An ISO 9001:2015 CERTIFIED COMPANY

TEXPROCIL NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 92 of 2020 May 01, 2020

US 75.41| EUR 82.54 | GBP 95.18| JPY 0.70

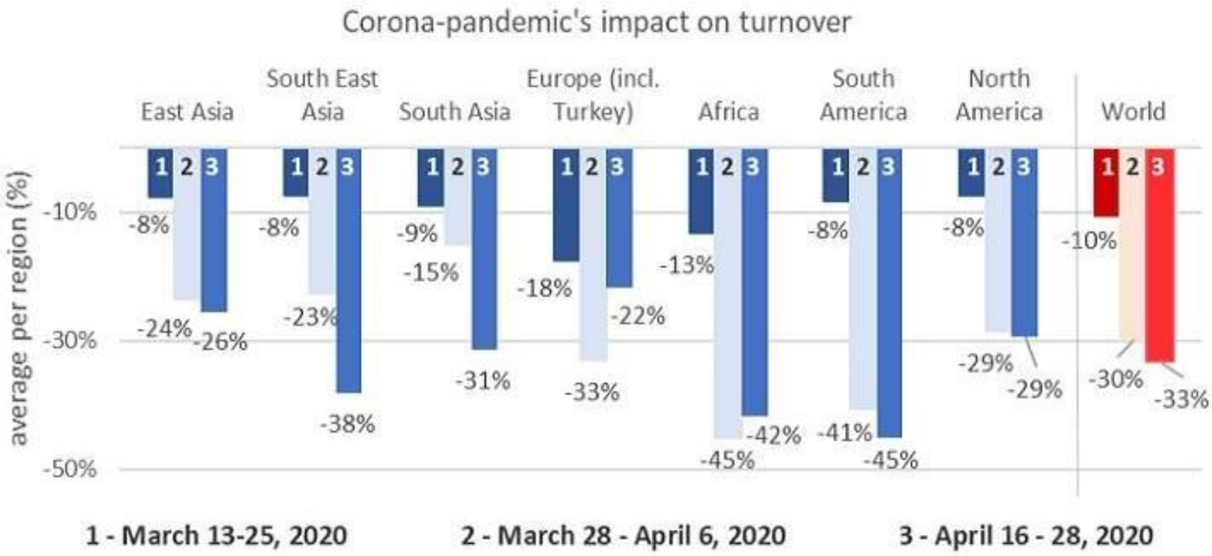
NEWS CLIPPINGS

	NATIONAL NEWS
1	Covid-19 pandemic could lead to 4 per cent loss of real GDP for India: CRISIL Research
2	Tirupur textile units to hum back to life
3	GST collections may show negative growth into September, says GIFT study
4	Lockdown has thrown up huge challenges for trucking business
5	Get India back at work to secure the economy and employment
6	Land ports deadlock: Exporters considering riverine route to Bangladesh
7	Textile units in Coimbatore region get into non-woven fabric production
8	Maharashtra's road shows abroad from Nov to woo investors
9	Cotton sowing starts, Punjab plans to increase area by 37%
10	India maps out post-Covid export plan to take on China

INTERNATIONAL NEWS

Worldwide, current orders are down 41% on average: ITMF

Current orders have declined by 41 per cent worldwide, according to the third survey conducted by the International Textile Manufacturers Federation (ITMF) between April 16-28, 2020. In total 600 ITMF members and affiliated companies from around the world participated in the survey about the impact of the COVID-19 pandemic on the global textile value chain.



Orders in East Asia dropped visibly less (i.e. 28 per cent) than in all the other regions (40 per cent and more). It can be assumed that this region, which was hit first by the Corona-crisis, is also recovering first from it. Especially China and Korea were able to contain the epidemic successfully.

"In the last few weeks, most Chinese textile companies have ramped up production significantly. Likewise, off-line retail stores have reopened, and consumption is picking up again in East Asian countries.

It remains to be seen what the consumption behaviour will be like in China, Korea and other places once shops are open again," ITMF said analysing the survey results.

The survey found that worldwide, expected turnover in 2020 is down by 33 per cent on average compared to last year.

Companies in Europe are expecting turnover in 2020 to be down by “only” 22 per cent, a figure significantly better than the 33 per cent decline reported in the second survey. Companies in East Asia are expecting turnover to be down by 26 per cent, which is close to what was reported in the second survey (24 per cent).

Companies’ turnover expectations in South East Asia and South Asia on the other hand have deteriorated significantly. These regions were hit later by the Corona-pandemic and hence the full impact was felt with a delay.

Compared to 2019, expected turnover for 2020 is down to -38 per cent in South East Asia and to -31 per cent in South Asia. Turnover expectations in Africa, South America and North America have not changed much since the second survey.

Securing enough liquidity, supply chain disruption, and uncertainty are the major challenges facing the textile industry, the survey results show.

As a result of the COVID-19 pandemic, companies are increasingly thinking about diversification, currently focusing on medical textiles; streamlining organisation and production processes; accelerating the reassessment of existing supply chains; and accelerating digitalisation and investing in sustainable production.

The survey says that many companies receive little to no help, even if governments have support policies in place. Government support can comprise: loans with low interest rates and deferred repayment, delayed tax payments, delayed social security payments, short-work schemes, and reduction of power costs.

"The biggest relief comes when retailers/brands discuss adaption to the unwinding crisis with their suppliers instead of cancelling orders unilaterally," the survey concludes.

Source: fibre2fashion.com - Apr 30, 2020

HOME

****

China's manufacturing weaker in April as virus hurts exports

China's manufacturing activity weakened in April as the coronavirus pandemic clobbered global consumer demand, hampering Beijing's efforts to revive the world's second-largest economy, two surveys showed Thursday.

China became the first major economy to reopen factories in March after the ruling Communist Party declared victory over the outbreak. But the United States, Europe and other major markets have yet to lift controls that are keeping consumers from spending.

A monthly purchasing managers' index issued by business magazine Caixin slipped to 49.4 from March's 50.1 on a 100-point scale on which scores below 50 indicate activity is contracting. A separate survey by the Chinese statistics bureau and an official industry group sank to 50.8 from the previous month's 52.

The official survey's sub-index for export orders plunged by 12.9 points to 33.5.

Both surveys showed employment weakening.

Manufacturing activity contracted at its fastest pace on record in February after Beijing shut down much of the economy to fight the virus, which emerged in December in central China.

