxes on Export Products (RoDTEP) scheme that was launched in January.

But even four months later, the government is yet to notify the rates resulting in around Rs 15,000 crore of duty refunds pending with the Centre. Some estimates suggest that close to Rs 50,000 crore of MEIS payments are also due. Similarly, payment of dues under the Services Export from India Scheme are pending for FY20.

Source: timesofindia.com– May 12, 2021

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Implementation of Labour Codes may be pushed to next year

Implementation of big-ticket labour reforms could get pushed to next year as most state governments are going slow on readying the rules framework for implementation of the four labour codes. India Inc also is also reluctant to take on the additional cost and compliance burden under the codes amid the second wave of the Covid-19 pandemic.

The Centre is no longer pursuing states to hasten the process of framing rules for the four codes, as the focus has shifted to healthcare at a time when almost all states are struggling to keep the spread of the pandemic under control, said a senior government official.

“Priorities have changed. It doesn’t look like states will be ready with the rules anytime soon,” said the official, who did not wish to be identified.

While the Centre is non-committal on the fresh date for rolling out the labour codes, industry executives and experts said it is unlikely to be before the next financial year.

“We are in talks with the government to defer the roll-out of the codes to next year as the majority of companies across sectors do not have enough resources to bring about the commensurate changes,” a representative of an industry body said on condition of anonymity. “With changes in the definition of wages and stringent working conditions, the cost to companies will go up on various accounts once the codes are implemented, and the industry is not prepared to take on any additional burden.”

The labour ministry has consolidated 29 central labour laws into four labour codes – the code on wages, the social security code, the industrial relations code, and the occupational, safety, health and working conditions code.
The Centre had initially intended to roll out the codes from April 1 this year and had put in place the rules for the four codes. However, it is waiting for a handful of states to come on board with the rules in their domain to avoid any legal void at the time of implementation of the codes.

Labour economist and XLRI professor KR Shyam Sundar said the implementation of labour codes has taken a back seat, with energies of both the Centre and state governments diverted to handle the health crisis. “Perhaps, industry is also lobbying with the government to defer the implementation of the codes, especially the code on social security and the wage code, as they would have substantial financial implications on the employers," he said.

The wage code and the social security code will have a significant impact on the cost of employment. The government has capped allowances at 50% of the wages which is expected to lead to higher gratuity payout by employers.

Source: economictimes.com– May 10, 2021

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Cotton crop output estimated at 360 lakh bales for 2020-21

The Cotton Association of India (CAI), in its April estimate, has retained its projection for the crop output at 360 lakh bales of 170 kg each during the current season.

The total cotton supply for the period from October 2020 to April 2021 is estimated at 469.37 lakh bales, which consists of the fresh arrivals of 336.37 lakh bales, imports of 8 lakh bales and opening stock estimated at 125 lakh bales at the beginning of the season from October 1, 2020.

CAI has estimated cotton consumption for the period October 2020-April 2021 at 190 lakh bales, while the export shipments upto April 30, 2021 are estimated at 50 lakh bales.

Stock at the end of April 2021 is estimated at 229.37 lakh bales, including 95 lakh bales with textile mills and the remaining 134.37 lakh bales with the Cotton Corporation of India (CCI), Maharashtra Federation and other (MNCs, traders, ginners, MCX, etc.

The CAI Crop Committee has estimated the total cotton supply till the end of the crop season 2020-21 at the same level i.e., at 496 lakh bales upto September 30, 2021. The total supply consists of the opening stock of 125 lakh bales at the beginning of the season on October 1, 2020, crop output for the season estimated at 360 lakh bales and the imports estimated at 11 lakh bales.

The imports estimate for the previous cotton season 2019-20 was of 15.50 lakh bales. The domestic consumption estimated by the CAI has reduced by 15 lakh bales to 315 lakh bales from its previous estimate of 330 lakh bales. The exports for the season have been estimated at 65 lakh bales, which is higher by 5 lakh bales than previous estimate.

Source: financialexpress.com– May 12, 2021

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Textile sector suffers a blow, yet again

The sudden spurt in COVID-19 cases across the State and the resultant lockdown have pushed textile dealers in Kozhikode to the brink, as they are facing the biggest losses in the last four to five years. The unexpected loss was the result of dealers stocking up aggressively for the Ramzan season, expecting to make amends for the loss they experienced over the last few years due to the Nipah outbreak, two floods and COVID-induced lockdown last summer.

