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NEWS CLIPPINGS

INTERNATIONAL NEWS

USA: Prices Climb as Cotton Stares Down the Bear

Cotton prices closed the week on a sweet roll, so to speak, with the old crop May enjoying a six-session gain of 596 points and the new crop December closing the week at 55.96 – a six-session gain of 555 points.

Too, Friday's (April 10) gains came on the heels of the release of a very bearish April USDA world supply demand report. Possibly, the market had already accounted for the bearish report, as post report trading saw the market end some 50 plus points higher on the day. Thus, the market is now some 15-18 cents lower than mid-February prices. Nevertheless, expect prices to be between 53 and 58 cents when the next world supply demand report is released on May 12.

The week-long move to the upside hopefully will beget yet even higher prices. Let's hope so. I am not writing it off, but most likely the Dow Jones has another test of the downside before calling it quits. Cotton will be tempted to move lower if such occurs. Buying cotton calls then will be stout advice, even if you have to do so with borrowed funds.

Yet, should domestic Chinese cotton prices hold strong in spite of a Wall Street selloff, then cotton prices can also move higher even if the Dow hits another selling spree. That is, higher prices in China will signal the beginning of a new build-up in cotton demand.

USDA's April supply demand report was essentially more bearish than any report I had previously seen – ever. Essentially, it was a "catch up" report in response to not making any meaningful changes last month. Thankfully, the market had already accounted for the change. Yet, despite the drastic change, the market was able to finish higher after the report was released.

U.S. exports were reduced 1.5 million bales, down to 15 million. U.S. carryover was increased to 6.7 million bales due to the export reduction and coupled with a 100,000-bale reduction in U.S. consumption. World Consumption was lowered 7.6 million bales, down to 110.6 million. World carryover was increased to 91.3 million bales, up from last month's 83.40 million.

No question, the Chinese virus has brought the world cotton industry to its knees. Effectively, it will become the reason China will lose as much as 50% of its textile industry base, and it will have a devastating impact on the Chinese economy. Further, it will lead to a reduction in cotton production in China.

The report certainly takes the bloom off my thoughts that as much as an 8-cent rally could be in the works – unless U.S. exports can move upward at least 500,000 bales. A 6.7 million bale U.S. carryover simply will keep a 55-59 cent cap on any rally. However, with only an 18 million bale crop in the works for the U.S in 2020, the back months March/May/July 2021 contract will move into the upper 60s.

In addition to a smaller crop in the U.S., look for the same in China, India, Turkey and Central Asia.

A spot of positive news: The seed cotton payment, to be paid in October-November, will likely be near 6 cents. Thank the National Cotton Council.

Source: cottongrower.com- Apr 10, 2020

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Buyers willing to pay for goods processed, in production

More companies have come forward in assuring suppliers that they would be willing to pay for goods processed as also those under production. Many top companies like H&M, Marks and Spencer, and PVH Corp have already assured their garment suppliers of taking shipment of goods that have already been manufactured.

British multinational retailer Tesco Plc has said it is committed to paying suppliers for orders that have been processed and is working with them to assess the wider impact of the COVID-19 pandemic.

“The majority of our orders will carry on as normal and we will continue to source from our suppliers on their current payment terms. We are committed to ensuring workers are treated fairly during this unprecedented time,” a Tesco spokesperson said in an emailed communication to Fibre2Fashion.

Tesco is working with its brand, retail and union partners through the ACT group (Action, Collaboration, Transformation) to help protect workers in its garment supply chain.

American retail corporation Target values relationships it has with its supplier partners and sees them as part of the team. "We simply could not serve our guests without them. As always, Target is committed to our suppliers across the globe and will pay for orders already produced or in production," a company spokesperson said over email.

With the surge in food & beverages and other essentials, Target is working hard to meet the increased demand in close partnership with its trusted vendors. Additionally, in the short term, the company is making adjustments to its orders in categories where it is seeing slow demand, like apparel and accessories.

"We are closely monitoring and reassessing our plans across our categories to meet the evolving needs of our guests. Our team remains focused, as always, to meeting our guests' needs at this time, and our long-term commitment to our suppliers remains a priority for Target," the statement said.

Understanding that the scale of the ongoing slowdown of future orders can have a significant impact on partners' liquidity, American fashion company Ralph Lauren has a vendor payments programme in place which enables suppliers to receive payments on a shortened timeframe at favourable market rates.

"In accordance with our responsible purchasing practices, we will settle payment for finished goods and goods already in production," Allison Peschet from the company's Global Corporate Communications team said.

"Primark is paying for all stock that is in store, depots and in transit. All of this stock has been paid for under its normal 30-day payment terms. It has also offered extended payment to suppliers to enable Primark to take and pay for further stock ready for shipment. This is despite the fact that nothing can be sold while the stores remain closed," a spokesperson for the company said over email.

Primark has also announced a fund for supporting suppliers to pay worker wages. The company said: "Primark is concerned about the impact of workers engaged in production of further orders that we will now not be taking – that is, goods in production that were due for shipment in the month following cancellation of orders. Accordingly, we have announced we will fund payment of the wages that relate to this product, taking into account adjustments for government support packages provided in each country. This action will cover orders from the following countries: Bangladesh, Cambodia, India, Myanmar, Pakistan, Sri Lanka and Vietnam.

"We have worked alongside many of our suppliers for years and value our relationships enormously. We hope that our normal trading relationships can resume as soon as possible."

Source: fibre2fashion.com- Apr 10, 2020

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Work restarts, supply chain efforts rejuvenate China's foreign trade in March

China's imports and exports improved in March on the back of better-than-expected industrial output recovery and sustained efforts to stabilize the global supply chain, the Ministry of Commerce said on Thursday.

Work resumption progress of the foreign trade companies has proceeded in an orderly manner with the production capacity recovery rate exceeding 70 percent in 76 percent of the key Chinese exporters, data from the ministry showed.

In March, the sub-indexes of the official manufacturing purchasing managers' index that gauges new export orders and imports rose to 46.4 and 48.4, respectively, from 28.7 and 31.9 in February.

China's imports and exports are set to show further improvement in March, based on information collected from local governments and various industries, said Gao Feng, spokesperson for the ministry. The General Administration of Customs is, however, yet to release the official foreign trade data for the first quarter of this year.

Gao, however, warned that the COVID-19 epidemic would weigh on the global economy and international trade.

Some foreign trade companies are already facing difficulties like delays, deferments and cancellation of dispatch of goods, orders, especially in consumer-related industries such as textiles and apparel. The government will continue to roll out supportive measures to help Chinese exporters overcome their difficulties and gain more overseas orders, he said.

Nanda Lau, head of Shanghai office at global law firm Herbert Smith Freehills, urged companies to monitor the local and global situation closely and accordingly adjust their work resumption plans, considering that the situation in China is improving steadily.

"The impact of the crisis may be felt by different areas of the business at different stages. Chinese companies should plan ahead for evolving situations," she said.

Governments around the world have instituted various relief policies for industries. Chinese companies should monitor these developments closely for those aspects that may be relevant to them, she said.

Measures like providing support for necessary supply procurement, special funds, tax exemptions and deferrals, force majeure proofs and social insurance deferrals may be made available to enterprises to help restore their earnings ability.

However, despite a majority of domestic manufacturers having resumed production, it will not work if businesses overseas remain closed.

All countries should come together and contain the virus as soon as possible before it causes more damage to the global supply chain, said Cai Jin, vice-president of the Beijing-based China Federation of Logistics and Purchasing.