Activity rebounded in March but forecasters warn manufacturers might face a second dip due to a possible second wave of the outbreak, plunging global economic growth and a financial shock due to falling oil prices.

"There is still a lot of uncertainty in the coming months from weak global demand," said Pang.

Source: ktxs.com - Apr 30, 2020

HOME

****

NCTO, textile executives back Jul implementation of USMCA

Lauding US Trade Representative Robert Lighthizer for setting July 1 as the implementation date of the US-Mexico-Canada Agreement (USMCA), textile executives are stressing the critical importance of moving ahead with the agreement now that the United States has taken the necessary final procedural steps, the National Council of Textile Organisations (NCTO) said recently.

"We commend Ambassador Lighthizer for moving forward with USMCA, a critical trade deal that will greatly benefit the US textile industry at a time when domestic producers—facing significant challenges due to the impact of the COVID-19 pandemic--have mobilized to convert their production lines to manufacturing personal protective equipment (PPE) for frontline workers during this crisis," said NCTO president and chief executive officer Kim Glas in a statement.

"Sustaining the $20 billion in apparel and textile trilateral trade between the U.S., Mexico and Canada is absolutely critical at this time. USMCA, which makes several key improvements over the former North American Free Trade Agreement (NAFTA) will go a long way to increasing the textile industry's exports, as well as investments and capacity in the U.S. We need to maintain and expand a Western Hemisphere supply chain to meet national emergencies head on in the future," Glas added.

Mexico and Canada are the two largest export markets for the US textile and apparel industry, totalling nearly $11.3 billion in 2019.

NCTO worked with the administration during negotiations on USMCA and successfully lobbied for several provisions and improvements that were subsequently incorporated in the trade deal that will close loopholes and strengthen US Customs enforcement.

Source: fibre2fashion.com- Apr 30, 2020

HOME

****

USA: Coronavirus Pummeled the Economy in Q1

U.S. real gross domestic product (GDP) decreased at an annual rate of 4.8 percent in the first quarter ended March 31, a greater decline than some forecasts, according to the advance estimate released Wednesday by the Bureau of Economic Analysis (BEA).

By comparison, real GDP, adjusted for inflation, increased 2.1 percent in the fourth quarter of 2019. The decline in first quarter GDP was due in part to the response to the spread of COVID-19, BEA said, as state and local governments issued stay-at-home orders in March.

"This led to rapid changes in demand, as businesses and schools switched to remote work or canceled operations, and consumers canceled, restricted or redirected their spending," BEA said.

The agency said the full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimate for the first quarter because the impacts are generally embedded in source data and cannot be separately identified.

The decrease in real GDP in the first quarter reflected negative contributions from personal consumption expenditures (PCE), nonresidential fixed investment, exports and private inventory investment. These were partly offset by positive contributions from residential fixed investment, federal government spending, and state and local government spending. Imports, which are a subtraction in the calculation of GDP, decreased.

The decline in PCE reflected decreases in services, led by health care, and goods, led by motor vehicles and parts. The decrease in nonresidential fixed investment primarily reflected a decline in equipment, led by transportation equipment. The decrease in exports primarily reflected a decrease in services, led by travel.

Non-adjusted current-dollar GDP fell 3.5 percent, or $191.2 billion, in the first quarter to a level of $21.54 trillion. By comparison, fourth-quarter GDP increased 3.5 percent, or $186.6 billion.

The price index for gross domestic purchases increased 1.6 percent in the first quarter, compared with an increase of 1.4 percent in the fourth quarter. The PCE price index was up 1.3 percent compared with an increase of 1.4 percent in the previous quarter. Excluding food and energy prices, the core

PCE price index increased 1.8 percent, compared with an increase of 1.3 percent in the fourth quarter.

Current-dollar personal income increased $95.2 billion in the first quarter compared with an increase of $144.1 billion in the fourth quarter. The deceleration was more than accounted for by a slower pace of compensation that was partly offset by an acceleration in personal current transfer receipts.

Disposable personal income (DPI), considered a barometer for retail sales, increased $76.7 billion, or 1.9 percent, in the first quarter, compared with an increase of $123.7 billion, or 3 percent, in the fourth quarter. Real DPI increased 0.5 percent, compared with an increase of 1.6 percent in the prior period.

Personal outlays decreased $253.5 billion in the first quarter, after increasing $118.8 billion in the previous three months. The decrease was mainly accounted for by a decline in PCE.

Personal saving was $1.6 trillion in the first quarter compared with $1.27 trillion in the fourth quarter. The personal saving rate–personal saving as a percentage of DPI–was 9.6 percent in the first quarter, compared with 7.6 percent in the fourth quarter.

IHS Markit estimated earlier this month that GDP would decline at a 3.5 percent annual rate in the first quarter and predicted a 26.5 percent annualized drop in the second quarter, bringing it to Great Depression levels and culminating in a 2020 growth rate of negative 5.4 percent year-over-year.

Source: sourcingjournal.com- Apr 30, 2020

HOME

****

USA: Lubbock Groups Develop New Face Mask with Cotton Nonwoven Filter

COVID-19 has revealed the critical need for face masks, leading to the evolution of various kinds of masks through entrepreneurship and human ingenuity.

A recent three-way collaboration between the Nonwovens and Advanced Materials Laboratory at Texas Tech University and two Lubbock-based businesses – Scarborough Specialties, Inc. and E Innovate, LLC – resulted in the development of a new face cover using cotton nonwoven as a filter substrate.

"In the time of stress, it is necessary to collaborate and find the right partners to develop tools to race against COVID-19," stated Ronald Kendall, Jr., founder and president of E Innovate.

Face masks are important, life-saving barriers against the transmission of SARS-CoV-2, the virus that causes COVID-19, which occurs through respiratory droplets.

Since the intensity of transmission depends on the size of the virus and the load, filters that can trap finer particles of submicron size are needed. It is well accepted that to counter finer particles that easily diffuse through substrates, a Filtering Facepiece Respirator – commonly referred to as an N95 mask – is needed.

N95 masks are generally used in scenarios where aerosols are generated. In hospital settings, these are used in isolation wards and where intubation is encountered. The efficiency of masks depends on 3Fs – filtration capability, fit and form or comfort. In situations where aerosols are not an issue, face masks commonly referred to surgical masks are used, serving as a barrier to bodily fluids and exhalations.

