**INTERNATIONAL NEWS**

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INTERNATIONAL NEWS

Huge increases in Japan's textile and apparel demand in April

The latest data shows that Japan imported 243,000 tons of textile and apparel in Apr, up by 8.8% year-on-year and 12.3% month-on-month; the volume from China was 140,000 tons, up by 21.5% year-on-year and 32.9% month-on-month. During Jan to Apr, Japan’s cumulative textile and apparel imports reached 848,000 tons, down by 3.4% year-on-year, and that from China was 426,000 tons, down by 4.1% year-on-year.

In terms of value, the import value of Japan's textile and apparel in Apr showed a surge, up by 29.3% month-on-month; while that from China rose by 72.9% month-on-month. It can be seen that Japan's textile and apparel import demand in April was strong, and that from China has grown rapidly.

The imports from China ranks the first

China is the first textile and apparel imports source of Japan, followed by Vietnam, Indonesia, Thailand, etc. In Apr 2020, China accounted for 57.5% of the Japan's textile and apparel import market, up by 6.1% from the same period last year and 8.9% month-on-month. It shows that Japan’s textile and apparel increased their shares in the Chinese market in April.

Japan’s major textile and apparel import source experienced major changes in Apr year-on-year and month-on-month. Among them, the imports from China moved up sharply year-on-year and month-on-month.
China's performance in the Japan's textile and apparel import market in April was so impressive, so what varieties are mainly imported from China? According to the midstream and downstream of the Chinese market, the number of masks exported from China to Japan increased evidently in April. According to statistics, 6307900 (masks are also listed) accounted for the largest.
The import volume was 27.5kt in Apr, up by 164.8% year-on-year, accounting for 11.3% of the total which moved up by 6.7% compared with the same period of last year, indicating that the variety was a hotspot imported by Japan in Apr. However, it was found that more than 90% came from China. Therefore, China’s performance shined in the Japan’s textile and apparel import market in April.

Japan imports 25,200 tons of 6307900 from China in Apr, surged by 186.4% year-on-year and 243.4% month-on-month. According to some downstream exporters, there were more mask products exported to Japan in Apr, and a high proportion probably closed to cotton gauze masks.

However, as the epidemic is gradually controlled, the export may decrease somewhat. Some Chinese manufacturers who produce cotton gauze said that orders for gauze masks gradually decreased in May, so the export volume may decline in May.

In conclusion, Japan’s textile and apparel imports increased significantly in Apr, with that from China soaring, and 6307900 products contributed great. Japan’s imports of 6307900 products accounted for 10.4% of the total textile and apparel imports, and the value reached 26.3%.

Source: ccfgroup.com– Jun 04, 2020
COVID 19: An opportunity for ‘Made in USA’ apparel manufacturers

Support for domestic apparel manufacturing in the US was growing even before the outbreak of COVID-19. However, with COVID-19 disrupting most supply chains, manufacturers are quickly shifting to local PPE manufacturing.

SEAMS, the representative of manufacturers of sewn products in the US notes a growing desire amongst members to make and access PPE for healthcare workers and government organizations. Within a week, these manufacturers shifted their production to making face masks, gowns, etc.

Early movers

One such manufacturer, Macquin supported clients in the US by helping them reorganize their production model to PPE making within a short span of time. Los Angeles technology company Tukatech, shifted its staff to guide businesses on how to make PPE equipment.

The company started by creating patterns for HAZMAT suits, caps, masks, gloves, boot covers and gowns. Being a technology company, Tukatech was able to make a digital 3-D sample and create sewing instructions to hand over to anyone.

Similarly, performance activewear manufacturer, 99Degrees was able to find its place within the PPE industry by producing isolation gowns. Also shifting to isolation gowns, LACorp, a Virginia-based cut and sew plant, was able to secure contracts for making ace coverings for the Department of Health and Human Services, which eventually expanded to include isolation gowns.

Call for a new collaborative model

According to Michael McDonald, President of the Sewn Products Equipment & Suppliers of the Americas investing in modern equipment will help brands remain competitive with their Asian counterparts. A case in point is 99Degrees, which was able to secure contracts for more than two million level one and two gowns. They were able to protect employees by implementing social-distancing practices in factory.
However, there needs to be more collaboration between manufacturers, industry organizations and the government. The government needs to launch an initiative for PPE similar to the Department of Defense’s Berry Amendment, which calls for more funds to be spent on the purchase of many products—including clothing, fabrics and yarns.

As every adversity brings an opportunity, the pandemic has created a greater support for domestic products in the US. There is also greater sense of community across the country with brands, manufacturers and consumers supporting each other.

Source: fashionatingworld.com– Jun 04, 2020

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**Brazilian cotton market dragged down by COVID-19 pandemic**

Currently, the number of newly added and confirmed cases of the coronavirus pandemic in Brazil has been the top of the world, and the pandemic development still faces greater challenges due to underestimation of pandemic prevention and control, shortage of medical personnel and materials and social security, and insufficient implementation of prevention and control. Dragged down by the pandemic, with the good cotton production and lower exports, Brazilian cotton market is obviously oversupplied, and cotton prices face large pressure.

1. Brazil suffers huge challenges in face of the pandemic

According to the data released by the Brazilian Ministry of Health on June 1, as of 19:00 local time, there were 11,598 new cases of coronavirus confirmed, a total of 526,447 confirmed cases, 623 new deaths, and a total of 29,937 deaths. A total of 211,080 patients were cured. By now, the number of confirmed cases in Brazil has ranked second in the world. The Executive Director of the WHO Health Emergencies Programme said that Brazil has the largest number of new cases in the world in the past 24 hours, and the peak has not come. The research team at the University of Washington in the United States made a prediction about the outbreak in Brazil. The prediction stated that the number of deaths in Brazil by August is likely to exceed 220,000. If Brazil does not carry out various prevention
and control measures in a timely manner, it is very likely that Brazil will surpass the United States.

**Brazil faces multiple problems:**

(1) Government officials have not taken efficient measures timely
Brazil did not take quarantine and lock-down measures in time after the first case of pandemic death occurred on March 17. The president stated that there was no necessary to be panic, and insisted on economy, without lock-down measures.

(2) Shortage of training of medical personnel and related materials
According to a survey of front-line medical personnel, Brazil's public health system personnel are under-trained. Only 22.3% of medical personnel have received sufficient training and are capable of treating patients with coronavirus pandemic, including mild and severe cases. A large number of first-line doctors have not received relevant training in the treatment of patients with coronavirus pandemic. Although WHO does not recommend the use of hydroxychloroquine against the coronavirus, the Brazilian Ministry of Health still insists on the use of chloroquine and hydroxychloroquine as treatment drugs.

(3) Insufficient implementation of pandemic control

After the first case of the pandemic death occurred on March 17, Brazil began to take vehicle restrictions in Sao Paulo on May 1st, and on June 1, when the cases were in the top in the world, Rio de Janeiro and some other places began to accept applications for permission to reopen business.

Judging from the current attitude of Brazil's domestic high-level officials on the pandemic and the development, the Brazilian pandemic may continue to explode, facing very serious challenges.

2. **Cotton market is dragged down**

(1) **Production continues to increase**
In May, the official forecast for cotton production is at 2.879 million tons. The picking work has already begun in the State of S?o Paulo, and will begin in mid-June in Bahia, the second largest production area, and then in Mato Grosso.
(2) Depressed demand
As the number of new cases of COVID-19 continues to rise, retail stores in major cities are still closed, and some spinning mills have started working on shifts. In this case, the demand for raw cotton is still weak.

(3) Decline in exports
The export volume in the first 20 days of May was about 42,000 tons, and the export volume in May is expected to be 75,000 tons. Cotton exports were 90,600 tons in April. In May, China has procured a large number of US cotton. At the same time, Indian cotton also lured much interests due to the discounts offered by Cotton Corporation of India and the exchange rate. Brazilian cotton exports are impacted somewhat.

According to the latest data from CONAB in May, Brazil's cotton consumption in 2019/20 may fall by 40,000 tons from April's estimated value, exports will fall by 300,000 tons, and ending stocks are estimated to increase by 338,000 tons. The oversupply of Brazilian cotton is more obvious.

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<tr>
<th>Date</th>
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<th>Production</th>
<th>Import</th>
<th>Supply</th>
<th>Consumption</th>
<th>Export</th>
<th>Ending stock</th>
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<td>1530</td>
<td>34</td>
<td>2148</td>
<td>685</td>
<td>834</td>
<td>629</td>
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<td>2006</td>
<td>30</td>
<td>2665</td>
<td>670</td>
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<td>650</td>
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In summary, the number of newly added and confirmed cases of the coronavirus pandemic in Brazil has been the top of the world, and the pandemic development still faces greater challenges due to underestimation of pandemic prevention and control, shortage of medical personnel and materials and social security, and insufficient implementation of prevention and control. Dragged down by the pandemic, with the good cotton production and lower exports, Brazilian cotton market is obviously oversupplied, and cotton prices face large pressure.

Source: ccfgroup.com– Jun 04, 2020

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Where Should US Businesses Look to Diversify Their China Operations: Mexico Versus Vietnam

The US-China trade war has forced firms worldwide to rethink business strategies, investment plans and operations, throwing a spanner in supply chain networks as well as expansion plans. For companies still on the fence, the COVID-19 pandemic has given further impetus to reconfigure and adjust their manufacturing operations.

Foreign companies outsourcing operations to reduce costs and improve market share is nothing new. The only things that seem to change are the companies changing the way that operations are relocated, and the countries that manage to attract capital inflows.

Instead of abandoning the Chinese market, investors are choosing to supplement Chinese operations with low-cost inputs sourced from production facilities in markets such as Vietnam and Mexico. While the structures of these operations differ greatly depending on the country in question, this production model has become widely known as China+1.