Source: thestar.com.my- Apr 10, 2020

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World trade fall mustn't stoke export pessimism

The WTO expects a sharp drop-off in global trade. But India must not withdraw inwards. Instead, we must raise our competitiveness through reforms in preparation for a recovery

By now, there is little disagreement left over the scale of the global economic crisis caused by the covid-19 pandemic. It is widely expected to be bigger than anything most of us have seen in our lifetimes. Some forecast a redux of America's Great Depression of the 1930s, or worse. Commerce across the high seas has also got convulsed, and the World Trade Organization (WTO) predicts that global trade could fall by 13-32% this year on account of disruptions and all the turmoil.

At this point, we cannot even count on a quick recovery after this health emergency is past its peak. A trade revival may have to wait till 2022 or later. Indian exports have been in a slump for a large part of the past decade, and recent reports point to a rash of cancelled orders from abroad (except, notably, for drugs).

This, however, should not mean that we slip into export pessimism. Instead, a crisis such as this could serve as an opportunity to sharpen our competitive edge that has got blunt over the years. This is best done through reforms, though a rupee on the decline vis-à-vis the US dollar should help too.

Global supply chains will surely suffer from now on. Yet, no country is an island unto itself, and nations will continue to exchange goods and services so long as it makes economic sense. Trade partners are usually better off producing what they're best at, for all users, and buying from the rest what others turn out better—at lower cost and higher quality.

Economies that participate in this game, as the historical record has shown, tend to grow faster. There is another good reason for export orientation. India needs foreign earnings, not just for oil imports and suchlike, but also for overall economic stability, given our reliance on foreign capital for growth.

In tough times such as these, when we may need to borrow money from abroad to bridge a hugely enlarged fiscal deficit, ensuring a stream of future dollar earnings becomes even more crucial. As of now, the covid crisis is expected to take a heavy toll on our overall output. The Organization for

Economic Co-operation and Development, for example, estimates that India's shutdown could potentially knock off about a fifth of gross domestic product (GDP) in its initial period, and the entire year's growth would surely suffer too. To enable the issuance of dollar bonds and raise our chances of staging a less painful return to form, we need to get our export act together.

Export success goes by competitiveness, and for domestic businesses to achieve this, India would need to undertake several structural and policy changes. We could begin with reversing the tariff barriers that have been raised in recent years. These are protectionist and tend to keep our producers cloistered in a high-cost environment.

Exposure to foreign competitors would force them to turn efficient and perform better. Duties on inputs, especially, need to come down. So do other taxes that hold companies back. Other steps to raise productivity will help, too. Good logistical backup is another big requirement.

The rupee's slump is a plus for exporters, since their output is cheaper in dollar terms, but we may need to pursue a policy that does not let our currency's value get over-inflated by inflows of foreign "hot money" (when they return).

The cost of capital in India needs to be low, too, and this would depend on how well the government manages its finances. India's annual exports currently form less than 2% of the world's. We should aim for 5%.

Source: livemint.com - Apr 09, 2020

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US apparel imports slump by 11 per cent in February 2020

OTEXA stats suggest, apparel import values of US have slumped 11 per cent in February '20. The country imported $5.91 billion worth of apparels in February, 2020 as against $6.66 billion in the same month of the prior year.

In volume-terms, USA fell by 12 per cent and imports stood at $2 billion SME. As expected, China's RMG export to US nosedived drastically by 46 per cent and 36 per cent in values and volumes, respectively.

China exported 579.68 million SME of garments to USA in February which is worth $1.08 billion. Markedly, export of China in value-terms is down by almost half as in February 2019, the shipment valued at $2.01 billion.

Volumes from Vietnam saw marginal surge of 0.3 per cent and shipment of RMG to US valued at $1.06 billion, marking 2.80 per cent growth.

Bangladesh maintained its positive performance both in values and SME terms. The country shipped $ 28.47 million worth of RMG to USA in February '20, noting 4.80 per cent growth on Y-o-Y basis, while volumes – 189.73 million SME – picked up by 7.30 per cent.

India too noted growth in both values and volumes by 4.70 per cent and 7.60 per cent, respectively, in its RMG export to USA in February.

USA's apparel import fell majorly because of China in February but COVID-19 pandemic escalated in other manufacturing destinations as well as US itself from March onwards, which forced buyers to halt their production, forced Governments to impose lockdown and furlough the workers.

Source: fashionatingworld.com- Apr 10, 2020

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USA: Retail Apparel Prices Fell 2 Percent in March as Pandemic Disruption Swept the Nation

As the coronavirus pandemic gripped the country in March, causing sweeping store closing and massive disruption in consumer goods purchasing, retail apparel prices fell a seasonally adjusted 2 percent in the month, according to the Consumer Price Index (CPI) released Friday by the Bureau of Labor Statistics (BLS).

Women's apparel led the decline, as prices dropped 3.1 percent for the month compared to February. Every category saw prices fall, with a 5.7 percent decline in dresses; 2.5 percent decreases in suits and separates, as well as the underwear, nightwear, swimwear and accessories group; and a 1.1 percent falloff in outerwear.

Prices were flat in men's wear, with declines of 0.8 percent in suits, sport coats and outerwear, and 0.7 percent in the underwear, nightwear, swimwear and accessories group balanced out by increases of 1 percent in shirts and sweaters and 0.5 percent in pants and shorts.

Following a similar gender pattern, boys' apparel prices rose 3.2 percent in March, while girl's clothing cost 2.4 percent less. Prices for infants' and toddlers' apparel dropped 4.3 percent in the month.

Footwear prices were also depressed in March, falling an overall 2.8 percent. Boys' and girls' prices fell 3.6 percent, while men's prices were down 2.2 percent and women's were off 1.9 percent.

Besides low demand for apparel, as consumers stocked up on food and healthcare in state-ordered stay-at-home mandates, lower fiber costs also helped to keep prices depressed. U.S. spot cotton prices averaged 45.13 cents per pound for the week ended April 2, down from 47.81 cents the prior week and from 71.81 cents a year earlier.

BLS noted that the CPI program suspended data collection by personal visits on March 16. When possible, data normally collected by personal visit was collected either online or by phone.

Additionally, data collection in March was affected by the temporary closing or limited operations of certain types of establishments. These factors resulted in an increase in the number of prices being considered temporarily unavailable and imputed. While the CPI program attempted to collect as much data as possible, many indexes are based on smaller amounts of collected prices than usual.

The overall CPI declined 0.4 percent in March on a seasonally adjusted basis, the largest monthly decline since January 2015, BLS reported. A sharp decline in the gasoline index was a major cause of the monthly decrease, with declines in the indexes for airline fares, lodging away from home, and apparel also contributing.

The so-called core index, minus the volatile food and energy sectors, fell 0.1 percent in March, its first monthly decline since January 2010. Along with the indexes for airline fares, lodging away from home and apparel, the index for new vehicles declined in March.

The energy index was down 5.8 percent in March, its largest monthly decrease since January 2015. The gasoline index fell for the third month in a row, dropping 10.5 percent, with gasoline prices sinking 7.4 percent.

Source: sourcingjournal.com - Apr 10, 2020

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USA: Apparel Manufacturing Takes on COVID-19 With New Products and Materials

The apparel industry is out in full force, putting its supply chain to work to get health-care workers the vital protective garments they need.

