TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL
TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 239 of 2020 November 06, 2020

US 74.02| EUR 87.47| GBP 97.16| JPY 0.72

NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	US Apparel Import Decline Backs Off, But Still Down $47 Billion in 2020
2	UK guidance for retailers to prepare for end of transition
3	M&S expanding capacity at online distribution centre
4	Capital intensive model can curb labor exploitation in Sri Lankas garment industry marketing
5	Vietnam: Textile and garment production struggles due to lack of fabric
6	Colombo port congestion brings extra expense for Bangladeshi shippers
7	Bangladesh apparel exports plummet by 4%
8	Pakistan: Exporters assured of revision in rates

	NATIONAL NEWS
1	India's cotton exports could jump 40% to seven-year high as prices rally
2	'Govt to soon launch Focused Product Scheme with emphasis on man-made fibre, technical textiles'
3	India-UK discuss increased bilateral ties
4	Cotton procurement begins, CCI hopes prices will improve in due course
5	India-China conflict and its ripple effect on MSME exports: A once-in-a-lifetime opportunity
6	Over 1,000 trucks go on strike
7	Cotton production gains momentum in Telangana

INTERNATIONAL NEWS

US Apparel Import Decline Backs Off, But Still Down $47 Billion in 2020

As consumer demand slowly returned, U.S. apparel imports were down 15 percent to $6.65 billion in value terms in September compared to a year earlier, easing off a year-to-date decline of 27.71 percent to $47.03 billion, according to data released Wednesday by the Commerce Department's Office of Textiles & Apparel (OTEXA).

Year-to-year volume was off 4.6 percent for the month to 2.46 million square meter equivalents (SME). For the first nine months of the year, apparel import volume was down 22.4 percent to 16.73 million SME compared to a year earlier, according to OTEXA.

Still-top supplier China has seen its apparel imports to the U.S. fall 45.49 percent to $10.98 billion in the first nine months of the year. Year-over-year imports from China were down 29 percent to $1.82 billion.

All Top 10 suppliers except Cambodia have seen their imports decline in the nine-month period. Imports from No. 2 supplier Vietnam declined 9.05 percent to $$9.42 billion and shipments from third-place Bangladesh fell 13.23 percent to $3.96 billion.

Imports from Cambodia increased 3.14 percent in the period to $2.09 billion in the nine months, but were down 3.2 percent in the month to $289.21 million compared to September 2019. Pakistan's shipments rose 9.8 percent in September year over year to $140.25 million, but were down 13.1 percent in the nine months to $958 million.

Rounding out the top Asian suppliers, imports from Indonesia decreased 21.28 percent year to date to $2.68 billion and shipments from India fell 29.89 percent to $2.28 billion.

Among the top Western Hemisphere nations, imports from Honduras were down a year-to-date 39.53 percent to $1.25 billion, while shipments from Mexico fell 33.61 percent to $1.6 billion and imports from El Salvador declined 38.69 percent to $858 million. On the plus side from the region year to year in September was Guatemala, with shipments up 13.8 percent to $117.75 million.

Also on Wednesday, the U.S. Census Bureau and the U.S. Bureau of Economic Analysis reported that the goods and services trade deficit was $63.9 billion in September, down $3.2 billion from $67.0 billion in August.

The deficit with China decreased $2.1 billion to $24.3 billion in September and the trade imbalance with Mexico fell $1.8 billion to $10.7 billion, while the deficit with the European Union increased $1.6 billion to $17.3 billion.

Source: sourcingjournal.com.– Nov 05, 2020

HOME

****

UK guidance for retailers to prepare for end of transition

The UK department for business, energy and industrial strategy (BEIS) recently released information and guidance for the retail sector to prepare for the end of the transition period of the United Kingdom's exit from the European Union (EU). The period ends on December 31. For businesses and organisations in the retail sector, there will be new rules from January 1.

From 1 January, the process of importing and exporting goods between the United Kingdom and the EU will change and the former will apply a UK-specific tariff to imported goods.? This UK Global Tariff (UKGT) will replace the EU's Common External Tariff, which applies until December 31.

The UK generalised scheme of preferences (GSP) will continue to provide trade preferences to the same countries as the EU's GSP from January 1. There will be three frameworks: least developed countries framework (LDCF), general framework and enhanced framework.

