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INTERNATIONAL NEWS

Bulls and Bears Playing Market Tug-of-War With Eye on China and India

The China bug played out in the market at week's end, but not before the new crop December futures contract moved above 59 cents – the very top of its range – before ending the week at 57.46 cents.

The Chinese futures cotton charts offer no new trading opportunities as they did three weeks ago when market action set off this recent rally in New York prices. Chinese buying sent prices higher, and now the market must wait for a number of potentially bullish/bearish events to play out during the northern hemisphere planting season. In the meantime, the 54.50 to 59.50 cent trading range should hold forth.

The bulls are counting on Chinese buying to bolster the demand side of the market. Additionally, they are expecting planting reductions around the globe in India, China, U.S., Brazil and Central Asia. Further, with the very low profit margin associated with a scaled back use of inputs, world cotton yield is expected to be lower.

Pent-up demand for cotton goods should support to the market, but demand is not expected to surface until the first quarter of 2021. The March, May and July 2021 futures contracts will benefit from that demand.

The bears are just as rambunctious, suggesting that significant sanctions on China for spreading the Wuhan coronavirus will cause China to renege on U.S. cotton purchases and potentially cancel sales that are already on the books. It is noted that in the month before buying U.S. cotton, China bought a like amount of Brazilian cotton – and can buy more.

The more important bearish fundamental is the ongoing buildup of stocks in India – the world's largest cotton producer. They will see a production decline in 2020 and likely 2021. Indian stocks are pushing to record levels, and textile mills have been totally shuttered due to the Chinese coronavirus. Mills that have already begun to operate in Asia and the subcontinent are now beginning to complain about a buildup in yarn stocks and low yarn prices.

As noted, the weekly export sales report shows exceptionally strong sales to China – a total of 441,700 bales of upland. Net weekly sales of upland totaled 434,800 bales, including 34,900 bales in cancellations, mostly to China and Turkey. Sales for 2020-21 were a healthy 148,500 bales. Pima sales totaled only 400 bales. Shipments totaled 253,700 bales of upland and 7,000 bales of Pima.

USDA's next world supply demand report will be released May 12. Small reductions can be expected for production. However, the market is now devoting its attention to planting progress. U.S. growers, facing low futures prices, can still expect 66-68 cents per pound or more via a cash sale in conjunction with an LDP/POP and with the addition of the seed program payment. Of course, high grade 21's will enhance that.

The 59-cent level, basis December, is likely the spring to midsummer futures' high. However, the extension of the old crop CCC loan will allow old crop cash prices to drift higher.

Source: cottongrower.com – May 02, 2020

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USA: Trade Groups Petition Congress for PPP Expansion, Tariff Relief

As the timeline for reopening the economy remains uncertain, the retail sector is pushing the federal government to do more to bolster the industry.

On Thursday, the American Apparel and Footwear Association (AAFA), the Council of Fashion Designers of America (CFDA) and the Travel Goods Association detailed recommendations for further stimulus measures to aid U.S. businesses suffering amid the coronavirus outbreak.

In a letter to House Speaker Nancy Pelosi, Senate Majority Leader Mitch McConnell, House Minority Leader Kevin McCarthy, and Senate Minority Leader Charles Schumer, the trade groups requested revisions to programs developed under the CARES Act, as well as new trade policy programs and tax credits.

The letter writers, including AAFA president and CEO Steve Lamar, CFDA president and CEO Steven Kolb and Travel Goods Association president and CEO Michele Marini Pittenger suggested modifications to the CARES Act's Paycheck Protection Program (PPP) that would allow businesses to utilize loan funding for more than payroll, rent and utilities.

They asked that the law be amended to include payments to vendors, and also requested that eligibility for PPP loans be opened up to Section 501(c)(6) organizations, the internal revenue code that encompasses most trade associations.

Finally, the groups asked that the Small Business Administration adopt "the most lenient view possible" in administering affiliation rules, a complicated and, in their view, flawed mechanism for determining a company's headcount.

Current practices stipulate that companies with private equity or venture capital majority ownership could be disqualified due to the strict under-500-employee rule that designates them as small businesses. Lumping in these stakeholders or their affiliated businesses as part of headcount could prevent small brands from having access to the funding they need, the groups argued.

The letter also included a request for an extension of duty payment deferrals, and asked that a wider range of products, like those hit with punitive tariffs under Section 301 last year, be included in the measure, along with some positive trade incentives.

Renewing the Caribbean Basin Trade Partnership Act and the Generalized System of Preferences would also provide trade advantages to countries that meet specific requirements, giving American firms more healthy avenues to do business, they said.

Looking forward to the coming months, Lamar, Kolb and Pittenger asked for an expansion of tax credits, business interruption insurance and liability protection, along with support for childcare funding that would allow parents to get back to work even as schools are out of session.

"The COVID-19 pandemic is a health crisis that is leaving an economic crisis in its wake," Lamar said. "As companies have closed stores and limited operations in line with public health guidance to protect workers and consumers, they have been unable to bring in the revenue they need to pay their employees and the bills that come with running a business."

The CARES Act has provided some liquidity and cash flow, he said, but more needs to be done to support factories and supply chains on the front lines of production for personal protective equipment. The letter is intended to provide congressional leadership with an overview of what AAFA's members need as they move to reintegrate their employees into the workforce, he added.

"As fashion and retail look to reopen in the near future, the ability to rehire workers is critical," CFDA's Kolb echoed. "There is more that Washington can do, starting with changes to the CARES Act while considering other steps outlined by our organizations."

The Travel Goods Association's Pittenger argued that its members faced the unique challenge of "staying afloat while virtually all travel is banned and retail is shut down."

Small, mostly family-owned businesses make up the association's membership, she said, supporting 100,000 American workers through the crafting and marketing of luggage, totes, backpacks, handbags and more. The current crisis has all but halted the sales of those goods, she said.

"This letter includes practical measures that can help our industry to survive now and assist us to get to the other side of this crisis," she added. "Now is not the time to leave any tools in the toolbox, especially when so many jobs are at stake."

Source: sourcingjournal.com - May 02, 2020

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USA: As Customer Journey Leans Digital, Amazon Becomes Unlikely Source of Inspiration

With shoppers having unprecedented access to their favorite retailers across different touch points, the customer journey as we know it is no longer linear. Online shoppers have the opportunity to start their search via an e-commerce site, a social network or a search engine, with 63 percent of shoppers starting their search on Amazon, according to the Future Shopper Report from Wunderman Thompson Commerce.

In the U.S. and the U.K., this percentage is particularly pronounced, with 83 percent of shoppers in the U.S. and 81 percent of shoppers in the U.K. starting product searches on Amazon.

Both Amazon and search engines lead the way in both starting the online search and delivering inspiration, with e-commerce juggernaut generating 52 percent of shoppers on the latter. Even given the Seattle firm's popularity, this actually may come as a surprise to many as Amazon has always been more of a transactional destination rather than inspirational one.

"While in the past their ability to 'inspire' may have been questioned, consumers' desire for ease and convenience means that they are wanting to shorten the sales process online, and one way that they can do this is by going direct to the likes of Amazon for inspiration," said Neil Stewart, global CEO of Wunderman Thompson Commerce.

Shoppers still look elsewhere for inspiration when necessary, with 20 percent going to retailer sites, 19 percent viewing other marketplaces and 19 percent accessing social media channels to get ideas. In another example of how retail has really become a "start anywhere" industry, only 15 percent of shoppers reported getting inspired by a store visit.

The long-term impact of COVID-19 on the digital dynamic in retail is real, as 65 percent of consumers say they personally expect to use digital shopping channels more in the future.

The Future Shopper Report is drawn from data collected during the COVID-19 outbreak designed to track the digital commerce shopping habits of more 16,000 consumers in the U.S., U.K., Australia, China, France, Germany, Spain and the Netherlands, and also understand how this outbreak will affect shopper behaviors in the months and years ahead. It presents what retailers and brands can do to pivot and stand the best chance of surviving and thriving in the long run.

As the shopper journey continues to evolve during the COVID-19 pandemic, consumers are setting standards for product access and delivery timeliness across the online experience. The Future Shopper Report noted that as many as 94 percent of shoppers wanted accurate product descriptions as well as information on whether the online product was in stock.

A Convey survey of more than 1,000 consumers showed that shoppers are willing to be more lenient regarding out-of-stocks—60 percent, for example, don't expect retailers to have all of the items they want in stock and virtually all (94 percent) are willing to give retailers more time to deliver items during the pandemic.

Sixty percent of respondents felt retailers deserved an extra three to four days for delivery, while 19 percent were comfortable with five or six days. As many as 17 percent said more than seven days was acceptable.

During the pandemic, these shoppers are asking retailers for more proactive communication throughout the delivery process, with potentially steep consequences for a lack of transparency. Nearly 70 percent of consumers said they want more communication, not less, during times of stress and uncertainty. And 86 percent said it's important or very important for retailers to say when an item will arrive.

Most shoppers also want the estimated delivery date for an item to be shown on the product page or in the shopping cart, with 75 percent saying they are more likely to buy when this is the case. Communication is key here, as 70 percent say they are less likely to shop with a retailer again if they are not informed in advance of a delay.

Despite giving retailers a pass on timeliness, shoppers do appear to still expect to wait only a brief time after ordering online, the Future Shopper Report said. In the U.S., shoppers anticipate orders to arrive in 3.12 days on average, quicker than the 3.35 average in 2019. Shoppers across the U.K. (2.54 average), Germany (2.5 average), Spain (2.27 average) and the Netherlands (2.18 average) actually have higher expectations then their U.S.-based peers.

Facing economic uncertainty throughout the pandemic, most consumers intend to curb their discretionary spending, and they may eventually look for ways to cut even their less discretionary spend to make ends meet. Americans will generally spend less on expenditures including travel, dining out and automotive fuel, but 47 percent would buy a non-essential item if they found a great deal, according to a recent survey from Deloitte.

