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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	China, Vietnam See Big Gains in 70% US Apparel Imports Surge
2	Imports at US retail container ports witness busiest April on record
3	US trade deficit dips to $68.9 billion with exports up
4	Government reviving cotton industry in West Kenya region
5	Belarusian textile industry plans to actively develop Chinese market
6	Vietnam eyes $39 bn exports through FTAs, diversification and trademarks
7	Woven innovation with coarse, recycled yarns
8	Bangladesh can earn at least $2.0b more exporting non-cotton products, says BGMEA chief
9	Bangladesh: Exporters given more time to collect proceeds

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	NATIONAL NEWS
1	Can exports boost India's GDP in 2021-22?
2	Textiles and Apparels Industry availed credit of Rs 1.62 lakh crore: SIDBI-CRIF
3	Indian textiles and apparels sector saw a dip in aggregate credit, says report
4	World Bank projects India's economy to grow at 8.3% in 2021 and 7.5% in 2022
5	MSME body CIMSME to RBI's Shaktikanta Das: Extend ECLGS 1.0 repayment period to 5 years post moratorium
6	Walmart retains top spot in India Retail Rankings for 2020
7	India, Australia to resume CECA talks
8	As States unlock, malls and retailers bet on quicker demand recovery
9	EU, India trade agreement to benefit domestic exporters: TPCI
10	Stalin urges 12 CMs to press Centre for MSME loan moratorium
11	Karur textile units starts operations with 10% staff
12	'Textile units in Kanpur, Chennai-Kancheepuram worst hit by COVID stress'
13	'Indian suppliers face risk of losing $274 billion in exports if they fail to cut carbon emissions'
14	Cotton price hits record high at Warangal market
15	Govt planning cotton solvent policy: Min
16	Bhubaneswar garment traders make most of lax lockdown enforcement

INTERNATIONAL NEWS

China, Vietnam See Big Gains in 70% US Apparel Imports Surge

Here comes the flood of apparel imports.

As the pandemic wanes in the United States and consumer demand rises, U.S. apparel imports leapt 70.6 percent in April to 2.07 million square meter equivalents (SME), compared to a year earlier when Covid-19 began to overtake the country.

For the year to date through April, U.S. companies have imported 21.47 percent more goods, or 8.76 billion SME, according to the Office of Textiles and Apparel (OTEXA).

Despite the ongoing geopolitical rift and the many tariffs still in place, Chinese apparel production appears to be back in good standing, joining with nearly all major suppliers in posting substantial gains for the month and year to date. U.S. imports from top-supplier China jumped 61.7 percent to 549.48 million SME in April compared to a year earlier and were up 39.35 percent in the four-month period to 2.82 billion SME.

Imports from No. 2 supplier Vietnam increased 55 percent for the month to 379.7 SME and gained 17.95 percent year to date to 1.53 billion SME, OTEXA reported.

Among other major Asian production powerhouses, imports from India increased 77.2 percent in the month to 116.38 million SME compared to April 2020, while shipments from Bangladesh rose 31.5 percent to 190.54 million SME.

Imports from Indonesia were up 44.5 percent to 112.75 million SME, but were till down year to date, as shipments from Cambodia rose 50 percent to 95.16 million SME and those from Pakistan increased 36.6 percent to 63.57 million SME.

Key Western Hemisphere suppliers also joined in the import barrage. Imports from Mexico, now up 25 percent year to date to 261 million SME, rose 185 percent in April to 70.09 million SME from a year earlier.

Shipments from Honduras and El Salvador skyrocketed more than 1,000 percent in April to 66.52 million SME and 52.85 million SME, respectively, after factories in the Central American countries were basically shut down a year earlier from Covid.

Imports from Honduras were up 22.13 percent to 260 million SME year to date and those from El Salvador rose 30.21 percent to 206 million SME in the period.

The other three countries that make up the Central American Free Trade Agreement–Nicaragua, Guatemala and the Dominican Republic–all posted major gains in the month, as did Haiti, which saw its imports to the U.S. crest 264 percent to 38.58 million SME.

Additional second tier countries with significant shipments in April included Egypt, Jordan, Sri Lanka, Thailand, Turkey and the Philippines.

Source: sourcingjournal.com– June 08, 2021

HOME

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Imports at US retail container ports witness busiest April on record

Imports at the largest retail container posts in the US saw their busiest April on record and May could turn out to have set a new all-time record as vaccines allowed consumers to return to normal shopping patterns, according to the latest monthly Global Port Tracker report released by the National Retail Federation (NRF) and Hackett Associates.

“Vaccine rates are increasing, shoppers are back in stores and retail supply chains are working overtime,” NRF vice president for Supply Chain and Customs Policy Jonathan Gold said.

“There’s no shortage of demand from consumers, but there continue to be shortages of labour, equipment and shipping capacity to meet that demand. Supply chain disruptions, port congestion and rising shipping costs could continue to be challenges through the end of the year.”

“Supply chains are finding it difficult to keep up with demand as shipping capacity struggles,” Hackett Associates founder Ben Hackett said. “A number of vessels taken out of service when volumes were low remain in drydock while others are delayed in congested ports, which face a lack of manpower both because of COVID-19 illnesses and the tight labour market. Many people remain hesitant about returning to work, affecting ports, rail, trucking and distribution centres.”

US ports covered by Global Port Tracker handled 2.15 million TEU (20-foot container or its equivalents) in April, the latest month for which final numbers are available.

That was by far the busiest April on record and an increase of 33.4 per cent from a year earlier, when most stores were closed by the coronavirus pandemic. April’s results followed 2.27 million TEU in March, which set the record for the most containers imported during a single month since NRF began tracking imports in 2002, NRF said.

Ports haven’t reported May numbers yet, but Global Port Tracker projected the month at 2.32 million TEU, which would be up 51.1 per cent from the same time last year and would beat March’s total to set another new record for the largest number of containers in a single month.

June is forecast at 2.13 million TEU, up 32.8 per cent year-over-year; July at 2.19 million TEU, up 14.2 per cent; August at 2.26 million TEU, up 7.5 per cent; September at 2.14 million TEU, up 1.7 per cent, and October at 2.07 million TEU, down 6.5 per cent for the first year-over-year decline since July 2020.

The first half of 2021 is forecast at 12.8 million TEU, up 35.3 per cent over the same period in 2020. As with each month this spring, the year-over-year comparison is skewed because of the sharp decline in imports during the first half of last year.

But the six-month total would put 2021 on track to easily beat 2020's full-year total of 22 million TEU, which was up 1.9 per cent over 2019 despite the pandemic.

