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NEWS CLIPPINGS

INTERNATIONAL NEWS

China to pip US as top apparel market by 2023: GlobalData

COVID-19 will wipe off $297 billion from the global apparel market in 2020, a 15.2 per cent decline over 2019, according to UK-based data analytics company GlobalData, which expects developing Asia-Pacific (APAC) markets, including China, India and South Korea, to raise their position in the top 10 global apparel markets by 2023, as mature Western markets lose out. China is expected to surpass the United States as the largest apparel market by 2023, it said.

The United States will account for 42 per cent of all lost spend, which will contribute to more major chains filing for Chapter 11 over the next few months, the company said in a press release.

APAC markets, on the other hand, are expected to be in a better position to counter the COVID-19 impact compared to their American and European counterparts driven by the growth in domestic demand, it forecast.

The 10 worst impacted markets, in terms of value, will represent 85 per cent of this total loss with mature markets suffering the hardest.

According to Vijay Bhupathiraju, retail analyst at GlobalData, though the recovery has already started across APAC markets, apparel sales will take some time to rebound amid dampened consumer confidence, slump in tourism, threat of an impending global recession and high unemployment rates.

"However, some of the lost sales will be compensated by the level of 'revenge buying' (sudden release of pent up demand from those willing and able to spend). Some brands across China for instance are seeing store sales return to 80-100% of pre-COVID-19 trading levels as the country relaxes lockdown measures," he added.

Source: fibre2fashion.com– Jun 08, 2020

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China imports plunge, exports fall on virus hit to global growth

China's exports and imports fell in May as the economic slowdown abroad started to take its toll, and after a surprise jump driven by increased demand for anti-epidemic supplies, official data showed Sunday.

With consumer demand muted and key overseas markets suffering downturns, imports saw their sharpest on-year fall in over four years, even as the country worked to restart its economy after bringing activity to a standstill to curb the coronavirus.

Exports from the manufacturing powerhouse fell 3.3 percent on-year last month, better than the 6.5 percent slide expected by a Bloomberg poll of analysts.

But the return to negative territory came after a surprise 3.5 percent jump in April, which was partly due to medical exports.

Analysts have warned of signs that a larger downturn awaits.

Customs data released Sunday also showed a larger than expected drop in imports on-year, which were down by 16.7 percent and at a four-year low.

Part of the plunge in the value of imports could be explained by falling commodity prices worldwide, said Rajiv Biswas of IHS Markit.

Iris Pang, ING chief economist for Greater China, told AFP another reason was likely a drop in parts bought for re-exports — imported goods that are shipped out after further processing — due to the uncertainty of global demand.

– Deeper downturn ahead –

Medical exports supported Chinese shipments in April and May, with shipments of textile yarns, fabrics and products rising 21.3 percent for the first five months on-year.

Analysts expect this boost to fade however, as the virus situation improves worldwide.

"Export growth rebounded in March and April, even as lockdowns came into effect abroad, because of a backlog of orders that had piled up while Chinese factories were shut in February," said Julian Evans-Pritchard of Capital Economics in a recent report.

But he noted the Purchasing Managers' Index, a key gauge of factory activity, still pointed to "a deep downturn in exports that has yet to materialize" as activity in China's major export markets remains subdued.

Exports would likely take a further hit in June and July, said IHS Markit's Biswas, before recovering towards the end of the year supported by lockdowns ending across Europe and the US and the Christmas season.

Cities in China have been rolling out measures to boost local demand, with Beijing announcing last week it would offer coupons worth 12.2 billion yuan ($1.7 billion) to spur consumption, according to state news agency Xinhua.

Meanwhile, China's trade surplus with the US was up by 3.7 percent to $27.9 billion in May, from last year.

This was also higher than the $22.8 billion surplus in April.

US-China tensions have risen again in recent months as both sides trade barbs over the pandemic and other areas.

With both economies hit by the virus, analysts have called into question their ability to meet earlier commitments from a partial trade deal signed in January.

Source: egyptindependent.com– Jun 08, 2020

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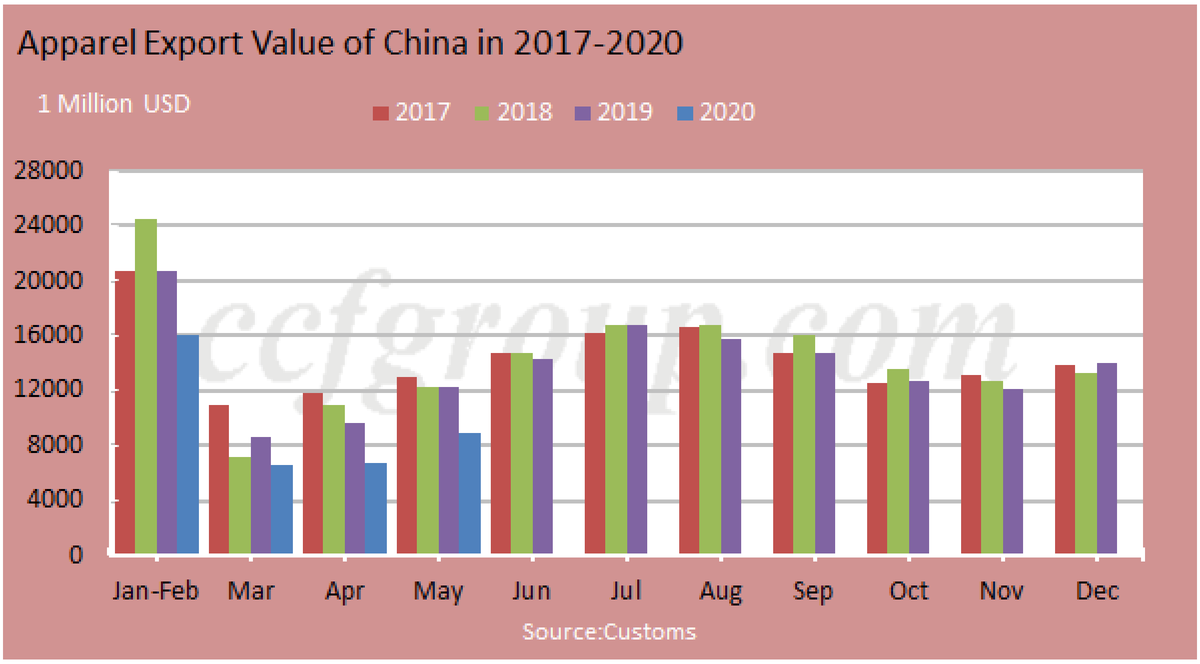
China textile & apparel export in May 2020

According to China Customs, exports of textiles and apparels amounted to US$29.554 billion in May 2020, up 38.36% m-o-m and 24.02% y-o-y respectively. Among these, textile export value totaled about US$20.6487 billion, up by 77.34% y-o-y, and apparel export value reached US$8.9057 billion, down by 26.93% on the year.

(unit: million dollars)	May, 2020	May, 2019	Y-o-y change	Jan-May, 2020	Jan-May, 2019	Y-o-y change
Textile	20,648.70	11,643.50	77.34%	57,951.70	47,782.50	21.28%
Apparel	8,905.70	12,187.20	-26.93%	38,213.10	49,520.80	-22.83%

* The data will be adjusted by the Customs every month based on actual situation.



Exports of textiles and apparels amounted to US$97.965 billion in Jan-May, 2020, down by 0.80% on the year. Among these, textile export value amounted to about US$59.7517 billion in Jan-May, 2020, up by 21.30% compared with the same period of last year, and apparel export value reached US$38.2131 billion, down by 22.80% on the year.

Source: ccfgroup.com– Jun 08, 2020

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Global trade of cotton fabrics to decline

The global trade of cotton fabrics, containing 85.00 per cent more by weight of cotton, have shown a tremendous fall in 2019. Total trade decreased 18.16 per cent from $43,889.80 million in 2017 to $35,919.86 million in 2019, according to data from TexPro. The total trade of cotton fabrics fell 19.22 per cent in 2019 over the previous year.

Further the trade is anticipated to drop to $26,644.54 million in 2022 with a rate of 25.82 per cent from 2019, according to Fibre2Fashion's market analysis tool TexPro.

The global export of cotton fabrics was $29,946.90 million in 2017, which declined 19.93 per cent to $23,979.91 million in 2019. Total exports substantially dropped 20.20 per cent in 2019 over the previous year and is expected to move down to $17,182.69 million in 2022 with a rate of 28.35 per cent from 2019.

The global import value of cotton fabrics was $13,942.90 million in 2017, which decreased 14.37 per cent to $11,939.95 million in 2019. Total imports were down 17.15 per cent in 2019 over the previous year and is expected to plunge to $9,461.85 million in 2022 with a rate of 20.75 per cent from 2019.

China ($14,903.78 million), India ($1,589.60 million) and Pakistan ($1,387.33 million) were the key exporters of cotton fabrics across the globe in 2019, together comprising 74.57 per cent of total export. These were followed by Italy ($747.31 million), Turkey ($663.59 million) and Germany ($511.44 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by India (12.42 per cent).

Vietnam ($2,116.63 million), US ($549.05 million), Cambodia ($544.85 million) and Italy ($525.56 million) were the key importers of cotton sewing thread across the globe in 2019, together comprising 31.29 per cent of total import. These were followed by Indonesia ($521.49 million), China ($478.77 million) and Sri Lanka ($397.18 million).

Source: fibre2fashion.com– Jun 08, 2020

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Vietnam ratifies free trade deal with EU

Critics in Europe have taken issue with Vietnam's record on human and labour rights, although the deal does include commitments in those areas.

Vietnam ratified a free trade agreement with the European Union on Monday that will cut or eliminate 99% of tariffs on goods traded between the Southeast Asian country and the bloc, and provide Vietnam with a much-needed post coronavirus pandemic boost.

Deputies in the National Assembly, which nearly always ratifies government proposals, voted by over 94% in favour of the European Union Vietnam Free Trade Agreement (EVFTA).

The EVFTA, expected to take effect in July, is the European Union's second deal with a member of the Association of Southeast Asian nations (ASEAN) after Singapore, and one of few with a developing country.

10-year window

Vietnam will have a transition period of up to 10 years for some imports, such as cars.

It will open up Vietnam's services, including post, banking and shipping and public procurement markets, align some standards and protect EU food and drinks, such as French champagne or Greek feta cheese, from imitations in Vietnam.

Critics in Europe have taken issue with Vietnam's record on human and labour rights, although the deal does include commitments in those areas.

The World Bank said in May the EVFTA could boost Vietnam's gross domestic product and exports by 2.4% and 12% respectively by 2030 and lift hundreds of thousands of people out of poverty.

“Such benefits are particularly urgent to lock in positive economic gains as they country responds to the COVID-19 pandemic,” the World Bank said.

