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INTERNATIONAL NEWS

Duty free exports to China could boost Bangladesh's clothing sector

Proving to be a silver lining in dark clouds, China granted duty-free access to all exports from Bangladesh including apparels from July 1. This could help Bangladesh offset losses caused by around 20 per cent decline in its clothing exports this year.

Knitwear exporters could benefit more from this due to the condition of 40 per cent local value addition to these exports. To explore this opportunity, Bangladesh needs to develop its manufacturing industries, break away from the limitations of industrial structure, improve the quality of export and shift to higher value-added exports, says Li Jiming, Chinese Ambassador to Bangladesh.

Bangladesh exported over $ 590 million worth of textiles, clothing and accessories to China in 2019. The country has the potential to export more clothing items as its production costs are much lower than those in China.

Product diversification and quality improvement needed

Bangladesh also benefits from abundant jute production. The country is the second-largest producer of jute after India and can sell this raw jute to China and India. This can help it to boost its entrepreneurs and export.

According to ATM Azizul Akil, Senior Vice-President, Bangladesh-China Chamber of Commerce and Industry, the duty-free export facility provided by China would help Bangladesh minimize its massive trade deficit. However, to benefit from this, the country first needs to emphasize on product diversification and improving the quality of products. The facility does not benefit 97 per cent of Bangladesh's products currently.

An alternative market to India

Along with duty export facilities, China has also offered 'Change of Tariff Heading' (CTH) facility as an alternative to the condition of 40 per cent value addition.

According to this facility, if a shirt is made with imported fabric and with less than 40 per cent value addition by Bangladesh, the duty-free facility will be available under the CTH because the HS code of imported fabric is different from that of shirts, explained Mustofa Abid Khan, Member, Bangladesh Trade and Tariff Commission

As India has imposed various non-tariff barriers including anti-dumping duties on jute imports from Bangladesh, the county has been forced to temporarily suspend its jute exports. In such a scenario, the duty-free access provided by China provides an alternative market for Bangladesh jute exports

Value addition rules cause concern

Given all its benefits, the latest duty-free market access China offers to Bangladesh comes with a condition of 40 per cent value addition by Bangladesh to the product's price. According to experts, this is a very stringent condition as Bangladesh can add 40 per cent value to only a few items locally. Hence, experts are unsure whether the facility would actually benefit Bangladesh or prove to be a mare's nest.

Source: fashionatingworld.com – Jul 09, 2020

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US imports of men & boys denim jeans decline in May

The import of men & boys (MB) denim jeans by the US fell drastically in May '20 both in quantity and value on yearly basis. Shipment was worth 444,155 dozen in quantity and $37.95 million in value during May this year, falling 75 per cent and 77.80 per cent, respectively. As far as monthly decline is concerned in May '20 over April '20, total MB jeans import plunged 25.57 per cent in value and 22.60 per cent in quantities. The US' import of MB denim jeans in April '20 was valued at $51 million.

The cumulative decline in January-May '20 period was 38.78 per cent and the import valued at $437.74 million, a $278 million less than what the country had imported in Jan.-May '19 period. Of all countries, Mexico noted staggering growth of 104.7 per cent in quantity of MB jeans exports to the US in May '20 over April '20, while it escalated by 86.17 per cent in value-terms.

Bangladesh was the second largest exporter of MB jeans to the USA with 80,210 dozen shipment worth $5.82, which is a sharp decline of 80.30 per cent and 81.30 per cent, respectively, on yearly basis. Nicaragua registered a Y-o-Y fall of 61.70 per cent in value and 57.40 per cent in quantity, while China tumbled by 80.40 per cent in values and 80.60 per cent in quantity in May '20 over May '19.

China's decline was worse than Nicaragua. The CAFTA-DR benefitted country surpassed China to ship $4.10 million worth of MB jeans to the US in May '20. The shipment value of China stood at just $2.09 million.

Source: fashionatingworld.com– Jul 09, 2020

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China garment exports rose from April this year by 13.10 percent to $7.63 billion

China Customs Statistics (CCS) reports that the country's garment exports rose from April this year by 13.10 percent to $7.63 billion. The month-to-month spike is symbolic of the pick-up in apparel exports as the world over retailers are slowly opening stores and seeing customers going out to shop. Nevertheless, Chinese apparel shipment 's accumulated value declined annually by 26.40 percent to clock revenue of $33.37 billion.

Exports of textile yarns, fibers and other products too increased on a month basis by 41.30 per cent to clock $20.65 billion in May '20. The cumulative exports, however, increased massively on Y-o-Y basis by 79.20 per cent and values stood at $57.95 billion.

Of all textile products, textile yarns saw a fall of 58 per cent and exports of the same were valued at $3.87 billion, while the export of textile fabrics tumbled by 46.50 per cent to clock $17.05 billion in Jan.-May '20 period.

Perhaps the huge shipment of textile products such as masks and coveralls led China to see a whopping 295.90 percent rise on the Y-o – Y basis and these textile products reached the country 's revenue of $38.13 billion.

While China has been growing monthly in its apparel exports and annually in textile exports, the months ahead will only say when China will be able to stabilize textile and apparel exports.

Source: textilefocus.com– Jul 09, 2020

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S. Korea, Cambodia agree to launch official FTA talks

South Korea and Cambodia agreed Thursday to launch official negotiations for a bilateral free trade agreement (FTA), paving the way for Asia's No. 4 economy to penetrate deeper into the Southeast Asian market and boost its virus-hit exports.

The announcement came more than a year after Cambodian Prime Minister Hun Sen proposed to make preparations for a free trade deal during his summit with South Korean President Moon Jae-in in Phnom Penh in March 2019.

The two countries have carried out a joint feasibility study over the first five months of this year.

"Amid the spread of COVID-19, it has become more important for South Korea to expand cooperation with Southeast Asian countries," Trade Minister Yoo Myung-hee said in a statement.

We are pleased to launch FTA negotiations with Cambodia, which can potentially rise as the new hub of production and trade in ASEAN," Yoo added. "The two countries will make efforts to come up with a meaningful result within this year."

Seoul and Phnom Penh are likely to hold their first round of talks in July.

The trade volume between the two countries reached an all-time high of US$1 billion in 2019, up 6 percent from a year earlier, according to the data compiled by the Korea International Trade Association.

South Korea's shipments to the Southeast Asian nation reached $697 million in 2019, up 5.5 percent on-year. The trade surplus reached $361 million. The increase was significant as South Korea's annual exports fell more than 10 percent on-year in 2019 amid the trade row between the United States and China.

South Korea mostly ships cargo trucks, beverages and knitted textiles to Cambodia, while importing clothes and shoes. The move comes in line with South Korea's efforts to clinch separate FTAs with all members of the Association of Southeast Asian Nations (ASEAN).

The country already has one with the Asian economic bloc, but it is seeking to clinch individual agreements as well to set more details and ease its trade dependency on the United States and China. In January, Seoul and Manila held the fifth round of official negotiations for their FTA. Talks with Malaysia are also in progress.

South Korea already holds separate FTAs with Vietnam and Singapore.

The Comprehensive Economic Partnership Agreement (CEPA) with Indonesia is also waiting for an official signing ceremony. Cambodia is the 58th-largest export destination for Asia's No. 4 economy.

But the latest COVID-19 pandemic has made it important for South Korea to lower any types of barriers. The country's outbound shipments fell 10.9 percent in June, marking the fourth consecutive month of decline amid the fallout from the new coronavirus pandemic.

Seoul, meanwhile, aims to conclude the Regional Comprehensive Economic Partnership (RCEP) that also covers ASEAN members by the end of this year. When concluded, it will create a mega economic bloc that accounts for a third of the world's gross domestic product.