Source: fibre2fashion.com– June 08, 2021

HOME

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US trade deficit dips to $68.9 billion with exports up

The U.S. trade deficit narrowed in April to $68.9 billion as an improving global economy boosted sales of American exports. The April deficit, the gap between what America buys from abroad and what it sells to other countries, was down 8.2% from a record March deficit of $75 billion.

The improving economic situation overseas drove up demand for American goods while domestic demand for imports slowed. In April, exports of U.S. goods and services rose 1.1% to $205 billion while imports declined 1.4% to $273.9 billion.

Through the first four months of the year, the U.S. trade deficit totals $281.7 billion, up 50.4% from the deficit during the same period in 2020, a time when the U.S. economy was essentially shut down because of the coronavirus pandemic.

The politically sensitive deficit with China fell to $25.8 billion in April, down 6.7% from the March imbalance. But through the first four months of this year, the deficit with China, the largest the United States runs with any country, was up 37.1% over the same period a year ago.

The deficit in just goods in April totaled $86.7 billion while the surplus in services totaled $17.8 billion. The United States runs surpluses in services trade which help lower the goods deficit. However, the services economy, which includes travel payments such as airline fares, has been hit hard by the coronavirus with the service surplus down 16.2% so far this year compared to the same period a year ago.

During his four years in office, Donald Trump pursued a get-tough trade strategy that used punitive tariffs on other country's exports in an effort to lower America's huge trade deficits with the rest of the world, which he blamed for the loss of millions of American manufacturing jobs.

But Trump's efforts failed to alter the trade imbalances. So far, the Biden administration has left most of the penalty tariffs in place as his administration works to determine the approach it will take to trade.

Source: economictimes.com– June 08, 2021

HOME

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Government reviving cotton industry in West Kenya region

As a part of a strategy to revive the cotton industry in the West Kenya region, the Lake Basin Development Authority (LBDA) is in the process of constructing a cotton ginnery and oil press factory at a cost of Ksh700 million. The project will involve installation of cotton ginning machine with a capacity to process up to 3,780 tonnes of cotton per year.

Construction of the ginnery has already begun, and around 60 per cent of the work is already complete, local Kenyan media reports said quoting LBDA managing director Raymond Omollo.

The revival strategy will also involve training farmers on new techniques of cotton production to boost their yield and income, Omollo said.

In addition, LBDA is making efforts to revive defunct cotton ginneries in Nyakach and Seme sub-counties. While three ginners will come up in Kisumu, a similar number will be built in Homabay.

After the Kenyan government lifted the ban on cotton seeds imports last year, Kisumu county has received 12 tonnes of cotton seeds, 140 kg of biotechnology (BT) high breed seeds, and 480 kg of high breed seeds. These cotton seeds have been distributed through cotton cooperative societies in Nyanza province.

Meanwhile, the Rift Valley Textile (Rivatex) has set up a factory at Boya in Nyando Sub County and targets to create employment opportunities for over 500 people.

Source: fibre2fashion.com– June 08, 2021

HOME

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Belarusian textile industry plans to actively develop Chinese market

The Belarusian textile industry plans to boost exports to the Chinese market, according to the chairman of the department Tatiana Lugina. The enterprises of the light industry see potential and good prospects there.

Most of all sell linen and leather goods to China. We are actively working to diversify our sales markets, our products are known in 48 countries of the world.

The personnel issue is a special focus of attention. Today the priority is to attract and retain young specialists in the light industry.

Source: tvr.by– June 08, 2021

HOME

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Vietnam eyes $39 bn exports through FTAs, diversification and trademarks

The Vietnam National Textile and Garment Group (Vinatex) has set an ambitious target of achieving $39 billion in export revenue this year, equal to that of 2019. Last year, the group could achieve exports worth only $35 billion due to the pandemic, US-China trade tensions and Brexit.

However, Vietnam was the only country among the world's top five garment-textile exporters that did not cease production during the pandemic. According to Vietnam Times, the country was able to achieve export revenues worth VND 15.5 trillion last year and a profit of 628.9 billion.

In the first four months of the current financial year, Vietnam's textile and garment exports increased 13.33 per cent to $11.747 billion compared to the same period last year, reveals Vietnam Textile and Apparel Association (VITAS).

Exports dominate with $8,766 bn revenues

Garment exports dominated during the year with revenues worth $8,766 billion. This was followed by fiber exports worth $1,638 billion, and fabric exports amounting to $740 million. Most exports were to the US, Europe and Japan during the year.

Experts attribute this vigorous growth in exports to the gradual recovery in several of its key markets and opportunities being offered by new free trade agreements. Vietnam's local textile sector index during the period increased 8.1 per cent year-on–year, while clothing industry index increased 9.1 per cent. The combined turnover of the garment and textile industry during the year increased 15 per cent while that of all kinds of fibers and yarns increased 60 per cent.

Vietnam's garments and textiles are known to enjoy a competitive advantage in several markets like the EU and the US. According to Le Tien Troung, Chairman, Vinatex, the country's garments and textiles enjoy a competitive advantage in several major markets, including the EU and the US. The sector is known for its sustainable and clean production techniques.

Introduce export-oriented policies

However, a representative of Hue Textile and Garment Joint Stock Company believes, impacted by the pandemic, Vietnam's garment sector may face a difficult period in the second quarter of this year. He along with a VITAS representative advise local businesses to keep a close tab on market changes and adjust production strategies accordingly. They also recommend incorporation of green solutions in their textile and garment products and seeking new orders.

Truong advises the government to cut of long-term interest rates as the textile and garment firms may find it difficult to repay loans due to declining businesses. The government also needs to adopt specific policies to support growth in the sector, he adds.

Though textile and garment production in Vietnam has revived, it is yet to achieve previous growth levels. The Ministry of Industry and Trade will continue to promote exports by exploring new FTAs, diversifying export and import markets, making exports more competitive and developing new trademarks.

Source: fashionatingworld.com– June 08, 2021

HOME

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Woven innovation with coarse, recycled yarns

Ventile, the brand known for its performance textiles worn by explorers such as Ranulph Finnes and Sir Edmund Hillary, owned by Stotz & Co. and based in Zurich, Switzerland, has just launched two new fabrics as part of its growing Eco range.

The Ventile Eco 420 and Ventile Eco 430 are machine washable 100% recycled cotton fabrics that challenge what is possible with coarse recycled yarns. The higher-weight, contrasting weaves used in the textiles are markedly different from anything produced by the brand before.