Source: thehindu.com– Jun 08, 2020

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ICAC Releases Two Major COVID-19 Documents: Market Impacts and Why Cotton Is Best for Masks

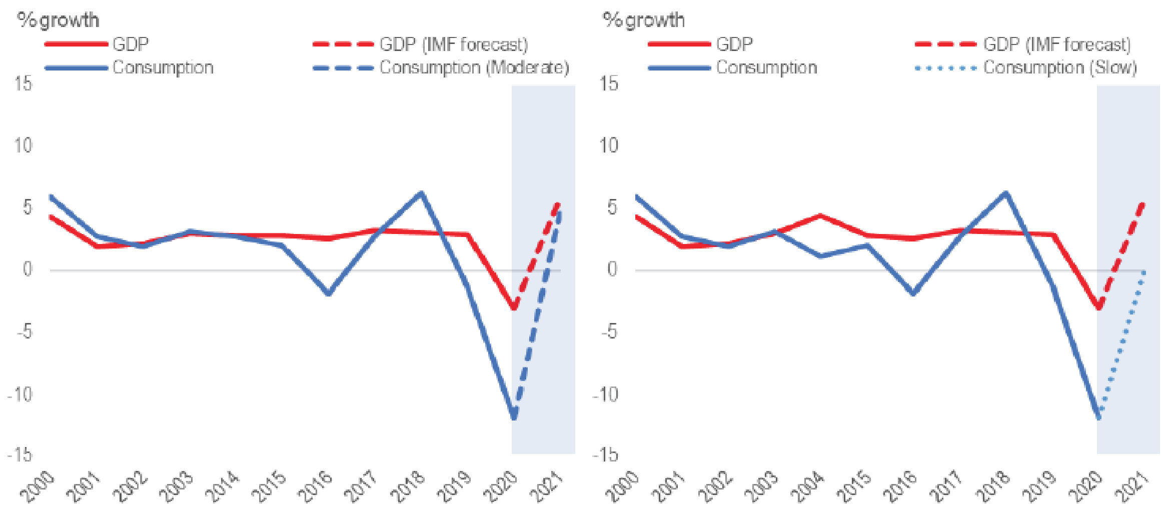
The cotton and textile industry has been suffering terribly since the global economy was essentially shut down by the novel coronavirus but it’s been difficult to assess the damage so far — and even harder to find something positive to report on.

However, the International Cotton Advisory Committee (ICAC) has released two documents that address those situations:

- ‘Impact of the COVID-19 Lockdown on the Cotton Market’ is a four-page brochure that outlines the current situation on supply and demand, prices and trade, as well as potential scenarios for each sector under a slow recovery or a speedier one. It also describes policy responses to the pandemic and recommendations for the industry as a whole to mitigate the damage.

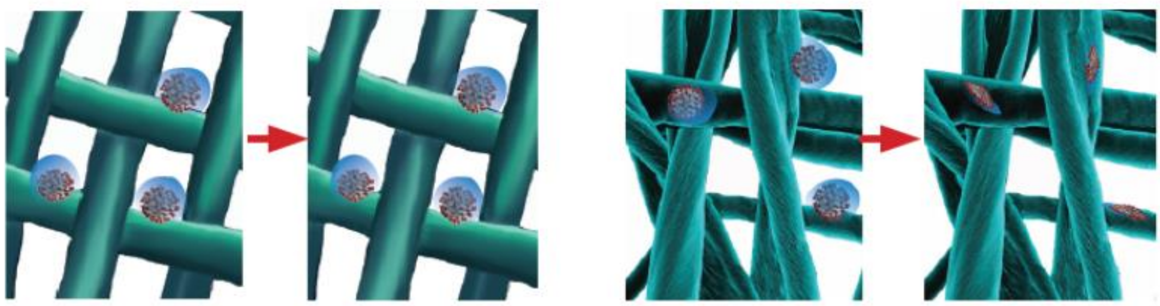
- ‘The Role of Cotton in Face Masks’, a research paper that reached a clear conclusion about making non-surgical face masks to protect against COVID-19 infection and spread: Cotton is superior to synthetics and other fibre types. The critical finding is that cotton’s ability to absorb, dehydrate and deactivate the virus — combined with the fact it’s biodegradable and can be impregnated with antimicrobial nanoparticles — make it the best choice for non-surgical, do-it-yourself face masks.

Policy Responses to the Great Lockdown Will Determine Demand Recovery



ICAC Executive Director Kai Hughes said that while the statistics and data in the Impacts report give readers a sense of where the industry stands right now, another important aspect of the report is ‘that the ICAC is providing recommendations — specific actions that governments and organisations can consider now to help facilitate the recovery — and it also shows how policy responses could potentially impact that recovery timeline’.

POLYESTER FABRIC COTTON FABRIC



Schematic diagram to show how virion-aerosol droplets remain on the hydrophobic fibres and survive.

Schematic diagram to show how virion-aerosol droplets are absorbed and the virions desiccate and dry.

SOURCE: ICAC (The Role of Cotton in Face Masks)

Dr Keshav Kranthi, Head of ICAC Technical Services and primary author of the cotton masks document, said there are three critical characteristics that make cotton so effective in face masks: hydrophilicity, rough surface/adhesion hysteresis and a high iso-electric point. ‘Where synthetics are hydrophobic and repel water, cotton absorbs it and destroys the envelope of moisture that surrounds and protects the virus’, he explained.

'Cotton's rough surface is much better for trapping nano-sized virions than the smooth surface found on synthetic fibres, and its higher iso-electric point is effective at reducing the virus's survival and recovery efficiency'.

Both of the documents have been posted online and are available free of charge to all:

Market Impacts: https://bit.ly/3gYZu1S

Cotton Face Masks: https://bit.ly/37ozxui

Source: icac.org– Jun 05, 2020

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Commentary: Striving for a better shared future for China, Myanmar

Friendly exchanges between China and Myanmar can be traced back to ancient China's Han Dynasty around 2,000 years ago. And their exchanges have grown increasingly dynamic over the centuries. People in both countries widely use "Paukphaw," a Myanmar term meaning "fraternal," to describe their brotherly bonds.

In 1950, Myanmar was the first of countries with a different social system to recognize the People's Republic of China. Since then, the two sides have been working together to ensure a stable and constant development of bilateral ties, and to tap the potential of their huge economic complementarity.

Myanmar has also been one of the first countries to respond to the China-proposed Belt and Road Initiative, for which the China-Myanmar Economic Corridor (CMEC) holds great importance. Over the years, China has been a major source of investment for Myanmar, notably in the areas of electricity, telecommunications and infrastructure.

The China-Myanmar joint venture Thaketa gas-fired combined cycle power plant is a good example of their win-win economic cooperation along the CMEC. Inaugurated in 2018 with a capacity of 106 megawatts, the plant has largely made up for the electricity shortage in the Yangon region.

According to Chinese Ambassador to Myanmar Chen Hai, Chinese investment in Myanmar's textile industry has created 400,000 jobs for local residents.

China is Myanmar's largest trading partner, accounting for 35 percent of the latter's total import and export volume. China's official data shows trade between the two sides has seen a year-on-year growth of over 10 percent each year in the past three years. Particularly, in 2019, China's trade with Myanmar expanded by 28.5 percent year-on-year to about 17.71 billion U.S. dollars, about four times larger than that of 2010.

Earlier this year, Chinese President Xi Jinping paid a state visit to Myanmar. During Xi's visit, the two sides agreed to build a China-Myanmar community with a shared future, which ushered in a new era of bilateral relations. The ongoing pandemic fight has proved that the idea of building that community with a shared future is not only necessary but also wise.

When China was in the depths of its own epidemic fight, the Myanmar government and the whole Myanmar society offered strong support and donated urgently needed supplies to China. Later, during Myanmar's fight against the coronavirus, the Chinese side has also donated multiple batches of anti-epidemic supplies to Myanmar, sent three groups of medical experts, and helped build a nucleic testing lab in the country.

While working together to contain the outbreak, the two sides have also made positive progress in jointly facilitating cross-border trade and the resumption of production.

In a phone call with his Myanmar counterpart U Win Myint last month, Xi said the COVID-19 outbreak in Myanmar is pulling at the heartstrings of the Chinese people, and China will continue to provide firm support and as much assistance as possible in line with Myanmar's needs.

As the world is going through some fundamental changes rarely seen in a century, countries around the world are faced with new global challenges.

In this age of monumental transformations, the two countries share the need to continue upholding the spirit of five principles of peaceful coexistence -- a now widely-recognized international diplomatic guideline they helped initiate -- and safeguard their sovereignty, security, and development interests.

China and Myanmar have an exchange history of more than 2,000 years and share a land border over 2,000 km long. With mutual trust, mutual respect and mutual support, the two Paukphaw partners can continue benefiting each other while contributing to peace and prosperity of the region and beyond.

Source: bignewsnetwork.com– Jun 08, 2020

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Winners and losers for post-Covid portfolios

Risk aversion in a post-Covid world will manifest itself in investor moves towards developed markets and away from more traditional businesses, analysts have predicted.

Investment professionals will tell you there is no such thing as a crystal ball when it comes to working out where to put your clients' money. There is, however, a heat map, launched by Kroll – a division of Duff & Phelps that specialises in risk analysis.

Kroll's global teams of analysts have analysed hundreds of geographies and sectors to ascertain what effect Covid-19 has had on investment prospects across the world, mapping this against performance data, as well as known policy changes and central bank efforts to curb the financial impact of Covid-19.

According to Louis-David Magnien, EMEA regional managing director in the business intelligence and investigations division at Kroll, the map has been designed to help investors and their advisers identify trends and tweak portfolios, within the context of individual's specific requirements.

Mr Magnien said: "In terms of geographies, Covid-19 hit some developing markets somewhat later than developed markets. And the fiscal response from developing markets has been lower than that of developed markets.

"So the strength of these states or companies or banks in [the former] may be less supported than in Europe or the US or Japan, and there will be more dislocation in these markets. "For this reason, geographically developed markets will probably remain a safer bet, depending on the level of risk one is willing to take."

Some developing markets have weathered the storm very well, such as Vietnam, which the Kroll heat map places as having little to no negative impact as a result of Covid-19. But other developing markets will experience big knock-on effects, such as in Bangladesh.

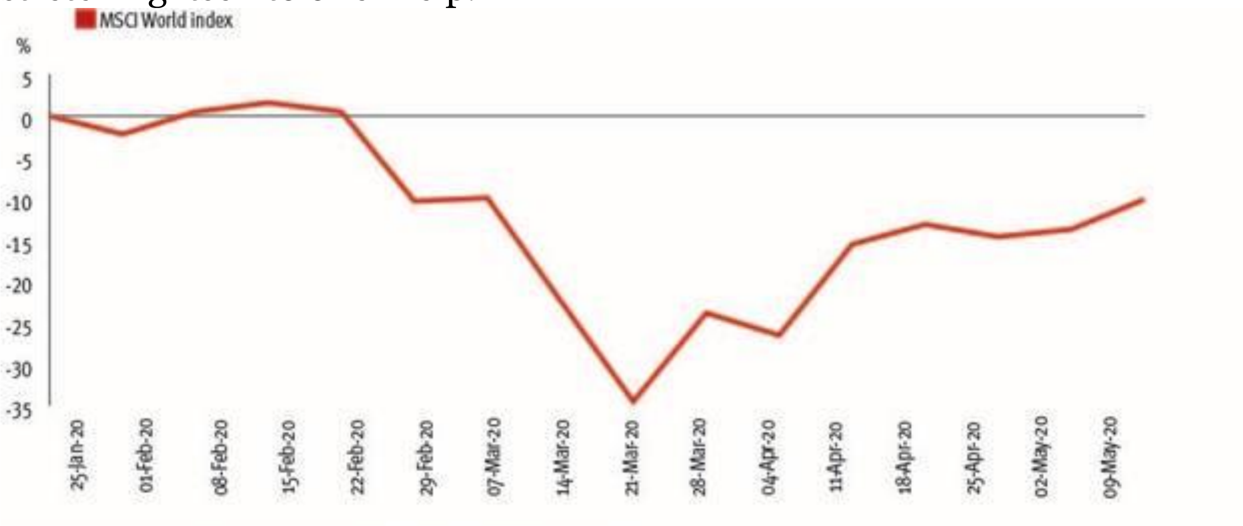
The country's textiles and clothing supply to western shops, a significant economic contributor to the country's GDP, have been severely disrupted.

