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NEWS CLIPPINGS

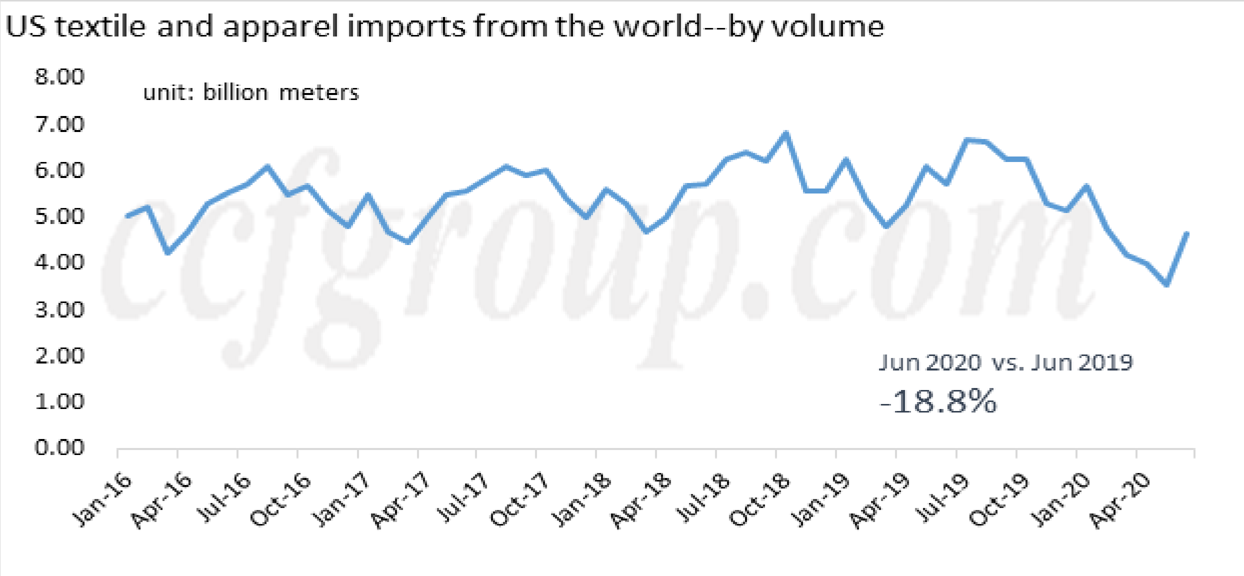
INTERNATIONAL NEWS	
No	Topics
1	US textile and apparel imports demand turned positive for the first time in June
2	COTTON USA joins first digital tradeshow In Latin America
3	How the textile industry can help countries recover from COVID-19
4	China's textile companies see lower revenues in H1
5	Japan's World Co to shut 358 stores by March 2021
6	Asia’s garment workers lose out on $6bn after pandemic cuts
7	Turkey’s exports during pandemic crisis
8	Kenya-US FTA talks 1st round likely to conclude by Aug 14
9	Sri Lankan apparel industry to lose 100,000 jobs: JAAF
10	US’ H1 apparel imports from NAFTA decline 38.22 per cent: OTEXA
11	US registers 47% increase in monthly imports of T-shirts
12	Pandemic's impact on UK retailers 'monumental': think tank
13	Decrease in production forces Vietnam textile industry to initiate ‘employee lay off’
14	Bangladesh: RMG workers lose Tk 4,250cr in wages in Mar-May: report
15	Pakistan: Farmers shift away from cotton

	NATIONAL NEWS
1	Duty relief for exporters: Panel to determine ceiling rates under RoDTEP scheme
2	Maharashtra: Cotton farmers concerned as pink bollworm infestation spreads
3	UP aims at doubling MSME exports to Rs 2.4 trillion in three years
4	Andhra Pradesh's New Industrial Development Policy to boost infrastructure
5	Measures to aid MSMEs will help improve the economy, says Gadkari
6	No GST returns' overhaul; input tax credit loopholes to be plugged
7	Rs 10,000 crore Fund of Funds for MSMEs to be operational soon: SBI Chairman
8	No heart for handmade?

INTERNATIONAL NEWS

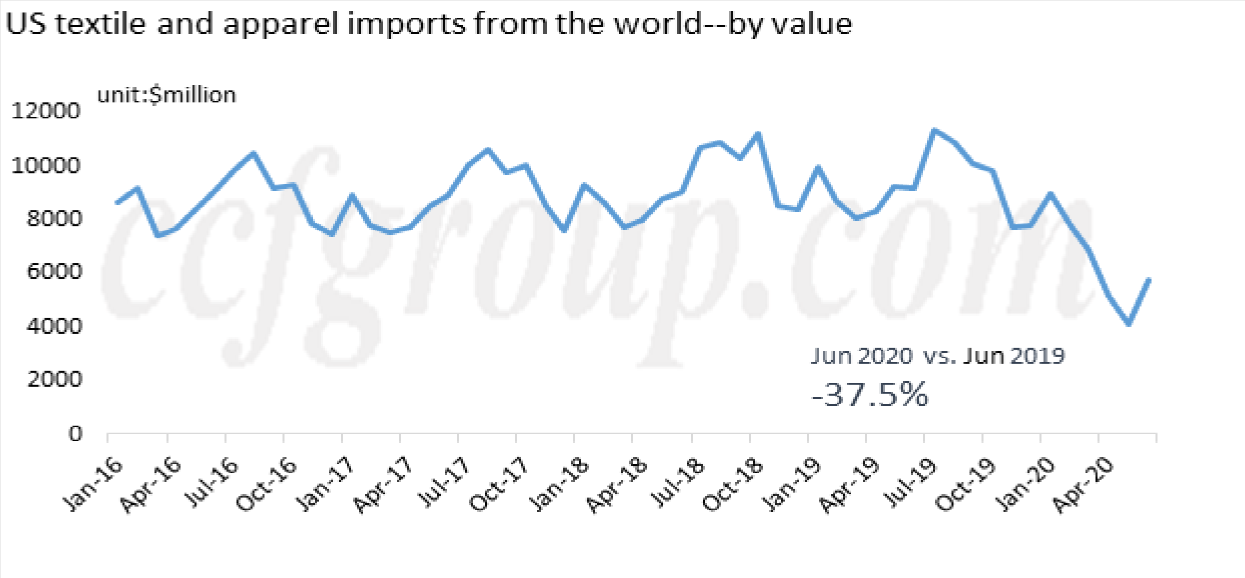
US textile and apparel imports demand turned positive for the first time in June

The latest data show that US textile and apparel imports reached 4.65 billion square meters in Jun, down by 18.8% year-on-year but up by 31.1% month-on-month; the volume from China was 2,420 million square meters, down by 13.9% year-on-year but up by 37.1% month-on-month. In Jan- Jun, the cumulative US textile and apparel imports were 26.86 billion square meters, down 19.9% year-on-year; the volume from China was 10.83 billion square meters, down 26.8% year-on-year.