Set to launch this summer, the brand wanted to challenge what is possible with coarse recycled yarns. The results are woven, textured fabrics made from a contrasting weave and weft. They utilise strands that are pre-dyed before weaving and are five times heavier than those used in previous fabrications. Combining a coarse, heavier-weight recycled yarn with Twill and Panama weaving techniques gives the fabrics their rigid properties as well as making them suitable for machine washing.

Unlike many recycled fabrics on the market, both the 420 and 430 are made from 100% recycled cotton. The fabrics are sourced from pre-consumer off-cuts which are then stripped and re-purposed into the finished product. In addition, as you would expect from a brand that made its name from weather-proof breathable fabrics, both have been tested to 300 mm pressure under a hydrostatic head test.

With a weight of 420g and 430g respectively, these are the heaviest weight fabrics available from Ventile and offer designers a great ecological option for shoes, bags, and mid-weight jackets.

"When we go through the process of developing a new fabric, we are always guided by our heritage," said Ventile marketing manager Daniel Odermatt.

"The inspiration behind the 420 and 430 fabrics is the drive to innovate, just like the scientists that developed Ventile back in 1943. For these new products we wanted to add a different dimension to our Eco range and play with how we use colour and coarse yarns, and we are thrilled with the results."

Ventile fabric was first developed by scientists at the Shirley Institute in Manchester, UK, in 1943. Originally created to help save the lives of Air Force pilots flying over the Atlantic during wartime, the fabric was designed to be cool and comfortable on land, yet warm and impenetrable if it came into contact with water. This technology helped Ventile to carve out a reputation as the world's most effective, natural, all-weather cotton textile.

Source: innovationintextiles.com– June 08, 2021

HOME

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Bangladesh can earn at least $2.0b more exporting non-cotton products, says BGMEA chief

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan on Tuesday said Bangladesh can add at least US$ 2 billion in its export earnings annually by grabbing the growing global market of man-made fibre (MMF) textiles.

“There’s a huge opportunity. Market is there. If we can grab the opportunity, we can add additional exports worth US$ 2 billion at least,” he told a small group of reporters at his office in the city.

The chief of the country’s apparel sector’s apex body reiterated its request to the government to provide a 10 per cent cash incentive for non-cotton based garment exports for a certain period so that Bangladesh remains competitive in the global market.

Faruque said such efforts will help create employment and boost investment in the sector contributing to the overall economy of the country.

He said the demand for man-made fibre (MMF) textiles all over the world is on the rise with annual growth of 3 to 4 per cent as a substitute for cotton amid changes in global fashion trends.

Currently, MMF dominates global textile fibre consumption with around 75 per cent non-cotton fibre (64 per cent MMF) while the cotton share is only 25 per cent.

The share of MMF has been steadily increasing due to the inherent limitations of growth of cotton and other natural items.

The BGMEA President said they did not ask for a reduction of any tax this time but only wanted continuation of those facilities that are already in place.

He said MMF-based textile trade volume stood US$ 150 billion in 2017 while Bangladesh’s share was only 5 against Bangladesh’s competitor Vietnam’s share of 10 per cent.

The BGMEA President said though there was investment in the non-cotton or MMF sector in the past, it was mainly capital investment and technology-based investment.

He said it will encourage investment and exports in the non-cotton sectorif 10 per cent incentive is given on export of non-cotton products.

Faruque said they did not see that much investment in the sector in the last couple of years which is required for employment generation.

McKinsey in its recent report said the ready-made garment (RMG) industry is a mainstay of this economic success story and Bangladesh is today oneof the world's largest garment exporters, with the RMG sector accounting for 84 per cent of Bangladesh's exports, reports UNB.

Source: thefinancialexpress.com.bd– June 08, 2021

HOME

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Bangladesh: Exporters given more time to collect proceeds

Bangladesh Bank yesterday further extended the deadline for export proceeds repatriation in a bid to help entrepreneurs withstand the Covid-19 fallout.

Exporters will now get seven months to bring their export earnings until December this year, according to a central bank notice.

In March last year, exporters were allowed to fetch their export proceeds within seven months from the date of shipment instead of the previous four months.

The facility is scheduled to expire this month.

The repayment period for the back-to-back letters of credit opened under suppliers' and buyers' credit was earlier extended to one year from six months. This means importers can pay back the loans within a year against imported goods.

The support, set to expire this month, has been extended until December as well.

Buyers' credit refers to the finance for the payment of imports arranged by the importer from a financial institution outside the country.

Suppliers' credit is the credit extended directly by the overseas supplier for imports instead of a bank or financial institution.

In March last year, the central bank extended the repayment period for loans under the export development fund (EDF) to six months from three months.

Exporters will enjoy the support until December. The deadline of the facility was due to expire this month.

Bangladesh allowed exporters to receive funds from the EDF to adjust their loans under the suppliers' and buyers' credit facilities. The support will also continue until December.

The central bank has extended the policy support as economic activities are yet to gain momentum following the pandemic-induced slowdown, a Bangladesh Bank official said.

In addition, some European countries, which are major destinations for the country's exports, are also yet to regain their business momentum.

Each member of the Bangladesh Garment Manufacturers and Exporters Association and the Bangladesh Textile Mills Association will be allowed to enjoy a maximum of $30 million in loans from the EDF.

They earlier enjoyed a maximum of $25 million but the central bank increased the ceiling soon after Covid-19 had arrived in Bangladesh.

Source: thedailystar.net– June 08, 2021

HOME

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NATIONAL NEWS

Can exports boost India's GDP in 2021-22?

On June 4, the Monetary Policy Committee (MPC) of the reserve bank of India downgraded its growth forecast for the Indian economy. India's GDP is expected to grow at 9.5% in 2021-22 instead of 10.5%. Even as it made a downward revision in its growth projections, MPC noted a possible source of tailwinds to growth and said that "... the strengthening global recovery should support the export sector". Can India exploit the export route to a faster economic recovery? The answer to this question is complicated.

World GDP will surpass 2019 levels in 2021, but India's post-pandemic recovery will be relatively muted

A simple way to judge the extent (or lack) of post-pandemic economic recovery for any country is to compare its GDP in 2021-22 with the 2019-20 (pre-pandemic) value. India was a better performer on this indicator according to data from the April 2021 World Economic Outlook (WEO) by the International Monetary Fund (IMF). The April 2021 WEO projected a GDP contraction of 8% for India in 2020-21 and a growth of 12.5% in 2021-22. These numbers were 3.3% and 6% respectively for the world economy. Once IMF's projections for 2021-22 GDP growth are replaced with the RBI's, India becomes a laggard on this count. A Bloomberg poll of economists has projected India's 2021-22 GDP growth at 10%, a number closer to RBI's forecast than IMF's April projections.

