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INTERNATIONAL NEWS

Global trade will plunge by up to a third in 2020 amid pandemic: WTO

Global trade growth is expected to plummet by up to a third in 2020 due to the coronavirus pandemic, the World Trade Organization said Wednesday, warning that the numbers would be “ugly”.

“World trade is expected to fall by between 13 percent and 32 percent in 2020 as the COVID-19 pandemic disrupts normal economic activity and life around the world,” the WTO said in a statement.

There were a wide range of possibilities for how trade would be hit by the “unprecedented” health crisis, it added. However, WTO chief Roberto Azevedo warned the downturn “may well be the deepest economic recession or downturn of our lifetimes”.

In its main annual forecast, the 164-member WTO pointed out that trade had already been slowing in 2019, before the emergence of the novel coronavirus. But the virus has now infected some 1.4 million people since late last year, killing more than 80,000 and forcing governments across the world to take radical measures.

More than half of humanity has been asked to stay at home and economic activity has ground to a virtual standstill in many places. Global trade, already hit by trade tensions and uncertainties around Brexit, is expected to register “double-digit declines in trade volumes” in nearly all regions this year, the WTO said.

“This crisis is first and foremost a health crisis which has forced governments to take unprecedented measures to protect people’s lives,” Azevedo said in a statement. “The unavoidable declines in trade and output will have painful consequences for households and businesses, on top of the human suffering caused by the disease itself,” he said.

Before the current crisis, trade tensions, uncertainty and slowing economic growth weighed on global merchandise trade, which registered a slight decline of 0.1 percent in 2019 after rising 2.9 percent a year earlier.
The dollar value of world merchandise exports fell by three percent to $18.89 trillion, the WTO said. World commercial services trade fared better last year, with exports in dollar terms rising by two percent to $6.03 trillion, but the expansion was far slower than in 2018, when services trade increased by nine percent, said the WTO.

But the situation has taken a dramatic turn since the new coronavirus first emerged in China late last year. The WTO said that while the global shock might invite comparisons to the financial crisis of 2008-2009, the situation now was worse.

“Restrictions on movement and social distancing to slow the spread of the disease mean that labour supply, transport and travel are today directly affected in ways they were not during the financial crisis,” it said.

“Whole sectors of national economies have been shut down, including hotels, restaurants, non-essential retail trade, tourism and significant shares of manufacturing.” Developments remained very uncertain, said the WTO.

An optimistic outlook posits that a sharp drop in trade will be followed by a recovery starting in the second half of 2020, said the organisation. But the more pessimistic view is that the initial decline will be steeper and the recovery will be “prolonged and incomplete”.

“Under both scenarios, all regions will suffer double-digit declines in exports and imports in 2020”, it said, adding that North America and Asia would be hardest hit.

Source: financialexpress.com - Apr 08, 2020
USA: NRF: March retail imports plummet to five-year low

Estimates show that imports at major U.S. retail container ports dropped in March to their lowest level in five years.

And as the coronavirus pandemic persists, imports are projected to remain significantly below normal levels through early summer.

This is according to the Global Port Tracker report released Tuesday by the National Retail Federation (NRF).

“Even as factories in China have begun to get back to work, we are seeing far fewer imports coming into the United States than previously expected,” noted Jonathan Gold, NRF vice president for supply chain and customs policy. “Many stores are closed, and consumer demand has been impacted with millions of Americans out of work. However, there are still many essential items that are badly needed and because of store closures cargo may sit longer than usual and cause other supply chain impacts.”

Global Port Tracker, which is produced monthly for NRF by the consulting firm Hackett Associates, covers the U.S. ports of: Los Angeles/Long Beach, Oakland, Seattle and Tacoma on the West Coast; New York/New Jersey, Port of Virginia, Charleston, Savannah, Port Everglades, Miami and Jacksonville on the East Coast; and Houston on the Gulf Coast.

Together, they handled 1.51 million Twenty-Foot Equivalent Units (TEU) in February, the latest month for which after-the-fact numbers are available. That was down 17% from January and down 6.8% year-over-year.

A TEU is one 20-foot-long cargo container or its equivalent.

February numbers are normally lower than January because of annual factory shutdowns in China for Lunar New Year celebrations. But the shutdowns lasted longer than usual and continued into March because of the coronavirus outbreak, NRF explained.

While actual numbers for March are not yet available, estimates show that imports plunged to 1.27 million TEU, down 21.3% year-over-year and the lowest level seen since 1.21 million TEU in February 2015 during a labor dispute that caused slowdowns at West Coast ports that winter.
April is forecast at 1.44 million TEU, down 17.6% year-over-year; May at 1.48 million TEU, down 20.1%; June at 1.41 million TEU, down 21.4%; July at 1.61 million TEU, down 18.2%, and August at 1.72 million TEU, down 12.5%.

Before the coronavirus began to affect imports, February through May had been forecast at a total of 6.9 million TEU. That rate is now expected to total 5.7 million TEU, a drop of 17.3%.

As recently as last month, monthly numbers had been expected to hit the 2 million TEU mark beginning in May. The last time monthly totals fell below 1.5 million TEU was in February 2017.

The first half of 2020 is forecast to total 8.93 million TEU, down 15.1% from the same period last year. Before the extent of the pandemic was known, the first half of the year was forecast at 10.47 million TEU.

Imports during 2019 totaled 21.6 million TEU, a 0.8% decrease from 2018 amid the trade war with China but still the second-highest year on record.

“The COVID-19 pandemic is unraveling the economy nationally and globally as most of the world moves toward a lockdown that entails the closure of significant portions of both the service and manufacturing industries,” said Ben Hackett, founder of Hackett Associates.

“The largest drop is forecast for the first half of this year but with uncertainty about the length of the lockdown and extent of the pandemic, the second half may not be in better shape.”

Source: hometextilestoday.com - Apr 08, 2020
Textile Orders Down 31 Percent Worldwide, ITMF Survey Shows

Further evidence of the negative impact of the coronavirus pandemic on the textile supply chain is found in a new survey among members and affiliated companies and associations of the International Textile Manufacturers Association (ITMF).

Conducted between March 28 and April 6, the second survey ITMF documenting the impact of the pandemic’s effect on the global textile value chain showed that companies in all regions of the world have suffered significant numbers of cancellations and postponements of orders.

The survey that included 700 companies from around the world said current orders were down 31 percent on average. The severity of the decreases ranged from down 20 percent in East Asia to a 41 percent drop-off in South America.

The results showed that companies in all regions of the world are expecting their sales in 2020 to be significantly lower than in 2019. On world average, the sales decline in 2020 is expected to be 28 percent below 2019 levels. In South Asia, the decrease in orders is expected to be around 15 percent, while companies in Africa are expecting a drop of as much as 45 percent.

Three weeks ago, when ITMF conducted a similar survey, some regions were not fully affected by COVID-19, but the new numbers on orders and sales reveal the dramatic extent this demand shock has had on the textile industry globally. Respondents said the uncertainty about the duration of the crisis weighs heavily on the industry.

The key challenges included lack of demand and company liquidity, while the top opportunities lie in medical textile products, as evidenced by many companies pivoting their production to manufacture such products as medical masks and gowns.

To that end, companies surveyed noted that producing fibers, yarns, fabrics and end-products with health care and protection functions now represents a key business opportunity.

The results of the third ITMF survey examining the pandemic’s impact on the global textile industry will be released on April 23.
How might Covid-19 affect apparel sourcing and trade

The fast spread of the coronavirus around the globe has created an unprecedented situation for the world economy. But how might Covid-19 affect apparel sourcing and trade?

Bangladesh could stand to lose around US$6bn in export revenues as brands and retailers continue to cancel orders from the apparel sourcing major.

The Vietnamese textile and garment sector could see a VND11trn (US$467m) hit from the fallout of coronavirus, one of the country's main textile groups has said.

Tunisia's textile and garment sector is warning of major commercial and humanitarian damage because of production stoppages and order cancellations resulting from the ongoing coronavirus crisis.

Romania's clothing and textile industry is facing a recruitment crunch and experts worry that it will struggle to find a strategy to hire sustainably to ensure long-term growth.

Amidst the chaos of order cancellations and payment delays experienced by clothing manufacturers around the world due to the coronavirus crisis, the good news is that some brands and retailers are continuing to offer support to their suppliers.

UK value fashion retailer Primark has set up a fund to cover the wages component of orders that it cancelled in Bangladesh, Cambodia, India, Myanmar, Pakistan, Sri Lanka and Vietnam because of the coronavirus pandemic.

And Spanish fashion giant Inditex, which owns the Zara fashion chain, is to pay its Spanish workers their full salaries until 15 April – including those in its domestic factories.
After deteriorating at the quickest pace on record in February, factory activity in China rebounded in March – but orders fell as the pandemic worsened across the rest of the world.

A textile trade body in China has said the number of firms cancelling export orders is growing by the day, leading to increasing pressure on upstream firms' supply chains.

While US footwear brands are seeing a slump in consumer demand as the fallout from the coronavirus outbreak continues.

US apparel and footwear retailers and importers are cautiously optimistic at reports the Trump Administration is planning to stop collecting duties on imports for at least three months to help ease the economic fallout of the coronavirus.