Navigating this geopolitical landscape can be difficult for most businesses but more so when moving business activity out of China.

Mexico and Vietnam, both feature high on the radar for US businesses choosing alternate sites due to their success and flexibility in creating an adaptable production base.

Both countries offer a suitable business environment. While most can appreciate China’s well-oiled supply chain network and business environment, both Mexico and Vietnam are making strides to bridge this gap.

To illustrate this, we can take an in-depth look at Mexico and Vietnam. Both countries have a different set of strengths, respectively, and multiple factors need to be accounted for when considering a manufacturing shift.

Investors should consider the following factors if planning to move operations to either of these potential candidates.
An introduction to Mexico

Mexico is the second-largest economy in Latin America. It has a current gross domestic product (GDP) of US$2.7 trillion and has been growing at an annual average of 2.6 percent for the past 20 years. Mexico has a large diverse economy that is linked to trade with the US. Mexico is an upper-middle-income G-20 and OECD member with a per capita GDP of US$10,405.

In 2018, Mexico was the third-largest trading partner with the US after Canada and China. Mexico is the first or second-largest export destination for 27 US states. Top US product exports include electronics, vehicles, fuels, minerals, plastics, and machinery. In addition, Mexico is the second-largest agricultural export market for the US and imported US$19.5 billion worth US agricultural products in 2018.

Mexico is also a member of the World Trade Organization (WTO) and has 13 free trade agreements (FTAs) that cover 50 countries, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Due to these FTAs, Mexico’s market is one of the most competitive and open in the world.

The advantages of investing in Mexico is that Mexican companies and suppliers are familiar with US products and services. US businesses typically find it straightforward to market their products in Mexico. Promising industries for US businesses in Mexico are agriculture, auto parts and services, aerospace, education services, energy, environment technology, information technology, transport infrastructure as well as tourism, among others.

Manufacturing

The above factors make Mexico a viable option for businesses looking to supplement or relocate their manufacturing options. Mexico offers similar labor rates as China’s and offers a highly-skilled workforce. Due to a diverse labor pool, companies from almost all industries can look to manufacture their product there.

Manufacturing in the country continues to grow and Mexico remains the 12th largest exporter in the world. Major manufacturing industries in Mexico include automobiles, aviation, apparel and textile, consumer
products, and medical devices with raw materials coming from the US, China, Japan, Germany, and South Korea among others.

Mexico is also attracting large and multinational manufacturers from all industries. The country has become the fourth largest automobile producer in the world. While Mexico still relies on the US and China for inputs, its supply chain is well established. Given the high concentration of manufacturing operations in several industries, businesses can make use of established infrastructure and supply chain networks.

**Mexico’s free trade agreements**

Mexico is a trading partner to more than 50 countries, with several FTAs with Europe, North and South America as well as Africa. Mexico has around 13 FTAs, but despite this, more than 80 percent of Mexico’s exports are to the US, focusing on industries such as automotive and electronics. The US Mexico Canada Agreement (USMCA), the updated version of the North American Free Trade Agreement (NAFTA), will ensure Mexico remains a key trade partner of the US.

The deal will also help industries such as automobiles, garment and textiles, energy, mining and agriculture but will also streamline customs clearances between the three countries. This will be done by reducing costs and implementing a single-window system. The USMCA is scheduled to take effect on July 1, 2020.

**An introduction to Vietnam**

As has been the case for several emerging Asian countries, Vietnam has followed an export-led growth model, combining trade liberalization and foreign direct investment promotion to spur exports.

Vietnam’s growth has accelerated in recent years in part due to the US-China trade war. Vietnam’s exports to the US rose by 28.8 percent year-on-year in the first quarter of 2019, making the US the largest importer of Vietnamese goods. Vietnam’s GDP growth rate hit a 10-year record high of 7.08 percent in 2018, making it one of the top growth performers in the region and the world and continued with a 7 percent growth in 2019. The growth was led by strong manufacturing and exports, rising domestic consumption, investment, and agriculture. Top exports to the US included computers, electronics, textiles and garments, footwear and agricultural products.
Vietnam joined the WTO in 2007 and has been busy signing several FTAs since then. It is part of 13 FTAs, with another four either signed and yet to be ratified or under negotiations.

Vietnam’s friendly FDI policies, strategic location, a stable political and business environment make it a perfect concoction for firms ready to move or supply their China production to the country.

Promising industries include high-technology and IT, processing and manufacturing, supporting industries, tourism, services, and high-tech agriculture.

Manufacturing

Vietnam has emerged as a destination of choice for its low costs, receptive governance, and increasing integration with key trading partners. Cumulatively, these factors have and will continue to grow Vietnam as a hotbed of manufacturing and position the country as an ideal location for China-plus one oriented production. Thanks to its central location in Asia and proximity to regional shipping routes, many manufacturers entering Vietnam are export-focused.

Foreign investors can benefit from many incentives and under many circumstances can be exempt from import duties on goods brought into the country for their own use if they cannot be procured locally.

This includes all equipment, machinery, components, and spare parts for machinery and equipment, raw materials, inputs for manufacturing and construction materials. It should be noted that most export duties are also exempt.

Click here for more details

Source: vietnam-briefing.com – Jun 04, 2020
US trade deficit widens as exports hit 10-year low

The US trade deficit surged in April as the COVID-19 pandemic upended the global flow of goods and services, pushing exports to a 10-year low.

The Commerce Department said on Thursday the trade deficit jumped 16.7 percent to $49.4 billion. Economists polled by Reuters had forecast the trade gap increasing to $49.0 billion in April.

Global lockdowns to slow the spread of COVID-19 have severely disrupted the movement of goods and services between countries, leading to sharp contractions in economic activity. Gross domestic product in the United States declined at a 5.0 percent annualized rate in the first quarter, the steepest pace of contraction in output since the fourth quarter of 2008.

In April, exports dropped a record 20.5 percent to $151.3 billion, the lowest since April 2010. Goods exports plunged 25.2 percent to $95.5 billion, the lowest since September 2009. Exports of motor vehicles and parts fell to $3.8 billion, the lowest since March 1992. Shipments of consumer goods dropped to $10.4 billion, the lowest since April 2006.

Travel restrictions weighed on exports of services, which resulted in the surplus on the services account narrowing to $22.4 billion, the smallest since December 2016.

Imports dropped a record 13.7 percent to $200.7 billion, the lowest since July 2010. Goods imports fell 13.6 percent to $167.4 billion, the lowest since November 2010.

The import number has been shrinking as the United States waged a trade war with China. A sharp reduction in crude oil imports has also been a factor, with the United States becoming an oil exporter last year. The country posted a record $3.2 billion petroleum surplus in April.

In April, imports of automotive vehicles, parts, and engines dropped to $13.3 billion, the lowest since July 2009. Consumer goods imports fell to $43.8 billion, the lowest since August 2013. Petroleum imports declined to $6.1 billion, the lowest since June 1999.

Source: moneycontrol.com– Jun 04, 2020
Britain-Japan trade deal faces hurdles despite good intentions

Britain's hopes of a swift trade deal with Japan will ultimately rest on a successful resolution to the main talks between London and the European Union on a new trading arrangement, some experts say.

Virtual meetings on a new free trade agreement between Britain and Japan will begin shortly, but little of substance may be achieved due to the lack of progress on the key talks in Brussels which will bear heavily on minds in Tokyo.

And even when negotiators from Britain and Japan start discussions on the terms of a new trade deal, the interests of food producers and powerful domestic lobbies may make getting a deal harder than initially envisaged, observers claim.

Unveiling a negotiating objectives paper for the bilateral talks in May, International Trade Secretary Liz Truss said, "Both sides are committed to an ambitious timeline to secure a deal that goes even further than the EPA especially in digital and data," referring to the Economic Partnership Agreement between the European Union and Japan.

Bill Emmott, chairman of The Japan Society in Britain and a writer and consultant on international affairs, told Kyodo News, "I think that ultimately it will be quite easy to get a deal between Japan and the U.K. because I think there is goodwill on both sides and I don't think the gaps are too huge."

But he believes neither side will push ahead substantially until the terms of the new trading arrangement between Britain and the European Union are clearer. This is because Japan has many manufacturing and services subsidiaries which rely on easy access into the European Union from their British base.

The talks between Britain and the European Union are currently in a fragile state, with some observers expecting negotiations to be extended into next year.
London is free to implement new trade deals from January. If it proves unable to broker a deal with Brussels, the two will revert to World Trade Organization terms which would mean greater barriers to trade.

The trade deal between the European Union and Japan saw tariffs and quotas either abolished or reduced over time on a wide range of items, including food, drink, clothing and cars.

London is keen to maintain that EPA regime in its own negotiations with Tokyo, and also reduce tariffs on certain goods which sell well in Japan including confectionery, whisky, leather products, textiles, shoes and clothing. However, Japan has signaled it will not simply "cut and paste" the terms from its European Union agreement for a deal with Britain.

London will be seeking enhanced provisions on data, financial services, the recognition of professional qualifications and improved access for British service suppliers, according to the objectives paper published May 12. Hosuk Lee-Makiyama, director of the European Center for International Political Economy, told Kyodo News that despite British ambitions, "FTAs are never cut-and-paste exercises."

"Everyone has to pay for what they want and I think Japan will be tough on tariffs," he added. "Japan has already closed the door on further farming reforms including concessions to the European Union and the United States. It would take a lot for Prime Minister (Shinzo) Abe to return to the Diet asking for the same for the United Kingdom."

However, there are several concessions London could grant to pave the way for an agreement. One already mooted is to immediately scrap tariffs on Japanese cars rather than the phased reduction under the EPA.