Prior to COVID-19, the medical and first responder community widely used N95 and surgical masks. However, due to the severity of transmission and to support social distancing, face covers made from fabrics have evolved. Yet, depending on the structure and the material makeup, its ability to filter may vary. That need led to the collaboration to improve the filtration capability of common face covers.

Face masks can be classified into several broad categories – filtering facepiece respirators, surgical masks and face covers. A fourth classification called fisors has been developed through the Lubbock collaboration and focuses on enhanced face covers to the protect the nose and mouth.

Fisors can have multiple types of filter substrates, depending on the need. However, studies have shown that copper and cellulosics such as cotton do a better job in destabilizing virus compared to plastics. Also, it is known that structures that provide a tortuous flow to air may serve as a better filter. Due to their random arrangement of fibers, nonwovens have been used as filters. Fisors utilize nonwovens from materials like cotton to enhance filtration.

Cotton is finding new and industrial applications, which shows the need for investments in research. COVID-19 has shown that innovations have an important role in waging war against diseases, as well as enhancing manufacturing activities.

Source: cottongrower.com- Apr 30, 2020

HOME

****

South Korea posts biggest exports fall since 2009, first trade deficit since 2012

South Korean exports plunged in April at their sharpest pace since the global financial crisis as the coronavirus pandemic hit demand and paralysed the global economy and supply chains.

Exports slumped 24.3% year-on-year in April, trade ministry data showed on Friday, the worst contraction since May 2009 but slightly slower than a 25.4% plunge tipped in a Reuters survey. It slid 0.7% in the previous month.

The average exports per working day, excluding the calendar effect, however, tumbled 17.4%, far worse than a 6.9% fall seen in March.

South Korea, Asia's fourth-largest economy, is considered a bellwether for world trade and is the first among major exporting economies to release data on shipments.

"May will be extremely difficult for South Korea's exports. We could potentially see the dip in shipments bottoming out in May should the U.S.

and Europe begin to normalise their economies," said Park Sang-hyun, Chief Economist at Hi Investment & Securities.

"I cautiously expect exports to fall at a slower rate from June, especially on more stimulus from China and as oil prices recover, which should help boost Korea's petrochemical products."

Imports dropped 15.9% in April, reversing a 0.3% gain in the previous month and pushing the trade balance into a $0.95 billion deficit, its first trade gap since January 2012.

More than 3.21 million people have been infected across the world, according to a Reuters tally, with nationwide infections in South Korea surpassing 10,700.

The virus pushed the local economy into its biggest contraction since 2008 in the first quarter, while consumers turned the most pessimistic in more than 11 years and business outlook slumped to the worst on record.

A growing number of economists expect the economy to shrink for the full year, with the International Monetary Fund (IMF) now seeing a 1.2% contraction.

On Thursday, South Korea's parliament approved the government's $10.1 billion second supplementary budget of this year to fund cash payments to families.

The government has pledged stimulus totalling about 240 trillion won to tackle the economic slowdown.

Minutes from the Bank of Korea's (BOK) April policy meeting released this week showed four of seven board members said there is a need to cut interest rates further, raising the odds of a rate cut in coming months.

The BOK slashed interest rates in March by 50 basis points in its largest policy easing since the global financial crisis. The bank next reviews its policy on May 28.

Source: in.reuters.com- Apr 30, 2020

HOME

****

Philippines: Garment industry seeks revival of domestic textile production

The Philippines must revive its textile industry following global supply chain disruptions during the coronavirus disease 2019 (COVID-19) outbreak, which cut off the garment industry from imported raw material, Philexport textiles, yarn, and fabric trustee Robert M. Young said.

"Right now, the Philippines is the only country without a textile industry," he said in a webinar Wednesday, adding that lockdowns in China delayed textile imports for the garments industry.

"If we had factories nearby, we could have been supplied from these textile companies."

The Philippines cannot continue to rely on imports, he said, and must attain some degree of self-reliance.

Mr. Young said that after the crisis, garment retailers will be focused on selling their remaining inventory, adding that consumers will likely be more conservative in buying clothing.

"The orders of the garment and apparel (from retailers) will be reduced by about 50%," he said, adding that 50-70% of recent orders have been cancelled by buyers.

To boost the industry, Mr. Young said Internet and manufacturing technology capabilities must be improved, noting that bad Internet connectivity created difficulties.

"Most of the time, signals were dropped, especially in the provinces... the government should do something about the Internet speed because this is really vital," he said, adding that factory machinery must be upgraded to improve efficiency.

Mr. Young also said the Philippines should continue its negotiations for free trade agreements (FTA), especially with the US.

"Selected goods such as garments, apparel, wearables can enter the USA tax-free, meaning we will have more business. Foreign buyers will be buying more from Manila because they will be paying zero tax," he said.

Source: bworldonline.com- Apr 30, 2020

HOME

****

USA: Reduction in World Mill Use for Cotton

In their April report, the U.S. Department of Agriculture (USDA) reduced world mill use for cotton for the 2019-2020 crop year by 7.6 million bales, as compared to the March estimates.

At 110.6 million bales, this would be one of the largest annual declines on record with lower consumption estimates for every major country. For comparison, in the 2018 crop year, world mill use was 120.3 million bales total.

Vice President of Economic and Policy Analysis for the National Cotton Council (NCC), Jody Campiche, says more export cancellations are expected.

She says the collapse in cotton demand is being felt across the U.S. cotton industry from textile manufacturers to cotton producers and all segments in between.

On top of low prices, Campiche notes the COVID-19 pandemic is devastating textile supply chains as retail outlets shutter their doors.

Source: southeastagnet.com - Apr 30, 2020

HOME

****

Bangladesh: Why are RMG workers coming back from the villages?

Non-compliant factories should be held accountable

In a shocking development amidst the countrywide lockdown, thousands of garment workers have returned to work in Dhaka, Gazipur, Narayanganj and other districts in the last few days as the factories they work in have reopened. Reportedly, 2,356 of the estimated 7,602 garment factories across the country resumed operations last Wednesday. According to the BGMEA vice-president, around two lakh workers may have returned to work from outside Dhaka by this time. The implications in terms of how this sudden influx of workers will spread the novel coronavirus are ominous.