The International Apparel Federation (IAF) is adding to calls for solidarity and collaboration by the apparel supply chain and its stakeholders – including governments and consumers – to reduce the damage to suppliers in the face of the coronavirus crisis.

At this time of crisis it's critically important that apparel brands and retailers avoid taking any drastic action that could sink the entire supply chain.

The fashion industry needs to re-think how it does business, in light of the impact of Covid-19, and purchasing practices must be reformed for social and environmental sustainability, a new academic paper has suggested.

Are we witnessing the end of globalisation? The simple answer is no. But there is a more nuanced response: globalisation will survive, but it will be different from what we've known.

Resources have been launched to help governments, suppliers and workers navigate the Covid-19 pandemic.

Source: just-style.com - Apr 08, 2020
WTO Warns Apparel Trade to Plummet in 2020

The World Trade Organization said overall global trade could drop between 13 and 32 percent due to the crisis. World trade volume in goods, including apparel and textiles, is forecast to drop between 13 and 32 percent this year due to the coronavirus pandemic, the World Trade Organization said Wednesday.

“We project that trade in 2020 will fall steeply in every region of the world and across all sectors of the economy,” said Roberto Azevêdo, WTO director-general. Global trade last year contracted by 0.1 percent.

Asked about the severity of the downturn for apparel, Coleman Nee, senior WTO economist, told WWD, “Our forecast required assumptions about the impact of the virus that imply a difficult time for the clothing sector, including a 20 percent decline in retail trade for three to nine months.

“This is better than tourism and recreation, which is expected to fall 80 percent, but it is still quite a hit,” he said.

In view of the uncertainty about the pandemic’s duration and economic impact, Azevêdo said, WTO economists developed two plausible scenarios.

Under the optimistic scenario, global trade volume is projected to decline 13 percent — with a sharp drop followed by a recovery starting in the second half of 2020. The pessimistic scenario of a 32 percent or more drop assumes a steeper initial decline and a more prolonged and incomplete recovery.

Regarding global trade in goods last year, the value fell by 3 percent to $18.88 trillion, with the world’s top exporter, China, registering no growth at $2.49 trillion, followed by the U.S. with a 1 percent contraction to $1.64 trillion and Germany with a 5 percent fall to $1.48 trillion.

In apparel, preliminary estimates by WTO economists indicate the value of exports stagnated in 2019, with almost zero growth from the $494 billion notched in 2018.

In 2019, WTO data show, China, the world’s biggest apparel exporter, registered a 4 percent decline to $151.5 billion. In the first two months of 2020, China’s exports of apparel (according to customs data) were down around 20 percent year-on-year, the WTO said.
Neighboring Vietnam posted a 9 percent increase in 2019 to $30.8 billion, it said.

Other emerging economy apparel exporters that posted gains last year included India, up 3 percent to $17.1 billion; Turkey, up 2 percent to $15.8 billion; Cambodia, up 5 percent to $8.5 billion, and Myanmar, up 23 percent to $5 billion.

Traditional European apparel-exporting nations that also posted gains, the WTO said, included Italy, which managed a 2 percent increase to $26.3 billion; Germany, up 2 percent to $25.2 billion; Spain, up also 2 percent to $15.4 billion, and France, up 1 percent to $13.5 billion.

In 2019, apparel exporters that posted declines included the United Kingdom, with a drop of 11 percent to $9 billion; Indonesia, down 4 percent to $8.6 billion, and the U.S., with shipments declining 1 percent to $5.9 billion.

Source: wwd.com - Apr 08, 2020

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Global cotton ending stocks

The Covid-19 outbreak in China has provided uncertainty to markets as manufacturing and supply chains in Asia have slowed.

World ending stocks are projected to decrease by one percent to 18 mn tonnes by the end of the 2019/20 season, which would represent approximately 2/3’s of the world consumption this season. This reduction of world ending stocks represents a fifth consecutive season of decline from the historic high of the 2014/15 season.

The balance of stocks held by China and outside of China is expected to continue with a 5.5 percent reduction of Chinese ending stocks to 8.4 mn tonnes and a three percent increase of ending stocks held by all other countries to 9.6 mn tonnes.

The global reduction in stocks is expected to be driven by current estimate for steady global consumption amidst a slight one percent increase in global production.
Ongoing trade uncertainties and concerns for economic growth continue to influence the global cotton trade and textile demand. The Covid-19 outbreak in China has provided additional uncertainty to markets as manufacturing and supply chains in Asia have slowed.

Although the further impact of the novel coronavirus remains unknown, the potential for wider global economic slowdown continues to provide additional stress to the sector. Cotton prices have come under pressure, but current projections for global consumption in 2019/20 remain at 26.2 mn tonnes, while production is currently projected at 26 mn tonnes.

Source: textile-network.com - Apr 08, 2020

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USA: Cotton sheet and towel imports tumbled in first two months of 2020

*OTEXA data shows India gaining some share*

Even before the U.S. retail market went into lockdown, imports of two key product categories were waning.

Total imports of cotton sheets by volume in January and February fell 11% in volume terms during the first two months of the year, according to the new Major Shippers Report from the U.S. Office of Textiles and Apparel (OTEXA).

Unsurprisingly, imports from China were hardest hit in the January/February period: down 43% year-over-year as the COVID-19 outbreak in the country results in factory closures.

India picked up some of the slack, with imports from the country up 14%. Imports from Pakistan, the second largest supplier of cotton sheets during the two-month period, fell 6%.

For cotton terry towels, India was the only major sourcing country from which imports rose year-over-year, up 6%.

Towel imports from China declined 13% while imports from Pakistan were off 15%. Total imports into the U.S. from all markets fell 10%.
Brazilian cotton prices firm despite low global prices

Cotton prices in Brazil continued firm despite prices dropping sharply in the international market in March. The first contract at the New York Stock Exchange (ICE Futures) decreased to the lowest level since mid-June 2009, in nominal terms, and the Cotlook A Index dropped to $0.6220 per pound late in the month, the lowest since late August 2009.

Brazilian cotton prices stayed firm, underpinned by the strong dollar – the American currency was higher than 5.00 BRL along the second fortnight of the month, closing at 5.196 BRL on March 31, Center for Advanced Studies on Applied Economics (Cepea) said in its fortnightly analysis of the Brazilian cotton market.

Between February 28 and March 30, the exports parity calculated by Cepea, FAS (Free Alongside Ship), at Paranaguá port (PR), decreased by 15.53 per cent, due to the 15.48 per cent drop in the Cotlook A Index, while the US dollar rose a staggering 15.2 per cent against Real. The monthly parity average was 2.8968 BRL per pound (until March 30), a slight 0.03 per cent higher than that in the previous month, but 3.9 per cent higher than that from March 2019 (2.7886 BRL per pound).

In that same period, the Cotlook A Index dropped 8.65 per cent compared to that in February 2020 and 21.2 per cent compared to that in March 2019. In the monthly comparison, the US dollar increased 12.35 per cent against real, and in the annual comparison, 27 per cent.

"The Futures traded at ICE Futures were pressed down by the coronavirus outbreak, oil devaluations and lower demand. Besides, demand is weaker in the international market – lower activities at destination ports influenced this context. According to Cepea collaborators, some foreigner purchasers asked to postpone deliveries," Cepea said in its analysis.

Between February 28 and March 31, the CEPEA/ESALQ cotton Index, with payment in 8 days, decreased by 2.9 per cent, closing at 2.4814 BRL per pound on March 31. The monthly average in March was 2.9183 BRL/pound, 2.3 per cent higher than that in February 2020.
China: Nation to step up building of free trade zones

China will continue to accelerate development of free trade zones with more incentive policies to encourage foreign investment this year, in a bid to promote high-level opening-up, according to the Ministry of Commerce.

The ministry released a notice on Friday, reiterating the resolution to stabilize foreign trade and investment as the COVID-19 pandemic has posed severe challenges to the global economy.

It said market access for foreign capital will be continuously widened by shortening negative lists that identify sectors where foreign capital is restricted, and expanding the catalog of industries where foreign investment is encouraged.

Manufacturing, high-tech, energy conservation and environmental protection, as well as service industries are some of the fields expecting to attract more foreign investors.

Pilot free trade zones should play a bigger role in pioneering opening-up backed by more policies benefiting foreign trade. Development of the Hainan Free Trade Port will be boosted, it said.

Dong Debiao, general manager of global auditing and consulting firm Deloitte China's Hainan office, said the Hainan Pilot Free Trade Zone boasts a vast market that will facilitate the company's innovative projects.

Encouraged by favorable government policies, in January the firm established its Hainan regional headquarters in Sanya, a coastal city in Hainan. In addition to Deloitte, a number of multinationals such as Coca-Cola, GLP Group and Temasek Holdings have invested in the Hainan FTZ.

Dong said Deloitte would provide professional services to support the development of the Hainan FTZ and free trade port in fields including creating a world-class business environment, carrying out global investment cooperation and improving government service capabilities.
Wei Jianguo, vice-president of the Beijing-based China Center for International Economic Exchanges, said in order to adapt to the changes brought by the COVID-19 pandemic, it is significant for China to take a lead in constructing the free trade zones that play a key role in attracting foreign investment, especially big-ticket projects.