The negotiating objectives paper states, "The government will consider whether for some tariff lines it would be beneficial to seek or provide accelerated liberalization." Lee-Makiyama argues both sides have areas of common interest, principally around data and investment.

Britain could, for example, ensure that potential disputes between Japanese investors and the British government are decided via tribunals rather than permanent investment courts. The European Union's preference for permanent investment courts was a bone of contention in the EPA talks, as Japan favors tribunals which are funded by businesses rather than governments.
In addition, Britain could be more flexible around visas for Japanese professionals and their families who are transferred to the country. In terms of data, London could offer stronger commitments on the free flow of data across borders than under the EPA. This would include a prohibition on the blocking of data flows and data localization requiring companies to retain data on servers within a country, which leads to greater costs.

"For Japan, this is important because it's a form of regulatory certainty. Japanese multinationals need open data flows to avoid duplicating the costs of IT systems," said Lee-Makiyama. He also says negotiations in parallel to the FTA could lead to greater regulatory equivalence in the financial sector.

This would allow both Japanese and British banks to reshore a lot of back-office functions from their subsidiaries and thereby reduce costs. But Emmott doubts the Britain-Japan deal will be a significant improvement on what is already offered under the EPA.

"The fact is that the European Union is a regulatory superpower and that applies above all to data and I therefore can't see the United Kingdom being significantly different from a Japanese point of view," he said.

Source: mainichi.jp– Jun 04, 2020

EU to provide €334 million to Bangladesh

The European Union is mobilizing over €334 million for the fight against COVID-19 and its consequences in Bangladesh. This alongwith a €20 million German grant will help the Government of Bangladesh to provide cash assistance to workers in the export-oriented industries adversely affected by the economic fallout of the pandemic, and contribute to boost the resilience of the national social protection system.

This amount is part of the EU’s ongoing development cooperation programs in Bangladesh. The Union is already addressing many areas crucial in the COVID-response and the recovery of the economy. The €334 million allocated to help Bangladesh fight the pandemic is on top of the ongoing programmes, the European Union said in a rectn press release.
In addition, the French Development Agency – Agence Française de Développement – (AFD) will support the Bangladesh Government with €150 million to improve the country’s social protection measures.

The €113 million grant will suffice for three months of wages to about 1 million workers laid off by readymade garment (RMG) factories in Bangladesh. Under the grant, a worker will get Tk3,000 a month for June, July, and August.

Source: fashionatingworld.com – Jun 04, 2020

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**Hong Kong-ASEAN FTA to enter into force for Indonesia:**
**HK govt**

The part relating to Indonesia under the Free Trade Agreement (FTA) and the Investment Agreement (IA) between China’s Hong Kong and the Association of Southeast Asian Nations (ASEAN) will enter into force on July 4, the Hong Kong Special Administrative Region (HKSAR) government announced on Wednesday.

On trade in goods under the FTA, Indonesia will progressively reduce and eliminate customs duties on goods originating from Hong Kong, a HKSAR government spokesman said. The tariff commitments made by Indonesia cover different kinds of Hong Kong commodities, including jewellery, articles of apparel and clothing accessories, watches and clocks as well as toys.

On trade in services, Hong Kong service providers will enjoy better business opportunities and legal certainty in market access for different services sectors in Indonesia under the FTA.

These include services sectors in which Hong Kong has traditional strengths or has potential for development, including business services, construction and related engineering services, and tourism and travel related services, according to the spokesman. Under the IA, Indonesia will provide Hong Kong enterprises investing in its area with fair and equitable treatment of their investments, physical protection and security of their investments as well as the assurance of the free transfer of their investments and returns, said the spokesman.
In case of expropriation or investment loss owing to war, armed conflict or similar event, Indonesia will also provide compensation to Hong Kong enterprises investing in its area according to the agreed standard as specified under the IA.

With the entry into force for the part relating to Indonesia, there will be a total of eight ASEAN member states for which both the FTA and the IA have entered into force.

The dates of entry into force for the remaining two ASEAN member states, Brunei Darussalam and Cambodia, will be announced as soon as they are confirmed, the spokesman said.

Source: thejakartapost.com – Jun 04, 2020

Substantial drop in global exports of cotton fabrics

The global trade of cotton fabrics, containing 85.00 per cent less by weight of cotton, have shown a substantial drop in the year 2019. Total trade decreased 10.65 per cent from $13,975.72 million in 2017 to $12,487.29 million 2019, according to data from TexPro. The total trade of cotton fabrics has declined by 14.39 per cent in 2019 over the previous year.

Further, the trade is anticipated to drop to $10,547.27 million in 2022 with a rate of 15.54 per cent from 2019, according to Fibre2Fashion's market analysis tool TexPro.

The global export of cotton fabrics was $9,185.17 million in 2017, which declined 10.25 per cent to $8,243.54 million in 2019. Total exports considerably diminished 13.82 per cent in 2019 over the previous year and is expected to move down to $7,008.96 million in 2022 with a rate of 14.98 per cent from 2019.

The global import value of cotton fabrics was $4,790.56 million in 2017, which reduced 11.41 per cent to $4,243.75 million in 2019. Total imports fell 15.47 per cent in 2019 over the previous year and is expected to drop to $3,538.31 million in 2022 with a rate of 16.62 per cent from 2019.
China ($5,710.69 million) and Pakistan ($400.64 million) were the key exporters of cotton fabrics across the globe in 2019, together comprising 74.13 per cent of total export. These were followed by India ($280.71 million), Turkey ($235.75 million) and Hong Kong ($218.25 million).

Vietnam ($1,056.48 million), Cambodia ($365.91 million) and China ($213.84 million) were the key importers of cotton fabrics across the globe in 2019, together comprising 38.56 per cent of total import. These were followed by Hong Kong ($193.39 million), Indonesia ($179.21 million) and Myanmar ($121.33 million).

Source: fibre2fashion.com– Jun 04, 2020

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Vietnam garment export value falls 14.5 pct in 5 months

Vietnam's total textile and garment export value in the first five months of this year declined by 14.5 percent year-on-year to over 10.4 billion U.S. dollars, according to the country's General Statistics Office on Thursday.

Its largest export markets included the United States, the European Union, Japan, South Korea and China. In May alone, the garment and textile export turnovers stood at 1.8 billion U.S. dollars, down 34.3 percent year-on-year.

Complex developments of the COVID-19 pandemic were blamed for the reductions in new orders, the Vietnam Textile and Apparel Association said.

Vietnam, among the world's biggest exporters and producers of garments and textiles, made garment and textile export turnovers of roughly 32.6 billion U.S. dollars in 2019, up 6.9 percent from 2018, according to the statistics office.

Source: xinhuanet.com– Jun 04, 2020

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Bangladesh: A number of RMG workers may lose jobs: Rubana Huq

Cites factories running at 55pc capacity as reason; BGMEA installs 3 PCR labs for Covid-19 test of workers

The jobs and work order situation in the RMG sector might turn even grimmer in future as it is not clear what will happen in the coming months of July and August, she said. The factory managements must follow the labour law strictly in case of termination of workers, she said.

Many factories are facing either closure or termination of a massive number of workers as the international retailers and brands have already cancelled work orders worth $3.15 billion, Huq said.

About 90 percent factories have experienced the work order cancellation and buyers of only 26 percent of the cancelled orders confirmed taking back the goods and specified the payment terms for renegotiation with them, according to Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Although most of the remaining buyers confirmed to take back the goods, they did not set any specific time and payment terms while some of the buyers have not responded to the calls of the suppliers yet, Huq said.

Rubana Huq revealed this while addressing a virtual meeting on the inauguration of coronavirus test lab for garment workers. Citing a report of the McKinsey and Company, Huq said the global consumption of goods, especially clothing items, declined by 65 percent because of the pandemic.

It is perceived that the consumption of clothing items will not improve immediately after improvement of business environment, she said. Huq said BGMEA will take the responsibility of those workers who were terminated in April and May because the government has given them financial stimulus package.

Once the situation with inflow of work orders and production improves at the factory level, the managements will re-employ the terminated workers on priority basis. In case the situation with inflow of work orders improves significantly, then no worker may get terminated at all.
Bangladesh has so far exported garment items worth $24.47 billion between July and April of the 2019-20 FY and two more months are yet to be calculated in the current fiscal. The garment sector has faced $5 billion equivalent impact due to the pandemic and this loss is irrecoverable, Rubana Huq said.

Huq, however, expressed hope that the shipment of goods may turn positive ahead of next Christmas. Moreover, the US slashed clothing purchase from China by 52 percent, and may consider Bangladesh as an alternative destination for them, she said.

The BGMEA president stressed that Bangladesh needs to divert its production base from five basic items. Also, online marketplace being a new reality worldwide, Bangladesh needs to sell goods online to grab market share, she said.

Huq also suggested the government for taking an unemployment scheme for the retrenched workers.

So far, the EU and Germany assured that they will grant 113 million euros for the retrenched workers in the RMG sector of Bangladesh.

Mentioning that some 46 factories could not pay 18,000 workers their salary for April yet, Rubana Huq said the BGMEA has been negotiating with buyers with the help of international organisation for payment.

Payment worth $134 million cannot be negotiated yet since some buyers have already applied for bankruptcy in Europe and America, she said, adding that it is very difficult to negotiate with bankrupt companies.

"The buyers are not interested to take responsibility. Even we rarely get them to hold meeting online," she said.

"We have paid $546 million as non-productive wage in April and May," she added.

Source: thedailystar.net– Jun 04, 2020
Bangladesh: Textile millers moving away from Indian cotton

Import of cotton from India, once the main sourcing destination for Bangladesh's textile millers, dipped further last year as locals are increasingly moving to suppliers in North and West African countries to cut reliance on the neighbouring country.