Although the factories were instructed by the authorities to call only workers who are staying within the vicinity of the factories and the owners also assured the government that they would not call workers from outside Dhaka, it seems some workers from outside were called to join work by the factory management, according to news reports. Therefore, it is obvious that the message was not given clearly enough by the government.

What is important to ask here is: were the workers given any assurance that even if they did not return to work during the lockdown, they would still have their jobs and be given salaries? Unless they are assured of their job security and given due salaries to pull through during this period, how can we expect them to stay in the villages and go hungry with their families? Questions should also be asked about whether these workers actually got any support from the government's stimulus packages.

It is most unfortunate that many garment owners have disregarded the advice of the health experts and reopened their factories without formulating a safety guideline for the workers. Now that these factories have resumed operations, there is a risk of wider transmission of the virus unless proper safety and social distancing measures are ensured at workplaces and on their way to and from homes.

The factories who have called in workers from outside Dhaka violating the government instructions should be held to account, and action should also be taken against the factories that are not ensuring social distancing and health safety measures in line with the government directives. And if the government is really serious about enforcing the lockdown measures, it should make sure that no more garment workers leave their village homes to join work. That will only be possible if they are given financial assistance to survive during this period and also assured that they will not lose their jobs.

Source: thedailystar.net- May 01, 2020

HOME

****

$1.3 Billion Worth Of Textile Orders From Pakistan Cancelled Due To Coronavirus

After the economic crisis caused by the Coronavirus, foreign buyers canceled or suspended $1.3 billion worth of textile products from Pakistan, textile industries have demanded from the government for emergency measures.

According to some textile exporters' associations, export orders worth nearly $1.3 billion to foreign buyers have either been canceled or postponed.

Exporters say that trade rivals are appealing to global buyers from the Prime Minister's level while officers in Pakistan are following the corporate culture. The Vice President of FPCCI also confirmed the cancellation of orders and said that cancellation of export orders from Lockdown due to Coronavirus has started to have negative effects on the economy of the country.

In this regard, FPCCI Vice President Khurram Ejaz said that due to the Coronavirus, all export orders in Europe and America are being canceled, which is going to cause billions of losses to the national exchequer. He said that the government should adopt a strategy to prevent coronavirus in which industries are not being shut down.

According to Pakistan Chemicals and Disease Association, the supply chain in the country is also likely to be affected due to lockdown in the production of textile, pharmaceutical and other industrial sectors. Pakistan exports $25 billion annually, but the outflow is stopped due to lockdown. Work in Karachi industries has been halted.

Ijaz Khokhar, the chief coordinator of the Pakistan Readymade Garments Manufacturers and Exporters Association, says that the message must be sent from the highest level to the prime minister level, canceling orders from global buyers or delay will affect labor and more people will go below the poverty level.

He said that the Indian textile minister has given a very strong message to the global buyers and similar messages should be conveyed by our Prime Minister and Trade Advisor.

Khurram Mukhtar, acting chief of the Pakistan Textile Exporters Association, said that there was no problem in trying to do so, orders were being postponed or canceled at stores that closed their operations after the Coronavirus outbreak.

Retailers such as Tax Group, JC Penney, Macy's, H&M, Kohl's, Bed Bath & Beyond, Nike, Peak Cock, American Eagle and Ikea. The airlines and the hotel industry, on the other hand, have been the most affected by the outbreak of Coronavirus all over the world and buyers of hotel businesses abroad have also delayed their imports from Pakistan.

Source: researchsnipers.com- Apr 30, 2020

HOME

****

Pakistan: Cotton business likely to resume on easing of lockdown

Traders are hopeful that after the easing of lockdown in the coming days trading activity will resume.

Market sources said that government is planning to ease the lockdown from coming week. The easing of lockdown will have a positive impact on the cotton market as well.

Cotton Analyst Naseem Usman told that according to the monthly updated economic report issued by ministry of finance for the month of April 2020 during the current year according to estimates cotton production has declined by a 94 lac bales because of the bad weather conditions and the attack of insects on the cotton crop.

According to the report it is feared that wheat crop will be affected due to the attack of locusts in Punjab and Sindh. Wheat production target will not be achieved due to higher rainfall than expectations.

Naseem said that there are reports that new crop of Phutti is ready to arrive in the market. On the other hand ginners are in immense pressure as they are unable to sell cotton seed cake and stock of around five lac bales of cotton due to the continuous lockdown for the past one and a half month due to coronavirus.

He also said that spot rate remained unchanged at Rs 8800. He also said that although no trading was seen in Binola, however Binola was available in both Sindh and Punjab at the rate of Rs 1600 to Rs 1800 per maund. Sources also said that cotton seed was not available for trading as ginners had all the stock of Binola.

The rate of cotton in Sindh and Punjab is in between Rs 7000 to Rs 8800 per maund. The rate of polyester fiber decreased by Rs 7 per kg after decrease in the price of petroleum products and was available at Rs 160 per kg.

Source: brecorder.com- Apr 30, 2020

HOME

****

NATIONAL NEWS

Covid-19 pandemic could lead to 4 per cent loss of real GDP for India: CRISIL Research

Gross non-performing assets of banks could rise to 11 to 11.5 per cent this fiscal

CRISIL Research has stated that the current coronavirus pandemic could lead to a four per cent permanent loss to real Indian gross domestic product (GDP) and said that more fiscal stimulus will be required.

Most economies across the globe are unlikely to see normal conditions until 2022 due to the current coronavirus pandemic and the containment measures, according to CRISIL Research.

"Base case GDP growth expected at 1.8 per cent for fiscal 2021. Risks tilted towards the downside scenario of zero GDP growth," CRISIL Research said, adding that fiscal support needs to go up in scale and scope beyond vulnerable households to cover firms as well.

"External vulnerability low with current account deficit projected 0.2 per cent of GDP and adequate forex reserves, but domestic vulnerability indicators worsening," it further said.

"GDP growth may go towards 0 in 2020-21 if lockdown is extended. There will be four per cent permanent loss to GDP, and the economy is unlikely to recover for the next three years," noted DK Joshi, Chief Economist, CRISIL on Thursday, adding that the government will also need to work on more fiscal stimulus measures.

Joshi added that the fiscal policy will need to be flexible as well as responsive and must consider top-up welfare measures to address household income disruptions of the vulnerable - in cash and kind. The policy must also provide more support for businesses, particularly small and medium enterprises (SMEs) via direct support and guarantees.

