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IBTEX No. 119 of 2020 June 02, 2020

US 75.57| EUR 84.08 | GBP 94.35| JPY 0.70

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INTERNATIONAL NEWS

China's exports to fall due to drop in global economic growth

According to Nomura analysts, with economic growth in the major economies of Europe and the Americas set to drop by around 15 per cent year-on-year in the second quarter, China's exports seem poised to fall.

As the official data revealed, factory activity in China expanded at a slower pace in May as the country attempts to get back on track after the coronavirus with the global economic slump making the sector's recovery difficult.

China's factories stirred back to life after the lifting of strict lockdown measures imposed when the deadly pathogen surfaced in the central city of Wuhan, but the spread of the virus worldwide has dragged down key foreign markets – weighing heavily on Chinese exports.

The Purchasing Managers' Index (PMI), a key gauge of activity in China's factories, was at 50.6 points in May, remaining above the 50-point mark separating growth from contraction each month.

But the figure was down slightly from 50.8 the month before, and 52 in March, according to the National Bureau of Statistics (NBS).

Non-manufacturing PMI was at 53.6 in May, a slight increase from the month before, with the NBS flagging that the construction and service industries are showing signs of recovery.

Business activity in the cultural, sports and entertainment industry, however, remains low with many entertainment venues still closed amid fears of a second wave of COVID-19 infections.

Source: fashionatingworld.com– Jun 01, 2020

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USA: This Week's Cotton Market: Much Ado About Not Much

The military command of "March in Place" remains the standard order for the cotton market.

There was limited and non-aggressive price movement all week, yet nothing happened. Trading volume did little more than create a big yawn. Yet, the cotton market continues to perform more favorably than either the soybean or corn futures markets.

The July/December inversion continues to hold, but only by a few points. Thus, the market still reflects the immediate demand for cotton in the U.S. export market. Nevertheless, the export market remains weak due to the world textile slowdown, but business is advancing.

It is refreshing to see apparel sales beginning to show positive consumption numbers. Too, a slight improvement in yarn movement was also noted. It's merely a situation of being able to claim that carryover stocks have peaked. Too, consumer confidence has regained its strength and is above its 2016 level under President Obama. Yet, prices have been swamped since the arrival of the coronavirus.

World stocks outside of China are at record levels, meaning that the world export market will continue to be highly competitive – and more so than in the past 5-7 years to say the least. Unfortunately, we expect the current trading range – 55.50 to 59.50 cents – to remain. First Notice Day for the July contract is some three weeks away and, doubtfully, there will not be any fundamentals emerge to shake the market out of that range.

The weekly U.S. export sales report for the week ending May 21 showed net sales of only 44,600 bales of upland and 10,100 bales of Pima. China and Vietnam were the major buyers, while only a total of only eight countries were in the market for cotton. This was only about half of the typical number of countries buying cotton.

Additionally, while there was a total of 111,000 bales in weekly sales, cancellations brought net sales down to the aforementioned 44,600 bales. Too, of the 111,000 bales sold, 98,900 bales were sold to China and Vietnam. An additional 171,900 bales were sold for the next marketing year, 2020-21.

Thus, mills continue to be energetic about buying for next year – energetic, that is, but not aggressive. Mills are facing a very favorable price (abnormally low) and continue to suggest they will buy more.

Shipments remained on track to reach USDA's target of 15.0 million bales, and momentum is building to ensure that target is reached. Primary destinations for the week were Vietnam, China, Pakistan and Turkey. Yet, the market's major concern is whether or not shipments of prior sales will actually be made to China.

China has actually purchased some 3.2 million bales during the current marketing year, accounting for almost 20% of all U.S. sales for the year. U.S. shipments for the current marketing year total about 11.1 million bales of the 15.0 million bale target. The shipment pace is some 11% above last year's pace.

Currently India and Brazil are gaining export strength as economic conditions in those two countries have made those two growths the most competitive in the world – both below the quoted price for U.S. export styles. COVID-19 has become widespread in those countries, forcing the basis for those two growths lower in an attempt to gain foreign currency to help boost the respective economies.

Again, I expect the current price trading range – roughly between 55-60 cents – to hold into the June and July WASDE reports.

Source: cottongrower.com– Jun 01, 2020

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Global trade of cotton sewing thread to fall

The global trade of cotton sewing thread have shown a tremendous fall in the year 2019. The total trade reported a decrease of 13.39 per cent which was $238.91 million in 2017 to $206.92 million in 2019, according to data from TexPro. The total trade of cotton sewing thread has declined 18.21 per cent in 2019 compared to the trade previous year.

The trade is further anticipated to drop to $ 170.07 million in 2022 with a rate of 18.21 per cent from 2019, according to Fibre2Fashion's market analysis tool TexPro.

The global export of cotton sewing thread was $119.49 million in 2017, which declined 4.50 per cent to $114.11 million in 2019. Total exports substantially fell 10.93 per cent in 2019 over the previous year and is expected to move down to $106.49 million in 2022 with a rate of 6.68 per cent from 2019.

The global import value of cotton sewing thread was $119.43 million in 2017, which reduced 22.28 per cent to $92.81 million in 2019. Total imports decreased 25.68 per cent in 2019 over the previous year and is expected to grow to $63.59 million in 2022 with a rate of 31.49 per cent from 2019.

China ($19.77 million), Turkey ($19.66 million), Italy ($13.75 million) and India ($13.64 million) were the key exporters of cotton sewing thread across the globe in 2019, together comprising 58.56 per cent of total export. These were followed by the Spain ($5.35 million), Hong Kong ($5.08 million) and Germany ($4.24 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by Turkey (177.96 per cent).

US ($9.59 million), Italy ($7.88 million), Philippines ($4.88 million), and Guatemala ($4.53 million) were the key importers of cotton sewing thread across the globe in 2019, together comprising 28.96 per cent of total import. These were followed by Tunisia ($4.20 million), Spain ($3.40 million) and UK ($3.39 million).

From 2016 to 2019, the most notable rate of growth in terms of import value, amongst the main importing countries, was attained by Philippines (7.48 per cent) and US (6.14 per cent).

Source: fibre2fashion.com– Jun 01, 2020

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Primark to re-open stores in England on June 15

Following the government announcement, Primark, an international retailer, has announced that the company is working to re-open all its stores in England on June 15, with extensive measures in place to help safeguard employees and customers. Company is still awaiting further clarification regarding re-opening dates in Northern Ireland, Scotland and Wales.

Primark stated that it is closely following all government safety advice and applying experience gained from our store openings across Europe, putting rigorous health and safety measures in place in all stores, which include: limits on the number of customers allowed in store at any one time to allow for the appropriate distance in between customers and employees, following government guidelines; hand sanitiser stations will be made available at the entrance and on the shop floor and back of house for employee and customer use; and the frequency and rigour of store cleaning will increase, particularly around high frequency touchpoints such as tills, escalators, lifts, and employee areas in back of house.