Usually, shops remain open until early morning during the last days of the Ramzan season to accommodate last-minute shoppers. For the textile market here, it used to be the most profitable season, next only to Onam.

The COVID-19 situation had eased considerably during the months of January, February and March and the textile dealers anticipated a good Ramzan sale. “Most textile shops had purchased stocks worth crores of rupees and had even borrowed additional spaces to keep their stocks for the season. But the situation turned upside down by the end of April and most textile shop owners are now drowning in debt,” said K. Sethumadhavan, district general secretary of the Kerala Vyapari Vyavasayi Ekopana Samithi.

The merchants are in various stages of liability. Some have suppliers calling them relentlessly for payment while some are being troubled by loan sharks. “A large number of merchants are on the verge of suicide,” said Arshad Abdulla, head of a prominent textile house in Kozhikode.

The Samithi had appealed to Chief Minister Pinarayi Vijayan earlier this month to allow textile and footwear shops to open for a few days in accordance with the COVID-19 protocol. But the Chief Minister was not ready to take the risk.

The dealers have appealed again to allow textile and footwear shops to remain open from 5 p.m. to 11 p.m. for the two last days of Ramzan. “If we get the last two days, we will be able to cut down the loss by at least 10%,” said Mr. Sethumadhavan.

Source: thehindu.com– May 11, 2021

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TN govt gives breather for MSME sector in state

Following the discussions held with the representatives of various industries on May 9, Chief Minister MK Stalin on Tuesday announced many concessions for the MSME sector as follows...

Rs 280 cr allocated towards Investment Subsidy for Micro, Small & Medium Enterprises (MSMEs) during the current financial year. 60% (Rs 168 cr) of it will be released immediately to all eligible MSME sector that are yet to get capital subsidy

1 Lakh employees in SIDCO complexes and MSME sector who are above the age of 45 will get free Covid-19 vaccination

5% interest subsidy received under CGTMSE and Technology Upgradation Scheme will be disbursed to MSME units

SIDCO plots will be allocated on fast track mode
New G.O. on revised Covid-19 treatment protocol

Amid rising cases and people scrambling for oxygen and ICU beds, Health Department on Monday released a G.O. on revised Covid treatment protocol for the next 14 days. The protocol was formulated to treat patients at all hospitals other than medical college hospitals, government and dedicated Covid hospitals

Deadlines pushed

- Payment of Mortgage of Deposit registration fee up to March 31 is being extended till December 2021
- All legal licenses required for MSME industries from pollution control board, fire and rescue services, labour, etc., which are scheduled to expire between May to September 2021 will be extended till December 2021
- Exemption for the norm that sales proceeds should be increased by 25 percent for expanding MSME sector, which has been extended till March 31, will be extended till December 31, 2021
- Deadline for payment of price of SIDCO plots, instalments, and the rent for factories will be extended by six more months

MORE CONCESSIONS FOR MSMEs

Deadline for payment of Road Tax for autorickshaws and taxis will be extended by three more months

RBI will be requested to extend the deadline for payment of EMI to be paid for auto-rickshaws, call
taxis and other vehicles

Central government and IRDA will be requested to extend the deadline for payment of insurance premium for auto rickshaws, call taxis, etc., which expire in May 2021

Validity period for statutory licenses given by departments like fire and rescue services, industries & pollution control board which will expire in May 2021 will be extended by six more months

Capital Subsidy

Being given in three instalments extended through Industries Department will be given in a single instalment

Deadline

For payment of professional tax by employees of big and small industries will be extended by three more months

Source: newindianexpress.com– May 12, 2021

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Karur textile exporters' association demands full lockdown of units

Following the self-imposed lockdown by Tiruppur Exporters Association from May 14 to 24 considering the Covid-19 spike, another outfit, the Karur Textile Exporters Association, also called for a similar lockdown.

There are roughly 400 textile exports units in Karur district, which are allowed to operate with 50% manpower. While 1.5 lakh workers engaged directly and another 1 lakh indirectly, the lives of the workers are at stake considering the pace of the Covid-19 spread.

"In all likelihood they can become super spreaders as they came from different parts of the district and the neighbouring districts on a daily-basis," says R Stiffen Babu, member of the Karur Textile Exporters Association.

He said public could be seen moving in Karur town without any restrictions even during the complete lockdown. People could easily escape from police saying that they are going to textile units for work.

He said he asked the district administration to take a call in this regard, as at least 10 days of lockdown is essential to contain the virus in the coming days. The world is seeing the alarming Covid -19 situation in India.