Source: en.yna.co.kr– Jul 09, 2020

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Uniqlo to report strong sales in June

Japanese casual clothing chain Uniqlo is likely to report strong same-store sales for June, taking the edge off a profit plunge for owner Fast Retailing Co due to store closures and weak demand amid the coronavirus pandemic.

For June, JP Morgan analyst Dairo Murata forecast a 20 per cent–30 per cent jump in the brand's domestic same-store sales, helped by demand for the company's Airism face masks, which sold out quickly after going on sale that month. Japan began lifting pandemic lockdown measures in late May.

Such a rise, following declines of 57 per cent in April and 18 per cent in May, would be the strongest sign yet of the business recovering, at least in its home market. Stores in China, a key growth market, have also reopened and people are shopping again.

While strong June sales may also highlight the company's relative strength among global fast-fashion peers, helped by its focus on practical clothes and strength in Asian markets, it may be too early to say the worst is past.

Source: fashionatingworld.com– Jul 09, 2020

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Japan’s apparel imports decline by 13.56 per cent

Apparel imports by Japan declined by 13.56 per cent on Y-o-Y basis during the January-May ’20 period. The country imported 1,040.90 billion yen of garments in the period, revealed the Ministry of Finance. Import by weight also declined 11.79 per cent to 2,458 million kg as imports from all major apparel export destinations took a severe hit due to ongoing pandemic situation.

Japan’s apparel imports from Vietnam declined by 0.16 per cent on Y-o-Y basis to 173.13 billion yen while its imports from China declined by 16.45 per cent. Weight-wise Vietnam’s imports declined by 2 per cent to 297.05 million kg while those of China tumbled by 13.86 per cent on yearly basis to 1,635.83 million kg.

India’s apparel shipment to Japan in the mentioned period declined by 31.91 per cent and valued at 12.61 billion yen (US $ 117.36 million). Also, the weight of shipment shrunk 29.41 per cent to 22.58 million kg. Shipments from Bangladesh fell by 13.89 per cent to at 48.98 billion yen. The weight of apparel shipments also decreased 15.41 per cent to 109.31 million kg.

Source: fashionatingworld.com– Jul 09, 2020

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Another 1,300 jobs at risk in UK retail sector as John Lewis shuts eight stores

British department store chain John Lewis said on Thursday it would close eight stores, putting around 1,300 jobs at risk in another blow to the UK retail sector after the coronavirus pandemic accelerated a shift to online shopping.

John Lewis, considered middle England's favourite department store, follows menswear shop TM Lewin, department store Harrods, sandwich chains Upper Crust and Pret A Manger and fast-food outlet Burger King among other UK brands to have warned in the last two weeks of job cuts running into the thousands.

John Lewis said the closures will include two major outlets in Birmingham and Watford as it would continue to invest heavily in e-commerce, with online sales looking set to represent around 60 to 70% of total sales this year and next, compared with 40% prior to the COVID-19 crisis.

UK retailers have been hammered by the lockdown and data shows that shoppers remain wary of entering stores even as the restrictions ease, with footfall down 50% year on year during the third week of reopening in England and Northern Ireland, according to the British Retail Consortium.

The coronavirus pandemic has heaped additional problems onto many retailers who were already struggling due to tight margins, competition from online-only stores and the cost of business rate taxes.

John Lewis said the eight department stores had already struggled financially prior to the lockdown.

"We believe closures are necessary to help us secure the sustainability of the partnership - and continue to meet the needs of our customers however and wherever they want to shop," said Sharon White, chairman of the John Lewis Partnership.

"Redundancies are always an absolute last resort and we will do everything we can to keep as many Partners as possible within our business," she said, with one option moving some staff to its Waitrose supermarket or online operations.

The other stores to close include two small hubs at Heathrow Airport and London's St Pancras railway station, and four At Home shops.

Source: economictimes.com– Jul 09, 2020

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Role of textile industry in the integration of the Turkic Council countries

The carpet, which is still deemed an essential textile product, has historically been of the utmost importance in all spheres of life of Turkic communities. The carpets dating back to the 5th and 6th centuries BC, discovered during the archaeological research carried out in the mid-20th century at the Pazyryk burials in the Altai Mountains, clearly attest to the aforementioned. Products of carpet weaving, sericulture, cotton and other similar fields were of special significance in the trade of these countries, located on the historical Silk Road.

Today, the trade relations can again be reflected in the division of labor and the need for high-quality raw materials in accordance with modern requirements within the historical Silk Road. The textile industry, considered one of the most competitive industries in the world, currently figures prominently in the economies of the Turkic Council countries.

The countries possessing the basic resources necessary for the development of this sector (high-quality raw materials and labor force, cheap energy resources, proximity to the targeted export markets, logistics infrastructure) promise a great potential for the future of the sector. With its multi-century culture in terms of export and production of cotton, the main raw material of the textile industry, Turkey (sixth[1] in the world with 988,000 tons), Uzbekistan (seventh[2] in the world with 640,000 tons) and Turkmenistan (tenth[3] in the world with 300,000 tons) are among the top ten exporters in the world.

General overview of the textile industry by country:

Uzbekistan

Uzbekistan, the historical cotton-growing region and the largest cotton producer in Soviet times, has reduced cotton exports in recent years, using it as a raw material for its own textile industry. The State intends to increase local production through various incentive programs for local and foreign entrepreneurs. Many textile enterprises have been established in the country with the participation of Turkic entrepreneurs. Uzbekistan, exporting about $1.2 billion[4] worth of textiles in 2018, aims to increase this figure to $7 billion[5] between 2019 and 2025 through a number of advertising projects.

Turkmenistan

The textile industry is the second most profitable sector in Turkmenistan after gas and oil exports. Since gaining independence until today, $2 billion has been invested[6] in the textile sector, and a significant part of the country's workforce has been involved in production. Turkmenistan is increasing its export potential not only at the expense of raw materials, but also at the expense of value added for raw materials.

The utmost importance is attached to the field of carpet weaving, which is considered a great heritage of the country, and the Turkmenkhali State Agency under the Ministry of Carpets of Turkmenistan has created a wide network for carpet weaving in all provinces of the country. The country has also developed karakul sheep breeding, which is famous for its leather and wool. Various garments made of this type are very popular.

The largest foreign investments in the textile industry of Turkmenistan are of Turkish origin. The country has textile enterprises (factories producing yarn, fabric, etc.), producing 100% eco-friendly products in accordance with the latest technologies. The country's textile products (including cotton) are exported to more than 100 countries, including the USA, Canada, Russia and the UK.

The opening in 2018 of the Lapis Lazuli route between Azerbaijan and Turkmenistan, as well as other transport infrastructures, played a vital role in the faster delivery of Turkmen products to the Turkish and European markets and created new opportunities for the country by shortening the time and route for transporting products that are considered highly competitive in the textile industry.

Azerbaijan

In recent years, special attention has been paid to the development of the textile industry in Azerbaijan. Sericulture, cotton and other textile industries with rich historical traditions are being restored and developed in the country. For this purpose, the country has been increasing exports every year, focusing on foreign markets. In 2019, with 124 million dollars[7], the cotton fiber ranks 4th in non-oil exports of the country. Azerbaijan, along with aforementioned countries, meets the needs of the domestic market both in cotton and other products of textile industry, as well as in exports to Europe, Russia and other regions, according to the latest technologies.

Turkey

The textile industry is more developed in the Republic of Turkey than in the aforementioned countries, and the said industry is deemed one of the locomotives of the country's economy. This sector accounts for 17% of the country's exports and ranks first in terms of employment. Although up to half of the main demand for raw material — cotton is met by domestic production, Turkey is the sixth largest importer of cotton in the world, with 700,000 tons per year (in 2019).