“As we re-open our stores in England, nothing matters more than the health and wellbeing of our colleagues and customers,” Primark CEO, Paul Marchant, said in a press release.

We will adopt all government safety advice as a minimum in our stores and have benefited from our experience in the other markets in Europe where we have already opened successfully. As we open, we will continue to look at best practice across the retail sector and amend our measures appropriately.”

Source: fibre2fashion.com– Jun 01, 2020

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Cambodia: Government approved the proposal of PPE production

A proposal from the Garment Manufacturers Association in Cambodia (GMAC) has been approved by the Cambodian government to produce all kinds of face masks, medical equipment and protective clothing for domestic consumption and export.

As the world is seeking masks, medical equipment, and protective clothing to help curb the COVID-19, the government supports and encourages factories to produce the aforementioned items, according to a letter from the Ministry of Economy and Finance to the president of GMAC.

Spokesperson of the Cambodian Ministry of Labour and Vocational Training Heng Sour earlier said the export of garments and footwear is forecast to drop by 50-60 percent in the second quarter of this year due to the impact of the pandemic.

The Q1 exports nosedived by 80 percent year-on-year when the COVID-19 broke out in the EU and US – the two largest markets of Cambodian garment products – in February, he said.

Over 180 apparel factories have now suspended operation, and another 60 are thought to be close to suspension, affecting lives of about 200,000 workers.

The Southeast Asian country is home to 1,099 factories operating in the garment, clothing, and handbag industries, according to the Cambodian Ministry of Manufacturing, Research, Technology and Innovation.

Source: textilefocus.com– Jun 01, 2020

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COVID-19: Turkey produces 1 million pieces of disposable masks per day

Like other countries, Turkish textile industry is also playing an effective role in measures against Coronavirus pandemic. The country is producing 1 million pieces of disposable masks in a day, as well as performing the production of the masks, named N95 and N99, providing top protection used particularly by medical personnel.

Minister of Industry and Technology Mustafa Varank stated that the country can produce disposable masks upto 2 million per day and the raw materials of masks can support up to 8 million daily productions.

As a result of the R&D studies initiated by the Ministry of National Education (MEB) within the scope of the measures taken against the coronavirus (COVID-19) pandemic, the manufacturing of an automatic 3-layer wired ultrasonic surgical protective mask production machine was completed in Istanbul Küçükköy Vocational and Technical Anatolian High School. Production of 100 thousand surgical protective masks per day started in high school.

The export of technical textiles increased by 3-3.5 percent in March though the export volume decreased 17 percent. This is the result of the demand for nonwoven masks and protective clothing.

Source: fashionatingworld.com– Jun 01, 2020

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Russia: Cotton Fabric Import and Export Up in Q1 2020

According to the RF Federal Customs Service statistics, during January-March 2020 Russia imported 19.7 mn pairs of leather footwear, up 2.6% year-on-year. In terms of value, leather footwear import decreased by 2.2% year-on-year down to $445.5 mn.

Clothes import into Russia grew by 3% up to $1.7 bn.

Cotton fabric import during Q1 2020 was up 7.2% year-on-year to 78.4 mn sqm. In terms of value it increased by 11% up to $44.3 mn.

Cotton fabric export from Russia grew by 37.2% year-on-year up to 30.6 mn sqm worth $12.8 mn, up 4.1%.

In March, leather footwear import declined by 15.8% year-on-year and by 31.4% month-on-month making 4.8 mn pairs worth $118.7 mn, down 14.5% year-on-year and down 27.3% month-on-month.

Clothes import was up slightly by 0.5% year-on-year, but down 7.4% month-on-month to $548.6 mn.

Cotton fabric import in March grew by 20.4% year-on-year and by 8% month-on-month amounting to more than 28.7 mn sqm. In terms of value, it made $15.6 mn, up 24.8% year-on-year and up 1.9% month-on-month.

Cotton fabric export surged by 40.1% year-on-year and increased by 12.1% month-on-month to make more 10.8 mn sqm. In terms of value, it made $4 mn, down 9.1% year-on-year and down 16.7% month-on-month.

Source: seanews.ru– Jun 01, 2020

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Japan's Descente to close 47 kids wear shops in S Korea

Japanese sports fashion brand Descente has decided to shut down 47 independent 'Young Athlete' outlets exclusively dedicated to kidswear in major department stores and malls in South Korea due to sluggish sales amid lingering disapproval of Japanese brands since last year's trade tensions followed by the COVID-19 setback. The shops will be run until August.

The kids stores will be integrated with its general stores after that, according to South Korean media reports.

The Japanese company entered the Korean market in 2000 and launched the 'Young Athlete' brand in August 2016 and opened exclusive stores for kidswear in 2018.

But the company began facing unexpected setback last year when the anti-Japanese sentiment over Seoul and Tokyo's conflicts led to Korean consumers' boycott movement against Japanese goods and services.

Other Japanese fashion labels are also having a hard time in the country with a double whammy from the COVID-19 shutdowns. GU, a budget brand under Japanese fast-fashion giant Uniqlo, said recently that it would pull out all of the three offline stores, in just less than two years since it was launched in Korea in September 2018. Uniqlo also shuttered 13 outlets from February to May, bringing down the number of stores in Korea from 188 to 175 as of May 29.

Source: fibre2fashion.com– Jun 01, 2020

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CCI joins Colombia's annual textile-apparel meeting

Cotton Council International (CCI), a non-profit trade associated, has participated in Colombia's annual textile-apparel meeting on May 21 to strengthen long-term relationships with Asociacion Nacional de Industriales de Colombia (ANDI) and the textile industry in Colombia. Due to Covid-19, face-to-face meeting was replaced with a virtual Zoom conference.

CCI stated that it will continue to support the industry whenever possible as it emphasises that US cotton is a premium raw material that offers many value-added activities. The goal of the meeting was to have leading Colombian textile-apparel managers evaluate 2019 results and take a look at the future, guided by a business and leadership expert.

Presidents and managers from leading textile-apparel companies in Colombia also joined the event, such as Fabricato, Coltejer, Hilanderias Universal, Lafayette, Coats Cadena, Didetexco, Hermeco and Colhilados.

CCI presented the US Cotton Trust Protocol and US cotton's sustainability. The digital invitation, annual report and the opening home screen of the association's presentation featured the COTTON USA Mark.

Source: fibre2fashion.com– Jun 01, 2020

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Pakistan: PRGMEA calls to exempt cotton yarn from all duties

The regional president of International Apparel Federation (IAF) and Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) chief coordinator Ijaz A Khokhar has urged upon the government that cotton yarn, the major raw material of apparel sector, should be exempted from all duties and taxes to encourage value addition.

Talking to journalists on Sunday, he highlighted salient futures of PRGMEA budget proposals submitted to the government. He added that apparel industry should be allowed to import fabric under the SRO 492 scheme as the weaving industry of the country is unable to fulfill the growing demand for fashion wear.