A pair of apparel and materials manufacturers has announced new product lines commissioned to produce personal protective equipment (PPE) for consumers and medical personnel.

On Thursday, French interlinings maker Chargeurs announced a new brand, Lainière Santé, which will produce a full line of PPE products. These products will be manufactured globally, including in the United States, and will be available on Amazon in weeks, according to the company.

“We’re drawing on our culture of innovation, our decades of expertise and our global resources during this difficult period to ensure consumers can find the products they need and want to help protect their health now and in the future," Angela Chan, global president of Lainière Santé and managing director and president of worldwide operations at Chargeurs, said.

Chargeurs has already been donating PPE to the local French government and to fire, police and social services organizations in Europe. Through Lainière Santé, Chargeurs will be able to offer the same products to consumers in the U.S., Chan said.

The 148-year-old French company is manufacturing 10 million face masks per week and is also involved in the production of scrubs, advanced textiles, intelligent fabrics and protective gloves and bactericidal films. It has altered a "significant portion" of its textile production toward the manufacture of PPE and is the largest supplier of such products to the French government, according to the company.

Another global manufacturer of branded and private label garments, Delta Galil similarly announced plans Thursday to produce PPE products for the medical community. The company will produce more than 1.5 million masks for European governments and emergency personnel along with the Delta European Brands subsidiary Schiesser.

Schiesser will produce more than 1 million of these masks for distribution among the Czech and Slovakian governments as well as a German PPE company.

"Our subsidiaries in Europe have rapidly reengineered production lines to help alleviate the shortage of face masks that governments and emergency services providers are facing in the midst of this crisis," Delta Galil CEO Isaac Dabah said.

Schiesser and Eminence, another subsidiary producing 400,000 masks a month for the French government, NGOs, local fire departments, police forces and hospital workers, recently reworked a selection of factories to produce these reusable, machine-washable face masks.

"In cooperation with our local supply partners in Europe and other industry colleagues, we're able to increase production capacity to produce hundreds of thousands of urgently needed masks each month, answering the call from country leaders, fire departments, hospitals, police departments and the French Army, among others," Dabah added.

Initially, Delta Galil said this was to provide PPE for employees who continue to work on site, but the company expanded production to help the public shortly afterward.

Eminence will also donate hundreds of masks to charities working toward the same goals and Delta Galil has pledged to produce masks in its Thailand facilities to help virus prevention efforts in the region.

Source: sourcingjournal.com - Apr 10, 2020

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€5-mn EU emergency fund for Myanmar garment workers

In solidarity with Myanmar and the workers at risk in the garment sector, the European Union (EU) recently created a Myan Ku (Quick Assistance) Fund, an emergency cash fund of € 5 million that will disburse cash transfers through Wave Money directly to the workers to help them through this crisis. The fund will offer three different kinds of support.

It will offer cash transfers of an expected average of 75,000 MMK monthly for one to three months for 30,000 to up to 80,000 workers in crisis who lost their jobs or face eviction from their homes. It will provide cash transfers of 125,000 MMK for workers whose contracts were illegally terminated and also transfer cash to workers in small and medium enterprises that agree to retain workers and continue cash or in-kind payments like accommodation and meals.

SMART Textile & Garments, the EU's longstanding flagship programme assisting garment manufacturers in Myanmar in improving production standards and social and environmental corporate responsibility, will manage the Myan Ku Fund, the EU said in a press release.

SMART will work in close cooperation with local civil society organisations and trade unions in selecting recipients, and coordinate with its strong network of manufacturers and their associations, brands and government partners.

The fund will initially be available from April to December 2020 and is financed through the EU's Humanitarian Development Peace Nexus Response Mechanism (NRM) managed by UNOPS.

Source: fibre2fashion.com - Apr 10, 2020

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COVID-19 Costs Bangladesh Factories $10B, BGMEA Pres Says

Garment factories, while they supply the goods that make the fashion industry what it is, have often been left for last in a low-margin business that has long held low-cost as its highest standard.

And never has that been more evident than in the midst of the COVID-19 pandemic—particularly in Bangladesh, the world's second-largest supplier of clothing.

In recent weeks, brands and retailers have bailed out on their order commitments, cancelling or postponing upward of $3 billion dollars' worth of goods in the country, causing a chaotic trickle-down effect for the workers who won't get paid if their factories don't because orders aren't being shipped. And the financial liability alone extends even beyond the value of cancelled orders.

"We also have a cumulative liability of the unfinished goods, so the liability is probably going to be running up to almost $10 billion," Dr. Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), told Sourcing Journal in the first installation of its 'On the Ground' video series, which will bring often unheard voices in the supply chain to the fore.

The coronavirus is already having an outsize impact on the world, and its ramifications will leave lasting effects on fashion. In Bangladesh, it's going to be an "uphill battle" from here, said Huq, who feels the industry shouldn't be pitting its own plight against that of the factory worker.

"I think it's a different reality for people in the West because you are being given bailout packages by the government, the government is looking after businesses, so I don't think it's very wise of us to assume that they're in a worse position, because most of their conversations are starting from a loss of profit and here it's probably a loss of breath," Huq said from her home in Bangladesh during an interview she agreed to do at 2:00 a.m., visibly fatigued from the toll this ongoing battle is taking on the industry she represents.

“There’s a straight disconnect between your world and ours,” she said.

Source: sourcingjournal.com- Apr 10, 2020

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Inditex ramps up Asia operations

Inditex SA’s main import and export airport hub in Spain is ramping-up as business in Asia picks up, following restrictions due to COVID-19 earlier in the year.

The pick-up in traffic in Zara offers a window into the notably tight-lipped company’s operations, notably in the Eastern Asian market. The retailer uses the airport as a base to import textile products and export apparel.

Under Inditex’s unique distribution model, the vast majority of its apparel manufactured outside Spain has to be sent to the country and then exported to stores around the world.

The company has been able to continue certain operations in Spain in spite of a government order to place non-essential economic activity on standstill.

With the slowdown in Spain and other countries, Inditex has re-assigned the majority of its space in the airport as a base of imports of medical goods.

The Zaragoza airport is one of Spain’s three largest cargo airports, and had the second highest cargo traffic in February, before the Coronavirus crisis hit the country in full.

Source: fashionatingworld.com- Apr 09, 2020

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Pakistan reopens factories during virus lockdown as exports drop

Pakistan is reopening some factories amid a national lockdown to counter the deadly coronavirus pandemic as the south Asian nation expects its exports will decline by 50% in the next two months.

The companies with export orders will start working again with precautionary measures including calling in only essential employees and ensuring regular disinfection, Abdul Razak Dawood, the commerce adviser said in a phone call, late Thursday. Exporters such as Interloop Ltd., which supplies to Nike Inc. and Puma SE, have reopened their factories.

The International Monetary Fund plans to approve and disburse an additional $1.4 billion in emergency financing to Pakistan next week to help the nation shield its economy. This is in addition to Prime Minister Imran Khan, who has warned the pandemic may spread in coming weeks, announcing multiple stimulus packages including its largest-ever cash payouts and for the reopening of the construction industry starting next week.

Pakistan’s decision to reopen some factories comes after a global slowdown and the IMF predicting the world economy this year will suffer its worst recession since the Great Depression. A Bloomberg survey forecast Pakistan’s $315 billion economy will expand 0.8% this year, compared with the earlier forecast of 2.6%. The country’s exports fell 8.5% in March. Sapphire Fibres Ltd., Sapphire Textile Mills Ltd., Indus Dyeing and Manufacturing Co. and Din Textile Ltd. rose by 7.5% daily limit in Karachi.

