



**IBTEX No. 54 of 2020**

**March 13, 2020**

US 73.95 | EUR 82.94 | GBP 92.91 | JPY 0.70

**NEWS CLIPPINGS**

<b>INTERNATIONAL NEWS</b>	
<b>No</b>	<b>Topics</b>
1	China: Global coronavirus spread may paralyze apparel supply chain for months
2	COVID-19: Local clothing stores suffer from China's halt in shipping
3	Pakistan: PM chairs meeting on trade policy
4	Indonesia relaxes trade rules to cushion COVID-19 effects
5	Kazakhstan to triple domestic cotton processing
6	Coronavirus puts Cambodian textile market at risk

<b>NATIONAL NEWS</b>	
1	Texprocil cancels Ind-Texpo event due to coronavirus scare
2	Commerce ministry reviews corona impact on trade
3	Govt buying from small businesses surpass annual target; these ministries bought the most from MSMEs
4	RBI likely to announce liquidity-boosting steps to counter corona fallout
5	India should tap apparel market ceded by PRC: top official
6	Now you can't make multiple trips on one GST e-way bill; govt plans to use FASTag to curb tax evasion
7	Retail inflation falls to 6.58%; factory output goes up 2%
8	Factory output in January expands amid slowdown woes; year 2020 starts on cheerful note
9	In Focus: Inverted duty structure
10	Covid-19 scare: Exporters peg hit at \$1 billion
11	Coronavirus: Exporters seek duty reduction, logistics support from Centre

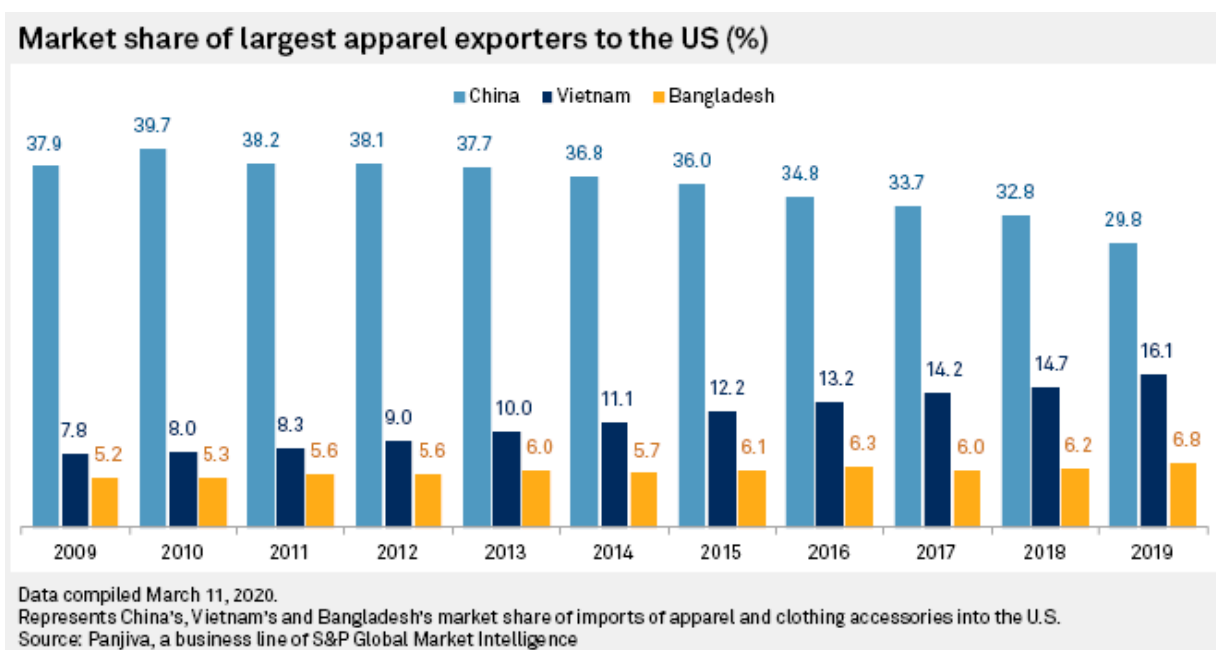
DISCLAIMER: The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

## INTERNATIONAL NEWS

### China: Global coronavirus spread may paralyze apparel supply chain for months

China is slowly resuming manufacturing activities after weeks of factory shutdowns and logistical restrictions, but the impact on global apparel companies is likely to continue for the foreseeable future as the new coronavirus spreads globally.