Global trade will bounce back at a slower pace than GDP

The recovery in global trade will be slower than that in overall GDP. The WEO database also gives projections on what it calls traded volume of goods and services. This number fell sharply during the pandemic, suffering a contraction of 8.5% in 2020.

It is expected to grow at 8.4% in 2021, which means trade volumes will not regain 2019 levels this year. While the annual growth will remain higher than average at 6.5% in 2022, it is expected to moderate gradually going forward. Because the latest WEO projections seem to overestimate GDP growth for India, the associated import and export growth projections -- the former will exceed the latter until 2026 -- could be misleading.

Foreign trade generated tailwinds, not headwinds, for India's GDP in 2020-21

The argument that the Indian economy could gain from higher exports this year would hold true if India were a net exporter of goods. That is not the case. So, the net impact of trade on the economy will depend on what happens to imports as well.

In other words, exports will have to rise at a faster rate than imports or imports fall at a faster rate than exports, for foreign trade to have a favourable impact on GDP.

The latter is what happened in 2020-21. Trade deficit as share of GDP, was 1.27% in 2020-21, the lowest since 2017-18. If 2015-16 and 2016-17 are excluded, then the trade deficit to GDP ratio in 2020-21 is the lowest since 2005-06.

A major reason for the abnormal fall in the trade deficit to GDP ratio in 2015-16, 2016-17 and 2020-21 was a crash in crude oil prices; it was less than $50/barrel in all these years. Because India is a large net importer of oil, oil prices have an important role in determining the trade deficit.

Lowering of trade deficit in 2020-21 was not just cheap oil

Although oil is an important determinant of India's trade deficit, it is not the only factor. India is also a large importer of a variety of non-petroleum products, especially capital and intermediate goods. Because overall economic activity took a hit in 2020-21, even non-petroleum imports came down. This can be seen clearly if India's trade deficit is broken up into petroleum and non-petroleum components.

Both these components are expected to go up significantly in 2021-22. Crude oil prices are hovering around $70 per barrel, much higher than the average price of $44.8 per barrel in 2020-21. As the domestic economy picks up, even non-petroleum imports are expected to rise.

To be sure, exports should go up as well, but then, India has been running a trade deficit in non-petroleum items for a long time. This means that the net positive impact of trade (net exports) on 2021-22 GDP might be lower than what it was in 2020-21.

Exports could still play a role in economic recovery

A senior private sector economist, who spoke on the condition of anonymity, said that there is another route which could lead to trade driven tailwinds for India's GDP.

If exporters are bullish about their foreign markets, they could undertake higher investments and this may create a virtuous cycle of private investment led demand in the economy. This can compensate to some extent for weak consumer sentiment driven headwinds in domestic markets, he said.

This year's Economic Survey had an important lesson on this count. It pointed out that a big reason for India's exports underperforming Bangladesh's was that the latter, unlike the former, was specialising in export of labour abundant goods, where both India and Bangladesh being labour intensive countries have a comparative advantage.

While Bangladesh's export basket is in keeping with this economic reality — textiles, footwear and apparel constitute 90% of its exports — around 40% of India's exports are capital or technology intensive. As is obvious, realignment of export driven sectors to labour intensive goods can also generate a bigger positive impact on mass incomes and aggregate demand.

If India has to exploit the export route, it will need to adopt a more pro-active policy than merely hoping that a statistical rebound in global trade can lift its economy.

Source: hindustantimes.com– June 08, 2021

HOME

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Textiles and Apparels Industry availed credit of Rs 1.62 lakh crore: SIDBI-CRIF

Small Industries Development Bank of India (SIDBI), the principal financial institution engaged in the development of Micro, Small & Medium Enterprises (MSMEs), and CRIF High Mark launched its third edition of Industry Spotlight that analyses the 'Indian Textile and Apparels' industry.

Credit landscape in the Indian textile and apparels industry

According to the report, the total amount of credit availed by the sector as of December 2020 stood at Rs 1.62 lakh crore, which witnessed a Y-o-Y decline of nearly 20%. This is due to the suspension of manufacturing activities in the immediate aftermath of the COVID-19 lockdown in March 2020. The report also states that the number of active loans, in the sector stood at 4.26 lakh, as of December 2020.

The industry observed a quarterly decline in Non-Performing Assets or NPAs (proportion of credit value delinquent by 90+ days) over the last two years, from 29.59% in September 2018 to 15.98% in September 2020. NPAs in December 2020 increased by 0.94% which is nearly 8% lower than NPAs in December 2019.

Export earnings from the sector dropped as of December 2020

Over the years, apparels have contributed to a majority share of exports, followed by home textiles and fabric. However, as per the third edition of the Industry Spotlight, export credit of December 2020 stands 25% lower Y-o-Y, largely due to a decline in exports due to the pandemic.

MSME borrowers have a lion share of the overall credit by volume

With 95% of the overall credit by volume of the sector concentrated in micro, small and medium segment of borrowers, the industry has a presence of close to 5 lakh borrowers as of December 2020.

Geographical insights on top textile hubs

Maharashtra has the largest share of the credit portfolio at 25% of the credit book to the sector. The report emphasizes that the top thirteen regions rich in textiles and apparels manufacturing accounted for 80% of the credit portfolio of the sector as of December 2020. Nearly all states have districts manufacturing textiles and apparels, having several credit active units. Some

districts such as Mumbai and Surat have more than Rs 10,000 crore credit portfolios as of December 2020.

In a statement, Sivasubramanian Ramann, Chairman and Managing Director, SIDBI said, “The Textiles and Apparels industry in India is one of the oldest and largest sectors of the Indian economy and critical to the country’s employment story. The sector is the fifth largest in exports, contributing to 12% of the country’s export earnings and 2% to GDP. India is a world leader in textiles and possesses the entire manufacturing value chain.

The Union Budget 2021-22 has taken into consideration the needs of all sectors of the economy in the quest for the $5 trillion economy and accordingly, in order to enhance India’s textiles competitiveness globally, the scheme for Mega Integrated Textile Regions and Apparel Parks (MITRAs) was announced that will create infrastructure with plug n play facilities for the domestic market to showcase steep recovery.”

“Despite the pandemic, the top thirteen regions active in textiles and apparels manufacturing constituted 80% of the credit portfolio as of December 2020. In India, each state has a unique contribution to the apparels and textile sector.