On the other hand, consumers plan to spend more on necessities such as groceries, household goods and utilities, with 55 percent of U.S. consumers admitting to stockpiling pandemic supplies. And nearly half of these shoppers (48 percent) will pay more for convenience to get what they need.

"As long as personal health and financial concerns persist, consumer spending is likely to be restrained, except for essentials," said Seema Pajula, vice chairman, U.S. industries and insights leader and U.S. consumer industry leader, Deloitte LLP. "Many economies are driven by consumption, so it's not until the public feels safe that consumers will likely return to behaviors that were only recently taken for granted and economies, in turn, return to strength. We'll be closely monitoring these attitudes as economies begin to reopen."

Source: sourcingjournal.com - May 02, 2020

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'Prepare for Reinvestment:' BCG Calls on Fashion to Stay the Sustainable Course

R.I.P Elizabeth Suzann.

The ethically minded clothing brand announced this week on Instagram that it'll be closing up shop and laying off all employees after the financial pressures of the coronavirus pandemic proved "too severe" to recover from in a "healthy and responsible way."

Elizabeth Pape, the company's founder and CEO, says it will no longer take new orders, though it will continue producing its made-to-order garments through July. She intimated, however, that she may reopen in the fall as a smaller, more limited operation based out of her at-home workshop.

Elizabeth Suzann's loss, which comes after seven years of business, augurs ill for sustainable fashion as a whole as the COVID-19 crisis continues to roil supply chains, wreck jobs and ravage the global economy.

On Thursday, Boston Consulting Group (BCG), the Sustainable Apparel Coalition (SAC) and its Higg Co. spinoff, issued a joint warning about the precarious state of sustainability efforts in an industry where more than 30 percent of business is poised to evaporate in 2020 alone.

Driven by shifting consumer expectations, concerns "once dominant" within the industry, from sustainable materials sourcing to carbon reduction to workers' rights, have been downgraded in importance as businesses lurch to stem the immediate fiscal distress from shuttered storefronts, manufacturing disruptions and plunging consumer spending, they wrote in a new report.

In March, retail sales in the United States fell 8.7 percent, the worst monthly decline on record from the Census Bureau, which started tracking them in 1992.

Not helping? A recent survey of SAC members, which include Adidas, C&A, H&M, Levi Strauss, Patagonia, Target and Walmart, found that one-third of decision makers within those companies felt "very unprepared" for the coronavirus onslaught with significant unplanned effort now required to preserve cash and liquidity.

Manufacturers have taken even more of a bruising. In a poll of more than 500 facilities across all main production regions, 86 percent said they've been impacted by cancelled or suspended orders. As a direct result, 40 percent now struggle with paying employees, leading to layoffs and factory closures.

Still, the report cautions that the industry risks "irrecoverable self-inflicted wounds" if it abandons sustainability and value chain partnerships in the face of COVID-19.

Indeed, companies that embrace ethical measures will be among the leaders of a "resurgent fashion industry" on the other side of the pandemic, noted the report's authors, who offer a "positive outlook" of what's possible if companies fully integrate sustainability into their operations instead of abandoning it.

There are four key phases of recovery, according to the report. Fashion companies must first and foremost "protect critical assets" by safeguarding workers, employees, capital, value chain partnerships, channels and the trust and support of their customers.

"This moment is an opportunity to remove unnecessary complexity and costs, in order to prepare for reinvestment," the reports author's wrote.

A second step involves resolving immediate inventory challenges with suppliers.

"Leaders will recognize the importance of open dialogue and constructive partnership across the value chain in order to find shared solutions for protecting worker livelihood and sustaining trust," they wrote. "Cancellation of completed orders will be a measure of last resort, while cancellation without consultation or collaboration will be an unacceptable practice."

BCG, SAC and Higg Co. reiterate the fact that "leader" brands will make sustainability central to post-pandemic decision making, while "laggards" will see sustainability as a bandwagon to hop back on only when convenient.

Finally, the report advises companies to "accelerate transparency while increasing sustainability ambitions."

"Companies must take advantage of digitalization, innovative business models and end-to-end solutions—with transparency playing a central role—in order to assess and demonstrate positive environmental and social impact to stakeholders," the authors wrote. A new transparent model, they added, will "have an edge" over traditional business models.

The "post-COVID consumer" will make purchases, in part, based on trust and purpose, and companies will be judged on how they did (or did not do) during the crisis, as well as how they prioritize sustainability and transparency once the dust settles.

"As we watch the apparel industry struggle due to COVID-19, the SAC's vision of an industry that increases social justice, reduces environmental impact and has a positive impact on communities is more important now than ever," Amina Razvi, executive director of the SAC, said in a statement.

While the coronavirus pandemic shows that "anything is possible" when individuals, communities, business and governments rally together to solve a global threat, climate change must be the "next great challenge" the industry needs to address together.

"This pandemic is forcing us to acknowledge that economic, environmental and human health are all deeply interconnected, and meaningful solutions will only be possible if integration, collaboration and transparency are at the forefront of a new industry paradigm," Razvi said.

Source: sourcingjournal.com- May 02, 2020

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Walmart Expands Store-to-Door Delivery to 2,000 Locations

Walmart is accelerating the development of a new service designed to deliver products from stores to shoppers' doorsteps in a two-hour window as more consumers prioritize online spending amid the COVID-19 pandemic.

The retail giant has quietly piloted the service in 100 stores since mid-April, and will expand to nearly 1,000 stores in early May. Express Delivery will be available in nearly 2,000 total stores in the following weeks.

Express Delivery enables customers to order across more than 160,000 items from Walmart's food, consumables and general merchandise assortment such as groceries, everyday essentials, toys and electronics, and rivals Amazon's popular Prime Now service.

Like its traditional delivery and in-store pickup offerings, Walmart's Express Delivery will be a non-contact service to reduce shopper anxiety related to the virus, so customers can opt to remain distant from the employees throughout the process.

Walmart's "personal shoppers" will pick customers' orders within the store, while another employee will deliver the items from the store to shoppers' door. The service costs $10 on top of the original delivery charge.

Items purchased online will carry the same price as those on the store shelf, so there is no markup depending on the channel.

Creating new ways to deliver products is becoming more of a necessity as stay-at-home shoppers abide by social distancing practices and further demand non-contact interactions.

According to a CommerceHub study of 1,500 shoppers, 69 percent say they'd be more willing to subscribe to a delivery service for essential items following the pandemic, while 75 percent said they have searched for an item to purchase online, only to find that it was out of stock.

Kimco Realty deploys curbside pickup

While Walmart implements Express Delivery across its stores, one of North America's largest mall operators is helping its tenants adapt to changing shopping habits by designating curbside pickup throughout its centers. Kimco Realty will roll out curbside pickup locations at 23 Texas malls, with plans for a nationwide expansion to its 409 shopping centers within the coming days.

The program was initially rolled out to Grand Parkway Marketplace in Spring, Texas, with 60 parking spots designated. From a demand standpoint, the rollout makes plenty of sense, especially as 59 percent of consumers will be more likely to use curbside pickup following the coronavirus outbreak, according to CommerceHub.

And the decision would benefit all retailers participating in locations operated by Kimco, whose tenants include Old Navy, Stein Mart, Ross, Dick's Sporting Goods, Mashalls and DSW. A report from Retail Systems Research (RSR) showed that 62 percent of retail "winners"—retailers with average comparable store/channel sales growth of 4.5 percent—offer curbside pickup, compared to only 48 percent of everyone else. And 70 percent of these winners say a customer's online order that is picked up in store tends to be more profitable, making curbside all the more necessary to implement once stores start to reopen.

Conor Flynn, Kimco's CEO, said his tenants have already seen significant results from the curbside deployment, with multiple national retailers within Kimco shopping centers now reporting a 200 percent increase in curbside pickup orders. Flynn hopes this success can trickle down to smaller retailers that haven't been able to invest in these technologies on their own.

"By formalizing the process and expanding it beyond national retailers to our local mom and pops, we hope to help tenants quickly ramp back up sales as the economy begins to open again," said Flynn. "Our Curbside Pickup program takes the best practices we have learned from our large national players and shares them with our small business owners, while also adding a level of convenience and comfort for customers who are still eager to support their favorite local establishments."

Source: sourcingjournal.com- May 02, 2020

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Chinese factory owners to extend holidays

The dismal performance of Chinese apparel and textile factories due to lack of orders is now forcing factories' owners to extend their holidays to save operational and overhead costs in order to survive. As China Customs Statistics (CCS) reveals, China's textile and apparel exports declined by 15.13 per cent on Y-o-Y basis to clock $15.43 billion revenue in March 2020.

Textile yarns and fabrics declined by 6.32 per cent and exports of the same valued at $8.92 billion, while the export of apparel and accessories plunged by 24.83 per cent to earn $6.51 billion revenue. Apparel exports from China fell by 20.3 per cent to clock $14.27 billion of revenues in the first two months of 2020 and the continued dip in March which indicates the country doesn't have significant export orders to cater to.

In order to stop the pandemic, majority of apparel markets put a hold on their retail operations resulted in a drastic fall in Chinese exports even in April. The orders, which Chinese factories worked once they resumed operation in March, were pre-holiday orders. However, majority of these orders couldn't be shipped due to overseas outspread of COVID-19 and resulted in overall decline.

Textile manufacturers located in Jiangsu, Henan and other manufacturing clusters did not receive new export orders and domestic orders were sluggish too till mid-April.

Source: fashionatingworld.com- May 01, 2020

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Philippines: Exporters eye revival of garments, textile sector

Philippine exporters are pushing for the revival of the local textile industry to enable the country to address the demand for personal protective equipment (PPE) and face masks brought about by the coronavirus disease 2019 or COVID-19 outbreak.

During an e-forum, Robert Young, trustee for the textiles sector of the Philippine Exporters Confederation Inc. (Philexport) and president of the Foreign Buyers Association of the Philippines said the Philippines is the only Asian country without a textile industry.