Although clothing companies have a large exposure to China, they have so far managed to limit the impact, industry observers say. Even before COVID-19 struck China, many businesses were shifting manufacturing to Vietnam, Cambodia and Bangladesh due to rising labor costs and uncertainty around the U.S.-China trade war. COVID-19 is the disease caused by the new coronavirus.



In the fourth quarter of 2019, U.S. imports of apparel and textiles fell 25.4% year over year from China while rising 14.3% from Cambodia, 8.6% from Bangladesh and 6.0% from Vietnam, according to data from Panjiva. The pattern continued in January with Cambodian exports to the U.S. rising by 23.8% compared to a 31.7% slump in shipments from China, the data shows. However, these countries continue to rely heavily on China for "intermediate inputs" such as raw materials and unfinished goods and services. Once the additional stock imported from China in anticipation of

factory shutdowns during the Lunar New Year holidays is depleted, the global textile and apparel industry is expected to face the brunt of the supply disruption.

China is intricately woven into the global consumer supply chain fabric, not just as a manufacturer and a retailer but also as a supplier of intermediate inputs. As of March 4, about 20% of global trade in manufacturing intermediate products originated in China, according to the United Nations Conference on Trade and Development.

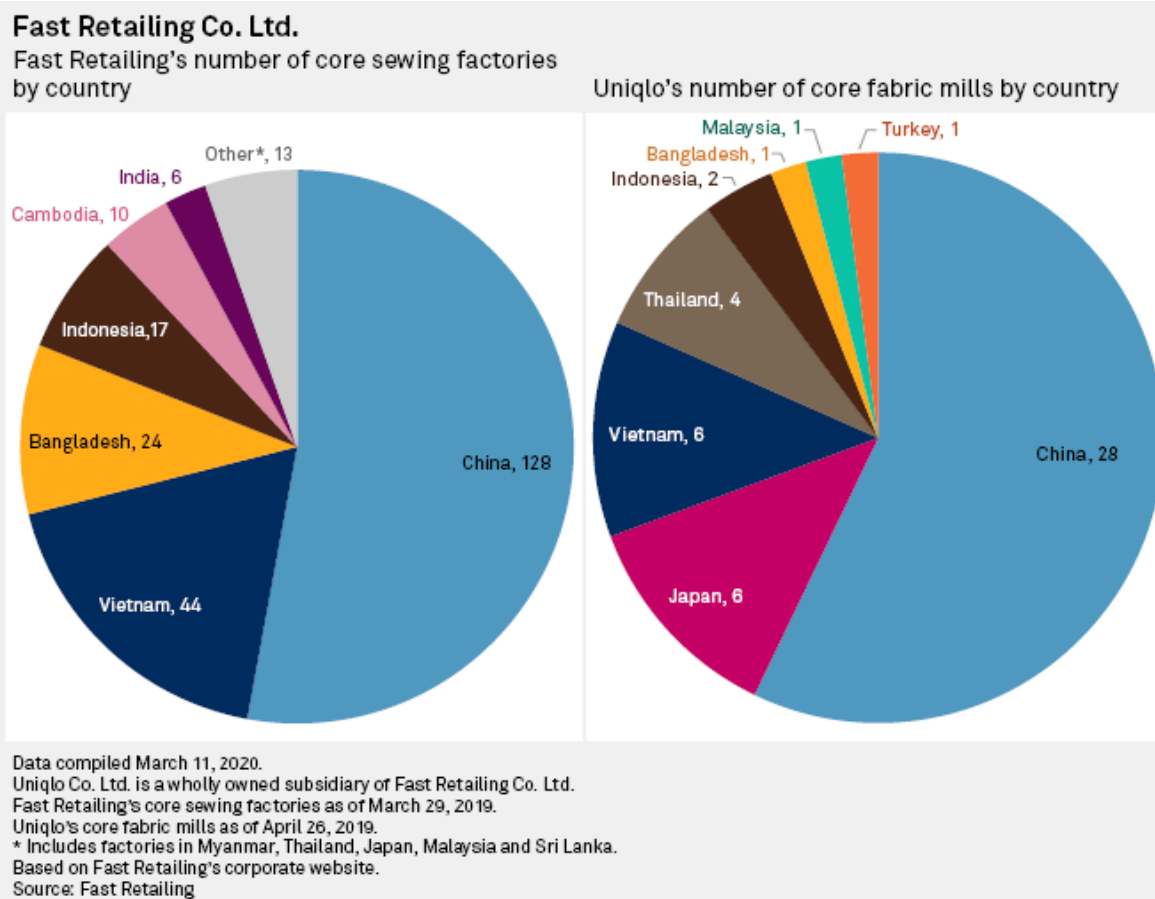
The UNCTAD data shows that the European Union and Vietnam are expected to be the worst hit by the disruption in inputs for textile and apparel products.