Joshi said that fiscal measures could end up requiring about Rs 3.5 trillion in funds.

However, the catch up with GDP would be unlikely even if India grows by seven per cent from fiscal year 2022. The economy would have to grow at an extraordinary 8.5 per cent GDP growth between FY 2022 and 2024

In a teleconference to discuss the Covid-19 impact on economy and corporates, Shaun Roache, Chief Asia-Pacific Economist S&P Global Ratings said that some recovery is likely from the third quarter.

“We assume first-wave containment by end of the second quarter, complicated transition, and medical resolution mid-2021. Policies are a bridge to the (eventual) recovery,” he said.

Prasad Koparkar, Senior Director, CRISIL Research warned that India Inc log is set to log its worst performance in a decade due to the pandemic with discretionary segments and construction to be hit the hardest.

Gross non-performing assets (NPAs) of banks could rise to 11 to 11.5 per cent this fiscal from about 9.5 per cent last fiscal and slippages will be high. The agency does not expect any major NCLT resolution this fiscal.

Source: thehindubusinessline.com- Apr 30, 2020

HOME

****

Tirupur textile units to hum back to life

If all goes well, the engines of the apparel cluster in Tirupur would be kickstarted over the next week.

The Tirupur district administration is in favour of resuming industrial operations in all places of the textile hub excluding containment zones. Authorities have expressed their views for reopening the textile units in the report on their suggestions and recommendations on lockdown exit strategy sent to the state government.

Once the recommendations are accepted, roughly 85% of the apparel units would bounce back to business.

“If the government gives the nod, all the industries outside the containment zones would resume operations,” said a senior official.

However, the industries would not go full throttle to start with and there would be enough checks and balances keeping in mind the Covid-19 situation.

For the multi-million-dollar forex earning textile units that were staring at an uncertain future, the recommendation of the authorities has come as a relief. But the officials have told the industrialists that they must exercise utmost caution to ensure that the units do not become breeding grounds for Covid-19 patients.

“It is the onus of the units to ensure that there is no violation of rules,” the official said. The apparel units should strictly adhere to social distancing norms and other rules like wearing face masks.

The industries however said that they cannot operate to their full capacity right from Day 1 of reopening and that they would start with 25% workforce. “We are not ready to take any risk now by resuming 100 % operations. We would start and slowly increase our workforce,” said an industrialist.

The industrialists have been demanding the government to allow reopening of units so that they can make sample pieces of garments which can be sent to their buyers.

Source: timesofindia.com- May 01, 2020

HOME

****

GST collections may show negative growth into September, says GIFT study

Goods and Services Tax (GST) collections may likely witness a slow or even negative growth rate for at least six months from March due to the impact on Covid-19 on manufacture, business and consumption. An analysis of different scenarios reveal that GST revenue for the past 30 months has been uneven, volatile, indolent and far below official targets, point out KJ Joseph, N Ramalingam and L Anitha Kumary, faculty at the Gulati Institute of Finance and Taxation (GIFT), a think-tank in Thiruvananthapuram.

They said in a co-authored paper titled ‘GST Revenue of India and Kerala: Lessons from 30 months; Data and Suggestions to the 15th Finance Commission’ that the state of Kerala, known for its high consumption and heavily dependent upon other states for goods and services, expected more revenue from GST. But the experience from July 2017 till date has been less than assuring.

Negative growth in Kerala

For the state, 19 out of the 30 months saw negative trends while the upward growth in the rest 11 reveals high volatility, due largely to receipt of ad hoc settlements. The inconsistent collection of revenue, coupled with the uneven IGST remittances and ad hoc amounts, have forced it to constantly depend on Ways and Means sources of funds for meeting monthly, regular and committed expenditure.

The Centre has to compensate the states based on the year-on-year standard growth rate (14 per cent) fixed as per Sections 3 & 4 of the GST (Compensation to States) Act, 2017. The percentage share of CGST and SGST has been increasing whereas the percentage shares of IGST and compensation are decreasing. The decreasing share of compensation cess on the total revenue may not mean adequate balance amount in the cess account, the paper says.

Insufficient balance

Average release of compensation to states per month has increased from ₹4,571.78 crore during 2017-18 to ₹15,062.25 crore during 2019-20. The balance available in the cess account (₹5,774 crore) is sufficient to pay only one-third of a month’s obligation to the states. This will become even lesser in January-March 2020 and for the next couple of years due to the impact of Covid-19.

Decline, both in SGST and IGST, coincided mainly with the two-time revision in GST rates of the high elastic goods from 28 per cent to 18 per cent, the paper notes. In order to maintain the targeted 14 per cent growth rate, the combined reduction in SGST and IGST components is sought to be filled by compensation that rose from 14.7 per cent in 2017-18 (nine months) to 40.7 per cent in 2019-20 (10 month). This means that Kerala may end up demanding even more compensation in the coming months.
Streamline tax governance

The authors put forth a series of recommendations to the 15th Finance Commission, including (i) streamlining tax governance and compliance procedure that demands minimum effort to submit return and remit tax, (ii) apportionment of IGST revenue to the states on a monthly or by-monthly basis, (iii) a review of exemptions, concessions and tax benefits to minimise tax distortion and revenue leakage, (iv) a separate 'State GST revenue gap grant' for funding states to implement welfare schemes, and (v) amendment of the GST Compensation to States Act 2017 by extending the compensation deadline from 2022 to 2027 or beyond due to Covid-19 impact.

Source: thehindubusinessline.com- Apr 30, 2020

HOME

****

Lockdown has thrown up huge challenges for trucking business

Apart from getting truck drivers and warehouse employees back to their job, logistics operators have to grapple with working capital needs and supply chain inefficiencies

A lot has been spoken about the effects of Covid-19 on the economy. The government, large corporates, and the MSME sector are keen to reboot activities that have come to a halt due to the lockdown. Logistics, including transportation, warehousing, order management, and other value-added activities, would be critical for the revival of economic activities. One may have to look at numerous aspects of each of the logistics functions.

Transportation

According to a report, over 20 per cent of the trucks are stuck on the roads across the country. Drivers and support personnel could be anywhere around 30 lakh. Most of them face a loss of income. One can categorise trucks as those with large operators (either 4PL or 3PLs) as part of a contract engagement and those running as market vehicles.