When Wuhan in China closed its borders in January to prevent the spread of COVID-19, Philippine garment manufacturers had to halt operations as they were unable to procure textiles.

“If we have factories nearby, or domestic, we can get supplies from these textile companies,” Young said. “We cannot continue importing. We have to be self-reliant because we don’t know what will happen next,” he added.

To revive the textile industry, he said the Philippines could start by pushing for free trade agreements (FTAs) with countries like the US so local garment makers can enjoy duty-free entry of wearables.

He said the government should also consider revisions to the textile and garment industry roadmap to take into account the impact of the pandemic to the industry.

He said the COVID-19 health crisis is likely to lead to a 50 percent decline in garment orders as retailers would focus on selling inventory before making new orders.

Consumers are also not expected to immediately shop for clothes right after the lockdown is lifted. Young said the garments industry may recover from the impact of COVID-19 in 18 months at the earliest.

Under the textile and garment industry roadmap, the Philippines aims to be among the top 10 garment exporters in the world by 2026 to 2029.

To achieve that goal, Philippine garment exports have to grow 45.8 yearly during the three-year period.

Source: philstar.com- May 03, 2020

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BCI will remain committed to cotton farming communities in Xinjiang despite suspension of licensing

The Better Cotton Initiative (BCI), a global not-for-profit organization, told the Global Times that it will remain committed to cotton farming communities in Northwest China's Xinjiang Uygur Autonomous Region, and that media reports on the organization's work of forced labor and decent work will focus on Xinjiang are "imprecise or inaccurate."

The BCI has set up a multi-stakeholder Task Force on Forced Labor and Decent Work in order to develop recommendations for the Global BCI Program. These efforts were initiated originally in line with the BCI's aspiration to explore the possibility of developing a BCI Program in Uzbekistan, the organization said in an exclusive reply to the Global Times

In an announcement released on March 11, BCI said that it is "suspending its assurance activities in the Xinjiang region of China," but added that "we will continue to support farmers in the region during this period."

The organization said it has "contracted a recognized global expert to conduct an external review to document the situation in Western China." However, the result of the review had not yet been released before the decision was made to pull the license in Xinjiang. According to its official website, the BCI has regional offices in China.

"Multi-stakeholder support for the BCI Programme in Xinjiang has recently evolved, and we no longer have the necessary consensus to continue licensing farmers. However, we are currently working on reappraising BCI's processes and regaining that consensus as fast as possible," the BCI told the Global Times.

"We remain committed to cotton farming communities in Xinjiang and will continue to engage in activities in the region while assurance activities are suspended."

Engagement during the period of suspension will consist of a BCI local team delivering training and providing support to Implementing Partners as well as direct support to farm managers on the Better Cotton Standard System, according to the BCI.

Considering the continued slandering of China over so-called forced labor issues recently, the latest hyping of BCI's move shows some anti-China forces are targeting the entire industrial chain related to cotton planting, yarn manufacturing and garment-making in Xinjiang, experts said.

Source: pinevillevoice.com- May 03, 2020

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Pakistan: Exports Value to Remain at US $ 22 Bn In FY 2019-20: Advisor to the Prime Minister on Commerce, Abdul Razak Dawood

Advisor to the Prime Minister on Commerce, Abdul Razak Dawood said that the country's exports target of US $ 25 billion could not be achieved due to the ongoing situation of lockdown in the country and it could decline to more or less to US $ 22 billion.

The exports decreased in April by 50 percent and home remittances also declined in this situation, Abdul Razzak Dwaood said in an interview with Voice of America (VOA) here.

To a question he said Pakistan could get benefits from low oil prices in current evolving situation in international market and there would be no larger impact of Current Account Deficit (CoD) because of decline in petroleum prices.

He also vowed for opening the industrial sector in coming months to provide opportunity to the local exporters to get more benefits in current scenario and major shift in international trade market.

He urged the exporters to get orders freely from all countries including textile industry to tap the new opportunities in the world market.

Replying to a question on impact of current situation on country's Gross Domestic Product (GDP), he forecast that it would contract by 0.5 percent during the current fiscal year.

He said even in recent challenging situation Pakistan has opened various sectors including information Technology and sect vices sectors, which attracted the world to the Pakistan product in these sectors.

To a question on textile sector export, he said Pakistan was receiving big orders of face masks and sanitizers.

"We have also received huge demand of Hydroxychloroquine and Pakistan has exported raw material to Germany and Turkey and 1000,000 tablets to Saudi Arabia," he added.

Replying to another question on United States-Pakistan Trade dialogue, he said Pakistan wanted access in potential US market for this, "We demanded the US government to eliminate the travel restriction for Pakistan to increase bilateral trade." He said during the visit of Prime Minster Imran Khan, both the countries were agreed to start dialogue for searching the new avenues for bilateral trade in US and Pakistan.

The adviser said that Pakistan also demanded to the United States and other international brands and companies to open their offices in Pakistan for bringing foreign investment in the country.

He said Pakistan wanted access in Textile, Informati9on Technology and Services sectors in potential US market to increase our exports.

Replying to another question on Afghan Transit Trade, he said our trade agreement was going to expire in June 2021, and now "we are in preparation to negotiate with them".

He said Afghan transit trade gave loss to local industry.

He said Pakistan wanted to increase the bilateral trade with Afghanistan but "we had some reservation and there is need to take some measures to protect the local industrial sector".

Replying to another question, he said government wanted to increase customs duties instead of direct tax.

The government wanted to document the non tax businesses and bring them in tax net, he added.

He said the government might not change export tariffs and tax slabs in the upcoming budget (2020-21).

Source: urdupoint.com- May 03, 2020

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Bangladesh: RMG export in April plunges by 85pc

The country's readymade garment export plunged by almost 85 per cent year on year in April this year as the coronavirus outbreak in most of the countries disrupted the global supply chain and forced the manufacturers to suspend production.

According to the provisional data prepared by the Bangladesh Garment Manufacturers and Exporters Association compiling statistics from the National Board of Revenue, the RMG export in April this year declined by 84.86 per cent to $366.58 million from $2.42 billion in the same month of 2019.

Experts and exporters said that the country's export business remained almost halted in April as the coronavirus pandemic disordered the economic activities in Europe and the United States, the major destinations for Bangladeshi RMG products.

They also said that global buyers cancelled or halted many export orders and the Bangladeshi manufacturers had failed to produce the rest of the orders as the factories remained closed for one month in April due to the pandemic.

According to the Export Promotion Bureau data, the RMG export in March, 2020 declined by 30.19 per cent to $1.97 billion from $2.82 billion in the same month of 2019.

'It was estimated that the RMG export in April would decline by 70-80 per cent as economic activities on both the supply side and the demand side were disrupted due to the pandemic,' Ahsan H Mansur, executive director of Policy Research Institute of Bangladesh, told New Age on Sunday.

He said that the country's export performance in May also would be the same as April as many orders were cancelled and the placing of new orders remained halted due to the coronavirus outbreak.

'We have to remain alert so that we would not miss the orders for the winter season to come back on track,' Mansur said.

Based on the Export Promotion Bureau data for March and the NBR data for seven days in April, the BGMEA estimated that the RMG export in March-May this year might decrease by 56.93 per cent to $3.70 billion from $8.60 billion in the same period of last year.

The BGMEA also estimated that the exports in the month of April might drop by 70 per cent.

According to the apparel sector trade body, work orders worth more than $3 billion were cancelled or kept on hold till date since March.

Source: newagebd.net- May 03, 2020

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Bangladesh: Factories to be shut if many get infected

Decides inter-ministerial meet; joint body to monitor health measures; Dhaka, N'ganj, Gazipur to be kept isolated

Readymade garment factories that have resumed production will be shut down in case a significant number of workers get infected with Covid-19, Health Minister Zahid Maleque has said.

The decision came at an inter-ministerial meeting on "reopening industries and commerce on a limited scale" held at the health ministry yesterday -- two days after at least ten garment workers were tested Covid-19 positive in Savar industrial belt. The minister, however, did not make it clear how many infections would make the authorities consider the number significant.

"By strictly maintaining the health rules, garment sector and [other] industries can be resumed. We have to take care of people's livelihood as well as their health," the health minister told journalists in an online briefing following the meeting.

Earlier on April 26, the government announced that it would allow opening the garment factories on a limited scale. Following the announcement, around 1,000 factories across Savar-Ashulia, Gazipur, Narayanganj and Chattogram industrial belts resumed production at a time.

Representatives from different ministries, law enforcement agencies, healthcare organisations, and RMG industry attended the meeting. Earlier, several important decisions, including the shutdown mechanism for the resumed factories, were finalised at the meeting.

It also decided to form a joint-monitoring committee to monitor the health measures taken by the factories.Led by the representative from the health ministry, leaders of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitting Manufacturers and Exporters Association (BKMEA), representatives from industrial police, and Department of Inspection for Factories and Establishments (DIFE) will be included in the committee.

The other decisions include keeping Dhaka, Narayanganj, and Gazipur isolated from the rest of the country and limiting the movement of the RMG workers. It was also decided that the factory owners in coordination with the health ministry would increase Covid-19 testing and quarantine facilities for workers.

The health minister asked the garment factory owners to strictly follow the health safety guidelines as workers are being infected after the reopening of factories.He suggested that the factory owners build zone-wise coronavirus centres for the workers in the industrial belts.

Noted virologist Prof Nazrul Islam, former vice-chancellor of Bangabandhu Sheikh Mujib Medical University (BSMMU), recently told The Daily Star, "Reopening economic activity is important for us. But we have to maintain health rules for this. Otherwise, reopening may bring another danger."

BGMEA secretary Hatem Ali, following the meeting, said they informed the minister that the factory managements have been running their units following the health protocols prepared by the BGMEA.

The protocols were prepared following the guidelines of the health ministry, World Health Organization and International Labour Organisation, sources said.

BGMEA has multiple audit teams who are making surprise visits to factories to check their health and safety monitoring systems, according to a recent update circulated on the association's website.