Turkish cotton is mainly imported from the USA (50%), Brazil (12%), Greece (9%), Turkmenistan (5%) and Azerbaijan (5%)[8]. The country also depends on foreign (mainly European) supplies of equipment and dyes used in fabric manufacturing. Unlike China, which began exporting to the EU market without quotas in 2007, Turkey chose the path of branding and adding value to products, rather than competing on price by lowering quality[9].

Benefits of regional integration for countries

With the demand and dictation of the global trade system, which is gradually shifting from globalization to regionalization, regional integration between the economic sectors of countries has become mandatory and an indispensable choice for many industries, including the textile industry. Regional integration is an important strategy, especially to increase competitiveness.

The main motives for regional integration are to diversify exports, increase sales and profits for producers, apply pricing policies appropriate to consumer groups, and increase the country's GDP and employment. The cotton plant, which is a strategic raw material for textiles, is a product of great economic importance in terms of added value and employment. In terms of processing, cotton is the raw material of the ginning industry, the textile industry with its fibers, food processing, oils and feed industry with its seeds, and the paper industry with its linters.

The textile industry, in turn, interacts with agriculture and animal husbandry, petro chemistry, medicine, construction and automobile industry. Any development in the textile industry will also benefit these sectors in the short, medium and long term. If we look at the points that are important for the implementation of the regional integration between these countries, we will see the following:

Turkey, a very important player on the world market in this field, can also get some of the cotton it supplies from the United States and Brazil (62% of total imports) for domestic production from Uzbekistan or Turkmenistan. This could be an important step in building a cross-country supply chain. There is also a favorable transport infrastructure to provide the developed textile industry in Turkey with rich raw materials from Turkmenistan and Uzbekistan.

The use of existing routes between Azerbaijan and Turkmenistan in this regard has significantly increased the shipping speed. In case Uzbekistan and Turkmenistan, important cotton producers of the Turkic Council, also pursue some kind of preferential policy aimed at the export of cotton to Turkey, this process may contribute to the promotion of regional integration.

Plants and factories in Uzbekistan and Turkmenistan that have started functioning in recent years produce high-tech yarns and fabrics. These products, in turn, can serve as raw materials for Turkish brands.

Located at a strategic crossroads between Central Asia and Turkey, Azerbaijan can play a key role as a logistics depot. Baku International Sea Trade Port in Alat can be equipped with all necessary infrastructure (warehouse) networks for storage of raw materials and semi-finished textile products transported by sea from Uzbekistan and Turkmenistan to Turkey and Europe.

Another problem in this regard is that countries possessing rich raw material resources should pay attention to research aimed at textile technologies in order to withstand high competition for these products.

When we take a closer look at the experience of the advanced countries in the textile industry, which requires creativity in competition, we see that fashion events play a major role in the development of this sector. Taking this into account, Azerbaijan should pursue a policy of stimulating the development of fashion and design.

The activities of fashion and design studios can also contribute to the acceleration of the sustainable role of youth in Turkic countries in the process of cultural integration. To this end, the annual fashion events, as well as exhibitions, conferences and forums in these countries, and the development of education in this field can play a significant role in terms of integration. This process will also contribute to the rapid integration of the region by enhancing the high level of cultural cooperation between these countries sharing historical and cultural ties.

When focusing on the main regional supply chains in the textile industry (Asia, the European Union and the American continent), it is noteworthy that there are no customs tariffs for industrial products. If the said countries regulate customs tariffs in this regard, they can be more successful in global competition by reducing the cost of production.

The textile industry, currently deemed one of the most competitive industries in the world, continues to figure prominently in the economies of the Turkic Council countries.

The said countries possessing basic resources required for the development of this industry (high-quality raw materials and labor force, cheap energy resources, proximity to targeted export markets, logistics infrastructure) promise a great potential for the future of the sector. In case the aforementioned steps are taken in order to expand economic relations between the countries, this will inevitably lead to the acceleration of not only bilateral, but also interregional integration.

Source: en.trend.az– Jul 09, 2020

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Egypt readies to establish world's largest textiles factory in Mahalla

The Holding Company for Cotton, Spinning, Weaving, and Clothes signed a contract on Thursday to establish a new spinning factory at the Misr Spinning and Weaving Company in al-Mahalla al-Kubra, anticipated be the largest spinning factory in the world.

Set to be located on an area of about 62,500 square meters, the factory accommodates more than 182,000 spinning wheels with an average production capacity of 30 tons per day. Construction on the factory is estimated to take around 14 months at an estimated cost of roughly LE780 million.

The contract was signed between the holding company's chairman and the deputy chairman of Gama Construction, the project's winning tender.

It comes as part of the state's comprehensive development plan for cotton, spinning and weaving companies under the Ministry of Public Business Sector.

This plan will take around 30 months to implement at a cost exceeding LE21 billion and includes a total modernization of construction and machinery – of which contracts are in place to import from international companies alongside comprehensive development in management, marketing and training systems.

The development plan involves increasing specialization and removing redundant activities in more than one company by merging 23 spinning, weaving, dyeing and processing companies into nine, and merging nine cotton trade and ginning companies into a single entity.

The merger aims to have the ten remaining companies become strong entities capable of competing and integrating while tripling current production capacity. Those companies set to be merged will continue operating as usual until the completion of the merger expected for summer 2021.

Source: egyptindependent.com– Jul 09, 2020

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Tati, much-loved French retailer, shuts up shop in Paris after 70 years

Tati, the much-loved cut-price clothing chain that has been a French retail institution for more than 70 years, is to close its original – and last – Paris store, after public transport strikes and the coronavirus crisis sent sales plunging by more than 60%.

Founded by a Tunisian immigrant at the end of the second world war in the mainly west African Barbès district at the foot of Montmartre, Tati grew into more than 100 outlets around France, and its pink-and-white chequered carrier bags became a style statement for film stars and celebrities.

The company has been in difficulty for decades, having struggled to adapt its "pile 'em high, sell 'em cheap" strategy of the early postwar years to a more fashion-conscious clientele seduced by big fast-moving multinationals such as H&M or Primark.

The flagship Barbès store – the brand's only outlet until 1978 – "never really saw its clients return" after the double blow of public transport strikes that brought Paris to a halt in December and January, followed by three months of Covid-19 lockdown, said the company's managing director, Thierry Boukhari.

Sales from October 2019 to May this year were two-thirds down on the same period 12 months earlier, he said, "and we find ourselves unfortunately obliged to close our historic shop and to find alternative employment for its 34 staff".

At the Barbès store on Wednesday, shoppers were nostalgic and upset. "Tati has always been a bit like the aunt who looks after you," said Aminata Mbaye, 62, originally from Senegal. "Such a big choice. You could always find something you could afford, no matter how little money you had."

Fatoumata Diassouba, 71, from Ivory Coast, said the store had "always been the place you thought of first" for cheap clothes or fabrics. "It was always Tati, nowhere else. But it's true, it's not the same. I came this morning for T-shirts for the grandchildren. There's not much."

For a multitude of Parisians of a certain generation, however, Tati – which started life as the first deep-discount, self-service fabrics shop in France –

will always be the home of the £50 wedding dress, the £1 T-shirt (guaranteed to shrink in the first wash), and the 50p pair of pants.

Once, customers would hide its carrier bags in shame, but over the years some of France's most glamorous women have been more than happy to be seen sporting them in public, including the film star Brigitte Bardot, the novelist Françoise Sagan and even the wealthy socialite Nadine de Rothschild.

The store was founded in 1948 by the late Jules Ouaki after he was demobbed from the Free French army. He wanted to name it after his grandmother, Tita, but since that was already registered as a brand name he had to settle for Tati. He had the simplest possible slogan: "Tati, les plus bas prix" (Tati, the lowest prices).