"Many foreign investors will pay more attention to China's overall institutional advantages, as the country has done well in virus control," Wei said, adding that China's effective measures proved that the market is the best place to protect foreign investment.

Zhang Yansheng, a senior researcher with the China Center for International Economic Exchanges, said since the introduction of reform and opening-up, China has been ramping up efforts to liberalize market access for foreign companies, and significantly improve the country's investment environment.

Opening the economy wider is conducive to protecting the legitimate interest of foreign companies and to stabilizing foreign investment, Zhang said.

According to the notice, the ministry urged efforts to facilitate resumption of work at foreign companies with targeted measures to address their difficulties, and further advance major foreign-invested projects.

It also stressed innovative methods to attract foreign capital such as through major fairs and exhibitions and online channels, optimizing the business environment and government services.

Source: ccfgroup.com - Apr 08, 2020
Levi's opens most stores in China

Levi Strauss & Co has opened majority stores in China, where the COVID-19 outbreak first emerged in December, with sales recovering on a weekly basis and digital sales rising last month. The company has also reported better-than-expected earnings and revenue for the first quarter ended February 23, even as sales in Asia declined due to store closures, sending Levi's shares up about 3 per cent.

Like many US retailers, Levi’s has been hit by the COVID-19 crisis as lockdowns in China and the United States to curb the spread of the infection forced store closures. Levi's has stood through the world wars and the 1918 flu pandemic in its 167-year history.

The retailer has been investing more in its e-commerce business, adding features designed to attract young shoppers, to cope with decline in foot traffic to malls and department stores due to a shift in shopping preferences.

Levi’s now plans to furlough all its retail store staff in the country, a step taken by many retailers as they extend store closures. The company had about 7,300 US employees as of Nov. 24, according to its annual filing. It had borrowed $300 million on a credit facility to boost its balance sheet.

Source: fashioningworld.com - Apr 08, 2020

South Africa to assist ailing textiles industries

Regulations giving effect to the government’s commitment to assist ailing industries and workers through the Unemployment Insurance Fund are being gazetted. The first agreement is between the South Africa’s Minister of Labour and the National Textile Bargaining Council states that the regulations apply to all employers in the industry, not just council members, but only to those employees earning ‘wages’ and not ‘salaries.’

It guarantees an amount equal to full pay for the three-week period of the lockdown for those not working, jointly paid by employers with subsidies from the fund through its Temporary Employer-Employee Relief Scheme (TERS).
While these regulations do not specify the rand amounts, the standard industry agreements reflected that the scheme would pay out between R3,500 - the minimum wage - up to a maximum of R17,712 per worker on a sliding scale. The regulations state that the issue of relief for salaried workers is to be referred to a Rapid Response team, established to consider and resolve any unforeseen matters.

The preamble to the regulations records the intention to ensure that workers are not left destitute and to protect the industry. In order to claim, both the company and the employers need to be “in good standing” with the fund.

The secretary to the council has to open a designated bank account into which the funds will be paid out to qualifying employees. Companies must provide proper documentation for any drawdown of funds, and these must be made immediately available to the fund on request.

The agreement records that post lockdown, any overtime required to make up lost production will be paid at a normal rate.

Source: fashionatingworld.com - Apr 08, 2020

Europe’s biggest German economy to shrink by nearly 10% in Q2, say experts

The German economy, Europe’s biggest, is expected to shrink by nearly 10 percent in the second quarter as the coronavirus paralyses the country, leading research institutes warned Wednesday.

“The corona pandemic will trigger a serious recession in Germany,” the six think tanks including Ifo, DIW and RWI said in their annual spring report.

Gross domestic product likely contracted by 1.9 percent in the first three months of 2020, and is set to shrink by a whopping 9.8 percent year-on-year in the second quarter as companies feel the pain from widespread shutdowns.
The second-quarter plunge is twice as big as seen during the 2008-2009 financial crisis and marks the steepest fall since the institutes’ records began in 1970, the report noted.

Over the full year, Germany’s economy is predicted to contract by 4.2 percent.

Their forecast is in line with German Economy Minister Peter Altmaier’s recent assessment that the economy would contract by around five percent in 2020.

Germany’s “Wise Men” council of economic experts last week issued a similar forecast, predicting a drop in GDP of between 2.8 and 5.4 percent this year.

“After 10 years of growth we will experience a recession this year,” Altmaier said in response to Tuesday’s report.

He warned that the pace of the economic recovery would depend on when the measures to restrict people’s movements “for the protection of lives and health” can be scaled back.

Like countries around the world, the German government has taken drastic steps to stem the spread of the virus, keeping millions of people at home, closing schools and shops and shutting down factories

Berlin has unveiled an eye-watering 1.1 trillion euro rescue package to cushion the blow for companies and employees, even suspending a constitutional balanced-budget rule to ramp up its response.

The package includes state guarantees for loans to businesses, easier access to benefits for workers placed on reduced hours, and direct support for the hardest-hit firms.

But even with the unprecedented measures, the six institutes warned that the recession “would leave its mark” on the job market.

Germany has long enjoyed record-low unemployment of around five percent, and German workers with their relatively high wages have for years been a key driver of the country’s growth via domestic consumption.
Unemployment could climb to 5.9 percent report this year, the institutes said.

The number of workers on shorter hours meanwhile is expected to hit 2.4 million, as giants like Lufthansa, Volkswagen, BMW and Puma join a slew of companies taking up a government scheme that tops up the pay of affected employees.

Looking ahead, the institutes said Germany with its bulging state coffers was “well positioned” to cope with the economic slump and should bounce back in “the medium term”.

For 2021, the institutes expect Germany to notch up growth of 5.8 percent.

The German government will unveil its official projections for the economy on April 29.

Source: financialexpress.com- Apr 08, 2020

**Turkish firms say H&M, M&S cancel billions of dollars of orders, exports slump**

Turkish clothing makers say exports may slump 80 percent as customers abroad cancel billions of dollars of orders.

The companies are in talks with global brands such as H&M, Marks & Spencer and Primark over payments and orders placed, according to Mustafa Gültepe, head of the Istanbul Apparel Exporters’ Association. Hundreds of billions of dollars of clothing are now in storage awaiting shipment, he said.

Exports by the industry shrank by an annual 27 percent in March, but the decline could exceed 70 percent or 80 percent by April or May, Gültepe said, the Diken news website reported.

Turkish apparel companies had expected exports of $19 billion this year, with about 70 percent of that amount destined for the European Union and Britain, Diken said.
But Gültepe said manufacturers were now working at around 30 percent of their capacity compared with 85 percent three months ago. Many firms have suspended production, while others are working at minimum levels, he said. There is no sign that the situation will improve over the next three months at least, he said.

Gültepe called on the government to provide financial support for shorter working hours for at least five months from the start of April. It should also ensure that social security, taxes and bank loan repayments are delayed for a year, he said.

The Trade Ministry should also complete preparations to ensure the financial costs of unsold stock are met, Gültepe said.

Source: ahvalnews.com - Apr 07, 2020

Changes announced for postponed Intertextile Shanghai & Yarn Expo events

Originally scheduled to take place in March, Intertextile Shanghai Apparel Fabrics – Spring Edition, Yarn Expo Spring and Intertextile Shanghai Home Textiles – Spring Edition, were postponed over concerns surrounding the COVID-19 outbreak.

Intertextile Shanghai Apparel Fabrics and Yarn Expo will now merge with Intertextile Shenzhen Apparel Fabrics and the debut Yarn Expo Shenzhen, which will be held from 15 – 17 July 2020, with exhibitors of the Shanghai fairs given the option to participate in the Shenzhen editions instead. Exhibitors of Intertextile Shanghai Home Textiles – Spring Edition have the option to partake in the Autumn Edition instead, which will be held from 24 – 26 August 2020.

Ms Wendy Wen, Senior General Manager of Messe Frankfurt (HK) Ltd, said: “Since the announcement of the postponement, it was always our intention to hold the Shanghai editions of each fair this year. However, it is with regret that this is no longer logistically possible due to the worldwide spread of the virus. Given the importance of these fairs to the global textile sector, and our desire to support the industry’s efforts to return to normal as quickly as possible, we will now offer a platform for our exhibitors to
present their spring/summer 2021, as well as autumn/winter 2021-22, collections at Intertextile Shenzhen instead.”

2020 marks the first edition of the newly rebranded Intertextile Shenzhen Apparel Fabrics (formerly Intertextile Pavilion Shenzhen), as well as the debut edition of Yarn Expo in Shenzhen. The fairs will take place in the brand-new Shenzhen World Exhibition and Convention Center.

“This replication of the successful Shanghai model in Shenzhen for the first time in 2020, provides us with the perfect platform to integrate the offerings of Intertextile Shanghai,” Ms Wen continued. “Shenzhen is the fashion capital of China. Many established and up-and-coming fashion brands are based there, while the city is also in close proximity to a number of textile manufacturing clusters in surrounding provinces, and the sourcing offices of many global brands in Hong Kong. We will announce more details of what will be on offer for exhibitors and buyers at Intertextile Shenzhen in due course.”