He said we have suggested in our budget proposals that one window operation should be introduced for replacing lengthy procedures which involves several agencies adding that government agencies were harassing the textile industry. The government will receive more taxes if a reasonable percentage of realised amount is deducted at source, adding that Social Security, EOBI and other taxes should be merged and deducted at sources he said.

Ijaz said many SMEs will be added in tax net automatically. Under the prevailing circumstances we suggest that government should concentrate on formulating Aggressive Marketing Plan for expanding the radius of exports of the country, he said adding that in this regard we should explore non-traditional markets for introducing homemade products in these markets.

The IAF regional chief emphasised the needed of transferring industrial technology (Technical knowledge) from China and other countries aimed at bringing innovation, improving the products and production of new products. He further said at this critical juncture we were direly needed a stimulus economic plan coupled with relief package by the government to ensure the production wheel in full motion to filling the gap developed by Covid-19.

Ijaz said under circumstances government should focus attention of establishing regional, provincial and central level task force and formulation of sector wise and regional polices which would help the government not only in resolve the problems confronted by the exporters but also their needs.

Special funds out Export Development Fund (EDF) should be allocated for research and development in accordance with the concerned industrial sectors for bringing innovation and to improve the standard of products to cope with challenges of global market, he added.

Source: epaper.brecorder.com– Jun 01, 2020

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Pakistan: Rethinking industrial policy in Pakistan: the way forward

Faced by a near-existential threat, economies all over the world are at the pinnacle of a red alert. The novel coronavirus continues to hobble and confound the two main pillars of the global economy: demand and supply across industries and continents.

Apart from China, the most affected countries reporting the highest death rates include the United States, United Kingdom, Italy, Spain, France and Germany. These countries not only contribute a large proportion to global output and trade (around 40%) but also have a significant share of manufacturing value addition coming from them.

Since half of Pakistan's exports are to the most affected countries – the current situation poses a significant challenge to manufacturing – the second largest sector of the economy, accounting for 20% of Gross Domestic Product (GDP), and 23.67% of total employment. Although Pakistan's exports of goods and services as a percentage of GDP is only around 8.79%, with a total export earnings of US$ 23,631 million, most exporters employ a substantial number of workers in their respective businesses.

Hence, a fall in exporting activities will inevitably worsen the employment crisis in Pakistan. Within manufacturing, the formal or large-scale manufacturing sector – the harbinger of the creation of better employment opportunities – has plunged by 22.95 percent on a Year-on-Year (YoY) basis in March, 2020 owing to the closure of industries due to the lockdown . This, on top of an already negative growth trend in LSM, amplified the structural imbalance in the Pakistani economy. However, the government has partially lifted the lockdown and allowed export-oriented industries to resume operations, thus favoring livelihoods over lives.

In addition, Pakistan's Trade Balance recorded a deficit of US$ 2.2 billion in Apr 2020, compared with a deficit of US$ 1.5 billion in the previous month. Figures published by the Pakistan Bureau of Statistics (PBS) reveal a sharp contraction in exports since March 2020. Exports in April 2020 decreased to $960 million, a 54 percent reduction compared to April 2019.

The viral outbreak came at a difficult time for Pakistan and could make the economic slowdown even worse for the struggling economy. However, there is a possibility of a silver lining amid the turmoil. This crisis-like situation has created business opportunities for developing countries like Pakistan, India, Bangladesh and Vietnam, especially in the manufacturing sector. For Pakistan to be able to catch the bus, it needs to revisit its export history and rethink its industrial policy for an inclusive and sustainable growth.

A preliminary analysis of Pakistan's low level of export is simple. While many countries would have dozens of categories of exports, Pakistan only has a few — most of which fit into the visual representation above. Pakistan's exports are relatively unsophisticated, which, to a significant extent, implies that they are rather unresponsive to global economic growth (characterized by low-income elasticity of demand and high price elasticity of demand). Thus, Pakistan's exports have not kept pace with global income growth.

Click here for more details

Source: nation.com.pk– June 01, 2020

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NATIONAL NEWS

Rise in turnover limit for MSMEs to boost textile exports: TEXPROCIL

The Cabinet decision to exclude the revenue from exports, for availing concessions given to Small, Micro and Medium Enterprises, will benefit many struggling textile companies and help boost exports.

The turnover limit for medium enterprises have been increased from Rs 100 crore to Rs 250 crore.

Dr Srinivasan, Chairman, The Cotton Textiles Export Promotion Council said the Government’s move will be a major relief as a large number of exporters in the textiles sector can now be classified as MSMEs under the new criteria and can get all the benefits extended to the MSMEs including 5 per cent interest equalisation scheme.

It will lead to an increase in exports as it will make textile companies more cost competitive and generate more employment opportunities, he said.

Further, the investment limit for units to be classified as medium sized enterprises have been enhanced from Rs 20 crore to Rs 50 crore.

“The enhancement in the investment and turnover limits for Medium Enterprises is a very positive step taken by the Government at a time when exporters are passing through unprecedented times on account of Covid,” he added.

MSMEs play a significant role in the Indian economy and contributes about 29 per cent of the GDP and 48 per cent to the country’s exports.

Source: thehindubusinessline.com– Jun 01, 2020

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Cabinet approves revision in MSME definition, Rs 50,000 crore equity infusion scheme

Ease of Doing Business for MSMEs: The government on Monday approved the revision in the definition of MSMEs to further improve ease of doing business. For micro-enterprises, the limit for investment and turnover was increased to Rs 1 crore and Rs 5 crore respectively. On the other hand for small enterprises, the investment and turnover limit was increased from Rs 1 crore and Rs 5 crore respectively to Rs 10 crore and Rs 50 crore.

Similarly, for medium enterprises, the limit for investment was increased to Rs 50 crore and for turnover, the limit was increased to Rs 250 crore. The announcement was made in a press briefing environment minister Prakash Javadekar, MSME minister Nitin Gadkari and agriculture minister Narendra Singh Tomar.

Cabinet has also approved the Rs 50,000 crore equity scheme for MSMEs, which was announced by the Finance Minister Nirmala Sitharaman earlier this month, with a Fund of Funds corpus of Rs 10,000. The scheme will also encourage MSMEs to get listed on the stock exchanges. The Fund of Funds will be operated through a mother fund and few daughter funds.

The revision in definition was announced by Sitharaman as part of the economic package from investment in plant and machinery or equipment based to a mix of investment and turnover. Manufacturing units with investing less than Rs 25 lakh, less than Rs 5 crore, and less than Rs 10 crore in plant and machinery or equipment were defined as micro, small and medium enterprises respectively. For services businesses, the investment limit was less than Rs 10 lakh, less than Rs 2 crore and less than Rs 5 crore as micro, small and medium enterprises respectively.