"With developing markets, the disruption is not just Covid-19 related, but other restrictions in travel and movement and flows of money will be felt relatively for quite some time, in our view," Mr Magnien added.

Stimulus

One of the question marks of this crisis is whether countries' individual responses have been the most appropriate.

For example, Brazil's government has been accused of failing time and again to provide the right level of support, but some think Europe is over-stretching itself to offer help.



Source: Morningstar. Based on weekly returns from Jan-25 to May-23 for MSCI World index

Last week, the European commissioner for the economy Paolo Gentiloni announced a "landmark" stimulus package of some €750bn (£661bn) to help economies damaged by the pandemic. Some of this will be in the form of loans that do not need to be repaid.

Japan also announced its cabinet had approved an additional $1.1tn (£800bn) budget to counter the recession.

The Kroll heat map focuses on public and regulatory reports to buttress qualitative analysis of economic, social welfare, and other socio-economic indicators of 61 key regions of the world.

Analysts located in each of these key regions provide qualitative assessments of nearly 30 such indicators, as well as regular updates.

Although the nature of the sources, reports, and other public information relied upon for this dashboard are subject to regional variances, its findings seem to be in line with what large fund management groups are also suggesting.

Jeremy Podger, portfolio manager of the Fidelity Global Special Situations fund, said it is important to work out the implications of huge support programmes on government finances in the long-run, as this can affect the ability of countries to rebuild their economies.

He said: “On the economic front, economies will avoid a spiral into depression due to liquidity being provided by central banks and direct government support for labour markets. Nevertheless, the economic shock will take time to repair: economic forecasters currently assume that GDP will recover to 2019 levels in the second half of 2021, depending on country specifics.”

Globally, he said as earnings forecasts typically follow GDP progression (typically with a lag), Fidelity sees earnings consensus for 2020 moving down close to 30 per cent from where it was at the start of the year.

Sector views

When it comes to individual sectors, Mr Magnien said one should look at trends that emerged during lockdown, such as online shopping and home working. Research by digital commerce specialist JGOO shows 33 per cent of people expect to do more shopping online because they have become used to doing so during the coronavirus lockdown.

“These are trends that are not going to go away and, therefore, you have to consider whether the High Street shops are still worth investing in, and whether office real estate will be a long-term safe bet,” added Mr Magnien.
“We can already see from the heat map that online banking has increased in usage again. For example, in Columbia, there has been a 40 per cent surge

in usage. Again, bricks and mortar may disappear as more online banking apps are used globally."

But while these trends may affect sectors such as technology and property, albeit for different reasons, it is important, according to Mr Podger, to look at individual names and how their own earnings are likely to progress over the next three years, compared to previous expectations.

Individual companies

Mark Walker, managing partner at Tollymore Investment Partners, agrees it is important to drill down into company specifics to avoid risky blow-ups and stick with safer, perhaps less exciting, stocks.

He said: "Credit conditions of recent times have possibly allowed weak companies to thrive. This event-driven macro-crisis may expose those firms who have been swimming naked. Likewise, investors, seduced by a decade of low finance costs, have geared up their investments, leaving them ill-equipped to invest counter-cyclically. Both dynamics may exacerbate quoted price declines."

This is why managers have said they are reviewing their portfolio holdings case by case, and focusing on those sectors and stocks where the prospect for longer-term performance is evident.

Mr Podger explains: "We have been adding holdings where valuations are cheaper, but three-year earnings prospects may be better than previously expected – mostly growth names – and also where stocks have performed poorly but the market has been unduly short sighted.

"Specifically, we have been adding to US health care, US refining, utilities in the US and Europe, and Asian insurance. We are also looking at Japanese electronics and machinery, which sold off more than fundamentals justify, as well as UK domestic names. Beyond that, we have a growing list of potential new investments in both value and growth names."

Kroll's analysis backs this up, with growth areas continuing to emerge in clean energy, such as Norway's increasing output of electric cars, pharmaceuticals – as vaccines development gets underway – and luxury goods, as China's big spenders start to make the most of the end of their lockdown.

Winners and losers

Mr Magnien's view is that any business models rooted in the past will have to change now they have experienced this business disruption or they will fail. Stores that never operated online deliveries may have to make adapt quickly.

Care homes – a previously "safe infrastructure investment" – may face huge litigation costs over their handling of Covid-19. "So you need to make careful decisions," he said. But when it comes to a battle for survival, he does not think it is as simple as small or large. "With a crisis like this, governments such as the UK's are doing the right thing to open the tap.

"The real risk is when the tap is closed – and the ability of firms to hold sufficient financial reserves will be very complicated. The smallest companies, unfortunately, will find it difficult to recover unless they have cash reserves."

Therefore, clients without proper diversification may find themselves over-exposed to some pretty risky holdings.

Source: ftadviser.com– Jun 08, 2020

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Philippines plans making lakhs of REwear masks each week

The Philippines plans to manufacture lakhs of reusable, washable and re-wearable (REwear) face masks every week for frontline health workers by the end of this month, according to the department of science and technology. The Philippine Textile Research Institute is in charge of producing the face masks. The current production is at 10,000 units per week.

With an initial production target of 500,000, the country has already earmarked half of that for the frontliners in cooperation with the National Task Force that is taking charge of logistic, said secretary Fortunato dela Peña in a virtual briefing. The rest will be part of the government stockpile.

He said the agency is hoping to get more people on board to sew masks, according to Philippine media reports. Most of the production now is coming from the sewers of Taytay (Rizal) and also from Cavite, and the government expects to have more collaborators for the mission, the official added.

Source: fibre2fashion.com– Jun 08, 2020

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China reopens opportunity of Pakistan's cotton export

Chinese textile market has recently shown positive trends, going to get rehabilitated which could be considered as good omen for Pakistan's cotton exports. Chinese market has been one of the main export destinations of Pakistan cotton. However, since April, due to impacts caused by COVID-19, cotton exports in Pakistan have been depressed.

Gwadar Pro on Monday quoting a report of China Textile News stated that in May various economic indexes of Chinese textile and garment market have picked up.

The report analyses that though the retaliatory consumption after COVID-19 epidemic has not arrived yet, Chinese textile merchants have active adjusted the strategies and realized the gradual recovery of market.

Another report released by China Cotton Net analyses that due to cotton early planting affected by locusts, the emergence rate of cotton in Pakistan will be lower than previous forecast 8 million packs (170 kg/pack). Besides, cotton demand is expected to recover in June after Eid and the gradual lifting of the blockade.

Comparing with Chinese market, demand of Western market is expected as continue depressed. On May 13th, The United States Department of Agriculture (USDA) reported a global cotton supply and demand forecast.

The forecast shows that US cotton import volume was expected as 0.2, the index of EU is 13.3 and Chinese expected import volume is 206.8. Another important index released by USDA is domestic consumption. The expected domestic consumption of cotton in US, Eu and China respectively are 63.1, 14.4 and 827.4.

Salim Ghori, who has been working in denim Industry for 25 years, said: "A huge chunk of textile is exported to western countries. due to Covid-19 it will have a huge impact on Pakistan's balance of payment and we will be under huge crisis if this situation extends for a few months," "Our goods are exported to Western countries such US, UK, Italy, Spain, Germany etc. However, influenced by outbreak, there were plenty of export orders lost and the situation is very serious. There were many returns which led direct los s for our company," said Ghori.

Source: pakobserver.net– Jun 09, 2020

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Turkey's textile, automotive businesses see quick start, recovery after brief virus break

Following a mandatory yet brief break due to the coronavirus outbreak, Turkish factories in western Kocaeli and Sakarya provinces – leading industrial cities of the country, started operating at full speed, with new investments and factory openings on the way thanks to increasing orders.

Especially automotive and textile industries, which are considered chief players in the Turkish economy, started their production even faster than the pre-coronavirus period as of June 1 when the country lifted almost all of the measures as the spread of the virus was declared under control and a new phase of normalization has begun.

Mustafa Gültepe, CEO of the Talu Tekstil located in the first Organized Industrial Zone (OIZ) in Sakarya, who is also the chairman of the Istanbul Textile and Apparel Exporters Association (ITKIB) told the Turkish Sabah daily that they started June fast, as the company is receiving high numbers of orders from Europe.

Textile and apparel were one of the sectors most affected by the pandemic that hammered businesses worldwide. Hitting Europe and the U.S. hard after emerging in China, the outbreak shuttered nearly all stores and eventually caused a difficult process for Turkish textile manufacturers and exporters.

However, the textile manufacturers underwent a quick revival and now foresee an even quicker recovery after the shock they experienced, sector representatives said. Talu Tekstil is currently working again at full production after its factories produced nothing but medical masks during the month of April.

"The demands have increased significantly with the opening of stores in Europe. Our capacities are also increasing rapidly," Gültepe said.

The company opened its third factory in Adapazarı last year to keep up with increasing orders and is now planning to move its factory to a newly established giant factory with a closed area of 20,000 square meters (65,617 square feet) in central Turkey at the end of the month. Its production capacity is planned to increase by 30% after moving to the new factory.

"Our investments will continue to increase," Gültepe said.

The company, which strictly follows all the rules set out by the Ministry of Health, has already changed the working order and reorganized its dining halls accordingly with social distancing rules while every staff member is required to wear face masks and have their temperatures taken regularly.

Produce to export

The company sells its entire production abroad and were sending products to 155 countries before the outbreak. Talu Tekstil, which was manufacturing approximately 1 million products a day for global companies before the virus, is working with the target of producing at these levels again in August.

Stating that they provide employment for 2,500 people, Gültepe noted, "As industrialists, we are ready to do whatever we can with the support of the state."

He added that Turkey stands out as one the most powerful alternatives to supply chains and with this challenging process it has even "strengthened its solid supplier position."

Capacity high in automotive

Assan Hanil Automotive Industry and Trade Inc., established with the partnership of Kibar Holding and South Korean Seoyon E-Hwa that resumed production on April 20, is also continuing to produce at high levels and increased its capacity utilization rates up to 70% in a short time.

Atacan Güner, the company's general manager, said that the capacity utilization rates are increasing daily, and "the sector is expecting 90-95% levels in September."

The company operates five plants; three of which are located in Kocaeli, one in northwestern Bursa and the other in central Aksaray; and produces for brands including Hyundai, Ford, Mercedes, Toyota, Karsan, Isuzu and Honda.

The companies that receive products from Assan Hanil which has an annual 190 million euro ($214.2 million) turnover, are also among the largest exporters and have large markets in Europe. Thus, 90% of the company's turnover comes from indirect exports.