**Intertextile Shenzhen Apparel Fabrics**

Intertextile Shenzhen Apparel Fabrics will take place from 15-17 July, with an estimated 2,000+ exhibitors (2019: 1,065 exhibitors) expected to join a space of 60,000 square metres. In addition to being held with the first Shenzhen edition of Yarn Expo, CHIC and PH Value will also take place concurrently.

**Intertextile Shanghai Apparel Fabrics – Autumn Edition and Yarn Expo Autumn**

The Autumn Editions will take place from 23-25 September at the National Exhibition and Convention Center in Shanghai. In 2019, the Autumn Edition of Intertextile Shanghai Apparel Fabrics saw 4,422 exhibitors from 33 countries and regions, along with 89,662 trade buyers from 120 countries and regions. Yarn Expo Autumn 2019 welcomed 543 exhibitors from 14 countries and regions, and 19,155 trade buyers from 93 countries and regions. The fairs will be held concurrently with CHIC and PH Value.

**Intertextile Shanghai Home Textiles – Autumn Edition**

The Autumn Edition is Asia’s leading international business platform for the home and contract textiles sector. The 2019 edition featured 1,147 exhibitors from 27 countries and regions, and 35,390 trade buyers from 117
countries and regions. The Autumn Edition of this fair is due to take place from 24-26 August 2020.

Intertextile Shenzhen Apparel Fabrics and Intertextile Shanghai Apparel Fabrics are co-organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Textile Information Centre. The co-organisers of Yarn Expo Shenzhen and Yarn Expo Autumn are Messe Frankfurt (HK) Ltd and the Sub-Council of Textile Industry, CCPIT. Intertextile Shanghai Home Textiles is co-organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Home Textile Association (CHTA).

Source: knittingindustry.com - Apr 08, 2020

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Vietnam's cloth import down in Q1

Vietnam spent nearly 2.4 billion U.S. dollars importing cloth in the first quarter of this year, posting a year-on-year decrease of 17.7 percent, according to the country's General Statistics Office on Wednesday.

The country's largest cloth import markets included China and South Korea, according to the General Department of Vietnam Customs.

Between January and March, Vietnam imported 363,000 tons of cotton worth 591 million U.S. dollars, down 4.6 percent in volume and 16.9 percent in value, and spent over 510 million U.S. dollars importing 251,000 tons of yarn, down 9.5 percent and up 0.7 percent respectively.

Last year, Vietnam poured over 13.3 billion U.S. dollars into importing cloth and earned roughly 32.6 billion U.S. dollars from exporting garments and textiles, according to the office.

Source: xinhuanet.com - Apr 08, 2020
Bangladesh: Apparel manufacturers ask buyers not to renegotiate payment terms

Nine textile and garment business associations in six countries including Bangladesh on Wednesday asked the global brands and buyers to honour the terms of readymade garment purchasing contracts and not re-negotiate price or payment terms during this unprecedented global pandemic of COVID-19.

In a joint statement, the platforms requested brands, retailers and global buyers to consider potential impacts on workers and small businesses in the supply chain when taking significant purchasing decisions.

Sustainable Textile of Asian Region, a platform of six countries, called on their buyers to take delivery or shipment, and proceed with payment as agreed upon for goods already produced and currently in production with materials ready, and not cancel orders which are already in production.

The platform of manufacturing countries, known as STAR Network, called on buyers for offering fair compensation to suppliers if production or delivery has to be suspended or stopped.

The manufacturers associations also asked global buyers for putting no responsibility on suppliers for delay of delivery or shipment and claim no compensation for such delays and no further improper pressure on suppliers by additional costs, rush orders or unnecessary visits and audits.


The statement said that responsible business had become more important than ever for the whole world to survive and recover from the coronavirus crisis.
‘Especially, responsible purchasing practices of brand companies, retailers and traders of the global textile and apparel supply chains, will bring enormous impacts on the fundamental rights of millions of workers and the livelihood of their families in the supplier end,’ the statement said.

STAR Network said that it was time for global businesses to uphold and honour their commitment to labour rights, social responsibility and sustainable supply chains.

It also called on the brands and buyers to make all efforts and engage with local stakeholders for a better understanding of the local situation and contexts and support business partners on supply chain as much as possible. It also called for aiming at a long-term strategy of business continuity, supply chain unity and social sustainability.

‘We appreciate the understanding, collaboration and support of our business partners and other stakeholders, and we are ready to work and walk with all responsible buyers globally to get through this crisis, towards a shared bright future,’ the statement said.

Source: newagebd.net - Apr 08, 2020

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**Bangladesh: Global partners urged to honour terms of RMG purchasing contracts**

Bangladesh, along with five other garment manufacturing countries, has urged global brands, retailers and traders to consider all potential impacts on workers and small businesses in supply chains while taking purchasing decisions.

Nine textile and garment trade associations of STAR Network (Sustainable Textile of Asian Region) from these garment exporting countries also called on their global partners to honour the terms of purchasing contracts, fulfil obligations, and not re-negotiate prices or payment terms.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), China National Textile and Apparel Council (CNTAC), Garment Manufacturers Association in Cambodia (GMAC), Myanmar Garment
Manufacturers Association (MGMA), Pakistan Hosiery Manufacturers and Exporters Association (PHMA), Pakistan Textile Exporters Association (PTEA), Towel Manufacturers Association of Pakistan (TMA) and Vietnam Textile and Garment Association (VITAS) made the joint statement on Wednesday.

They called on the brands to take delivery or shipment and proceed with payment as agreed upon for goods already produced and currently in production with materials ready and not to cancel orders that are already in production. "Responsible business has become more important than ever for the whole world to survive and recover from the crisis," said the joint statement.

Especially, responsible purchasing practices of brand companies, retailers and traders of the global textile and apparel supply chains will bring enormous impacts on the fundamental rights of millions of workers and the livelihood of their families on the suppliers' end, the statement reads.

"It is time for global businesses to uphold and honour their commitment to labour rights, social responsibility and sustainable supply chains," the trade bodies added. They called for putting no responsibility on suppliers for any delay of delivery or shipment, and for claiming no compensation for any such delay and no further improper pressure on suppliers with additional costs, rushing orders or unnecessary visits and audits.

They sought all efforts and engagement with local stakeholders for a better understanding of the local situation and contexts.

Underscoring the need for dialogue and collaborative settlement to ensure mutually acceptable solutions to disputes, they sought support for business partners on supply chains as much as possible, and aimed at a long-term strategy of business continuity, supply chain unity and social sustainability.

"We appreciate the understanding, collaboration and support of our business partners and other stakeholders, and we are ready to work and walk with all responsible buyers globally to get through this crisis, towards a shared bright future," said the joint statement.

Source: thefinancialexpress.com.bd - Apr 08, 2020
Pakistan: Import of textile machinery down by 6.48pc

Pakistan's import of textile machinery scaled back to $316.316 million during July-Feb 2019-20, low by 6.48 percent, official figures say.


February 2020, however witnessed an increase of 22.21 percent or $6.491 million in textile machinery import to $35.718 million, comparing to their import of $29.227 million made in February 2019.

Imports of construction and mining machinery reduced to $142.331 million in July-Feb 2019-20 from $166.323 million in July-Feb 2018-19, showing a decline of 14.42 percent or $23.992 million.

The country's imports of construction and mining machinery surged by 171 percent or $19.05 million to $30.785 million in Feb 2020, as against $11.735 million in Feb 2019.

Up by 34 percent or $39.757 million, the country imported $1.567 billion of electrical and other apparatuses during July-Feb 2019-20, comparing to their imports of $1.170 billion in July-Feb 2018-19.

During Feb 2020, imports of electrical and other apparatuses went up by 13 percent or $15.981 million to $143.825 million comparing to their imports of $127.844 million in Feb 2019.

Source: brecorder.com- Apr 09, 2020
NATIONAL NEWS

Demand shocks to hit textile exports, production to decline by 12%: KPMG

Demand shocks are expected to hurt India’s textile exports over the next few quarters due to the outbreak of coronavirus across the globe. If the current scenario continues over the next few months, the domestic retail market would also be impacted significantly, said a KPMG report on ‘Potential impact of Covid-19’. The textile and apparel sector production is expected to decline by 10% to 12% in the April-June quarter, the report said.

There has been a limited impact so far due to lockdown. If the situation persists, the impact would be higher. With a drastic fall in global demand and an export ban on certain critical raw materials (those used to make masks for example), the impact on exports would be considerable, the report said.

With the lockdown in China, prices of man-made fibre imports are expected to rise significantly, resulting in higher prices for some goods in the domestic market. Prices of imported man-made fibres used for high value products is expected to rise by 25% to 30% over the next two quarters (April-September 2020), KPMG said in its report.

China is the fourth-largest trading partner of India for purified terephthalic acid (PTA) and also largest trading partner for polyester staple fibre (PSF). Cotton prices have been reduced by 3% and are expected to be impacted further over the next few months, it pointed out.