The audit teams are headed by the board of directors of BGMEA and the reports are being evaluated every day, it said. On May 2, 49 factories were audited conditions in 46 factories were found to be satisfactory. Including them, a total of 196 factories were audited and 190 of them passed muster.

As of yesterday, 11 workers of garment factories were tested positive for Covid-19 in Savar and Ashulia industrial areas, according to Dhaka Industrial Police-1 and Savar health administration.

Source: thedailystar.net- May 04, 2020

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Pakistan: Cotton trade partially starts in Sindh with forward deals

Except for a few forward deals, the local cotton market remained devoid of trade for the eighth consecutive week in a row as a COVID-19 pandemic-led lockdown stalled most of the economic activities in the country, dealers said.

“The government has partially opened the export-oriented industry including textiles and hopefully cotton trade will fully start in the coming days. However, traders have started future buying, which shows ginning factories will start from June,” stakeholders said while talking to The News.

Brokers informed The News, around 20 trucks of cottonseed from lower Sindh were booked on forward deals at Rs3,300 to Rs3,700 per 40-kg, while five truckloads of cottonseed were booked at Rs1,725 to Rs1,750 per 40-kg. “There has been no deposit of these forward deals and prices might change by the time of the delivery. Delivery of these deals will be made between May 25 to June 5,” brokers said.

On the other hand, Pakistan Cotton Ginners Association has announced to take action against the traders involved in future trading, which it said would disrupt market trading and affect the ginners already having unsold stocks of 500,000 bales with them.

Stakeholders said ginners would have to sell their lint as old crop, as mills would be careful in buying of lint in coming days. Delivery of imported cotton continued during the week.

According to growers, cotton sowing in lower Sindh was almost complete, while it would soon begin in upper Sindh. However, they complained of low seed germination. One grower said that germination remained around 30 to 40 percent and he had to sow seeds for few times to fill the land.

Growers said that cotton production in Sindh might be affected because of attack of locust swarms spreading in cotton belts of upper Sindh.

Sindh Chief Minister Murad Ali Shah has also written to Prime Minister Imran Khan, demanding federal government help to combat locusts, but no support has been received so far.

Cotton sowing has started in several areas of Punjab, which initially targeted 5 million acres, but later reduced it to 4.5 million acres without giving any solid reason by the provincial agriculture authorities.

Federal Committee on Agriculture will set the cotton sowing target this time after surveys and consultations with the stakeholders.

Stakeholders said that new Cotton Policy 2020-21 was in the making and would be announced after consultation with the stakeholders, while gowers demand for setting a fair cotton support price was yet to be met. They were hopeful that support price would be included in the new policy.

Chairman Karachi Cotton Brokers Forum, Naseem Usman, said cotton prices were fluctuating around the world. New York Cotton Market recorded July futures at 55.84 cents per pound. Prices remained stable in China, while there was little decrease in prices in India.

Source: thenews.com.pk- May 03, 2020

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Pakistan: Textile value chain allowed to resume operations

The government accorded the approval after a delegation of All Pakistan Textile Mills Association (Aptma) held a meeting with Chief Minister Usman Buzdar on Saturday. The association had earlier met with the chief secretary in this regard on Friday.

“We thank Chief Minister Usman Buzdar for allowing reopening of the industry value chain in the larger interest of the country’s exports and much-needed employment in these testing times.

He did this after a delegation of the Punjab-based textile associations called on and briefed him about the measures taken by the textile industry to avoid the spread of coronavirus on factory premises,” Aptma Punjab Chairman Adil Bashir told reporters at a press conference.

“The CM expressed satisfaction over the arrangements and allowed the textile value chain to resume operations throughout Punjab.”

Mr Bashir said this decision of the government would save hundreds of thousands of textile workers from being laid off.

He maintained that the textile industry would follow all standard operating procedures in letter and spirit. The Aptma member mills had already adopted all precautionary measures during the processing of orders by providing masks, sanitisers and protective kits to the labour besides maintaining cleanliness, he claimed.

Source: dawn.com- May 03, 2020

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NATIONAL NEWS

How to revive the economy post lockdown

Loosening of financial conditions, adjustments in government spending and better coordination with States can spur a growth cycle

India's pre-emptive lockdowns have saved many lives and may have reduced long-run economic costs of the Covid-19 crisis. But it necessitates a large stimulus to compensate for the short-run economic losses of the lockdown and to revive growth. Apart from medical supplies, the first measures aimed at helping workers and firms survive the large negative supply and demand shock. A phased opening now allows supply to recover while keeping the virus in check.

As we think of a post-lockdown India, an interesting possibility manifests that can make a virtue out of a necessity.

Relaxing financial conditions

As supply recovers while commodity prices remain constrained, there is an opportunity to switch from the low credit and money growth that characterised India's post 2011 growth slowdown, to a credit-led recovery that also reduces the financial sector stress. Financial conditions can be relaxed, especially as essential structural improvements are adequate and over-tightening created stress.

In India, credit growth has been pro-cyclical tending to follow and over-enhance rather than lead growth. Especially since 2011, pro-cyclical regulations and focus on financial cleaning and reforms squeezed credit growth. In an era when elsewhere in a world awash in cheap money, corporate and household debt was increasing apace, there was hardly any credit growth in India.

The post Covid-19 macro-financial package could trigger a virtuous growth cycle, by raising marginal propensities to spend above those to save, as demand is kept a step ahead of gradual relaxation in supply constraints. Activating India's large domestic demand can potentially insulate from global shocks and a likely prolonged shrinking of trade.

A calibrated reversal of the macro-financial tightening of the last decade may also actually reduce financial risks and improve stability. Across most of the world, new liquidity infusion is following quantitative easing that drove up asset prices. There are risks since credit is based on a Ponzi-type leverage on asset value. A collapse of stretched asset values is possible, and can create a large financial shock.

But in India, there is the opposite problem. Credit growth has been very low, so a loosening of financial conditions can help asset values recover. Tightening following the excesses and scams of the post-global financial crisis period created a trust deficit. There were valid moves away from giving individual favours towards improving business conditions. But in a large external shock like Covid-19, aid from the government and regulators can apply balm to current as well as old wounds, revive trust and help society pull together once more.

Growth constraints

Such a virtuous cycle is feasible since the major constraints that aborted past growth cycles are waning. Among these constraints are commodity price shocks and other supply-side bottlenecks; financial repression, mono-culture and discretionary allocation; and fiscal space.

Changes in the political economy of oil pricing, diversified sources of supply, and a secular fall in demand will keep oil prices soft. Structural improvements in agriculture will restrain food inflation, while flexible inflation targeting moderates the pass-through from commodity price shocks. Banks' net NPAs are in single digits, there is improvement in governance and in risk-based lending. The IBC has improved credit culture and repayment incentives.

Fiscal space is still constrained, however. In order not to overstrain government finances, stimulus should work through the financial sector, be targeted, temporary and self-limiting. Financing schemes will have to be designed to minimise impacts on future fiscal deficits, while maximising growth revival.

Fiscal stimulus can be increased to the point where reduction in debt ratios due to increased growth equals the increase in debt ratios from further borrowing. Changing the composition of expenditure and cutting flab would enhance the growth boost.

One reason for India's conservative polices was a fear of outflows. But size and diversity in a $2 trillion-plus economy creates much more depth and resilience. Steady domestic inflows are a counter. Financial markets absorbed many shocks since 2017, but recovered.

Large outflows over March-April illustrate again that global risks matter more for them than domestic policy. Growth matters more than other risks. even for rating agencies. and spending to revive growth is acceptable, especially since every country is doing this. Despite this peer effect, emerging markets have to be more careful. If early pre-emptive action and effective follow-up makes India relatively less affected by Covid-19, inflows will resume.

Reversal of the tightening of financial conditions that characterised the last decade will help the financial sector move forward. Critical complementary reforms include fiscal restructuring, better coordination with States, strengthening corporate governance, and counter-cyclical financial sector regulation.

Temporary, targeted measures

Polices adopted in many countries around the world include transfers, credit guarantee funds, interest rate subventions, liquidity and refinance facilities, loan extension and forbearance, tax relief, deferrals and regulatory easing. Many of these expire over time, and pay for themselves as they revive growth.

A seed fund can be leveraged many times. For example, credit guarantees are off-budget sheet items, and may not add much to debt as recovery takes place. Banks can be incentivised to not invoke them. If the guarantee is only partial, banks will lend, but rather continue to carefully assess credit risks.

Wage/PPF subsidies and interest rate subventions should be targeted to MSMEs and the most affected sectors, and made conditional on preserving employment in the short-run, and upskilling and re-structuring over time. Moratoria on debt repayments and provisioning deferrals must be given until growth recovers, but not indefinitely. Temporary and targeted measures reduce moral hazard. Transfers should only be to low income groups, combining tax and Aadhaar databases.

All government payments due must be made and expenditure on the national infrastructure pipeline frontloaded. Movement to India's optimal tax structure of low rates and a large base must not be given up. Voluntary contributions for the Covid-19 effort must be encouraged from the well-off, especially the super-rich.

The RBI can announce an OMO calendar and if necessary, finance special Covid-19 government bonds. These would take pressure off the bond markets, allowing interest rates to ease, while it is clear they are for a well-defined purpose and limited time. There is room to expand reserve money since broad money growth has been low for some time, and a monetary expansion that finances a growth recovery would not be inflationary.

Firms that are not receiving payments are afraid of running out of cash and are hoarding liquidity. Since banks now only make risk-based lending, a government credit guarantee would be necessary for banks to undertake wider liquidity infusion. Even so, alternative direct liquidity channels may have to be established to reach those starved of funds.

The crisis reveals longer-run supply-side opportunities and directions for change. Examples include a larger share of distance work, economising on fuel — the import of which has been India's weakness — and encouraging the digital economy, which is India's strength. Supply chains can be incentivised to shift from China.