The Government of India announced a special economic package in May 2020 under the Atmanirbhar Bharat program that is set to benefit the large number of small-scale entities, including the weavers and artisans across the country. The right policy interventions, abundant availability and fair access to raw materials along with the surplus available labour can further boost the development of this crucial sector,” said Navin Chandani, MD & CEO, CRIF India, in a statement.

Lender profiles for the Indian textile and apparel sector

Public sector banks are dominant lenders in providing finance to the sector with a share of 62.61% in volume as of December 2020. The share of private banks, NBFCs and foreign banks were 23.49%, 8.66% and 1.41%, respectively. By value, private banks have the largest share at 40.54% followed by public sector banks with 36.59%, foreign banks comprising of 9.14% and NBFCs with 8.47% as of December 2020.

Source: economictimes.com– June 08, 2021

HOME

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Indian textiles and apparels sector saw a dip in aggregate credit, says report

Aggregate credit availed by Indian textiles and apparels industry as of December 2020 stood at ₹1.62 trillion, a year-on-year decline of nearly 20%, showed a report by credit bureau Crif High Mark and the Small Industries Development Bank of India (Sidbi).

This, the report said, was because of the suspension of manufacturing activities in the immediate aftermath of lockdown in March 2020. The report states that the number of active loans by volume in the sector, stood at 426,000 as of December 2020.

he industry observed a quarterly decline in non-performing assets (NPAs) over the last two years, from 29.59% in September 2018 to 15.98% in September 2020. Bad loan ratio in December 2020 increased by 0.94% which is nearly 8% lower than NPAs in December 2019.

Navin Chandani, managing director and chief executive of Crif India, said that despite the pandemic, the top thirteen regions active in textiles and apparels manufacturing constituted 80% of the credit portfolio as of December 2020.

“In India, each state has a unique contribution to the apparels and textiles sector. The government of India announced a special economic package in May 2020 under the Atmanirbhar Bharat programme that is set to benefit the large number of small-scale entities, including the weavers and artisans across the country," said Chandani

The report said that over the years, apparels have contributed to the majority share of exports, followed by home textiles and fabric. However, export credit as of December 2020 stands 25% lower y-o-y, largely attributable to a decline in exports due to the pandemic.

At the state level, Maharashtra has the largest share of the credit portfolio at 25% of the credit book to the sector, it said.

Source: livemint.com– June 08, 2021

HOME

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World Bank projects India's economy to grow at 8.3% in 2021 and 7.5% in 2022

The World Bank on Tuesday projected India's economy to grow at 8.3 per cent in 2021 and 7.5 per cent in 2022, even as its recovery is being hampered by an unprecedented second wave of the COVID-19, the largest outbreak in the world since the beginning of the deadly pandemic.

The Washington-based global lender, in its latest issue of Global Economic Prospects released here, noted that in India, an enormous second COVID-19 wave is undermining the sharper-than-expected rebound in activity seen during the second half of Fiscal Year 2020/21, especially in services.

"India's recovery is being hampered by the largest outbreak of any country since the beginning of the pandemic," the World Bank said. In 2020, India's economy is estimated to have contracted by 7.3 per cent while in 2019, it registered a growth rate of four per cent, the World Bank said, adding that in 2023, India is expected to grow at 6.5 per cent.

In its report, the Bank said that the global economy is set to expand by 5.6 per cent in 2021 – its strongest post-recession pace in 80 years. "For India, GDP in fiscal year 2021/22 starting from April 2021 is expected to expand 8.3 per cent," it said.

Activity will benefit from policy support, including higher spending on infrastructure, rural development, and health, and a stronger-than expected recovery in services and manufacturing, it said.

Although the forecast has been revised up by 2.9 percentage points, it marks significant expected economic damage from an enormous second COVID-19 wave and localised mobility restrictions since March 2021, the report said. Activity is expected to follow the same, yet less pronounced, collapse and recovery seen during the first wave, it said.

"The pandemic will undermine consumption and investment as confidence remains depressed and balance sheets damaged. Growth in FY 2022/23 is expected to slow to 7.5 per cent, reflecting lingering impacts of COVID-19 on household, corporate and bank balance sheets; possibly low levels of consumer confidence; and heightened uncertainty on job and income prospects," it said.

According to the World Bank, in India, the FY 2021/22 budget marked a significant policy shift. The government announced that the health-related spending would more than double and set out a revised medium-term fiscal path intended to address the economic legacy of the pandemic.

Following deteriorating pandemic-related developments, the Reserve Bank of India (RBI) announced further measures to support liquidity provision to micro, small and medium firms, and loosened regulatory requirements on the provisioning for non-performing loans.

"In India, fiscal policy shifted in the FY 2021/22 budget toward higher expenditure targeted at healthcare and infrastructure to boost the post-pandemic recovery. The renewed outbreak, however, may require further targeted policy support to address the health and economic costs," it added.

On March 31, the World Bank said India's economy has bounced back amazingly from the COVID-19 pandemic and nationwide lockdown over the last one year, but it is not out of the woods yet.

It had predicted that the country's real GDP growth for fiscal year 21/22 could range from 7.5 to 12.5 per cent in its latest South Asia Economic Focus report released ahead of the annual Spring meeting of the World Bank and the International Monetary Fund (IMF).

In April and May, India struggled with the second wave of the COVID-19 pandemic with more than 3,00,000 daily new cases. Hospitals were reeling under a shortage of medical oxygen and beds.

In mid-May, new coronavirus cases in India hit a record daily high with 4,12,262 new infections. On Tuesday, India reported less than one lakh new coronavirus infections after a gap of 63 days, while the daily positivity rate dropped to 4.62 per cent.

A single day rise of 86,498 cases were registered, the lowest in 66 days, taking the total tally of COVID-19 cases to 2,89,96,473. The COVID-19 death toll climbed to 3,51,309 with 2,123 daily deaths, the lowest in 47 days.

Source: financialexpress.com– June 08, 2021

HOME

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MSME body CIMSME to RBI's Shaktikanta Das: Extend ECLGS 1.0 repayment period to 5 years post moratorium

MSME body Chamber of Indian Micro, Small & Medium Enterprises (CIMSME) in a letter the Reserve Bank of India Governor Shaktikanta Das has urged for extending the repayment period under the Emergency Credit Line Guarantee Scheme (ECLGS) 1.0 to five years from three years after the moratorium period.