Pakistan had pinned its hopes of getting out of its regular economic boom and bust cycle through exports but they will fall by as much as 50% over the next couple of months, Dawood said. There will be a “slow recovery, very slow recovery," he added.

The virus outbreak has infected 4,489 people and 63 have died amid low testing in Pakistan. The government has said it will take a decision on April 14 whether to extend the nationwide partial lockdown.

Source: livemint.com- Apr 10, 2020

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Bangladesh: RMG factory closure extended till April 25

Factories registered with Bangladesh Garment Manufacturers and Exporters Association and Bangladesh Knitwear Manufacturers and Exporters Association will remain closed until April 25.

BGMEA and BKMEA confirmed the decision in a joint statement on Friday after the government extend the public holidays till April 25 considering the coronavirus situation across the country.

Bangladesh Garment Manufacturers and Exporters Association president Rubana Huq and Bangladesh Knitwear Manufacturers and Exporters Association president KM Salim Osman in the statement said that they had decided that the RMG factories would remain close until April 25.

But if the factory owners felt necessary to keep their units open for the disbursement of workers' wages, they (factory owners) must have to inform respective trade bodies and industrial police, the statement read.

Earlier, the holiday was from March 26 to April 4 which was extended to April 11.

The holiday later included the next two days and government holiday on April 14 for Bengali New Year.

The apparel trade bodies also announced closer of RMG factories until April 14 and requested factory owners to pay wages for March by April 16.

Source: newagebd.net- Apr 11, 2020

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Pakistan: Cotton exports increase 9.94pc in eight months

Raw cotton exports during first eight months of current financial year increased by 9.94 percent as compared to the exports of the corresponding period of last year.

During the period from July-February 2019-20, about 12, 621 metric tons of raw cotton valuing US $16.801 million was exported as compared to the exports of 9,392 metric tons costing US $15.823 million of same period of last year.

According the data of Pakistan Bureau of Statistics exports of cotton yarn reduced by 0.86 percent and it was recorded at 302, 886 metric tons worth $337.418 million as compared with the exports of 283,860 metric tons valuing $743.8 60 million of the same period of last year, it added.

Meanwhile, 1,719,312 thousand square metres of cotton yarn valuing $1.379 billion was also exported as compared with the exports of 1,828,630 thousand square metres valuing $1.410 billion of same period of last year, it revealed.

It may be recalled here that textile exports during first eight months of current financial year grew by 5.30 percent as compared to the exports of the same period of last year.

From July-February, 2019-20 textile products worth $9.373 billion exported as compared to the $8.901 billion of same period of last year.

Source: brecorder.com - Apr 10, 2020

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NATIONAL NEWS

Opportunity for India post-Covid-19: Wazir Advisors

Post-coronavirus, some brands will follow the strategy of diversification and reduce their dependency on China to prevent any such situation in the future. India can utilise this opportunity and present itself as a credible alternate to increase its textile and apparel exports share, says a latest report by business management consultants Wazir Advisors.

The global outbreak of coronavirus has created a havoc in the fashion industry. The spread of the virus is bound to have serious implications and companies have started feeling the impact with store closures and uncertainty in orders. Since the pandemic is still in its growing phase it is difficult to predict the full extent of the impact. However, there are some key changes that can be foreseen as an aftermath of this pandemic and how it can shape the industry, says Wazir's special edition report 'Impact of COVID-19 on the Indian Textile Industry'.

The black swan event has affected the Indian textile & apparel industry, in terms of both trade and domestic consumption. With the steep reduction in demand due to sudden halt of global trade and domestic sales due to the closure of retail stores, the industry is likely to face unprecedented and severe losses.

The spread of the virus initiated in China and later spread to EU and the US, which are huge markets for Indian textile & apparel products. Hence, the Indian textile value chain is bound to face adverse repercussions of the pandemic.

"Brands are expected to postpone orders in the upcoming six months and will initially demand smaller order quantities at very tight margins as a step to recover from the reduced sales in the previous weeks," the report says.

Coming to the domestic market, brands are looking at very low consumer sentiment and a steep decline in consumption in the coming year. "Retailers and brands have already started halting production lines, delayed season releases and cut buying budgets to prepare for these eventualities," according to the report.

As brands look to reduce dependency on China, there lies an opportunity for India. China, the initial epicentre of the coronavirus outbreak, manufactures more than a third of all clothing and textiles globally. The production lockdown enforced in the country early this year vastly disrupted the textile & apparel supply chain. Apparel brands who sourced goods solely from China were in a fix and were forced to explore other countries for sourcing in a short time period.

Post-coronavirus, some brands will follow the strategy of diversification and reduce their dependency on China to prevent any such situation in the future. "Brands were already actively pursuing the move of diversifying from China, owing to increase in manufacturing costs and tariff issues with the US. The supply chain gap developed due to this pandemic has added more weightage to this strategy.

"Brands will explore alternate options such as Bangladesh, India, Vietnam, Cambodia or any other Southeast Asian supplier. India has a competitive manufacturing costs and presence of complete supply chain. India can utilise this opportunity and present itself as a credible alternate to increase its exports share," the report states.

Wazir also foresees an increase in global demand of medical textiles. "Sales of medical protective gears including surgical masks and protective clothing has jumped drastically. Western nations are importing large quantities of such products to battle the disease.

The supply of these products is not able to keep up with the rising demand. The rapid spread of the disease across the globe has sensitised people to hygiene and healthcare. The demand for medical protective gear such as masks, disposable gloves and hygiene products such as wipes is expected to surge and sustain even after the end of the coronavirus pandemic. This is a lucrative opportunity for the textile industry in the near future."

Post-coronavirus, there will be an increased focus on e-commerce sales and digitalisation of supply chain, according to the report. During the initial phase of coronavirus, consumers increased their online purchasing as a safe alternative to visiting physical stores. "This shift could lead to a changed buying behaviour post the pandemic and has the potential to build long-time e-commerce customers.

"Brands and retailers are further driven to incorporate digital strategy in their buying process. Online marketplaces like Joor are expected to become more popular as brands and retailers look to maximise digital options of showcasing their products and facilitating the buying and selling process," the report predicts.

Analysing how the Indian textile industry can emerge from the current pandemic, the report states that the industry will need to gear itself to fight the economic consequences that the coronavirus has brought with it. Manufacturers need to maximise their internal capabilities and focus on building their efficiencies. This will enable them to work with the anticipated shorter lead times and tight margins.

Companies should further focus on adopting digital ways of connecting with buyers. Textile and apparel companies need to maintain close connect with buyers and be ready to respond to buyer requirements. Companies may also focus on planning for the winter or next spring summer season and target the channels of value retailing and e-commerce, which are expected to grow in the near future.

"Indian companies should also look out for new markets beyond US and EU like Japan, South Korea, etc and focus on diversifying both markets and products. With depressed prices of raw materials like polyester, cotton, etc textile and apparel companies can also look at hedging raw material prices and wherever possible stock raw material which will be helpful once the market opens again," advises the Wazir report.

With countries' increased focus on healthcare, medical textiles is likely to see a surge in demand. So, companies could also explore emerging product categories such as medical textiles (surgical gloves, personal protective masks, gowns, wipes, etc) and other textile items required for healthcare facilities like hospital bedsheets, mattresses etc, the report suggests.