States that are the source of migration should think of packages to attract FDI, thus reducing out-migration, excess labour living precariously in large cities. While some firms will suffer irreversible balance sheet shocks, and may not recover, others such as pharma, digital businesses and home services will do well.

The large post GFC monetary-fiscal stimulus made possible a sharp V-shaped recovery. But over-reaction, and difficulty in reversing the stimulus, created macroeconomic vulnerabilities. A limited, well targeted and transient stimulus would avoid this even while aiding a credit-financed growth revival.

Source: thehindubusinessline.com- May 03, 2020

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CII for greater industrial activities in districts with high economic performance

All factories should be permitted to restart, the industry body said

At a time when the government has decided to provide some relaxations in restrictions during the third phase of the nationwide lockdown starting from May 4, the Confederation of Indian Industry (CII) on Sunday called for a greater industrial activities in districts with high economic performance.

The industry body also called for “economic contribution of districts to be taken into consideration while classifying lockdown zones.”

“Districts with high economic activity should resume all industrial and business operations, including in containment zones, with highest safety protocols,” CII said in a report, ‘Strategy Note on Resumption of Economic Activities in Industrial Area.’

The suggestions followed the notification, issued on May 1 by the Centre, on graded exit from the coronavirus- related lockdown.

‘Focused strategy’ needed

The third phase of lockdown necessitates “a focused strategy to minimise economic contraction due to Covid-19”, without compromising on efforts to control the contagion, the trade body said in a statement.

“Prioritising districts with heavy presence of economic and industrial activities with continued operations, accompanied by strictest precautions, can help enterprises to remain financially sustainable while averting job losses,” CII Director General Chandrajit Banerjee said.

The industry body also said while the protracted lockdown in the country, necessitated by the rapid spread of Covid-19, has also caused enormous stress to the financial sustainability of many businesses.

CII’s suggestion

In its strategy note, it requested that the top districts should be identified based on variables like their contribution to country’s GDP, or presence of industrial estates and clusters or registration of enterprises in a district.

Instead of the current practice of categorising the entire district as a 'Red zone', the CII has suggested the need for classifying zones as 'Containment', 'Orange' and 'Green' within an industrial district.

"Economic activities, in varying degrees of relaxation, should be permitted in all areas of this district, but health and safety protocols would differ from zone to zone," it said. The Containment zone may be a street, mohalla or factory building where positive cases have been detected, the industry body said.

It has suggested that close surrounding areas can be classified as Orange zones, where industrial activity can be continued with strict precautionary measures and monitoring.

The distinction of essential and non-essential items should be removed and all factories should be permitted to restart, the industry body said. "Aggressive measures are required to ensure that an industrial district moves from 'Red' to 'Orange' and 'Green' within 21 days.

"The cost of undertaking precautionary measures by way of repeated sanitation, wearing of PPE, masks, monitoring, group testing etc. will be much less than the economic loss, if businesses in such high performing districts have to remain shut for longer duration," Banerjee said.

Govt's order

The government has permitted industrial estates, SEZ and industrial townships with restricted entry within urban areas of 'red zones' to commence operations. "CII submitted that all industrial units, including in non-notified industrial areas and standalone units, be allowed to function in urban areas. These should include non-essential goods and services as well," the statement said. The body also called for limited public transport to function to enable workers and self-employed people to reach the industrial areas.

'Green' zones within an industrial district, on other hand, should be allowed to work with relaxed restrictions but in adherence to strict health and safety protocols prescribed by the authorities.

Source: thehindubusinessline.com- May 03, 2020

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Covid relief for MSMEs on anvil: Financial package for small businesses underway, says Nitin Gadkari

Credit and Finance for MSMEs: The government may soon provide much-needed relief to the MSME sector through a financial package that has been among the key demands from MSMEs to tide over current liquidity and cash flow challenges due to the Covid-19 lockdown.

MSME Minister Nitin Gadkari in a webinar on Saturday said that the government is likely to announce a relief package for the MSME sector soon.

“We have sent recommendations for a relief package to the Finance Minister and Prime Minister and I hope it will be announced soon. We will try to give relief to the extent possible,” the minister said addressing the e-event organized by the FICCI Ladies Organisation.

The minister urged businesses for an “integrated approach” to tackle Covid crisis and leverage it to explore new business opportunities. Gadkari had earlier encouraged overseas Indian students as well to participate in India’s response to Covid-19 challenge through opportunities in multiple areas of research, innovation, management, medicine, higher education etc.

74 per cent small businesses and startups are looking at shutting or scaling down their ventures in the coming six months battered and bruised by Covid, according to a LocalCircles survey last month receiving 13,970 responses. Moreover, 47 per cent respondents claimed to have less than one month of cash left while 24 per cent said that they had one-three months of capital available and 23 per cent had three-six months of cash.

Gadkari asked small businesses to continue to focus on innovation, entrepreneurship, science and technology, research skill and experiences to “convert the knowledge into wealth.” The minister also suggested a reduction in costs to remain competitive.

To provide MSMEs with their dues pending with government buyers for as much as three-four month, the minister had in March raised concern saying that “MSMEs are on the verge of collapse. Passing a legislation is easy.... There are 20,000-22,000 cases.

As per my estimates, big industrialists, state government, central government undertakings owe Rs 5.5 lakh crore to Rs 6 lakh crore to small industries," PTI had cited Gadkari as saying in the Rajya Sabha. Meanwhile, from existing around 6 lakh restructured MSME loan accounts, the minister had said that the government will soon restructure additional 1 lakh MSMEs.

Source: financialexpress.com- May 03, 2020

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Centre must put economic growth first

The Centre must ignore warnings from global rating agencies and launch a fiscal stimulus

Even before the Centre made its decision to extend its 40-day lockdown by a further two weeks, economists had been stressing the need for an urgent fiscal stimulus package.

The voices calling for stimulus ranged from former Chief Economic Adviser Subramanian, who argued for a pre-emptive stimulus to lift the economy from a likely contraction, to former RBI Deputy Governor Rakesh Mohan, who underlined that India today has the ability to sustain high fiscal deficits for short periods, and must use this to provide relief to workers and small businessmen hit by this enforced standstill.

Both have suggested a stimulus amounting to about 5 per cent of the GDP. The Centre though, seems to be far more inclined to listen to warnings from global rating agencies, who have been making their usual threatening noises about the dangers of India overshooting its debt and deficit targets.

Fitch Ratings recently warned that Covid will likely batter India's GDP growth to 0.8 per cent in FY21, but seemed to caution against doing anything about it, citing limited fiscal space.

There are several good reasons why the Centre must ignore such warnings and focus on resuscitating the economy quickly instead. One, given the stringency of the lockdown and the high proportion of small businesses and informal workers, the economic impact of Covid on India is likely to be far worse than in countries with a social security net.

But its fiscal response so far has been underwhelming, with incremental measures totalling to sub-1 per cent of the GDP. If the economy is left to its own devices, a contraction is highly likely, in which case fiscal deficit and public debt ratios will automatically worsen on a shrinking denominator. Two, deficits and government borrowings are as much a function of revenues as of expenditure.

Without urgent intervention to ensure growth, a precipitous fall in tax collections can very easily offset any savings from frugal spending. Some States reporting an 80-90 per cent drop in their April GST collections is a harbinger of things to come. Three, sovereign ratings are as much a function of a country's growth and financial stability as of its public debt and deficit parameters.

Without timely fiscal intervention to support the economy and the financial system, both growth and stability would be at risk, rendering deficit and debt irrelevant to the ratings.

Global rating agencies are well-known for constantly shifting their goalposts on what variables go into their rating opinions. The 2016 Economic Survey had critiqued Standard and Poor's for upping China's ratings amid its untrammelled credit expansion, while citing low per capita growth to retain India's BBB-minus rating despite its lower public debt.

Given that the Indian government doesn't borrow overseas, sovereign ratings matter mainly to help attract capital flows and investments into the private sector. These investors are far more likely to bet on India for its vibrant consumer markets and growth potential than for its sovereign debt and deficit metrics.

Source: thehindubusinessline.com- May 03, 2020

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RCEP nations offer India package to return to negotiating table

Members of the Regional Comprehensive Economic Partnership have offered India a package to return to the negotiating table, taking into account the country's concerns over tariff base rates and special trade safeguards.

Members of the trade bloc urged India to convey its initial response to the package by May 15 as the Indo-Pacific region braces for a post-Covid-19 economic order, ET has learnt.

The package comes after RCEP members said last month they would welcome India's return to the negotiating table for entering the regional trade bloc. The RCEP package recognises India's preference to use more recent most-favoured nation tariff rates than the 2014 base rates.

"The proponents would welcome updated market access offers from India using 2019 MFN tariffs on a limited number of products of concern to India to be negotiated bilaterally with RCEP Participating Countries... This is offered on the understanding that the outcome on market access, which will be achieved through bilateral negotiations, will remain balanced and that India's tariff commitments will be acceptable to all," according to the RCEP note on the package.

India opted out of the RCEP negotiations last year after the group did not assuage its concerns over getting swamped by imports and putting its domestic industry and agriculture at risk.

"The present form of the RCEP pact does not fully reflect the basic spirit and the agreed guiding principles of RCEP," Prime Minister Narendra Modi had said in his address at the RCEP summit in Bangkok last November.

India has a trade deficit with 11 of the 15 RCEP countries. The RCEP agreed in principle to incorporate a volume-based safeguard mechanism and would welcome an indication of the products to which India would seek to apply the special safeguard.

"The proponents understand the importance of identifying mutually satisfactory solutions on these issues, while noting that progress made to date in market access negotiations as a whole should be preserved as much as possible and that requests on products of specific interest should be accommodated where possible," according to the package offered to India.

India does not have free trade agreements with Australia, China and New Zealand. These three RCEP members remain committed to negotiating a mutually satisfactory outcome with India on special safeguards that preserves the interests of all members, according to the package.