By piling his goods up where everyone could see and touch them, clearly displaying their prices, and keeping things cheap by paying suppliers cash, he built the business into a huge success.

In the 1990s Tati, by now run by Jules' son Fabien, expanded abroad and attempted a move upmarket "from cheap to chic", opening a branch on New York's Fifth Avenue.

It even made a short-lived foray into the world of fashion in 1991 with a critically acclaimed collection by Azzedine Alaia, modelled by Naomi Campbell for the fashion photographer Ellen von Unwerth and, on the catwalk, by top models of the day including Helena Christensen, Yasmin Le Bon and Elle Macpherson.

Yohann Petiot, of the Trade Alliance of French clothing and shoe retailers, said the store had fallen victim to changing shopping habits and the emergence of more aggressive rivals with the same bulk-purchase, high-volume business model.

Click here for more details

Source: theguardian.com– Jul 09, 2020

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Bangladesh: Labour Ministry donates Tk84cr for RMG workers

State Minister for Labour and Employment Begum Monnujan Sufian said that the ministry has donated Tk84 crore for the welfare of garments industry workers from its central fund.

The state minister came up with the remarks in a meeting of central fund at the Ministry on Tuesday, according to a press release issued on Wednesday.

"So far, the ministry provided TK83.71 crore to the welfare of RMG workers and the central fund received around Tk224.12 crore since July 2016," she said.

Currently, the fund has Tk125 crore, Managing Director of the fund Md Amir Hossain said at the meeting.

The central fund was set up at the direction of Prime Minister Sheikh Hasina in 2016 for the boost the 100 percent export centric industry especially for garment industry, she added.

Source: dhakatribune.com– Jul 09, 2020

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NATIONAL NEWS

Modi, EU leaders to discuss multilateralism, strategic partnerships at India-EU Summit

The summit will be held virtually on July 15

India and the EU will focus on strengthening their strategic partnership, promotion of a rule-based multilateral system and global cooperation to fight the Covid-19 pandemic at the 15th India-EU Summit on July 15.

Prime Minister Narendra Modi will represent India while the EU will be represented by European Council President Charles Michel and European Commission President Ursula von der Leyen at the summit to be held via video conference, according to an official release circulated by the European Council on Thursday.

“As the world is fighting the Covid-19 pandemic, the leaders will discuss global cooperation and solidarity to protect lives, to mitigate the socio-economic consequences and to strengthen preparedness and response capacities,” the release said.

The India-EU Summit, earlier scheduled for March 13 in Brussels, had to be postponed because of the pandemicWith the virus still spreading across the world, the two sides decided on a virtual conference.

The proposed India-EU broad-based trade and investment agreement (BTIA), hanging fire for several years due to disagreement over key issues of market access, may be discussed by the leaders and ways to get back to the negotiating table could be examined, according to officials familiar with the matter.

The leaders are also likely to discuss the present state of the World Trade Organization, which is grappling with a non-functional Appellate Body and growing protectionism among countries.

“Leaders are expected to reiterate their determination to promote effective multilateralism and a rules-based multilateral order, with the United Nations (UN) and the WTO at its core,” the release said.

The summit will be an opportunity to strengthen the EU-India Strategic Partnership, based on shared principles and values of democracy, freedom, rule of law, and respect for human rights, aiming at delivering concrete benefits for the people in the EU and India, the statement added. Leaders will discuss cooperation in security, climate, environment, trade and investment, digital economy and connectivity.

Source: thehindubusinessline.com– Jul 09, 2020

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Trade multilateralism need to be sustained in post Covid world: Think-tank

The spread of Covid that touches all continents will have serious implications for international trade and effective measures are imperative to sustain trade multilateralism.

“While economic, social and political life across the world got disrupted as a result of Covid-19 and is expected to unfold further in the coming weeks, months and may be years, it is having and will have serious ramifications across various sectors, international trade being a major one of them,” said Pradeep Mehta, Secretary General, CUTS International, a global public policy think- and action-tank promoting consumer welfare through trade, regulations and governance.

“Unless they are addressed in a balanced manner by taking into account all interests, trade restrictive measures and counter-measures may spiral into a slippery slope of protectionism. Other than immediate consequences such as loss of producer and consumer welfare, there will be serious damage to multilateralism, which has underwritten peace, security, stability and prosperity of the world since the Second World War”. “Can the humanity afford it to happen?” he remarked.

He was moderating a webinar titled “What would happen to a world without the WTO?” having speakers representing various regions of the Americas. More than 100 stakeholders representing trade officials, experts, academia, civil society organisations, think-tanks and media from different parts of the Americas and the rest of the world participated in a lively panel discussion including interactions.

Presenting the impact of the Covid-19 pandemic on the global economy and trade, Fernando de Mateo, former Ambassador of Mexico to the WTO and Professor at El Colegio de Mexico, said: “While the global economy is expected to shrink hugely as an aftermath of the Covid-19 pandemic even under a most optimistic scenario, global trade will bear much more burnt. It is not expected to recover to its pre-pandemic level even in 2021.”

“While noting that various trade facilitation measures are showing positive results in reducing the time and cost of doing trade, which, in turn, showing positive impacts on trade volumes, necessary reforms for better functioning of the WTO are to be undertaken in order for the WTO to benefit all its members,” he argued.

Speaking at the webinar Chad Blackman, Ambassador and Permanent Representative of Barbados to the United Nations Offices in Geneva and the WTO, “The rules-based multilateral trading system continues to be the best option, particularly for developing and small island economies. While the WTO is an improvement of its predecessor, the General Agreement on Tariffs and Trade, it is not a perfect system.”

“The organisation had and continues to face some significant systemic challenges. Most importantly, the recent trade disputes between major members have put considerable pressure on the system to function in a better manner. Without the WTO, developing and small economies will face more challenges and it is this that forced them to call for reforms of the WTO by taking into account the current geo-political issues,” he added.

Drawing from the historical role that multilateralism has played in fostering global peace and stability, Rohinton Medhora, President of Canada-based Centre for International Governance Innovation, said that “the Covid-19 crisis has challenged the confidence in cooperation, which underlines trade. Not just the decline in the volume of trade, we need to understand how that undermined the values of the multilateral trading system”

“This lack of confidence in global cooperation is worrisome. This is expected to get reflected in future governance of the global health system including how the expected vaccine to prevent the Covid-19 is going to be administered. This is where the flexibility of the multilateral trading rules will be useful. We need to see how smoothly that is done,” he added.

Juliana Peixoto Batista, Researcher at FLACSO, Argentina and Cordinator, Red LATN, recalled the history of the WTO and how it has faced a crisis a decade ago, which reflected changes in world balance of power. However, today's crisis in a pandemic context is happening without even a framework.

She underlined, "The WTO is a victim of its own success. The earlier consensus is now broken and in the present context it will be much more challenging to arrive at consensus. We may have to do away with the single undertaking principle but that will reduce flexibilities, which are needed more developing countries. In such a situation, how can we build trust when the system itself needs a new narrative and that should be based on distributional aspects of international trade".

Alejandro Hara, former Deputy Director General of the WTO underlined the importance of the WTO's dispute settlement system and why it should be revived and reformed at the earliest. "While that is agreed by all, it is still not clear what would be their critical elements. We need to first understand the meaning of 'transparency' in this new, digital world as things can change very quickly".

Talking about free trade agreements, he underlined that as they are reciprocal in nature, "there is not much need to have flexibilities in them. Those countries who are heavily dependent on flexibilities to balance their trade and developmental needs are finding it difficult to adjust to two different systems of their engagement with international trade".

This was the fourth of a series of webinars on this subject organised by CUTS International, a global public policy think- and action-tank promoting consumer welfare through trade, regulations and governance.