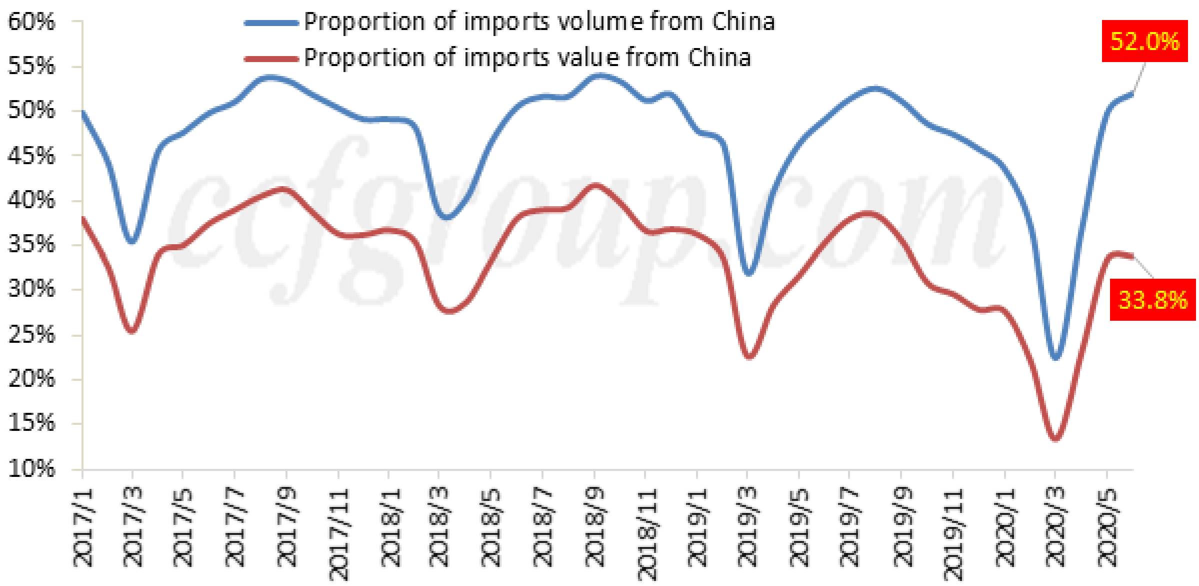
US textile and apparel imports value in Jun was 5.7 billion USD, down 37.5% year-on-year but up by 38.9% month-on-month; that from China reached 1.9 billion USD, down 40.2% year-on-year but up 40.7% month-on-month. In Jan-Jun, the cumulative US textile and apparel imports were 38.63 billion square meters, down 27.9% year-on-year; the volume from China was 9.6 billion square meters, down 43.1% year-on-year.

US textile and apparel YoY import volume in Jun was still in the shrinking range, but the decline narrowed. US textile and apparel MoM import volume showed signs of improvement for the first time in Jun after a large fall; the textile and apparel from China gradually improved from Apr.



The volume and amount of US textile and apparel imported from China increased, with the value rising to 33.8% and the volume increasing to 52%.

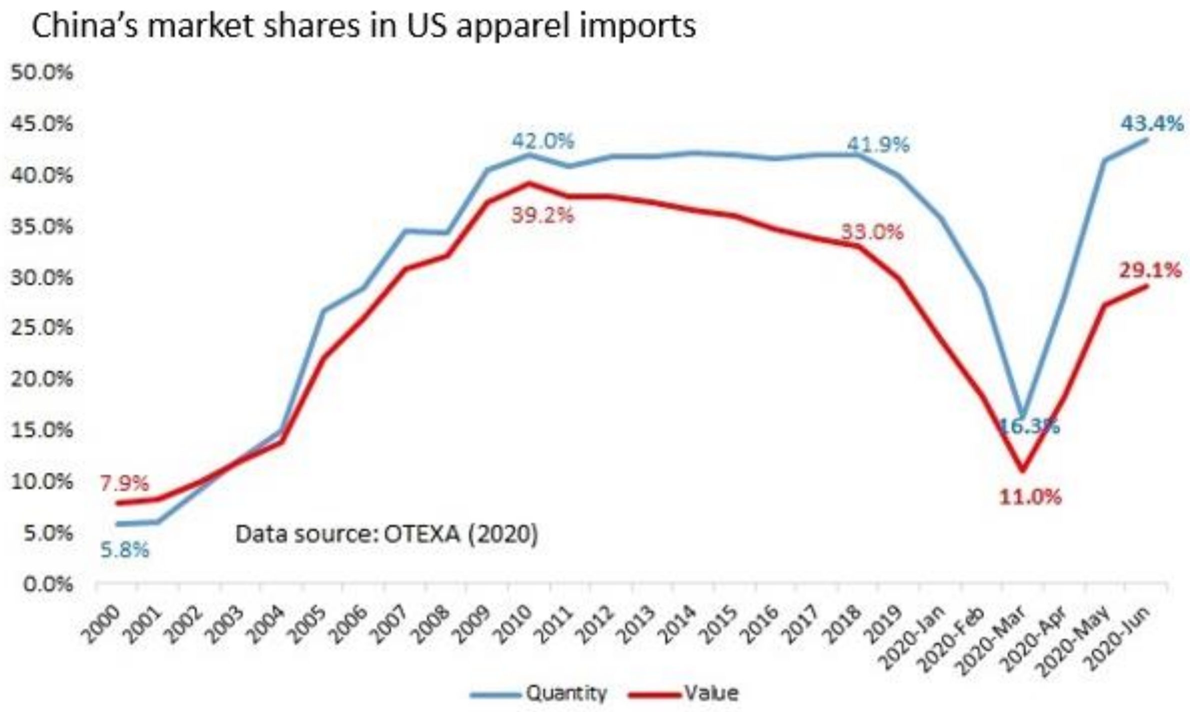
US textile and apparel imports from China--by volume and value



Total US apparel imports vs. China's market shares in US apparel imports

	YoY change-by volume		YoY change-by value		MoM change-by volume		MoM change-by value	
	Total	from China	Total	from China	Total	from China	Total	from China
1-Jul-19	9.2%	12.5%	9.4%	8.6%	23.6%	35.9%	27.2%	41.2%
1-Aug-19	2.1%	5.0%	1.6%	0.5%	-1.5%	3.2%	-4.4%	-2.5%
1-Sep-19	-4.4%	-13.2%	-2.0%	-18.1%	-7.0%	-13.5%	-7.9%	-17.3%
1-Oct-19	-16.0%	-30.4%	-12.9%	-35.0%	-7.3%	-20.8%	-4.3%	-20.5%
1-Nov-19	-9.4%	-20.3%	-9.9%	-30.6%	-23.6%	-26.7%	-25.5%	-31.6%
1-Dec-19	-8.7%	-22.3%	-5.1%	-29.6%	4.3%	-0.1%	3.5%	-2.3%
1-Jan-20	-11.3%	-25.2%	-10.7%	-36.0%	21.0%	22.0%	17.8%	19.3%
1-Feb-20	-11.6%	-36.1%	-11.2%	-46.3%	-13.2%	-29.9%	-12.5%	-33.1%
1-Mar-20	-12.9%	-42.4%	-14.7%	-52.4%	-15.9%	-52.6%	-12.3%	-47.0%
1-Apr-20	-40.6%	-48.4%	-44.6%	-59.0%	-28.2%	23.8%	-34.1%	8.5%
1-May-20	-58.3%	-54.0%	-60.1%	-60.2%	-21.5%	15.7%	-22.1%	16.6%
1-Jun-20	-34.3%	-32.5%	-42.8%	-48.4%	57.8%	65.4%	49.3%	59.7%
Jan-Jun 2020	-27.9%	-38.3%	-30.4%	-49.0%	——	——	——	——

The latest data show that US apparel imports reached 1.5 billion square meters in Jun, down by 34.3% year-on-year but up by 57.8% month-on-month; the volume from China was 0.65 billion square meters, down by 32.5% year-on-year but up by 65.4% month-on-month, accounting for 43.4% of the total apparel imports.



In Jan-Jun, the cumulative US apparel imports were 9.67 billion square meters, down 27.9% year-on-year; the volume from China was 3.06billion square meters, down 38.3% year-on-year. US apparel imports value in Jun was 3.97 billion USD, down 42.8% year-on-year but up by 49.3% month-on-month; that from China reached 1.16 billion USD, down 48.4% year-on-year but up 59.7% month-on-month. In Jan-Jun, the cumulative US textile and apparel imports were 27.89 billion square meters, down 27.9% year-on-year; the volume from China was 5.77 billion square meters, down 49% year-on-year.

It can be found that the YoY and MoM trend of apparel is consistent with that of textile and apparel, the YoY decrease of apparel, however, is greater than that of textile and apparel, and the MoM growth rate of apparel is greater than that of textile and apparel. In terms of the proportion of US apparel imports from China in the total textile and apparel import value, apparel one is higher, accounting for about 70%.

The latest trade statistics support the view that US fashion companies continue to treat China as an essential apparel-sourcing base, despite COVID-19, the trade war, and companies' sourcing diversification strategy. As the first country hit by COVID-19, China's apparel exports to the US dropped by as much as 49.0% from January to June 2020 year over year.

In February 2020, China's market shares slipped to only 11%, and both in March and April 2020, US fashion companies imported more apparel from Vietnam than from China.