In 2019, 18 per cent of the cotton imported by Bangladesh came from the neighbouring country, according to data from the Bangladesh Textile Mills Association (BTMA). A year earlier, it was 26 per cent.

Last year, Bangladesh, the largest importer of cotton in the world, met 41 per cent of its requirement for the white fibre from East and West African countries.

The local spinners and importers have been diversifying sourcing -- and cutting reliance on India -- mainly for a price advantage, followed by quality shipment.

"Quality shipment means quality, timely shipment and commitment," said Mehdi Ali, president of the Bangladesh Cotton Association, adding that contamination is a big problem in Indian cotton.

The low quality of the Indian cotton is the main reason behind the falling imports from the neighbouring country, said Monsoor Ahmed, secretary of the BTMA. A section of Indian cotton traders also doesn't maintain timely shipment and deliver the right quantity as per agreements, he said.

For example, it is written in the letters of credit that there maybe 3 to 4 per cent less cotton than the amount agreed upon when the imported fibre is weighed in Bangladesh. But in many cases, it is 10 to 15 per cent less, he said.

"The concentration of moisture in Indian cotton is higher and this makes it difficult to store them in the warehouses for a long time." Sometimes, according to Mansur, Indian exporters stop supplying without any notice.

As a result, more than $8 billion worth primary textile sector in Bangladesh has to suffer a lot. Such uncertainties emerged several times in the past, he said. "So, local importers are not relying too much on a single country."
Rather, they have diversified sourcing destinations in the last few years," Ahmed said.

Since the cotton prices of India, the largest producer of the raw material worldwide, are almost the same relative to other countries, the importers are looking for sellers in Western and Eastern African countries, said Razeeb Haider, managing director of Outpace Spinning Mills in Shreepur.

"This is because the spinners and importers are getting better quality cotton at the same prices." But because of the coronavirus pandemic, the price of Indian cotton has declined.

"So, there might be an increase of demand for the raw material from the country," he added. In the international markets, Indian cotton sells for 62 cents per pound compared with 68 cents in other countries.

"So, if India can minimise its contamination problem, it could be in a better position," Ali said, adding that Bangladeshi importers are not enjoying any extra benefits from any origin.

Last year, more than 12 per cent of the cotton came from the Commonwealth of Independent States countries, nearly 12 per cent from the US, 5 per cent from Australia and 10 per cent from the rest of the world.

Brazil, the US and Australia are progressively becoming popular sources for local cotton importers and spinners, too.

Bangladesh produces 1.65 lakh bales to 1.70 lakh bales of cotton a year, which is less than 3 per cent of the annual demand for 10 million bales.

Source: thedailystar.net – Jun 04, 2020
‘An unbearable action,’ Bangladesh growth story may end as textile industry loses orders from European companies

Encouraged by above 8 percent growth, Bangladeshi foreign minister made some callous and unnecessary statements on the matter of the Citizenship Amendment Act in India and said that Bangladeshi people do not need to cross the border to get in India territory, as they have better quality of life Bangladesh.

But, tables turned at odds with Bangladesh, as Coronavirus lockdown has completely devastated its textile industry, and export orders have been cancelled by European companies which were major customers.

As per a report by Nikkei Asian Review, Japan’s premier financial newspaper, U.K.’s Edinburgh Woolen Mills Group, whose key brands include Peacocks, Jaeger, Bonmarche, and Austin Reed, has cancelled orders worth more than 30 million from nearly three dozen Bangladeshi factories.

As the orders from European countries like the United Kingdom, Germany, Italy, Spain- the major importers of Bangladeshi garments, get cancelled, more than 1,000 factories have been shut down and 3 million workers are out job, with their families facing poverty.

The Bangladesh government has adopted a two-pronged strategy to save the textile industry, with the first being renegotiation of trade deals and second being petitioning with international rights groups like International Labor Organization, Human Rights Watch, and the Worker Rights Consortium, and European Union trade committee.

“Some deals are being renegotiated, while other buyers are promising to compensate” those that have lost business, Commerce Minister of Bangladesh, Munshi said. “We’re trying to resolve this issue with buyers’ representatives and the buyers themselves.”

The overdependence on a single sector has cost heavily to the economy of Bangladesh, as with the collapse of the textile industry, millions of people in the densely populated country are facing famine.

Orders worth more than 3 billion dollars have been cancelled and the country is facing foreign exchange shortage.
Jafar Uddin, the commerce secretary, has written to Bernd Lange, chairman of the European Parliament’s international trade committee, asking to restore order from European brands. “Such unbearable and uncompassionate action by some European apparel businesses does not go with the idea of ethical and value-based trade,” Uddin said.

After Uddin’s request, Swedish and Dutch governments have ensured that the companies from their country would restore orders, but these countries account for a very small part of total imports. The economies of major importer countries like UK, Germany, Italy, and Spain have collapsed. The demand for garments from Bangladesh has collapsed and the companies could not restore the orders even if they are willing to, and therefore there are no chances of revival of industry in the near term.

Bangladesh has a world-renowned textile industry footprint. The current pandemic is threatening the very existence of this industry, and if the situation globally does not improve soon, the industry might never be able to resuscitate itself.

Source: tfipost.com– Jun 03, 2020

Bangladesh: Still no sign of relief for Bangladesh apparel industry as more factories close

Apparel factories in Bangladesh are still running at half-capacity after orders dried up, and bosses remain pessimistic about the likelihood of new orders any time soon.

Amid the impact of the Covid-19 pandemic, factories which laid-off part of their operations are struggling to make a full comeback, leaving hundreds of workers jobless. And this week several more factories terminated hundreds of workers, as they are not receiving enough orders from western buyers.

President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Dr Rubana Huq told The Loadstar only 50% of normally expected orders were coming in now. And she is not expecting a return to full capacity soon.
“Not before spring of 2021,” she said on WhatsApp.

Senior vice president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Mohammad Hatem said factories had started receiving inquiries from buyers, but “the flow is very poor”.

He said: “Some factories are terminating workers as they have no work orders,” adding that his own factory has 20 sewing lines, of which only 11 are operating. In April and May, many factories announced lay-offs as western buyers cancelled or suspended work orders worth billions of dollars, he said, with many factories stuck with stockpiles of raw materials worth millions.

Some buyers are using the situation to bargain for a price cut, while others have failed to pay, even after receiving goods, said Mr Hatem. Two weeks ago the BGMEA threatened to blacklist a British company, EWM Group, which had sought large price discounts from Bangladeshi manufacturers and had also not paid for clothes.

The BGMEA said if any more brands came with similar proposals for a discount or to stop payment, they would also be sued. Meanwhile Chittagong port, the country’s prime gateway, is still experiencing acute congestion at its yard, with ships at outer anchorage. The slow delivery of containers during the shutdown period was followed by a two-day port closure due to Cyclone Amphan and last week’s Eid-ul-Fitr holidays.

Yesterday, some 22 container vessels were waiting at the outer anchorage, while 11 more were at berths. Some 42,706 teu of containers were lying at the port yard. Its total storage capacity is 49,018 teu.

Source: theloadstar.com– Jun 03, 2020
NATIONAL NEWS

MSMEs to be classified based on new criteria from July

From July, over six crore micro, small and medium enterprises across the country will be classified on the basis of the new criteria approved by the government.

As per the revised criteria, a unit with Rs 50 crore of investment and Rs 250 crore of turnover will fall under the 'medium' enterprise category.

Besides, a manufacturing and services unit with Rs 1 crore of investment and Rs 5 crore of turnover will be classified as 'micro' whereas a unit involving Rs 10 crore of investment and Rs 50 crore of turnover will be categorised as a 'small' enterprise.

Also, a new composite formula of classification for manufacturing and services units has been notified. Now, there will be no difference between the manufacturing and service sectors.

Ministry officials said that the new definition will pave way for strengthening and growth of MSMEs. Particularly, the provision of excluding the exports from counting of turnover will encourage the MSMEs to export more and more without fearing to lose the benefits of a MSME unit.

"This is expected to exponentially add to exports from the country leading to more growth and economic activity and creation of jobs," an official statement said.

The Cabinet Committee on Economic Affairs (CCEA) chaired by Prime Minister Narendra Modi cleared the upward revision of the definition of micro, small and medium enterprises (MSMEs) on Monday.

"The Union Ministry of Micro, Small and Medium Enterprises has issued a gazette notification to pave the way for implementation of the upward revision in the definition and criteria of MSMEs in the country. The new definition and criterion will come into effect from 1 July, 2020," the statement said.
The existing criterion of definition of MSMEs is based on the MSMED Act, 2006. It was different for manufacturing and services units. It was also very low in terms of financial limits.

Since then, the economy has undergone significant changes. After the package announced on 13 May, 2020, there were several representations saying that the announced revision is still not in line with market and price conditions and hence it should be further revised upwardly.

"Keeping in mind these representations, Prime Minister decided to further increase the limit for medium Units. This has been done in order to be realistic with time and to establish an objective system of classification and to provide ease of doing business," the statement said.

MSMEs contribute 29 per cent to India's gross domestic product and comprise almost half of its exports. These units employ over 11 crore workers.

Source: economictimes.com– Jun 04, 2020

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Nearly 70% listed firms' turnover below new MSME threshold due to lockdown

The turnover limits may well seem even more generous if one considers the impact of the Covid-19 pandemic.

Nearly 70 per cent of the listed universe could now be part of the micro, small and medium enterprises category after the Union Cabinet approved the revised MSME definition, showed an analysis of their sales data. With this, they could become eligible for government benefits.

The Cabinet on Monday had cleared reclassification of medium-scale companies as those with Rs 50 crore investment and Rs 250 crore of turnover, up from Rs 20 crore and Rs 100 crore, respectively.