Gadkari had recently said that a committee has been appointed by Prime Minister Narendra Modi to be headed by Rajnath Singh for resolving any problem in the implementation of the Rs 3 lakh crore collateral-free loan scheme for MSMEs. , said MSME Minister Nitin Gadkari on Sunday.

In an online interaction with the members of the Pune-based Mahratta Chambers of Commerce, Industries and Agriculture (MCCIA), Gadkari asked small businesses to email him directly in case of problems faced by them in securing credit under the scheme. Click here for press release.

Source: financialexpress.com– Jun 01, 2020

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PM Modi appoints committee headed by Rajnath Singh for MSME loan scheme implementation: Nitin Gadkari

Credit and Finance for MSMEs: Prime Minister Narendra Modi has appointed a committee headed by Rajnath Singh to resolve any problem in the implementation of the Rs 3 lakh crore collateral-free loan scheme for MSMEs, said MSME Minister Nitin Gadkari on Sunday. In an online interaction with the members of the Pune-based Mahratta Chambers of Commerce, Industries and Agriculture (MCCIA), Gadkari asked small businesses to email him directly in case of problems faced by them in securing credit under the scheme.

Finance Minister Nirmala Sitharaman earlier this month had announced the collateral-free loans scheme for MSMEs as part of the overall Rs 20 lakh crore Covid-19 relief package to uplift the economy. According to Sitharaman, 45 lakh MSME units will be able to resume their businesses and secure jobs through this support. The eligible units should have up to Rs 25 crore outstanding credit and Rs 100 crore turnover to apply for the loan scheme.

Gadkari also said that for MSMEs to foray into the solar park sector, being a good idea would be viable if state governments reduce transmission charges. He urged small businesses to reach out to Maharashtra's Chief Minister Uddhav Thackeray for a cut in the transmission charges.

The minister had recently suggested revision in the definition of medium enterprises to Rs 50 crore and Rs 200 crore in terms of investment and turnover respectively. "I have thought about increasing the (criteria for) MSME definition but I need approvals of Finance ministry and PMO," he said. Sitharaman had announced in the economic package that the medium enterprises' definition has been revised from earlier Rs 5 and Rs 10 crore investment in plant and machinery by manufacturing and services units to Rs 20 crore investment limit and Rs 100 crore as turnover.

Source: financialexpress.com– Jun 01, 2020

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Government extends validity of scrips under export incentives schemes for exporters

The government on Monday extended the validity of scrips or certificates, provided under export incentive schemes, which are expiring between March 1 and June 30 this year till September 30. The Foreign Trade Policy (FTP) provides tax incentives for goods and services under the Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS).

Depending on the nature of services and product, the government gives duty credit scrips or certificates to exporters. These scrips can be transferred or used for payment of a number of duties including the basic customs duty.

“Relaxation has been provided for applicable late cuts for SEIS/MEIS applications and the validity of scrips issued under Chapter 3 of FTP which are expiring between March 1 and June 30 this year has been extended up to September 30 this year,” the Directorate General of Foreign Trade (DGFT) said in a public notice.

In a separate trade notice, the DGFT said that as per a pact signed between India and Mozambique for import of pigeon peas and other pulses grown there, 2 lakh tonnes of pulses will be imported during 2020-21 with certain conditions.

It said import will be allowed only through 5 ports — Mumbai, Tuticorin, Chennai, Kolkata and Hazira — and it will be subject to production of “Certificate of Origin” certified by the authorised signatories in the ICM (Instituto de Cereasi de Mocambique) with stamps provided by the Government of Mozambique, which is being shared with the concerned customs authorities of these ports and the Central Board of Indirect Taxes and Customs.

Although quantitative restrictions has been imposed on import of moong, peas, and toor dal, it has been notified that the restrictions shall not apply to the government’s import commitments under any bilateral or regional agreement or memorandum of understanding.

Source: financialexpress.com– Jun 01, 2020

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RCEP countries woo India back to drawing board with ‘flexible package’

Proposal allows New Delhi to defer commitment on opening up market

To urge India back to the negotiations for the Regional Comprehensive Economic Partnership (RCEP), its 15 member countries have offered New Delhi the option of deferring commitments related to opening up its market. This means, India would not have to make any commitment on this crucial issue at the time of signing the agreement, according to a diplomat from a member country.

“The deferral means that India does not need to worry about RCEP’s impact on the broadening of its trade deficit with China and other member countries when it signs the RCEP agreement,” the diplomat told BusinessLine.

India quit talks with the RCEP — which includes the 10-member ASEAN, China, Japan, Australia, South Korea and New Zealand — in November 2019, as it could not agree on crucial issues including the level of market opening being demanded by the members, especially China.

The exit was also prompted by strong protests from various segments of the Indian industry, farmers’ groups as well as the dairy sector that complained that eliminating duties for RCEP members on most traded products could destroy their livelihoods.

“The flexibility offered to India on deferring commitments on market access was part of the flexibility package proposed by RCEP countries last month.

But since the letter had a number of other issues as well, the real message may not have been communicated well to India. That is why delegations are now in touch with the Commerce Ministry to spell out clearly what the package has on offer,” the diplomat said.

RCEP members are also ready to wait for India’s response to the proposal, despite the May 15 time-line proposed initially, as it was just a “polite request”.

Attempts are also being made by RCEP countries to ensure that the Indian industry is aware of the flexibilities that have been offered so that their apprehensions are abated.

“If India agrees to the package then it can enjoy the benefits of all other aspects of the RCEP pact such as investments, services and intellectual property rights, without having to worry about the fate of industry and farmers,” the diplomat further said.

Largest trading bloc

The RCEP, once completed, could be the largest trading bloc in the world, accounting for 45 per cent of the world’s population and 40 per cent of world trade. Japan and Australia had been the force behind designing a flexible package for India to try and coax it back to the negotiating table.

Japanese companies in India, too, are placing their hopes on India joining the RCEP talks again, as most believe that it would improve prospects for bilateral trade and investments, an official from the Japanese delegation said.

The Japan External Trade Organisation (JETRO) recently interviewed more than 200 Japanese companies in India who have some investment plans.

Most said that that they would maintain or increase their local production in India if it joined the RCEP.

“Some companies, however, pointed out that if India is not part of RCEP, they would rather consider reducing their production in India, as China and Vietnam would then be more attractive,” the official added.

Source: financialexpress.com– Jun 01, 2020

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Textile Minister Smriti Irani thanks PM Modi for 'massive support' to MSMEs

Union Textile Minister Smriti Irani on Monday thanked Prime Minister Narendra Modi for the 'massive support granted to MSMEs.'

She said that decisions will have a major transformative impact on the entire textiles industry, especially apparel segment which primarily consists of micro, small and medium enterprises (MSMEs).

In a series of tweets, she lauded the decisions taken by Union Cabinet for MSMEs.