While cotton prices are expected to take a hit, the yarn, which accounts for 29% of India’s textile trade, will witness its production contract by 12-15% over the next two quarters due to a marked decline in demand from both domestic and global markets. Similarly, fabric production is expected to decline owing to decline in exports and stagnation in apparel/home textiles production.

From a manufacturing perspective, employment would be impacted owing to limited demand in both domestic and international markets. According to the report, apparel production is expected to decline by 18-20% owing to decline in global demand.
Effect of lockdown on the domestic market is yet to be witnessed. Home textiles industry has had limited impact of the Covid-19 induced global downfall.

The report said that the sector contributes 2% of GDP and employs over 45 million people directly. With the nation-wide lockdown, there have been some temporary closure of factories and lay-offs have already begun among low-wage earners.

The need of the hour is that the government should extend tax compliances considering the nationwide lockdown and taxes need to be reviewed to minimise the impact of decline in demand. The sector has been under severe financial crisis hence interest rate reduction should be considered. Credit ratings based loan facilitation for MSME players need to be reviewed in order to make the sector competitive/lucrative, the report pointed out.

Source: financialexpress.com- Apr 09, 2020

Textile Ministry extends limit for use of HDPE/PP bags during lockdown

Decision taken to protect interest of wheat farmers

To tide over the shortage of packaging material for food grain due to closure of jute mills during the on-going lockdown, the Ministry of Textiles has extended the limit for using high density polyethylene (HDPE)/polypropylene (PP) bags to 2.62 lakh bales from 1.80 lakh bales.

The ministry has also written to all jute growing states asking them to allow movement, sale and supply of jute seeds, fertilisers and other farming aids.

“The ministry is committed to protect the interest of jute farmers and workers,” said an official release.

The decision to extend the limit for HDPE/PP bags was taken mainly to protect the interest of wheat farmers as grains are likely to ready for packing mid-April onwards, the release added.
“However, the government has considered the dilution with the proviso that whenever the production of jute bags in jute mills resumes after the lockdown period is over, priority will be given to jute bags for packaging of food grains,” it said.

Source: thehindubusinessline.com- Apr 08, 2020

Govt unlikely to grant any package for industry to pay workers' salaries

Lack of fiscal space will pose a big hurdle for the Centre to announce grants for industries to pay wages of employees unable to work due to the coronavirus (Covid-19) pandemic, according to multiple people in the know.

In the past few days, industry representatives have had meetings with top government officials to deliberate upon an economic package, said sources.

“The government lacks the fiscal space. It will not be feasible to give grants to the industry to take care of its wage bills,” one of the two persons said.

The government has set up an empowered group of officials, led by Economic Affairs Secretary Atanu Chakraborty, to finalise recommendations on economic and welfare measures. The committee has taken inputs from the industry, said sources.

“The fiscal situation is not good, with economic growth hurting and revenues drying up. Even the fiscal deficit of state governments is high. India cannot afford to have a downgrade from rating agencies. Grants to support the wage bill look unlikely,” the second person said.

The fiscal deficit of the Centre for 2019-20 (FY20) has already surpassed the Revised Estimates (RE) by 35 per cent till February 2019. The RE was higher at 3.8 per cent of gross domestic product (GDP), against the Budget Estimate of 3.3 per cent.

For the current fiscal year, the government has pegged the deficit at 3.5 per cent of GDP, whereas the fiscal consolidation road map had pegged it at 3 per cent. The government has taken the escape clause of 0.5 percentage points for both FY20 and 2020-21.
The country’s sovereign ratings are at the lowest investment grade by Standard & Poor’s and Fitch. Moody’s assigned India a notch above the lowest investment grade.

Some countries have announced financing the wage bill of industries to avert job losses in the economy through grants. For instance, the UK announced a bailout package for businesses worth €350 billion, under which the country would be financing 80 per cent of salary of workers earning wages of up to €2,500 a month.

After informal discussions with the government, industry bodies have sought help from the government through banking channels to support the workforce. For instance, the Confederation of Indian Industry has asked banks to allow providing additional working capital limits, equivalent to April–June wage bill of borrowers, backed by a government guarantee, with a refinance guarantee from the Reserve Bank of India.

What has been particularly worrisome for the industry is the diktat issued by the government through a Ministry of Home Affairs (MHA) notification dated March 29, asking all employers to make payment of wages of workers ‘without any deduction’ and on the ‘due date.’ This is meant to be for the period during which establishments were under closure during the lockdown.

“Even after the government’s directives, the workers are not being paid wages. The difficulty of the employers, particularly micro, small and medium enterprises and the start-ups, are completely understandable. The government should provide financial support to the industry and ensure workers are paid their dues,” labour law advocate Ramapriya Gopalakrishnan said.
Before the MHA’s March 29 directive, the labour and employment ministry had issued multiple advisories to the industry to not lay off or retrench workers during the lockdown and asking them to deter from deducting wages.

Notably, the MHA order, which was issued under the Disaster Management Act, says the state governments have to issue their separate orders to implement the diktat. The district magistrates and the local police are the authorities to enforce the orders.

But the companies have the right to lay off workers, under the Industrial Disputes Act, through which they can pay 50 per cent of the wage to workers for three weeks. But companies employing less than 50 workers do not have to pass on this compensation.

“The government should address the lacunae in the law. Though it has rightly exercised the power under the Disaster Management Act, it should also make suitable amendments in the Industrial Disputes Act, which is the appropriate labour law to deal with such matters, to allow the pandemic to become a reason to lay off workers,” said K R Shyam Sundar, professor of human resources management, XLRI, Jamshedpur.

Source: business-standard.com- Apr 08, 2020

Can't miss peak April-June season due to coronavirus: Exporters to Centre

National-level exporters' bodies representing engineering goods, apparel, and electronics, among others, have written to the commerce department over the past two days

Industry bodies have unanimously cautioned against extending the lockdown owing to coronavirus, arguing that without adequate relief, exports will exponentially accumulate losses and cede market share to others.

National-level exporters’ bodies representing engineering goods, apparel, and electronics, among others, have written to the commerce department over the past two days.
They stressed manufacturing units needed to be quickly reopened so that the crucial April-June export season could be taken advantage of, sources said. “At a time when China is restarting factories and is eager to clear excess inventories, Indian exports need to be able to fulfil foreign orders that haven’t yet been cancelled or postponed,” said a senior functionary of the Confederation of Indian Industry (CII).

The industry body has supported creating and maintaining quarantined zones in key industrial areas and special economic zones to keep manufacturing going. “This is the peak time for global trade and whereas domestic markets do have some protection, the world markets are open for domination by other countries. India cannot lose out on that,” said Engineering Export Promotion Council (EEPC) India Chairman Ravi Sehgal.

Engineering products account for 25 per cent of India’s merchandise exports. Of the top 25 markets, accounting for over 75 per cent of Indian engineering exports, most of the major destinations are in a state of lockdown or stringent restrictions, the EEPC India has pointed out.

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Source: Commerce department

These include the top three destinations — the US, the UAE, and Germany — apart from the UK, Bangladesh, Mexico, and Singapore, the body said. “March shipments have all been disrupted. Buyers overseas can be convinced and held back for a month or so but not beyond that. In case India is out of production for the world market this month, it will be out of the overseas buyer’s plans for the whole of 2020,” Sehgal added.
“We expect contraction in March. With major economies continuing to see sharp rise in corona cases, the cumulative fall in demand would spill over into April, causing a bigger contraction,” said Ajay Sahai, director general of the Federation of Indian Export Organisations (FIEO).

According to the FIEO, more than 30 per cent of the export orders are stuck.

**Few financing options**

According to ratings agency ICRA, apparel exports are witnessing significant turbulence and vast shipments set to hit European and US markets for the ongoing Spring-Summer Season 2020 are likely to suffer a major setback. Overall, the industry is facing a major liquidity squeeze with few financing options left and dues from buyers accumulating.

To reduce the cost of imports, Confederation of Indian Textiles Industry Chairman T Rajkumar has suggested all raw materials, dyes and chemicals, intermediaries, spares, and accessories be exempted from anti-dumping duty and basic customs duty.

In a letter to Prime Minister Narendra Modi, Apparel Export Promotion Council (AEPC) Chairman A Sakthivel said the industry, employing 12.9 million, would face a disaster if the government immediately did not announce a targeted economic package.

“Apparel exports are a seasonal industry and the products are similar to perishable commodities because they are tailor-made, design-specific, fashion-specific exports and any cancellation this year may have little or no salvage value next year,” he added.

According to industry estimates, about 70 per cent of the apparel units are in the micro, small, and medium sector. Labour costs form the single-largest component of the product cost at a typical 25-30 per cent, against the norm of 7-8 per cent for overall domestic industry.

**Orders cancelled**

The Electronic Industries Association of India has also said India’s hard-fought competency in global trade would be at stake if exports are not able to leave factory gates.
“With the help of comprehensive government support, hardware and component manufacturing had slowly gone up over the past three years. It is no secret that Chinese suppliers are waiting to cut Indian players out as soon as they get the chance to do so,” said a senior functionary. It has been reported that relatively small sectors that are battling volatility have also not been spared cancellation.