There are 4,643 listed companies for which data is available with corporate data provider Capitaline. Around 20 per cent would fall within the definition under the turnover limit for medium enterprises. Another 19 per cent would fall under small, and 30 per cent under micro enterprises.
Not all companies have declared results for the financial year ended March 2020 (FY20). Turnover figures for the previous year were used in case FY20 numbers were unavailable.

There are additional criteria on investments into such firm and exclusion of certain kinds of turnover, but these back-of-the-envelope numbers give a broad sense of the expansive nature of the new definition.

“It has also been decided that the turnover with respect to exports would not be counted in the limits of turnover for any category of MSME units, whether micro, small or medium,” the note said.

Companies which fall under the definition of an MSME have the advantage of requiring payments within a fixed time period, besides government support, noted Gaurav N Pingle, a Pune-based company secretary. “There would be many benefits,” he said.

The Cabinet on Monday approved Rs 20,000 crore in capital for stressed MSMEs. It expects the move to help 200,000 enterprises:

It also mentioned other steps such as a preference to MSMEs by disallowing global tenders in procurements of up to Rs 200 crore. The government and public sector units have to clear their dues in 45 days. Steps to assist the segment had been announced previously as well.

The turnover limits may well seem even more generous if one considers the impact of the Covid-19 pandemic. Analysts have widely expected the lockdown to have a significant impact on the turnover of several companies.

India’s GDP is likely to contract 2 per cent in FY21, according to the India Economic Watch research report (June 1) by financial services firm Bank of America Corporation. A month of continued slowdown will cost it 100-200 basis points (1-2 per cent) in growth, according to India Economists Indranil Sen Gupta and Aastha Gudwani.

“The government has extended the nationwide lockdown to June 30 with further relaxations (as Unlock 1.0). We estimate a month's slowdown will cost 100-200 bps of GDP and the six-week restart to shave off Rs 60 bps. If the economy is kept in a semi lockdown phase until a vaccine is found, India's GDP will likely contract by 5 per cent in FY21,” it said.
The government statement on the enhanced threshold stated that there are more than 60 million MSMEs and they account for 29 per cent of the country’s gross domestic product (GDP), a measure of economic activity. They contribute to almost half of India’s exports and employ 110 million people.


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India must shed its protectionist attitude: Ex-CEA Arvind Subramanian

Former chief economic adviser Arvind Subramanian on Wednesday said India must shed its protectionist attitude and become an exporting economy.

“Unless India’s exports grow at 15 per cent, we won't get 8 per cent growth. For that, we should reverse some of the protectionist measures taken. If we turn protectionist, I don't know how can we be an exporting power. Self-sufficient exporting powerhouse is an oxymoron,” he said.

The former CEA said the FRBM Act will probably have to be revised by the end of the year as India will witness a sharp decline in GDP growth due to the Covid-19 crisis.

Addressing a webinar organised by EY India, Subramanian said while labour reforms were necessary, the way they have been done by some states have undermined basic protections to workers. “It is going to be a very very difficult economic year. We should brace ourselves for a sharp decline in GDP growth. We should also brace ourselves for the fact that India’s deficit almost certainly will be double digit. India’s fiscal situation is going to be very, very difficult,” he said.

Subramanian said reviving the financial sector is going to be critical for stimulating economic growth.

Talking about India’s current macroeconomic situation amid the Covid-19 pandemic, he said the Fiscal Responsibility and Budget Management (FRBM) Act and terms of reference of the 15th Finance Commission will probably have to be revised and updated.
Atmanirbhar Bharat: Success depends on how India negotiates terms with US, EU

The idea of Atmanirbharta, or self-reliance, was at the heart of prime minister Narendra Modi’s recent address to the nation. There are parallels between PM Modi’s message and Mahatma Gandhi’s concept of a self-reliant India, the bedrock of his Swadeshi philosophy. Self-reliance is woven into the tapestry of India’s journey right from the Swarajya movement.

The renewed pursuit of Atmanirbharta sows the seeds for a new course of long-term development, and serves as the pivot on which India can emerge as a hub for manufacturing and investments. In order to achieve this vision, India needs to focus on holistic and sustainable development.

In the 1980s, Deng Xiaoping’s economic reforms were the trigger for China’s emergence as a global powerhouse today. Though successful, the energy-intensive Chinese model has troubling environmental and economic ramifications with significant income inequality, and may not be ideal for India. While there are many important learnings from China and its rise as a global superpower, India must now chart its own course to growth as a market democracy.

With its growth agenda, the government is set to play an important role in creating a conducive environment for business. Keeping in mind the fundamental pillars of this new, post-Covid-19 India that PM Modi highlighted in his speech, it is important that key policy changes are implemented.

Incentivising the establishment of production facilities in the country is critical, not just for assembly, but for raw materials, too. The need of the hour is a calibrated incentive plan, depending on the level of indigenous production.

Certain curbs against the import of cheaper produce, from other countries, might be necessary while ensuring that the local produce is cost-competitive and sustainable.
The government should consider moving away from broad-stroke international policies and shift to a country-to-country model. The focus should remain on bilateral trade agreements, which ensure a balance of payments as well as technology-sharing. The government should forge partnership/alliance models with other countries and companies, especially in areas where indigenous capabilities do not exist.

To achieve real self-reliance, the country will also need to incentivise innovation, research and development to keep India at the cutting edge of the industry. These can be achieved either through the setting up of global innovation centres in India or through partnerships between leading Indian research/academic institutions and their global counterparts. While the seeds of such collaboration already exist in the form of the NASA-ISRO partnership and joint vaccine development efforts for Covid-19, these ties should be enhanced across institutions and fields.

Governance and policy issues will also need attention as India seeks to carry on improving its ‘ease of doing business’ climate. Heavy investment on technology in government procedures and bureaucracy is a long overdue necessity that can’t be overlooked.

Building world-class infrastructure is extremely critical, and this requires huge investments. A strong framework for collaboration (e.g. contracting) and financing such investments needs to be established.

While competitive federalism is required in the long term, ensuring a common playing field, with a more cohesive and consistent policy framework achieved through collaboration, is vital. Clarity and transparency in the policy landscape are also crucial in restoring investor-confidence.

A cultural shift is required in the public sector and bureaucracy to avoid the constant distrust—whether it is towards private organisations or the public at large. While public-private partnerships are a step in the right direction, the success of such partnerships needs to be more widespread.

There has been a resurgence in protectionist policies in recent years. While these policies may carry a certain element of risk, bold and calibrated steps are needed to ensure the vision of the Atmanirbhar Bharat Abhiyan is achieved. The success of these steps shall lie in the effectiveness of collaboration India achieves through its bilateral relations, especially with American and European countries.
There has never been a better time in history to take such bold measures. Externally, there is an ongoing rebalancing of world powers, and India is being looked at as a partner in the current fight against Covid-19. Domestically, India has a strong government at the Centre, a bold leadership and a strong consumption story given its demographic mix.

If bold measures are not taken over the next five to ten years, China might far surpass us and our ability to achieve economic independence will get drastically impacted. Hence, it is critical that, with the vision laid out by the government, we act fast and act together to usher in a stronger, self-reliant and more prosperous nation.

Source: financialexpress.com – Jun 04, 2020

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India-Bangladesh trade via road resumes at Mahadipur; plan may be replicated at other land ports in WB

Exports to Bangladesh, especially via road, have resumed from the Mahadipur land port, in Malda district of West Bengal. This followed a meeting of exporters and transport operators in the region with local authorities, urging them to resume the trade via road.

Mahadipur, located 400 kms from Kolkata in the northern Bengal region, is the second largest land port after Petropole in North 24-Parganas. It accounts for nearly $700 million worth of annual trade; out of the $11 billion bilateral trade between the two the countries.

Nearly, 500 trucks cross-through on a daily basis carrying both perishable and non-perishable items.

Over the last 70 days, a coronavirus-induced-lockdown and a subsequent absence in clarity in orders at a district administration level saw truck movements come to stand still across the six land ports of West Bengal.

Nearly, 8,000 trucks stuck across these places that include Mahadipur, Changrabandha (Cooch Behar), Fulbari (Jalpaiguri), Hilli (Dakshin Dinajpur) and Ghojadanga and Petrapole, according to reports.
Trade resumes at Mahadipur

According to sources, some 86 trucks mostly carrying produce such as onions, maize and fruits and animal feed and other items have been allowed to load and unload goods at the Sonamasjid check-point (in the Chapai Nawabganj district of Bangladesh), on Thursday. Some 18 empty trucks have also returned.

“Trade has resumed at Mahadipur, between 8 am and 1.30 pm, with vehicles carrying both essentials and non-essentials being allowed to pass through. This happened after the district magistrate and State government officials stepped-in to resolve the deadlock,” Samir Ghosh, Executive Secretary, Exporters’ Association Mahadipur (Malda), told BusinessLine.

Incidentally, district administration officials said that some conditions have been put to resume truck movement. These are also a part of the measures the State government is taking to prevent spread of coronavirus.

Mahadipur Model

This includes identifying a “pool of 50 local truck drivers” who alone will be allowed to go up to ‘Panama parking lot in Bangladesh’, some 200 meter from the international border. They will return after unloading goods.

This pool of drivers will “also not move anywhere else in the neighbouring country” or within the “district of Malda (in West Bengal India) till their quarantine period is over”. This pool will work for 15 days at a stretch. After that, another batch of 50 drivers will step in. Drivers, who will enter Bangladesh, will have to stay at an isolation centre, close to the border, during non-working hours.

“Numbers of vehicles entering Bangladesh are expected to double to 200 tomorrow onwards,” Ghosh added.