Thanking Prime Minister Modi, Irani tweeted: "Grateful to PM @narendramodi Ji for the massive support granted to MSMEs. Decisions will have a major transformative impact on the entire Textiles Industry especially apparel segment which primarily consists of MSMEs."

In another Tweet, she said: "Approval to Rs 20,000 crore as subordinate debt to provide equity support & Rs. 50,000 crore equity infusion to help MSMEs in managing the debt-equity ratio will reinvigorate the sector which is the backbone of our economy."

The Union Cabinet has approved the modalities for implementing Rs 50,000 crore equity infusion to support MSMEs, which was announced last month as part of Atma Nirbhar Bharat package last month to help the sector cope up with the situation created by COVID-19.

It also approved Rs 20,000 crore subordinate debt for stressed MSMEs and a new definition for MSME under which enterprises with investments up to Rs 20 crore and a turnover of less than Rs 250 crore will now be defined as 'medium' units.

In a subsequent tweet, she said the revision of MSME definition after 14 years is a landmark step towards encouraging MSMEs to expand their horizons.

"MSMEs contribute 29% of India's GDP, 48% to our exports & are a driving force behind employment to crores of people. Revision of MSME Definition after 14 years is a landmark step towards encouraging MSMEs to expand their horizons & boost #AatmaNirbharBharat," she tweeted.

Earlier in the day, briefing media about the decisions, Information and Broadcasting Minister Prakash Javadekar said the government has further revised the definition of MSMEs, under which businesses that have investments up to Rs 1 crore and turnover of less than Rs 5 crore will be classified as 'micro' units.

Businesses will be defined as a 'small' unit if the investment is Rs 10 crore with a turnover of less than Rs 50 crore whereas enterprises with investments up to Rs 20 crore and a turnover of less than Rs 250 crore will now be defined as 'medium' units. Finance Minister Nirmala Sitharaman had last month given details about the package for MSMEs after Rs 20 lakh comprehensive package was announced by Prime Minister Narendra Modi.

Source: newslivetv.com– Jun 01, 2020

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Enhancement of turnover limit of MSME sector to help exporters

The government's decision to increase the turnover limit for medium units from Rs 100 crore to Rs 250 crore will help infuse technology and promote automation in certain sectors and boost outbound shipments, according to exporters. Federation of Indian Export Organisations (FIEO) President Sharad Kumar Saraf said that exclusion of exports turnover from total turnover will help in internationalisation of MSMEs and will bring their focus on exports.

"This will also benefit a lot of gems and jewellery companies, who would have breached the MSME criteria due to sheer cost of their inputs," he said in a statement. The cabinet on Monday approved further increasing the limit for medium manufacturing and service units to Rs 50 crore of investment and Rs 250 crore of turnover.

The turnover with respect to exports will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium. "The move is most pragmatic and will also infuse technology as in certain sectors margins are so low that enhancement in investment in plant and machinery would not have been of much use unless accompanied by increase in turnover limit to Rs 250 crore.

Such a move will also bring automation of certain processes which are required for competitive manufacturing," he added. Hailing the decisions on MSME sector, financial advisory firm Findoc Group MD Hemant Sood said that MSMEs are the backbone of the Indian economy and the highest employer of skilled labour. "The decision by the government to allow listing of MSMEs will help them in longer term and become a growth engine for their revival," Sood said.

Apparel Export Promotion Council (AEPC) Chairman A Sakthivel also said that as the exporters' turnover depends upon the foreign exchange rates and since rupee value has continuously weakened for the last 10 years, the council had requested the government to remove the turnover criterion for defining MSMEs in the exports sector.

"Today's decision will propel India's exports and strengthen the MSME sector, which is the key to India becoming self-reliant. Further, the decisions to allow MSMEs get listed and the provision of distressed asset fund for MSMEs will give a major stimulus to the sector, job generation and revival of the economy," Sakthivel said.

Source: financialexpress.com– Jun 01, 2020

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MSMEs call govt's decision for funding NPA accounts historic; hail approval to revised definition

Ease of Doing Business for MSMEs: MSMEs have welcomed the approvals given by the Cabinet to the three major relief measures announced by the Finance Minister Nirmala Sitharaman last month as part of the Rs 20 lakh crore economic package for the country. MSME Minister Nitin Gadkari in a press briefing on Monday announced the Cabinet approval to the revision in the changed definition of medium enterprises along with a distressed assets fund for MSME accounts that are NPAs and a Fund of Funds to encourage stock listing of MSMEs.

Under the distressed assets fund, the government will provide Rs 4,000 crore support to the CGTMSE to give partial credit guarantee to banks for lending to MSMEs. "This distressed asset fund is of Rs 4,000 crore wherein we will provide credit guarantee of up to Rs 75 lakh or 15 per cent of the credit," Gadkari said.

"For the first time in India, funding for NPA MSMEs has been announced. So, MSMEs will also be out of the NPA stigma as well. It is a historical decision of Modi Government, due to which many viable NPA MSMEs will live with dignity with the new standard classification to them after getting this funding," Mukesh Mohan Gupta, President, Chamber of Indian Micro, Small & Medium Enterprises (CIMSME) told Financial Express Online. The association represents 1.10 lakh MSME members.

From Rs 20 crore investment and Rs 100 crore turnover limits in medium enterprises announced by Sitharaman, the increase in threshold to Rs 50 crore in investment and Rs 250 crore in turnover was approved.

"Government looks serious to help MSMEs as with the new measures most of the businesses will be highly relieved from the distress they were going through. Now more units will come under the threshold to benefit and grow faster as Covid had increased suffering of MSMEs that were anyways going through multiple challenges," Vishwanath, Co-chairman, Industry Committee, PHD Chamber of Commerce and Industry told Financial Express Online.

The increase in investment and turnover limit for micro and small units were also approved. The investment cap now stands at Rs 1 crore for micro-businesses and Rs 10 crore for small businesses while in terms of turnover, the limit has been extended to Rs 5 crore for micro establishments and Rs 50 crore for small firms across manufacturing and services businesses.

"It would have been better to put 'Or' in place of 'And' for definition criteria amongst investment in plant & machinery and turnover," said Gupta. However, "the delivery system needs to be monitored so that smaller firms or micro-enterprises do not get crowded out in this process," said Arun Singh, Chief Economist, Dun and Bradstreet India.

On the other hand, under the Rs 10,000 Fund of Funds, the government will buy up to 15 per cent equity in the total amount raised by MSMEs through stock exchange listing. The fund will be operated through a Mother fund and few daughter funds. "I don't think there should any major challenge for MSMEs to grow from here but those that are only dependent on government subsidies will continue to complain," said Vishwanath.