Some RCEP members said India has much to contribute, not only in terms of its huge market, but also its participation in regional affairs as a whole.

"India can bring a lot to the table. Covid-19 demonstrated India's contribution in terms of active pharmaceutical ingredients and the medical capacity to support others, as well as technical and medical research," a senior diplomat from an RCEP member state told ET.

"A world that will be more digital in the future will rely on India's pool of engineers. India, too, needs the region as it cannot reach its vision and ambition without win-win cooperation with its neighbours in the Indo-Pacific."

The RCEP members "reaffirmed their commitment to continue working with India to address its outstanding issues" at the 29the meeting of the RCEP trade negotiating committee held via video conference on April 20, 22 and 24, according to a joint statement.

Recognising India as a valuable original participant, the members would welcome India's return to the RCEP negotiations, according to the statement.

The current RCEP consists of members from the Association of Southeast Asian Nations, Australia, China, Japan, Korea and New Zealand.

Source: economictimes.com- May 04, 2020

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GSTN Helpdesk handles over 56,000 taxpayer issues in one month of lockdown

GST Network Helpdesk on Sunday said it has handled over 56,000 taxpayer issues in one month since the nationwide lockdown was imposed on March 25.

According to data from GSTN, over 19,552 tickets raised by taxpayers were resolved between March 25 and April 24.

The highest number of tickets handled in a day was 2,766 and the highest number of calls handled was 1,776.

"However, due to the lockdown, there is a steep dip experienced in the call and ticket volume trend at GST helpdesk. The total received transactions (inflow of calls and GRP tickets) are approximately 20 per cent of the usual volume trend," GSTN said.

Before the lockdown, on an average, GST helpdesk would receive around 8,000 to 10,000 calls every day, while around 2,000 tickets were raised on the GRP portal on a daily basis.

The GST Helpdesk, whose 65 per cent of staff worked from home, was fully operational through its toll-free number from 9 am to 9 pm serving in?12 languages, it added.

GSTN CEO Prakash Kumar said help desk agents had to work from home, calls had to be routed to them at their phone and this was done in a secured manner.

"This was not a small job, but necessity made GSTN and its tech partner Tech Mahindra to do this. Today, a good number of associates are providing helpdesk support to GST stakeholders. We would continue to work ensuring 360-degree safety of people and process to combat the situation," Kumar added.

Out of the 12 languages, the Hindi Helpdesk services received the highest number of calls comprising 61.66 per cent of the total call volume, followed by English language with14.80 per cent volume.

Marathi at 4.75 per cent received the third-highest number of calls, closely followed by Gujarati 3.65 per cent, Telugu 3 per cent, Bengali 2.93 per cent and Tamil 2.86 per cent. The other languages are Kannada, Punjabi, Oriya, Malayalam and Assamese which registered lesser call volume respectively.

Source: financialexpress.com- May 03, 2020

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Govt orders like no pay and job cut can severely dent business confidence

Recently, there have been a spate of news reports on measures issued through executive orders directing waiver of rents, reduction or freezing of school fees, continuation of employment, restriction on termination of employees, and restriction on reduction in salary in the wake of the Covid-19 pandemic.

The government has also issued executive instructions declaring the pandemic a force majeure event. All these restrict an individual's contractual right or suspend contractual obligations, or even in some instances, encourage invocation of force majeure to terminate a private contract, all with a purportedly laudable objective to alleviate economic suffering brought about by the suspension of economic activity.

Such interventions and directions are extremely worrying from an industry point of view. India, a growing economic superpower, cannot afford to sanctify measures permitting contractual rights to be avoided except in accordance with law.

Doing so would severely dent business confidence and dampen industry expectations. Let us not forget industry was already reeling under a slowdown and many sectors were in economic distress even prior to the pandemic.

There are already several entities that are on the verge of bankruptcy and such measures by the government may push them towards greater distress. Any measures by the government which justifies avoidance of contractual rights would be anathema to economic growth.

Article 19(1)(g) of the Constitution guarantees a citizen the right to practise any profession or to carry on any occupation, trade or business. However, this is subject to reasonable restrictions embodied in Article 19(6) which allows the State to make any law imposing, in the interest of the general public, reasonable restrictions on the exercise of the right.

Clause (6) of Article 19 is intended to strike a balance between individual freedom and social control. The concept of reasonableness runs through the totality of Article 19 and requires that restrictions on the freedoms must at the least be reasonable. Measures adopted to tinker with contractual rights, which are perceived to be in favour of the masses at this time of a pandemic, though laudable, may not stand muster in Court. The Supreme Court in IITT College of Engineering v. State of H.P. (2003) had said that howsoever laudable the objective, it must have the sanction of the law. It had done so setting aside directions of the High Court to appoint an administrator to a private educational institution to safeguard the interest of students.

In the Cellular Operators Association of India & Ors. v. Telecom Regulatory Authority of India & Ors., (2016) the Court found the exercise of power by the State was manifestly arbitrary and fell foul of Article 19(1)(6); it failed to meet the test of reasonableness. The government had directed telcos to credit an amount to consumers on each call drop. The Court held that even though the intent of the impugned regulation was laudable, it would still fail the test under Article 19. The SC, in this context, found the government intervention in private contract to be unreasonable, as it failed to fulfil the constitutional scheme. Interestingly, it had been argued that such a measure was made keeping in mind the small consumer and goes a long way to compensate such person.

In Vidya Devi v State of Himachal Pradesh and Ors. the SC explained the importance of the exercise of State's power within the four corners of due process of law and reasonable restriction in context of the human right to property as set out in Article 300-A. While quashing state action wherein private property had been appropriated by the state without compensation, it observed that the state, being a welfare state governed by the rule of law, cannot arrogate to itself a status beyond what is provided by the Constitution.

It was held that the State could not deprive a person of his property except under procedure established by law. In fact the Supreme Court in the case of Delhi Airtech Services Pvt. Ltd. v. State of UP & Ors (2011) has inter alia held that "property itself is the seedbed which must be conserved if other constitutional values are to flourish..” The government must think of an alternative which balances economic compulsions rather than rely on populist measures which can set a dangerous precedent. Else, as the late Margaret Thatcher opined “the problem with socialism is that you eventually run out of other people’s money”.

Source: financialexpress.com- May 02, 2020

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Govt plans to launch initiatives to boost exports from MSME sector: Official

The government is planning to launch a global market intelligence system in various languages and establish 100 export facilitation councils to boost exports from the MSME sector, a top official said on Thursday.

The initiatives will provide hand-holding support to micro, small and medium enterprises (MSMEs) to enable them to export directly to world markets.

MSME Secretary Arun Kumar Panda said talks were on with NITI Aayog to rank states on the basis of 4Es including employment generation, enterprise creation, exports and ease of doing business.

He was speaking after the launch of ‘MSME Bank of Ideas’ by Union Minister Nitin Gadkari via video-conference.

Panda said efforts were also on to set up an MSME Gateway, “a unique digital platform where Indian MSMEs will do business with SMEs of the world”.

Panda said the MSME Gateway will help attract large scale foreign direct investment.

Source: financialexpress.com- May 0e, 2020

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Punjab's textile industry in dire straits

Losses because of lockdown, economic slowdown pegged at ₹2,000 cr. so far
Amid the economic slowdown during the ongoing nationwide lockdown, Punjab's textile industry has pegged losses at around ₹2,000 crore so far.

"The collective turnover of the textile industry here (Amritsar) is between ₹7,000 crore and ₹8,000 crore yearly. The global and domestic shutdown for the last two months due to the pandemic had huge cascading impact on textile trade.

The complete closure of wholesale and retail markets across all continents have dismayed the clothing sector, which is facing a bleak and uncertain future. The industry in Amritsar has already suffered a loss to the tune of not less than ₹2,000 crore," Amit Kandhari, senior member of Amritsar Textile Processor Association (ATPA), told The Hindu.

Mr. Kandhari said that the current year is a total washout with payments as well as new orders have been put on hold by customers, which has virtually created a debt trap for the entire clothing and garment business.

"We are unable to operate our units under the current fluid situation due the spike in COVID-19 cases in India and other countries and very precarious financial conditions. This segment can only be revived back provided all supply chains including all textile outlets and retail showrooms start operation in full swing that too in next two months, otherwise it would not be possible to redeem their payment stuck at various level across the board," he said.

'Open weaving units'

P.L. Seth, a prominent shawl manufacturer, said that the government must ensure protection of the outstanding dues.

"In case the lockdown is further extended for next two more months, this sector would not only become sick but a majority of the units would come under "NPA" category," he said.

"The State and the Centre should allow the opening of small weaving units to operate the night shift with limited labour and staff," said Mr. Seth, who is also president of the Shawl Club.

Another textile mill owner Sandeep Sajdeh said that with blocked orders and funds, it would be extremely hard to pay wages and salaries.

“The exports orders for woollen fabrics are in the pipeline but the constraints of reopening of mills is a huge task with supply chains under current lockdown was making it very difficult to operate,” Mr. Sajdeh said. “My export shipment is stuck at Bangladesh border awaiting clearance for last one month. I am hoping lockdown will ease and the consignment would reach Bangladesh,” he added.

“Amritsar, which is a thriving textile business hub for the last one century producing woollen fabrics, shawls, blankets besides having large number of nylon knitting and embroidery mills is on its throes as the opening of this segment is facing uncertainty with depressing economic situation,” Mr. Sajdeh said.

‘Devise exit strategy’

Ashok Sethi, a member of the task-force constituted by the Punjab government to devise an exit strategy from the lockdown has sought an immediate financial stimulus by way to total waiver of bank interest for minimum of six months and deferment of term loan EMIs for at least one year.

“The governments should open up the ESI and PF corpus worth over several thousand crores and come to the rescue during huge payment crisis as the industry has literally no resources to pay wages at present. On the GST front at least 50% relief be provided which would help the industry not only to survive but also grow,” he said.

