TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU
TEXPROCIL
TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408

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. 99 of 2020 May 09, 2020

US 75.56| EUR 82.87 | GBP 93.64| JPY 0.71

## NEWS CLIPPINGS

# INTERNATIONAL NEWS

## China's exports see surprise 3.5% jump in April

China's exports saw a shock 3.5% rise in April despite the global impact of the coronavirus pandemic, official figures showed yesterday, partly due to rising medical exports.

But analysts warned of weakness ahead as key markets suffer downturns, as well as the brewing threat of a renewed trade war with the US.

Imports fell 14.2% year-on-year, a steeper drop than last month, according to the Customs Administration.

A forecast of analysts by Bloomberg had predicted an 11% dive in exports and a 10% plunge in imports.

Exports of medical instruments and devices rose 11% in the first four months from a year ago, according to customs data, while most other categories contracted.

ING Bank NV chief economist for Greater China Iris Pang told AFP that China's exports of medical supplies provided a boost as the rest of the world grappled with the pandemic.

Pang added that while exports of clothing shrank, sales of textile yarns, fabrics and other products grew, implying they were used to make medical supplies.

Beijing said it has been successful in largely curbing the spread of the virus in the country, and many businesses and factories are now back at work after months of closure.

And Louis Kuijs of Oxford Economics Ltd noted that "April shipments may have been boosted by exporters making up for shortfalls in the first quarter (1Q) due to supply constraints then".

In the January-February period, the height of China's coronavirus outbreak, exports plummeted 17.2%.

In spite of the bounceback — the first return to positive territory for exports this year — analysts do not expect the trend to last as China's key trading partners fall into recession.

And although the US and China signed a Phase 1 trade pact in their bruising trade war in January, Julian Evans-Pritchard of Capital Economics warned that "the threat of additional US tariffs on Chinese goods shouldn't be ignored".

Customs data showed that in April China's trade surplus with the US widened from a year ago by 8.8%, to around US$22.8 billion (RM98.5 billion).

Over the last few months, tensions have ramped up again as the two sides exchanged barbs over the pandemic and its origins, with US President Donald Trump recently threatening new trade tariffs against Beijing.

Nick Marro, global trade lead at The Economist Intelligence Unit, said it could be hard for both sides to meet earlier commitments.

"Shipments from the US remain well below the levels needed to achieve the purchase pledges under the trade accord…with the deterioration in US-China ties, there's a risk that the US might act brashly," he said.

An independent gauge released yesterday, the Caixin China General Manufacturing Purchasing Managers' Index (PMI), showed that the services sector is still in contraction and below analyst expectations.

There are still some social distancing rules in places and fears about mounting unemployment are hitting consumer confidence.

The daily average of domestic trips over the Labour Day holiday at the beginning of May was half of last year's total, while daily tourism revenues fell 68%.

On Wednesday, Beijing pledged to roll out and improve on policies to keep employment stable, follow- ing an earlier series of support measures.

The rebound in exports contrasts against the official PMI data recently, which showed firms reporting insufficient demand and, last month, a sharp drop in new export orders.

Marro said China's exports data also showed considerable divergence from the rest of the region.

"The government seems committed to publishing positive headline GDP data for 2Q, with a technical recession likely politically unpalatable," Marro said.

In contrast, the eurozone economy is expected to contract by a staggering 7.7% this year, while the US private sector has lost 20.2 million jobs last month alone, according to payrolls firm ADP Inc.

Source: themalaysianreserve.com – May 08, 2020

HOME

*****************

## US, China Affirm Plans to Implement Phase One Trade Deal Despite COVID-19 Tensions

Though tensions are running higher than what has been typical between the United States and China, top trade negotiators from both sides agreed to advance plans laid out in the phase one trade deal.

On a call between U.S. Trade Representative Robert Lighthizer, Treasury Secretary Steven Mnuchin and China's Vice Premier Liu He Friday, China's state-run Xinhua News Agency said the two sides agreed to "enhance macroeconomic and public health cooperation," and "create a favorable atmosphere and conditions" for implementing the phase one trade deal signed in January. The parties reportedly pledged to facilitate two-way communication and coordination.

The Office of the United States Trade Representative could not be reached for comment on the call.

In light of the still spreading COVID-19 pandemic, China has reportedly fallen short of the commitments set forth in the initial trade deal, which called for the country to purchase as much as $75 billion worth of U.S.-manufactured goods and, according to Trump, "spend between $200 billion and $500 billion on agriculture over the next two years."

The phase one deal also saw Trump call off a list 4B batch of tariffs and halve the tariff rate on list 4A goods to 7.5 percent. What it didn't do was provide much aid for U.S. businesses, as it maintained 25 percent tariffs on tranche 3 goods, including thread, yarns, textiles, handbags and some apparel. It also allowed for China to keep retaliatory tariffs on American cotton, leather, textiles, clothing and shoes.

News of intent to press on with the trade agreement comes as unexpected in the midst of Trump's threats to add new tariffs to China in retaliation for its part in the coronavirus crisis, which the administration is asserting was not so much a natural occurrence emerging from a wholesale seafood market in Wuhan, but something that emerged from a research laboratory there.

U.S. Secretary of State Mike Pompeo said on ABC earlier this week, "There's a significant amount of evidence that this came from that laboratory in Wuhan."

The World Health Organization (WHO) has expressed a similar sentiment.

"The market played a role in the event, that's clear. But what role we don't know, whether it was the source or amplifying setting or just a coincidence that some cases were detected in and around that market," Dr. Peter Ben Embarek, a WHO expert on food safety and animal diseases, said during a Geneva news briefing Friday.

The notion—as well as the deteriorating economic situation in the U.S.—has the administration's sensitivities high where China is concerned, and retribution is likely to come in some form, whether or not it manifests as tariffs.

Source: sourcingjournal.com- May 08, 2020

**HOME**

*****************

## USA: How the Secondary Market is set to change during COVID-19

With brick-and-mortar stores closed and softened consumer demand, retailers are sitting on mountains of inventory. As the spring merchandise gets stale sitting on sales floors and in warehouses, what can companies do to turn this physical capital into cash?

The secondary market has seen continuous growth over the past decade, but this year it is expected to see an unprecedented flood of merchandise. According to numbers from Dale Rogers, professor of logistics and supply chain management at Arizona State University's W. P. Carey School of Business, and Zachary Rogers, assistant professor of supply chain management at Colorado State University, the secondary market across categories has more than doubled in size since 2008, totaling $633 billion in 2019.

Curtis Greve, vice president of liquidation at Inmar Intelligence, foresees a 25 percent to 30 percent increase in fashion overstocks this year, driven in part by expected bankruptcies that will leave retailers needing to liquidate assets.

But with this glut of merchandise expected to hit the secondary market, retailers have fewer channels than usual available to clear out inventory. "Particularly this year, at a certain level we're all drinking out of a firehose, so you've got to have something that can handle it, and there's not too many options," said Greve.

Off-price retailers would typically be one of the main candidates for offloading unsellable inventory. However, these merchants are facing their own problems, including reduced cashflow and finite warehouse space. Most have limited e-commerce presences, and some that do sell online, such as TJ Maxx and Marshalls, have temporarily closed their virtual stores during the pandemic.

Additionally, these retailers have business models that are centered on quickly turning merchandise, further making stocking up unappealing until they reopen. "You think of the secondary market as like a drain," said Zachary Rogers. "And so the drain helps to get rid of all the excess built up inventory. The issue now is that those drains are cut off."