Source: financialexpress.com– Jun 01, 2020

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GST Council to discuss waiver of late fee for August 2017 to January 2020

The GST Council in its next meeting will discuss waiver of late fee for non-filing of GST returns for August 2017 to January 2020 period. In a tweet, the Central Board of Indirect Taxes and Customs (CBIC) said, "Issue of GST late fee for the past period (August 2017 to January 2020) to be discussed in the next GST Council meeting."

The next meeting of the GSTThe CBIC said there have been demands for waiver of late fee for returns which were required to be filed from the beginning of Goods and Services Tax, that is August 2017.Council is likely to be held on June 14. The CBIC said there have been demands for waiver of late fee for returns which were required to be filed from the beginning of Goods and Services Tax, that is August 2017.

For helping small businesses, having turnover of less than Rs 5 crore, in the current situation arising out of COVID-19, Finance Minister Nirmala Sitharaman had already announced extension of GST returns of February, March, April and May 2020 till June 2020. No late fee will be charged for this period, it said.

The CBIC said late fee is imposed to ensure that the taxpayers file return in time and pay taxes on the amount collected from buyers and due to the government. This is a step to ensure that a certain discipline is maintained regarding compliance. Honest and compliant taxpayers would be discriminated negatively in the absence of such a provision, it added.

"In GST all decisions are taken by the Centre and the state with the approval of the GST Council. It would not be possible or desirable for the Central government to unilaterally take a view on this issue and therefore, the trade is informed that the issue of late fee would be taken up for discussion in the next GST Council meeting," it said.

Source: financialexpress.com– Jun 01, 2020

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Centre announces Rs 20,000 crore for stressed MSMEs, hikes MSP for kharif crops

In a bid to boost the fledgling MSMEs, which has been hit the hardest due to the Covid-19 lockdown, the Union Cabinet on Monday approved an infusion of Rs 20,000 crore into the sector besides announcing a slew of measures to help alleviate the distress in the farm sector.

Addressing a media briefing, Union Minister Nitin Gadkari said the Cabinet had approved modalities and road map for implementing two packages for MSMEs. “This includes a Rs 20,000 crore package for distressed MSMEs, which will benefit 2 lakh stressed MSMEs and Rs 50,000 crore equity infusion through Fund of Funds,” Gadkari said.

This comes on the back of collateral-free loans for MSMEs worth Rs 3 lakh crore that was announced by Finance Minister Nirmala Sitharaman as part of the Atmanirbhar Bharat Abhiyan economic package.

Meanwhile, the government further amended the definition of MSME. Turnover limit for medium enterprises has been revised upward to Rs 250 crore (from Rs 100 crore as announced earlier).

In a move that will help farmers, the Centre increased minimum support prices (MSP) for 14 kharif crops by 50-83 per cent. The government also hiked MSP for paddy by Rs 53 per quintal to Rs 1,868 per quintal for the 2020-21 crop year while the MSP for cotton has been increased by Rs 260 to Rs 5,515 per quintal. The rates for oilseeds, pulses and cereals were also hiked substantially.

The government has also extended till August 31 the repayment date of short-term crop loan of up to Rs 3 lakh for agriculture and allied activities. “The farmers will get more time to repay their loans, till August now,” Union Minister Narendra Tomar said at the media briefing of Cabinet decisions.

The Centre also launched a special micro-credit scheme, named ‘Pradhan Mantri Street Vendor’s AtmaNirbhar Nidhi’, to provide affordable loan of up to Rs 10,000 to street vendors. The scheme is likely to benefit 50 lakh street vendors in the urban and rural areas of the country.

Those who were vending till March 24 this year can avail the benefits of the scheme, the duration of which is till March 2022, a statement by the Union Housing and Urban Affairs Ministry said.

“The vendors can avail a working capital loan of up to Rs 10,000, which is repayable in monthly installments in the tenure of one year. On timely or early repayment of the loan, an interest subsidy of seven per cent per annum will be credited to the bank accounts of the beneficiaries through direct benefit transfer on six monthly basis,” the ministry said.

The announcement comes hours after Prime Minister Narendra Modi chaired a meeting of the Union Cabinet on Monday as the nation entered the ‘Unlock 1‘ phase following a two-month strict coronavirus lockdown. This was the first meeting of the Cabinet after the ruling NDA government completed the first year of its second term in office.

In a series of tweets, Prime Minister Narendra Modi said the decisions would bring about positive changes in the lives of farmers, labourers and workers.

“To give impetus to the campaign for a self-reliant India, we have not only changed the definition of MSMEs, but have also approved several proposals to revive it. This will benefit the small and medium scale industries, as well as create huge employment opportunities,” Modi said.

PM Street Vendor’s Atma Nirbhar Nidhi (PM SVANidhi) is a very special scheme, he said. “For the first time, our street vendors are a part of a livelihood programme. This scheme will ensure support for street vendors. It harnesses technology and emphasises on capacity building,” he said.

Source: indianexpress.com– Jun 01, 2020

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No economic recovery till 2022-23: India Ratings explains how lack of demand stimulus will hurt

With practically not much cash support coming in from the stimulus package the government announced last month, demand is unlikely to get a boost and economic recovery may now take place before 2022-23, according to a report.

The fiscal impact of the Rs 20-lakh crore economic package stands at only Rs 2.14 lakh crore or just 1.1 per cent of GDP and not the 10 per cent of GDP, as much of the government support is in the form of credit guarantees or additional credit lines, having minimal impact on government finances, said the report by India Rating on Monday.

"The near-absence of demand-side measures in the economic package will jeopardise recovery even in 2021-22 and 2022-23 and may even lead to a second-round impact on the economy," it said. The report added that it means even if the supply side gets restored on account of the various measures announced by the government or the Reserve Bank of India, it may soon run into difficulties due to the lack of adequate demand for goods and services.

An appropriate demand-side measure is as important as supply-side measures, said the report. Likening the government's economic package to the ones announced by Brazil, Germany, France, Italy, Japan, Korea, Spain and Britain, the report said that as against this, countries like Australia, Canada, China, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, Turkey and the US focus more on spending and revenue measures in their bid to address the fallout of the coronavirus pandemic.

The report further noted that "steep salary cuts/job losses/reverse migration due to the lockdown have only added to the dwindling consumption demand, already reeling under the reduced income growth of households coupled with a fall in savings and higher leverage over the past few years."

Despite private consumption growth collapsing in 2019-20, the Budget 2020-21 did not announce any measures to put more money into the pockets of the poor and the pandemic-driven lockdown has only aggravated the sagging consumption demand as it has led to loss of livelihoods for millions.

Source: financialexpress.com– Jun 01, 2020

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Manufacturing PMI touches 30.8 in May, points to challenges in recovery process

The index was a tad better than the 27.4 recorded in April

Indian factories recorded another tough month in May with the Purchasing Managers' Index (PMI) touching 30.8 in the month.

Manufacturing has a share of around 15 per cent in India's Gross Domestic Product (GDP). Despite the low share, it is supposed to generate the maximum employment -- direct and indirect.