However, China's apparel exports to the US are experiencing a "V-shape" recovery: as of Jun 2020, China had quickly regained its position as the top apparel supplier to the US, with a 29.1% market share in value and 43.4% share in quantity.

In conclusion, the epidemic in the United States is still grim. However, under the background of returning to work and production, the demand for textile and apparel turned positive for the first time, but it is still in a sharp YoY fall, so it will still be some time for demand recovery.

Source: ccfgroup.com– Aug 10, 2020

HOME

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COTTON USA joins first digital tradeshow In Latin America

Cotton Council International (CCI) promoted US cotton at 'Colombiamoda Digital 2020', the first digital trade show in Latin America, from July 27-August 2.

The fair had 455 exhibitors & 3,200 buyers of which 78 per cent were domestic buyers. Textile industry buyers visited the online COTTON USA stand which emphasised importance of US Cotton Trust Protocol.

'Colombiamoda Digital 2020'was the 31st version of Colombiamoda and to reinforce awareness among brands and retailers, CCI also held a webinar on the US Cotton Trust Protocol which attracted 73 guests.

CCI also had an online fashion show of US cotton-rich garments made by COTTON USA licensees from Latin America. The show was set in a digital cotton field using real models. Some 1,900 people watched the show on the Colombiamoda website and on COTTON USA's social media. The regional TV channel Teleantioquia also broadcasted the show.

Source: fibre2fashion.com– Aug 10, 2020

HOME

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How the textile industry can help countries recover from COVID-19

The COVID-19 pandemic is an unprecedented public health crisis that has exerted an external shock on the global economy. Despite this contraction, the textile and apparel industry could be a key engine for growth and employment in certain countries.

The textile and apparel opportunity

Countries building back after COVID-19 should not ignore the textile and apparel industry; it is considered a starter sector in the road to industrialization. When the industry expands, it provides a base on which to build capital for more technologically demanding industries. In fact, the textiles and apparel sector can be critical to the growth and development strategies of many developing countries.

The global textiles and apparel industry market had a retail market value of $1.9 trillion in 2019 and is projected by Boston Consulting Group to reach $3.3 trillion in 2030, growing at a compound annual growth rate of 3.5%. Projections ahead of COVID-19 forecasted that population growth, rising levels of disposable income and rapid urbanization in developing countries would likely drive demand in the future.

Textile and apparel exports constitute an important share of the total exports in a range of countries: 85% in Bangladesh, 59% in Pakistan, 12% in Turkey, and 11% in Egypt. Still, while many countries are well-positioned in the raw materials or the production stage of the textile and apparel global value chain (GVC), they are only playing a limited role in the absence of retail (comprised of marketing, branding and sales). Thus, they have potential waiting to be unlocked to reap more benefits from the global markets.

Additionally, the textile industry creates a special opportunity during the pandemic given the number of employment opportunities it can provide. This labour-intensive sector employs millions, and the share of employment in the sector across the total manufacturing workforce is significant in Islamic Development Bank (IsDB) member countries.

IsDB's 57 member countries would especially benefit as these countries jointly represent the purchasing power of almost one quarter of the world's population. With GDP growth rates of up to 8% per year, their economies have considerable potential to further increase their market share in the global economy.

Strategic investments

Those investing in the textile and apparel market could yield tangible economic benefits from targeted investments. Sustainable and recycled fibres represent one such opportunity, as they are poised to replace resource-intensive raw materials at an increasing pace. Additionally, technical, smart textiles have enormous potential to be used in several industries such as automotive, construction and medical equipment.

Emerging tech, already transformative, will continue to shape the textile and apparel sector. Data applications, artificial intelligence (AI) and machine learning, and 3D printing are some of the technologies enhancing product design processes and reducing lead times, leading to laser-cutting machines, sewing robots, and nanotechnology. Furthermore, COVID-19 has shown the need for blockchain technology to create transparency and traceability throughout the supply chain, providing other opportunities within the market.

COVID-19 could also fuel a shift to nearshoring, ensuring factories are closer to their final sales markets. Additionally, leading firms will seek strategic partnerships with first-tier suppliers to meet demand and reduce lead times. The future market structure will mainly be determined by a country's location, as well as the ability of its textiles and apparel industry to provide cost-effective production, competitive skills, quality products and efficient lead times.

Looking ahead

Countries must act swiftly and strategically to restart and restructure their economies. Not doing so could widen existing gaps in wealth, technology, and productivity gaps across borders.

Making these shifts will take a series of tactical changes, including strengthening and broadening processing capabilities, bridging the infrastructure gap, developing sustainable textiles and apparel production capabilities, and strengthening the external image of the country as a destination of choice for the textiles and apparel industry.

Such changes will also take new collaborations between a range of different actors. For textiles and apparel, collaboration with industry associations (within and across countries), as well as joint projects with universities, can strengthen knowledge exchange and drive innovation.

Partnerships with brands and knitting houses or weaving mills can also foster more vertical integration for companies. These collaborations can unlock higher added-value within countries and provide a strong return on investment.

To this end, the IsDB has set clear goals to catalyze private and public investment for its 57 member countries to fuel their economic and social development and drive the competitiveness of key industries linked to the global market.

For instance, the IsDB is building a platform for its member countries to bring together a range of stakeholders to drive key changes, including: increased trade and investment relations; co-financing arrangements with the public and private sectors; multilateral development banks and other international organizations; and boosted private-sector engagement in development interventions.

Overcoming the hurdles brought by the pandemic - and recovering quickly – will not be easy. It will take new collaborations and new approaches that add value to economies.

Still, countries and firms that can adapt to new shifts and new relationships will reap the most benefits in the medium and long term – and be the most resilient ahead of the next big crisis.

Source: weforum.org– Aug 10, 2020

HOME

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China's textile companies see lower revenues in H1

China's major textile companies reported lower revenues and profits in the first half of this year, official data showed.

Revenues of major textile companies shrank 16.4 percent year-on-year to 1.93 trillion yuan (about $278.07 billion) from January to June, according to data by the Ministry of Industry and Information Technology.

Profits of these companies dropped 19 percent from a year earlier to 73.1 billion yuan.

Value-added output of the enterprises went down 6.7 percent year-on-year, narrowing 9.8 percentage points from the pace of decline in the first quarter, data showed.

However, the industrial textiles sector saw robust growth of 57.8 percent in value-added output with a surge in demand for COVID-19 prevention and control supplies in the first half.

Major textile companies include those with an annual turnover of at least 20 million yuan.

Source: global.chinadaily.com.cn– Aug 10, 2020

HOME

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Japan's World Co to shut 358 stores by March 2021

World Co, a clothing company headquartered in Kobe, Japan, will close 358 stores in the country by the end of March 2021. The decision is a part of the company's structural reform measures undertaken due to the novel coronavirus pandemic. The company, which owns a number of brands, will also discard five clothing brands and is considering scrapping more.

As the company aims to improve its profitability, the structural reform measures would include a voluntary early retirement programme resulting in shedding about 200 jobs, Japanese media reports said. The programme would target employees aged above 40, and will begin next month.

Founded in 1959, World Co initiated a management buyout in 2005, making it a privately held company. The company produces no clothing under its own name, but instead owns a number of brands under which it markets its clothing.

Its brands like Aquagirl and Ozoc for young people are among the ones to be closed, as they are unprofitable.

Source: fibre2fashion.com– Aug 10, 2020

HOME

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Asia's garment workers lose out on $6bn after pandemic cuts

Millions of garment workers in Asia have been deprived of $6bn in wages after the world's biggest fashion brands cancelled or delayed orders and withheld payments because of the pandemic, a labour rights group has warned.

Many workers for suppliers to global fashion brands retailers including Hennes & Mauritz, Topshop and Gap, have allegedly received only partial or no wages at all in the three months ending May, according to a report by labour union alliance Clean Clothes Campaign.

The average worker in the 50m-person strong Asian supply chain for garments has lost about a fifth of pay, representing roughly $5.8bn in unpaid or lost wages, based on data gathered by the group.

"It has a huge impact on workers," said Khalid Mahmood, director of the Pakistan-based Labour Education Foundation, adding that dressmakers in the country often work illegally long hours to make minimum pay of Rs17,500 (£80) a month. He said many were struggling to survive, adding: "We have seen many cases of garment workers pulling children out of schools because they cannot afford to pay fees."