After December 31, EU trade agreements will not apply to the United Kingdom, which is seeking to reproduce the effects of existing EU agreements for when they no longer apply to it. This will ensure continuity of trading arrangements for UK businesses.

If the United Kingdom does not reproduce the effects of an existing EU agreement, trade with other World Trade Organisation (WTO) members will take place on WTO terms when EU trade agreements cease to apply to the United Kingdom, according to the guidance.

Rules relating to online activities in European Economic Area (EEA) countries may newly apply to UK online service providers who operate in the EEA from January 1. The e-Commerce Directive currently allows EEA online service providers to operate in any EEA country, while only following relevant rules in the country in which they are established. This framework will no longer apply to UK providers as the United Kingdom will have left the EEA.

Source: fibre2fashion.com - Nov 05, 2020

HOME

****

M&S expanding capacity at online distribution centre

M&S is expanding capacity at its online distribution centre at Castle Donington, ahead of the festive season, as the retailer gets set to deliver the most digital Christmas yet. It is investing in people, technology and space to cope with the rush. Customers are turning to online - with Christmas related searches up 80 per cent in comparison to last year.

In August, M&S reported a 39.2 per cent increase in its online sales and has seen over 1.5 million new downloads of its popular app since the relaunch of its Sparks loyalty scheme in July. Customers are already turning to online - with Christmas related searches up 80 per cent on last year.

In preparation, M&S is building capacity at its Leicestershire-based distribution site in three ways.

It is investing in people power. Since July, M&S has recruited 400 new permanent colleagues, and over 500 fixed term colleagues will join for the Christmas period. In line with M&S's Never the Same Again commitment to build more flexible, efficient teams across the business, all new colleagues are now trained in a minimum of two of the four core tasks (receiving products, putting products away, picking products and packing products) helping to create a more agile workforce.

Keeping in view safety and wellbeing of employees, the Castle Donington site has adapted quickly with hygiene and social distancing measures in place from the outset - from door closing devices to increased cleaning schedules to perspex screens between workstations. All new colleagues complete an induction that covers all aspects of health and safety and emphasises the importance of the measures that have been in place throughout the pandemic continuing.

The company is also introducing new technology. Since it first opened in 2012, the site at Castle Donington has used high levels of automated technology. Ahead of Christmas, supporting M&S's people are two new "Autobagger" machines - nicknamed Percy and Penny. These new machines can each pack 2,000 items every hour, and like the rest of the site, are powered by 100 per cent renewable energy - with 25 per cent coming from the solar panels installed on the roof at Castle Donington.

Additionally, the team is achieving operational efficiencies through the application of Microsoft Power BI and improving ways of working through utilising the communications platform Microsoft teams. M&S Teams usage has quadrupled during the pandemic.

The company is also adding extra, more efficient space. Last year M&S completed the build of its new mezzanine floor at Castle Donington and it is fully operational for Christmas 2020. The record despatch from the mezzanine last year was 50,000 single items - this year the team is aiming for 75,000 by utilising updated picking and packing IT logic. This IT mapping has made the routes colleagues follow more efficient - meaning they can pick 15 per cent more product but walk the same distance.

Paul Burns, M&S's clothing and home head of logistics said, "We're set up to ensure our colleagues can safely help our customers shop online with confidence this Christmas – from great new team members to investing in our tech."

In addition to improvements at Castle Donington, M&S is utilising its advantage as a bricks and click retailer to support accelerated online growth. Teams at 140 M&S stores are already picking online orders, for click and collect and home delivery, in order to support growing demand. During the pandemic M&S has flexibly switched on this service and has an additional 100 stores set up and ready to pack orders in response to local demand.

Following customer shopping changes during the pandemic, over 40 per cent of M&S parcels are now collected at an M&S Food-only store versus just 30 per cent last year. Following a successful trial at four stores, during November M&S is extending its new contactless Click and Collect service to a further twelve stores.