Though the latest PMI is a tad better than April's at 27.4, it points to another substantial decline in the health of the Indian manufacturing sector.

PMI is compiled by global economic research agency, IHS Markit, from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

Commenting on the latest reading, Eliot Kerr, Economist at IHS Markit, said the data is an indicator of a further fall in May. This result is particularly poignant given the record contraction in April, which was driven by widespread business closures.

"The further reduction in May highlights the challenges that businesses might face in the recovery from this crisis, with demand remaining subdued, while the longevity of the pandemic remains uncertain," he said.

The rate of decline decelerated, but was still the second-fastest since the series' inception in March 2005. Panellists mentioned prolonged closures at their clients when explaining the latest reduction in sales. Weak demand from international markets added to the deteriorating sales trend, with new business from abroad plunging further in May.

Anecdotal evidence suggested that global measures to stem the spread of Covid-19 continued to stifle exports. Faced with a further deterioration in demand conditions, firms continued to cut back production midway through the second quarter.
The reduction was slower than April's unprecedented decline, but still severe overall. Lower production requirements saw Indian manufacturers continue to reduce worker numbers in May.

The rate of workforce contraction accelerated to the fastest in the survey's history, eclipsing the previous record set in April. Similarly, goods producers needed fewer physical inputs in May and, subsequently, pared back their purchasing activity.

Source: financialexpress.com– Jun 01, 2020

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‘Govt must provide direct tax benefits to companies’

Rajiv Sajdeh says Indian textile sector rose to occasion by producing PPE kits

How has the lockdown impacted your business?

Our major consumers, including steel mills, automotive industry and fibre optic cable, were severely impacted by the lockdown. As a result, in this first quarter, we could only touch 30 per cent of the turnover in comparison to the corresponding period last year.

Export orders scheduled for April-May could not be placed and some have been cancelled. Low sales have resulted in piling up of raw material, affecting the flow of liquidity..

How do you expect resumption of your business with full capacity?

We expect that our supplies related to some essential production-based industries will come back on track soon. As other industries come back on line, things should get better in the next quarter. At present, we are operating with 30 per cent capacity and hopefully we will start working with 50 per cent capacity by June-end if things remain normal. Further projections are difficult at the moment as some major industrial states like Gujarat and Maharashtra will take more time to resume industrial activities.

How are you dealing with the issue of paying salaries to workers?

We paid full salaries for March and April in a phased manner to our employees. We hope to continue with the same mode during this quarter until we regain the previous speed. Our employees have been very understanding and co-operative in this regard.

What lessons have you learnt from the lockdown as a businessman?

Liquidity is the key to our survival. Excellent relations with our suppliers and buyers helped us during these hard times. Raw material suppliers have been coporative with us as far as payment extensions are concerned.

Do you consider the current crisis as a challenge or an opportunity?

This unprecedented crisis posed a big challenge and brought out some opportunities, which we never thought. The Indian textile sector accepted the challenge and rose to the occasion by producing PPE kits and will soon export them. The government has also recognised the role of the technical textile sector in providing protection to our frontline warriors.

What are your expectations from the government?

The textile sector is reeling under inverse GST. The raw material is charged at 18 per cent, yarns at 12 per cent and fabric at five per cent. This results in huge liquidity blockage and needs to be immediately rectified. The government should provide some direct benefits in taxes to those companies who have continued to pay full salaries to their employees during this period. Undoubtedly, we expect so much from the government, but at the same time, the district administration, District Industry Center and police also assisted the industrialists in the resumption of their stalled factories.

Source: tribuneindia.com– Jun 01, 2020

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More tax relaxations for startups on cards; draft e-commerce policy to seek public comments

The revenue department, together with the DPIIT, is mulling more direct and indirect tax relaxations to startup firms to boost India's entrepreneurial sector.

The Department for Promotion of Industry and Internal Trade (DPIIT) will soon submit a comprehensive vision document for startups to the Cabinet, which has proposed a series of steps, Guruprasad Mohapatra, secretary, DPITT, said, according to a PTI report.

Moreover, the department is also going to put draft ecommerce policy soon in the public domain to seek comments and suggestions. Stating that e-commerce is a fast emerging sector, Guruprasad Mohapatra added that the government is also looking to extend more funds to startups this year under the Fund of Funds scheme. The department has already provided over Rs 1,000 crore last year.

Other than tax benefits, DPIIT and revenue department are also trying to provide "marketing support to those startups who are into manufacturing by providing them space under the public procurement scheme of the central government," Guruprasad Mohapatra said. He was addressing Rajasthan STRIDE virtual conclave.

Startup India Vision

Under its vision document for startups, elements such as increasing the Fund of Funds, seed money scheme, credit guarantee scheme, and making it mandatory for all departments to promote incubators and hand-hold startups will be in focus. "What we are trying to do is to make things simpler for them.

We are now thinking to start a seed money kind of a concept for those startups who come from an ideation stage to a proof of concept stage, Guruprasad Mohapatra said. Since credit guarantee is a major problem faced by the startups to avail credit, the department is also looking to work on an initiative under which some credit guarantee to startups when they approach lending institutions for either working capital or capex requirements can be provided.

So far, the DPIIT alone has recognised over 2,000 startups and has taken several steps to strengthen the country's startup ecosystem.

Source: financialexpress.com– Jun 01, 2020

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CEPA to triple India's apparel exports to Australia: AEPC

Ahead of the first virtual bilateral summit between Prime Ministers of India and Australia on June 4, Indian apparel exporters have requested for an early Comprehensive Economic Partnership Agreement (CEPA) saying it would more than triple their exports to Australia in three years. India exports around $200 million of garments per year to Australia.

"An early conclusion of the India-Australia CEPA would surely impact Indian apparel exports positively. As per our estimates, India can increase additional exports of $500 million in the next three years, if the CEPA with Australia is concluded," Apparel Export Promotion Council (AEPC) said in a letter to Prime Minister Narendra Modi.

Indian apparel exporters are desirous of engaging with Australia in a big way. It is our sincere prayer and request to have an early CEPA with Australia and to include apparel as a focus product to enter the Australian market in a large way, AEPC chairman A Sakthivel said in the letter.

Australia is the 18th largest importer of apparel with $6.6 billion imports in 2019. Presently, China is the major supplier to Australia with 64 per cent share while India's share is 1.2 per cent with exports worth $206 million. Indian apparel can make faster inroads in the Australian market, Sakthivel said.

"Australia presently has preferential agreements with our major competitors like China and Vietnam. Australia also gives GSP benefits to Bangladesh and Cambodia, resulting in a 5 per cent duty advantage for these countries vis-à-vis India," Sakthivel said, adding that the bilateral discussions should also include India-Australia CEPA.

The letter also highlighted India's duty disadvantage of 9.6 per cent in the EU market as compared to competitors like Bangladesh, Cambodia, Sri Lanka and Pakistan. "Recently, Vietnam has also concluded an FTA with the EU, implementation of which will make us uncompetitive with Vietnam also in the EU market," Sakthivel said.