Source: economictimes.com– Jul 09, 2020

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India plans to enhance trade with Bangladesh

India is adopting a multi-pronged strategy to enhance trade and business partnership with Bangladesh amid Beijing's recent efforts to woo Dhaka with duty-free access to its products.

While Chinese trade concessions can push Bangladesh into a “dual deficit and debt trap”, India is activating various connectivity initiatives for seamless movement of Bangladeshi products to the landlocked northeastern states and other parts of India, ET has learnt.

There is a major push to connectivity initiatives via sea ports, inland water transport, rail and highways that will enable Bangladesh to connect with Bhutan and Nepal markets too along with India, according to experts who focus on cross-border trade and connectivity issues.

Both India and Bangladesh are undertaking various measures to restore the pre-1965 rail and other connectivity links.

Last week’s decision to resume border trade via West Bengal despite opposition from the Mamata Banerjee government will help increase Bangladeshi exports to India after a hiatus, said sources. Foreign minister S Jaishankar on Wednesday wrote to his Bangladeshi counterpart reinforcing special ties.

India had offered duty-free access to several Bangladeshi products a decade before the Chinese decision and that step helped reduce deficit in Dhaka’s trade with New Delhi, said a source while stating that India’s terms and conditions from trade concessions to loans are more favourable.

Beijing has mulled over years before giving trade concessions to Dhaka and the step can push it towards a debt trap, said the above mentioned source.

Source: economictimes.com– Jul 10, 2020

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China factor: India's trade with Vietnam swings from big surplus to large deficit

After Singapore and Hong Kong, Vietnam has emerged as the third Asian trade partner, which counts on massive Chinese investments, to turn its usual trade deficit with India into a decent surplus in a span of just three years.

Between FY18 and FY20, India's trade balance with Vietnam swang from a surplus of $2.8 billion to a deficit of $2.2 billion, according to official data. While India's imports from the south-east Asian nation jumped from $5 billion in FY18 to $7.3 billion in FY20, its exports crashed from $7.8 billion to $5.1 billion during this period.

This was also the period (FY18-20) when Beijing's trade war with Washington hit a peak and China was scouting for destinations to divert a part of its supplies from the American market. Even India has been pressuring China in recent years to trim a huge bilateral trade imbalance in favour of the neighbour.

These may have promoted China to divert its supplies to India through some Asean members and Hong Kong by abusing the rules of origin of imported products, analysts have pointed out. But this also makes it very difficult for India to target China effectively, as Beijing can bypass New Delhi's tariff and non-tariff measures by diverting its supplies through these destinations. Vietnam is a part of the 10-member Asean with which New Delhi has a free trade agreement (FTA).

Interestingly, imports of not just electronics and electricals (of which Vietnam is a key supplier) but also copper products, capital goods, iron & steel and inorganic chemicals have risen since FY15. China, undoubtedly, remains the dominant exporter of these products.

Diversion basically serves two purposes: the essentially Chinese products enjoy duty-free access and it also doesn't reflect in China's overall massive trade surplus with India, which stood at a massive $48 billion in FY20.

Already, as FE had reported earlier, an unusual 118% year-on-year spurt in India's merchandise imports from Singapore to a record $16.3 billion in FY19 had alarmed customs officials.

Consequently, India's trade balance with Singapore exacerbated dramatically, from a surplus of $2.7 billion in FY18 to a deficit of $4.7 billion in FY19. Similarly, India ran a trade deficit with Hong Kong, a proxy for Beijing, for the first time in over two decades in FY19. The deficit widened to $6 billion in FY20 from $5 billion in FY19, marking a sharp turnaround from a surplus of $4 billion in FY18.

Source: financialexpress.com– Jul 10, 2020

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U.S. in talks with India on market access, trade concessions: U.S. envoy

The United States is in talks with India on market access for its goods in exchange for reinstating New Delhi's trade concessions under the Generalised System Of Preferences (GSP), U.S. ambassador to India Kenneth Juster said on Thursday.

"The GSP by law requires that there be some market opening measures in recipience of that preferential system, and that's what we have been trying to reach an agreement on with the government of India," Juster said at India Global Week 2020, an online business summit.

Last year, Washington scrapped India's trade concessions under the GSP programme that allowed duty-free entry to the U.S. market for up to $5.6 billion of Indian exports in retaliation for New Delhi's high tariffs and rules on e-commerce.

Juster also said India and the United States needed to move to a free trade pact.

Source: economictimes.com– Jul 09, 2020

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Garment manufacturers stuck with unsold stock as multi-brand firms seek discount

In a big setback to city-based garment manufacturers who supply their products to the multi-brand companies and corporates, crores of rupees worth their capital has got stuck in form of unsold summer garments. This unusual problem which the manufacturers are witnessing for the first time has taken place as the companies are pressurising the manufacturers to give them discounts ranging from 10-30% on the already confirmed order, deliveries for which were yet to be made, in some cases even the discounts are being asked on the already delivered consignments.

The companies are justifying their demand for hefty discount by citing losses incurred due to the lockdown and decline in demand. On the other hand, Ludhiana manufacturers are of the view that they too have suffered huge losses and moreover, the prices at which they supply their garments to these companies are already very low and if they go ahead with the discounting they will incur more losses.

Speaking to TOI about the issue, Harish Dua, president of Knitwear and Apparel Exporters Organisation said, “Crores of rupees in investment of garment manufacturers of Ludhiana has got stuck in summer garments as some of the big garment brands and corporates, whom we supply garments, are refusing to accept deliveries of the already ordered goods as they are asking for 20-30% discount on the already agreed prices.

The officials of these companies are claiming that since they have suffered huge losses during lockdown, so they want us to cooperate with them and offer them discount so that they can be compensated for their losses. How can we accept their unjustified demand as the prices for these were already agreed upon by both parties and moreover, the discount percentage is too high to be accepted.”

Dua added that, “This is turning out to be a very big problem as the garments manufactured by us for these companies carry their brands names and are as per the designs finalised by them, therefore ,we cannot even sell them anywhere else to encash our money stuck in these. I think it’s high time the central government takes note of this problem and order the companies to make full payments to us against their orders.”

According to Narinder Mittal, general secretary of Ludhiana Business Forum, “Garment manufacturers of Ludhiana who are suppliers to the big brands are having sleepless nights as huge amount of their money has been stuck in such a way that they don’t have any solution to the problem other than compromising with these companies or else keep their money stuck in form of the garments which cannot be sold anywhere else.

There is no doubt that the big brands and corporates having big showrooms in the country have also suffered huge losses due to the lockdown but we too have suffered losses. Besides, these companies are already buying garments at such cheap rates that there is hardly any decent margin for us in the business done with these companies. So, asking for discount of up to 30% from us is totally illogical and unjustified as well.”

Atul Saggar, general secretary of Apparel Manufacturers Association, Ludhiana, said, “For the past sometime my buyer had blocked my dues on the pretext that his company has suffered big loss during the lockdown and I should give him a discount of 20% on the order supplied to him. With a huge sum of money blocked with my buyer, I was unable to carry on further business and manage other expenses. I agreed to give him 10% discount and it was after this that my payment was released.”
Source: timesofindia.com– Jul 10, 2020

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Fusible Interlining Cloth is not a Woven Fabric, 12% GST Applicable: AAAR

The Appellate Authority of Advance Ruling (AAAR), West Bengal ruled that fusible interlining cloth is not a woven fabric and falls under HSN 5903, so 12% Goods and Service Tax (GST) is applicable. The appellant, M/s. Sadguru Seva Paridhan Pvt. Ltd. manufactured a fusible interlining cloth. Before 1989, the item used to be classified under Chapters 52 to 55, as clarified under Circular No. 5/89 dated 15/06/1989.