The government had last month extended the ECLGS 1.0 moratorium period — wherein MSMEs had to repay only interest — from one year to two years while the period for repayment of principal amount and interest was three years. Moreover, CIMSME also asked for allowing the extended repayment period to be applicable to all MSMEs who had availed credit under ECLGS 1.0 instead of restricting it to borrowers who are eligible for loan restructuring as per RBI guidelines dated May 5, 2021.

“ECLGS catered to MSMEs’ daily expenses. Amid Covid, the cost of production has increased due to increased time for raw material procurement because of limited transportation facilities and also for the conversion of raw material to finished product.

Further lack of labour, end-use of ECLGS for fixed expenses instead of working capital have also hit MSMEs’ profitability. Hence, MSMEs won’t be able to generate enough cash to repay this credit in three years after the moratorium period,” Mukesh Mohan Gupta, President, CIMSME, which represents over 1 lakh MSMEs, told Financial Express Online.

The government had also announced last month additional assistance of up to 10 per cent of the outstanding credit as of February 29, 2020, to borrowers covered under ECLGS 1.0 as per the RBI guidelines.

“The repayment period under the ECGL scheme should be increased to five years as MSMEs have little business and are operating at a very low capacity whereas overheads and raw material cost have increased substantially especially in the case of steel.

The raw material cost has also practically doubled and other overheads have also increased. The cost of production has increased due to higher oil prices, safety implementations of personnel due to Covid and lack of availability of skilled labour because most of the skilled personnel have either gone to their

hometown or are not available," Kanal Gupta, Director, United Drilling Tools Financial Express Online.

The association added that borrowers' accounts which were restructuredin terms of RBI's Circular dated August 06, 2020, February 11, 2020, or January 01, 2019, should be given another one-time opportunity for restructuring without downgrading of asset classification, considering the two consecutive waves of Covid-19.

"It is completely impossible for a restructured account to remain standard when there is a second state-imposed lockdown of 60 days and counting as there will be no cash flow during this period," Rakesh Bajaj, Managing Director, Innovative Textiles told Financial Express Online.

CIMSME also urged for a centralised loan application portal for the Subordinate Debt Scheme launched by the government last year as part of the Atmanirbhar package. According to the association, out of Rs 20,000 crore provision under the scheme, only about Rs 30 crore has been disbursed so far.

Source: financialexpress.com– June 08, 2021

HOME

****

Walmart retains top spot in India Retail Rankings for 2020

Walmart Inc has retained its top spot in market research organization Euromonitor International's India Retail Rankings for 2020 with rival Amazon taking the second place.

As per Live Mint, the rankings of the Tata group dropped from five in 2019 to number six, while the Aditya Birla Group dropped from number seven in 2019 to number eight in the same period Euromonitor's annual rankings were based on the value of goods sold by Indian retailers across segments such as grocery, apparel, lifestyle, and pharmacy from January to December 2020. Overall retail sales declined in 2020, the market research organization said, without revealing numbers.

Reliance Group, which runs Reliance Retail with presence across online and offline retailing in multiple categories ranked third, the same as a year ago. Avenue Supermarts, which runs the DMart chain of supermarkets, improved its rankings moving up to the fifth spot from sixth in the previous year. Paytm parent One97 Communications Ltd moved up one spot from its earlier rank.

The India-specific list is part of the 'Top 100 Retailers in Asia 2021; rankings released by Euromonitor International. The report covered the overall retail industry in the Asia-Pacific including markets such as Indonesia, China, Thailand, Taiwan, Vietnam, and India.

India reported a decline in overall retail sales in 2020 after registering double-digit value growth over the last few years, the research organization said.

After a year of decline in 2020, retailing in India is set to report an "immediate strong rebound" to growth in current value terms in 2021, said analysts at Euromonitor. This, they said, will be driven by expansion led by large format stores and investments in e-commerce.

Source: fashionatingworld.com– June 08, 2021

HOME

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India, Australia to resume CECA talks

India and Australia plan to resume negotiations to renew the Comprehensive Economic Cooperative Agreement (CECA). As per Apparel Resources, the agreement will boost India's apparel exports to Australia by $500 million.

Besides having preferential agreements with China and Vietnam, Australia also gives GSP benefits to Bangladesh, resulting in a 5 per cent duty advantage for these countries vis-à-vis India.

In fiscal 2021, India's exports to Australia had been priced at $4.04 billion, while imports were priced at 8.24 billion. Australia imports around $6.6 billion worth of apparels from across the globe. However, India's share in these imports is just 1.2 per cent. The resumption of trade talks is likely to boost these figures. .

Last month, EU and India had agreed to restart the free trade agreement to strengthen the economic cooperation especially amidst the fast growing influence of China.

On India's production-linked incentive scheme geared towards strengthening manufacturing within the nation, Tim White, Commerce and Funding Commissioner, Australia, said the deal might boost India's infrastructure sector.

Source: fashionatingworld.com– June 08, 2021

HOME

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As States unlock, malls and retailers bet on quicker demand recovery

Malls and retailers are betting on quicker demand recovery compared to last year as several State governments focus on cautious unlocking of non-essential stores and malls with various restrictions.

Retailers said they are seeing consumers venture out for need-based purchases and are hoping to see an uptick in footfalls in the next few weeks as more stores open up. Brands are also expected to focus on early end-of-season sales for stock clearance of inventory in the June-July period according to industry observers.

For now, malls have been given a go-ahead in regions like Delhi, parts of Maharashtra and Uttar Pradesh, Gujarat and Telangana among others with restrictions in operational hours. Standalone non-essential stores and high streets too have been given a nod to operate in many regions.

Shorter lockdown

Mukesh Kumar, Chairman, Shopping Centers Association of India and CEO of Infiniti Malls, said, "The lockdown this year was relatively for a shorter period compared to last year, ranging between 4 and 8 weeks depending on various States. Therefore, we believe the bounce back in demand will be stronger and quicker compared to last year. We hope to see strong recovery in Q3 and nearly 80-85 per cent of the malls to get operational in the next 7-10 days."

Kumar said since retailers are saddled with a lot of inventory there are expectations that retailers will focus on early sales and other consumer promotion offers to get consumers back to stores.

Unlike last year, in many regions malls are opening up with permissions to operate food courts and multiplexes, which is adding to the confidence of mall owners of a quicker recovery.

Lalit Agarwal, Chairman & Managing Director V-Mart, said nearly 60-65 per cent stores of the value fashion retail chain are now operational. "State governments have been very agile and mindful in unlocking business activities. We believe recovery will be faster than what we saw after the national lockdown as we feel consumers are now tired and would want to

get back to their normal lives, post the the trauma of the second wave as infection numbers are coming down and the vaccination pace is picking up . We expect many States to remove restrictions further on operational hours and weekend lockdowns in the coming days," he said.