Saying that the main acceleration in the sector will be achieved with the opening of the European market, Güner said: "We expect the market to return to 70-75% sales pace in June and its pre-coronavirus levels in three to four months."

Güner also said that the company’s initiatives for investment abroad also continue uninterrupted despite the virus and having its main target in western Europe. "Our search for investments continues regarding Germany, Czechia and Poland,” he said, noting that “they plan to buy at least 50% shares of a company with an investment of 40 million euros.”

Stating that they are recovering rapidly although the sector is the most affected by this crisis after the textile and aviation industries, Güner explained that the credit support given by the public banks to the automotive sector is also very important.

Predicting that this step will be reflected in the sector very quickly, Güner said: "The automotive (sector) is the locomotive of the exports. All kinds of support to be given here are also very important for the protection of employment. We expect the sales to double with the support in question.”

Turkey's three largest state lenders last Monday announced that they will extend a new loan incentive scheme with reduced rates to invigorate the transition to normalization and revive social life, as economic activity steps up following a slowdown due to the coronavirus pandemic.

Ziraat Bank, VakıfBank and Halkbank are beginning to offer four new loan packages, including mortgages for new houses, loans for vehicle purchases, locally manufactured goods and holiday expenses at annual interest rates running below inflation. The move was later joined by the state lenders’ participation banks.

Source: dailysabah.com– Jun 09, 2020

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Why Uniqlo is Winning in China

Uniqlo's strength could be summed up as: identify a market niche, focus on developing the very best products for customers in that niche, and maintain consistancy in product quality and retail experience.

Like all retailers, Uniqlo's sales have suffered during the pandemic.

However, Uniqlo is looking beyond the current crisis, and is moving ahead with its planned new store openings.

On June 5, Uniqlo opened a new store in Tokyo's Harajuku district. A 4,500 sq. ft store will open on June 19 in Tokyo's Ginza. On June 3 Uniqlo opened its third store in Vietnam - a 2000-sq. ft store is in Ho Chi Minh City's Landmark 81.

China Strategy

Uniqlo set its sights on expanding in China, a move that has positioned the Japanese retailer for stable long term growth.

It's first store in China opened in 2002, one of the first foreign brands to enter the market with physical stores.

Uniqlo studied the Chinese market carefully and is one of the most successful foreign brands – both online and in physical stores.

It is now the No. 1 apparel brand in China.

Eight core strategies are the foundation of the brand's success.

Source: insidefashionlive.net– Jun 08, 2020

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Taiwan cautious on trade outlook as May exports fall again

Taiwan's exports in May fell for a third straight month but at a slower pace than expected, with the government "cautious" about the outlook due to the impact of the coronavirus pandemic on global demand and U.S.-China frictions.

Exports dropped 2.0% from a year earlier to $27 billion in May, the finance ministry said on Monday. A Reuters poll had forecast an annual drop of 4.7%.

In April, exports slipped 1.3%.

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 plastics.
Read more at https://www.todayonline.com/world/taiwan-cautious-trade-outlook-may-exports-fall-again

Exports for telecommunications products and tech gadgets jumped nearly 11% from a year earlier to their third highest monthly record, but the telecommuting boom could be disrupted by the coronavirus crisis and renewed U.S.-China trade tensions, the ministry said.

"Our foreign trade is facing a high degree of uncertainty. The outlook is likely to be cautious," the ministry said in a statement.

May imports fell by a more-than-expected 3.5%, against economists' expectations of 2.1%.

Taiwan, whose largest trading partner is China, could see June exports come in within a range of -2% to -5% on the year, Beatrice Tsai, head of the ministry's statistics department, told reporters.

While Taiwan has prevented a rapid spread of the COVID-19 disease without going into total lockdown, the government has repeatedly warned of economic uncertainty and is rolling out a stimulus package worth T$1.05 trillion ($35.34 billion).

It has also pledged to attract manufacturers to move production home from China and is seeking to draw foreign tech firms.

Taiwan's economic growth is likely to slow to its weakest in five years in 2020 as the pandemic hurts domestic consumption and the job market, though strong global demand for electronics could cushion the blow for the island.

In neighbouring China, exports contracted in May as global coronavirus lockdowns continued to devastate demand, while a sharper-than-expected fall in imports pointed to mounting pressure on manufacturers as global growth stalls.

Source: todayonline.com– Jun 08, 2020

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Vietnam-EU Trade: EVFTA Ratified by Vietnam's National Assembly

Vietnam's National Assembly on June 8 ratified the European Union Vietnam Free Trade Agreement (EVFTA) and the EU-Vietnam Investment Protection Agreement (EVIPA) paving the way for it to take effect sometime in July or August this year. The agreement was unanimously approved with 94.62 percent of lawmakers in favor of the EVFTA and 95.65 percent in favor of the EVIPA.

The developments follow the ratification of the FTA by the European Parliament (EP) on February 12. Analysts hope the trade deal will give a much-needed boost to Vietnam's industries, such as manufacturing, as it looks to recover from the COVID-19 pandemic. The EVFTA was signed on June 30 in Hanoi paving the way for increased trade with the EU and Vietnam.

The EVFTA is an ambitious pact providing almost 99 percent of the elimination of custom duties between the EU and Vietnam. As per the Ministry of Planning and Investment (MPI), the FTA is expected to help increase Vietnam's GDP by 4.6 percent and its exports to the EU by 42.7 percent by 2025. While the European Commission has forecast the EU's GDP to increase by US$29.5 billion by 2035.

65 percent of duties on EU exports to Vietnam will be eliminated while the remaining will be gradually phased out over a period of 10 years. 71 percent

of duties will be eliminated on Vietnam exports to the EU, with the remaining being eliminated over a period of seven years.

The EVFTA is considered a new generation bilateral agreement – it contains important provisions for intellectual property (IP) rights, investment liberalization, and sustainable development. This includes a commitment to implement the International Labor Organization (ILO) standards and the UN Convention on Climate Change.

Talks between the EU and Vietnam began in June 2012 and ended in December 2015, however, the ratification process was delayed due to specific details on tariffs as well as the EU-Singapore FTA which came into effect recently.

Vietnam and the EU are long-standing trading partners. At the end of 2018, EU investors had invested more than US$23.9 billion in 2,133 projects in Vietnam. In 2018, European investors added almost US$1.1 billion in Vietnam.

EU investors are active in 18 economic sectors and in 52 out of the 63 provinces in Vietnam. Investment has been the most prominent in manufacturing, electricity and real estate.

The bulk of the EU investment has been concentrated in areas with good infrastructure, such as Hanoi, Quang Ninh, Ho Chi Minh City, Ba Ria-Vung Tau and Dong Nai. 24 EU member states are invested in Vietnam, with the Netherlands taking the top spot followed by France and the UK.

At the regional level, Vietnam is now the EU's second most important trading partner among all ASEAN members – surpassing regional rivals Indonesia and Thailand, in recent years. The growing trade between the EU and Vietnam also helps to solidify ASEAN's position as the EU's third-largest trading partner.

Industries primed for continued expansion

The EVFTA, at its core, aims to liberalize both tariff and non-tariff barriers for key imports on both sides over a period of 10 years.

For Vietnam, the tariff elimination will benefit key export industries, including the manufacturing of smartphones and electronic products, textiles, footwear and agricultural products, such as coffee. These industries are also very labor-intensive. Increasing Vietnam's export volume to the EU, the FTA will facilitate the expansion of these industries, both in terms of capital and increasing employment.

Textiles

Both Vietnam and the EU have articulated a timeframe by which they have committed to liberalizing all tariffs. Key among these commitments is a seven-year timeline for Vietnam's textile and footwear products. Exports of the sector reached around US$9 billion in 2018. As a large proportion of Vietnam's exports to the EU are consumer goods such as clothing, textile, and footwear, the FTA could significantly increase their trade volume.

Click here for more details

Source: vietnam-briefing.com– Jun 08, 2020

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Bangladesh: Jan-April RMG exports to US rise 2.13pc

Bangladesh's apparel exports to the United States grew by 2.13 per cent during the first four months of 2020 calendar year, compared to the same period of last year.

The country fetched US$2.07 billion from apparel exports to the US market from January to April of 2020 against $2.03 billion earnings of the corresponding period of 2019, according to data of Office of Textiles and Apparel (OTEXA) affiliated with the US Department of Commerce.

During January-April period of this calendar year, Bangladesh shipped 748 million square metres of apparel items, which was 728.21 million square metres in the same period of last year.

The US imported textile and apparel items worth $2.14 billion from Bangladesh from January to April of 2020, it showed.

After the Rana Plaza building collapse in 2013, Bangladesh's apparel exports to the US declined to $4.83 billion in 2014, which was $4.95 billion in 2013. In 2015, exports grew to $5.40 billion, but declined in next two consecutive years.

Apparel exports to the US started increasing again from 2018, and the country earned $5.93 billion from apparel exports to the US in 2019, according to OTEXA data.

On the other hand, Chinese apparel exports to the US witnessed a negative growth of 46.44 per cent to $3.88 billion in the first four months of this year. China shipped apparel items worth $7.26 billion to the US during January-April period of 2019.

Meanwhile, the garment exports of Vietnam also declined by 1.31 per cent to $4.18 billion, and India witnessed 13.07 per cent fall to $1.36 billion during the same period of 2020.

Fazlul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said the OTEXA data reflects the shipments that Bangladesh made from December 2019 to March 2020 period. The growth indicates that Bangladesh was doing well compared to its competitors before the lockdown, imposed due to the ongoing coronavirus pandemic.

He added that the future (of local exports to the US) is uncertain. However, the improving employment situation in the US gives a good indication that their consumers might spend more money for clothing.

When asked, Khondaker Golam Moazzem, additional research director of Centre for Policy Dialogue (CPD), said there is a time gap between shipments sent and received. He also echoed the BKMEA leader that the shipments from Bangladesh were sent to the US from December to March.

Regarding the negative growth of China and Vietnam, he said both the countries enforced lockdown earlier (than Bangladesh) that halted their shipments, and its impacts are shown in their Jan-April export data.

Both of them opined that production in Bangladeshi units was almost suspended in April. Its impact might be reflected in the data of coming months, when the competitor countries might start reviving.

Source: thefinancialexpress.com.bd – Jun 08, 2020

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Create global supply chain sustainability fund, urges Bangladesh to UK

Bangladesh high commissioner to the UK Saida Muna Tasneem has urged the UK to create a global supply chain sustainability fund for post-COVID-19 socio-economic recovery of countries victimized by the British retailers including Bangladesh.

The rise in number of unethical cancellations and non-payment for manufactured apparels by UK retailers is victimizing the Bangladesh RMG industry its 4.5 million workers.

Tasneem also urged the UK to ensure equitable and affordable access to vaccines and therapeutics manufactured by the UK and other developed countries for the most vulnerable countries including LDCs. She was addressing a ‘High Commissioners’ Virtual Conference’ organized by the UK FCO (Foreign and Commonwealth Office) Minister of State for South Asia, Commonwealth, the UN and the DFID, Lord Ahmad of Wimbledon this week.