In the Union Budget of 1989-90, a new chapter note 2(c) was introduced in Chapter 59 of the Tariff, which led to the inclusion of textile fabrics, partially or discretely coated with plastic by dot printing process under heading 5903. Subsequently, in the Union Budget of 1995, the said chapter note 2(c) was omitted with effect from March 16, 1995. It is the claim of the appellant that after removal of the said chapter note, the item cannot be classified under Heading 5903.

The sample copies of invoices issued by the appellant indicate that it is classifying the product under sub-heading 5208. The applicant contended that the West Bengal AAR ignored the judgment in the case of Goodwear Fashion Pvt. Ltd. wherein similar facts and circumstances, the WBAAR of Uttarakhand held that such fabrics would fall under Chapter 52 or 55, 58 or 60 of the Tariff Act and not Heading 5903.

The contention of the respondents is that the product merits classification under sub-heading 5903. Sub-heading 5903 contains products namely textile fabrics, impregnated, coated, covered, or laminated with plastics, other than those of heading 5902. Chapter note 2 of chapter 59 of the Tariff provides the description of products that should come under sub-heading 5903.

The AAAR observed that the claim of the appellant's advocate does not hold good and the exclusion clause (4) of chapter note 2(a) of Chapter 59, which is essential for being excluded from Chapter 59 is not applicable to fusible interlining cloth manufactured by the appellant.

So, it is clear that the subject product merits classification under sub-heading 5903 of the Tariff. The Appellate Authority consisting of members Devi Prasad Karanam and A.P.S. Suri while upholding the ruling of AAR said that fusible interlining cloth is not a woven fabric and falls under HSN 5903, so 12% Goods and Service Tax (GST) is applicable.

Source: taxscan.in– Jul 09, 2020

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India's external sector isn't as robust as it appears

A common thread running through external sector documents released by the RBI on June 30 is the build-up of a higher-level foreign exchange reserves to the tune of $59.5 billion in 2019-20 as compared with negative reserves of $3.3 billion in the previous year. The accretion to reserves comes from a lower current account deficit and higher net capital flows. However, this number of $59.5 billion needs cautious analysis.

Under the capital flows during Q4, there has been a surge in "other capital receipts" to the tune of $13.8 billion. For the full year, the number was $18.4 billion as compared with $0.5 billion in 2018-19. This was on account of the uncertainties in investment climate due to Covid-19.

As a result, foreign portfolio investors (FPIs) have kept their investible funds with the custodian banks and FDI companies have not issued their shares (as per extant guidelines of the RBI, FDI companies can keep the share issuance pending for 90 days). The consequences of this is that our usable forex reserves could be lower by around $14 billion because we don't know how many of these FPI and FDI will be pulled back.

Usable reserves

The usable reserves, thus, are worked out to be around $45 billion for 2019-20. This development has implications for external sector vulnerability indicators as outstanding usable reserves as on end-March 2020 will work out to $463.8 billion as against the printed figure of $477.8 billion.

For example, total external debt to usable reserves works out now to 83 per cent as compared with 85.5 per cent and short-term debt of residual maturity to usable reserves work out to about 53 per cent as against the printed 49.5 per cent.

The uncertain investment climate due to continuation of Covid-19 will impact the reserve position in the near future also. Therefore, taking into account the pending issuance of shares by FDI companies and outstanding balances with the custodian banks by FPIs, as a future guidance, it will be appropriate the authorities may consider usable reserves rather than the "accrued" reserves.

What then is the outlook for external sector in 2020-21? Covid-19 has already adversely impacted the agility of India's external sector in terms of substantial contraction in export and import and trade deficit as evident from the April-May trade data of the Ministry of Commerce. Illustratively, during the two months period of the current fiscal (April and May), exports declined by 47.54 per cent and imports declined by 54.67 per cent.

Thus, the trade deficit (the difference between goods imported and exported) during this period was $9.91 billion as against a deficit of $30.69 billion in April-May 2019. In a relative sense, imports have collapsed, reflecting the global recessionary tendencies because of Covid-19.

Estimating CAD

How do we estimate the CAD (current account deficit) and capital flows for 2020-21? Our assumptions are: (a) export growth will be in the range of (-) 45 per cent in Q1 and (+) 10 per cent in Q4; and (b) import growth will be in the range of (-) 50 per cent in Q1 and (+) 10 per cent in Q4. This is based on the assumption that negative growth both in export and import will be of broadly the same magnitude and will continue in Q1 and Q2, while the situation will improve in Q3 and Q4.

This assumption is further based on trends in the first two months of the current fiscal, and continuation of the same for Q2 as the lockdown continues. We expect there will be a pick-up in trade in Q3 and Q4 as the Covid situation eases and net pent up demand pushes economic activity.

Further, it is assumed that oil import and export will be a shade lower than 2018-19. Thus, the trade deficit in 2020-21 works out to $110 billion as compared with around $158 billion in 2019-20. We assumed net traditional services like travel, transport and insurances will be near zero but there could be some net receipts in case of modern commercial services like software services, engineering services, consulting services. Thus, we assumed net services at $75 billion as against $85 billion in 2019-20.

In the income account, we estimated primary income lower at (-) $20 billion in 2020-21 than that of (-) $27 billion in the previous year based on a decline of around 25 per cent in the investment income and business and travel restrictions leading to a lower compensation to employees. A 25 per cent decline is being seen as a conservative number by analysts.

Secondary income, mainly comprising workers' remittances, will be lower by an estimated 10-15 per cent in the view of analysts. This means the secondary income will be around $65 billion in 2020-21 as against $75 billion in 2019-20. This development is mainly on account of international migrant workers who are coming back to India and possibility of lower income due to recession.

In the end, the current account balance [comprising (a) trade deficit of $110 billion plus (b) net services at $75 billion, (c) net primary income at (-) $20 billion and (d) net secondary income of (+) $65 billion)] works out to a surplus of around $10 billion or 0.4 per cent of GDP.

It may be mentioned that the surplus in the current account was last recorded 17 years back in 2003-04 aggregating $14.1 billion or 2.3 per cent of GDP. This year, we will have a surplus gain essentially because of lower trade deficit in the light of Covid-19.

Capital inflows

Due to uncertainties in the investment climate because of Covid, capital inflows will be erratic particularly in respect of foreign portfolio investment. However, the liquidity injection by many foreign central banks in recent times may encourage portfolio investment both in equity and debt guided by arbitrage opportunities in terms of higher interest rates in India.

But there will be slowdown in the inflows from FDI and ECB due to global recession and recession in India. Uncertainty in net capital inflows could have episodes of volatility in exchange rate. The "hot money" in terms of FPI will be a matter of concern in terms of external sector vulnerability.

What all this tells us is that the external sector will pose some unique challenges of the kind we have not seen in many years. Numbers that look robust could prove to be, at least in part, a mirage. A collapsed trade scenario will bring a new kind of challenge. This will require deft handling and dynamic adjustments to the evolving scenario.

Source: thehindubusinessline.com– Jul 09, 2020

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Centre notifies draft wage rules, recommends eight hour working day

The labour ministry has notified the draft wage rules under the Labour Code on Wages, paving way for an eight hour working day in factories and establishments, conflicting the recent move by at least a dozen state governments to enhance the work hours in factories to either 10 or 12 hours.

While the draft rules have left it to the technical committee to determine minimum wages in the country, there is no clarity on the criteria for determining the national floor level statutory minimum wage for the country.

"The normal working day under clause (a) of sub-section (1) of section 13 shall be comprised of eight hours of work and one or more intervals of rest which in total shall not exceed one hour," labour ministry has said in the draft rules called the Code on Wages (Central) Rules, 2020.