When pandemic lockdowns hit Europe and the US, many of the world's largest retailers in the $2.5tn global fashion industry responded by demanding heavy retroactive discounts or refusing to pay for orders, as they struggled to sell clothes and revenues slumped.

Reports of workers' pay being withheld began in February, after the pandemic broke out in China and severely hampered the flow of textiles, zippers, buttons and other accessories used in the Asian garment industry. "After that it only got worse," said Christie Miedema at lobby group Clean Clothes Campaign.

In Bangladesh alone, manufacturers have lost out on more than $3bn in payments for clothes already produced or sourced, according to the Bangladesh Garment Manufacturers and Exporters Association. Many manufacturers have had non-payment of orders compounded by local lockdowns forcing factories to shut.

In March, nearly 1m Bangladeshi garment makers — just under a quarter of the country's total — were sent home without any pay at all, with suppliers reporting that the vast majority of buyers refused to contribute to severance pay. In some parts of India, Sri Lanka and Pakistan, the average garment worker made roughly half of normal pay in the three months ending May.

Excluding China, where workers have access to more support from the government, garment workers in Asia have seen their pay drop by more than a third, representing roughly $3.2bn in unpaid or lost wages, the report found.

The group made its estimates using publicly available data from the affected countries as well as other studies into the impact of the pandemic on garment workers.

H&M and Gap declined to comment on allegations that workers in their supply chain have had wages slashed. Arcadia, the company behind Topshop, did not respond to a request for comment.

Gap last month pledged to pay suppliers, but Arcadia has made no such promise.

The campaign group argued that while brands were not directly in control of workers' wages they did "dictate how profits are made and distributed along their supply chains [and] choose to base their supply chains in countries with low wages and weak social protections".

Source: ft.com– Aug 10, 2020

HOME

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Turkey’s exports during pandemic crisis

Turkey enjoyed a new normalization in exports in June amid the global pandemic outbreak, while there were some negative impacts during the months of March, April and May.

The decrease in export sales figures during the COVID-19 crisis seemed to cause anxiety for the country's economy; however, the transition to the new normal has been positive.

According to data released by the Turkish Exporters Assembly (TIM), the June export figures saw a 35.2% increase compared with May figures and reached a record increase rate. Data showed that the exports rose 15.8%, or $13.469 billion (TL 98.86 billion).

In June alone, some 1,443 companies joined the export sector, while the top five exporters were recorded as automotive, chemicals, ready-to-wear, steel and electronics.

In the normalization process, Turkey expects to see positive results in the first month. Likewise, in the coming months, exporters are predicting increased sales.

It is safe to say that the exporter companies put forth impressive efforts to reach the positive June numbers. I am sure that they are ready to try harder to increase Turkey’s global trade during the normalization process.

“We witnessed the positive contribution of the public and private banks, especially Eximbank, both to exporters in June and to the export data in all sectors,” TIM Chairman Ismail Gülle said.

Gülle added that a recent protocol signed between the Central Bank of the Republic of Turkey (CBRT) and exporters will further strengthen exporters’ hand in global trade.

According to Gülle, this cooperation “is of great importance in terms of offering low-interest loans to exporters, support for female exporters and covering a high volume of $500 million.” Also, the Treasury and Finance Ministry and the Ministry of Commerce have also played big roles during the process, Gülle stated.

The 1,443 firms, which joined Turkey's export family in June, realized $101.38 billion in exports.

Some 144 countries cooperating in exports with Turkey managed to raise their export numbers to $2.43 billion. For instance, the U.K. saw an export increase of $304 million compared with June last year, while the U.S. increased to $272 million and Israel saw an increase of $162 million.

Sectorial data

As always, the automotive industry continued to lead the export market. The June data showed that the automotive sector enjoyed exports totaling $2.016 billion. The chemical sector came in second with exports of $1.425 billion, while the clothing sector reached $1.358 billion.

The steel sector was fourth with $1.129 billion and the electricity-electronics sectors came in fifth with $903 million.

In addition, the June data revealed that hazelnut products reached $128.4 million with an increase of 69.3%, a strong performance for the sector considering the previous numbers. The jewelry industry saw an increase of 60.2% and hit $345.1 million, while the ship and yacht sector reached $88 million with an increase of 8%.

When we compare the data from May to June, the table is completely reversed. It can be said that the sectoral numbers belonging to the month of June confirmed that the worst picture, however, was left behind. In May, 25 of 27 sectors decreased in exports, while in June, 24 of 27 sectors increased in exports.

What about partners?

The top three export countries were Germany, the U.K. and the U.S. Germany took the lead with $1.293 billion, while the U.K. was second with $1.013 billion and the U.S. was third with $792 million.

The share of the top 10 countries in exports was 49.4%. This share increased to 67% in the top 20 countries. Each sector managed to export to 17 countries, including the U.S., Germany, Italy and the Netherlands. The share of the European Union, the largest market for Turkish exports, fell to 48.5% with a volume of $6.053 billion.

Besides, the provincial data was promising as the June exports also saw a notable increase countrywide. Some 68 provinces did business with Istanbul, the most successful province with $5.404 billion. Bursa and Kocaeli respectively followed it. However, the most noticeable increase was seen in the province of Kastamonu, famous for its ready-to-wear industry, with $54 million.

The coronavirus crisis has led to widespread challenges for exports, not only for Turkey but the whole world. However, with the confirmation of June data, Turkey is signaling a positive future for exports.

Source: dailysabah.com– Aug 11, 2020

HOME

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Kenya-US FTA talks 1st round likely to conclude by Aug 14

Kenya and the United States recently resumed trade pact talks after it was stalled for several weeks. The talks formally kicked off on July 8 but were stalled due to COVID-19 concerns among the team. The first round of the talks is expected to be concluded by August 14. It may take up to two years for a full free trade agreement (FTA) with the United States, said a top Kenyan official.

Industrialisation, trade and enterprise development cabinet secretary Betty Maina said Kenya is keen to tap at least 5 per cent of the US market, which has the potential to earn the country more than Sh2 trillion in annual export revenues.

Last year, the country sold about $600 million (Sh64.7billion) worth of goods to the United States, mainly textile and apparel, tea, coffee, fish products and nuts.

The FTA seeks to ensure fair, balanced, and reciprocal trade between the two countries, increase transparency in import and export licensing procedures, and secure comprehensive duty-free market access for each country's products, according to a Kenyan newspaper report.

The Kenyan government is pushing to secure a free trade pact ahead of the lapse of the African Growth and Opportunity Act (AGOA) in 2025, which eliminates import tariffs on goods from eligible African nations. More than 70 percent of Kenya's exports are duty-free under AGOA.

The two countries also seek to develop rules of origin that ensure that the benefits of the agreement go to products genuinely made in the United States and Kenya.

The Kenyan government has set up a technical support team of 90 experts to help with the negotiation process.

The Kenya-US deal has however been critisised by a section of African countries and the East African Community (EAC) bloc, arguing that it undermines the ongoing implementation of the African Continental Free Trade Area (AfCFTA).

The continental deal is aimed at accelerating intra-African trade and boosting Africa's trading position in the global market, by strengthening Africa's common voice and policy space in global trade negotiations.

Maina, however, affirmed that the talks between Kenya and US will not undermine the country's previous agreements with regional and continental trading blocks.

Source: fibre2fashion.com– Aug 10, 2020

HOME

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Sri Lankan apparel industry to lose 100,000 jobs: JAAF

Joint Apparel Association Forum (JAAF) estimates that close to 100,000 people engaged in the industry will be unemployed owing to COVID-19 pandemic impact with multiple waves experienced in major markets, which are continuing with restrictions on mobility and events.

Around 300 garment factories employ 990,000 and over one million people are indirectly dependent or employed.

JAAF is also of the view that despite picking up in recent months, apparel exports for the entirety of 2020 are likely to be $ 2 billion lower than last year. Revised forecast is that apparel export earnings to decline by 40%

which is about $ 2 billion and in the best case scenario earnings to drop by $ 1.3 billion to $ 3.3 billion by the year end.