One response from retailers has been to run drastic markdowns on merchandise, essentially turning their full-line stores into off-price channels. Companies that have their own direct-operated discount chains could pump the products into these stores, but according to Dale Rogers it might be better to sell them to another party to get inventory off a company's books.

While some typical targets for the secondary market are not equipped to handle the glut of inventory coming from tier-one retail, one of the bright spots is salvage dealers. Liquidation sales offer companies access to a wider range of buyers than a traditional one-to-one purchasing agreement would, raising the likelihood of finding the right customer.

"I always firmly believe that any excess inventory, any liquidated anything should end up in the hands of whoever can extract the most value from it," said Howard Rosenberg, CEO of liquidation auction firm B-Stock Solutions. "Because the person who will extract the most value from it will also be willing to pay the most for it."

Rosenberg says the volume of merchandise he is receiving from some of his apparel clients has "skyrocketed." This is in part because merchandise from returns that would typically be refurbished or processed another way is now being sent to liquidation.

All that is needed from the brand side to liquidate is the ability to physically remove merchandise from a warehouse. "If they can just get it out the door, we can most likely put together the rest of the solution from there that would result in being able to liquidate that inventory and turn it into cash relatively quickly," Rosenberg said.

This could mean just a matter of days. Typically, companies send manifests to B-Stock and then the goods are shipped directly from the client to the buyer once they sell, and the buyer will usually pay for transportation. However, if companies need to offload inventory immediately, B-Stock has logistics partnerships that enable it to help with aspects such as cross-docking and manifesting.

Liquidation has its own tiers of operations. A firm might buy truckloads of goods from a major retailer and then turn around and sell individual pallets or lots to other sellers, such as merchants that sell on eBay, at flea markets or in thrift stores.

Apparel liquidator B&G Trading caters specifically to resellers that are looking for smaller lots. Jorge Banda, president of B&G Trading, has seen some individuals take up selling on Poshmark, Mercari or another marketplace as a new side hustle or main source of income to deal with pandemic-related job losses.

"People…need to make a living, whether that be at their traditional job, or with a newly pursued endeavor such as reselling," said Banda. "And obviously people will still need clothing, people still need certain textiles to go on with their lives. So I don't really see a limit [to what can sell on secondhand marketplaces]. Because now if you were a more traditional buyer that liked to do purchases in person, you're having to go online now, so the additional merchandise out there, additional assets, the additional sellers are being met by the additional buyers that are being forced to buy online."

Once the off-price retailers reopen, Dale Rogers noted that they may also turn to the salvage market for deals on overstocks, adding to the demand in the market. Consumers who were laid off or who took a hit financially during the pandemic will also be looking for a good deal, providing ample customers for off-price and discount channels. This segment of retail is expected to pick up and recover faster than full-price channels.

While there is a virtually unlimited buyer base for liquidated merchandise, items may be priced lower than normal as demand for apparel slows. Reflecting consumer interest in tier-one retail, items such as home goods, exercise equipment, beauty and essentials are moving faster than apparel in the liquidation market. Raising the likelihood that items will move comes down to brands offering flexible timeframes and realistic pricing expectations.

"We do a mix where we're moving all the cherries and the pits," Greve said. "It's easy to sell the high valued stuff really quick, but we get paid to sell it all. It's the rising tide raises all boats. So you may not maximize your recovery on a given item or given category, but hopefully you've got enough buyers and enough marketing out there where you can achieve a relatively good recovery value on everything."

Banda sees potential during the pandemic for companies to loosen their terms as they sell to liquidators, potentially opting for payment methods such as consignment-style asset allocation.

As an alternative to liquidation, some retailers may choose to store their unsold stock until next spring, betting on the fact that styles will remain relevant and in demand for a year. However, using this method of hoteling comes with the challenges of trying to source and pay for storage capacity.

Experts agree that it is better to move merchandise when it is still fresh, as its value decreases as it gets stale. “One thing about overstocks, particularly with these categories, they don’t get better with age,” Greve said. “The value drops as it gets older, and everybody’s going to want newer, nicer stuff next year.” Clearing out goods can also make room for new merchandise that will offer better margins.

While this period is anticipated to be worse than the recession of 2008, there is a silver lining that could help companies mitigate the issue of overstocks in the coming months. “Supply chains have really been good at dropping supply to match lower demand,” Dale Rogers said. “We’re good at turning the spigots off much better than we were a few years ago. So the problem of excess inventory is gigantic, but I think that the folks that are running the supply chains are pretty smart, and have been really aggressive at trying to drop that down and in managing risk as well as they can.”

Source: sourcingjournal.com - May 08, 2020

HOME

*****************

## Taiwan warns on China-U.S. trade frictions as exports tick down

Taiwan's exports, a key gauge of global demand for gadgets, fell slightly for a second month in April and the government said the second quarter would be tough due to the coronavirus pandemic and renewed concerns over U.S.-China trade friction.

Exports dropped 1.3% from a year earlier to stand at $25.24 billion in April, the finance ministry said. A Reuters poll had forecast an annual drop of 1%.

In March, Taiwan's exports slipped 0.6%, but they have risen 2.4% on the year so far in 2020.

The ministry said strong demand for telecommuting amid the coronavirus outbreak and advanced chips was offset by weakening global consumption for products from textiles to minerals.

Taiwan, whose largest trading partner is China, warned of "limited" growth prospects for the island's exports in the first half, adding that lingering concerns over U.S.-China trade could add to the uncertainty.

Taiwan's May exports were expected to range from a decline of 4% to 6% on the year, Beatrice Tsai, head of the ministry's department of statistics, told reporters.

She said it would be "difficult" for exports to maintain growth in the second quarter and the ministry will need to "significantly" trim its earlier forecast of a yearly growth of 2.5% for the period due to gloomy global economic outlook.

While Taiwan has so far prevented a rapid spread of the disease without a total lockdown, the government has repeatedly warned of an uncertain trade outlook and is rolling out an economic stimulus package worth T$1.05 trillion ($35 billion).

It has also pledged to lure manufacturers to move production home from China, saying returning investment to Taiwan from China would reach over T$320 billion this year and give a boost to its economy.

Last month, Taiwan downgraded its growth forecast for this year to between 1.3% and 1.8%, from 2.37% in February.

In neighbouring China, exports unexpectedly rose in April for the first time this year as factories raced to make up for lost sales due to the coronavirus pandemic, but a big fall in imports signalled more trouble ahead as the global economy sinks into recession.

Source: todayonline.com - May 08, 2020

**HOME**

*****************

## Italian fashion industry ready for resurrection

The coronavirus pandemic has ravaged the Italian landscape; the toll on human life has been devastating, and the trauma cannot simply go away. Italy is home to countless fashion brands; it also has a history—of time and again rising from the ruins. The lockdown there has not been lifted yet, and the number of casualties is still not on a decline. Yet, the fashion industry is determined to bounce back stronger.

The pandemic paralysed the fashion industry across sectors and geographies. Though it is too early to quantify the losses, Gianfranco Di Natale, general director of Sistema Moda Italia (SMI), the industry trade group representing Italy's textiles and apparel firms, points out, "The Italian production system, in particular textiles and clothing, historically rests on industrial districts, which are highly specialised concentrations throughout the Italian territory." According to him, all these areas would be severely affected and in particular the cities of Biella, Como, Varese, Prato and Bergamo.