These include carpet exports, worth Rs 2,000 crore, being stuck and leather exports, worth Rs 7,600 crore, that have been cancelled. Over 15 per cent of the orders have been held over while almost 55 per cent have been cancelled in the previous two months, said K R Vijayan, chairman, Indian Finished Leather Manufacturers and Exporters Association.

Source: business-standard.com- Apr 08, 2020

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Countering Covid-19 crisis: Govt mulls increase in export benefits for garment sector

The government is considering a proposal to offer higher incentives to garment and made-up exporters under a scheme that is meant to reimburse them for various state and Central government imposts, as it mulls ways to soften the Covid-19 blows to key employment-intensive industries.

The government may raise the incentive level by 2-4 percentage points under the Rebate of State and Central Taxes & Levies (RoSCTL) scheme from the current 4-6% of the freight-on-board value of shipments, depending on the types of garments, a source told FE.

“A final decision on this issue will soon be made,” said the source. This will also be in sync with the exporters’ demand that certain embedded taxes are currently not reimbursed under the RoSCTL, and that exports must be zero-rated, in accordance with global best practices.

The garments sector has been hit hard due to a massive cancellation of export orders and an exodus of migrant labourers in some states. Exporters in the country’s largest garment hub in Tirupur, which is estimated to have shipped out apparel worth Rs 26,000 crore in FY20, have already warned of a 50-60% slide in FY21.
Since 80% of the garment exporters are MSMEs, with very limited resources, the sector is reeling under an unprecedented liquidity crisis.

Many units will have to be shut, leading to massive job losses, if the government doesn’t step in swiftly with some succour, exporters say. In such a scenario, global orders will increasingly go to new competitors like Vietnam, Cambodia, Bangladesh and Poland, etc, they warn.

The Cabinet has already approved the extension of the RoSCTL for garment and made-up exports beyond March 31 until a proposed, and more WTO-compatible, scheme — Remission of Duties and Taxes on Exported Products (RoDTEP) — is implemented. However, in case, the new scheme is implemented later this fiscal, the higher benefits under the RoSCTL will likely continue.

As such, the pandemic has only accentuated a slowdown in the outbound shipments of textiles and garments, which, in turn, aided a 1.5% year-on-year contraction in overall exports to $293 billion in the April-February period.

The fall in garments exports would be sharper in March, as the pandemic spread and led to the lockdown.

Garment exports have witnessed a roller-coaster ride in recent years, despite the announcement of a Rs 6,000-crore package in 2016, as the labour-intensive sector was hit by demonetisation and the GST in quick succession.

In the April-January period of this fiscal, while exports of cotton garments rose just 4.4% year-on-year, those of man-made fibres dropped by 3.9%.

Source: financialexpress.com- Apr 09, 2020
Government to clear pending I-T refunds up to Rs 5 lakh

The government on Wednesday unveiled a raft of measures to ensure availability of cash in the system, including speeding up of refunds worth Rs 18,000 crore linked to income tax returns, customs and GST, while deciding to prioritise spending on areas like health, pharma, food, rural development, railways and aviation. The move suggests the Centre’s cash position may be stressed during the first quarter of the current fiscal.

Separately, road transport and highways minister Nitin Gadkari directed the NHAI to release all dues of developers and construction companies.

A pile-up, which was being flagged by companies, has affected payments down the line, with micro, small and medium enterprises expressing concerns about large companies holding back on payments.

Authorities said the income tax department will release all pending refunds of up to Rs 5 lakh immediately, which will benefit around 14 lakh taxpayers.

All GST and customs refunds will also be released to around one lakh businesses, including MSMEs. The indirect tax wing of the government had gained notoriety for holding back refunds, while income tax payments have been streamlined in the last few years.

In a statement, the tax department said the steps have been taken due to the Covid-19 situation in the country, “with a view to provide immediate relief to business entities and individuals”. Tax revenues are expected to stay muted over the next few months on account of the lockdown, which has virtually brought economic activities to a standstill.

The expenditure department, which is also a part of the finance ministry, issued new guidelines on spending as part of the cash management exercise. During April-June this year, ministries such as fertilizer, defence, home, roads and petroleum along with the Union Territories have been asked to limit their spending to 20% of the overall outlay for the current financial year. In addition, there is a monthly cap of 6-8% for the first three months.
For several others such as education, labour, power, coal, telecom, commerce and heavy industry, the limit for the first quarter has been fixed at 15% of the annual outlay, with a monthly cap of 5%.

In his meeting with NHAI and road ministry officers, Gadkari sought a roadmap for resumption of activities on a larger scale once the lockdown is lifted. “He laid greater emphasis on clearing pending payments and giving the pending approvals. He has instructed that claims must be settled quickly,” said an official.

Source: timesofindia.com- Apr 09, 2020

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**Bigger economic package to fight COVID-19 on cards, announcement soon**

The government may come out with another big package to address the demand and supply side issues facing the country, but its contours and timing of the announcement is yet to be worked out, senior government officials privy to the development said.

They added that the next economic stimulus package would be bigger than the ₹1,70,000 crore worth of schemes announced by Finance Minister Nirmala Sitharaman last month focusing on providing food security to the poor and providing money in their hands to fight the Covid-19.

"The finance ministry is regularly interacting with various economic ministries and getting inputs from them over measures that would be required to give stimulus to the economy in this difficult period. These could be further discussed to finalise a concrete plan once the situation of lockdown becomes a bit clearer. In a lockdown many of the measures that the government announced may not yield desired results," the officials quoted earlier said.

The next set of stimulus may focus on concerns of India Inc. and the SME segments, and in particular a relief package for the travel and aviation sectors bearing the maximum brunt of present lockdown. Also, demand side measures could look at tax breaks for taxpayers and relief from duty on major items of consumption. Also, measures to provide more strength to the capital market may also be considered.
There is also a suggestion to involve five to six big corporate houses in the production of key items of consumption for the masses so that the country did not face shortages once demand picked up. This could be done by providing direct linkages of farmers with corporate entities so that key food produce reaches the factories for processing and production.

India Inc has been waiting for a package that would address some of the immediate problems and provide to sectors bearing the maximum brunt. Among the suggestions include withdrawal of LTCG temporarily, remove buyback tax while defer payment of corporate tax. The industry has also suggested that timelines for qualifying delays in loan repayment as NPAs should also be extended.

"While lockdown measures seem to be working in reducing the spread of the Covid-19 pandemic globally, the associated loss of income for a large section of the society in India could hurt consumer spends. There is a broad-based expectation from the Indian government to look at additional fiscal measures to counter the effect of the likely slowdown in the economy," Kotak institutional equities said in report on consumer spend.

While announcing the last package, Sitharaman had indicated that concerns of the India Inc. and SME segments and other segments of the economy impacted by the present lockdown may be looked at and government will come up with a plan later.

"Our first priority is to reach food to the poor and reach money in their hand. We will think about other things later," Sitharaman had said then.

To a specific question on relief for travel and aviation sectors bearing the maximum brunt of present lockdown, the finance minister said : "we will come back when something is ready."

There was meeting of the officials of various ministries on Sunday where the possibility of redesigning some welfare and other government schemes was also discussed. The plan is to tailor-made schemes to suit the post-lockdown situation.

One of the group of senior bureaucrats constituted by the prime minister to prepare India's response to COVID-19, is specially tasked to finalise a set of economic measures needed to help the economy stand on its feet post lockdown.
The next package would be third in line by the government that has already relaxed a lot of compliance related issues and provided a package for the list vulnerable sections of the society.

Source: livemint.com- Apr 08, 2020

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Centre seeks suggestions to revive textile industry

Panels to advise on resuming production

Union Textiles Minister Smriti Irani on Wednesday constituted four committees to come up with suggestions on how the textile and clothing industry could be revived post the COVID-19 crisis. The committees, with representation from the industry and the Ministry, will come out with suggestions in a week.

A textile association head, who participated in the video call with the Minister, said the committees would explore how industries could re-start production in a phased manner, the financial needs of the sector, promoting Indian brands, and how exporters could tap the potential in the global market once the crisis is over. The committees, with members from the industry and the Ministry, will come out with suggestions in a week and discuss it.

The Union Ministry of MSMEs has also sought suggestions from the industry on how MSME associations could ensure social distancing and other safety norms when the units reopen after the lockdown period.

The Coimbatore District Small Industries Association said that the units would restart production only when the Central and State governments gave the nod and did not prefer phased re-opening as there was the risk of the virus spreading. The government should provide fitness certificates to all workers so that they can return to work.

Norms such as social distancing may be difficult to practice in micro and small units. But the MSMEs would do their best to follow all the prescribed procedures.
Naushad Forbes, co-chair of Forbes Marshall and former president of the Confederation of Indian Industry, said that manufacturing activities continued in several countries that are affected by COVID-19.

Manufacturing should not be distinguished as essential or non-essential and should be permitted to resume operations in a phased manner. Industries should also put in place all the required precautionary measures, not only on their premises but also in the supply chain, he said.

Source: thehindu.com- Apr 08, 2020

Coronavirus lockdown: Textile industry stares at Rs 12,000 crore loss

The busy roads of Tirupur, one of the largest textile hubs in the country, look deserted. Gone is the hum of the 10,000 factories — mainly small and medium enterprises — where over 600,000 people worked.