It is important to note that their commercials for the load on the road would not have factored Covid. Hence, they, including project cargo, will have to renegotiate the same. Maybe one learning is to include a variation or compensation clause in contracts under force majeure conditions.

Secondly, there are vehicles owned or placed with leading fourth-party and third-party logistics service providers who are on long hauls across the length and breadth of the nation. Such vehicles typically have aggregators (also known as market intermediaries or brokers) who have contracted a group of vehicles and placed under their aegis. They will bill with the 3PL operator and, in turn, pay the vehicle owner who bears all the operating expenses.

When the vehicles are on the move, they have designated pit-stops and other support mechanisms every 300-600 km in all major routes. When the lockdown was announced, most of the vehicles could park in the pit-stops, and the drivers were reasonably taken care of by the owners. When the system came to a halt, the number of vehicles required to be parked increased phenomenally, and the drivers used nearby villages as well to park. However, the drivers did not have the wherewithal to stay on and take care of the vehicles.

Once the vehicles resume operations, money for variable expenses to continue travel would be required. This needs to be provided at whichever place the drivers are. One may argue that with digital pay and ATMs, they may be able to handle the same. If not enabled till now, the contractors of the vehicles in coordination with 3PL operators may have to support the drivers and vehicle owners. Else, cash transfer can be made once they find nodal points.

Cash required would be higher than during normal business because once the clog is released, traffic may pile up at terminal points. There is likely to be a delay in turnaround time. It is estimated that the delay would be anywhere between five and seven days for the first four weeks.

In large projects, it would take time to mobilise the unloading contractors. In such projects, delays can go up to 30 days with the pile-up of vehicles. There are likely to be delays in organising return loads as well. These shouldn't be a problem for 3PL provided the business conditions return to normal quickly. Hence, 3PL operators will have to provide for asset inefficiency. One may, however, have to see how the costs are recovered over time.

In the overall freight payment system, after a trip is completed, 3PL operators raise an invoice. As the truck delivers, the proof of delivery (POD) is signed and returned by the customer. Then an invoice is raised. It takes three to four weeks for bills to be consolidated and to raise an invoice. The customer takes 45-60 days to pay. After delivery, it takes 60-85 days for the payment of service. An advance of 60-70 per cent is paid by 3PL to drivers. Things are likely to worsen until the efficiency parameter improves as under normal business conditions.

Policymakers must bring in alternative systems. One may suggest dynamic discounting or factoring of bills, which could be expensive for these operators. Supply chain finance is one possible solution that is yet to evolve in India.

The emotional health of many truck drivers have been affected . A lot of ground-level support through counselling will be required. NGOs and professionals can be engaged in providing comfort to this group of employees and getting them back on board.

In India, the rail transport is supply-driven. The government and related agencies use rail for the movement of crude and petroleum, coal, minerals, and so on. Since the user companies are not operating in full capacity, it will return to normalcy. It is likely that the railways is using the lockdown for optimal redistribution of foodgrains. Analytics can be deployed for better capacity utilisation of cargo movement when the lockdown is in force, and passenger movement is restricted.

Ports have been operational, but the business may not be “as usual”. This sector again requires a reboot for efficiency loss as it has been unutilised for some time and would continue to be less utilised for some more time. Further, ports may need working capital for the restart of business. Also, there is going to be bunching of businesses for some time once the lockdown is lifted, leading to increase in costs.

Warehousing

The impact of the lockdown on warehousing operations can be seen by analysing three important aspects of warehouse management — utilisation of space, equipment, and employees. Space utilisation is dependent on stock availability and movement of stock. 3PL operators are likely to be affected to the extent that both space utilisation and turnaround would be plugged into their business model.

Their clients will be paying a basic rate for space and an additional amount for handling and despatching. Since there is no activity, 3PL operators could be incurring expenses, including depreciation and maintenance of equipment and labour, as mandated by the Ministry of Labour and enforced by State governments as well. It must be seen if they could pass them on to their clients.

Inventory management

Inventory management challenges are likely as raw materials, components, and work-in-progress (in case of engineering industry) and finished goods pile up by a month's level. Stock per se is not an issue. There is another likely component of inventory cost. Such costs could arise because of adjustment for component and material availability during the revival period. This problem is likely to be more common in the components-based industry, where some critical low-value components are to be supplied by MSMEs.

Such a situation can lead to several adjustments in the production schedule, and more frequent change-over for want of the right set of components. Two areas that need focus would be to check the production plans and ensure appropriate inventory adjustments and ordering for smooth system flow.

Second, MSMEs that supply critical components or involved in product support need to be financed on priority. They must receive funds through the supply chain finance mode or a larger entity for efficient deployment of funds.

The logistics sector may have formidable challenges in the trucking business. Areas that need attention are: many of them may not have working capital limits and must be discounting bills. One may have to see how such costs can be addressed. Second, capital may be required to cover inefficiencies which occur during this period. One may have to study the incidence and impact of such inefficiencies.

In the supply chain, most of the time, inefficiencies are passed on to the customers. When demand is sluggish, such a luxury is not available. How much can costs be absorbed and capitalised and managed through reduced cost of capital? Lastly, the logistics operators may have to get workers, namely truck drivers or warehouse employees, back to their job.

Source: thehindubusinessline.com- Apr 30, 2020

HOME

****

Get India back at work to secure the economy and employment

As we near the end of an extended national lockdown, our policy discourse must broaden from containing the outbreak to addressing the three ‘R’s for the economy as well: of relief, revival and reconstruction. While the pandemic will haunt us for a few years, it is also true that complete lockdowns will harm Indian society as much—if not more—than the disease.

Unlike rich countries, India’s government simply does not have the resources to pay people to stay at home. Most businesses are staring at insolvency after having to keep and pay employees over the past four weeks. Even if they manage to stay afloat, their distress will compound our unemployment crisis. According to Mahesh Vyas of the Centre for Monitoring Indian Economy, 140 million people, or 14% of India’s working age population, have lost their jobs during the lockdown. Both urban and rural India have been hit hard.

The immediate order of the day for the Union and state governments is to prevent the permanent destruction of jobs. Monetary policy changes will take time to take effect. On the fiscal side, it is unclear if revenue-starved governments can raise enough resources in the next few weeks, even if they find ways to effectively disburse the money to those who need it. That leaves us with only one answer: get India back to work.