Sri Lanka last year earned $ 5.3 billion from apparel exports, an increase of 5.1% from 2018. Prior to the COVID-19 pandemic the industry originally expected a 6% increase in exports for 2020.

Sri Lanka took proactive measures and imposed strict controls to contain the spread of COVID-19 with aggressive contact tracing despite some gaps in testing and has since largely opened economic activities to resume subject to health guidelines and social distancing.

Source: fashionatingworld.com.– Aug 10, 2020

HOME

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US' H1 apparel imports from NAFTA decline 38.22 per cent: OTEXA

US' apparel imports from NAFTA countries, Canada, Mexico fell by 38.22 per cent on yearly basis during the first half of 2020, according to OTEXA. These apparel imports were valued at $1.16 million during the period.

However, as markets in the US picked up from late May this year, the US' imports from these two countries increased by 90.65 per cent in June '20 over May '20.

US' apparel shipments from Mexico totaled $1 billion falling by 37.21 per cent on Y-o-Y basis during H1 2020, while in June '20, Mexico's shipments grew by over 90 per cent to $179.46 million garments.

On the other hand, Canada apparel's shipments grew by 87.78 per cent growth in June '20 to $19.63 million while the country fell in its apparel shipment by 43.91 per cent on yearly note in January-June '20 period.

Source: fashionatingworld.com.– Aug 10, 2020

HOME

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US registers 47% increase in monthly imports of T-shirts

According to Apparel Resources, US registered a 47 per cent increase in T-shirt imports in June '20 on a monthly basis, owing to gradual rebound of the apparel market.

The country imported T-shirts worth $902 million during the month. However, imports on a Y-o-Y basis during the January-June'20 period, fell by 32.38 per cent to $7.09 billion worth of T-shirts as against $10.49 billion in the first half of 2019.

All major shippers to the US registered a growth in T-shirt export on monthly basis in June '20 over May '20, but their imports fell on a Y-o-Y from June '19.

Vietnam shipped $195.12 million worth of T-shirts in June '20, noting 26.05 per cent increase from May '20. However, the country's shipments declined by 36 per cent from June'19.

China too noted 66.13 per cent increase in its T-shirt exports to the US in June '20 on monthly basis. However, its shipments declined by 59 per cent from what it valued in June '19.

Bangladesh also upped its T-shirt exports to the US by 20.95 per cent in June '20 over May '20 and hit US $ 28 million revenue. Y-o-Y exports declined 59.6 per cent as compared to June '19.

India's T-shirt exports to the US surged by 54.66 per cent in June '20 over May '20. It clocked $22.27 million revenue from T-shirt shipment to US in June this year. However, its shipments on Y-o-Y basis fell by 72.60 per cent from June '19.

Source: fashionatingworld.com.– Aug 10, 2020

HOME

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Pandemic's impact on UK retailers 'monumental': think tank

The direction of change that the UK retail sector is heading in has not diverged due to COVID-19, but has accelerated the need for fundamental structural changes and innovation in the ways retailers operate and reach customers, according to the latest KPMG/Ipsos Retail Think Tank (RTT) white paper, which said the pandemic's impact on retailers has been monumental.

The behavioural changes will stick long term, but some of them will revert to the old. Much will depend on the desire and ability of consumers to spend, as the effects of the huge hit to the economy lingers and the uncertainty caused by Brexit acts as a further hurdle in the economy's road to recovery, the white paper said.

The RTT firmly believes, however, that there is a now a window of opportunity for retail operators to seize the initiative, and, with Governmental policy support, become bold and radical, embrace the quest for new business models, remain intensely focussed on their customers, and so ensure they are in a position to take full advantage of the opportunities.

COVID-19 has acted as a change accelerator for many of the long-term structural issues that have been apparent in the retail sector for several years. Nearly every operator will require some level of structural change and as many as half of the retailers will need to pivot to a new model, it said.

A more balanced retail market will emerge, as some legacy operators in overpopulated categories exit and make room for surviving retailers to grow and new concepts and brands to emerge.

A shift to more immersive and experiential online shopping services will become prevalent, and this will be driven by retailer innovation and consumer uptake.

Opportunities for the physical high street will also emerge as the cost of opening and running stores is reduced, the white paper added.

Source: fibre2fashion.com– Aug 10, 2020

HOME

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Decrease in production forces Vietnam textile industry to initiate 'employee lay off'

Vietnam Textile and Apparel Association revealed that in April and May 80 per cent of the companies in the industry laid off employees because of a significant decrease in the production of textiles and apparel.

Another study by the Ministry of Industry and Trade notes that in the first half of the year, textile production in the country was just 2.8 percent higher than in the same time frame last year compared with 11.5 percent.

The industry was also struggling to procure raw materials and quickly losing export orders to the pandemic, with the production of garments decreased by 4.7%.

The export orders were either delayed or canceled. Orders were canceled or delayed up to 50 percent in May and global prices decreased by 20 percent as a consequence of a decline in demand.

In order to adapt to that demand globally, most firms changed their focus from clothing to masks. During the first six months, Vietnam exported 557,000,000 masks, with key markets in the USA, Germany, Singapore and South Korea.

The loss of clothing orders will however not make up for the mask exports, as clothing exports are expected to decline by 23 percent this year to $30 billion.

Source: textilefocus.com– Aug 09, 2020

HOME

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Bangladesh: RMG workers lose Tk 4,250cr in wages in Mar-May: report

Readymade garment workers in Bangladesh lost wages worth around $501 million (about Tk 4,250 crore) for three months, March to May, due to the coronavirus pandemic, according to a global report published on Monday.

The report 'Un(der)paid in the pandemic: An estimate of what the garment industry owes its workers' said that millions of garment workers around the world had not received their regular wages, or had not been paid at all, for months since the start of the Covid-19 pandemic.

The research estimated a 29.5-per cent wage gap in Bangladesh RMG sector in the three months including 13 per cent in March, 46 per cent in April and 25 per cent in May.

'The only way to reverse the catastrophic loss to workers' livelihoods and prevent such a crisis from ever happening again is for brands to take immediate and lasting action,' the report suggested.

Clean Clothes Campaign and Worker Rights Consortium, with contributions by Solidarity Center, conducted the research on nonpayment of wages to garment workers resulting from order cancellations by apparel brands, unpaid leave, and state-sanctioned wage cuts during the Covid-19 crisis.

The report estimated that 1.47 lakh RMG workers in Bangladesh did not receive any wages in March as 150 factories closed at least temporarily in the month.

'Most likely workers in closed factories received no wages, workers in factories under lockdown generally received 65 per cent, and workers in factories without government support received nothing,' the report read.

Before the pandemic, roughly 4.4 million workers were employed in 4,500 RMG factories in Bangladesh and a worker generally took home $112 (Tk 9,580) at the end of the month in March workers received $101 on average, the report said.

In consequence, the wage gap at the end of March stood at $64.5 million, it showed.

Referring to the report, Bangladesh Garment Manufacturers and Exporters Association president Rubana Huq told New Age on Monday, ‘It’s absolutely blasphemous to publish such a report when the ultimate responsibility was with the buyers.’

Instead of doing a report based on manufacturing countries, the report should have been based on the sourcing areas, she said.

Rubana said that Bangladesh paid $534 million for the days when the workers did not work in April whereas in all other countries followed ‘no work no pay’.

‘So, a poor reflection of what they stand for. The idea should not be to malign the manufacturers but to get to the root problem. And the root problem certainly does not lie at our end,’ the BGMEA president said.

The report said that under the influence of the combination of lockdown and cancelled orders, 580 factories closed, while 203 factories were under lockdown and 119 factories were under lockdown without access to government support, leading to dire consequences to the workers of these factories.

Despite the extension of the national lockdown into May, most garment factories started to reopen from April 26 with a reduced number of workers, it said.

The report said that the workers in closed factories received no wages and workers in factories under lockdown generally received 65 per cent and workers in factories without government support received nothing for April.

The report estimated that in April a total of $269.12 million in wages was paid, which was $226.95 million less than two months earlier.

The wage payments increased substantially in May as half of the 580 closed factories as well as factories that were under lockdown during March and April reopened, the report said.