The city used to do around Rs 25,000 crore worth of exports and around the same amount in the domestic market. Now the town expects a Rs 10,000-12,000 crore loss in just three months.

Tirupur’s fate has been replicated across other major textile hubs ever since the lockdown was announced. The textile industry, the second largest employer after agriculture, may lose 25 per cent of its jobs. Around 129 lakh people’s livelihoods depend on the industry and nearly 70 per cent of them are women.

While the Covid-19 pandemic has completely halted production and new orders, exporters say that payments have also been delayed for the shipments sent before the lockdown.

Exporters say some customers are not taking delivery of the shipments because they have shut shop. Ready-made garment players had been hoping for a revival in demand in China but with the virus spreading to Europe, the US and other major markets, there are no orders coming from the major retailers.
It’s true that the government has extended the rebate on state and centre taxes from 1 April to boost the liquidity and competitiveness of these players but this will not help many buyers who are going bankrupt because the lockdown and concomitant closure of stores has resulted in a fall in exports.

For FY20, the margins are likely to be impacted by 120-150bp and credit metrics to moderate with pressure on liquidity and higher working capital utilisations, according to India Ratings and Research.

The agency assumes that India’s exports — already reduced by more than 40 per cent till January 2020 owing to the US-China trade war — will be substantially hit till H1FY21. The agency assumes Ebitda will drop at least 15 per cent in FY21 across its textile portfolio.

The home textile industry has seen shipments being held up and faces bleak uncertainty about operations being resumed in the short term. A handful of larger players have sufficient liquidity to manage the tough times but if the impact of the coronavirus is larger or longer than expected, the outcome will be grim for the smaller companies. With malls and shopping centres closed, movement restricted, and mass transport unavailable, domestic sales have withered. India exported $16.2 billion worth of garments in 2018-19. The apparel sector accounts for 43 per cent of India’s textiles exports in value terms and for 5 per cent of overall exports.

From manufacturing through to retail, the garment industry employs close to 25 million people. If the current situation continues beyond a month from now, nearly a quarter of the jobs in the industry will be lost, according to the Clothing Manufacturers’ Association of India (CMAI). Recovery, the CMAI predicts, will take at least 10 months to a year. Without government support, it adds, the industry cannot survive this unprecedented crisis.

Bhilwara in Rajasthan was known as a centre for pv suitings and dyed yarn worth Rs 25,000 crore. Now it is known as a coronavirus hot spot. S N Modani, chairman, Rajasthan Textile Mills Association and managing director, Sangam in Bhilwara, said the textile industry in the town is worth around Rs 35,000 crore, including exports.

Since the night of March 21, Bhilwara has been locked down. If the industry can resume operations after April 14 when the lockdown is scheduled to be lifted, a 15-20 per cent annual basis loss is expected on the topline. The bottomline will be even worse because of fixed expenses. If the lockdown is extended, the losses will rise as vertically as the virus curve.
Exports from Rajasthan total around Rs 10,000 crore. With no clearance from the ports, borders sealed and customers cancelling orders, 25 per cent of business has already been lost.

“European buyers, particularly from Italy and Spain, have already asked our members not to export garments to them and wait for a minimum of one or two months till the situation improves and shops are reopened. Some buyers are cancelling orders outright,” said Tirupur Exporters’ Association President Raja M Shanmugham.

He said that small and medium enterprises will not be able to repay bank loans. “We apprehend that due to non-clearance of dues, the banks may classify such units as non-performing assets as per BASEL norms,” said Shanmugham. Even those who manage to resume operations will have to face having to pay 30 per cent more for dyes and chemicals which will impact their cost of production.

Some in the industry are pinning their hopes on demand reviving once the virus settles down. Others are focused on getting financial support from the government along the lines offered by many developed countries hoping to limit the damage caused by Covid-19’s disruption of economic activity.

The CMAI has asked the government to consider postponing income tax, advance tax, and GST, give a minimum 180-day moratorium on repayment of all bank loans, and provide a disbursement of 25 per cent additional working capital loans on zero interest to tide over the current liquidity shortfall.

It has also asked for a wage subsidy to avoid job losses, the creation of a special Factor Fund for small and medium companies to discount their bills immediately, urged that banks should not treat a failure to repay loans as a non-performing asset, and provide a one year moratorium on repayment so that smaller players can avoid going under. It is only such a package, says the CMAI, that will allow the industry to see the other side of the lockdown.

Source: business-standard.com- Apr 08, 2020
Coronavirus outbreak: Centre releases Rs 14,103 cr GST compensation to states; more to be released soon

In a bid to provide further relief to states amid the coronavirus outbreak, the finance ministry has released about Rs 34,000 crore in two phases to states as compensation for their revenue loss in the goods and services tax (GST) regime.

With the release of Rs 14,103 crore to states on Tuesday, the Centre has paid a total of Rs 34,053 crore pending GST compensation cess for October and November, sources said.

The first tranche of Rs 19,950 crore for the period was already paid on February 17.
According to sources, the finance ministry is also looking at the pending dues of states for December and January which could be released soon in phases.

The government has released close to Rs 1.35 lakh crore to states and union territories towards GST compensation cess.

Under GST law, states were guaranteed to be paid for any loss of revenue in the first five years of the GST implementation, which came into force from July 1, 2017.

The shortfall is calculated assuming a 14 per cent annual growth in GST collections by states over the base year of 2015-16.

Under the GST structure, taxes are levied under 5, 12, 18 and 28 per cent slabs. On top of the highest tax slab, a cess is levied on luxury, sin and demerit goods and the proceeds from the same are used to compensate states for any revenue loss.

The Centre has, so far, released about Rs 2.45 lakh crore as GST compensation to states since the implementation of GST on July 1, 2017.

During July 2017-March 2018, Rs 48,785 crore was released, while between April 2018-March 2019, Rs 81,141 crore was paid to states. For April-May and June-July last year, Rs 17,789 crore and Rs 27,956 crore were released. Further, Rs 35,298 crore was paid to states as compensation for August-September and Rs 34,053 crore for October-November 2019.
GST collections in March slipped below the psychological Rs 1-lakh crore mark for the first time in four months to Rs 97,597 crore as the COVID-19 lockdown that shut most businesses compounded tax collections in an already sluggish economy.

GST mop-up in March recorded a 8.4 per cent decline over March 2019 collection of Rs 1.06 lakh crore. The collections were lower on account of dip in revenues from domestic transactions as well as imports.

In the last four months — November 2019-February 2020 — GST collection surpassed the Rs 1-lakh crore mark. In February, mop-up was Rs 1.05 lakh crore, January (Rs 1.10 lakh crore), December (Rs 1.03 lakh crore) and November (Rs 1.03 lakh crore).

Source: financialexpress.com- Apr 09, 2020

Commerce ministry creates online platform for issuance of 'certificate of origin' for exporters

The commerce ministry has designed an online platform for issuance of a key document required for exports to those countries with which India has trade agreements, with a view to facilitate shipments during the COVID-19 crisis. An exporter has to submit a 'certificate of origin' at the landing port of the importing country. The document is important to claim duty concessions under free-trade agreements (FTAs). This certificate is essential to prove where their goods come from.

"The platform has been designed as a single-point access for all FTAs/PTAs, for all designated Certificate of Origin (CoO) issuing agencies and for all export products, and is accessible at - https://coo.dgft.gov.in," the Directorate General of Foreign Trade (DGFT) said on Tuesday in a notice sent to all exporters, members of trade, designated agencies under FTAs/PTAs, and all embassies of FTA/PTAs partner countries.

It said that the certificate for exports from India to Chile under a preferential trade agreement (PTA), exports to Nepal under SAFTA and SAPTA and shipments to Korea under India-Korea Comprehensive Economic Partnership Agreement are already being applied and issued through this online platform.
"To further this initiative and facilitation, and in the light of current crisis, the preferential certificate of origin for exports to various other countries under following FTAs/PTAs shall also be applied and issued only from this online platform with effect from April 7, 2020," it added.

The Directorate has asked all concerned agencies to issue the certificate under the trade agreements through this platform. Under these trade agreement, two or more trading partners significantly reduce or eliminate import duties on maximum number of goods traded between them.

India has implemented such agreements with regions including ASEAN, Singapore, South Korea, Japan, Sri Lanka, Thailand, South Asian Free Trade Area, and Asia-Pacific Trade Agreement.

The DGFT said that in view of the movement restrictions in place due to the coronavirus pandemic in India, the designated agencies will issue digitally signed electronic certificates of origin only and no hard copy will be provided.

"The applicant exporter may download the certificate, so issued, from the online platform and share the e-certificate with the authorities in the FTA partner countries.

These online certificates will maintain the same layout, appearance and validity as the paper certificates," it said. Further, it said the electronic copy of the certificate will carry a digital signature of an authorised officer as already agreed to under the FTA/PTA.

"As and when the functioning of the issuing agency offices resumes, the Certificate of Origin, so issued on the electronic platform, will also be made available in hard copy with ink-signature of the issuing officer to the applicant exporter besides the e-certificate.

The certificate issuance process will continue to remain online," it said. It has also enlisted a procedure for exporters to apply for these certificates.