"There is an urgent need to have a level playing field in terms of market access and margin of preference in the biggest global market for Indian apparel i.e. EU (44.5 per cent). We are aware of the efforts being made by the Government for resuming the EU FTA and forging new ties with the UK and the US," he added.

Sakthivel thanked the Prime Minister for the various announcements to help the industry in mitigating the present crisis due to the pandemic. He thanked him for his leadership during the crisis and expressed confidence that the country would soon get back to high growth path and become 'Self-Reliant' India.

AEPC has made similar requests to Union minister of textiles Smriti Irani and Union minister of commerce and industry Piyush Goyal.

Source: fibre2fashion.com– Jun 01, 2020

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Industries seek more support

The industries in the region, from the micro engineering units to small-scale textile mills, have sought more support from the Central and State Governments as workshops, spinning mills and garment manufacturers resume operations after the lockdown.

According to the South India Spinners Association president N. Murugesan, with both, the Central and the State governments, requesting all the industries to take care of their migrant workers, all the mills provided food and accommodation to the workers during the lockdown. With the recent relaxations, the migrant workers are returning to their respective States due to uncertainty of the pandemic COVID-19. The mills have no alternative resources for manpower and are struggling to restart production.

Further, the Tamil Nadu Generation and Distribution Corporation sent electricity consumption bills for the month of April to the mills, with a 90 % payment of MD charges and a hefty fine for not maintaining the Power Factor. “This was completely unreasonable as the textile mills did not shut down to cater to their own interests but followed the Government’s orders to cater to the pandemic.”

The textile mills have now approached the courts seeking reduction in the demand charges. While the industries welcome the announcements of the Union Finance Minister, the main request of all the industries to the Government was to waive off the interest for a period of six months and provide interest subvention for one year. However, this was not addressed by the Government, he said.

Raja.M.Shanmugham, president of the Tiruppur Exporters Association, said in a press release that after the Finance Ministry’s announcement of stimulus measures for the MSMEs, including 20 % of entire outstanding credit as a collateral free loan, when the exporting members approached the banks to avail of the loans, the banks are insisting to submit Memorandum of Deposit of the Title Deed (MODT) after registering at the Sub-Registrar Office.

Mr. Shanmugham said that while registering, the exporting units have to pay the Stamp Duty charges against the loan amount as fixed by the Tamil Nadu State Government.

As the MSMEs are currently struggling to meet their financial end due to COVID-19 impact, he requested the State Government to provide one time exemption from the payment of the MODT charges and help the MSMEs.

In a joint memorandum to the State Government, 19 industrial associations representing the micro and small-scale industries here sought either waiver or six months time to pay the electricity bill, exemption from MODT to get the benefits from the banks as announced by the Finance Minister, and operation of buses to all districts so that the workers can return to the industries without getting e-passes.

Source: thehindu.com– Jun 01, 2020

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Retailers want uniform operating rules for all retail shop formats

Mall, restaurant owners seek clarity from States

As States begin setting new norms for opening of malls and dine-in services in restaurants from June 8 in non-containment zones, in line with the Ministry of Home Affairs' guidelines, industry associations have pointed to a slew of challenges in implementing the new norms.

The Retailers Association of India (RAI) believes that instead of asking States to open various formats of retail stores as per their own independent guidelines, a uniform set of standard operating procedures should be implemented across the country.

Independent guidelines

Kumar Rajagopalan, CEO, Retailers Association of India, said, independent guidelines from States have led to multiple interpretations which are severely impacting demand and sales. "There needs to be a uniform standard operating procedures for any part of the reopening process — permission to open stores; time restrictions on store operations; movement of staff and delivery vehicles; product pricing restrictions; the number of staff and customers allowed in a store; or odd/even store restrictions," he added. The association believes the SOP should include guidelines for AC to be able to maintain ambient temperatures for the comfort of staff and consumers.

According to estimates by Shopping Centres Association of India, about 50-60 per cent of the 650-odd large malls of over 100,000 sq ft in the country, may get the final nod from State governments to open on June 8. Amitabh Taneja, Chairman, Shopping Centres Association of India, "We are advising the industry fraternity to ensure that safety and hygiene protocols are followed to build confidence among consumers in shopping malls. We have also submitted our recommendations to the MHA on SOP for opening malls."

Pushpa Bector, Executive Director, DLF Shopping Malls, said, “We are prepared to open our malls from June 8 in adherence with all the safety and hygiene protocols. However, we are seeking clarity from various State governments on re-starting operations.”

Meanwhile, restaurant owners are gearing up to open their dine-in facilities with various sanitisation measures, even as they await State governments’ guidelines. Moksh Chopra, CMO, KFC India, said, “We have modified the restaurant designs to reinforce social distancing, trained team members according to new norms and are implementing measures like distanced seating arrangements, demarcated waiting spots in the queues and controlled customer inflow among other measures.”

Awaiting guidelines

The National Restaurant Association of India said its engaging with various State governments on opening of dine-in facilities at restaurants. Anurag Katriar, President, NRAI, said, the association is awaiting guidelines from various State governments and will need to see aspects such as operational hours, whether serving liquor will be allowed in restaurants with liquor licences and whether dine-in facilities open in restaurants in top urban centres.

Source: financialexpress.com– Jun 01, 2020

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Power loom units in Erode seek orders for free dhotis, saris production

With cloth merchants not turning up due to lockdown and fabrics stocked up, power loom owners in the district urged the State government to issue orders for manufacturing free dhotis and saris to reduce their losses.

About 55,000 power loom units function in the district of which 25,000 units produce free dhotis and saris while 20,000 units produce rayon fabric and the rest produce cotton fabric. The industry provides jobs to over one lakh people directly and indirectly.

Due to lockdown, the units were closed from the second week of March and resumed operations last week adhering to the norms that they would operate from 8 a.m. to 6 p.m. and not employ workers from other districts. Merchants from across the country purchase the rayon and cotton fabrics that came to a halt from March.

"We purchased yarn at ₹ 230 per kg in February and made fabric. But, now the yarn price had dropped to ₹ 148 a kg," said L.P. Balasubramanian, secretary, Lakkapuram Power Loom Owners Association. He added that fabrics were kept in stock for three months and expressed uncertainty over resuming business activities.

"With more COVID-19 cases reported across the country, our business is hit hard," he said and wanted the government to release orders for making dhotis and saris, which is usually released in August every year. He also wanted power tariff for low tension category 3A2 and power concession in tariff for power looms to continue.

Shanmugam, a power loom owner, said that units should be allowed to operate round the clock and only if merchants placed orders, the industry could survive. "Workers have already borrowed much money in two months and if the situation continues, they could fall into a debt trap," he said.

Source: thehindu.com– May 31, 2020

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