Workers working in May received 80 per cent of their average wages and the gap was estimated at $124.75 million, it showed.

The report assumed that only 80 per cent of workers received bonus that added an estimated $85.15 million to the wage gap for May.

The CCC conducted the research on seven countries in South and Southeast Asia including Bangladesh, Cambodia, India, Indonesia, Myanmar, Pakistan and Sri Lanka.

The report showed 33 per cent wage gap in Cambodia RMG sector, 56.9 per cent in India, 39.8 per cent in Indonesia, 32.6 per cent in Myanmar, 46.6 per cent in Pakistan and 40.8 per cent in Sri Lanka.

Source: newagebd.net– Aug 10, 2020

HOME

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Pakistan: Farmers shift away from cotton

Farmers are shifting from cotton to other crops due to low prices and to address overall imbalances in cotton industry, effective policy initiatives need to be undertaken, Federal Minister for National Food Security and Research Syed Fakhar Imam told participants of a webinar on Monday.

Speaking at the webinar titled “Problems faced by the cotton industry in Pakistan”, the minister said due to high contamination rate in the cotton produced in Pakistan, the export of the commodity was affected.

He added that the most important factor which affected cotton quality in Pakistan was the seed quality. He was of the view that to address the imbalances, effective policy initiatives should be taken.

The event organised by the Centre for Global and Strategic Studies (CGSS) discussed production challenges, cotton quality deterioration and limited varieties of cotton seeds.

Speaking on the occasion, CGSS President Syed Khalid Amir Jaffery said to improve cotton production, linkages between the agriculture sector and industries needed to be enhanced.

He mentioned that there was a need to boost the overall condition of the cotton industry through modernisation and technology upgrade.

Pakistan Cotton Ginners Association former chairman Dr Jassu Mal emphasised the need for raising awareness among major stakeholders of the cotton industry. In addition to the general awareness of cotton production, technical training of farmers and workers was also required, he said. He added that cotton was still harvested by hand in Pakistan, which increased contamination and hence led to low-quality grading. Mal also mentioned that despite having the best canal system in the world, it was still underutilised in Pakistan.

Meanwhile, Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Mian Anjum Nisar said cotton production not only supported the overall agriculture sector, but it also, directly and indirectly, helped various industries.

MNS-University of Agriculture, Multan Vice Chancellor Asif Ali stressed that for the overall improvement in the cotton industry, an effective regulatory mechanism needed to be introduced.

He highlighted the need for industrial upgrade for the overall strengthening of the cotton sector. He added that all major stakeholders should come together to address challenges for revival of the cotton industry. In a similar narrative, FPCCI Convener Mian Zahid Hussain advised the stakeholders to focus on providing solutions to the problems faced by the industry. He also emphasised the need for formulating new effective policies.

Shedding light on Uzbekistan's cotton industry, Embassy of Uzbekistan Defence Attache Saadullah Tashmatov said Uzbekistan was ready to join hands with Pakistani farmers in order to search for new ways of cooperation in the sector. He added that his country looked forward to establishing cooperation between the food security departments.

Source: tribune.com.pk– Aug 11, 2020

HOME

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NATIONAL NEWS

Duty relief for exporters: Panel to determine ceiling rates under RoDTEP scheme

The government has formed a committee to determine ceiling rates under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme. The panel has been tasked with evolving a mechanism for calculation of duties at the central, state and local level which are borne by exporters so that they can be refunded all the taxes paid on goods and services used in export but are currently not being reimbursed under extant mechanisms.

In March, the Cabinet had approved the RoDTEP scheme with the purpose that exporters would get the refunds in the form of transferable duty credit/electronic scrip, which will be maintained in an electronic ledger. This would ensure that exports are zero-rates, along with refunds such as drawback and IGST.

The Central Board of Indirect Taxes and Excise issued an order for formation of the committee on July 30. It would have three months to prepare its main report after identification and prioritisation of sectors and items by the government is finalised.

Among the terms of reference of the committee is the task of interacting with administrative ministries, export promotion councils, commodity boards, trade bodies and other stakeholders so as to elicit their views on the ceiling rates under the scheme.

The order said that the committee would prepare modalities for calculating taxes on exports “including prior stage cumulative indirect taxes on goods and services used in the production and of exported product and such indirect duties/taxes/levies in respect of distribution of exported product and recommend in their report the ceiling rates of RoDTEP for the items/sectors identified by the government”.

The committee would be chaired by retired former secretary to the government GK Pillai with retired CBEC members YG Parande and Gautam Ray as other members.

At present, GST taxes and import/customs duties for inputs required to manufacture exported products are either exempted or refunded. However, certain levies are outside GST, and are not refunded for exports, such as VAT on fuel used in transportation, mandi tax, duty on electricity used during manufacturing, among others. These would be covered for reimbursement under the RoDTEP Scheme.

After the cabinet approval, the government had said that the sequence of introduction of the scheme across sectors, prioritisation of the sectors to be covered, degree of benefit to be given on various items within the rates set by the committee will be decided and notified by the department of commerce.

Source: financialexpress.com– Aug 11, 2020

HOME

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Maharashtra: Cotton farmers concerned as pink bollworm infestation spreads

Cotton growers in Maharashtra are concerned about reports of Pink Bollworm (PBW) infestation in an increasing number of villages. As of last week, at least 77 villages have reported infestation, up from 50 in the last week of July.

After a season relatively free of infestation in 2019-20, the present cotton season has seen early signs of infestation.

D B Undirwade, professor of the Akola-based Punjabrao Deshmukh Krishi Vidyapeeth, had first reported infestation in Talera taluka of the district. The pest was reported in fields where farmers had done pre-monsoon sowing.

Undirwade, in his report, had said the nationwide lockdown could have distracted from the necessary field preparation, which led to the resurgence of the pest in the new crop.

Undirwade and other agriculture scientists say July is crucial for the cotton crop as the dormant larvae of the PBW in the unopened boll and stalks of the last crop complete their lifecycle and lay eggs in the new crop.

In case of pre-monsoon sowing, the crop attains the square formation (bud) and flowering stage so the newly hatched larvae can survive and complete their lifecycle and lay more eggs. If sowing is delayed for want of squares, flower and bolls, the last generation starves to death due to lack of food.

Advisories from the agriculture department have repeatedly urged farmers to delay sowing to break this chain, but farmers, especially those who have access to irrigation, tend to start sowing prior to monsoon, making their crop vulnerable to infestation.

At present, 77 villages in 20 of the main cotton growing districts in the state have reported infestation above their economic threshold limit (ETL). The ETL is the pest population at which control measures have to be initiated to prevent economic loss – for PBW, it is breached if 8-10 moths are trapped per pheromone trap for three consecutive nights.

The largest number of villages that have reported infestation are in Aurangabad (20) and Jalna (17). Control measures have been initiated with agriculture officers saying only 17 villages have so far reported infestation above ETL.

Undirwade and other agriculture scientists are now seeking a mission-based approach to stop the spread of the pest. "Previously, the pest was observed in the pre-monsoon sowing but since then, chances of the pest infesting the last sown crop has increased. We should ensure timely action is taken," he said.

Farm activist Vijay Jawandhiya said that the agriculture department should ensure availability of preventive chemicals at all cotton growing villages.

"The pest spreads fast and farmers need to be empowered to be take preventive measures at the earliest. Agricultural extension officers should ensure all pesticides are made available at concessional rates across the state," he said.

Source: indianexpress.com– Aug 10, 2020

HOME

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UP aims at doubling MSME exports to Rs 2.4 trillion in three years

Despite the Covid-19-induced slowdown in business activities globally, the Uttar Pradesh government is targetting to double micro, small and medium enterprises (MSME) in the next three years to touch Rs 2.40 trillion.

During 2018-19 and 2019-20 financial years, the MSME exports from UP stood at nearly Rs 1.14 trillion and Rs 1.20 trillion respectively.

“We have set the target of doubling our exports in the coming three years to touch Rs 2.40 trillion,” UP additional chief secretary, MSME and export promotion, Navneet Sehgal told Business Standard here.

He informed a new export promotion policy was already on the anvil to augment shipments from the state in the coming years.