"With the current lockdown in place factories are shut and it is unpredictable when the operations will start again. However, textile and apparel companies need not lose all hope and need to be patient and be ready whenever markets open again, hopefully well in time before the festive season," the report concludes.

Source: fibre2fashion.com- Apr 10, 2020

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Department of commerce asks home ministry to allow exporting units restart work

Global merchandise trade is expected to see a decline of anywhere between 13% to 32% in 2020.

New Delhi: The department of commerce has asked home ministry to allow exporting units to restart work with partial workforce maintaining required precautions such as hygiene and social distancing.

Commerce secretary Anup Wadhawan has written to his counterpart in the home ministry asking if some manufacturers, who are keen to resume exports to fulfill orders to be delivered by the end of the month, can be allowed to resume operations, said people familiar with the development.

Commerce and industry minister Piyush Goyal held a meeting with export promotion councils on Wednesday to take stock of the sector, which has been hit hard by Covid-19 outbreak and the subsequent lockdown. Exporters, who have orders that need to be fulfilled quickly, have taken up the issue with the government.

“The department has proposed that industry can begin exports with reduced labour force, but with prescribed precautions,” said another official, who attended the meeting.

As per yet another person who attended the meeting, a letter has been sent to the home ministry with suggestions on ways to ensure production begins while maintaining safety of workers, so units can operate at half capacity.

Global merchandise trade is expected to see a steep decline of anywhere between 13% to 32% in 2020 due to Covid-19 spread in some of India's key markets.

"The exports sector is facing over 50% cancellation. The worst hit are the life style product like leather, carpets, handicrafts, apparels which are having over 75% cancellations," said Sharad Kumar Saraf, president, Federation of Indian Export Organisations (FIEO) in a letter to Prime Minister Narendra Modi on Thursday.

Exporters have asked the government to allow them re-start their operation with 50% labour force.
This, they said, will help businesses pay rent, wages will keep migrant labourers from going to their hometowns as also prevent losing market to China.

"The problem is that whatever little orders are there are getting stuck because we're unable to export. If we don't allow it now, we will not be able to supply the ready-to-ship products, which are to be delivered by the end of this month," said one industry representative who attended the meeting.

Industry sources said that Punjab and Rajasthan are keen to allow exporting units to resume operations and Maharashtra too has written to union home ministry for the same.

WTO director-general Roberto Azevêdo on Wednesday said keeping markets open and predictable would be critical to spurring renewed investment as the world confronts one of its deepest economic recessions.

FIEO has asked the government to immediately provide Rs 30,000 crore worth of interest-free working capital term loan to exporting companies to ease their working capital liquidity issues and prevent large- scale unemployment that could follow post-lockdown, especially in the labour intensive sectors.

In its proposal for interest-free working capital loan for exporters, it said that the burden on the government would only be Rs 1,974 crore while the benefits to exporters would be immense and help their operations.

The exporters body has also sought EPF and ESIC waiver for three months to support labour intensive sectors.

Source: economictimes.com- Apr 10, 2020

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Foreign exchange reserves decline $902 million to $474.66 billion: RBI data

India's foreign exchange reserves declined by $902 million to $474.66 billion in the week to April 3 due to a fall in foreign currency assets, said RBI data on Friday.

In the previous week, the reserves had surged by $5.65 billion to $475.56 billion, according to the latest data, news agency PTI reported.

The reserves had touched a life-time high of $487.23 billion in the week to March 6, after it rose by $5.69 billion.

During 2020-21, foreign exchange reserves have risen by almost $62 billion.

In the reporting week ended April 3, the foreign currency assets (FCA), a major component of the overall reserves, decreased by $547 million to $439.12 billion.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

The gold reserve also declined by $340 million to $30.55 billion in the reporting week, the RBI data showed.

The special drawing rights with the International Monetary Fund (IMF) were up by $5 million to $1.43 billion.

The country's reserve position with the IMF dipped by $19 million to $3.57 billion, the data showed.

Source: business-standard.com- Apr 10, 2020

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Exports sector may witness 15 million job losses, increase in NPAs: FIEO

About 15 million people face job losses in India's exports sector following cancellation of over half of the orders and gloomy forecast for global trade due to the Covid-19 pandemic, exporters' body FIEO said on Friday.

Seeking immediate announcement of a relief package for exports, Federation of Indian Export Organisations (FIEO) President Sharad Kumar Saraf said a fine balancing is required between life and livelihood, as opting for only one can be disastrous for the country.

He said that exporters are left with "very" few orders and if factories are not allowed to work with a minimum workforce, many of them will suffer "irreparable losses" which will bring them to the brink of closure as they are saddled with fixed cost that in any case has to be absorbed by them.

"With cancellation of over 50 per cent of orders and gloomy forecast for the future, we expect 15 million job losses in exports and rising NPAs (non-performing assets) amongst exporting units, hitting the economy very badly," Saraf said.

He added that sectors including apparel, gems and jewellery, leather, handicrafts, engineering and textiles are severely hit by the lockdown.

"We are losing markets to China. All orders are going to China as they have resumed work. It will be very late if we will not start our factories now. Small economies like Bangladesh and Sri Lanka too have announced relief packages," he said.

Saraf added that any further delay in rolling out of incentives would be "catastrophic".

He recommended steps like interest free working capital term loans to exporters to cover the cost of wages, rental and utilities; EPF and ESIC waiver for three months from March to May; extension of pre and post shipment credit by 90-180 days on their maturity, and extension of interest subsidy benefits.

"Huge support given by various economies to exports will put Indian exports in further difficulties as when the size of the cake reduces, competition intensifies with focus on prices," he added.

Source: financialexpress.com- Apr 10, 2020

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JNPT draws up plans to avert logjam as Covid-19 throws trade out of gear

89,000 boxes lying at some 34 container freight stations

A multi-pronged strategy has been crafted by Jawaharlal Nehru Port Trust (JNPT), Customs and Container Corporation of India (CONCOR) to check India's busiest container gateway from getting clogged as evacuation of import containers is hampered by shortage of labour and trucks in the wake of a three week nation-wide lockdown to combat the coronavirus pandemic.

About 89,000 containers are lying at some 34 container freight stations (CFSs) that service JNPT of which 9,000 containers have been granted out of charge (OOC) by the Customs. Import laden boxes arriving at a port are typically moved to nearby CFSs, an industry practice designed to de-congest the ports.

OOC refers to a container on which duty has been paid, Bill of Entry has been filed and it is ready to be taken delivery by the importer. But, due to lack of transport, factory closure or non-receipt of delivery order, these 9,000 containers have not been cleared by the importers.

"The biggest problem is that the Mumbai-Pune Expressway is barricaded at Kalamboli. So, how will the containers go," asked a trade source.

Kalamboli is a transportation hub located at the junction of the Sion-Panvel Highway, NH 48, Panvel By-Pass, NH 66 and the Mumbai-Pune Expressway.

To speed-up evacuation of direct port delivery (DPD)/DPD-CFS/CFS containers lying at terminals of JNPT by rail, CONCOR's inland container depot (ICD) located at Mulund, on the outskirts of Mumbai, will act as an extended gate of JNPT from Saturday.

Customs has declared ICD Mulund an "Extended Port Gate" of JNPT in respect of clearances of DPD containers, Sanjay Mahendru, Commissioner of Customs, Jawaharlal Nehru Custom House (JNCH) wrote in an April 9 public notice.