Source: fibre2fashion.com– Nov 05, 2020

HOME

****

Capital intensive model can curb labor exploitation in Sri Lankas garment industry marketing

With contracts violating labor laws and human, civil and constitutional rights, labor exploitation was a norm in Sri Lanka till 2018. Salaries of apparel workers were dismally low. They were graded according to skills and experience and did not cover even their basic needs. Also, these workers were poorly treated by their supervisors who often used foul language and physical force while dealing them. Nearly two-thirds workers were subjected to verbal abuse and 14 per cent complained of physical abuse. They also had to work overtime to complete their targets.

Failure to meet targets met with either public humiliation or the allocation of menial tasks such as cleaning toilets. Women workers lived in poor accommodation. They also faced gender based violence on public transport.

A move to 'ethical' marketing

All this changed in early 2000s, when the combined pressure from trade unions and international consumers pushed Sri Lanka to adopt an 'ethical' strategy. In 2002, the Joint Apparel Association Forum launched 'Garments Without Guilt' campaign to promote Sri Lanka as an 'ethical' destination.

Though Sri Lanka has high health indices, they fail to account for workers poor health or chronic conditions borne out of an exploitative environment. Many workers in the country suffer from work-related illnesses or injuries.

Though recent campaigns such as the 'Green Garment Factory' take environmental impact into account, they do not focus on workers health.

As a recent study by researcher Kanachana Ruwanpura indicated, around 30 per cent workers reported their bodies were sore from long working hours while 14 per cent suffered minor injuries and 10 per cent had chronic respiratory conditions. Majority of factory workers in Sri Lanka are women who have completed only eight to 12 years of education.

Lack of clarity over factory ethics

Sri Lanka also does not have a clear terminology for marketing ethical products. Though companies such as MAS describe their factories as ‘ethical’, the details on their ethical standards are not clear. Though Fidelity Manufacturing lists its ‘ethical’ policies, these policies are not enforced as per law. Sri Lanka does not have a national audit to analyze the ‘ethical’ label which makes it impossible to quantify or check the quality of the label. According to Ruwanpura, Sri Lanka’s ‘ethical’ promise is a façade that lacks transparency, accuracy and reliability. Factories use ethical campaigns to be competitive without being accountable for their actions.

Need for greater automation

Experts point out, the Sri Lanka apparel industry has failed to transform with time. It is still a ’70s relic that is being cleverly rebranded to be marketable. As Vidura Munasinghe writes in his article for Groundviews, South Korea and Taiwan were able to move away from enclave manufacturing because they saw the labor exploitation in their factories. From 1960 to 1990s, both countries converted their Free Trade Zones into capital-intensive industries, taking a step further towards becoming high-tech industries.

Taiwan converted its zones into storage and logistic hubs in late 1990s, whereas Korea set up Free Economic Zones in 2000s. These zones boasted of public services such as airports, ports, and office facilities as well as first-rate schools, hospitals, financial services, malls, leisure services, and tourist facilities. Though both South Korea and Taiwan used the FTZ model, they also incorporated other industries that offered better returns. Their multipurpose hubs offered a range of services and evolved with the global economy.

Source: fashionatingworld.com– Nov 05, 2020

HOME

****

Vietnam: Textile and garment production struggles due to lack of fabric

Vietnam's underdeveloped fabric production is making it difficult for textile and garment businesses to take advantage of free trade agreements, including the Europe – Vietnam Free Trade Agreement (EVFTA).

The textile and garment industry exports nearly 40 billion USD worth of products and requires around 10 billion metres of fabric each year.
The rate of domestic materials used by textile and garment businesses in Vietnam is only about 40-45 percent, according to the Ministry and Industry and Trade.

The local fabric industry produces around 2.3 billion metres of fabric a year, meeting only 25 percent of the country's demand. Over 7 billion metres of fabric material for production and export is imported from China, Taiwan and the Republic of Korea.

In 2019, Vietnam imported around 13 billion USD worth of fabric for the textile and garment industry. The amount of fabric produced domestically is often used to make low or medium quality clothing, and typically does not meet the requirements of clothing manufacturing and exporting businesses.

Tran Tuan Anh, Minister of Industry and Trade, said the country's production of cotton, fibres and dyes does not satisfy the textile and garment industry's demand.

Not enough attention is being given to dyeing technology and environmental protection to develop the textile dyeing industry, so businesses are reluctant to invest in textile production or form start-ups in fashion design.