Countries importing finished textile goods from us will acknowledge positively even if we ask for a grace period to send the orders, he said.

Many of the textile units may say that they have pending orders, but the situation may go out of control by then. The administration needs to take a decision on the same, he said.

Source: timesofindia.com– May 12, 2021

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Job losses mount in April

April 2021 turned out to be worse than expected.

We had anticipated labour participation rate (LPR) to stabilise at its March 2021 level. The LPR had already dropped sharply in March after a modest fall in February.

But, it fell for a third consecutive month in April, to 39.98 per cent. This is the lowest LPR since May 2020, the month of a stringent nationwide lockdown.

The LPR in April 2021 is, therefore, the worst since the national lockdown. Perhaps, this fall is the result of the local lockdowns in several states. For example, Maharashtra, a state that imposed partial lockdowns, saw its LPR fall sharply from 44.2 per cent in March to 40.6 per cent in April.

The labour force shrank by 1.1 million in April 2021 to 424.6 million compared to 425.8 million in March. In spite of this smaller labour force looking for employment, a greater proportion failed to find employment.

As a result, the unemployment rate shot up from 6.5 per cent in March to 8 per cent in April. The employment rate fell from 37.6 per cent in March to 36.8 per cent in April.

The lockdowns could have denied people from seeking employment and caused a fall in labour participation. But, the economy also could not provide adequate jobs to those who sought them.

So, the strain in the labour markets was not entirely because of the partial lockdowns. It was largely because the economy simply could not provide employment to large numbers who sought work.

While the labour force shrank by 1.1 million in April, the count of the employed fell by a much larger 7.35 million. This fell from 398.15 million in March to 390.79 million in April.

Loss of employment during April is likely to have dejected more than a million workers sufficiently to force them to quit the labour force, at least temporarily.

The count of the unemployed who were willing to work and were actively looking for work but unable to find any expanded by 6.2 million from 27.7 million in March to 33.9 million in April.

People who left the labour markets in dejection did not leave entirely. They remained at the periphery as unemployed labour that was willing to work if work became available, although they were not actively looking for work.

This set of unemployed people who were willing to work but were not actively looking for it swelled from 16.1 million in March to 19.4 million in April. While the fall in the LPR can be attributed to the partial lockdowns, the fall in employment cannot.

Most of the job losses are from the agricultural sector, which is not impacted by the lockdowns. Of the 7.35 million people who lost employment in April, 6 million were from the agricultural sector. April is a lean month for employment in the farms.

The rabi crop is harvested by then and preparations for the kharif crop usually begin only in May. Agriculture employed 120 million in March. This dropped to 114 million in April.

Daily wage labourers and small traders saw a loss of employment of the order of 0.6 million in April. Some of these agricultural and daily wage labourers may have found work in the construction industry as this saw an increase of 2.4 million jobs during April.

But, most of the 6.6 million released from agriculture and the daily wagers could have been left unemployed during the month. Salaried employees saw a loss of 3.4 million jobs in April.

This was the third consecutive month of a decline in coveted employment category. During these three months, the total loss of salaried jobs was a substantial 8.6 million. The cumulative loss of salaried jobs since the pandemic is even larger at 12.6 million.

During 201920, there were 85.9 million salaried jobs. As of April 2021, there were just 73.3 million. Salaried job losses were disproportionately located in rural India. While urban salaried jobs accounted for 58 per cent of total salaried jobs in 201920, they accounted for only 32 per cent of the job losses till April 2021. Rural salaried jobs that accounted for 42 per cent of the total on the other hand accounted for 68 per cent of losses.

This disproportionate share of rural salaried jobs in the losses indicates that the damage is mostly among the medium and smallscale industries that are located predominantly in rural India.

Prospects for jobs look bleak during 202122. The second wave of Covid19 has stalled economic recovery. Professional forecasting agencies have been scaling back their projections for the year.

New investments that could create jobs in large numbers are unlikely to be made during the year. Capacity utilisation was low at around 66.6 per cent, according to the Reserve Bank of India´s OBICUS.

This is unlikely to have improved since then. The government may be required to provide support under the Mahatma Gandhi National Rural Employment Guarantee Scheme once again this year to absorb some of the stress on livelihoods.

In April 2021, 301 million persons were provided jobs under the scheme. This is more than twice the employment provided under the scheme in April 2020.

Source: business-standard.com– May 09, 2021

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