"They need to create space in JNPT so that the port doesn't get clogged," said a person involved in export-import trade. "Since the DPD containers are not been picked up by anybody directly from the terminals now, they are shifting all DPD boxes via rail to Mulund ICD," he said.

CONCOR will move DPD containers en-block by rail from all the terminals at JNPT to ICD Mulund for delivery to importers, by providing trans-shipping and handling services and supply of rakes for carriage of containers, Mahendru said.

"This will entail an additional cost of as much as ₹5,000 per container to the importer, but the larger goal is to avoid JNPT from getting choked," a trade source said.

The container will be delivered to the importer at ICD Mulund only after out of charge is given by Customs.

The Customs has also advised the CFSs, through a letter written on April 9, to take substantive steps to evacuate the 9,000 containers that were given OOC by the Customs, to non-bonded area, godowns elsewhere or even to the importer's premises.

"The Customs have said that CFSs can shift the OOC containers to empty yards or to a non-bonded area to create space in CFSs and give delivery from there because customs duty has been paid on such containers," an executive with a CFS said.

The Customs has also approved 43.27 hectares of land at JNPT as integrated centralized parking zone for loading and unloading of imported goods, Mahendru wrote in another public notice on April 9.

"Hopefully, if deliveries start picking up by at least 25-30 per cent of the normal rate, then terminals can function comparatively better," the trade source said.

Mahendru said that the movement of DPD containers from JN Port terminals to CFSs will be suspended from April 10.

From April 10 to 13, the JN Port terminals will allow delivery of DPD containers to importers at the Port / Terminal gate, he added.

Source: thehindubusinessline.com- Apr 10, 2020

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15 million export jobs may succumb to Covid blows

More than 15 million jobs could be lost in India's export sector due to half of all orders getting cancelled and units unable to repay loans due to the Covid-19 pandemic and the ensuing lockdown, the apex body of exporters said on Friday.

The cancellations and postponement of shipments have eroded packing credits and impacted exporters' fund-liquidity position as cash flows have completely dried up.

"With cancellation of over 50% of orders and gloomy forecast for the future, we expect 15 million job losses in exports and rising NPAs (nonperforming assets) amongst exporting units, hitting the economy very badly," said Sharad Kumar Saraf, president, Federation of Indian Export Organisations (FIEO).

Most of the retrenchment will be in labour-intensive sectors such as leather, gems and jewellery, handicrafts and textiles.

The apparel exports sector estimates 2.5-3 million job losses because of order cancellations and buyers not clearing dues. "We expect around 2.5-3 million jobs both direct and indirect to get lost because of order cancellations and buyers not clearing our dues," said Apparel Export Promotion Council (AEPC) chairman A Sakthivel.

The apparel sector employs about 12.9 million people and around 70% of apparel units are MSMEs.

While the handicraft sector has pegged job losses at 2 million, a representative of the gems and jewellery export sector said that there will be retrenchment even though the estimate is yet to be finalised.

'India is Losing Markets to China'

The engineering exports sector could lose an estimated 50,000-75,000 jobs.

The textiles and garments sector employs around 32 million people. The bulk of this employment is unorganised and includes workers on contract, working through labour agencies, permanent and temporary staff. It is the second largest employer after agriculture.

Sakthivel said labour is the largest cost in the industry, with wages amounting to 25-30% of the cost of production. "Further, units operate at thin margins of 3-4% and are completely dependent on export benefits granted by the government," he said. These estimates come days after the International Labour Organisation said about 400 million workers in India's informal economy are at risk of falling deeper into poverty during the Covid-19 crisis.

"We are left with very (few) orders and if factories are not allowed to work with a minimum work force to execute them (in a) timely (manner), many of them will suffer irreparable losses and bringing them to the brink of closure as they are saddled with fixed costs, which in any case have to be absorbed by them," Saraf said.

He said India is losing markets to China as it has resumed work and said the country needed to restart factories without delay. "Small economies like Bangladesh and Sri Lanka too have announced relief packages," he added.

Calling for a balance between life and livelihood, Saraf asked the government to immediately announce a relief package for exports. FIEO has asked for export-related manufacturing to be allowed to resume immediately with a minimum workforce adhering to safety, sanitisation and social-distancing norms.

It suggested interest-free working capital term loans to exporters to cover the cost of wages, rental and utilities. It also asked for waivers on EPF and ESIC payments for three months from March to May.

The grouping also sought extension of pre- and post-shipment credit by 90-180 days on maturity, rollover of forward cover without interest and penalty, automatic enhancement of limit by 25% to address liquidity challenges and extension of interest equalisation benefits.

A representative of the cotton textile industry said layoffs could be avoided if banks are lenient in offering working capital to the sector and provide support when contracts in foreign currency collapse.

"The issue of layoffs can become serious if banks don't show forbearance," the person said. "This is crucial so that we can retain labour especially because they are trained labour."

This an opportunity for India to mitigate the risks associated with products from China and capture market from competitors such as China, Bangladesh and Vietnam, the person said.

Source: economictimes.com- Apr 11, 2020

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FinMin's monthly report indicates fiscal deficit may widen in FY2019-20

Receipts to meet 42 per cent of expenditure have to be raised in March

The Centre may not be able to keep the fiscal deficit to the revised estimate (RE) level of 3.8 per cent during fiscal year 2019-20, which ended on March 31, a Finance Ministry document has indicated. Fiscal deficit is the difference between income and expenditure of the government.

According to the Monthly Summary Report of March, prepared by the Expenditure Department, the fiscal deficit reached 5.07 per cent at the end of February. "The receipts (for 11 months period of April 2019 to February 2020) are sufficient to cover only 58 per cent of expenditure," it said. This means receipts to meet 42 per cent of expenditure (some of which were committed), have to be raised in a single month — March.

Data shows total receipts during 11 months were over ₹14.29-lakh crore, that is, 74 per cent of the RE. Gross tax collection was over ₹16.78-lakh crore (78 per cent of RE). The net tax revenue to the Centre was ₹11.14 lakh crore (74 per cent of RE) after deducting devolution to States and collections under National Calamity Contingent Duty (NCCD) to be transferred to National Disaster Response Force (NDRF).

Total receipts also include non-tax revenue (₹2.63-lakh crore) and other receipts (₹51,092 crore). During this period, the government spent ₹24.65-lakh crore, which is 91 per cent of RE. Accordingly, fiscal deficit reached ₹10.36 lakh crore, 135 per cent of RE.

It may be noted that during the first 11 months of 2018-19, receipts were sufficient to cover only 61 per cent of expenditure and the fiscal deficit touched 4.52 per cent. However, with the help of cut and roll over of some expenditure, the Government managed to end FY 2018-19 with a fiscal deficit of 3.39 per cent.

Fiscal situation takes a hit

Now, the final fiscal deficit figure for 2019-20 has to be released in May. However, the developing fiscal situation due to the Covid-19 pandemic and the toll it is taking on the economy are bound to affect GST collection for March, the impact of which will be known on May 1 when the number is released. It may be noted that GST collection during a month needs to be deposited the next month with the government and the final data is released on the first day of subsequent month.

In the meantime, the Finance Ministry was expecting additional revenue through dispute resolution schemes — Vivad se Viswas (for Direct Tax) and Sabka Viswas (for legacy disputes related to Central Centarl Excise and Service Tax). Earlier, payment without any interest or penalty was possible till March 31, but now this can be done till June 30. So, there will be no additional revenue. At the same time, the Government has to make some advance expenditure for fighting Covid-19. All this will make it difficult to keep the fiscal deficit to the RE level of 3.8 per cent.