Vietnam's textile and garment industry focuses mostly on manufacturing, with low added value.

While the industry has many opportunities from Vietnam's free trade agreements with other economies, around 60 percent of exports comes from FDI companies.

The EVFTA's rules of origin regarding textiles and garments is referred to as "from fabric onward", meaning a garment product's fabric has to be woven, finished, cut, and sewn in Vietnam.

Truong Van Cam, deputy chairman of the Vietnam Textile and Apparel Association, said that due to the lack of fabric materials, FTA rules of origin make it harder for businesses to use their values.

Investment in fabric production has faced challenges including a lack of funds and expensive technologies. As a result, while the textile and garment industry has seen exports rise over the years, imports of fabric materials have also risen.

An investment of around 30 billion USD is needed in order for the industry to be able to produce the remaining 8 billion metres of fabric, according to the association.

Luong Hoang Thai, director of the Multilateral Trade Policy Department under the Ministry of Industry and Trade, said the EVFTA's rules of origin allow businesses to import fabric from Korea (which has an FTA with the EU), but Vietnam and the RoK would have to hammer out technical specifications and decide how to examine and confirm the origin of the fabric.

Nevertheless, the amount of fabric imported from the RoK only makes up 15.2 percent of imports, and fabric from China and Taiwan can be cheaper than from the RoK.

Than Duc Viet, general director of the textile and garment company May 10, said that the industry should focus on investing in automation to save costs and maximise profits, adding that the company's automation helps it deal with challenging stages that require a great deal of precision.

Source: en.vietnamplus.vn– Nov 05, 2020

HOME

****

Colombo port congestion brings extra expense for Bangladeshi shippers

Feeder vessel operators to and from Chittagong and the hubs of Colombo, Singapore and Port Klang are to slap emergency cost recovery surcharges (ECRS) on outbound and inbound shipments to Bangladesh.

The moves comes amid acute congestion at the hubs, linked to pandemic-related reduced numbers of port workers,

Feeder vessels calling at Colombo are facing waits of up to five days and, in Singapore, more than two days to get a berth. This creates uncertainty for feedered containers to get onboard their mother vessels, according to stakeholders.

Two feeder vessel operators have so far announced an ECRS to recover extra costs due to the congestion.

Singapore-headquartered Far Shipping Lines told customers this week it would charge an additional $75 for each laden container and $37.50 for each empty box from 15 November, applicable to and from Chittagong and Colombo.

“There have been reduced productivity and severe congestion, causing hardship to all operators,” it said. “Accordingly, we have no option but to introduce an emergency cost recovery surcharge.”

And Transworld Feeders said today it would also apply an ECRS, at the same level, from 16 November on its Chittagong-Colombo-Chittagong route, and a $70 per laden container and $35 per empty box charge on its Chittagong-Singapore-Port Klang route from 20 November.

“We have been encountering unprecedented delays in Colombo, which have resulted in severe delays to our vessels with port stays exceeding seven days in certain cases, resulting in port call omissions and route changes at short notice,” it said.

Maersk confirmed to customers this week that severe delays had been seen across Colombo’s container terminals:

"SAGT Terminal has been facing severe labour shortage issues which impacted operations. These have resumed with low productivity." It added that inter-terminal transfers to SAGT had also been delayed

It said: "CICT Terminal is currently operating with an average labour availability of more than 90%. However, JCT, the government terminal, has labour availability of less than 70%."

Some 44% Bangladeshi goods are transhipped through Singapore, 37% through Colombo, 12% through Tanjung Pelepas and the remaining 7% through Port Klang.

"Any additional charge ultimately creates pressure on shippers or consignees affecting trade," said an official of a main line operator in Dhaka.

Abdus Salam Murshedy, president of the Exporters Association of Bangladesh, told The Loadstar today that any surcharge or additional costs during the pandemic days would be "a drag on the trade's recovery".

He added: "We expect the surcharges will be withdrawn as congestions ease," he said.

Source: maritimegateway.com– Nov 05, 2020

HOME

****

Bangladesh apparel exports plummet by 4%

Bangladesh's exports plummeted over 4 per cent in October while its export earnings declined by 4.08 per cent year-on-year to $2.95 billion as shipments of apparel products took a hit due to the COVID-19 pandemic.