Tasneem was one of the eight speakers at the conference participated by more than 48 high commissioners of the Commonwealth, UK’s Joint Head of International Engagement of the HMG Coronavirus Taskforce Alastair King Smith and UK FCO High Officials including the Commonwealth Envoy, Philip Parham.

She also briefed the conference about the innovative and unprecedented initiatives undertaken by Bangladesh premier including a $11.50 billion COVID-19-response social safety emergency aid and incentive package for protecting livelihoods of the most vulnerable faction of the society.

British FCO Minister Lord Ahmad, who chaired the virtual conference, assured Tasneem of UK’s continued engagement and support to Bangladesh’s post-COVID-19 socio-economic and sustainable development recovery.

Source: fashionatingworld.com– Jun 08, 2020

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Pakistan: APTMA demands reduction in gas tariff for export oriented textile industry

Mr. Zahid Mazhar, Chairman, APTMA Sindh-Balochistan Region has demanded the Prime Minister Imran Khan and the Economic Managers of the Government to reduce the indigenous gas tariff for the five export oriented sectors in line with major reduction in oil prices in the international market, to recover from the negative impact of Coronavirus (COVID-19) on the economy and exports.

In a statement issued to the press, Mr. Zahid Mazhar said that the wide spread of COVID-19 Pandemic has severely disrupted the global economy so large that some economists have suggested that it will be even worse than the Great Depression.

In case of Pakistan due to slowing down of the growth momentum, the growth rate would be far below the target of 2.4 percent initially fixed for the current Financial Year, now expected to end up in negative growth of -1.5 percent, he added.

He further said that to offset the devastating impact of Coronavirus on the economy, industry and international exports, the rate of natural gas for the industries, specially the export oriented industries including their gas power generation plants which may be part of the same concern or associated concerns incorporated separately, should be reduced by at least 35 to 40 percent as the cost of energy is the major component of the total cost of production.

The drastic fall in the international oil prices to around $40 from the previous level of $65 also justifies the reduction in gas prices, Zahid Mazhar added. In India the prices of gas have already been reduced drastically. Pakistan needs to capitalize on its best trait to grab the post Covid opportunities and that opportunity is Exports of Textiles and only textile can help us get out of the present crisis and bring massive foreign exchange and provide employment to match the targets of the Prime Minister.

Pakistan's textile sector contributes 8.5% in GDP, employs 40% of the national labour force and contributes to almost 60% of total exports. Already in the international export arena the countries (especially competitors of Pakistan) are going out of way to grab lost markets and exploring new markets. Export oriented Countries are reducing utility (Power & Gas) rates to make their industries competitive and position themselves into the international markets, especially US and Europe.

Pakistan's textile exports are already facing the negative consequences of high energy tariffs relative to other competing countries. It is now or never situation for the textile industry to grab the market share, which cannot be achieved without government intervention by reducing the cost of production. Therefore the cost of natural gas which composes of a big chunk in the cost of production should be reduced with immediate effect in the best interest of the economy and the Export Oriented Textile Industry.

Source: dunyanews.tv– Jun 08, 2020

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Textile Exchange releases 2025 Sustainable Cotton Challenge report

US-based global non-profit Textile Exchange recently released the 2025 Sustainable Cotton Challenge report. The purpose of the 2025 Challenge is to raise the uptake of organic and preferred cotton, which can increase smallholder farmers' income, eliminate hazardous pesticides, reduce the use of water, pesticides and synthetic fertilizers, and improve water quality and soil health.

The Challenge was formed in 2017 when His Royal Highness The Prince of Wales convened a group of chief executive officers (CEOs) through the work of his International Sustainability Unit that existed to address critical challenges facing the world.

Those original 13 CEOs committed to working together to accelerate the use of sustainable cotton, which paved the way for other industry leaders to follow, resulting in 82 companies now committed to sourcing 100 per cent sustainable cotton by 2025.

The Challenge serves as a cornerstone for change in the apparel and textile industry by encouraging brands and retailers to commit to source cent per cent of their cotton from the most sustainable sources by 2025, a press release from Textile Exchange said.

Source: fashionatingworld.com– Jun 08, 2020

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NATIONAL NEWS

India's economy to contract by 3.2 per cent in fiscal year 2020-21: World Bank

The World Bank revised its January projection on India by a massive negative nine per cent for the year 2020 and minus three per cent for the year 2021.

The World Bank expects India's economy to contract 3.2% in the current fiscal year, a sharp downgrade from its April projection of 1.5%-2.8% growth, citing stringent lockdown and spill overs from weaker global growth.

The Global Economic Prospects (GEP) report released on Monday said the lockdown would severely curtail activity despite fiscal and monetary stimulus. Further, weaker global economic performance and balance sheet stress in the financial sector would also weigh on activity.

The latest report expects the economy to make a modest recovery to 3.1% growth in the next fiscal year, in comparison to the 6.1% expansion projected in the January report.

A number of firms including Goldman Sachs and Nomura have projected a contraction of as much as 5% for India in FY21.

The report said the pandemic's impact would be particularly hard on emerging markets and developing economies (EMDEs) with large informal sectors, like India. It would "take an especially heavy humanitarian and economic toll on" these economies, it said

The vulnerabilities associated with informality like widespread poverty, deficient public health and medical resources, and weak social safety nets have amplified the economic shock to livelihoods from Covid-19, according to the GEP report.

Worst recession since World War II

The World Bank said the swift and massive shock of the coronavirus pandemic and shutdown measures to contain it have plunged the global economy into a severe contraction.

It said this would be the most synchronised contraction in per capita output for economies since 1870, estimating a 5.2% contraction in 2020 with a 4.2% rebound next year.

"That would represent the deepest recession since the Second World War, with the largest fraction of economies experiencing declines in per capita output since 1870," the World Bank said. According to the report, 90% of economies would be in recession, higher than levels seen during the Great Depression of the 1930s.

While the baseline scenario assumes the outbreak recedes in time to allow economies to lift mitigation measures by around mid-year, a predominant downside risk of a protracted pandemic could see world output shrinking by 8% this year with a sluggish 1% recovery in 2021.

Plunging Growth

"This is a deeply sobering outlook, with the crisis likely to leave long-lasting scars and pose major global challenges," said World Bank Group vice president for equitable growth, finance and institutions Ceyla Pazarbasioglu. "Our first order of business is to address the global health and economic emergency," he added.

While advanced economies are likely to see a 7% contraction this year, the WB expects EMDEs to shrink by 2.5%, the first output contraction for the group since 1960.

"The Covid-19 recession is singular in many respects and is likely to be the deepest one in advanced economies since the Second World War and the first output contraction in emerging and developing economies in at least the past six decades," said World Bank Prospects Group director Ayhan Kose.

The report noted that confirmed Covid-19 cases have been rising rapidly in EMDEs with extensive informality since the end of March, despite a low level of testing.

"Unconditional support programmes would be advisable in many EMDEs. Given their limited resources, low-income countries will require increased international funding for the effective implementation of such programmes," it said.

Source: economictimes.com– Jun 08, 2020

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'Atmanirbhar' India must be competitive

To benefit from the global shift away from China and boost our economy, we must take steps that improve our domestic system

The earlier avatar of self-reliance in India had mixed results. While it resulted in a diversified economic base and the capacity to produce and deliver a wide variety of products and services, India fell behind the curve on quality, technology and productivity.

Economists attribute these shortcomings to the then industrial and trade policies, particularly industrial licensing, physical barriers to import of goods, high tariffs, and an over-reliance on planning rather than letting markets work.

Clearly, the government intends 'Atmanirbhar Bharat 2020' to help avoid such outcomes. What can be done to avoid the pitfalls of the past?

Before we answer this question, it's good to keep a few things in mind:

Considering their demographics, most developed nations lack the workforce to produce all that they need inside their own countries. Since immigration is a more contentious issue than trade, globalisation will continue, though perhaps with more restrictions.

Both countries and multinational companies are more alive to concentration risk than before. So, the trend towards moving sourcing away from China will continue. But we need to be competitive to benefit from this shift.

India will continue to be dependent on other countries for fossil fuels, high-end capital equipment and raw materials like precious metals and rare earths. We will have to use domestic raw materials like coal productively. Only high levels of value addition will allow the generation of surpluses that will allow us to create wealth for our people.

In short, it is vital that we are atmanirbhar and competitive at the same time. There are 10 important dimensions the government should emphasise to make atmanirbharta and competitiveness go together:

Identify emerging needs early. While firms should be able to identify new needs on their own, information asymmetry with respect to Central and State governments can prevent firms from understanding needs early enough to develop local products to meet them. This is particularly important in sectors like defence, healthcare and agriculture. Recent initiatives like the National Biomedical Research Indigenisation Consortium are examples of how proactive identification of needs can help build local capacity and need to be replicated across other sectors.

Policies should enhance domestic competition and eschew crony capitalism. In general, competition enhances innovation and efficiency. While government will need to support creation of domestic capabilities, this should ideally be done at the pre-competitive stage or on a competitive basis. As we have seen before, crony capitalism weakens rather than strengthens local competitiveness and often diverts resources away from more efficient and technologically innovative companies.

Support control of critical value chains. India cannot and probably should not think it can make everything it needs locally. While globalisation is likely to continue with more constraints, there is a need to ensure greater control over certain parts of the global value chain to protect strategic interests, especially in healthcare, agriculture and defence. One such analysis in the case of generic drugs and APIs has resulted in a policy to move towards production of 57 APIs in India. Similar initiatives are needed in other domains.

Make subsidies and incentives performance-dependent. The government has already shown an inclination to do this – eg companies manufacturing critical APIs for drugs will be given subsidies based on the quantum of their production in India. However, care needs to be taken that the right performance metrics are adopted — these should be aligned with efficiency, productivity, and indigenous technological development that benchmarks well with the best in the world, and not just volumes or revenues.

Careful calibration of standards is imperative. India needs to set high standards to ensure quality, safety and public health. At the same time, over-specifying standards should be avoided as this results in perpetuating import monopolies. Some years ago, for example, an automated teller machine made by an Indian company that was cost-effective and specially designed for Indian conditions could not be sold to Indian banks, because it did not meet some esoteric specifications which were not essential but a differentiator for the existing foreign suppliers.

Improve quality of regulation. During the Covid crisis, it has been the ICMR and not the CDSCO which has been spearheading the testing and certification of new testing devices and methods. There is a need to boost the technical capabilities of organisations like the CDSCO to remove impediments to the local production of high quality drugs and medical devices. India could think of automatic recognition of certification by well-established foreign agencies like the FDA, as well as a serious effort to enhance the capabilities of the CDSCO and similar organisations in other sectors.

Strengthen public procurement. Some steps like compulsory e-tendering and the creation of the Government Electronic Marketplace have already created a more level playing field for suppliers. These processes should be strengthened further by quickening the cycle time for completion of the “quote to cash” cycle of public procurement.

Use grand challenges more effectively. In recent years, the government has started using grand challenges and hackathons to solve important problems, motivate domestic innovators and build local capabilities. Global research shows that grand challenges are more effective when the problem is well-defined, there are clear metrics for evaluation, and the challenge is well-designed to ensure confidentiality of data and protection of intellectual property. These principles need to be incorporated into the Indian grand challenges.