While Vietnam has managed to contain the outbreak, it imports about 55% to 60% of raw materials in the garment industry from China, according to the Vietnam Textile and Apparel Association.

Hong Kong-listed Lever Style Corp., which manufactures for brands including Paul Smith and Hugo Boss, has set up a major production base in Vietnam. Executive Chairman Stanley Szeto said in an interview that although their factories have yet to experience any meaningful delays, it is not easy to find supply alternatives beyond China for factories that are based in Southeast Asia.

"There may be a gradual shift in the supply chain. That gradual is going to be very gradual," said Szeto, adding that while raw materials from China are not necessarily more price competitive, the country's scale, capacity and fast turnover is unmatched by any alternatives.

Uniqlo-owner Fast Retailing Co. Ltd. is particularly exposed to the outbreak, with more than half its sewing factories and fabric mills located in China and a quarter in Southeast Asia. Manufacturers in Vietnam warned that many sewing factories in the country would face a serious shortfall of raw materials starting April if shipments do not resume in March.



Fast-fashion retailers, which rely on releasing new lines every few weeks and holding as little stock as possible, would be particularly vulnerable to supplier disruptions.

### Spread your bets

The situation has brought to light the challenges manufacturers face in diversifying their supply chains.

"For true risk mitigation, you have to think about the entire global supply chain, and not [just] the parties you deal with immediately ... who they deal with and the knock-on effect on my supply chain," said Edwin Keh, CEO of Hong Kong Research Institute of Textile and Apparel.

"Moving the final place of manufacturing doesn't mean you mitigate the total production risk in the supply chain," Keh said, emphasizing the need for manufacturers to have transparency and traceability in the supply chain.

Unlike their Southeast Asian counterparts, South Asian countries such as India and Bangladesh have the entire value chain of textile products within their country.

India was the third-largest textile exporter in 2018 after China and the EU, and its textile and apparel exports totaled \$21.7 billion between April and November 2019. Bangladesh has emerged as the third-largest exporter to the U.S. after China and Vietnam.

In the near term, apparel manufacturers may look at these countries to make up for the shortfall in supply, but China may still remain the top supplier once it recovers from the outbreak, said Bin Shen, associate professor in electronic commerce and logistics at Donghua University.

Shen, however, noted that trade policies would be factored into manufacturers' thought processes when considering whether to diversify their source countries.

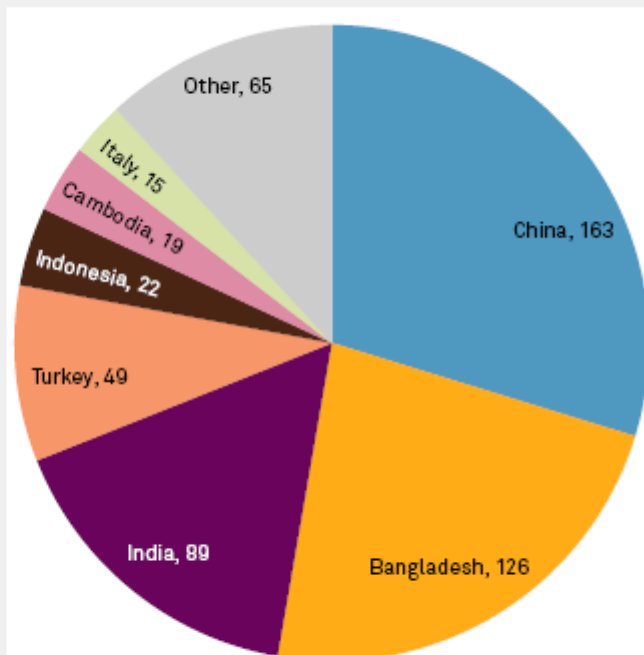
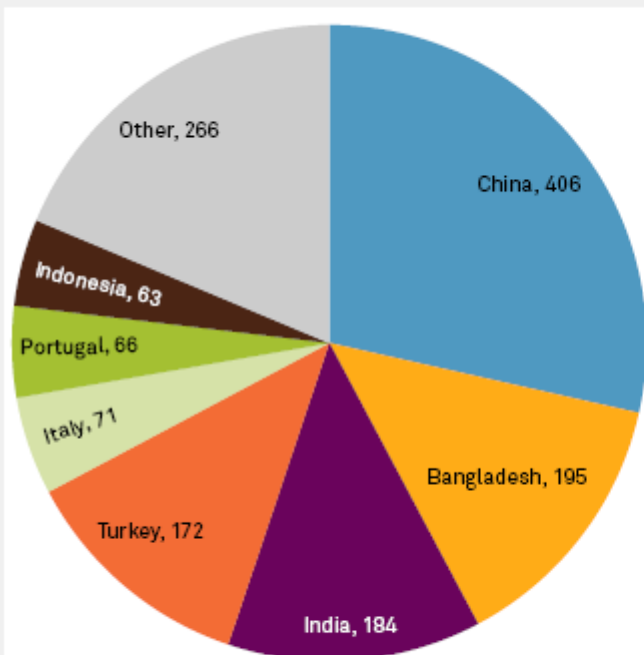
For instance, China has a free trade agreement with the ASEAN, an intergovernmental body representing the Southeast Asian countries. Indian textile manufacturers, meanwhile, are worried that the country's existing free trade deals with Indonesia and Vietnam have disadvantaged local mills. The country also lacks free trade deals with the European Union, Canada and Australia.