However, the country's overall export earnings in July-October of FY21 grew by 0.97 per cent to $12.84 billion from $12.72 billion in the same period of FY20, says data from the Export Promotion Bureau.

Its shipments of readymade garments declined by 7.78 per cent exports declined by1.2 per cent to $10.45 billion in FY21 from $10.58 billion in the same period of FY20.

Shipments of woven items declined by 7.76 per cent to $4.64 billion even as knitwear exports in the four months of this fiscal year registered 4.76 growth to fetch $ 5.80 billion from $5.54 billion in the corresponding period of last fiscal year.

Export of woven items in October fell by 14.43 per cent, while knitwear marked a decline of 2.19 per cent.

Meanwhile, earnings from leather and leather products in July-October of FY21 fell by 10.63 per cent to $283.2 million from $316.9 million in the same period of last fiscal year while earnings from the home textile export increased by 47.86 per cent to $354.25 million from $239.59 million and earnings from export of jute and jute products also increased by 39.52 per cent to $438.78 million from $314.49 million, as per the data.

Source: fashionatingworld.com– Nov 05, 2020

HOME

****

Pakistan: Exporters assured of revision in rates

Directorate General Input Output Coefficient Organisation (IOCO) has assured textile exporters of revising duty drawback rates on exports to make them realistic with the current incidence of duties and taxes.

In a meeting with All Pakistan Textile Mills Association (Aptma) leadership, IOCO North Zone Director Sadia Munib said that existing duty drawback notification was issued about 11 years ago in 2009.

“Since then, tariff rates have altogether changed and the notification requires immediate update,” she said Aptma Punjab officials presented the issues pertaining to export of textile products in general and the need for immediate upward revision of duty drawback rates to increase exports. They said that the revision will also relieve exporters from the current economic crunch in the post-Covid scenario.

Source: tribune.com.pk– Nov 05, 2020

HOME

****

NATIONAL NEWS

India's cotton exports could jump 40% to seven-year high as prices rally

India's cotton exports could jump 40% in 2020/21 from a year ago to 7 million bales, the highest in seven years, as depreciation of the rupee and a rally in global prices allow exporters to clinch export contracts, the head of a leading trade body told Reuters.

Higher exports by the world's biggest cotton producer in 2020/21 season, started on Oct. 1, could weigh on global prices and limit shipments from rivals such as the United States and Brazil to key Asian buyers such as China, Bangladesh and Vietnam.

"Export demand is good as our cotton is the cheapest in the world market," Atul Ganatra, president of the Cotton Association of India, said on Thursday.

A recovery in global prices could lift Indian exports to 7 million bales in the new season from 5 million bales a year ago, Ganatra said.

Global cotton prices have been near their highest in nearly 17 months, while the Indian rupee hit a two-month low this week, increasing traders' margins from overseas sales.

Indian cotton is being offered at around 74 cents per lb, cost and freight-basis, to buyers in China, Bangladesh and Vietnam for November shipment, versus more than 77 cents from Brazil and the United Sates, dealers with global trading firms said.

Most of the shipments are heading towards China and Bangladesh, said Arun Sekhsaria, managing director of exporter D.D. Cotton.

India will have ample surplus for exports as the country is set to produce more cotton this year than last year's 35.45 million bales, Sekhsaria said.

In October traders exported 700,000 bales and contracts for another 1 million bales have signed for November shipment, said a Mumbai-based dealer with a global trading firm.

Limited availability of containers has been delaying exports by a few days and cotton exporters have requested the Commerce Ministry to provide more containers, Ganatra said.

Source: economictimes.com.– Nov 05, 2020

HOME

****

'Govt to soon launch Focused Product Scheme with emphasis on man-made fibre, technical textiles'

The government will soon launch a Focused Product Scheme with an emphasis on man-made fibre and technical textiles segment, a top official said on Wednesday. Addressing a CII event via video conferencing, Textiles Secretary Ravi Capoor said, “We are very, very close to launching the Focused Product Scheme which is a production linked scheme.”

He added that “much to the anger of the general industry, we are deliberately focusing the entire production linked scheme to the man-made fibre and the technical textiles.”