The whole footwear supply chain had to shut down, and so the entire country has been affected by the stoppage. "Unlike other companies in the textiles sector who were granted an exemption in order to convert some of their production lines, we have been at a total standstill," rues Siro Badon, president of Assocalzaturifici, the national association representing industrial shoemakers in Italy.

The fashion sector could be among the first to be re-opened after the lockdown ends, and it is not going to be an easy task. It would need coordination, and it would need a well laid-out roadmap.

**Click here** to read the full article (originally published in May 2020 edition of Fibre2Fashion)

Source: fibre2fashion.com- May 08, 2020

HOME

*****************

## Sri Lankan PM seeks US assistance for apparel sector

US ambassador to Sri Lanka Alaina Teplitz recently called on Prime Minister Mahinda Rajapaksa to discuss a gamut of issues, including the fight against COVID-19, post-pandemic economic challenges and ongoing collaborations. Rajapaksa requested US assistance for the country's apparel sector as some companies are now manufacturing personal protective equipment (PPE).

The ambassador agreed to follow up on this request and informed the prime minister that the US embassy is already working with companies in different sectors to connect them with US buyers. She said the United States would like to see Sri Lanka's multinational companies as well as small and medium enterprises successfully overcome the crisis, according to Sri Lankan media reports.

The delegations also discussed pending projects that the two countries will follow up on as soon as the COVID-19 situation is under control.

Source: fibre2fashion.com- May 09, 2020

HOME

*****************

## Asia's Garment Workers Face COVID-19 Triple Threat

Even as more than a dozen major apparel brands and retailers have committed to ponying up in full for previously canceled orders, according to labor campaigners, the Asian garment industry continues to gasp for survival amid the deepening coronavirus pandemic, as workers either fall prey to the contagion, risk long-term unemployment because of evaporated work or face clampdowns on their freedom of association.

Even as more than a dozen major apparel brands and retailers have committed to ponying up in full for previously canceled orders, according to labor campaigners, the Asian garment industry continues to gasp for survival amid the deepening coronavirus pandemic, as workers either fall prey to the contagion, risk long-term unemployment because of evaporated work or face clampdowns on their freedom of association.

On Wednesday, Pum Sokunthy, deputy president of the local chapter of the Collective Union of Movement of Workers, told VOD, a publication of the Cambodian Center for Human Rights, that You Li International (Cambodia) Garment in Bavet City will be suspending nearly half of its 5,000-member workforce from May 1 to June 30.

Factory representatives told affected workers that they would receive $70 per month—or roughly 37 percent of the minimum wage of $190 per month—with $30 proffered by the factory owner as mandated by the government.

“We will see a lot of impacts because [workers’] incomes during this suspension period are too little,” he told VOD. “It’s not enough to support a family. So, [workers] are complaining so much about this and some have [already] borrowed money from banks.”

You Li’s administrative chief Sek Buntheoun told VOD that suspensions aside, the factory will not be renewing 200 workers’ contracts, which expired last week.

“In short, there have been no orders since the outbreak of Covid-19,” Buntheoun said. “The orders have reduced a lot. My factory might suspend more workers because currently, there is no work to do.”

More than 150,000 garment workers are caught in a similar state of limbo due to production cuts at 180 factories in Cambodia, according to the Garment Manufacturers Association in Cambodia.

Employing some 800,000 workers, the Southeast Asian nation’s garment industry is the country’s largest employer and contributes 40 percent of its gross domestic product. The nation exported $9.3 billion in clothing and footwear last year, according to the Ministry of Industry and Handicraft, a year-on-year increase of 11 percent.

As Bangladesh’s garment production lines sputter back to life, albeit on a “limited scale,” labor advocates warn that the reopenings could bolster the spread of COVID-19 even as the country tries to repair the pandemic’s economic harm.

Bangladesh’s $30 billion clothing sector employs 4 million people and accounts for 80 percent of the country’s export earnings, but the pandemic has resulted in more than $3 billion in canceled orders, according to the Bangladesh Garment Manufacturers and Exporters Association.

Already, some 96 garment workers and a staffer have tested positive for the virus since April 9, according to a new report from Bangladesh Garment Sramik Sanghati (BGSS), a workers' welfare organization. Of those workers, 52 percent were infected since the reopening of the factories on April 26; the remaining 48 percent caught the contagion between April 9 and 26.

Most of the infected workers—79 percent—hailed from factories in the Dhaka, Gazipur and Narayanganj districts, it noted.

The rapid increase in the number of cases suggests factories were pushed online without "due preparation," BGSS president Taslima Akhter said at a virtual press conference Thursday. "As a result, there is a huge risk for the workers," she added.

To date, Bangladesh, a nation of 161.4 million, has fielded 13,134 confirmed cases of COVID-19 and 206 deaths.

In Indonesia, a trade group has sounded the alarm, declaring that 70 percent of the country's textile and textile product (TPT) companies could face permanent closure because of nosediving domestic and export demand.

In the early days of the outbreak, Indonesian textile companies were seeing a bump to their bottom lines by filling orders caused by delayed Chinese shipments, as the country relies largely on domestic supply chains. That advantage has all but dissipated.

Roughly 80 percent of TPT companies have paused operations because of throttled cash flows, according to the Indonesian Filament and Fiber Producers Association (APSyFI).

"We have cash flow difficulties because even though we have no income, we still have to pay penalties to the state electricity and gas companies while also paying our workers' social security fees," APSyFI secretary-general Redma Gita Warawasta wrote in a press release last week.

As many as 1.8 million TPT workers have already been furloughed or laid off, and a spate of business closures could cause unemployment to skyrocket still. Last year, Indonesia's TPT sector employed 2 million people and exported nearly $13 billion worth of textile products in 2019, primarily to the American and Middle Eastern markets.

APSyFI has appealed for penalty fee waivers from state electricity firm PLN and state gas company PT PGN for textile companies with electricity and gas consumption below a certain threshold.

“Our request for penalty fee waivers is reasonable because the government has declared [COVID-19 pandemic] a national disaster. But in reality, neither PLN nor PGN regard the pandemic as a national disaster and they are still imposing penalty fees,” Redma said.

Meanwhile, workers in Myanmar claim that factory owners are exploiting the pandemic to break up union activity. Of the 571 who had been dismissed by Myan Mode, a Yangon facility that supplies clothing to brands like Mango and Zara, 520 had belonged to the factory’s union, a group of sewing operators told the New York Times Friday.

“The bosses used COVID as an opportunity to get rid of us because they hated our union,” Maung Moe, the factory’s union president, told the New York Times, noting that he and other union members had been in talks with management before the firings to demand personal protective equipment and better social distancing.

“They thought we caused them constant headaches by fighting for our rights and those of our fellow workers,” he said.

Myanmar’s garment industry, whose 600 factories employ 450,000 workers, made $4.6 billion last year, or roughly 10 percent of the country’s total export revenues.

Source: sourcingjournal.com - May 08, 2020

HOME

*****************

# Chasing the Future

I was in Las Vegas on February 4 on the inaugural day of the MAGIC Sourcing Week. It was interesting to note that when our exporters go to Las Vegas, it is generally understood that they are participating in MAGIC. However, the brand MAGIC refers to the show by brands like Van Heusen, Calvin Klein, Ralph Lauren, among others. I found in the MAGIC brand section participation from Turkey, Portugal, etc promoting their own brands and even from Bangladesh projecting green factories.