Be mindful of trade restrictions. In recent times, even before Covid, the government has shown a propensity to ban imports and exports at short notice and change import duties (usually upwards). The effective rate of protection has been steadily increasing. Since such changes sometimes prevent companies from fulfilling commercial contracts, and also enhance protectionism, they need to be made with care. There is a need for a mechanism to review these decisions periodically (say, once in six months) to check if duties can be revised downwards.

Build alliances with countries aligned with India's geopolitical interests. In the past, India entered into free trade alliances with a variety of countries. Many of these were criticised for adversely impacting domestic producers. In the post-Covid era, we are likely to see several geopolitical realignments, and India should carefully evaluate where new alliances could result in a win-win for Indian industry.

Source: thehindubusinessline.com– Jun 08, 2020

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Cotton makes early gains in kharif acreage

Ministry data show area up 23% till June 4

Cotton is seen making early gains in the kharif sowing season 2020-21 as farmers in the North zone – consisting of Rajasthan, Haryana and Punjab – have brought more area under the fibre crop this year.

As on June 4, cotton acreage across the country was up 23 per cent at 16.69 lakh hectares as against 13.51 lakh ha in the same period last year, according to data released by the Agriculture Ministry.

In Rajasthan, cotton acreage has gone up by 83 per cent to 4.52 lakh ha, as on June 4, as against last year's 2.46 lakh ha. In Punjab, it was up by 12.5 per cent at 4.5 lakh ha (4 lakh ha in last season), while in Haryana, the area increase was 10.48 per cent at 7.01 lakh ha (6.35 lakh ha).

"Cotton sowing has been good in North India this year," said Sushil Phutela, Vice-President of the Indian Cotton Association, a trade body.

Favourable factors

"The availability of water in the canals during the Covid lockdown has resulted in an increase in area under cotton," Phutela said. Other factors such as favourable weather, the shortage of labour for paddy transplantation, coupled with lower prices for competing crops such as guar, have spurred the growth in cotton acreage in North India.

Besides, the 5 per cent increase in minimum support price (MSP) announced by the Centre has also motivated the growers. MSP for medium staple cotton has been increased by ₹260 to ₹5,515 per quintal. Long staple MSP has been increased by ₹275 to ₹5,825 per quintal.

While planting in North India is almost complete, it has just started in Gujarat and Maharashtra, among others. In Gujarat, cotton planting began early this year as several areas have received rains due to the Cyclone Nisarga. Ministry data showed that cotton was planted in Gujarat on about 13,000 ha, and in Karnataka on 41,300 ha.

Price recovery

Ramanuj Das Boob, a ginner in Raichur, said the acreages could go up in North Karnataka and Telangana this year, where procurement by the Cotton Corporation of India is still going on.

The slight recovery in cotton prices with the reopening of spinning mills after the lockdown is seen aiding the trend. Cotton prices are hovering around ₹35,000 per candy of 356 kg, as against ₹33,000 a couple of weeks ago.

Sources at the Central Institute of Cotton Research (CICR) said the initial crop condition was good in Punjab and Haryana, while some cropped area in Rajasthan has come under locust attack. The extent of damage caused by locusts in Rajasthan is not yet known.

Source: thehindubusinessline.com– Jun 08, 2020

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'Nil' category GST assessees can file returns by SMS

To ease compliance, the Finance Ministry on Monday rolled out an SMS (short messaging service) facility for assessees filing 'Nil' GST monthly returns. This is expected to benefit nearly 22 lakh assesses.

As on date, everyone has to log into the GSTN portal for filing the return. Now, for some specified ones, it will be possible with SMS through registered mobile number.

A new section (67A) has been inserted in GST rules to implement the new system. It says: "....for a registered person who is required to furnish a Nil return under section 39 in FORM GSTR-3B for a tax period, any reference to electronic furnishing shall include furnishing of the said return through a short messaging service using the registered mobile number and the said return shall be verified by a registered mobile number based One Time Password facility.

For the purpose of this rule, a Nil return shall mean a return under Section 39 for a tax period that has nil or no entry in all the Tables in FORM GSTR-3B.

Commenting on the new system MS Mani, Partner at Deloitte India said: "Filing nil returns through an SMS would significantly help smaller businesses as they now focus on businesses revival and would improve the ease of doing better."

Self declaration

Barring those in composition scheme, every GST assessee has to file a monthly return through FORM GSTR 3B, which is a monthly self-declaration regarding actual tax paid. Under the law, if not filed within the stipulated date, there will be penalty of ₹50 per day, if the assessee has any tax liability due and ₹20 per day in case of Nil liability. In case of tax due, interest at the rate of 18 per cent to be levied.

Many of the assesses have Nil liability, but since they continue to be registered, they are required to file the return and fill so many columns. Now, things will change for them. In a statement, the Finance Ministry said that the functionality of filing Nil FORM GSTR-3B through SMS has been made available on the GSTN portal with immediate effect.

The status of the returns so filed can be tracked on the GST Portal by logging in to GSTIN account and navigating to Services>Returns>Track Return Status. An assessee with NIL liability can initiate the filing by sending a SMS to 14409.

Source: thehindubusinessline.com– Jun 08, 2020

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PPE makers told to prepare for global certification

Sensing an opportunity in crisis, the government has asked industry to prepare for global certification to be able to export Personal Protective Equipment (PPE) once India's demand for the specialised protective suits, critical for medical personnel dealing with Covid-19 cases, is fulfilled.

Officials said while industry is keen to export, they have to be prepared with international certifications and the government would take a decision based on new projections of domestic requirements. "Industry should prepare for international certifications and meet other countries' standards.

There are functional requirements such as health and safety for which different countries have different criteria," said an official in the know. Textiles ministry has had a round of discussion with industry on the issue.

Manufacturers need a Conformité Européene or CE marking to be able to export PPEs to the European Union and a certification from the Food and Drug Administration for the US market.

Certification can be done in two ways - either the seller sends the PPE samples to these authorities or these agencies allow their accredited labs in India to certify manufacturers here.

"There is demand coming from the EU, UK and the US. We have sought help from the government and Indian missions abroad on international certifications," said A Sakthivel, chairman, Apparel Export Promotion Council.

Source: economictimes.com– Jun 08, 2020

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Exports likely to be positive only by end of Q2, say exporters

Overseas shipment of goods from India's factories are likely to be in negative territory till October, exporters told CNBC-TV18, even as they are getting enquiries from potential foreign buyers. Exports from the country crashed 60 percent in April to $ 10.36 billion, the lowest in almost three decades.

"Going by the feedback of our members, we expect contraction in exports to continue till at least October," said Ajay Sahai, CEO of Federation of Indian Export Organisations, an umbrella body of exporters supported by Ministry of Commerce. He however said manufacturing activity in select export related sectors have picked up.

"We estimate that May will be better than April, but still 30-40 percent down over last year. By July, contraction in exports could be closer to 20 percent. Pharma, plastics, chemicals and some segments of engineering and electronics are better off compared to traditional sectors like apparels, carpets, handicrafts and leather," Sahai added .

Apparel companies which contribute nearly 10 percent to India's export basket share that view. "We expect at least 50 percent annual contraction in May apparel Exports," said A Sakthivel, Chairman, Apparel Export Promotion Council, adding that it could be positive by the end of September-October buying season by overseas clients.

Engineering exporters also see May exports falling 50 to 70 percent. The sector accounts for nearly one-fifth of India's exports.

"Most engineering MSMEs restarted their factories in second week of May," said Ravi Sehgal, Chairman, Engineering Export Promotion Council, adding that the second quarter will be crucial as it is the peak season for orders. "There are several pending issues related to the sector.

Labour availability is a big problem,public transport is still a big issue in many states," he said.
With exports crashing amidst a global pandemic in the first half of the year, Indian exporters are pinning their hope on new buyer enquiries that have started to pour in from foreign clients.

"Many foreign buyers want to explore India as an alternate sourcing destination to protect their value chains. The number of enquiries from US, Australia and EU have surged. Hope this leads to more orders in the coming months," Sahai said. Apparel exporters maintain that they are starting to get orders for samples. "Usually, such orders for samples translate into export orders," Sakthivel said.

According to Sehgal, Logistics and labour related issues needs to be sorted out immediately for engineering exports to return to positive territory by end of September. "One fourth of engineering MSMEs are functional. Another one fourth is getting ready. But half of our members are still cleaning up factories and yet to get ready," Sehgal said.

Source: cnbctv18.com– Jun 08, 2020

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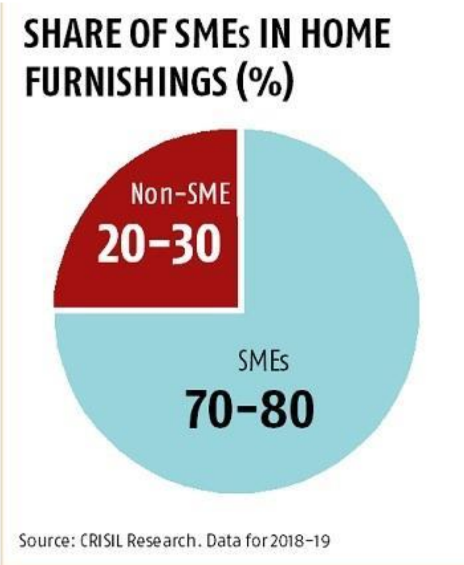
Home furnishing units will recover faster than garments: CRISIL SME Tracker



With over 250,000 cases and counting in India, and 6.9 million-plus cases worldwide, the Covid-19 pandemic is expected to result in the worst global depression since the 1930s, according to the International Monetary Fund.

The lockdown in India and reduced buying by the world's largest textile importers, such as the European Union and the United States, have resulted in textile exports declining 30-40 per cent year-on-year in March, and 80-90 per cent in April.

Overall, we expect textile exports, which contribute about 25 per cent of total demand, to decline 30-40 per cent this fiscal owing to the global economic slowdown.

Domestic demand for readymade garments is also unlikely to pick up any time soon, on account of lower income levels, postponement of weddings and personal events, and reduced festive activities this fiscal year.

Small and medium enterprises (SMEs) command a 30-40 per cent share in the total readymade garment market of about Rs 4.8 trillion. While demand for the home furnishings segment (SME share is 70-80 per cent of Rs 700 billion) is expected to decline as well, we expect the segment to pick up sooner than garments, on account of the upcoming monsoon and winter seasons.

In home furnishings, the demand for products such as bedsheets, blankets, and towels will be relatively better, compared with discretionary items such as curtains and home decor.

In addition, historically better financials (operating margins, gearing and interest coverage ratios) of home furnishing companies, as against other segments of the textile value chain, will also provide relief in these tough times.

Source: business-standard.com– Jun 08, 2020

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Bengaluru's garment sector has a big Covid tear

The adverse impact of Covid-19 on India's apparel and textile industry is beginning to show in Bengaluru, the country's largest textile manufacturing hub that employs about 2.5 lakh workers.

Many of the highly employment-intensive clothing units in and around the city are either shutting down their operations or laying off employees, even as Karnataka is limping back to normalcy from the Covid-induced lockdown.

On Saturday, about 1,200 workers of a factory unit in Srirangapatna affiliated to the largest apparel manufacturer and exporter, Gokaldas Exports, were laid off. The company has told the workers that they would be given a portion of the salary for the next two weeks. The garment workers' union is predicting closure of the factory eventually.