Nearly 12 states including Gujarat, Madhya Pradesh, Uttar Pradesh, Rajasthan, Himachal Pradesh, Karnataka and Punjab among others have raised the work hours for labourers to address the issue of labour shortage and ensure social distancing at the work site through notifications under the Factories Act, which is being proposed to be subsumed under the code on occupational safety.

"The fixing of work hours at 8 hours a day under the wage rules is in conflict with enhanced work hours announced by some states. Consequently, the actual minimum wage will be less than the one prescribed by the technical committee in these states," labour economist KR Shyam Sundar said.

The draft rules have also proposed the country be divided into three geographic categories – metropolitan area with a population of 40 lakh or more, non-metropolitan area with a population of 10-40 lakh and rural areas – to set the minimum wage.

Besides, it has classified expenditure limits across different heads based on which the minimum wage will be calculated. For instance, 10% of minimum wage has to be spent on house rent while the expenditure on fuel, electricity and miscellaneous items will constitute 20% of the minimum wage and that on education, health and other contingencies would constitute 25% of the minimum wage.

While calculating the wage, an intake of 2,700 calories per day and 66 metres of clothing per annum for a standard family will be taken into account.

“It is absolutely disappointing that the Rules have failed to describe the exact criteria for determining the national floor level minimum wage, which is very critical for workers,” Sundar added.

Bhartiya Mazdoor Sangh, a central trade union affiliated to the RSS, however, welcomed the draft rules saying it is a step towards universalisation. "It will help reduce the wage disparity across the country,"Vrijesh Upadhyaya, secretary general of BMS said.

An internal panel of the labour ministry had said in its report last year that “the single value of the national minimum wage for India should be set at Rs 375 per day as of July 2018. In addition to the minimum monthly wage of Rs 9,750, the seven-member panel had also suggested that a housing allowance of Rs 1,430 should be provided for city-based workers.

Source: economictimes.com– Jul 09, 2020

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Arvind Fashions says 75% of its stores operational, revenue below pre-Covid levels

Arvind Fashions Ltd (AFL) on Thursday said 75 per cent of its stores are operational now after the easing of lockdown relaxations, though footfalls and revenue remain well below pre-Covid levels.

Sharing an update on the impact of the pandemic on its business, the company said while in the short run there would be disruptions, it expects “the strength of its brands, coupled with launch of new relevant product and investments in digital and omni-channels will help it overcome the challenges and react to evolving situation faster”.

Post-lockdown, the company has been progressively reopening its stores following due regulatory guidelines and safety and hygiene standard operating procedures (SOPs), and ensuring appropriate social distancing norms, it said.

"Currently 75 per cent of our stores are operational, though footfalls and revenue remain well below pre-Covid levels. In the meantime, the company has invested behind and scaled up its digital and omni capabilities and good traction is being achieved in this important channel," AFL said.

The company has a network of 1,290 stores, while it is also present across approximately 10,000 multi-brand outlets with more than 3,700 points of sales in department stores across India.

AFL said it has put in place a "comprehensive cost management plan that covers significant reduction in costs during the lockdown period and until sales normalise. In addition, structural reductions have been effected in the cost structure that will have the impact of reducing company's breakeven levels by 35 per cent".

Actions have also been initiated to conserve cash by cutting down capex, reducing inventory levels, controlling immediate buys and bringing a strategic flexibility in the buying process, it added.

On the outlook, AFL said as the market reopens post the lockdown, it is well-positioned to resume full operations at the earliest.

"With sharpened product portfolio suiting to customer requirements, entrenched distribution network along with capability build-up in analytics for demand planning and fulfilment as well as omni-channel, AFL is strongly placed to recover faster from the impact of ongoing pandemic," it said.

Source: financialexpress.com– Jul 09, 2020

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Start-up Village scheme has generated 1.33 lakh jobs in 2 years: Centre

Kerala leads ranking, followed by M.P. and Bihar

Over 64,000 rural enterprises formed under the Start-up Village Entrepreneurship Programme (SVEP) have generated an estimated 1,33,302 lakh employment opportunities across States in two years.

The SVEP is a sub-scheme under the Centre's Deendayal Antyodaya Yojana-National Rural Livelihoods Mission to help the rural poor, including members of women self help groups (SHGs) and their families, set up enterprises at the village level in non-agricultural sectors.

The data for the years 2018-19 and 2019-20 (till January), presented by the Ministry of Rural Development to the Rajya Sabha in March, reveal that Kerala tops the enterprise chart with 8,816 establishments formed, providing jobs to an estimated 18,250 people.

Madhya Pradesh established 6,226 enterprises while Bihar had 5,938, providing jobs to an estimated 12,888 and 12,292 people, respectively. Jammu and Kashmir established 844 enterprises and provided jobs to an estimated 1,747 people. Tamil Nadu is among the States which have formed less than 500 enterprises. Its 472 enterprises have employed an estimated 977 people.

Uttarakhand, Mizoram, Manipur and Assam have not established any enterprise under the scheme, and hence no job opportunities have been created in these States during this period.

Job creation

The annual report on Periodic Labour Force Survey (PLFS) (July 2017-June 2018), published by the Ministry of Statistics and Programme Implementation, estimates that the unemployment rate in India is 5.3 per cent for the rural sector.

With migrant labourers returning to villages after Covid-19 outbreak in cities, experts have demanded that the government focus on more job creation in villages.

The NITI Ayog discussion paper on changing the structure of rural economy had earlier highlighted that contrary to the common perception about the predominance of agriculture in the rural economy, about two-third of rural income is now generated in non-agricultural activities.

Non-agri rural push

"Similarly, it looks amazing to find that more than half of the value added in the manufacturing sector in India is contributed by rural areas. However, the impressive growth of the non-agricultural sector in rural India has not brought significant employment gains or a reduction in disparity in worker productivity. This underlines the need for a new approach to direct the transition of the rural economy" the paper, published in 2017, had said.

The Ministry of Rural Development is implementing the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and other programmes to facilitate an overall improvement in the quality of life of the people in rural areas, strengthening of livelihood opportunities, promoting self-employment, skilling of rural youth and provision of employment to the youth in rural areas, the Ministry told the Rajya Sabha.

Source: thehindubusinessline.com– Jul 09, 2020

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Zara India posts 45.5% jump in FY20 profit

Spanish fashion retailer Zara reported a 45.54% jump in its India profit for the year ended March, the company's local partner in the market, Trent Ltd., said in its annual report for fiscal 2020 on Thursday. However, sales growth slowed down during the year.

Profit for the year was at ₹104 crore. In the previous year, Zara had posted a profit after tax of ₹71.49 crore.

For full year, revenues grew at their slowest pace, rising 9.2% to ₹1,570.54 crore. Zara, with 22 stores in the country, primarily draws India's affluent and fashion forward shoppers.

“During the year under review, the Zara entity recorded revenues of ₹1,570.54 crores and PAT of ₹104.05 crores," Trent Ltd., said in its FY20 annul report.

Inditex—one of the world’s largest fashion retailer that owns brands such as Zara, Pull & Bear, Massimo Dutti globally—is present in India through two joint ventures with Tata Group’s retail arm Trent Ltd.

Inditex Trent Retail India, a 51:49 joint venture with Trent Ltd, runs the Zara business in India. The other runs Massimo Dutti stores in India through Massimo Dutti India Private Limited.

For the full year, Massimo Dutti—that operates 3 stores in the country—reported a 5.37% jump in FY20 revenues at ₹67 crore. Zara has stores in Delhi, Mumbai, Bangalore, Pune, Surat, Jaipur, Chandigarh, Chennai, Mohali, Hyderabad, Kolkata and Gurgaon.