Source: thehindubusinessline.com- Apr 10, 2020

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Garment exporters in Rajasthan desperate to salvage Rs 100 crore Japan order

The Golden Week in Japan is not only a sought after occasion for the people of the archipelago, but also for the garment exporters in Rajasthan. During the weeklong national holiday that starts from April 29, people go on vacations, picnics or revel in the celebrations in the country. As the demand for apparels shoots up, it is a golden opportunity for the garment exporters.

“My phone has been ringing constantly. The buyers in Japan are desperate for their consignments. They had placed orders months back. But it’s impossible for me to send anything. While the customs department is working in Delhi, albeit in a reduced capacity, inter-state transportation has been blocked,” said Ravi Poddar, an exporter from Jaipur and executive member of Apparel Exports Promotion Council.

For Rajasthan’s garment exporters, Japan is a big market. Out of the total garment exports from India to Japan, 55% (about Rs 1,210 crore) are from Rajasthan. As per the Garment Exporters Association of Rajasthan (GEAR), there is a standing order of Rs 100 crore which needs to be shipped by the exporters as early as April 20.

“The lockdown on March 20 was abrupt and we were at the last stage of preparing the consignments. Because the factories were shut down, we could not finish sewing and packing work. We request the state government to allow us to employ just 30% workers to complete the unfinished job.

There are some workers who could not go to their native places and are still in Jaipur and there are others who hail from Jaipur. We will follow all the precautionary measures,” added Poddar.

Poddar added that the state government needs to talk to the neighbouring states and the Centre to allow transportation so that the goods can reach Delhi from where they can be exported. Japan is the only country which is open to receiving consignments unlike many other countries where the buyers have cancelled the orders or put them on hold.

On the other hand, the companies have been ordered to pay the labour normal wages for the whole period of lockdown. The government has invoked Disaster Management Act to ensure no worker goes unpaid.

"For us, all the avenues for revenue have been closed. Even areas where we can manage some business are getting no attention. We have written 30 letters to various authorities in the past few days. There is only one country (Japan) which is ready to receive the orders it had placed. But nobody is trying to facilitate this. On top of that, we have been legally bound to pay the workers even for the month of April," said Aseem Singla, general secretary, GEAR.

He said that big companies are laying off employees and there are no restrictions but despite being MSMEs with limited resources, we are forced to pay the labour in such a difficult situation. "We want the government to give us a relief package which will help us to meet the labour obligations," added Singla.

If manufactured garments, made to specific requirements of the client, are not exported, they will find no takers. "In this scenario, we will not only lose the business, but our own capital invested in the products," added Singla.

Source: timesofindia.com- Apr 11, 2020

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Tirupur now a major supplier of protective medical gear

While textile mills and garment units in this hosiery hub have fallen silent, 100-odd apparel units are doing brisk business, thanks to an avalanche of orders national and overseas for face masks, personal protective equipment (PPE) and gloves.

With orders for more than 10 lakh face masks and a lakh PPEs, the multi-million dollar apparel cluster is emerging as one of the major supplier of medical textiles in the country.

"Of all the negatives the global pandemic brought upon us, we see this development as the only positive one. Tirupur has got introduced to technical textiles. This will become a huge leap for us," says Tirupur Exporters Association president Raja M Shanmugam.

Orders started pouring in from state governments, corporate entities and private hospitals from the last week of March. Kerala government was among the first to place orders. From 10,000 masks, the orders soon touched a lakh and is galloping beyond 10 lakh.

On Friday, two consignments of masks and PPEs weighing more than two tonnes were sent to Kerala by train. A day back, a special flight was sent from Coimbatore to Mumbai carrying cartons of medical textiles.

The Tirupur apparel cluster has been going through a rough patch for the last three years, missing its annual turnover targets due to factors like demonetisation, GST and the global economic stagnation because of Covid-19. But the crisis has helped units here take baby steps towards technical textiles, a growing market.

``We were given very specific instructions on product quality. We have not only adhered to the specifications but have also made them cost-efficient," says V Rajamanickam, marketing manager of Wellknit Garments, which has bagged orders for face masks and PPEs from northeastern states. "Orders are also coming from Sri Lanka and Maldives."

The units had to tweak their machineries to make PPEs and masks. "PPEs would melt due to the heat generated by the machines. We had to ensure machineries don't get too hot," says N Rathinam, CEO of SKL Exports, who has got an order for 60,000 medical kits from Kerala.

However, given the size of the workforce and production capacity of the units, the orders at present are just a fraction. "For now, we are utilising only about 15,000 workers.

There is certainly a major market that remains untapped in the technical textiles sector. If we take the right steps, this could be yet another huge leap for Tirupur," adds TEA general secretary T R Vijaykumar.

Source: timesofindia.com- Apr 11, 2020

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CBIC launches drive to complete duty refund to exporters by month-end

Customs department has launched a "special refund and drawback disposal drive" to prioritise processing of all refund claims of exporters.

Exporters, particularly those months SME segment, have been badly hit by COVID-19 pandemic as not only their production has come to a grinding halt due to lock down but several are also facing cancellation of their orders by overseas buyers.

Under the special drive launched by Central Board of Indirect Taxes and Customs (CBIC), all refund and drawback claims of exporters pending upto April 7 will be disposed within the current month. The drive shall be in place till April 30.

It is expect we'd the exporters have refund and drawback claims amounting to about Rs 10,000 crore. It's immediate refund is expected to provide much needed liquidity to exporters who are facing existential problems with several also looking to wind up operations.

The CBIC drive follows government announcement early we this week to issue all the pending income-tax refunds up to Rs 5 lakh, and all pending GST and Custom refunds. The decision for GST and Customs refund would provide benefit to around 1 lakh business entities, including MSMEs, a government statement had said.

CBIC has directed that officers of the level of principal commissioners and special commissioners to personally monitor the performance of the refund drive closely on a daily basis and suitably guide the officers convened to maximise the disposal without delays. However, the officers would be guided by all legal provisions, notifications, circulars and instruction while processing refunds.

All communication between officers and exporters would be done through email as part of efforts to minimise physical contact during COVID-19 pandemic.

Source: daijiworld.com- Apr 10, 2020

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Garment firms begin to make masks, gloves, other PPEs

About three dozen garment companies have paid heed to the textile ministry's call to start producing certain types of personal protective equipment (PPE) and help meet the mounting domestic demand in the wake of the Covid-19 pandemic.

Gautam Nair, managing director at Matrix Clothing, one of the country's largest garment exporters, told FE that two of his factories in Gurgaon are manufacturing body suits. As many as 20 companies in the garments hub of Tirupur are engaged in the production of masks, body coveralls and gloves, and have already supplied a million masks, according to Raja M Shanmugham, MD at Warshaw International and president of the Tirupur Exporters' Association.

These products would be used primarily by paramedics, said Shanmugham. "Only those companies, which have got hostels for workers and are better equipped to adhere to safety measures at this moment, have got permission to produce these items," Shanmugham said. Some garment units in Karnataka and Noida have also started such production and some others are expected to follow suit.

Asked about margins, both Nayar and Shanmugham asserted that they were not doing it for profit but for humanitarian considerations. The body suits being manufactured by the garment companies are roughly 40-50% cheaper than the imported ones from China, some of the companies say.

The textile ministry is learnt to have impressed upon the companies to help improve domestic supplies and the health ministry has firmed up product specifications.