Capoor also urged the domestic players to focus on the top 10 technical textile lines globally constituting about USD 82 billion, in which India’s share is a miniscule 0.6 per cent.

He said “huge benefits” will be offered to kick-start these technical textile lines. The government is also looking at setting up a special export promotion council to promote the technical textiles segment, he added.

Capoor had earlier said the proposed Focused Product Scheme aims to promote both greenfield as well as brownfield investments in the specified segments.

Technical textiles include textiles made for automotive applications, medical textiles, geotextiles, agrotextiles and protective clothing, among others.

Source: financialexpress.com– Nov 05, 2020

HOME

****

India-UK discuss increased bilateral ties

UK invites Modi to attend Climate Ambition Summit in December

Foreign Secretary Harsh Vardhan Shringla held consultations with Permanent Under-Secretary at the UK's Foreign, Commonwealth and Development Office, Philip R Barton in London on Wednesday on strengthening India-UK cooperation, and exchanged views on global and regional issues and the Covid-19 pandemic response.

At the meeting, Barton also extended an invitation for Prime Minister Narendra Modi to attend the December Climate Ambition Summit in Glasgow, according to a statement from the British High Commission in New Delhi. The UK — as COP-26 President — the UN and France will host the virtual leader-level summit on the five-year anniversary of the Paris Agreement, in partnership with Chile (COP-25 President) and Italy (COP-26 partner).

Shringla also interacted with prominent CEOs and Parliamentarians at the India House highlighting India-UK's strong trade and investment ties and positive engagement leading to an enhanced trade partnership.

"Foreign Secretary Harsh V Shringla held consultations with Permanent Under Secretary Sir Philip R Barton, FCDO, Government of UK on multi-faceted India-UK cooperation, exchanged views on global and regional issues, international terrorism and Covid-19 pandemic response," Indian High Commission in the UK tweeted on Thursday.

Shringla arrived in London early this week, as part of his three-nation European tour covering France, Germany and the UK.

Strengthening ties

"The discussion centred around how the UK and India will work together on their shared ambitions. Future priorities are likely to include increasing trade, tackling climate change, science and technology and defence....They explored areas for the UK and India to collaborate in multilateral events, committing to work closely together through the UK's G7 and COP presidencies and India's G20 Presidency in 2022," according to the statement.

"Today, Harsh V Shringla and I agreed that a strengthened UK-India partnership will be a force for good in the world. We will work together over the next decade to tackle global challenges, such as climate change and security," Barton tweeted after the meeting.

Shringla also discussed with politicians and businesses in the UK the possibility of early harvest trade deals involving a few products that could pave the way for a preferential trade agreement of a full-fledged free trade agreement, sources said.

With the UK now officially out of the European Union, India can work out a separate deal with the country which some say would be easier to negotiate as it involves only one country. India's free trade negotiations with the EU have been stuck for long because of disagreements over key issues of market access.

Source: thehindubusinessline.com– Nov 05, 2020

HOME

****

Cotton procurement begins, CCI hopes prices will improve in due course

The Cotton Corporation of India (CCI) has commenced procurement for the 2020-21 season and is ready to procure around 100 lakh bales, PK Aggarwal, CMD of CCI, said. He told FE that procurement has commenced in the north zone from October 1 since the season begins early in these regions. Around 8 lakh bales have so far been been procured, he said. In the year-ago period, the CCI had procured only 24,000 bales.

Procurement has begun in Punjab, Haryana, Telangana, Rajasthan and Madhya Pradesh. The CCI has been selling new cotton at Rs 41,500-42,000 per candy. In Maharashtra, procurement will commence from November 10, thanks to reduction in moisture, said Aggarwal.

There has been a record carry over stock of around 107.5 lakh bales, but the CCI says 70 lakh bales of the total purchase of 115 lakh bales were disposed and some 45 lakh bales remain. Prices are ruling below MSP in most cotton-growing regions.

Aggarwal said cotton prices are unlikely to remain under pressure for the entire season despite a high carryover stock. “There is a good demand in the local and international markets for CCI cotton and spinning mills are getting back to 90% capacity. There should not be any further fall in prices,” he said.

Indian prices are in the range of 41,500 per candy, as compared to RS 45,000-46,000 abroad, and there is good scope for exports.