However, India has been participating over the years in the sourcing section which is meant for manufacturers / vendors. The MAGIC word is not attached to the Sourcing Week because it is only a sub-event attached to the main MAGIC. So, India has to travel a long distance to move from the manufacturers section to the section of brands and that is where India's strength will lie in the future, being a highly creative country.

China has already become the factory to the world and the leader in textiles and apparel exports followed by countries like Bangladesh, Vietnam, Cambodia, Turkey and others. India has been a marginal player in recent times with increasing competition from aggressive Southeast Asian countries.

The fact is that apparel exports have stagnated over the last 4–5 years hovering between $15–17 billion and things were looking up in the last quarter of the financial year, when abruptly between March 15 and March 25 the world upended and India became part of the collateral damage of the covid-19 pandemic.

I returned to India on February 11, and now all that looks a distant past as the world has changed in every respect because of the coronavirus. Dr Ian Lipkin, noted virologist, estimates that finding a vaccine for the disease would take another 12–18 months and if so, the world can heave a sigh of relief only when a vaccine is discovered. The news from Oxford University gives much hope of an earlier solution.

The world has timed out as "Before Corona" (BC) and "After Corona" (AC). So first, let us look at "Before Corona" i.e. what was the status of industry and then at "After Corona" situation and project a possible roadmap for the textiles-apparel-fashion industry from both pessimistic and optimistic angles.

## Before Corona (BC)

The Before Corona situation was that the textiles sector was desperately attempting to work with the accelerated spread of MMF (manmade fibres) in a big way and also technical textiles because of the focus accorded to it by the government. There were also announcements of more mega textile parks and schemes like the Rebate of State and Central Taxes and Levies (RoSCTL) and interest subvention facilities to help the industry.

However, the projections for apparel exports made by the ministry of textiles seemed to have not moved forward owing to structural constraints and the industry's lack of sufficient funds for expansion and modernisation. Greenfield and brownfield vendors were not moving at a speed which was expected of them, and many such parks were either underutilized or had not taken off.

The textiles-apparel value chain remained fragmented from the point-of-view of manufacturing, viz. powerloom, handloom, khadi, mill-made, etc and from the point of view of fibres like cotton, silk, wool, MMF, etc. Because of the fragmentation and dependence on cotton-based goods for just one major season, there was already a skewed structure. Owing to low productivity, high freight costs (i.e. FOB), lack of depth of skills, and absence of advanced technologies and long delays in delivery, apparel exports were struggling to find the right momentum for acceleration.

With all these inherent problems, the textiles apparel industries were prodding along at 10–12 per cent growth in the domestic market and very marginal growth in exports. Still, India managed to retain its position as fourth largest exporter of textiles and apparel and there was a hope in regaining a dominant position. However, due to the lack of long-term brand partnerships, attraction of foreign direct investment and government policy support through free trade agreements with Europe and other benefits which other countries were already getting, it seemed that India's dream of dominating the world textiles-apparel space was diminishing and being put on a rather slow track compared to its soaring ambitions.

## Corona and After Corona

The covid-19 pandemic took everyone by surprise and shock. The textiles-apparel industry met with a serious shock especially in the downstream apparel industry because of the dependence on migrant labour. The migrant labour, who were stuck where they were working like in Surat, Tiruppur, Ludhiana and other places, found it difficult to return to their villages and were restless because of the lockdown.

The March and April orders were cancelled, resulting in stoppage of shipments. Many exporters were caught with huge stocks in their godowns. After efforts from the AEPC (Apparel Export Promotion Council) and the ministry of textiles, many ethical companies came forward and announced their commitment to protect the orders placed, which was a silver lining amidst gathering clouds.

However, in the American market, the pandemic, a slow starter, in no time became a chart buster in terms of spread of both the disease and the deaths. This was followed by largescale departmental stores collapsing and announcing Chapter 11/7 bankruptcies. This resulted in a domino effect of huge cancellations and orders being held up though the goods were produced or were in the process of production. It was reported that one of the leading exporters in the country was holding more than ₹6 crore worth of ready goods for shipment when the lockdown was enforced.

This was the case in many places and the clusters of production started looking like ghost towns. Fear about the deadly disease along with the fear factor for the lives of the workers led key managerial personnel to panic. The labour started departing in droves, though they could not travel owing to stoppage of trains and buses. Still any have found their way back home on foot and by cycles. The incidents at the Delhi ISBT terminal, Bandra railway station in Mumbai, as also Surat and many other places indicated the serious problem with migrant labour.

Because of the nature of payment terms, the advance for fabrics was the best that exporters got. The cash dried up in no time, and as the government machinery asked exporters to pay wages for March in full, the companies were already finding it difficult to pay up. As far as the April wages are concerned, the associations declared that they would not be in a position to pay those.

The multiple crises of labour, cashflows, order cancellations, delayed / cancelled payments and anxiety about own health and that of the employees, and the highly uncertain environment led to almost an unprecedented lack of confidence and panic among large sections of small and medium enterprises.

For large exporters and companies, there were brands that were dependent on them and for such brands and large exporters there was always the possibility of finding a way forward through deft negotiations. However, out of 8,000 exporters, more than 80 per cent are relatively small, and at best medium size; for them, the cancellations of orders meant sounding a death knell for their units and their own aspirations. This meant that for some exporters there was no option but to close down business, for some to take a break and return when the time is congenial, and for others to simply find ways of staying in the business.

The industry members from the domestic sector looked up to the CMAI (Clothing Manufacturers Association of India), and exporters at the AEPC for solutions to lift them up from the deep despair and problems. The AEPC did its best to contact various ministries, buyers and government departments throughout the lockdown period, and as a result the Union minister for textiles made a plea to buyers to honour their commitments. Many of them responded positively. However, the disruption in business has taken its toll and left the industry in a state of confusion.

Click here for more details

Source: fibre2fashion.com- May 08, 2020

HOME

*****************

## Vietnam to focus on stimulating three support industries

The Vietnamese government will prioritise stimulating support industries for the component manufacturing, high technology, textile-garment and footwear sectors and strengthen industrial supply chains in the northern region, a key economic hub. It wants to have 900 firms in various support industries this year, of which 400 should meet international standards.

The firms should be capable of taking part in global supply chains of conglomerates in Vietnam.

By the end of this year, support industries will account for about 18 per cent of production in the local manufacturing and processing sector, and the index of industrial production (IIP) of support industries will expand by more than 12 per cent to boost economic growth, according to a report in a Vietnamese newspaper.

Hanoi city plans to host an international trade fair and exhibition on support industries this year, featuring not only domestic firms but also foreign producers from Japan, Taiwan, Hong Kong, and Thailand.

The aim is to connect local manufacturers of components, parts and semi-finished products with partners and improve their chances of becoming part of the industry's global supply chains.

An international seminar will be held on the sidelines of the event, bringing together policy-makers, company leaders and experts in support industries.

Hanoi will offer training on corporate governance and production management for senior managers of local support industry firms and provide them with updated information about relevant policies and markets both at home and overseas.

It will also support the firms in research and development, technology transfer and innovation, and send specialists to assist them in receiving technology transfers and purchasing copyrights and patents.

Source: fibre2fashion.com- May 08, 2020

HOME

*****************

## H&M expects lower sales in Q2

As Coronavirus has devastated H&M's business since the middle of March, the brand expects its second quarter to be loss-making as sales will be significantly lower and it will also have to offer a lot of discounts to shift stock from earlier in the season.