Most of these products will be supplied to HLL Lifecare — the government's nodal agency for procuring PPE. Late last month, the government, through HLL, floated a tender for 725,000 body cover, 1.5 million N-95 masks and one million 3-ply masks.

Source: financialexpress.com- Apr 11, 2020

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Synthetic textile companies seek financial package to pay wages

Synthetic textile players have urged the Centre to compensate the expenses being incurred during the 21-day lockdown for paying salaries and wages to employees and costs relating to cancellation or deferment of export orders.

The demand comes in the wake of closure of factories, wholesale and retail outlets due to the coronavirus (Covid-19) outbreak.

The lockdown has brought the entire business into a standstill and resulted in massive losses for the entire industry.

"Extend support to the industry for payment of salaries and wages to workers during the lockdown period similar to that provided by the government of Bangladesh to its textile units. Also, compensate the full expenses being incurred by exporters due to cancellation and deferred orders," said Ronak Rughani, chairman, the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC), in a meeting held with officials of the textile ministry.

The Bangladesh government is transferring three months salaries directly to employees/workers through its commercial banks. It said the amount has to be repaid at 2 per cent interest in 18 instalments within a period of two years by employers to the commercial banks.

"The immediate requirement is to allow manufacturing facilities to function at 50 per cent capacity at least and gradually lift the restrictions. There is also a need for creating an environment to export the produce without any hassles from different departments involved in the system.

Ensure good support from the banking system by providing moratoriums and enhanced working capital facilities. Another requirement is to ensure duty refunds from the government with immediate effect and provide extra export incentives," said Madhu Sudan Bhageria, chairman and MD, Filatex India.

The manmade fibre (MMF) textile segment is one of the worst hit in this epidemic. Huge losses have incurred and there is shortage of funds due to the cancellation and deferred orders. This has put the industry under a ventilator, said SRTEPC.

There is an urgent need for a special corona-relief package to the textile industry, including entire value chain of the MMF textile segment, to tide over the prevailing coronavirus crisis, it added.

To address the problems emerging after the outbreak, the government requires to grant special export incentive of 3 per cent on fibre and yarn, 4 per cent on fabric and 5 per cent on made ups. This has to be for at least six months or till the impact of coronavirus subsides and global markets stabilise.

Also, a separate package for MMF textiles has been sought as this segment has been reeling from an inverted duty structure under the goods and services tax (GST).

Additionally, there is a need to enhance working capital limit and advances for exports on a case-to-case basis without any collateral.

The industry needs to be provided 30 per cent additional working capital at 7.25 per cent interest for both exports and domestic production.

This has to be without any collateral and margin money to meet the working capital needs, pay salaries and wages to employees and comply with standing charges.

Source: business-standard.com- Apr 10, 2020

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Samples approved, Indore textile units start making 5,000 protective kits per day

Textile units engaged in making Personal Protective Equipment (PPE) kits have increased production with supplies touching over 5,000 kits per day.

The production capacity was enhanced after a team of experts from Defence Research and Development Establishment (DRDE) in Gwalior, visited manufacturing facilities and also cleared some samples sent to them.

Madhya Pradesh Industry Development Corporation (MPIDC) Indore head Kumar Purushottam said, "We had sent three samples of PPE kits to DRDO and of them two were approved and one could not pass through. All the manufacturing of PPE suits in textile units is as per the standard fixed by DRDO."

DRDO is a premier research institute that works for the development of defence technologies. The institute is also producing sanitisers, masks and working on developing ventilators to combat Covid 19.

The state government has roped in a few textile units of Indore to produce PPE kits, masks and gloves to supply across the state. According to government officials, the daily requirement of PPE kits in the state is about 6,000-7,000 kits per day.

HS Jha, vice president, Human Resource at Pratibha Syntex Ltd engaged into production of PPE suits said, "We had an inspection by team of DRDO last week and they checked the entire working station and gave certain directives. Our samples have been approved and we are producing kits as per the laid directives."

According to the company, experts team advised to carry manufacturing process in a packed room, pass all raw material through a tunnel of disinfectant, workers should be sanitized at regular intervals and floor should be disinfected after every few hours.

Pratibha is producing around 5,000 PPE kits per day, 15,000-20,000 masks and gloves. In the wake of increasing demand of PPE kits in the state, the parent company and allied units engaged into production are working on increasing production.

Jha said, “We are working in two shifts and now we are contacting our workers on leave to check if they can report to work because workload is very high and we need more manpower.”

To ensure continuous supply of PPE kits, the state government has called raw material from Pune, Gujarat and Bengaluru and is targeting to build inventories for over one lakh PPE kits.

Source: timesofindia.com- Apr 10, 2020

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Employees eligible for 100% tax relief on donations to PM CARES Fund

The Income Tax Department has made it clear that employees are entitled to claim tax deductions for donations to PM CARES Fund and the mechanism to get the benefit will be different from the existing provision.

The fund intends to deal with any kind of emergency or distress situation like the one posed by the Covid-19 pandemic and to provide relief to the affected.

The fund consists entirely of voluntary contributions from individuals/organisations and does not get any budgetary support. Donations would qualify for 80G benefits for 100 per cent exemption under the Income Tax Act, 1961. Donations will also qualify to be counted as Corporate Social Responsibility (CSR) expenditure under the Companies Act, 2013.

The Central Board of Direct Taxes (CBDT) has clarified that in cases where donation is made to the Fund by any employee through his/her employer, the Fund may not be able to issue separate certificate to every such employee in respect of the donations so made, as the contributions made to the fund are in the form of a consolidated payment.

“The deduction in respect of such donations … will be admissible u/s. 80G of the Act (Income Tax Act) on the basis of the Form 16/Certificate issued by the Drawing & Disbursing Officer [DDO] / Employer in this regard,” it said.

According to Shailesh Kumar, Director at Nangia Andersen Consulting, in many cases, the employees are donating a portion of their salary (viz. 1 day or 1 week or 1 month, etc.) to the fund, through their employers. However, in all such cases, where the actual donation is made by employees, the consolidated donation receipt is issued in name of the employer, as it goes into the fund through the employers' account.

In all such cases, Form 16 issued by the employer will be considered to be a conclusive evidence of donation made by employee and tax deduction under section 80-G shall be allowed. "This move and will encourage employees to donate for this noble cause through their employers, at the same time make them eligible for tax benefit of such donation," he said. In normal 80G cases, taxpayers have to file the returns with details and claim the tax refund. However, for PM CARES Fund, it will be automatic.

Source: thehindubusinessline.com- Apr 10, 2020

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Weavers, textile owners seek support from govt

With raw materials set to dry up if lockdown is extended, handloom weavers and textile owners are calling for financial support and benefits from the state and Centre to help them survive.

Already suffering a decline over the years, many had to go for an alternative business like making dough and catering to survive. "Now we are in a situation where we fear we won't be able to earn an income at all. The government is yet to provide any special allowance or monetary benefits exclusively for handloom weavers," said S Lakshmi, a weaver. Women weavers are used to turning to self-help groups for loans but now even such loans would not be affordable.

Textile owners who are also facing the heat of lockdown are also seeking support from government. "From shortage of raw materials to dyeing units being shut, we are facing a double impact. Even the stock that has been kept ready cannot be sold. We can't do anything but pray to God," said K T R Brahmam, a textile owner from Balarengapuram.

Source: timesofindia.com- Apr 11, 2020

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