Besides, the Yogi Adityanath government is looking to tap the lucrative global textile supply chain by providing a competitive avenue to international buyers, who are currently procuring textile and fabrics from China.

“We are holding discussions with UP-based units with regards to providing an alternative vendors base in UP to international buyers sourcing goods from China. We will incorporate their suggestions in our new export promotion policy to make it more contemporary and competitive,” he noted.

To overcome Covid-19 headwinds, the UP government will host virtual exhibitions (e-exhibition) during the current fiscal year 2020-21.

The government is banking on its flagship one district one product (ODOP) scheme to achieve its ambitious goal although the disruption on business, commercial and industrial activities have been massive across the country, UP being no exception.

The ODOP scheme was launched by the Adityanath government in 2018 to promote the traditional and indigenous industries and handicrafts by facilitating state support in terms of setting up of new enterprises, bank credit and marketing.

Since, Covid-19 safety and health protocols are expected to lead to deferment of global trade fairs and exhibitions, the state will offer help to exporters participating in virtual exhibitions under the flagship Market Development Assistance (MDA) Scheme.

Besides, the UP Export Promotion Council will also organise virtual exhibitions for the state exporting firms, for which a blueprint is being charted out.

According to estimates, UP is home to nine million MSMEs with the sector forming the industrial backbone of the state. It contributes 60 per cent to UP's annual industrial output and directly employs 50 million people.

Interestingly, the MSME sector blends with the macro socioeconomic development plank of the Adityanath regime, while resurrecting the positive image of UP and repositioning the state as a preferred investment destination in the league of Indian states.

Recently, chief minister Adityanath had directed officials to expedite the action plan to leverage the loan component of Rs 15,000 crore for the domestic MSME sector in the federal economic package of more than Rs 20 trillion announced by the Centre to overcome the challenges of Covid-19 pandemic and lockdown.

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

HOME

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Andhra Pradesh's New Industrial Development Policy to boost infrastructure

The state government's Industrial Development Policy 2020-23, to be unveiled on Monday, will focus on providing best-in-class infrastructure, zero-hassle set-up, skilled labour and end-to-end hand-holding support for units to provide an industry-friendly environment on a par with international standards. Emphasis is also being laid on reducing the risk and cost of doing business.

The incentives to be given to industries include reimbursement of 100 per cent stamp duty, power reimbursement of Rs 1 per unit for five years, reimbursement of 100 per cent net SGST for five years, interest subsidy of three per cent for five years, and reimbursement of 25 per cent land conversion charges up to Rs 10 lakh.

The industrial policy in a nutshell

The salient features of the new Industrial policy to be launched by the State govt on Monday

Micro and small industries

- Reimbursement of 100% stamp duty
- Power reimbursement of ₹1 per unit for 5 years
- Reimbursement of 100% net SGST for 5 years
- 15% investment subsidy (up to ₹20 lakh)
- Interest subsidy of 3% for 5 years
- Reimbursement of 25% land conversion charges (up to ₹10 lakh)

Medium, large and mega projects

SGST reimbursement based on employment for 5 years; 50% reimbursement for employing 1,000 persons	**75%** reimbursement for employing 1,000 to 2,000 persons
	100% reimbursement for employing 2,000 persons
	Women entrepreneurs of SC/ST/BC/Minority communities (minimum 10 people)

Reimbursement of 100% stamp duty

50% rebate on land cost (up to ₹20 lakh) located in IE/IPs for MSEs	Power reimbursement of ₹1.25 per unit for 5 years
	35% investment subsidy up to ₹50 lakh for MSEs

Industries and Commerce Minister Mekapati Goutham Reddy and AP Industrial Infrastructure Corporation (APIIC) chairman RK Roja will unveil the Industrial Development Policy on Monday. Officials said the new policy would focus on 10 sectors, including toys and furniture, footwear and leather, machinery and precision equipment, aerospace and defence, besides the already in-focus sectors such as pharmaceuticals, textiles, automobiles, electronics and petrochemicals.

Objectives of the policy	Key interventions of the policy	Skilled labour availability
To create jobs for the youth of the State, according to their aspirations	Industrial zoning to provide a 'risk-free' investment-friendly climate to set up and operate industries and minimise the impact on the environment	Development of 30 skill development centres and two skill development universities. Curriculum to be based on industry needs. Varsity to focus on cutting-edge analytics and Industry 4.0
To match the national average in industrial gross value added (GVA) per capita and aim for the pole position among industrialised states	Development of Plug and Play parks and common infrastructure to reduce set-up cost for MSMEs	Digital Employment Exchange that matches an industry requirement with available skilled labour
To plan for balanced growth across regions and communities, bridging regional and communal fault-lines	Pre-cleared land parcels in industrial parks	End to end hand-holding of entrepreneurs (YSR AP One)
To achieve sustainable growth in line with the UN Sustainable Development Goals	Development of clusters and mega industrial parks along 3 major corridors	A full-fledged investor facilitation centre to assist investors throughout the investment life cycle
	Specific industrial parks as per local needs	

The objectives of the policy include creating employment for youth of the State according to their aspirations, and planning a balanced growth across regions and communities, thereby bridging regional and communal fault-lines.

Sources said the policy proposes to focus on food processing, mega bulk drugs, pharma and life sciences parks, mega textile park, textile centre of excellence, and aerospace and defence parks with common testing facilities. Besides supporting MSEs to grow through scale of enterprise reform, the policy aims at empowering women entrepreneurs of backward communities by creating an enabling environment.

Incentives to promote new industries in AP

To promote the setting up of industries, incentives on power, stamp duty, land conversion charges, investment subsidy and interest subsidy to micro and small enterprises will be given, besides the incentives to SC/ST/BC/minority women entreprene-urs.

While incentives to proposed medium, large, and mega proje-cts would be based on employ-ment potential, tailor-made incentives to mega units would be based on their importance to the industry sector, sources said.

Source: newindianexpress.com– Aug 10, 2020

HOME

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Measures to aid MSMEs will help improve the economy, says Gadkari

The various steps taken by the government to give relief to Micro, Small and Medium Enterprises (MSMEs) will help in improving the economy, said Minister of MSME Nitin Gadkari at an event.

“Changing the definition of MSMEs, Scheme of Fund of Funds, Champions portal, extended credits to MSMEs will certainly accelerate the wheels of economy which had slowed down due to lockdown in the wake of the pandemic,” said Gadkari while addressing a Virtual MSME Conclave organised by FICCI Karnataka State Council.

He also urged the stakeholders to shed fear and negativity and assured that the government is doing everything possible to make the country an economic power.

On the problem of delayed payments, Gadkari said, “Instructions have been given to all Ministries, Departments and PSUs to clear pending bills of MSMEs within 45 days”.

The Ministry is also closely monitoring the complaints lodged at SAMADHAN Portal, he added.

Land bank

Gadkari also informed the participants of the webinar that the Ministry is working on the idea of a Land Bank and Social Micro Finance Institution for entrepreneurs and persons who want to run small shops and businesses.

While discussing Atmanirbhar Bharat Abhiyan, he said, "Handloom, handicrafts, khadi industries and agro-based industries should be encouraged especially in the 115 aspirational districts. We will have to plan special policies for agricultural, rural and tribal sector because they have huge potential of creating employment".

Source: thehindubusinessline.com– Aug 10, 2020

HOME

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No GST returns' overhaul; input tax credit loopholes to be plugged

The Goods and Services Tax (GST) Council is likely to shelve the plan announced last year to usher in a new format of tax returns and continue with the existing system, with some improvements and modifications to plug loopholes.

The GoM, headed by Bihar deputy chief minister Sushil Modi, met last week and agreed on linking GSTR-1 (outward sales return) and GSTR-3B (monthly summary return), and introducing GSTR-2B document which would provide exact input tax credit (ITC) details to the taxpayers, according to a source.

The group also decided to allow quarterly filing of GSTR-3B for taxpayers below Rs 5-crore turnover threshold, which could be introduced by November. The relaxation for filing GSTR-1 returns once in a quarter is already available to smaller taxpayers.

The linking of two returns –- GSTR-1 and GSTR-3B — will eventually lead to auto-population of GSTR-3B from GSTR-1. This would reduce the liability and ITC mismatch currently reported, and the functionality is expected to come online by the end of this month.