More takers for the Mahadipur model

According to Rabindranath Ghosh, Minister-in-Charge, North Bengal Development, said “We will see if that model can be replicated in other land ports of the north Bengal region. Business and international trade has come to a standstill. We have to resume trade. Lives of many people depend on it.”
“As of now, the model adopted in Mahadipur looks like a workable solution,” Ghosh added. In Hili and Changrabandha, discussions with exporters and transport associations may be taken up soon.

No resolution in Petrapole

Meanwhile, the issues related to exports through Petrapole, the largest land port that accounts for the majority of trade between India and Bangladesh, have not yet been resolved.

The State government allowed resumption of exports on May 11, following the Centre’s notification on cross-border trade, but fear among locals over the spread of coronavirus from the returning truckers stalled the plan.

In Gojadanga too, there has been no resolution to the deadlock.

“We have written to the Chief Minister to intervene and have also pointed out to the local authorities why trade at zero point is not a feasible option.

There is still no clarity on resolving the deadlock,” Karthik Charaborty, Secretary, Petrapole Clearing Agents’ Staff Welfare Association said.

At least 10,000-15,000 families who are directly dependent on the international truck movement face an uncertain future.

Jyotipriyo Mallik, Minister-in-charge of Food supplies and the Trinamool Congress’ in-charge of North 24-Parganas district, were not available for comments.

Source: thehindubusinessline.com– Jun 04, 2020

HOME

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Emergency Credit Line Guarantee Scheme: From eligibility to interest rate, everything about Government's Rs 3-lakh crore collateral free loan

Unveiling the first tranche of economic stimulus to help businesses during the Covid-19 pandemic, Finance Minister Nirmala Sitharaman on May 13 announced collateral-free loans up to Rs 3 lakh crore backed by government guarantee. Meant to help businesses suffering from a severe cash crunch, the Government has since the announcement come out with the guidelines on how the scheme will operate. Based largely on the FAQs released by the National Credit Guarantee Trustee Company (NCGTC), here are the key details of the scheme.

**What are the details of the Collateral free MSME loans?**

The 100% collateral-free MSME loan is being called the Emergency Credit Line Guarantee Scheme (ECLGS), which is being provided by the National Credit Guarantee Trustee Company (NCGTC) to banks, NBFCs and Financial Institutions (FIs).

According this scheme, every eligible MSME or business enterprise, gets a pre-approved sanction limit of up to 20% of loan outstanding as on 29th February, 2020. This is in the form of additional working capital term loan facility (in case of banks and Financial Institutions), and additional term loan facility (in case of NBFCs). This is a special scheme to help small businesses battling the economic impact of Covid-19 and includes Pradhan Mantri MUDRA Yojana (PMMY) borrowers.

**Who is eligible for the scheme?**

All business enterprises or MSMEs that have a combined outstanding loans across different banks, NBFCs and FIs up to Rs. 25 crore as on 29.2.2020, and when the annual turnover of the firm is up to Rs. 100 crore for FY 2019-20 is eligible for the Scheme.

Proprietorship, partnership, registered company, trusts and Limited Liability Partnerships (LLPs) are all eligible under the Scheme, but only the loans taken for the business is being covered. Any loan taken by a promoter or director in his personal capacity will not be covered under the scheme.
What is important to note is that the Scheme is valid for existing customers of a bank, NBFC or FI. This means this scheme is not for new borrowers. Also, the loan account should be less than or equal to 60 days past due as on 29th February, 2020 and the borrower has not been classified as SMA 2 or NPA by any of the lender as on 29th February, 2020. A borrower must also be registered under GST, unless the business is not required or exempted from having a GST registration.

**What is the amount that can be borrowed?**

The maximum amount eligible under this scheme either in the form of additional working capital term loan facility (in case of banks and Financial Institutions), and additional term loan facility (in case of NBFCs) is set at 20% of the total outstanding loans up to Rs 25 crore as on 29th February, 2020. To arrive at the total outstanding, only on-balance sheet exposure like an outstanding amount in working capital loan, term loan and working capital term loans will be taken. In case a borrower has loans with multiple lenders, the scheme can be availed either through one lender or multiple lenders. You must keep in mind that a lender will check with credit bureau to get the correct picture of the overall outstanding of a borrower.

**What is the interest rate on such loans?**

To ensure that the scheme is beneficial to the borrowers and the cost of borrowing is kept low; Banks and FIs link their lending rate to one of the external benchmark rates prescribed by RBI plus 1% subject to a maximum of 9.25% per annum. Similarly, NBFCs cannot charge more than 14% as interest for the loans under this scheme.

This facility is available for borrower from May 23, 2020 to 31st October, 2020, or till an amount of Rs. 3 lakh crore has been sanctioned, whichever is earlier.

**How do you apply?**

To keep things simple, the scheme has an automatic pre-approve mechanism, which means you do not have to approach the lender for the loan. If a borrower is eligible, a lender will automatically offer it. The scheme provides an 'opt-out' option where the borrower may not avail the scheme, while someone who wants to take the benefits of this scheme will have to go through the documentation process.
What are the other details that I need to know?

The loan under this scheme is extended for a period of four years from the date of disbursement and there will be no pre-payment charge if a borrower wants to repay early. There will also be no processing fee for such loans.

What is important to note is that there will be a moratorium of one year on the principal repayment, but interest payment will continue during this period. The principal repayment will then be converted into equated installments spread across the remaining period, which is 36 months.

A separate loan account will be opened, which is distinct from your current loan accounts. In that sense, the scheme is not a top-up on your existing loan. Also, it is important to note and there has been much confusion about it, but Udyog Aadhar or recognition as an MSME is not required under this Scheme as long as you satisfy the eligibility criteria stated above.

Source: economictimes.com– Jun 04, 2020

70% of MSMEs intend to reduce headcount to save businesses: AIMO survey

Over 70 per cent of micro, small and medium enterprises (MSME) might reduce their employee count in order to save their businesses and get back on track, according to a survey conducted by the All India Manufacturers Organisation (AIMO).

The survey's result, the second part of the survey series conducted by AIMO amongst the corporates, MSMEs, self employed persons and others, was based on the responses from 46,525 participants.

The survey was conducted in association with Digitally 4 Empowerment (D4E) a Social Tech Enterprise and other trade bodies like Federation of India Industry (FII), Association of Indian Industry (AII), Cement Manufacturers Welfare Association (CMWA), Consortium of Women Entrepreneurs of India (CWEI), Federation of Indian Women Entrepreneurs (FIWE),First World Community (FWC), Chamber of Small Industry Association (COSIA), Federation of Small and medium Industries (FOSMI), and Amausi Industries Association, Lucknow (AIA).
K E Raghunathan, Immediate Past President, AIMO said that 72 per cent of MSMEs responded that they would definitely reduce their head count.

"In fact only less than 20 per cent of the all the categories said they would continue with the same headcount. The extent of the job loss will be clear by the end of August 2020, as most of the respondents were in the process of gauging how many of their employees will return and the optimum employee strength required to sustain their business in the near future,” he added.

“On the issues likely to be faced during 'unlock' period which began this week, the survey covered various aspects such as demand forecast, collection of pending dues, raw materials, future EMI payments along with present interest burden and salary issues. Sadly, the biggest concern of 36 per cent of the self-employed was their ability to pay EMIs as they had issues with pending payments for work done earlier and also the receipt of new orders and a profitable price for the business,” said Radhakrishnan, treasurer of AIMO.

"The job market has also tanked with most companies freezing their recruitments for the near term. The future of their livelihood and the existence of the families that depend on them is in a very precarious position for most of the MSME entrepreneurs," he added.

The corporate respondents, however, had a slightly different set of perspectives, with 22 per cent citing manpower concerns, 22% expressing concerns on sourcing of raw materials and price management and 23% expressing concerns over new orders for the next three months.

Distribution of raw materials to the MSMEs through government undertaking National Small Industries Corporation (NSIC) through a model similar to a public distribution system on credit and at reasonable prices could help the industry solve many of the issues it faces, suggested the participants. They have also asked the government to allow banks to accept bill discounting facility for all sales invoices raised in the next three months , irrespective of the party being billed, said the organisation.

Covid package: Garment exporters want these relaxation to avail credit line

Garment exporters from India’s largest cluster Tirupur have sought inclusion of MSMEs having credit outstanding of more than Rs 25 crore to avail emergency credit line from banks.

Tirupur Exporters’ Association (TEA) would like to thank Union finance minister Nirmala Sitharaman for laying out comprehensive vision to spur growth and become self-reliant India with a focus on Aatma Nirbhar Bharat package vision and also for further upward revision of MSME definition.

As per the decision, the emergency credit line will be accorded to MSMEs from banks and NBFCs up to 20% of entire outstanding credit as on February 29, 2020 and borrowers with up to Rs 25 crore outstanding and Rs 100 crore turnover being eligible.

To note that further to upward revision of MSME definition, more number of knitwear garment exporting units in Tirupur will fit into the definition of MSME and now the concern is that due to the stipulated condition, some of the MSME units’ whose credit exposure is more than Rs 25 crore are deprived of receiving the emergency credit line fund, as their outstanding exceeds Rs 25 crore, said Raja M Shanmugham, president, TEA.

“We wish to note at this juncture that the real intension of the government to extend support to all MSMEs to bailout from the impact of Covid-19 pandemic need to get redressed. “More importantly, we would like to drive home the point that as the Covid-19 impact caused to the MSMEs irrespective of industry is severe, crippled the economy and the announcement of revival measures by the Union finance minister would certainly help to bail them out of the crisis and also for ease of doing business.

“At the same time, it is increasingly becoming necessary to extend liquidity support to the non included MSMEs also, having credit exposure more than Rs 25 crore, mainly to bring them back to operationalise their units to the normalcy level, do exports and continue to provide employment,” he said.