Around 80 per cent of the brand's stores have been closed since that time, although from the end of April, it has gradually started reopening them in a number of markets where local restrictions and social distancing rules allow.

The group's sales between March 1 and May 6 have fallen by 57 per cent year-on-year in local currencies. Its online sales, which continue in 46 of its 51 e-tail markets, have increased by 32 per cent in the same period.

H&M endured the biggest fall in sales in Italy with an 80 per cent drop, followed by Spain on 76 per cent, France and the US on 71 per cent each and the UK on 60 per cent.

Its sales in Poland have fallen by 59 per cent, Japan 58 per cent, Denmark 51 per cent, Finland 49 per cent, Russia 47 per cent, Germany 46 per cent and Norway 36 per cent.

Source: fashionatingworld.com- May 08, 2020

HOME

*****************

## Pakistan: Textile sector calls for opening entire value chain

The Sindh government should permit the entire textile value chain to restart production without further delay, otherwise the industry will not be able to sustain business and close down, which will lead to massive unemployment, remarked All Pakistan Textile Mills Association (Aptma) Sindh and Balochistan Region Chairman Zahid Mazhar.

In a statement on Thursday, Mazhar said Aptma appreciated the efforts and measures taken by the government of Sindh to contain the spread of the virus and assured it of complete cooperation in the fight against Covid-19 pandemic. “The textile industry of Sindh, which was granted permission to resume operations recently, has already adopted all precautionary measures prescribed in the standard operating procedures (SOPs) for preventing the spread of coronavirus,” he said.

“So far, the provincial government has permitted only those textile industries to restart work, which have export orders and have residential colonies in their premises.”

Mazhar held the view that the permission to only a few industries would not bring desired results for the economy until textile sub-sectors such as weaving, knitting, stitching and processing were also given permission to resume production.

He argued that the sub-sectors provided intermediary material to complete the business cycle of the textile export industry, hence, it was vital for them to resume operations. “In the present situation, the industry is not even running at 50% of capacity,” he revealed.

Mazhar said in the wake of lockdown in Sindh, the industry was facing severe liquidity problem due to which it was not in a position to even pay utility bills and salaries of employees.

"The only solution to tackle this situation is to allow the entire business cycle of the textile industry to function across the entire value chain including the downstream industry," he said. "If this is not done, then it would be too late for us to recapture export market and keep our employees."

He reminded the provincial government that Karachi produced about 52% of the country's total exports and the lockdown was causing heavy losses to industries in the city.

He recommended that in order to save Karachi, the government needed to adopt a smart lockdown policy allowing the complete textile value chain to operate while abiding with the SOPs.

Source: tribune.com.pk - May 08, 2020

HOME

*****************

## Bangladesh: Export earnings witness 82.85pc negative growth in April

The country's single month merchandise shipments in April this year witnessed 82.85 per cent negative growth to only US$520.01 million, the lowest during the current fiscal year, according to data.

Export earnings were $3.03 billion in April'19 and $2.73 billion in the last month of the current calendar year.

The monthly export earnings during the period under review also showed a downtrend, except in the months of July and December.

The overall export fell by 13.09 per cent to US$29.49 billion in the first ten months of the current 2019-20 fiscal year (FY), against $33.93 billion in the corresponding period of last FY.

The earnings also fell short of the target set for the period by 21.24 per cent, according to the provisional data of the state-run Export Promotion Bureau (EPB).

Exporters and experts attributed closure of factories, lockdown in major export destinations followed by slow demands and orders cancellation and hold up due to ongoing Covid-19 pandemic for the drastic fall in performance.

Majority of the export-oriented factories including RMG remained closed since March 26 to April 25 due to the public holidays amid coronavirus outbreak, they added.

The RMG (readymade garment) sector fetched nearly $24.47 billion during July-April period of FY 20 against $28.49 billion during the same period a year earlier, registering a 14.08 per cent negative growth.

The earnings also fell short of target set for the period by 22.14 per cent.

Earnings from woven garments fell by 14.31 per cent to $12.34 billion during the period. Proceeds from knitwear exports fell by 13.85 per cent to nearly $12.13 billion, the EPB data show.

The woven and knitwear exports fetched $14.40 billion and $14.08 billion respectively in July-April period of last fiscal.

Earnings from other key sectors also fell during the first ten months of the current FY, compared with the same period a year earlier.

The EPB provisional data showed that earnings from home textile stood at $620.9 million, down by 14.19 per cent from $723.59 million. It fell short of the target by 15.33 per cent.

According to the EPB data, export earnings from leather and leather goods fell by 16.26 per cent to $700.93 million during the period under review from $837.07 million of the corresponding period of last FY.

Jute and jute goods exports, however, increased by 13.78 per cent to $791.33 million from $695.52 million.

Pharmaceuticals exports also grew by 2.69 per cent to $114.71 million.

Agro-products, like - vegetables, fruits and spices, fetched $755.8 million, a 4.44 per cent down from $790.9 million.

Frozen and live fish exports fetched $411.91 million in the first eight months of this fiscal, registering a negative growth of 7.74 per cent.

Exports from plastic also witnessed a negative growth of 14.25 per cent to $86.05 million during July-April period of FY 2019-20.

Ceramic products exports during the period decreased by 59.35 per cent to $25.66 million from $63.12 million.

The country brought in $40.53 billion by exporting goods during last fiscal, of which about $34.13 billion came from textiles and clothing alone, the data show.

Source: thefinancialexpress.com.bd - May 08, 2020

HOME

*****************

# NATIONAL NEWS

## Covid-19: Commerce Ministry working on export package

*PMO asks ministries to suggest measures to support respective sectors*

Indian exporters struggling to survive the disruptions caused by the Covid-19 pandemic may soon get some relief if an incentive package being worked out by the Commerce Ministry gets final approval.

“There are hectic meetings going on in the Commerce Ministry to work out a suitable package to bail out exporters. It is likely to comprise higher incentives on existing schemes, extension of interest subsidy, amnesty on defaults and sops for the farm goods sector,” an official aware of the development told BusinessLine.

The Prime Minister’s Office has asked all Ministries and Departments to suggest measures to support their respective sectors in the current economic downturn brought on by the Covid-19 lockdown in the country and world over.

“The exporters’ package being put together by the Commerce Ministry will be examined by the Finance Ministry and the PMO before it is approved. As the government’s resources are constrained because of a dip in tax collections, all expenditure is being strictly monitored and approved at the highest level,” the official said.

### Exports down 34.6 per cent

Exports from India witnessed a sharp dip of 34.57 per cent to $21.41 billion in March 2020 as orders started declining due to the global pandemic. The overall decline in goods exports in 2019-20 was 4.78 per cent at $314 billion.

In April-May 2020, exporters fear that the situation is likely to further deteriorate as the nation-wide lockdown from March 25 and a large-scale cancellation of global orders have paralysed exports.

“Exporters from diverse sectors, be it textiles, garments, handicrafts, leather or engineering items, have been seeking relief, such as higher sops and easier credit, to survive the crisis,” the official added.

While the Commerce Ministry has already said the popular Merchandise Export Incentive Scheme (MEIS) will continue at least till December 2020 and may even be extended beyond that date, the exporters' package could include higher incentive rates under the scheme.

"The government plans to phase out the MEIS scheme as it is not compliant with WTO norms, but it is holding on to it temporarily during the ongoing crisis and a proposal to increase the incentive rates is being looked into," the official said.