Source: financialexpress.com– Nov 06, 2020

HOME

****

India-China conflict and its ripple effect on MSME exports: A once-in-a-lifetime opportunity

An expansionist move by the Chinese at the Line of Actual Control (LAC) amid the Covid-19 pandemic spurred the Indian government to caution its businesses to prepare to source locally and export to countries besides China to mount economic pressure on its neighbour. As far as trade relations are concerned, India and China are already at war with each other. The Indian government’s push via its ‘Aatmanirbhar Bharat’ movement is both to caution China against meddling with India for its land and to attract foreign money from companies who hold a no-trust vote towards China for the coronavirus pandemic. At the heart of these trade tensions is the future of India’s MSME sector, which accounts for over 40 per cent of the country’s exports, and contributes 30 per cent to India’s GDP growth.

Where’s Opportunity

The Indian government’s diktat to China not to invest in India’s MSME sector and imports from the country to be discouraged is an opportunity for domestic manufacturers to become export-ready by leveraging the gap the trade-off has created. An import duty hike or non-tariff barriers can make input cost for raw materials expensive by 10 per cent to 40 per cent. Indian MSMEs, which develop better-quality products compared to the sub-standard quality Chinese products, will be in a position to establish dominance in the unorganized retail sector. Sustained credit flow and technology will play a big role in engaging with manufacturing players who decide to possibly shift to India amid sharp criticism of China over the spread of Covid-19.

Trade tensions between India and China can result in two scenarios: first, where India builds domestic capabilities to develop raw materials' manufacturing as well as storage infrastructure that will benefit the country in the long run. This can be achieved by the help of the government-led sops and incentives in the form of policy reforms that accommodate ease of credit to MSMEs. Secondly, India can attract enough foreign capital to be able to manufacture and turn into an export hub similar to China and use the coronavirus pandemic contingency to strengthen its export capabilities.

This once-in-a-lifetime chance to upgrade manufacturing capacity at par with China and develop a robust manufacturing and supply chain network must not be missed by India's MSMEs that have understood the need to reposition their businesses digitally.

The global economy is set for tectonic changes post the coronavirus shock. Both quantity and quality will determine whether India wins or misses the coronavirus opportunity to take a significant portion of China's trade. Indian government's 'Make in India' and 'Assemble in India' too hold promise to attract global manufacturers and could potentially boost exports. Indian MSMEs could benefit from potential collaborations and partnerships.

Challenges to Combat

Apart from India, global manufacturers are looking to shift base from China to low-cost manufacturing hubs such as Bangladesh and Vietnam for textile and electronics. Even countries like Taiwan and South Korea are seen as alternative manufacturing centers armed with advanced technology. What India could do to compete with these nations is rapidly adopt technology to strengthen high-end product manufacturing and process capabilities. Indian MSMEs' agility in comprehending how technology innovation benefits their businesses and enables them to be more global, and address global requirements is a result of the challenges that the coronavirus pandemic brought forth.

A large number of coronavirus-hit MSMEs lack the confidence to challenge Chinese business prowess and are wary of high raw material cost for imports from South Korea, Japan, and Europe. To ease these concerns, the government may need to work collectively with stakeholders to transition a move from Chinese raw materials to other countries in a phased manner as compared to suddenly banning Chinese procurements. A planned movement will give Indian MSMEs the time and scope to adapt to technology, develop local-sourcing capabilities, and fully understand which trade partners would benefit their businesses.

Who Can Help MSMEs

As Indian MSMEs get ready to ease operations by the adoption of technology, the front-runners for aiding them would be tech-driven companies who have robust tech processes in terms of credit financing, products procuring, factoring, and invoicing. The winner in this race to grab more business opportunities from aggressive Chinese counterparts will be the enterprises willing to embrace technology at a lightning speed. Many Indian startups are at the forefront of advanced technological acumen, which could benefit MSMEs, and long-term associations would benefit all stakeholders.

As the Indian government looks to ease taxation and address inconsistencies in the import-export sector, the country's MSMEs need to reduce compliances by collaborating with trusted trade finance companies who have experience in dealing with partners worldwide to benefit from collective learning and grow together.