As we figure out innovative ways of making direct cash transfers to the needy, and provide credit, interest moratoriums, tax deferrals and wage support to businesses, we must recognize that wages are the ultimate social security for individuals, and the cash register the ultimate economic stimulus. For this, we need to allow the less affected parts of the country to increase economic activity. As I argued in my previous column, and as recommended by an informal group of industry and civil society leaders that I was part of, a risk-linked calibrated reopening plan is both necessary and doable.

Over the next two to three years, the effectiveness of fiscal and monetary policy in India has a better chance of improving. Economic reconstruction would need a booster dose of both. But they are unlikely to be sufficient without a simultaneous “policy stimulus" designed to create massive employment and industrial expansion. Amid all the talk of an increased role of the state, we tend to forget that there is such a thing as economic freedom and it plays a transformative role in the country's economic story.

It is tempting to go back to comforting old myths and declare that micro, small and medium enterprises (MSMEs) will offer us a way out, and therefore we do not need big manufacturing. This was a fiction we long told ourselves to avoid having to confront the complexity of the task and argue with our internal leftists and modernity-sceptic nativists. Yes, MSMEs are very important, but that does not mean we should deliberately prevent them from expanding into large manufacturing companies. We need MSMEs, but we also need big firms that employ tens of thousands of people per shift.

With both geopolitics and the pandemic creating incentives for foreign companies to shift their supply chains away from China, the Indian economy has a once-in-a-century window of opportunity to capture some of the business. I sound like a broken record, but such windows have appeared periodically since 2009, all of which India has missed. Vietnam and Bangladesh, on the other hand, have made good by capturing some of these. The opportunity this time is much bigger, but also open to a wider range of countries. India will need to move fast and do things that it has never done before.

One way would be to deem firms employing more than 20,000 people in one location as "institutions of mass employment" and exempt them from Kafkaesque labour laws, make industrial land available at market prices, and offer international arbitration clauses. The damage done by retrospective taxation and the wholesale repudiation of contracts by state governments needs to be repaired if we have to gain the trust of domestic and foreign investors.

In India Unlimited: Reclaiming The Lost Glory, Arvind Panagariya proposes that we create Autonomous Employment Zones (AEZs) that "give virtually all powers to frame the rules of economic engagement within the zone to the local administration. The zones will offer a highly flexible environment with respect to labour and land laws, allowing rapid reallocation of these factors from one activity to another. They will also allow exporters to import inputs with minimum friction, process them and export. But there will be no export requirement for firms locating in the zones." Writing before the pandemic, he proposes that we start with no more than half a dozen of these AEZs. In the current situation, each state should be encouraged to set up at least one AEZ.

If India's strength is in its demographic profile, then getting hundreds of millions of people employed is the way to realize its latent potential. This is the time to jettison most of our self-imposed mental, ideological and legal barriers to boosting employment. If we don't do it when hundreds of millions have lost their jobs and there is a reverse exodus of migrants to the countryside, I cannot think of a time we ever will.

Source: livemint.com- Apr 30, 2020

HOME

****

Land ports deadlock: Exporters considering riverine route to Bangladesh

Exporters to Bangladesh are weighing the option of using the riverine route as an alternative to land port which is in deadlock for more than a month over various issues including quarantine norms during the lockdown.

"Trade is not happening through land ports now. So, there is huge interest among exporters to ship their cargo through inland waterways and seaports," Calcutta Customs House Agents Association president Subhas Chandra Ghosh told PTI.

The trade through the riverine route was closed after India restricted entry of Bangladeshi barges earlier this month as a measure to check the spread of coronavirus infection. Following this, the neighbouring country also imposed similar restrictions.

However, the Ministry of Home Affairs on Sunday clarified that the movement of inland vessels on the India- Bangladesh protocol route is permitted.

There are no restrictions on export items from waterways and seaports, Ghosh said.

"According to available information, Bangladeshi vessels will enter from Monday," said Sagar Khastagir, an official of Summit Alliance, a leading Bangladeshi port operator in Kolkata.

Another customs agent said one vessel is getting ready for Bangladesh with a variety of products.

"Usually, fly ash accounts for 85-90 per cent of total cargo via the riverine route. But, in situation like this, movement of other commodities will rise," the agent said.

Customs officials said they are working round the clock to clear cargo and also offered certain relaxations in the wake of unprecedented times for ease of Exim sector.

Over 2,100 Bangladesh-bound trucks are stuck in and around Petrapole for over a month since the nationwide lockdown was announced on March 24. According to rules, truckers have to go for a 14-day quarantine once they return from another country.

To allow movement of stranded trucks laden with goods at Petrapole land port on the India-Bangladesh border, the West Bengal government on Tuesday said it can permit only essential commodities to be sent to the neighbouring country, but transfer of cargo has to be done at the no man''s land to avoid the quarantine conditions.

If a truck does not enter another country, there is no question of quarantine for the drivers and helpers.

Through this land ports, India exports cotton fabrics, vehicle chassis, non-alloy steel, yarn, iron and steel products, synthetic fibres, two-wheelers, jute seeds, machinery parts, books and paper, cereals and other food products.

On the other hand, items such as jute, readymade garments, betel nut and rice bran come from Bangladesh.

Demand for high-quality rice from India used to be high in Bangladesh earlier. But its export had shrunk after a duty of 60 per cent was imposed on non-basmati variety by the importing country around two years ago, rice exporters said.

The Volume of basmati has also been negligible. Between April last year and January, 2020, the value of basmati export was below Rs 15 crores, according to the data available with the rice exporters.

Source: outlookindia.com- Apr 30, 2020

HOME

****

Textile units in Coimbatore region get into non-woven fabric production

As the demand for personal protective gear and masks have shot up in the last one month with the spread of COVID-19, some textile units in the region have gone into production of fabrics that are used to stitch the coveralls.

Of the 20 or so companies that produce the fabric that go into making of the coveralls, more than five are in Tamil Nadu, according to industry sources.

According to Gopinath Bala, CEO and Technical Director at SVS Advanced Fabrics, the company was already into technical textiles, manufacturing biodegradable sign board fabrics and roofing fabrics. It has now invested and got into production of PPE fabrics. “We just launched production of three products - fabric for coveralls, cubicle partition fabrics that can be used in hospitals, coveralls with breathable fabric that the police and other healthcare workers on the field can use.”

The demand for masks, coveralls, and related products will continue for some more time. Even after that, those making quality products will have a market as awareness about PPEs has increased. “There will be a good future for exports too,” he said. The fabric used has to be laminated to make it safe for use for frontline workers.