Source: financialexpress.com– Jun 04, 2020
SBI, Bank of Baroda, Bank of India among top PSU banks offering most MSME loans under Modi’s package

Credit and Finance for MSMEs: State Bank of India, Bank of Baroda, Bank of India, are some of the PSU banks which are offering MSME loans under Prime Minister Narendra Modi’s Atma Nirbhar Bharat economic stimulus package. SBI has so far cleared maximum number of loans at 37,638 as of June 1.

The Finance Ministry recently said that public sector undertaking (PSU) banks have sanctioned loans over Rs 10,000 crore to MSMEs under the government’s initiative to help businesses tide over the coronavirus pandemic.

“As of 1 June 2020, PSBs have sanctioned loans worth Rs 10,361.75 crore under the 100% Emergency Credit Line Guarantee Scheme,” the Ministry of Finance said in a tweet on Wednesday. Southern state Tamil Nadu got the maximum loans sanctioned at over Rs 1,32,747 lakh, followed by Uttar Pradesh and Gujarat.

Top 5 banks in loan disbursement

While State Bank of India led the pack with it sanctioning loans worth Rs 8,899 crore loans, it has already disbursed loans worth Rs 3,526 crore. Following SBI are Union Bank of India, Bank of India, Canara Bank and Central Bank of India in terms of loan disbursement.

In states, Tamil Nadu is leading in loan disbursements with the state having disbursed about Rs 75,230 lakh loans followed by Uttar Pradesh, Andhra Pradesh, Maharashtra and Rajasthan.

While loans worth Rs 10,000 crore were sanctioned, the actual disbursement is a little under 40% at nearly Rs 3,900 crore. The government had earlier announced Rs 3 lakh crore Emergency Credit Line Guarantee scheme to boost India’s MSME sector.

Under this scheme, the government is providing collateral free loans. The MSME loan scheme is one of the biggest components of PM Modi’s Rs 21 lakh crore economic relief package. Meanwhile, Union Bank of India sanctioned over 14,000 crore loans under the government’s Emergency Credit Line on day 1.
“In line with Government initiatives, Union Bank of India has launched Union Guaranteed Emergency Credit Line (UGECL) to enable Mudra beneficiaries/ MSME / business units to tide over their liquidity crisis subject to eligibility,” the bank said in a statement.

Under the Emergency Credit Line Guarantee scheme (ECLGS), the MSMEs will be provided 100% guarantee coverage for additional working capital term loan up to 20% of their entire outstanding credit up to Rs 25 crore. Micro, Small and Medium Enterprises (MSMEs), which have an annual turnover of up to Rs 100 crore, are eligible for GECL funding.

Source: financialexpress.com – Jun 04, 2020

Covid-19 crisis: Centre releases Rs 36,400-crore GST compensation to states

Ahead of the Goods and Services Tax (GST) Council meeting next week, the Centre on Thursday released compensation worth Rs 36,400 crore to states for three months up to February 2020. The much-delayed compensation comes at a time when state finances are under severe stress due to the Covid-19 lockdown.

"Taking stock of the current situation due to Covid-19 where state governments need to undertake expenditure while their resources are adversely hit, the central government has released the GST compensation for the period between December 2019 and February 2020 on Thursday," the Ministry of Finance said in a release.

The GST compensation of Rs 1.15 trillion for April-November 2019 was released earlier, the government said. This stands against Rs 95,551 crore collected as cess in the compensation fund in 2019-20 (FY20). The compensation mechanism to states under GST has come under strain due to inadequate cess collection amid bleak consumer demand.
Under the law, if states' GST revenue does not grow by at least 14 per cent over the base year of 2014-15, the Centre pays them the difference, on a bi-monthly basis for the first five years of GST implementation.

States have been up in arms with the Centre over non-payment of compensation dues, while the Union government has conveyed its inability on account of cess shortfall.

Besides dwindling cess collection in the compensation fund, the rising dependency of states on the promised GST compensation amid sharp fall in revenue due to the Covid-19 pandemic has compounded the challenge.

In FY20, the Centre used Rs 47,271-crore surplus cess from 2017-18 and 2018-19. The compensation cess is levied on luxury and sin items such as aerated drinks, coal, paan masala, cigarettes, and automobiles over the peak rate of 28 per cent.

The government is exploring a slew of options, including borrowing from the market and extending the cess period further, to repay. The monthly GST compensation requirement is estimated at Rs 20,250 crore in 2020-21, against Rs 13,750 crore last year. Under the GST structure, taxes are levied under 5, 12, 18, and 28 per cent slabs.

The GST Council in its meeting held in March deliberated on whether it could go for borrowing if the compensation cess collections fall short of the requirement of states.

It will seek opinion on various legal issues - who will give guarantee to the borrowing, how will it be repaid, how interest is to be paid, impact on the fiscal responsibility and budget management Act, etc.

Source: business-standard.com– June 05, 2020
Haryana follows in PM Modi’s footsteps; comes up with its own MSME grievance portal

Credit and Finance for MSMEs: On the lines of the national grievance portal launched by Prime Minister Narendra Modi recently to help MSMEs file their complaints around various challenges, Haryana government has also announced its own grievance portal.

The portal, however, will be limited to problems MSMEs face in securing loans, unlike the Champions portal where small businesses can register complaints around finance, raw materials, labour, regulatory permissions etc. The new portal — Haryana Udhyam Sahyog – by the state government will allow MSMEs to resolve their credit-related queries as part the ‘Atmanirbhar Bharat Abhiyan’ economic package announced by Finance Minister Nirmala Sitharaman last month.

MSMEs will be able to fill up the grievance form on the saralharyana.gov.in website and submit it that will be followed with the banks on a daily basis and resolve in an expedited manner, according to a spokesman of the state’s Industry and Commerce Department.

The government’s champions.gov.in portal allows MSME associations, units, employees, and aspiring entrepreneurs etc. to register their complaints and seek information around the help offered to MSMEs. The complaints are routed subject-wise to concerned branch/bureau/office heads under the MSME Ministry to attend them within three days.

The matter “should not remain inconclusive after seven days” AK Sharma, MSME Secretary had said in a note announcing the trial launch of the Champions portal on May 9. If left unresolved, “top leadership of the MSME Ministry” will “pro-actively take (them) up,” Sharma had said.

Under the Rs 20 lakh crore economic package, Sitharaman had announced a Rs 3 lakh crore collateral-free loan scheme for MSMEs to raised credit from banks and NBFCs. MSMEs with up to Rs 25 crore in outstanding credit as on February 29, 2020 less than or equal to 60 days past due as on the date and up to Rs 100 crore in turnover would be able to raise credit.

Source: financialexpress.com— June 05, 2020
Consumer confidence collapses, economy may contract by 1.5 per cent in FY21: RBI surveys

Consumer confidence has collapsed amid the coronavirus pandemic and it may result in contraction of the economy by 1.5 per cent during 2020-21, surveys released by the Reserve Bank showed on Thursday. "Consumer confidence collapsed in May 2020, with the Current Situation Index (CSI) touching historic low and the one year ahead Future Expectations Index (FEI) also recording a sharp fall, entering the zone of pessimism," as per the Consumer Confidence Survey (CCS) released by the RBI.

According to another survey, GDP during the current financial year is likely to contract by 1.5 per cent, though the next fiscal is expected to be much better. "Real gross domestic product (GDP) is likely to contract by 1.5 per cent in 2020-21 but is expected to revert to growth terrain next year, when it is likely to grow by 7.2 per cent," said the Survey of Professional Forecasters (SPF) sponsored by the RBI.

Real private final consumption expenditure (PFCE) is expected to decline by 0.5 per cent during 2020-21 but likely to record 6.9 per cent growth next fiscal, the survey said. It added that real gross fixed capital formation (GFCF) is likely to register negative growth of 6.4 per cent in 2020-21 but is expected to grow by 5.6 per cent in 2021-22.

Real gross value added (GVA) is expected to decline by 1.7 per cent this fiscal but record 6.8 per cent growth in 2021-22, supported by uptick in industrial and services sector activities, said the SPF survey based on response of 24 panellists.

According to the CCS, consumer perception on the general economic situation, employment scenario and household income plunged deeper into contraction zone, while expectations on general economic situation and employment scenario for the year ahead were also pessimistic.

"Overall consumer spending remained afloat, mostly due to relative inelasticity in essential spending; consumers, however, reported sharp cuts in discretionary spending and also do not expect much improvement in the coming year," it added.
In view of the COVID-19 pandemic, the survey was conducted through telephonic interviews during May 5-17, 2020 in 13 major cities, including Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Lucknow, Mumbai and Patna. Perceptions and expectations on general economic situation, employment scenario, overall price situation and own income and spending were obtained from 5,300 households.

A third study on 'Households' Inflation Expectations Survey' said households' median inflation perception and expectations increased sharply in May 2020 as compared with the March 2020 round of the survey.

Participants were expecting increasing price pressure on food products. More households expect general prices and inflation to rise over a three-month horizon as compared to the previous round. A total of 5,761 urban households participated in the survey.

Source: economictimes.com– June 04, 2020

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Double whammy for textile mills as operations resume

*Low demand, falling yarn price forcing units to function at 40% of their capacity*

Textile mills in the State, numbering over 2,000, are facing a difficult situation despite resuming operations — orders are less, prices have fallen, and export enquiries are yet to pick up. Tamil Nadu has almost 45% of the country’s spindle capacity and produces approximately 175 million kg of yarn a month.

“With the mills resuming operations in the last one month, the average capacity utilisation is just 40 %,” said Ashwin Chandran, chairman of Southern India Mills’ Association. As the demand was low, yarn prices have dropped nearly ₹10 a kg in the domestic market, export enquiries were not high, and for the yarn supplied, the credit period ranges from 60 days to 120 days, he added.