No new stores were added across the two brands during the year. "The incremental store openings for Zara continues to be calibrated with focus on presence only in very high-quality retail spaces," Trent Ltd said.

Last month, Inditex said it will shut down 1,000-1,200 stores mostly in Asia and Europe across its portfolio of brands as it seeks to boost online sales.

Zara entered India in 2010, and competes with Swedish fashion retailer Hennes & Mauritz (H&M) that made its India debut in 2015.

H&M has since caught up with Zara, opening more stores and making its goods available on fashion portal Myntra.

For the year ended 30 November, 2019, H&M posted a 43% jump in sales to ₹1,490 crore, even as it opened fewer stores in the market and activated online sales though Myntra.

Source: livemint.com– Jul 09, 2020

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Flipkart invests ₹260 cr in Arvind Youth Brands

Flipkart Group, one of India's leading digital commerce entities, and Arvind Fashions Ltd (AFL), a leading casual and denim player, have strengthened their partnership through an investment of ₹260 crore by the Flipkart Group to purchase a significant minority stake in AFL's recently formed subsidiary Arvind Youth Brands which owns the Flying Machine brand.

The investment builds on the long-standing engagement between the two organisations that have been working together for several years to address the demands and needs of the fashion-conscious youth in India, the two companies said in a joint press release.

An iconic Indian brand with a 40-year legacy, Flying Machine has been retailing on the Flipkart Group platforms—Flipkart and Myntra—for more than six years. A denim-first brand, Flying Machine is amongst the leading denim brands in India. With its brand legacy, design sensibilities and youth appeal, the brand is seen as a strong style partner across metros and smaller tier towns. Through this investment, the Flipkart Group and Arvind Fashions will work collaboratively to identify opportunities and synergies to innovate and develop products with strong value propositions at attractive price points.

"Flying Machine is a brand that is known in households across India, popular with the youth and synonymous with value and style. Through this investment, we look forward to partnering with the team at Arvind Youth Brands to continue to grow the market for its portfolio of products and enhance the strong brand equity that has been built over the last few decades," said Flipkart Group chief executive officer Kalyan Krishnamurthy.

"The partnership with the Flipkart Group will help us accelerate our online growth strategy as we focus our efforts on developing an omni-channel retail approach for Arvind Youth Brands and Flying Machine. Given the strong existing relationship with the Flipkart Group, and their presence in online fashion, it was an obvious choice for us to enter into this engagement through which Flipkart and Myntra will be our preferred online partner for the Flying Machine brand, while we continue to grow our offline sales through channels like exclusive brand stores, department stores and multi-brand stores," J Suresh, managing director and chief executive officer of AFL, said.

Source: fibre2fashion.com– Jul 09, 2020

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Loyal Textile introduces 'triple viral shield' range

Partners HeiQ, RIL for coating, fibre

Loyal Textile Mills on Thursday unveiled reusable 'triple viral shield' products with anti-viral coating, under its Supera Shield brand.

Loyal said in a release that it had collaborated with HeiQ Materials AG, Switzerland, and Reliance Industries Ltd. (RIL). It uses R Elan fibre from Reliance and HeiQ's Viroblock technology to make these range of products. Masks, personal protection equipment (PPE), and garments will be made of fabric woven with cotton and Reliance's R Elan fibre.

The fabric is then treated with HeiQ Viroblock, Dhamodaraswamy Devadas, chief technology and business development officer, Loyal, said. "We have also used an in-house developed embedded technology," he added.

As additional protection, an anti-viral spray technology had been developed for garments. While the garments and masks can be washed 25 times, the PPEs can be washed 10 times. The fabric had been tested for viral penetration and synthetic blood penetration resistance.

"We have developed a separate line of garments using the special fabric for exports. We have also applied for quota to export PPEs," Mr. Devadas said. "Loyal is looking at a ₹100-crore turnover from these products this year. It expects a ₹50-crore turnover from masks and PPEs and another ₹50 crore from garments," he told The Hindu.

The daily production capacity was 30,000 to 50,000 masks and 4,000 to 6,000 PPEs. The Supera Shield products made of the special fabric will be launched online and offline initially in Tamil Nadu and will be available across the country gradually. Initally, the target will be institution sales, he said.

Valli M. Ramaswami, Chairperson of Loyal Textile Mills, launched the products at a webinar on Thursday. "During February/ March 2020, Loyal Management team felt the need to join the war against COVID-19 pandemic and designed reusable masks and PPE kits and today has reached a stage of offering a range of PPE clothing, masks and a range of fashion wear and casual wear, which have a triple protection technology from viruses and bacteria. This is the first of its kind in the world," she said in the press release.

Loyal's CEO A.Velliangiri and Vishala Ramswami, Director for Corporate Strategy and Marketing, were also present.

Source: thehindu.com– Jul 09, 2020

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Spike in Covid-19 cases halts revival of Surat's synthetic textile industry

The recent spike in Covid-19 cases has halted the revival in Surat's synthetic textiles hub. With roughly 215 fresh daily cases and the tally at 6,313 (with 200 deaths), business activity across the textile value chain — right from spinning yarn to making garments — has come to a near-standstill.

In addition, despite the rupee depreciating to Rs 76.97 a dollar between April and June, the industry has not been able to leverage it in terms of exports. Surat commands a 45 per cent share in total man-made fibre/synthetic textiles produced, as well as synthetic textile yarn, fibre, fabrics and made-ups, accounting for annual exports of $6 billion.

"On the one hand, business activity across the textile value chain had just begun, at 5-10 per cent of the original capacity. However, in the last 2-3 days, the spike in cases led to markets being closed again. On the other hand, the opportunity to make the most of the April-June period — in terms of domestic and export business — was lost, given the rupee depreciation," said Rakesh Chaudhary, vice-president of the Nylon Spinners' Association.

Pre-Covid, Surat would manufacture 20-25 million metres of synthetic textiles a day, down from the peak of 40 million metres before demonetisation and GST impacted capacity utilisation.

According to Chaudhary and Devkishan Manghani, advisor (textile trade committee), Southern Gujarat Chamber of Commerce and Industry (SGCCI), textile manufacturing and trading had touched 5-10 per cent of the original capacity.

However, civic authorities have ordered the closure of key textile markets, leading to a halt in business activity.

ALARMING TRENDS

- 215 fresh daily Covid cases with tally of 6,313 and 200 deaths
- Surat holds 45 per cent share in total man-made fibre or synthetic textiles
- Synthetic textile accounts for annual exports of $6 billion
- In pre-Covid era, Surat manufactured 20-25 million metres of textiles daily
- Civic authorities ordered the closure of key textile markets
- Chinese imports also affecting domestic nylon yarn industry

"If textile markets don't operate, then the whole backward value chain will not know how much to produce, with inventory piling up," said Chaudhary, adding that in terms of nylon chips alone as raw material, inventory levels have risen from 200 tonnes to 3,000 tonnes.

The other predicament facing the industry, especially in Surat, is that of Chinese imports of nylon yarn.

According to Narain Agarwal of the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC), as against the domestic production of 120,000 tonnes, close to 25,000 tonnes was being imported, with China accounting for 58 per cent of the same.

The industry body has made representations to the government for imposing an anti-dumping duty on nylon yarn, which expired in January 2018.

"At a time when the domestic industry is suffering from lack of business, Chinese imports are adding pressure to the books of Indian nylon yarn producers. At present, imported Chinese nylon yarn is cheaper than the Indian variety by Rs 15-20 a kg, which is affecting domestic business even more," said Agarwal.

Meanwhile, domestic nylon yarn attracts an inverted GST rate of 18 per cent on raw material caprolactam, and 12 per cent on the finished yarn — with manufacturers left with accumulated tax impacting their liquidity.

Source: business-standard.com– Jul 10, 2020

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