Source: thehindu.com- May 03, 2020

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Supply chain, labour remain challenges for manufacturers

Some industries in Coimbatore district, especially those in rural areas, are expected to start operations from Monday

For the manufacturing industries in Coimbatore, which expect to start operations this week, availability of labour and raw materials are expected to be challenges.

Some industries in Coimbatore district, especially those in rural areas, are expected to start operations from Monday as they have orders to complete. Some others want to wait and watch the situation and then plan operations.

The problem to start working immediately is the supply chain, says a foundry owner here.

Customers for industrial goods should be willing to take the products and the raw material supply should be smooth. Otherwise, industries may start operations and stop in a few days, he points out.

Jayakumar Ramdass, president of the Coimbatore Industrial Infrastructure Association, says industries will know whether it is worth functioning only when it start. In the case of foundries, pig iron, stampings and copper come from the northern States.

Most of these are transported by trucks. The drivers should report to work and should be willing to travel to the south. If companies here do not have raw material stock, they may not be able to operate continually, he says. Even industries in rural areas need spares and components from the urban pockets. So MSMEs and shops in the city should start operations. “It will take one week or 10 days for things to settle down,” he says.

According to G. Ezhil, chairman of the Coimbatore chapter of Institute of Indian Foundrymen, migrant workers are ready to go back to their home States and there is no clarity yet on inter-district and inter-State movement of workers and employees. These will be challenges to the industries when they re-start operations.

Industries will send private vehicles and bring back workers from southern States, if it is permitted. Most of the CNC operators in Coimbatore are from the southern districts of the State, says Mr. Ramdass.

For the powerloom weavers, the main market for fabric is northern States. Without markets opening up in Maharashtra and Gujarat, there is no point in operating, say the weavers.

Some of the textile mills, especially the smaller ones, want to start operations a little later. “Mills can run with the raw material and workers they have. It is not feasible to move cotton from the north and send yarn to other States now. Hence, mills want to get clarity, wait and watch,” says an industry representative.

Source: thehindu.com- May 02, 2020

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Declining prices, falling orders threaten Indian cotton yarn mills

When Prime Minister Narendra Modi extended the nationwide lockdown till May 3, most of cotton mills in India were shut down. However, the government allowed some spinners in Uttar Pradesh, Gujarat, and Punjab to resume production. A small number of spinners resumed work with operating rate ranging between 10 to 50 per cent, mainly focused on fulfilling recent contracts.

Despite this, production has not resumed to its full capacity due to the lack of workers and orders. Some factories have decided to shut down their operations after completing domestic sales and a small number of export orders.

Lackluster market with bleak shipments

Even before India entered into a lockdown, cotton yarn market was still lackluster with bleak shipments in spite of liberating policy on Indian yarn mills operation. As CCF Group Index reports, the price of Indian forward cotton yarn kept sliding with prices of yarns mainly exported to China, such as Indian carded yarn, combed yarn and open-end yarn declining since February. Prices of combed 32S dropped from $2.96/kg to $2.47/kg; those of carded 32S dropped from $2.59/kg to $2.29/kg, and of OEC10S fell from $1.66/kg to $1.52/kg.

Rapid decline in spinners' profits

The spot price of Indian cotton also declined from Rs 39,400/maund at the start of Chinese New Year holiday to Rs 37,100/maund. Although this reduction was a result of depreciation of Indian rupees, profits of Indian spinners also declined rapidly. Based on the one-month and two-month cotton stocks, these spinners suffered losses about 10cents/kg.

Declining prices fail to stimulate orders

Cargo prices declined during the period as did the prices of spot imported yarn. The prices of Indian carded 32S declined to 19,100yuan/mt from 20,600yuan/mt in February. Compared to prices in United States dollars into RMB after-tax price, these prices failed to stimulate forward yarn orders. Since the outbreak of the epidemic, however, the prices of these yarns in United States dollars have fluctuated rapidly.

Lockdown leads to decline in orders

The social stock of imported yarn before the lockdown was at an all time high, and shipments were not fast. The operating rate of downstream fabric mills was around 30 to 40 per cent, much lower than that in same period last year. Post lockdown, the willingness of imported yarn mills to order cargos is unlikely to significantly improve before the orders of the fabric mills are improved.

Due to the initiatives launched to prevent the spread of COVID 19 outbreak, it will take some time for Indian yarn mills to resume work. As the prices of Indian cotton and cotton yarn prices have been falling, the theoretical profits of spinners are mostly at a loss. Even transactions are limited due to poor shipments in the spot market.

Though the operating rate of Indian yarn mills is gradually recovering, it would be difficult for them recover to 100 per cent.

Source: fashionatingworld.com- May 02, 2020

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Commerce Ministry working to identify key sectors for making India a manufacturing hub

The commerce and industry ministry is working to identify certain key sectors -- like capital goods, leather and chemicals -- with a view to establish India as manufacturing hub, according to sources. Several meetings have taken place with stakeholders, including industry chambers, to identify those sectors which have the potential to become global winners and make India a strong manufacturing hub, the sources said.

"There are 12 champion sectors which can be looked upon. These include modular furniture, toys, food processing like ready-to-eat food, agro-chemicals, textiles like man-made fibres, air conditioners, capital goods, pharma and auto components," one of the sources said. Groups and sub-groups have been constituted on the matter by engaging representatives from industry chambers like CII and Assocham.

The core group would identify specific implementable policy based on issues like technological capability, employment potential, and global as well as domestic demand, they added. Commerce and Industry Minister Piyush Goyal has recently stated that in the post-COVID era, there is going to a be perceptible change in the global supply-chains, and Indian industrialists and exporters should be looking to capture significant share in the world trade.

He has said that the ministry is working on identifying the specific sectors which can be taken forward in the immediate future for the exports purpose. Promoting manufacturing will help in creating more jobs and pushing India's dwindling exports.

Manufacturing sector contributes about 15 per cent in the country's economy and the government is aiming to increase it significantly. The output of eight core infrastructure industries shrank by a record 6.5 per cent in March due to significant dip in production of crude oil, natural gas, fertiliser, steel, cement and electricity amid the coronavirus lockdown. Exports too contracted by a record 34.6 per cent in March on account of the lockdown due to COVID-19 outbreak.

Source: economictimes.com- May 03, 2020

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Lockdown 3.0: Tamil Nadu allows industries to start ops with restrictions

Construction, textile, leather, IT and IT enabled services, SEZs among others are permitted to operate in certain locations with limited employees while adhering to social distancing and other standar

Tamil Nadu government has extended the lockdown from May 4 to May 17, 2020, with a limited easing of restrictions on construction and other industries, provided thet take the necessary precautions. Public transport, all kinds of functions and gatherings, cinema halls, malls, air-conditioned jewelleries and textiles are not permitted during this period.

Construction, textile, leather, IT and IT enabled services, SEZs among others are permitted to operate in certain locations with limited employees while adhering to social distancing and other standard operating procedures advised by the government. The order was issued after the Union Ministry of Home Affairs announced the extension of lockdown till May 17. All the relaxations are not applicable in the containment zones.

The state has allowed the following activities: construction activities by utilising services of labourers who are at the sites and by bringing workers from outside on a one-time basis; all construction activities and road constrction work by the government and public sector undertakings; SEZ and Export Oriented Unites and export units except industrial estates, with 25 per cent workers (a minimum of 20 persons); IT and IT enabled services with 10 per cent employees or a minimum of 20 persons will be allowed to function in Greater Chennai region. Shops selling essential goods can function from 6 am to 5 pm.

All standalone and neighbourhood shops except salons, spa and beauty parlours etc; shops selling construction hardware, cement, construction materials, sanitaryware, electrical materials and standalone shops selling and servicing mobile phones, computers, house hold applicances and sepctacles have been allowed to function from 11 am to 5 pm. Self-employed workers like plumbers, electricians, AC mechanics, carpenters and home care providers including household workers have also been allowed to work after obtaining necessary permissions from city police commissioner or the district collector.

In locations other than Greater Chennai, all industries located outside the corporations and municipal limits, including textile industries are allowed to work with 50 per cent workers or a minimum of 20 persons.

In town panchayats, where population is more than 15,000, the district collector may permit the operation of textile industries with 50 per cent workers based on local conditons. SEZs, industrial estates, industrial townships, including private estates, in rural and urban areas can operate with 50 per cent workers, adhering to strict control.

Spinning mills in villages and town panchayats shall be permitted to function with 50 per cent workers. Leather and textile industries in municipalities and town panchayat areas shall be permitted to function on shift basis after taking the necessary precautions, with 30 per cent workers. IT hardware manufacturing units are allowed to operate with 50 per cent workers, while IT and IT enabled services with 50 per cent employees or a minimum of 20 persons.

Agricultural and allied activities, plantations, marine and inland fishing, animal husbandry, poultry, milk and milk processing, are exempted from the lockdown.

While the Central government has suggested some relaxations when it decided to continue lockdown until May 3, Tamil Nadu has decided not to implement the relaxations in the state.

On Sunday, the state saw the total number of Covid-19 positive cases crossing 3,000 with 266 new cases reported in 24 hours. Out of this, 203 cases reported today were from Chennai, which currently has 1,458 reported cases. The total number of active cases is 1,611, while 1,379 patients have been discharged. The death toll increased to 30, after a 44 yeaer old male from Coimbatore died on Sunday.

Source: business-standard.com- May 03, 2020

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Piyush Goyal calls upon Indian missions abroad to promote India as an investment destination

Commerce and Industry Minister Piyush Goyal has called upon Indian missions to help identify business opportunities for domestic companies, exporters and make India a preferred investment destination. The minister, along with External Affairs Minister S Jaishankar, interacted with 131 missions from different geographies through video conferencing, the commerce and industry ministry said in a statement.

"We should aim for an economic growth higher by 3x … Discussion have happened at the highest levels where clear instructions have been given to capture the opportunities opening after the post-COVID scenario," Goyal was quoted in the statement.

Around 100 countries have benefited from Indian pharma, he said adding all nations are searching for countries which have a transparent dealing, rule of law, and are reliable.