Rental issues

Retailers are also in negotiations with landlords and mall owners on issues of rentals and rationalising fixed costs such as common area maintenance charges. "While some landlords have agreed, we are in negotiations with others as we seek their co-operation like previous year," Agarwal added.

In the past, analysts have raised concerns about the time it will take for footwear and apparel retailers, which are discretionary categories, to get back to sales that they saw during pre-pandemic times. Value-fashion retail, casualwear and athleisure are categories in branded apparel that are expected to see faster recovery trends.

Harkirat Singh, Managing Director, Aero Club, known for brand Woodland, said that nearly 60-70 per cent of the company's stores are now operational in-line with regulations. "We are seeing consumers venture out for need-based purchases.

But it will take some time for things to normalise as sentiment has been impacted adversely due to the second pandemic wave. Consumers tend to do shopping at leisure during weekends or during evenings on weekdays. But there are still restrictions on operational hours and weekends which we are hoping will ease out in the coming weeks," he added.

Source: sourcingjournal.com– June 07, 2021

HOME

****

EU, India trade agreement to benefit domestic exporters: TPCI

The proposed free trade agreement between India and the European Union would benefit domestic exporters as EU is one of the biggest traditional markets for the country, TPCI said on June 8.

Trade Promotion Council of India (TPCI) organised a panel discussion on India-EU trade relations, where experts discussed the proposed pact.

"Industry is upbeat with hope and optimism over India - EU ensuing trade pact," it said in a statement, adding that for most Indian products, EU is one of the biggest traditional markets where exporters see a big turnaround post the agreement.

Quoting experts, the council said issues like movement of professionals, duty cut on goods such as alcoholic beverages, automobiles and dairy products may see tough negotiations.

Experts stated that the decision to resume talks for the agreement between India and the EU was a positive development as it will benefit both the sides. Arpita Mukherjee, professor at ICRIER, proposed innovative ways of tariff liberalisation and stated that dairy is a complex issue since both the EU and India are large dairy markets with steady rise in production.

"India needs to deeply study EU-Vietnam and EU-MERCOSUR agreements to see what these partners gave to the EU and got in return. They are India's competitors in the EU today, and much better placed there due to their agreements," Mukherjee was quoted as saying.

Rupa Chanda, RBI Chair Professor in Economics, said India retains its unique advantages for trade partners as its large market and human resource base, role in pharma production, manufacturing and emerging startup ecosystem are quite unparalleled.

In 2020, India's export to EU was USD 38.43 billion, while imports stood at USD 33.4 billion.

Source: moneycontrol.com– June 08, 2021

HOME

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Stalin urges 12 CMs to press Centre for MSME loan moratorium

Chief Minister M.K. Stalin wrote to 12 Chief Ministers on Tuesday calling upon them to once again come together to press for a moratorium on loan repayment for MSMEs and small businesses impacted by the second wave of COVID-19.

In letters to his counterparts in Andhra Pradesh, Bihar, Chhattisgarh, Delhi, Jharkhand, Kerala, Maharashtra, Odisha, Punjab, Rajasthan, Telangana and West Bengal, Mr. Stalin said in April-May last year, when the nationwide lockdown was announced by the Centre, a moratorium was offered on repayment of loans for such borrowers.

"However, in April-June this year, when lockdown was imposed based on local conditions by the respective States, similar relief to borrowers is not being provided for. I have taken up this issue with the Government of India with a request to provide a moratorium on repayment of loans.

I request all the States to write to both the Union Finance Minister and the Governor, Reserve Bank of India, to prevail upon them to offer moratorium on repayment of loans for at least the first two quarters of 2021-2022 to all small borrowers with outstanding up to ₹5 crore in view of the lockdown induced by the second wave of COVID-19," Mr. Stalin said.

Pointing out that the MSMEs and small businesses were the mainstay of the economy and employment generation, Mr. Stalin said the absence of such relief measures would force many businesses to close, and this would lead to widespread economic distress. Calling upon the Chief Ministers to show their collective strength and to actively take up the issue with the Centre, Mr. Stalin said all State governments should come together "on the pressing issue of asymmetry in treatment of borrowers, particularly MSME units and small borrowers".

He took a dig at the Centre's earlier policy on vaccination, where it shifted the responsibility to procure and administer vaccines to the State governments, and said the collective efforts of the State governments forced the Centre to reverse that policy.

Source: thehindu.com– June 09, 2021

HOME

****

Karur textile units starts operations with 10% staff

Home textile export units in Karur district started their operations with 10% staff from Monday after government allowed them to complete their pending orders.

Already behind schedule in production, the export units have raised apprehension of losing global orders if it is not streamlined. Export textile activities in Karur district came to a grinding halt from May 17 after Karur textile manufacturer exporters association announced complete closure considering the increasing Covid-19 positive cases.

“There are roughly 400 units in Karur district which stopped production for the last 14 days. This has adversely impacted the production. Reviving the work is a good sign but there are challenges ahead,” said Nachimuthu, president of the association.

“Even if we are allowed to operate with 100% staff from next week, we will be able to revive production only up to 50% due to shortage of staff. While many guest workers have returned to their native places, Covid-19 infection has affected a section of local workers from getting back to work,” he said.

Source: timesofindia.com– June 09, 2021

HOME

****

'Textile units in Kanpur, Chennai-Kancheepuram worst hit by COVID stress'

Credit to sector fell 20%: SIDBI report

India's textile clusters in Kanpur and Chennai-Kancheepuram have been worst hit by the COVID-19 pandemic, with the highest proportion of loans turning delinquent by December 2020, according to a report.

The country's textiles industry has been in trouble since the national lockdown imposed in March last year, with outstanding credit to the sector falling 20% year-on-year by December 2020 and loans to export units falling by a sharper 25%, according to a SIDBI-CRIF report on the sector released on Tuesday.

The textiles and apparel industry provides direct and indirect employment to an estimated 10.5 crore Indians and contributes 2% to GDP.

A recent short survey carried out by SIDBI of textile units in Tamil Nadu, Uttar Pradesh, Haryana and Gujarat revealed that the sector also faces several operational roadblocks at the ground level, including high fuel and raw material prices, challenging GST norms and delayed tax refunds.

Almost 82% of loans extended to textile units in Kanpur had turned delinquent by December 2020, with the Chennai-Kancheepuram belt reporting a delinquency rate of 42.6% of outstanding credit. Loans are labelled delinquent after past dues accumulate for more than 90 days.