Apart from examining the need to extend the interest subsidy scheme for exporters called the `interest equalisation' scheme, beyond March 31 2020, and enhancing the rates, the Commerce Ministry is also considering an amnesty scheme for non-fulfilment of export obligation.

"There is big demand from exporters for an amnesty scheme as many beneficiaries of certain export promotion schemes have not been able to fulfil their export obligations due to fall in global demand," the official said.

Agriculture exports, which have witnessed a surge in demand during the pandemic, may also attract some incentives, he added.

Source: thehindubusinessline.com – May 08, 2020

HOME

*****************

## Commerce Ministry working on package to bail out exporters

PMO asks Ministries to suggest measures to support respective sectors

Exporters struggling to survive the disruptions caused by the Covid-19 pandemic may soon get some relief if an incentive package being worked out by the Commerce Ministry gets final approval.

"There are hectic meetings going on in the Commerce Ministry to work out a suitable package to bail out exporters. It is likely to comprise higher incentives on existing schemes, extension of interest subsidy, amnesty on defaults and sops for farm goods sector," an official aware of the development told BusinessLine.

The Prime Minister's Office has asked all Ministries and Departments to suggest measures to support their respective sectors in the current economic downturn.

"The exporters' package being put together by the Commerce Ministry will be examined by the Finance Ministry and the PMO before it is approved. As the government's resources are constrained because of a dip in tax collections, all expenditure is being strictly monitored and approved at the highest level," the official said.

Exports witnessed a sharp dip of 34.57 per cent to $21.41 billion in March as orders started declining due to the global pandemic. The overall goods exports declined 4.78 per cent to $314 billion in 2019-20.

In April-May, exporters fear the situation is likely to further deteriorate following the nation-wide lockdown and a large-scale cancellation of global orders.

"Exporters from diverse sectors, be it textiles, garments, handicrafts, leather or engineering items, have been seeking relief, such as higher sops and easier credit, to help them survive the crisis," the official added.

**To continue MEIS**

While the Commerce Ministry has said that the popular Merchandise Export Incentive Scheme (MEIS) will continue at least till December and may get extended beyond, the exporters' package could include higher incentive rates under the scheme.

The government has a plan for phasing out the MEIS scheme as it is not compliant with WTO norms but it is holding on to it temporarily during the on-going crisis and a proposal to increase the incentive rates is being seriously looked at, the official said.

Apart from examining the need to extend the interest subsidy scheme for exporters, called the 'interest equalisation' scheme, beyond March 31 and enhancing the rates, the Commerce Ministry is also considering an amnesty scheme for non-fulfilment of export obligation.

**Amnesty scheme**

"There is a big demand from exporters for an amnesty scheme as many beneficiaries of certain export promotion schemes have not been able to fulfil their export obligations due to fall in global demand," the official said.

Agriculture exports, which have witnessed a surge in demand during the pandemic, may also attract some incentives, he added.

Source: thehindubusinessline.com- May 08, 2020

HOME

*****************

## In Modi's quest to woo foreign companies into India from China, these products may be flag bearers

As Prime Minister Narendra Modi urges states to make efforts to attract foreign companies willing to shift base from China, the country can focus on one sector which has a comparative advantage over China. Amid capital, consumer, and intermediate goods and raw materials, the bigger opportunity right now is in the consumer goods sector, SBI research said in the recent Ecowrap report.

In the consumer goods, the textile and clothing sectors; food products; and crop and animal production have the highest scope. However, although India has a comparative advantage in textiles and animal goods, it is not competitive in food products, the report said. Thus, the government can give a direct push to this sector, so that the small and medium-sized firms involved in food product manufacture get benefitted, the report added.

State governments along with the PSU companies are on a constant watch on how to tap the opportunity to attract the global firms coming out of China. Recently, Yogi Adityanath-led UP government held a video conference with giant US-based companies and offered the roadmap and perks they can offer.

On the other hand, PSU manufacturing giant BHEL also offered the global companies to partner with it and use its manufacturing facilities and work in harmony.

However, India has a long way to go to replace China in becoming an exporter to the world. Even amid the US-China trade war and increasing protectionism in the last two years, China has gained market share from 2018 and currently holds 13.2 per cent share in world merchandise exports and is still the world's biggest goods exporter. To bring this in perspective, India holds a mere 1.7 per cent share in world merchandise exports.

In the last two years, Vietnam has expanded the most with its electrical machinery, furniture, clothing, footwear and leather industries, while India gained in organic chemicals and iron & steel. Meanwhile, in apparels, Vietnam, Cambodia, and Bangladesh gained a much larger share than India. India also lost in leather exports to Cambodia and Indonesia that were diverted from China.

Source: financialexpress.com- May 08, 2020

HOME

*****************

## Job cuts, zero production activity due to lockdown: What the Centre must do now

There is a lot of uncertainty with regards to the course of the lockdown. Hence, there is a call from all quarters to come up with a stimulus. Examples of relief measures from other countries are being cited. While the Indian government has already announced a relief programme of Rs 1.7 lakh crore for the first quarter, and RBI has followed up with a monetary stimulus of 3.2% of GDP since February, there are expectations of more.

Let us first assay what measures other nations have instituted. The US has a $2.2 trillion fiscal stimulus, which includes, giving as much as $3,000 to millions of families. EU's total fiscal response to the epidemic is €3.2 trillion, of which, €100 billion will go towards subsidising wages so that firms can cut working hours and not jobs. The European Investment Bank will utilise €200 billion to lend to companies. Germany has a €750 billion package, with €100 billion for an economic stability fund that can take direct equity in companies, and another €100 billion of credit to KfW for loans to struggling businesses. It also has a stability fund of €400 billion in loan guarantees. France has made provisions for €45 billion for companies and workers, and €300 billion for guarantees of corporate loans. Spain is guaranteeing loans of corporates and individuals. The UK has put £330 billion for loan guarantees to businesses and has offered to pay 80% of wage bills for staff sent on leave, up to a maximum of £2,500 a month. Japan's package totals ¥108 trillion ($993 billion). It includes cash payouts worth more than ¥6 trillion to households and small and midsize firms.

So, what could be the options for the Indian government? The first would be an extension of the Rs 1.7-lakh-crore, or 0.75% of GDP, stimulus for another quarter, which will effectively target the neediest. The government has already aggressively delivered this part of the story to the lower-income groups. And, with the lockdown expected to extend further, in different forms across the country, a second-round extension may happen.

The second possibility is setting up a fresh coronavirus fund for various industries that have been impacted adversely. If industries like automobiles, textiles, aviation, hospitality, etc, are affected most acutely, the fund can be used to provide support. This would necessarily be targeted at the registered units where industry associations will play a role in the identification of firms. The fund can support either through direct lending or guarantees given for bank loans. Direct lending is not the job of the government (though nothing stops this from being done), and hence, the latter looks more feasible.

The third is in the area of taxation. Following the example of Western governments that have talked about giving a fixed sum of cash to everyone, the relief programme outlined above can be supplemented with a cash payment to all taxpayers. This can be of a fixed amount, say Rs 10,000 per taxpayer. It is easy to identify and implement. There are around 5.5 crore taxpayers, as per FY19 records, and giving this sum could cost Rs 55,000 crore. This can be further segmented by the government to exclude those in the higher income groups.

Fourth, the government can work on giving further concessions to the corporate sector. While cutting the tax rates for a loss-making company may not help, concessions on depreciation can be made, which will help companies. But, this will mean a drop in revenue for the government.