Coimbatore-based Saastha Technical Textiles, started eight years ago, laminates nearly 10,000 metres of fabric a day. A PPE set used by a doctor consumes nearly 3.3 metres of fabric. If each doctor involved in treating COVID-19 patients use even one set a day, the demand for laminated non-woven fabric is huge.

There are several enquiries from other countries too, says M. Raaja, its Managing Director, on the potential for the fabrics. Industry sources say that the demand for PPEs and healthcare related products will continue. The manufacturers source fabric from the northern States now. It is good to have the required eco-system within the State.

The market has evolved with COVID-19. Entrepreneurs in other sectors are also looking at opportunities in masks and coveralls. So the demand for fabric will continue.

The current demand may not continue in the domestic market after a couple of years. But use of masks will continue by the public for a longer time. Industries do not have to make huge investment to make the fabric. However, when export of PPEs is opened up, there will be huge opportunity for the manufacturers.

Source: thehindu.com- Apr 30, 2020

HOME

****

Maharashtra's road shows abroad from Nov to woo investors

Maharashtra is planning road shows abroad from November to attract investments into the state in the post-COVID 19 pandemic world, especially targeting investments from global companies looking to relocate outside China, the state's development commissioner for Industries Harshdeep Kamble recently said at a seminar at the World Trade Centre in Mumbai.

Maharashtra, which aims at more than doubling the Gross State Domestic Product (GSDP) to $1 trillion by 2025, will target the textiles, automobiles, steel, agro processing and pharmaceuticals sectors as part of its strategy, Kamble was quoted as saying by the event organisers.

He said Chinese auto major Great Wall Motors has decided to go ahead with its investment in an electric vehicle facility and battery production unit at Pune despite the pandemic, according to a news agency.

As part of the incentives offered under the state's industrial policy, a company can recover up to cent per cent of its fixed investments.

Source: fibre2fashion.com- May 01, 2020

HOME

****

Cotton sowing starts, Punjab plans to increase area by 37%

Punjab agriculture director Sutantar Kumar Airi says crop sowing to be complete by May 20; targeted area to be put under cotton is 5.5 lakh hectare

Amid covid-19 outbreak, the state agriculture department has set a new target to bring 5.5 lakh hectare under cotton cultivation, almost 37% more than last year's 4 lakh hectare. Sowing in South Malwa districts, the cotton belt of the state, started this week, with a delay of seven days and it is expected to peak from the next week. Wheat crop has been bumper and is at the last leg of harvesting.

Canal water in key districts of Bathinda, Mansa and Muktsar was released on April 27. Fazilka chief agriculture officer Manjit Singh said, "Cleaning of minor canals of Malooka and Arniwala is being done and water will in these channels is expected to be reached by Saturday. Cotton has been sown in about 500 hectares and the estimated area of 1.25 lakh will be covered by May 20," he said.

A progressive cotton grower from Bathinda's Bajak village Baldev Singh said the farming community hoped for support from state agencies for easy availability of seeds and canal water supply during the lockdown. "As the state is boosting crop diversification, the agencies should also ensure that farmers will get a fair price for their cotton produce," he said.

State agriculture director Sutantar Kumar Airi told HT that cotton sowing in Punjab will complete by May 20. The state authorities have coordinated to arrange 27 lakh packets of cotton for the targeted 5.5 lakh hectare land.

"Earlier, the department had set a target to cover 5 lakh hectare under cotton but now we are trying to make it to 5.5 lakh in the state. Our teams have been motivating farmers for the last several months to shift from paddy to cotton," said Airi.

In Bathinda, the cotton area will be stepped up from 1.40 lakh hectare in 2019 to 2 lakh hectare. In Fazilka, the department has planned to increase procurement from 92,000 hectare to 1.25 lakh hectare this year, said Airi. In Mansa, the department has aimed to increase the area by 1 lakh hectare, an increase of 20,000 hectare. Muktsar is expected to see an increase from 72,000 hectare to 1.05 lakh hectare.

The official said the department planned to more than double the area under cotton cultivation in Barnala, Sangrur, Faridkot and Moga from the previous season of 4,000, 10,000, 3,000 and 122 hectares, respectively. "Time of sowing cotton is suitable till May 31 and farmers need not worry. Delay in sowing is insignificant as it happened due to prolonged picking of bumper cotton last year," he said.

Source: hindustantimes.com- Apr 30, 2020

HOME

****

India maps out post-Covid export plan to take on China

India has begun work on a continuity plan to kick-start exports once the country emerges from the shadows of the Covid-19 pandemic. The plan includes cutting down import dependence, especially from China, by focussing aggressively on substitution while improving safety compliance and quality goods to gain global market share. The commerce and industry ministry is mulling setting up groups to draw up strategies for sectors where China has vacated space and countries are looking to diversify suppliers.

As per an analysis done by the commerce department, medical textiles, electronics, plastics and toys are some sectors whose exports can be promoted in the next three months or phase one while phase two exports include gems and jewellery, pharmaceuticals and steel, in the next six months.

Commerce and industry ministry Piyush Goyal is likely to discuss these plans with the external affairs minister and Indian missions abroad on Thursday.

“There are geographical issues of some countries because they don’t want to put all their eggs in one basket, which is China. We are looking at sectors where we can improve capacity and reduce costs especially where dumping is happening,” said one official.

As part of the strategy, India will look at areas where it has capability but continues to import and focus on the areas of core competence. Piyush Goyal on Wednesday told exporters that with shortage of food items in several countries due to supply chain disruptions, it is a good opportunity for export of agricultural and processed food items. He told exporters that incentives can be given, but they have to be “justified, reasonable, and WTO compliant”.

“Covid-19 will emerge as a non-tariff barrier as countries would insist on various certifications. We need to maintain those SOPs and provide digital certificates," said Ajay Sahai, director general, Federation of Indian Export Organisations.

Goods exports shrank 35% in March, the biggest contraction in almost a decade while full-year shipments declined in 2019-20 for the first time after 2015-16, at 4.8% to $314.31 billion in FY20 from $330.08 in FY19.

The ministry has suggested forming groups of thinkers to brainstorm on what should be done after the pandemic for world dominance with a a humanitarian approach.

Source: economictimes.com- Apr 30, 2020

HOME

****