Further, the GST Network (GSTN) will deploy GSTR-2B this month, a document which would be auto-populated with details of ITC available to taxpayers. The data would be extracted from GSTR-1 filed by the counter-party suppliers of a particular taxpayers. This would ensure that the assessee knows the exact amount of credit to claim in GSTR-3B return.

A tax official said GSTR-2B is also expected to help the department to effectively implement its policy of restricting credit availability to those taxpayers whose suppliers fail to upload invoices for the purchases otherwise claimed by the assessee for availing ITC.

“GST taxpayers have been using the current system of GSTR-3B and GSTR-1 returns for three years now and so it was considered appropriate to continue with the same broad system, instead of overhauling it with ‘Sahaj’ and ‘Sugam’ returns proposed earlier,” the source said. Nandan Nilekani, chairman of Infosys had proposed these returns to the GST Council in July, 2018. The GSTN, for which Infosys is the designated IT service provider, released the formats for these return about a year later.

However, the source quoted above said as the development of these simplified returns progressed, it was felt by the GoM that the two return formats had become similar to GSTR-1,2,3 system in complexity. These returns were deployed at the time of GST launch in July, 2017 but had to be junked within months for being cumbersome.

It was argued by the constituents of GoM that already deployed improvements in the existing system along with changes in the pipeline was a much less disruptive path to strengthen the return system. So far, improvements like allowing Nil return filers (as much as 20% of the total GST taxpayer base of 1.2 crore) through SMS for monthly return, enhancement of GSTR-2A (which provides details of purchases made by a taxpayer and can be cross-referenced with GSTR-1) have been deployed.

Along with other proposed improvements and introduction of e-invoicing for taxpayers above Rs 500-crore turnover threshold from October 1, the return-filing system is expected to be more efficient. E-invoicing has been billed as a ‘game changer’ by the tax department as the system would bring about auto-creation of returns in real time for all B2B businesses eventually.

Source: financialexpress.com– Aug 10, 2020

HOME

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Rs 10,000 crore Fund of Funds for MSMEs to be operational soon: SBI Chairman

To provide Rs 50,000 crore equity support to stressed MSME units, a Fund of Funds announced as part of the Rs 20.97 lakh crore Aatmanirbhar Bharat Abhiyan package is expected to get operation soon, State Bank of India Chairman Rajnish Kumar said on Monday.

The objective of the Rs 10,000 crore Fund of Funds scheme is to help MSMEs with growth potential at a time when they are facing severe shortage of equity and low revenues.

Talking about various steps taken to help MSMEs, he said banks have announced an emergency credit line for such businesses to improve their liquidity which has been hit by the outbreak of COVID-19.

Another liquidity enhancement measure was through support by way of a subordinated debt which was guaranteed by the government for the troubled MSMEs, he said.

"Fund of funds, which I presume would also get operationalised very soon. So these take care from the point of view of finance," he said at a virtual event organised by Ficci.

Finance Minister Nirmala Sitharaman in May had announced the Fund of Funds (FOF) will help MSMEs with growth potential and viability even as they face severe shortage of equity.

Moreover, the fund will be operated through a Mother Fund and a few daughter funds to enable MSMEs expand in size and capacity and would also encourage them to list on the main board of stock exchanges, she had said.

The FOF scheme is intended to help those businesses who are in their nascent and initial stages, where there are almost no prospects to raise funds through the help of professional corporations or venture capitalists. The scheme proposes to buy up to 15 per cent growth capital in high credit MSMEs.

Speaking about other initiatives of the bank, the SBI chairman said the bank recently launched a gold loan scheme for MSMEs and sanctioned Rs 88 crore under this product within one month.

Source: economictimes.com– Aug 10, 2020

HOME

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No heart for handmade?

This is going to be the most unpleasant Independence Day for India's almost 44 lakh registered handloom weavers. The inspiration behind India's independence, the swadeshi weaver has now been left to his own devices. He has been told he is now 'atmanirbhar' or selfreliant, perhaps even 'ram bharose', in god's hands. Just two weeks ago, the Government of India scrapped the twin bodies of the All India Handicrafts Board and the All India Handloom Board.

The news was broken by one of India's most sincere crafts activist, Laila Tyabji, on her social media on August 6. She shared a three-line government notice of July 27 that the Handloom Board had been "abolished" (the letter's words, not hers), causing fury among her several thousand fans, and those of handwoven fabrics.

In return, she was called "a part of Lutyens elite". The Handloom Board, set up by the legendary Pupul Jayakar, was dismissed as "another Congress-era relic, awhite elephant created to be a watering hole to accommodate Nehru-Gandhi family loyalists at taxpayer's expense (sic)". In the combat between one of India's oldest political parties and its current ruling one, the one who loses is the poor hand-skilled weaver.

I am speaking to several of them these days, especially for a fundraiser I am putting together for them. Their condition is dismal. Rajendranath Basak, one of the most wellknown master weavers from Fulia, is in tears each time I call him.

He usually employs around 85 weavers, but only has ten today, and doesn't know how they will sustain themselves this month of our Independence Day. His picture is up on our fundraiser's page, and several designers recognise him and ask me to send him their regards. "Please send him some work," I respond.

Indian artisans are giving up hope. Successive governments announced schemes to assist them; some worked, but only to a small extent. The Indian artisan's biggest fortitude came not from a political party, but from the smartphone. His semi-educated son used it to connect him to the world outside his little village. Facebook became his supplier. The weaver now aimed to be a small but independent entrepreneur.

Then came the GST, and crash-landed his dreams. India's Goods and Services Tax of 2017 has done as much damage to small businesses as it has done good to medium or larger businesses. It charges the makers of cotton yarn or cotton fabric 5 per cent tax, which can go up to 12 per cent for the makers of fabric from the yarn.

Until now, India's handloom industry has been a highly decentralised, rural-based economy spread from Kashmir to Kerala. Most weavers live in pitiable conditions with meagre means. They must join a cluster so they can work collectively to receive and finish an order, and thus get themselves registered as a cooperative. There is the argument that GST is for those whose annual income is over Rs 20 lakh. But as weavers work in village clusters or cooperatives, with anywhere between 100 to 1,000 in a cluster, their annual profit is divided by all, and so is the tax.

Moreover, the 'over Rs 20 lakh' condition applies only if the weaver produces and sells in his own home-state, not if he crosses a state border. For example, a weaver from Bengal, like Basak, or the hugely talented Benarasi specialist Allauddin Ansari from UP (he had to borrow his neighbour's phone to send me images of his work), will have to pay GST if he sells via a crafts exhibition in Mumbai or New Delhi.

Where weavers sold only to suppliers or in exhibitions earlier, the GST makes his business a complicated one. This almost-unlettered man now has to fill forms to pay his GST; each state requires a new form (online) and a new registered mobile number. The weaver will have to hire a middleman to provide this form-filling service each year for each state.

The government's abolishing of the handloom and handicrafts boards boggles the mind. The argument offered is that they hardly met and did any work. But now even the token representation of the Indian weaver has been taken away from him. When the boards did good work, they came up with the Crafts Museum, the Vishwakarma exhibitions of Martand Singh, the Cottage Industries Emporia, and some decent handicrafts corporations across India. Instead of working towards more such initiatives, the entire boards have been dismissed.

The government's efforts in the handloom industry are largely social media campaigns. Several hash-tagging designers I spoke with, several of them who work with handloomed textiles, said they were not aware of the new GST on weavers (prior to this handloom weavers were exempt from tax).

Swadeshi fabric is picking up favour again among a new circle of fans. Baba Ramdev's Patanjali expressed interest in entering the competitive khadi market, by adding muscle to the state-owned Khadi and Village Industries Commission (KVIC), constantly in competition with the privately-owned FabIndia. The Textile Minister's recent talk with Sadhguru Jaggi Vasudev, who launched 'Save the Weave' last year, is also worth noting.

Meanwhile, Arup Rakshit, who works with weavers in Burdwan, says he was disappointed that no subsidies of Covid-relief measures were announced for weavers on National Handloom Day.

Source: mumbaimirror.com– Aug 11, 2020

HOME

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