Fifth, the government can also consider halving the GST rates to lower the prices of goods and boost demand. This can be time-bound for this year and can be rolled back to normal in FY22. It should be remembered that on account of the loss of jobs and sharp salary cuts, the ability of people to spend will get restricted. By lowering prices, real purchasing power can be increased, which in turn will help to create demand, and this may gradually help revive growth.

Sixth, the government has to definitely roll back the cuts in DA and pensions that have been invoked for central government employees as it affects the income and livelihood of people. The decision not to pay these amounts is antithetical to the advice given to private companies to continue to pay their staff and desist from layoffs.

Seventh, PSBs can be provided with additional capital by the government to be used specifically for lending to the affected sectors. Here, there is no revenue loss, but a capital cost, which will make banks stronger by keeping them better capitalised.

Quite clearly, all this requires a substantial amount of spending and cuts in revenue. There is a high cost that has to be borne but is essential. So far, the targeting has been limited to weaker sections. The amount involved is quite reasonable at the macro-level, but very low at the micro-level given the number of people involved. The central government has to take a stance on the amount of fiscal deficit that it is willing to bear. Doubling of the fiscal deficit from Rs 8 lakh crore to Rs 16 lakh crore may not be out of place here.

In the last five years or so, the government's response to challenges, faced by sectors, has been more in terms of policy changes related to procedures or removal of administrative impediments. While this is useful, they do not directly contribute to demand, which is the requirement today. RBI has stepped in quite proactively to ensure the flow of credit to specific sectors, with SMEs, NBFCs and real estate, in particular, being the beneficiaries.

The approach to be taken this time has to be fully Keynesian in nature, and there is little choice. People are losing jobs, and production activity has come to a standstill due to the lockdowns. There is enough evidence to show that all countries are aggressively doing the same. Paying attention to FRBM norms does not make much sense at this time as survival and sustenance are importance. More important, these steps should be invoked immediately, before it becomes late as lives of several are involved.

Source: financialexpress.com- May 08, 2020

HOME

*****************

## Industries want suspension of most labour laws for 3 years

Employers demanded suspension of almost all labour laws barring a few for the next two-three years to help the industry come out of the present crisis arising out of Covid-19 pandemic. In a webinar with Union labour minister Santosh Kumar Gangwar on Friday, employers flagged the need for raising daily working hours to 12 hours from 8 hours.

An official statement issued after the meeting said suggestions given by representatives of the employers' organisations include the need for suspension of "the labour laws for the next two-three years, except the provisions like minimum wages, bonus and statutory dues, to help the industry to come out of the present crisis".

Earlier in the week, Uttar Pradesh promulgated an ordinance to exempt industries from various labour laws for three years to revive economic activities.

Employers also requested the government to provide an appropriate package to industries so that the business is sustainable and there is no loss of job opportunities. Also on their ask list was the need for relaxation of the provisions of Industrial Disputes Act to treat the lockdown period as lay-off.

Keeping in view the difficulties being faced by the industry and liquidity crisis, wages paid to workers may be covered under expenses under CSR funds, they said and demanded that the maximum permissible limit for workers' attendance in workplaces should be enhanced to 50% from 33% now.

Power supply to the industry at subsidised rates and reduction in the social security cost for both employees and employers were also on their demand list.

Not happy with the zone demarcation on the basis of Covid-19 cases, they demanded that there should be only two zones – containment and non-containment – to facilitate easy movement of workers and goods. They requested the government to allow all activities in non-containment zones.

Critising industries' demands, labour expert KR Shyam Sundar said, "The virus of planned labour reforms following Madhya Pradesh and then Uttar Pradesh is progressively offering more flexibility to employers and the virus is fast spreading to various states, and now it has reached to the national level in order to extract maximum labour flexibility form the government, which is worse than the Covid virus."

Leading industry bodies, including CII, Ficci and Assocham, took part in the webinar.

Source: financialexpress.com- May 09, 2020

HOME

*****************

## Subsequent 2 quarters difficult for Indian cotton yarn sector

The anticipated benefit from lower fibre prices by the Indian cotton spinning industry is now expected to be more than offset by the challenges due to the COVID-19 outbreak, according to CARE Ratings, which said the cotton yarn industry is staring at extremely challenging next two quarters with shutdown of manufacturing units and weak downstream demand.

COVID-19 is expected to lead to a drop in revenue along with moderation in profitability margins and debt coverage indicators apart from impacting the liquidity profiles of most of the companies engaged in the sector.

Smaller companies with high debt level, limited access to bank funding and limited liquidity buffer are expected to be affected more, compared with their larger counterparts, the rating agency said in a press release.

For the last few years, Indian cotton yarn spinners have been jostling with various headwinds, including subdued export and domestic demand coupled with fluctuating cotton fibre prices. Cotton yarn exports over the last few years have taken a hit, mainly on account of subdued demand from China (largest contributor to India's cotton yarn export).

After more than doubling in fiscal 2012-13 (in volume terms) and increasing by more than 50 per cent in the subsequent year (on a higher base), the yearly shipments to China in 2016-17 slumped by more than 25 per cent from the 2013-14 level. Though exports to China increased by around 47 per cent in 2018-19 over 2017-18, it declined significantly by 43 per cent in first ten months of fiscal 2019-20 on a year-on-year basis.

China's major cotton yarn demand is now being catered to by Vietnam which enjoys duty-free access to China. In the last few years, Chinese companies have invested heavily in Vietnam to expand their spinning capacities leveraging low labour cost there along with favourable trade agreements.

In 2019, China also allowed Pakistan to supply 350,000 tonnes of yarn at nil rate of duty, while Indian cotton yarn, on the other hand, attracts a duty of 3.5 per cent in China making Indian cotton yarn less competitive in the Chinese market.

In the first ten months of fiscal 2019-20, India's average monthly exports of cotton yarn stood at ₹1,616 crore, significantly lower than the monthly average of ₹2,278 crore, witnessed in the same period last year. Indian cotton fibre prices remained firm, especially in the first quarter of 2019-20, contrary to the international cotton prices, which made domestic cotton yarn spinners less attractive in the export market.

In addition to lower exports, demand of cotton yarn from the domestic apparel industry has also remained muted in the recent past. After witnessing a decline in two consecutive years (2017-18 and 2018-19), apparel exports remained almost flat (marginal increase of 0.2 per cent) in In the first ten months of fiscal 2019-20 compared with the same period in the previous fiscal. Domestic demand for apparels has also remained subdued during this period.

Lower exports and muted domestic demand has resulted in an oversupply situation in the domestic market resulting in lower realizations for cotton yarn.

Operating income for the sample of leading companies (listed on Indian stock exchanges) in the industry increased by 11 per cent in 2018-19 compared with 2017-18 figures on the back of increased export demand. However, it remained flat in the first nine months of fiscal 2019-20 on a year-on-year basis.

The Cotton Association of India (CAI) has projected a record cotton crop of 354.5 lakh bales for cotton season (CS) 2020, which is around 14 per cent higher than the last season crop of 312 lakh bales. In anticipation of higher output, and in-line with the international cotton prices, domestic cotton prices also started correcting in the second quarter of fiscal 2019-20.

Average prices of Shankar-6 variety remained around 9 per cent lower in the July 2019 to February 2020 period compared with the same period last year. However, owing to subdued demand, yarn prices have also started correcting, leading to diminishing spreads.