At least four clothing manufacturing units in Bengaluru, of Garden City Fashion, Sonal Garments, Texport Industries and Punith Creations, have shut their operations or laid off half their workforce in the last 2-3 weeks, according to the workers' union and industry insiders. Many factories are expected to tread the same path.

Garment factories in Karnataka employ more than 4 lakh workers, mostly women, and the uncertainty and layoffs are likely to affect thousands of families who are dependent the industry for livelihood.

Garment factories in Bengaluru have been severely affected due to the lockdown. Some factories in Peenya have temporarily switched to making PPEs with skeletal staff. – N Narasimha Murthy

Some of the industry representatives ET spoke to said it might take at least six months for demand to pick up. Since a significant number of Indian clothing companies supply products to overseas customers, the factories resuming operations in full scale will largely depend on the market behaviour in Europe and the US.

"There are challenges primarily driven by end-user demand. Most of the stores abroad are just about reopening and it is very early to see how the demand will pick up. There is an apprehension that the economic crisis may push customers to be conservative. There could be more demand for low-value garments than high-value clothes," said the CEO of a top cloth manufacturing company, who did not wish to be named.

Meanwhile, some companies are making adjustments to their product lines as they resume operations.

At Mandhana Industries in Peenya industrial area that employs about 1,000 workers, half the workforce is back at work. Like many other garment units, Mandhana too has temporarily switched to making PPEs that include facemask for top brands like Wildcraft, and full body suits. "We will resume operations in full scale when we get new orders from our customers overseas," said general manager Rajashekhar Murthy M.

The company managed to export 20,000 pieces of clothes to Sweden and Spain during the lockdown, but export cost has now increased, Murthy said, as the pandemic has affected air and sea freight services as well, driving up tariffs. "Earlier, the cargo charges were 140 per kg, but it has doubled now.

Also, our customers are asking for a 30% discount because of the falling demand across the globe. It is not viable," he said.

The industry is hoping to get some visibility on the market in six months. "We cannot predict how soon the demand will grow. But, hopefully we will get an idea about the market revival in the next six months," said Naseer Humayun, the honorary secretary (south) of the Clothing Manufacturers Association of India.

Source: economictimes.com– Jun 08, 2020

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Here's how India can become more integrated in global trade

Global commerce has been changing since the late 20th century. Rather than trade finished products, such as cars, countries now exchange parts and components that, together, produce a finished commodity.

Facilitated by lower transportation and communication costs, the inputs of production can be sourced from the most economical place. Every country that participates in world trade today has its place in this global value chain.

For emerging nations, engaging in global value chains is key to their economic development. According to the United Nations, there appears to be a positive correlation between participation in this system and GDP per capita growth rates.

India gets involved

India, with its low labour costs and huge workforce, knows this well. Since the mid-1990s, it has made efforts to increase both trade volume and value-chain engagement.

India's participation in global value chains has risen from 57th place in 1995 to 45th place in 2009, according to the the OECD Trade in Value Added (TiVA) Statistics.

Tracking the specific value chains for a country across the globe paints a revelatory picture of its economic integration by sector. In manufacturing, for instance, India is more closely linked to Asia and the southeast Asian region, especially for electrical and optical equipment. Services, on the other hand, show more integration with western countries such as the United States, the United Kingdom, a few European nations and Hong Kong.

A few sectors are standouts, including the "manufacturing not elsewhere classified" and recycling sector, which includes gems and jewellery, where India ranks second.

Computer, software support and other information technology-related services that have been the engine of India's growth over the last 15 years also compete well globally. In business and other services, India ranks sixth and 13th in the OCED's report.

Textiles, an employment-intensive sector where Indian exports have traditionally flourished, continues to perform strongly, placing the country at number 13 in textile value-chain participation. India has also seen gains in the electrical and optical equipment and transport equipment sectors, with its trade participation ranking jumping from 50th to 31st and 33rd, respectively.

All this growth is good news, as expanding manufacturing is at the core of India's efforts to create jobs for large volumes of low-skilled workers. But there is room for improvement.

Upping the free trade ante

To keep it up, India, like other countries, has been negotiating several free trade agreements through the last two decades like the ones with ASEAN, Singapore, Japan and South Korea. These facilitate international commerce by reducing trade barriers. There are several other free trade agreements (FTAs) under negotiation like the ones with Australia, Canada, Thailand and Israel.

But the utilisation rate of these deals ranges from 5% to 15%, meaning that it is doing relatively low commerce for goods eligible for free-trade benefits.

Rules of origin refer to the exporting country's value-added share of a final product. Normally, an FTA benefit is given to an import from an FTA partner only if that country is responsible for adding a certain percentage of the product's total final value. Most of India's FTAs put this requirement at 35% to 40%

In theory, this rule protects India by preventing other countries from gaining free trade benefits by exporting to it through an Indian FTA partner.

But in a world of increasingly fragmented production processes, conditioning preferential access to India on higher single-country value additions is limiting. Instead, rules of origin customs designed with a more regional or sector-specific approach would improve India’s integration with international value chains.

A related issue is local content requirement, which countries impose when they seek to grow local industries (as India does with manufacturing).

India requires foreign investors who want to source inputs from other countries for efficient production to buy Indian instead, which goes against the design of improved production through value chains and makes the country a less appealing investment destination for international manufacturing.

The country would do well to consider these issues as it takes part in ongoing negotiations of the Regional Comprehensive Economic Partnership (RCEP), a proposed trade agreement between the ten ASEAN nations and six other regional partners, including India, China and Australia.

Given India’s increasing integration within Asia, the agreement holds real potential for further inserting its transport, electrical and optical equipment sectors into global value chains. But doing so effectively will require a careful re-examination at rules of origin and local content requirements.
Domestic reforms for greater global integration

Unravelling India’s potential to become an Asian manufacturing hub will be no easy feat.

To go bigger, Indian industry needs improved transportation infrastructure and quicker customs clearances, easing the movement of goods between ports and factories.

Compared to China, with its high-speed transit to and from ports, India lags well behind. Even compared to other Asian countries, India’s tranport time is high.

Laws, too, have historically inhibited growth of Indian manufacturing. Expansion and retraction are both subject to numerous government-approval processes, which reduces flexibility.

Some of the concerns have been addressed by the present Indian government which has initiated reforms to facilitate investment through the “Make in India” initiative and otherwise. This is expected to spur manufacturing activity. But the government has made little effort to improve or rationalise labour laws to better align with its national development interests.

Finally, global value chains are most beneficial for countries that contribute in the higher value-added segments of a production chain: it’s more lucrative to make the computer that controls the automated vehicle than its wheels.

This requires a skilled labour force, something that India – despite its many improvements in production and trade – has yet to achieve.

Source: qrius.com– Jun 08, 2020

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Labour shortage hits JNPT throughput

A labour shortage resulting from migrant labourers going back to their home states via the special Shramik Express trains in May has adversely affected exports through the Jawaharlal Nehru Port Trust (JNPT), India’s largest container port.

Exports from JNPT had increased to 67% of the trend average by April-end, up from 45% in March 2020. However, the exports via the port went down again in May as 70% of contracted labour force went back to their home towns, though JNPT maintained 95% of its self-employed labour force at all its five terminals, a senior port official said.

Most of labourers including truck drivers contracted with JNPT and other labours with export houses have left for their hometowns impacting the operations both at the factories and at the port.

"The opportunity to go back for free, and safety of their families were such strong triggers that even attempts to pay double salaries have not worked. Exporters have been employing all tactics to save their labour force but they are not able to hold them back," an Agriculture and Processed Food Export Development Authority (Apeda) official said. The month of April saw increase in exports of potato, chilli, egg plant, yam, mix vegetables, lemon and ginger as per the data from National Plant Protection Organisation (NPPO), through JNPT.

Sanjay Sethi, chairman of JNPT, told FE, "We are expecting our lashing staff from Uttar Pradesh and other places to leave, but that has not happened. As far as drivers are concerned, many had left before the lockdown. So we have tried to get drivers from other parts of Maharashtra. We have given advertisements on television in response to which we even got drivers from outside the State, which includes UP."

Even the inventory levels at the port, and the five container freight stations (CFS) have improved over the last month, when there were around 95,000 containers languishing at the CFS and were to be moved to the inland container depots (ICDs) to reduce congestion after the entire economic activity had come to a halt. "Our inventory levels at the port is around 65%, while at the CFS, which is operated by private players, has improved to 53%," Sethi said.

The five CFS have a capacity of 1.21 lakh TEUs (twenty foot equivalent units) while there is another 15,000 TEU maintained by another private entity. The port, too, has a capacity of 1 lakh TEUs at its terminals.

Going forward, exporters are planning to increase mechanisation at the loading, unloading and at packaging level to counter the volatility in labour workforce. "With an investment of Rs 35 lakh to Rs 40 lakh and a 40% subsidy from Apeda, it is likely that the exporters will be able to overcome the shortcomings due to labour shortage in the medium to long term," the Apeda official said.

Source: financialexpress.com– Jun 08, 2020

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Customs to begin faceless cargo assessment for imports in Chennai and Bengaluru

“The Board has decided to begin Faceless Assessment in phases beginning with Customs stations which already have the experience of the pilot programs,” the Central Board of Indirect Tax and Customs (CBIC) said in a circular.

To begin with, imports covered by Chapters 84 and 85 of the Customs Tariff Act, 1975 which includes machinery, mechanical appliances, electrical equipment and parts, will be allowed for faceless assessment while going through customs. The Customs Automated System will assign Bills of Entry filed for imports of these materials.

“The phased rollout plan envisages that Faceless Assessment shall be the norm pan India by December 31, 2020,” the Board added.

Faceless assessment of cargo is part of a string of next generation reforms called ‘Turant Customs, which is aimed at speedy clearance of goods at air and sea ports, which in turn will benefit ease of doing business in India.

CBIC has put into effect a proposal mooted in February to restructure existing commissionerates into to set up National Assessment Commissionerates (NACs) with the mandate to examine assessment practices of imported articles across Customs stations and suggest measures to bring about uniformity and enhanced quality of assessments.

“The NACs would be put in place as and when Faceless Assessment is rolled out in phases across the country,” CBIC said while notifying the proposal on June 5.

Principal Chief Commissioners or Chief Commissioners concerned have been directed to set up dedicated cells called Turant Suvidha Kendras, in every customs station manned by custom officers to perform various functions, primarily, accepting Bond or Bank Guarantees, generating test memo and forwarding the samples, processing request for fee waiver for late filing and carrying out any other technical function.

“COVID-19 has put the digital India initiative in the spotlight and there is an expectation from all the revenue collectors to become 100% online and automated,” said Rajat Mohan, senior partner at AMRG Associates.

The CBIC has introduced various reforms earlier such as single window interface for facilitating trade, e-Sanchit (e-Storage and computerised handling of indirect tax documents), and direct port delivery, among others.

However, India's export-import trade has often flagged issues of seaports carrying out their own assessment and examination which varies from port to port, and divergent practices being adopted by authorities.