'Lowest in Ahmedabad'

The Pune-Kolhapur belt, a nd the Ludhiana-Jalandhar-Amritsar textile region reported delinquency rates of 32% and 29% in the same period. Ahmedabad and Tiruppur-Coimbatore-Madurai recorded the lowest proportion of loans going bad, at 8.24% and 8.6%, respectively, compared with the overall delinquency rate of 16.4% in the textiles sector.

Among micro, small and medium textile enterprises, the textiles cluster in Punjab reported the highest delinquencies at almost 25%, followed by Chennai-Kancheepuram (23.6%) and Hyderabad-Guntur (22.8%).

The SIDBI survey found that ongoing changes in the GST portal and filing of returns has created confusion for units, with exporters stating that getting Integrated GST refunds is a 'major challenge'. The lack of clarity on the export benefits that would accrue under the new Remission of Duties and Taxes on Export Products (RoDTEP) scheme, isn't helping.

Most units said access to working capital was a challenge and cash flows were constrained, while 'ever-increasing fuel prices' have escalated transport costs. The rise in yarn and other raw material prices, and fluctuating cotton prices, are also difficult to cope with, even as export orders have slowed down due to COVID-19, the survey found.

Source: thehindu.com– June 08, 2021

HOME

****

'Indian suppliers face risk of losing $274 billion in exports if they fail to cut carbon emissions'

Indian suppliers are at the risk of losing $274 billion in export if they failing to curb carbon emissions in line with their multinational company partners, according to a report.

Multinational companies will cut suppliers for failing to curb carbon emissions, with 78 per cent of multinationals (MNCs) planning to remove suppliers that endanger their carbon transition plan by 2025, the report by Standard Chartered said.

"Racing against the clock to hit their net-zero carbon goals, MNCs are increasing the pressure on their suppliers to become more sustainable, with companies based in emerging and fast-moving markets facing the biggest challenge," it said.

Some 64 per cent of MNCs believe emerging market suppliers are struggling more than developed market suppliers with their net-zero transition, and 57 per cent are prepared to replace emerging market suppliers with developed market suppliers to aid their transition, it said.

"Decarbonisation is vital for the survival of the planet, but a vibrant trade ecosystem is essential for maintaining an interconnected global economy.

"We must work together to ensure the supply chain is decarbonised in a way that delivers shared prosperity across the world," it said.

Carbon Dated, which looks at the risks and opportunities for suppliers in emerging and fast-growing markets as large corporates transition to net zero, surveyed 400 sustainability and supply chain experts at MNCs across the globe, it added.

Source: timesofindia.com– June 08, 2021

HOME

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Cotton price hits record high at Warangal market

In a major relief to farmers, cotton price touched record high of around Rs 7,000 per quintal at Asia's largest Enumamula Agriculture Market in Warangal, on Monday. Thanks to the growing demand for the crop in the market, this is the first time that cotton price touched Rs 7,000 in recent years.

A few farmers had stored their cotton produce in their houses itself to sell the crop during the beginning of ensuing Kharif season, so that they take up the cultivation of other crops with what they earned through the sale of cotton.

Scores of traders, who stored the produce in their godowns after purchasing it during the peak of the season at amounts lesser than the MSP, have now started flocking to the market and selling the crop at higher prices. On Monday, around 1,815 quintals of cotton arrived in the market and the authorities have taken all measures to ensure the procurement of the entire produce.

Speaking to Express, Enumamula Agriculture Marketyard chairman Chintham Sadanandam said that the cotton prices have touched fresh record highs all across the State. He also requested the farmers to utilise the demand for the crop.

Source: newindianexpress.com– June 08, 2021

HOME

****

Govt planning cotton solvent policy: Min

The government is actively considering to come up with a policy on cotton solvent to encourage ginning mills in the state. Agriculture minister Singireddy Niranjan Reddy told this to the owners of the mills at a meeting he held with various associations on Monday.

Saying that the by-products of cotton such as oil, cake and solvents command a good demand at national and international level, the minister said the government is committed to encouraging ginning mills in the wake of increase in the extent of cotton crop.

Niranjan Reddy said that more incentives would be given to the mills after taking the issue to the notice of CM K Chandrasekhar Rao. "The number of ginning mills was less than 100 before formation of Telangana. Now, 350 new mills have come up in the last seven years and another 30 are in the pipeline," he said.

According to the minister, the Cotton Corporation of India and traders used to take the cotton purchased here to Maharashtra and Andhra Pradesh but now there was no such need. Ginning mills set up mostly in the rural areas provide direct employment to 100 people in each mill and indirect employment to another 500, he added.

Source: timesofindia.com– June 08, 2021

HOME

****

Bhubaneswar garment traders make most of lax lockdown enforcement

Despite the ongoing lockdown and weekend shutdown, sale of garments for Sabitri Brata and Raja is going on unabated in the city. Taking advantage of lax enforcement of restrictions, the garment traders of Old Town, Nayapalli and other areas of the city are doing brisk business during relaxation hours from 7 am to 11 am.

While traders in these areas are openly violating the norms, the ones at Unit-1, Unit-2 and others are selling garments like sarees clandestinely from their shops. What's worse is that mandatory safety measures like use of mask and social distancing are violated with impunity at such outlets. The modus operandi of the traders at Market Building, one of the biggest textile markets of the city, highlights the laxity of authorities in enforcing the norms.

In a bid to play it safe, the traders send their salesmen to the customers and receive orders from a distance. Bhubaneswar Municipal Corporation (BMC) officials said they have received some complaints about businesses being conducted during the lockdown in violation of government guidelines. Still enforcement is yet to be intensified to check the practice.

Even as BMC has three enforcement and one central squad each comprising around seven members, the manpower is proving inadequate in enforcing the norms at over 50,000 shops including garment outlets in the city. BMC additional commissioner Laxmikanta Sethi said enforcement will be intensified and penal action will be initiated against those violating the guidelines.

Traders, meanwhile, said the government should consider their demand to ease lockdown restrictions ahead of the two important festivals, which otherwise may only encourage backdoor sale of products.

"We were already running out of our savings after last year's lockdown. Now, the second wave has added to our woes. How will we make our ends meet if we keep our shutters down for months. We have to pay rent for our commercial space," said Prasant Kumar, a cloth store owner. While Sabitri Brata will be observed on June 10, the festival of Raja will start from June 14.

Source: newindianexpress.com– June 09, 2021

HOME

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