Source: economictimes.com- Apr 07, 2020
Near-term outlook for the commercial vehicle industry is negative: ICRA

Volumes are likely to contract further between 8-10% in FY2021, ICRA notes

ICRA continues to maintain a negative outlook for the commercial vehicle (CV) segment over the near-term, as the spread of the coronavirus has aggravated existing factors like the slowing economic growth, current overcapacity in the CV ecosystem and the difficult financing environment.

The volumes are likely to contract further between 8-10 per cent in FY20-21, the credit rating agency said in a statement on Wednesday.

The demand headwinds are expected to continue over the near-term, coupled with weakening financial profile of fleet operators and significant price hikes because of the transition to BS-VI emission norms, it said. This would exert pressure on earnings and the overall credit profile of CV OEMs, which have witnessed sharp earnings contraction over the past 3-4 quarters, it noted.

The M&HCV (trucks) segment has been significantly impacted over the past year, with volumes contracting by over 40 per cent in YTD FY2020, said Shamsher Dewan, Vice President, ICRA.

Coronavirus impact

“The rapid spread of coronavirus and the lockdown imposed in the country has had a significant impact on goods movement and freight availability over recent weeks and may to continue over the near-term.

Accordingly, the outlook for the next fiscal, especially the first half, remains weak given the macroeconomic headwinds in view of recent pandemic outbreak coupled with significant price hikes because of transition to the new emission norms. Any recovery in the latter half hinges on pick-up in construction activity,” said Dewan.

However, despite some channel inventory filling measures of OEMs, M&HCV (Truck) sales are expected to close the upcoming fiscal with further decline of 12-14 per cent during FY20-21e, he added.
Despite recovery expectations during the latter half, the LCV (Truck) segment is also expected to contract further by 7-9 per cent during FY2021e.

**Passenger carriers hit too**

The passenger carrier segment, while relatively insulated from the impact of the reduced load availability, is also expected to report demand contraction in the next fiscal, it said. ICRA expects the segment volumes to contract by 8-10 per cent during FY2021e.

“ICRA believes an improvement in economic environment and resolution of liquidity constraints remain critical for a sustained revival in the industry. In absence of either, we maintain a subdued outlook for the industry for the next fiscal,” said Dewan.

Furthermore, any unsold BS-IV inventory and their write-off can also exert pressure on CV OEM’s profitability. Accordingly, ICRA expects profitability and credit metrics of CV OEMs are likely to remain under pressure over the near-term, it added.

Source: thehindubusinessline.com- Apr 08, 2020

**JNPT to issue essential service duty pass to EXIM trade members**

State-run Jawaharlal Nehru Port Trust (JNPT) near Mumbai will issue essential service duty pass to representatives of the export-import trade visiting the port during the on-going lockdown.

The move comes 15 days after the central government imposed a 21-day lockdown to slow the spread of coronavirus. The lockdown ends on April 14 but is expected to be extended for a further period.

The export-import trade fraternity said its members were facing difficulties in visiting JNPT for clearance of essential cargo.

As a one-time measure to facilitate trade, JNPT has decided to issue essential service duty pass to members of shipping lines, container freight stations, custom house agents, private container train operators, truck
transporters, empty yard operators, partner government agencies, BPCL liquid cargo jetty and associated tank farms as well as other stakeholders, R K Gurav, chief manager (Traffic) JNPT, said in the public notice.

Source: thehindubusinessline.com- Apr 08, 2020

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Coronavirus | Federation of Indian exporters expects order loss of nearly 50%

The coronavirus crisis is hurting exports of apparels, textiles, gems, and jewelry and could lead to at least 50 percent loss of orders, Federation of Indian Export Organisations (FIEO) told CNBC-TV18.

Orders for many consumer goods have been fully canceled or deferred and there is an expectation of 50 percent loss in Q1 of FY21.

There is no reason to not allow exporters to work at 50 percent capacity and the government needs to come out with a stimulus package for exporters soon, the organisation said.

Pointing out that Bangladesh had already given an $8.6 billion package to its industry, FIEO said it has also requested the government for a Rs 25,000 crore stimulus package and relief on GST and employee salaries.

India's textile industry is also reeling under the impact of COVID-19. Eleven countries buy 41 percent of India's cotton yarn exports and these countries have reported COVID-19 cases, according to the Cotton Textiles Export Promotion Council (Texprocil).

In value terms, yarn exports are down 30 percent in January-February against a year ago. Cotton yarn exports to China, Iran, Korea, and Vietnam have seen a steep decline.

The US and Europe are the two largest markets for Indian textile exporters. Both are imploding with new cases every day. The pandemic has killed more than 70,000 people worldwide, with nearly three-quarters of the deaths being reported in Europe. The US has reported over 10,000 deaths.
The UK has announced a six-month lockdown while most of the US has social distancing and quarantine measures, with stay-at-home orders for more than a third of the population.

The pandemic has already led to big fashion labels announcing cancellation of orders and relieving labour. Macy's, the US-based retail giant, has announced that it would grant leave to most of its 1,30,000 employees. British luxury giant Burberry have predicted a steep drop in sales of about 70-80 percent. The UK-based retailer Primark has cancelled all new orders and Inditex (the owner of popular brand Zara) has written off some $336 million worth of inventory.

Source: moneycontrol.com- Apr 08, 2020

TN withdraws clarification on industries allowed to operate during lockdown

The Tamil Nadu government has reportedly withdrawn a clarification it has issued earlier on Tuesday on allowing 13 industries to operate under the continuous process industries framework. The order, which is withdrawn, also gave permission to have skeletal staff for essential maintenance of all closed industrial units to facilitate their transportation for exports.

The industries department during the day clarified that operations of 13 industries including steel, refineries, cement, chemicals, fertilisers and textiles are permitted in the state, as per notifications issued in March, 2020.

However, in a later development, it reportedly issued another letter stating, "The above cited clarification in respect of "continuous process industries" is hereby withdrawn".

Industry department officials were immediately not available for a comment. Tamil Nadu, which is one of the major manufacturing states in the country, has seen the facilities suspending operations following the lockdown announced by the central government on March 24, 2020.

Source: business-standard.com- Apr 07, 2020
Traders propose extension of lockdown till April 30

CAIT writes to PM expressing support to combat Covid-19

Traders body Confederation of All India Traders (CAIT) has asked the government for an extension of the lockdown period by 15 more days, till April 30, in the interest of the country.

The suggestion for extension was made by CAIT in a letter to Prime Minister Narendra Modi.

“On the basis of a survey conducted with senior trade leaders of all States, CAIT has urged the government to extend the lockdown period in the wake of rapidly growing threat from the coronavirus,” according to a press release issued by CAIT on Wednesday.

Although the traders will be facing several trading, economic and financial challenges yet in the interest of the country, they are well prepared to support an extension, the release added.

The national lockdown, which started on March 25, is scheduled to end on April 15, but discussions are on for a possible extension given the rising number of Covid-19 cases in the country.

CAIT said the trading community across the country was ready to follow any decision taken by the government in letter and spirit.

Source: thehindubusinessline.com- Apr 08, 2020
Raymond expects gradual pick up after lockdown

The ongoing lockdown imposed to contain coronavirus pandemic will only have a "short-term" sales impact on apparel industry, while softening commodity prices will support overall profitability during the current fiscal, according to a top official of Raymond Ltd.

The branded fabric and fashion retailer also expects a gradual pick up across various retail formats once normalcy returns after the lockdown is lifted.

"As we are all aware that due to the lockdown in the entire country, all our point of sales are shut impacting our business in short term. However, we are confident that once the lockdown period is over, the sales would gradually pick up across various retail formats in the country," Raymond Group CFO Sanjay Bahl told.

He, however, said it is not all gloom and doom for the sector.

"While there is a slump in demand due to the pandemic, commodity prices have softened which would support in the overall profitability during the current fiscal," Bahl said.

When asked if apparel retailers are in for heavy discount sales once the lockdown is over to clear stocks, he said, "As the current situation is highly unpredictable, we have to wait and see how things unfold in the coming weeks.

"The month of May might witness some consumer promos as brands will try to make up for the lost sales. We do expect an early onset of end of season sales akin to what happened during GST implementation in the country."

Bahl, however, said this will be a great opportunity to break away from the season mentality that is a western concept and not very viable in the Indian context.

"Taking into account the immense volatility that requires prior commitments of 8 to 9 months in advance, Indian brands could think about creating products much closer to the season then following the regular sales cycle," he said.
On suggestions that online sales would increase with people preferring to stay home to avoid store visits due to fear psychosis of the pandemic, he said, "While it might take some time for physical stores to be out of the lockdown impact, there might be some traction on the online channels for a short term".

Till the time life returns to normalcy and consumer sentiment bounces back to pre-pandemic levels, Bahl said, "It is hence pertinent for retailers to leverage e-commerce and omni-channel for effective inventory management".

On store expansions, he said that in the current scenario, it would be premature to comment on store expansion at this stage as the market dynamics will evolve once the lockdown is over.

Raymond has already deeply penetrated in India with presence in over 600 towns through 20,000 point of sales, he said.

Source: economictimes.com- Apr 08, 2020