"Indian missions should help us with identification of business opportunities that exist in their countries," Goyal said.

He added that Invest India and the Department for Promotion of Investment and Internal Trade are working to create a genuine single window for setting up factories and manufacturing units.

As per the statement, all the missions have been asked to send a proposal to look at the opportunity post COVID-19. The proposal should have innovative ideas and should be submitted, containing suggestions to improve the country's exports.

It said that missions need to start networking, communicating with companies, come up with business leads and new contacts, and identify technology which can be implemented in India and "fight for India" in their countries.

The statement quoted Jaishankar saying that outcome of this pandemic is that now the whole world is aware of the consequences of over dependence on one geography and the recovery path for India will be through trade and investment.

He specifically identified the opportunity in the pharmaceutical and agricultural sectors, and in the African region.

The minister said that the missions should be proactive not only in foreign countries but in India also and should work in tandem with the ministries back home.

Source: economictimes.com- May 01, 2020

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Lockdown-hit automakers score nil domestic sales in April for 1st time

India's top carmakers, including Maruti Suzuki and Hyundai, on Friday reported zero monthly domestic sales for the first time ever in April after the nationwide lockdown halted output and shut sales network.

Maruti Suzuki India, Hyundai Motor India Ltd (HMIL), Mahindra & Mahindra (M&M), Toyota Kirloskar Motor (TKM) and MG Motor India reported nil sales as they suspended operations even before the imposition of lockdown on March 25 to check the spread of coronavirus.

Maruti Suzuki, which produces more than half of the cars running on Indian roads, said it did not sell any vehicle in the domestic market in April.

It, however, exported 632 vehicles after Mundra port in Gujarat resumed operations, MSI said in a statement.

Similarly, HMIL said it did not sell any vehicle last month in the domestic market due to suspension of manufacturing activities at its Chennai plant. The company, however, exported 1,341 units last month.

The overseas dispatches took place by adhering to all guidelines set by the government and export regulating authorities while ensuring adequate safety and protection for everyone, it added.

Homegrown automaker M&M also reported zero sales of passenger and commercial vehicles in the domestic market. It, however, dispatched 733 vehicles to overseas markets during the last month.

"We are hopeful that our dealerships will open soon and have stocks to cover the first few weeks of sale," M&M Chief Executive Officer, Automotive Division Veejay Nakra said.

Similarly, TKM said the re-start of the entire value chain cycle and its restoration will be gradual as the industry is faced with varied challenges like low consumer sentiments, rebuilding of disrupted supply chains and return of workforce.

"As with many other sectors, with the closure of dealerships and manufacturing, the operation of the automotive value chain has come to a grinding halt," TKM Senior Vice President (Sales and Marketing) Naveen Soni said in a statement.

These are critical times and the company was aware that there would be no wholesales in the month of April 2020, he added.

"As we prepare for a restart, we are working closely with our dealer partners to offer them the best support to re-stimulate demand in a safe and healthy atmosphere," Soni said.

MG Motor India said it has resumed operations at its Halol facility in the last week of April and now hopes that the production will ramp up in the month of May.

In two-wheeler segment, niche bike maker Royal Enfield said it had zero sales in the domestic market but exported a total of 91 units last month.

Source: freepressjournal.in- May 02, 2020

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Rising demand for PPE products provides huge opportunity for domestic exporters: AEPC

The increasing demand for personal protective equipment (PPE) to combat the COVID-19 pandemic in local as well as global markets provides a huge opportunity for domestic exporters, industry body AEPC said on Sunday.

The Apparel Export Promotion Council (AEPC) said the sector is gearing up to start producing these goods, which comes under the medical textiles segment, with a view to making India a hub for sourcing of PPE kits over the next few years.

The council had recently organised a webinar on "Manufacturing of PPE Products under Medical Textiles", which saw about 2,000 participants, mainly apparel exporters from across the country.

"According to a study, there will be domestic demand of Rs 10,000 crore for the next one year and internationally there will be a USD 60 billion business in 2025, whereas India has done only USD 260 million so far last year," AEPC Chairman A Sakthivel said.

Though many of the PPE products needed for frontline health workers are banned for exports currently, he said once the local manufacturers meet the Indian demand, they should be allowed to export. AEPC has already submitted a request for this to the government.

"I believe all the apparel manufacturers can enter into the coverall garments (segment) provided they have a seam sealing machine. That"s the one machine we need for our factories. We will have to import this machine if we want to go for PPE kits," he added.

Sakthivel further said AEPC will have a separate cell for PPE as its immediate task is to provide sufficient kits domestically to prevent their further imports.

Indian Technical Textiles Association (ITTA) Chairman K S Sundararaman said there is a strong anti-China sourcing sentiment right now and this presents an opportunity for India.

"We have a vibrant Indian and global market. Please reach out to doctors who are near you and understand these medical professionals who will wear these PPE.

"Connect with them and understand the practical aspects of breathability, wearability issues that they are having and create garments for that. If you are able to satisfy that customer then the world is at our feet," Sundararaman said.

Source: outlookindia.com- May 03, 2020

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Apparel industries told to get permission from Collector

Apparel industries that want to take up design and sample preparation in Tiruppur town, can do so after getting permission from the District Collector and operating with 30 % workers, an official press release said.

In the release, Tiruppur Collector K. Vijayakarthikeyan said that industries in rural and town panchayats could operate with 50 % workforce.

Town panchayats

Those in SEZs, export oriented units, industrial townships, and industrial estates in rural and town panchayats could operate with 50 % workers.

For the exporting units in the town, the Collector would inspect and permit them to function with 50 % workers.

Spinning mills

Spinning mills and hardware manufacturers in rural areas could operate in shifts with 50 % workers and after following all the mandatory precautionary measures.

MSMEs in rural areas could re-start operations if they followed the precautionary measures. These permissions would not apply to industries in containment areas. Industries that need permission and passes could apply online through https://tnepass.tnega.org, the release added.

In Coimbatore, industry sources said Municipal Administration Minister SP Velumani would hold discussions on Monday with representatives of 15 industrial associations.

Source: thehindu.com- May 03, 2020

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"Learn to live with coronavirus", says Telangana minister

Stressing that people will have to "learn to live with corornavirus" until a vaccine or drug is invented, Telangana Minister for IT and Industries KT Rama Rao has said the Centre needs to extend help to states for infra creation to access newer avenues as many companies across the globe are on lookout for new geographies as part of de-risking strategy post COVID-19 situation.

The leader said the Telangana government sought about Rs 4,000 crore from the centre for providing infrastructure at the upcoming "Pharma City" near here to make it a world class facility following the increased importance of drug and vaccine manufacturing facilities due to COVID-19 pandemic.

"There are two important things to understand. First is that we have to come to realisation and conclusion that till such time that a vaccine or drug is discovered, tried and tested and is proved, we have to learn to live with this virus."

"Let us come to that understanding first that no matter how much we would like to get rid of this virus, the fact is that there is no vaccine," the southern satrap told P T I in an interview.

Maintaining that there should not be a "toss between lives and livelihood," KTR, son of Chief Minister K Chandrasekhar Rao, said the whole world is now appreciating India for its strategies to contain the coronavirus spread and that made attractive new investments into the country as many big corporates are looking to expand newer geographies as part of their derisking policy.

He said India compared to other countries, is doing well in containing the virus spread because of the lockdown and with the concerted efforts both by the Centre and states, the curve has been flattened.

"There are silver linings also in this cloud. I think India has a great opportunity to grab a big manufacturing piece from China. Also India was appreciated for the way the coronavirus spread was handled. All of these will put us in a good light," he opined.

KTR said he already wrote a letter to Union Minister for Railways and Commerce Piyush Goyal requesting the Centre to invest more in industrial corridors with self-contained township which would be insulated in case of any pandemics.

"Hyderabad Pharma City project can be a project for international interests. So is Kakatiya Mega Textile Park at Warangal. We need, just for Pharma City, 900 megawatt of power. We need about Rs 1,200 to Rs 2,000 crore on just power. I need another 2000 crore for water provision," the minister said.

He said in Telangana the rate of recovery from the virus is much higher than the rate of infection giving an edge to move towards restoring certain aspects of functioning as a society to a large extent.

Post-COVID-19, according to him the business will not be as usual with new styles of functioning and work cultures in place.

Highlighting that personal hygiene of employees would be the paramount objective for companies, Rama Rao said de- densification of workforce would become the order of the day.

"The biggest challenge for the government or private sector is to inspire the confidence among the employees to work. They need to feel safe (at workplaces). We have to give them the confidence," he said.

Source: economictimes.com- May 03, 2020

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Change in rating outlook for Arvind Fashion, Edelweiss Fin

CARE Ratings on Thursday revised the outlook of bank facilities of Arvind Fashions from stable to negative. The revision in the outlook on the long-term rating of Arvind Fashion's reflects the rating agency's expectation of adverse impact on the credit profile of the company due to the temporary closure of its retail outlets on account of the outbreak of Covid-19. Data from Bloomberg showed that total debt of Arvind Fashion stood at `2,256 crore as on September 2019.

The ratings for long-term bank facilities for Arvind Fashion was reaffirmed CARE A- with outlook revised from stable to negative and for short- term bank facilities rating was reaffirmed at CARE A2+. The ratings for Arvind Fashions continue to remain constrained on account of deterioration in debt coverage and leverage indicators arising from net loss of `191 crore incurred by it on a consolidated level during 9MFY20 which also remained higher than previously envisaged, according to CARE Ratings.

In another release, CARE Ratings also revised outlook from stable to negative for NCDs of Edelweiss Financial Services and reaffirmed the ratings at CARE AA-. The rating for commercial papers was reaffirmed at CARE A1+. According to the rating agency, the outlook has been revised to negative from stable on account of the heightened risk profile of the overall credit book of Edelweiss Financial Services due to the current outbreak.

Source: financialexpress.com- May 03, 2020

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