Owing to the Covid-19 pandemic, the demand for cotton yarn is expected to decline significantly in the firt two quarters of this fiscal, leading to deterioration in the operational and financial performance of the companies engaged in the segment. Cotton yarn prices, which were already under pressure in the last fiscal, are expected to decline further this fiscal.

With yarn realization expected to decline, and majority of the procurement cost already fixed, the spread and profitability margins of the industry players are expected to witness a further deterioration. Also, with declining cotton prices, domestic spinners could be looking at inventory losses in the future.

With major procurement of cotton almost done, majority players will be having limited cushion available in their working capital borrowings. Delay in payment from customers has also increased their reliance on the external borrowings.

CARE Ratings does not expect any major capacity increase in the industry in the next one year, with only a few large integrated players expected to undertake some capacity expansion.

However, with declining profitability and increased working capital borrowings, the rating agency expects debt coverage indicators of the companies in the industry to remain under pressure at least in the next two quarters.

Source: news104.com- May 08, 2020

HOME

*****************

# SBI cuts MCLR by 15 bps, 3-year term deposit rate by 20 bps

State Bank of India (SBI) on Thursday reduced its marginal cost of funds-based lending rate (MCLR) by 15 basis points (bps) and three-year retail term deposits by 20 bps, the bank said in a release.

The bank has also introduced a new scheme for senior citizens 'SBI Wecare Deposit' in which they will get additional premium over general public.

After the reduction, the one-year MCLR comes down to 7.25% from 7.40% with effect from May 10. "Consequently, equated monthly instalments (EMIs) on eligible home loan accounts linked to MCLR will get cheaper by approximately Rs 255 for a 30-year loan of Rs 25 lakh," the bank said. This is the 12th consecutive reduction in the bank's MCLR.

Citing adequate liquidity in the system, SBI pruned its interest rates on retail term deposits by 20 bps for up to three-year tenor, effective from May 12.

The bank has also introduced 'SBI Wecare Deposit' for senior citizens in the retail term deposit segment. Under this new product, an additional 30 bps premium will be payable for senior citizen's retail term deposits with five years and above tenor. This scheme would be in effect up to September 30. Under the new scheme, senior citizens will get 50 bps higher than the rate applicable for the general public for retail term deposits in which tenor is below 5 years.

However, for retail term deposits of five years and above tenor, senior citizens will get 80 bps higher than the rate applicable for the general public. The additional premium will not be payable in case of premature withdrawal of such deposits.

Earlier on April 7, the public sector bank announced a reduction in MCLR by 35 bps. and reduced savings deposit rate by 25 bps, citing adequate liquidity in the system.

Source: financialexpress.com- May 08, 2020

HOME

*****************

# Khadi and Village Industries' turnover touches record Rs 88,887 cr in FY-20

Khadi and Village Industries Commission on Friday said it achieved its highest-ever turnover of Rs 88,887 crore in 2019-20.

"Looking at the performance in the last one year, the turnover of Khadi registered a growth of 31 per cent from Rs 3215.13 crore in 2018-19, to Rs 4211.26 crore in 2019-20.

Khadi and Village Industries Commission on Friday said it achieved its highest-ever turnover of Rs 88,887 crore in 2019-20.

"Looking at the performance in the last one year, the turnover of Khadi registered a growth of 31 per cent from Rs 3215.13 crore in 2018-19, to Rs 4211.26 crore in 2019-20.

While the production of khadi, the most eco-friendly product of sustainable development, has more than doubled in the last five years (since 2015-16), the sales have gone up by nearly three times during the same period, KVIC said.

Similarly, the village industry sector has also seen phenomenal growth, with production and sales going up by nearly 100 per cent in the last five years, it added.

Khadi production since 2015-16 has grown at the average of 19.45 per cent per annum, which was merely 6.25 per cent during the previous government from 2004 to 2014, KVIC said.

Similarly, khadi's sale grew exponentially at the annual rate of 27.6 per cent, which remained as low as 6.65 per cent from 2004-2014.

"As a result of government's sustained efforts to revive the Khadi industry and the Prime Minister's repeated appeals from various platforms including his radio address 'Mann ki Baat', to adopt Khadi as a necessity of daily life, the KVIC has been continuously going up the growth trajectory," KVIC Chairman Vinai Kumar Saxena said.

Saxena said he was expecting higher results, but several exhibitions planned in the months of February and March were cancelled, and the year-end clearance sale could not take place.

According to figures, the production of khadi which was pegged at Rs 1,066 crore in 2015-16, shot up to Rs 2,292.44 crore in the year 2019-20, registering an increase of over 115 per cent. The sale of khadi fabric products increased by 179 per cent from Rs 1,510 crore in 2015 -16 to a whopping Rs 4,211.26 crore in 2019-20.

While village industries products worth Rs 33,425 crore were produced in 2015-16; production went up by 96 per cent to Rs 65,393.40 crore in 2019-20.

It also recorded an increase in sale of products by nearly 110 per cent, from Rs 40,385 cr in 2015-16 to Rs 84,675.39 crore in 2019-20, said KVIC.

Source: financialexpress.com- May 08, 2020

HOME

*****************

## 'Time to make supply chain functional'

Ghansham Singh Lotey, Managing Director, GSL Textile India Pvt Limited, has been running the company since 1981. GSL is engaged in manufacturing of textile machinery, which is used in garments, textile and spinning industry. Lotey has been holding the office of president of Ludhiana Industrial Focal Point Association for the past ten years.

Inspired from his father, a freedom fighter Ajit Singh Lotey, who was popularly known as Ajit Singh Swatantar , he is quite active in the field of social service too. After the demise of his father, he set up Ajit Singh Lotey Foundation for the welfare of the needy and downtrodden in the memory of his father. The foundation has also come forward for the cremation of Covid-19 victims.

### What is the impact of lockdown on industry?

We support the lockdown in the country and curfew in the state as it is beneficial for all of us. But due to the restrictions, the industry, including the knitting sector has been badly hit. The production has stopped all of a sudden. The government says that it will allow operation with 50 per cent staff/labourers/persons engaged in the production, but what about the remaining 50 per cent workers. Where will they go and how salaries would be paid to them? Moreover, it is very difficult to select the 50 per cent. More so, the industry is not getting the raw materials as the supply chain has not been made fully functional. The dealers and distributors say that they have not been allowed to open their shops/godowns. Even if the operations are made functional, the problem of selling the products/goods exis.

**What will be the impact of petrol and diesel price hike?**

Unfortunately, the central as well as state governments were not transmitting the benefit of reduction in crude oil prices at the global level. Instead of giving relief to industry and general public, they keep on raising taxes. The government must have an approach of a larger welfare state.

**What would be the challenges after the lockdown ends?**

Industry is going to witness the tough time, hitherto unimagined. Financial crunch is likely to hit the entire industry. Payment related disputes are likely to increase post Covid-19, when the industry would be made functional. We are likely to see spurt in the unnecessary litigation.

**What do you expect from the govt?**

Since the industry was witnessing a very tough time, the government should help the industry to survive in the present and post Covid-19. Interests should be waived on the loans granted to industries. Interest-free loans should be given to industries as done by several governments in their countries. The state government should also not charge electricity charges and rather focus on a strategy in consultation with the industry for making the chain functional from manufacturers to buyers. To save its own funds, the government is shifting the responsibility of labourers in entirety to the industry..

Source: tribuneindia.com- May 08, 2020

HOME

*****************