Source: economictimes.com– Jun 08, 2020

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Signal of restart: 58 per cent national permit trucks back on roads

As many as 8.7 lakh or 58% of the registered national-permit trucks plied on Indian roads on Monday, up from 4.5 lakh (30%) on May 8, in what indicates a steady improvement in inter-state commerce. This also corroborates other signals of resumption of economic activities like the steady improvement in arrivals of farm produce in mandis, rise in GST e-way bills generated on GSTN portal and the increasing throughputs at ports.

Getting plying rate return to over 10 lakh vehicles or 70% of the national permit-registered that prevailed before the outbreak of Covid-19 pandemic, hinges on driver availability and freight volume as economy opened up further, All India Transporters Welfare Association (AITWA) joint secretary Abhishek Gupta told FE.

"A lot of trucks are now being used for shorter routes as drivers are not keen to go out of their comfort zone," Gupta said referring to the fear factor due to spread of coronavirus. The freight rate has gone up significantly at major ports such as Mumbai's JNPT, Gujarat's Mundra Port and Chennai Port, due to demand-supply mismatch. "JNPT has been badly affected due to 50-100% rise in freight rates," Gupta said.

High freight rates could spike the costs of importers and exporters, who are already incurring more expenditure due to retention charges at ports for keeping goods longer than usual. Trucking sector will take some more time to return to normalcy as over 40% trucks are still idle due to shortage of drivers, Gupta added.

Improvement in truck plying began after the ministry of home affairs asked the states on April 15 to facilitate movement of trucks urgently to clear the logistics logjam to ease supply of daily staples and other essential supplies across the country. Before the lockdown was enforced on March 24, trucks running with load had to be stopped as drivers were not getting food.

After lockdown was imposed to check Covid-19, plying rate of trucks fell drastically. The rate was 8% on April 12, before improving to 24% on April 24, 30% on May 8 and 58% on Monday.

Source: financialexpress.com– Jun 08, 2020

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Pay within a week or face boycott: Traders told

The Federation of Gujarat Weavers Welfare Association (FOGWA), apex body of the powerloom sector has set new business rules to cope up with the present situation in the industry due to the lockdown and global pandemic. FOGWA office bearers have decided that the textile traders are required to make payment of the unfinished fabric within seven days of the delivery or else the powerloom weavers will boycott those traders flouting the norms.

A meeting in this connection was held at Ring Road under the leadership of FOGWA president, Ashok Jirawala and more than a dozen leaders of various associations in the city on Saturday evening. President of FOGWA, Ashok Jirawala told TOI, "All the payments due to the weavers fraternity during lockdown period will attract interest payment by the traders."

FOGWA has decided that the weavers will not pay the electricity bills of the last two months till the further notice. Importantly, powerloom leaders have unanimously decided to make representation to the Gujarat government for arranging Shramik special trains to bring back the migrant workers from Uttar Pradesh, Bihar and Orrisa.

Jirawala said, "The powerloom sector is united over the new business rules. All the rules will have to be strictly followed by each and every weaver in the industry."

Source: timesofindia.com– Jun 08, 2020

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MMF sector at war over new rules

All is not well in the country's largest man-made fabric (MMF) sector in the city. Three key industry segments — powerloom weavers, textile traders and processors are on the warpath with each other over the new business norms proposed by various bodies.

At a time when the extended lockdown and the mass exodus of migrant workers has left the city's MMF sector gasping for breath to resume production at full capacity, the 'dhara-dhoran' (business norms) has become a bone of contention for industry players.

The textile processors have set the payment deadline for the finished fabrics to 30 days and interest of 1.5% for the late payment for the textile traders. However, the textile traders reacted by implementing 30 days deadline for the delivery of finished goods or else 2% interest will be deducted from the payment on the total value of the grey or unfinished fabrics.

On the other hand, the powerloom weavers set the seven days deadline for the payment of the grey fabrics supplied to the textile traders and interest of 1.5% for the late payment. Also, the weavers have decided to take interest on the outstanding payment of the traders pre-lockdown.

President of South Gujarat Textile Processors Association (SGTPA), Jitendra Vakharia told TOI, "Industry has remained closed for more than two months and now it is the survival of the fittest. Only those who accept our business terms will be entertained."

The powerloom weaving units weave raw fabric and supply to the textile traders, who give it to textile processing units for dyeing and printing. The finished fabric returns to the textile markets for value addition such embroidery and hand-work including tikki, jari, lace fitting etc. on the saris and dress material. The saris and dress material are then supplied to various wholesale mandis across the country.

Ashok Jirawala, president of Federation of Gujarat Weavers Association (FOGWA) said, "The weavers are unanimous on the new business rules. This is for the overall benefit of the powerloom sector. The situation is going to be worse in the coming days and we can't lose money."

There is a section of industrialists who believe that the internal war over payment terms is going to damage the industry in the long run.

Sanjay Saraogi, director of Laxmipati group said, "The three brothers of the industry can't fight like this. At present, we need to fight for getting government benefits, relaxations in the property tax payment, minimum electricity charges etc."

Source: timesofindia.com– Jun 09, 2020

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Private banks delaying implementation of MSME loan scheme: RSS-affiliated body tells Sitharaman

Private banks are dilly-dallying in implementing the Rs 3-lakh crore credit scheme for the MSME sector, RSS-affiliated industry body Laghu Udyog Bharti (LUB) informed Union finance minister Nirmala Sitharaman on Monday.

Sitharaman had called Laghu Udyog Bharti general secretary Govind Lele to seek feedback on the implementation of Rs 3-lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) for the MSME sector, which has been hit hard by the coronavirus-induced lockdown.

Lele said he informed the minister that prominent public sector banks like State Bank of India and Bank of India have started extending loans as per the scheme.

But at the branch level, three-year projections of revenue and profitability are sought before sanction, he said.

"Private banks are dilly-dallying in implementing the scheme. Hence, they are required to be immediately instructed to implement the scheme," Lele told the finance minister.

He said to complete their target, bank officials are giving preference to high-value loan accounts therefore it is important that the government should instruct for proportionate sanctioning of funds in the scheme.

The LUB has urged Sitharaman to include non-scheduled cooperative banks in the scheme as they have a very large number of MSME loan accounts in their portfolio.

The RSS-affiliated body is conducting a survey on the implementation of the scheme, Lele said, adding that it will be done in a week and the findings will be shared with the finance minister.

Sitharaman had last month announced Rs 3 lakh crore collateral-free automatic loan for businesses, including MSMEs, as part of the Rs 20 lakh crore economic package.

The loan would have a four-year tenure with a moratorium of 12 months, she had said.

Source: timesofindia.com– Jun 09, 2020

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Cash-strapped carpet exporters ask Centre to release pending duty drawback claims, GST refunds

Oppose steep increase in air freight; seek government intervention

Carpet exporters, struggling to regain foothold in a global market disrupted by the Covid-19 pandemic and facing huge liquidity problems, have asked the government to expedite the release of pending duty drawback claims and GST refund payments.

In a recent virtual meeting with Textile Minister Smriti Irani, the sector also made a case for a cap on rising air freight charges and sought permission to hold a virtual global fair.

"Our duty drawback and GST refunds are pending for four-six months which has put a strain on carpet manufacturers who don't have enough finances to carry on their businesses. We urged the Textile Ministry to ensure that the promise made to us earlier by the Finance Ministry for early release of the pending money is honoured," said Siddh Nath Singh, Chairman, Carpet Export Promotion Council.

Singh pointed out that the Customs department was asking exporters to send their shipment agents to get the payment cleared which was totally unwarranted. "When export consignments are sent, the Customs officials check all document and goods before issuing the shipping bill. Why do they now need an agent to answer additional queries before releasing payment?" Singh said.

Since the government partially lifted the lockdown restrictions, many carpet units have re-started work but business had shrunk to less than one-fourth of normal times. "Our main buyers are the US and Europe. The US was already stressed due to Covid-19 and now it is also facing disruptions due to protests. Demand in Europe has also not been restored. Most units that are working are mainly delivering older orders," Singh said.

Carpet exports fell a steep 90 per cent in April to ₹68.18 crore, against exports worth ₹744.67 crore in April 2019, because of the lockdown, according to government data. Last fiscal, the country exported carpets worth ₹12,000 crore but this year the figure could be significantly low. This could affect the livelihoods of an estimated 20 lakh workers and artisans.

Another problem faced by exporters is an increase in air freight charges following the lifting of lockdown restrictions. The CEPC said air charges had gone up three-four times and was making theircosts unsustainable. "The Minister assured us that the matter will be taken up with the Civil Aviation Ministry soon," Singh said.

CEPC also urged the Textile Ministry to allow a virtual fair where global buyers can participate online and place their orders. "We are in a situation where foreign buyers are afraid to come to India and our exporters, too, don't want to travel. One way for business to go on is through virtual fairs," Singh said.

Source: thehindubusinessline.com– Jun 08, 2020

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HT cotton seeds available in almost all rural areas

Amid the lockdown, illegal herbicide tolerant (HT) seeds have once again made their way into the Vidarbha hinterland.

As cotton sowing is set to begin, agents from Telangana and Gujarat have starting sending consignments into Vidarbha. Even as farmers say that the quantity has gone down, they do not deny the availability. Sources say since seeds come under essential commodities, even illegal varieties are being easily transported through state borders.

On June 12, Shetkari Sangathana — a farmers' organization has planned a countrywide agitation in which HT seeds will be openly sowed by its members. The outfit had organized a similar agitation starting from Akola district last year. Shetkari Sangathana has been demanding that government legalize HT seeds.

A genetically modified variety — HT seeds sprout cotton plants that are tolerant to glyphosate-based herbicides. Commercial use of the seeds is not allowed in the country. The technology was mooted by Mahyco Monsanto Biotech Limited (MMBL), but it withdrew the application in 2016, over issues related to licence fee.

With no applicant, even the government cannot give a green signal to its use. The seeds are, however, easily available in the black market since last four cotton seasons.

Shetkari Sangathana members said the seeds are openly available this season too and will be used in the sowing campaign planned on June 12. The outfit calls it stance a 'civil disobedience movement'. The law will be openly flouted by sowing HT seeds. Last year, the police had booked 16 persons including seed traders. The Sangathana later secured a court direction preventing action against farmers.

Anil Ghanawat, president of Shetkari Sangathana, said this year not only HT cotton but soyabean, brinjal and maize will also be sowed. The drive will be held in other parts of the country also.

Ghanawat said the seeds are available through channels in Gujarat.

"On Saturday, police and agriculture department officials laid a trap to arrest a farmer in Adegaon village of Akola but no HT seeds could be found with him," said Lalit Mahalle, a farmer from the same district. Mahalle was the first to sow HT seeds under the Shetkari Sangathana campaign last year, and had been booked.

Manish Jadhav from Wagad-Ijara of Mahagaon taluka of Yavatmal said he had already sowed HT seeds on his farm. Jhadhav, however, refused to disclose the source.

Rajesh Padalkar, a farmer in Yavatmal not related to Shetkari Sangathana, said the seeds are available through the bordering districts of Telangana.

Bhagirath Chaudhary, director of South Asia Biotechnology Centre (SABC), said, "There was a rampant black market in 2017, which came down in 2018 following stricter vigil by the authorities. A number of farmers in Banaskantha and Sabarkantha in Gujarat had grown seeds in 2019, when Shetkari Sangathana had held its campaign."

Source: timesofindia.com– Jun 09, 2020

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