Some mills operated at 80% to 90% capacity, only resulting in rising inventory. Of the total yarn produced in Tamil Nadu, nearly 40% was sold in the powerloom weaving clusters in north India, mainly Maharashtra.
Weaving activities were yet to gain momentum in these clusters. Even in Tamil Nadu, where there were nearly five lakh powerlooms, the weaving clusters were operating at just 50% capacity.

Hence, the demand for yarn was low.

“We expect domestic demand to pick up only in August or September.” Retail sales for clothing should revive to create demand for weaving and knitting units. Only then would yarn sales increase, he said.

**Govt. intervention sought**

Mr. Ashwin appealed to the Union and State governments to come out with schemes to boost exports so that Indian yarn was competitive in the international market.

However, the open end spinning mills were facing a slightly better situation. Although the 500-odd mills in the State were operating only at 30% to 40% of their capacity, there was demand for the yarn produced. That was because the market worldwide was better for hospital bed sheets and healthcare related products.

The home textile units in Karur, which make these products, use the yarn from the open end mills, said G. Arulmozhhi, secretary of the Open End Spinning Mills’ Association.

The mills face labour shortage as most of the migrant workers have gone home. The demand should revive by the time the workers return, say the spinners.

Source: thehindu.com– Jun 05, 2020
Cargo volumes at India’s state-owned ports fall 22 per cent in April-May

Cargo volumes handled at India’s dozen state-owned major ports fell 22.16 per cent during April and May to 92.821 million tonnes (mt) from 119.239 mt a year ago as the coronavirus-induced demand compression roiled global trade.

With the exception of New Mangalore and Mormugao Port Trust, the remaining 10 major ports reported volume declines in the April-May period compared to the same period last year, with Kamarajar Port Ltd posting the steepest fall of 46.07 per cent, according to the Shipping Ministry. Kamarajar Port Ltd, India’s only state-owned port that is run as a company, handled 3.228 mt from the 5.985 mt last year.

The Chennai Port Trust handled 4.561 mt in April-May FY21 from 8.179 mt last year, a drop of 44.24 per cent. Container volumes at Chennai dipped to 135,000 TEUs from 250,000 TEUs. Cochin Port Trust handled 3.411 mt, 40.14 per cent lower than the 5.698 mt handled during the first two months of FY20.

Jawaharlal Nehru Port Trust (JNPT), India’s biggest container port located near Mumbai, reported a 33.13 per cent drop in volumes to 8.028 mt from 12.005 mt. JNPT’s container volumes slipped to 559,000 TEUs from 897,000 TEUs a year earlier. Kolkata Port Trust reported a volume drop of 31.60 per cent to 7.306 mt from 10.682 mt.

Cargo traffic at the Mumbai Port Trust fell 27.08 per cent to 7.540 mt from 10.340 mt. Cargo volumes handled by VO Chidambararanar Port Trust dropped 21.83 per cent to 4.717 mt from 6.034 mt. Deendayal Port Trust, India’s biggest state-owned port by volumes handled, reported a 18.38 per cent decline in volumes to 17.189 mt from 21.059 mt.

Paradip Port Trust handled 16.097 mt, a drop of 12.94 per cent over the 18.489 mt handled last year. Visakhapatnam Port Trust reported a 12.58 per cent decline in volumes to 9.947 mt from 11.379 mt. Mormugao Port Trust handled 3.976 mt from 3.272 mt, a growth of 21.52 per cent.

New Mangalore Port Trust reported a 11.51 per cent growth, handling volume of 6.821 mt from 6.117 mt.
Iron ore, raw fertilisers register growth

All the commodities except iron ore, including pellets, and raw fertilisers, reported a decline in volumes.

Crude oil, petroleum products, LPG and LNG declined 14.75 per cent to 32.321 mt, other liquids by 36.41 per cent to 3.140 mt, finished fertilisers by 14.26 per cent to 1.154 mt, thermal and steam coal by 35.94 per cent to 12.299 mt, coking coal and others by 24.05 per cent to 7.477 mt and containers by 36.33 per cent (in twenty foot equivalent unit or TEU terms) to 1.104 million TEUs.

Iron ore, including pellets, posted a growth of 14.40 per cent to 9.145 mt while raw fertilisers notched a growth of 34.05 per cent to 874,000 mt. Port volumes is a proxy for India’s export-import trade performance.

Source: thehindubusinessline.com– Jun 04, 2020

Unlock 1.0 effect: E-way bills rise, confirm resumption of economic activities

Economic activities seem to be attaining normalcy at the end of the May as e-way bill generation touched 11.4 lakh per day in the last week of the month, taking the daily average for the whole month to 8.2 lakh. This is nearly thrice the figure generated in April.

However, while e-way bill generation — which maps the cargo movement under the GST — has been rising every week in May since the complete lockdown was relaxed on May 4, the data for the whole month are still only half of February, the last full month before lockdown, when 19.2 lakh of such bills were generated on a daily basis.

In the three first three weeks of May, the daily generation was 9.4 lakh, 8.2 lakh and 6 lakh, respectively. E-way bills are required for GST-registered businesses to transport cargo if it exceeds Rs 50,000 in value. A government portal issues these receipts after relevant information (related to cargo, sender, recipient and vehicle for transport) is provided.
With further rolling back of lockdown from June 1, more businesses activity is expected, giving a boost to e-way bill generation. However, experts said given the paucity of labour in key economic pockets, the full recovery may yet be delayed.

“E-way bill data show that economic activity is at half-way mark compared with the pre-Covid period. Data on e-way bills, coupled with stock market indices, are also indicating that the economy has bottomed out and we are in V-shaped recovery mode,” Rajat Mohan, senior partner, AMRG & Associates, said.

The total e-way bills issued for April was 86 lakh, or only 2.9 lakh per day, as against 13.2 lakh in March. On April 3, the government had extended the validity of e-way bill that expire between March 20 and April 15 up to April 30. It was further extended to May 31. This also meant that new e-way bills during the lockdown period weren’t needed.

“Due to the obvious impact of the lockdown, a lot of stock was not able to reach the consumer market and the upcoming weeks post lockdown could see heavy write-off of perishable stock in books, clearance of old inventory at reduced prices as well as struggle to bridge the demand-supply gap with following repercussions on GST collections on business resuming post June 8,” Jigar Doshi, founding partner at TMSL, said.

Source: financialexpress.com – Jun 04, 2020

ICAL: Hike in MSP is step in the right direction, will benefit 4 crore farmers

The trade body of the Indian Cotton Association Limited (ICAL) has termed the hike in minimum support price (MSP) of cotton a step in the right direction.

The association says the move would help farmers supplement their income. MSP for seed cotton for medium staple has been increased from Rs 5,255 per quintal to Rs 5,515 per quintal (4.75%). For long staple fibre, it has been increased from Rs 5,550 to Rs 5,825 per quintal (4.95%) on Monday.
In an official release, ICAL president Mahesh Sharda said, “India produces raw cotton worth around Rs 80,000 crore and at 5% increase, it will translate to a benefit of about Rs 4,000 crore to about four crore farmers.

Apart from it, the ICAL has been advocating a more sustainable solution like direct benefit transfer as like ‘Bhavantar’ (price deferential) scheme. This will help cotton growers and the industry also to sustain. We also advocate a fixed period of procurement of raw cotton from farmers from October 1 to May 30.”

Sharda urged the liberalise the seed policy to increase the productivity of the farmer through access to latest seed technology, which is key in increasing production. With the current market price for cotton and expected crop in the forthcoming cotton season, the country is expected to produce 25% more cotton than domestic requirement.

The association appreciated modification of the definition of MSMEs policy and said increase in sales turnover limit to Rs 250 crore from the present Rs 100 crore, while excluding export sales turnover from this calculation, would greatly benefit the highly labour intensive and fragmented textiles and clothing industry.

Source: timesofindia.com— Jun 05, 2020

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Disruptions in the commercial vehicle market may drive truck sales in the post-lockdown period: Survey

TrucksDekho, a portal that provides information about trucks and commercial vehicle (CV) brands, has come out with a survey that reveals a significant portion of the people will go for truck purchases post-lockdown.

The survey — which the company claims to have done on 800 in-market audiences (lead droppers) of TruckDekho divided equally into four segments of products: mini truck (Tata Ace segment), pick-up (Mahindra Bolero), ILCV (intermediate & light commercial vehicle), M&HCV (medium & heavy commercial vehicle) — presents contrasting decision-maker trends that are possibly due to a factor of e-commerce and logistics disruptions in the CV industry.
About 85 per cent of customers are still willing to buy new CV products post-lockdown, whereas the remaining may have changed their decision to now consider a used truck, according to the findings of the survey.

While 75 per cent of CV buyers have delayed their truck purchases due to the nationwide lockdown, 35 per cent customers are presently willing to buy new trucks within a period of one-month after the lockdown is lifted.

**Digital drive**

The survey also claims that digital platforms are also gaining traction among the young decision-makers. A good portion of buyers, across segments, are now interested to book their next truck online.

“We get customer requests from the remotest parts of India. Earlier, the digital prospecting and lead generations would happen only around small commercial vehicle and the pick-up categories.

The last year saw a strong uptick even in the higher tonnage categories which makes it imperative for OEMs to focus on digital transformations and augment their sales efforts by using innovative technology and communication solution,” said Manish Harodia, Chief Business Officer, TrucksDekho.

In the Post Covid-19 era, with physical roadshows being far and few in between, TrucksDekho foresees OEMs use digital medium for their product launches and to engage in virtual product expos in days to come. “A measurability on digital also makes the proposition compelling as there is tangible ROI on any investment made,” said Harodia.

Source: thehindubusinessline.com– Jun 04, 2020