India's total trade with China declined $16.55 billion in April-June 2020-21 from $21.42 billion in April-June 2019-20. This trade deficit could further reduce with lesser dependence on imports in sectors such as pharmaceutical, textiles, electronics, chemicals, automotive components, agriculture-based products, etc. However, snapping all trade ties with China is easier said than done. To use the twin opportunity of national protectionism and the worldwide unrest with China on handling the coronavirus situation, Indian MSMEs need to get to action now.

Source: financialexpress.com– Nov 05, 2020

HOME

****

Over 1,000 trucks go on strike

Following a call by the Tamil Nadu State Lorry Owners' Federation to not to transport textile goods for next three days, over 1,000 trucks halted services on Thursday.

The Tamil Nadu State Lorry Owners' Federation announced a three-day strike against loading textile goods, between November 5 and 7 demanding textile manufacturing units to load goods on the trucks only within the permissible limits issued by governments. However, federation members said that despite repeated talks no solution was found.

Tamil Nadu State Lorry Owners' Federation president M.R. Kumarasami said, "textile goods are mainly loaded from Coimbatore, Erode and Tiruppur and are taken to Northern states. The governments have issued guidelines like the goods loaded should be within 3.8 metres height, 2.6 metre width and 12-metre length."

He said that goods are, however, being loaded beyond these permissible limits and this poses safety risks. He added that there over 1,000 trucks operating primarily to transport textile goods and all those trucks have remained halted since Thursday.

R.Vanglee, secretary of the organisation, said that they are charged fines of over ₹20,000 in the name of violations by officials in different states and truck owners are forced to bear these fines. He said that over ₹1 crore business has been affected due to this strike.

Source: thehindu.com – Nov 05, 2020

HOME

****

Cotton production gains momentum in Telangana

The productivity of cotton, a crop now suggested by the State government for farmers in the State as an alternative to maize, was impressive during Vaanakalam 2019. While Adilabad topped the State with highest productivity of 1,559 kg per acre, Rajanna Sircilla, Khammam, Nagarkurnool, Jayashankar Bhupalpally, Yadadri Bhuvanagiri, Siddipet, Nizamabad, Mancherial and Bhadradri Kothagudem, Nalgonda topped the State with highest production of 3,93,620 tons of kapas.

The data released by the State Planning Board clearly indicated that the farmers had begun testing new grounds by diversifying into growing vegetables and fruits as suggested by experts. The total production of onions during Yasangi of 2019 stood at 1,28,046 tonnes in the State with Sangareddy, Vikarabad, Nizamabad, Jogulamba Gadwal, Medak, Wanaparthy, Mahbubnagar and Ranga Reddy occupying the top five positions in yield as well as cultivated area.

In the case of tomatoes, the farmers are expected to reap 5,32,692 tonnes of production from 41,768 acres of land. Ranga Reddy, Siddipet, Vikarabad, Sangareddy, Adilabad, Medchal Malkajgiri and Bhadradri Kothagudem were the highest producing districts.

The total production of mangoes was 12, 70,364 tons cultivated in an area of 3, 17,591 acres of land. Jagtial, Khammam, Nagarkurnool, Ranga Reddy, Mancherial and Mahabubabad were among the 14 districts that registered considerable yield.

The State also fared well when compared with other predominantly agriculture States in the country in the production of traditional crops. According to 2018-19 data Telangana occupied top place in groundnut (Vaanakalm) production in the country followed by Tamilnadu and Rajasthan.

In paddy production, Punjab stood on the top with 1,672 kilograms per acre, Telangana and Tamilnadu were at the second place with 1,407 kilograms per acre. AP, Haryana, Karnataka were the other few States that have achieved considerable yield per acre. During the same year Telangana occupied third place in soybean production with 641 kilograms per acre, followed by Gujarat.

The livestock sector supports about 25.82 lakh families and the value is approximately Rs 66,403 crore at current prices. Within the agriculture and allied sectors, livestock is a large contributor.

It contributes 7.6 per cent of the State GDP. At the national level Telangana tops in sheep production, ranks 3rd in poultry production, and 8th in regards to livestock population as per the livestock census 2019.

Source: telanganatoday.com – Nov 05, 2020

HOME

****