"Vietnam has a long-standing relationship with China in imports related to the apparel industry, through a complicated process via middleman companies. Since they are bound by contracts, it is not possible to switch supply on a whim as the fashion retailers would still have to carry out on-site visits and evaluation on the suppliers in a process that could take up to three months," said Shen.

**H & M Hennes & Mauritz AB (publ)**

Number of manufacturing factories by country

Number of processing factories by country



Data compiled March 11, 2020.  
 Excludes tier 2 factories for fabric, yarn and tanneries as well as fibre processing plants for recycled polyester.  
 Based on H&M Group's corporate website.  
 Source: H&M Group

**East meets west**

The spread of the contagion to Europe and other parts of the world will increase the threat to bigger players such as Industria de Diseño Textil SA and H & M Hennes & Mauritz AB (publ) that have fairly diverse supply chains. The two companies have had relatively little exposure to manufacturing shutdowns in China, with less than a third of their manufacturing facilities located in the country.

In an emailed statement, an H&M representative said it is constantly monitoring developments and does not anticipate the coronavirus impact to cause significant delays to its supplies. The Swedish company has temporarily closed 41 of its more than 500 stores in China.

"We are in close contact with our suppliers and evaluating the situation together with them," the representative said.

Source: spglobal.com-Mar 12, 2020

[HOME](#)

\*\*\*\*\*

## **COVID-19: Local clothing stores suffer from China's halt in shipping**

Local clothing retailers across the country struggle to compete with online sales, and now the Covid-19 pandemic is making that struggle more difficult. They're taking a hit as the health pandemic delays textile, fabric, and apparel shipments.

Local business owners tell KHQA consumers don't always realize that our clothing comes from all over the world.

They said businesses across the country are being forced to shut down due to China's halt in production and shipping. KHQA spoke with some Quincy store owners about this dilemma, and what's next for their line of business.

Stores such as District Denim and Fashions in Quincy rely on clothing shipments from China. Owner, Kenny Kruser, expects halting shipments due to Covid-19 concerns will hike up retail prices for businesses, even when they try to keep clothing costs low.

"I don't think most people want to wear clothes that came from China right now," Owner of District Denim and Fashions said.

He said he feels the fear of germs spreading has kept people out of stores and mostly shopping online.

China is the largest garment producer in the world, and what happens there takes a toll on retailers across the country, including those in the Tri-States. The Attic in Quincy specializes in medical scrubs, uniforms, and accessories. It's received notification from a major footwear manufacturer about potential shipment delays this fall.

### **And this is just the beginning.**

"Something we've been waiting for over a month and a half now is our gate belts here . We always get them from China. We have been out of stock well over a month, already that has already affected our sales. We can't get the supplies we need to run our stores with," The Attic Owner Jackie Weisenburger said.

The store is set to close after 20 years in business, citing difficult competition with online retailers. Now owner, Jackie Weisenburger tells KHQA Coronavirus scares have made business even more difficult.

The anticipation continues to build amongst these businesses.

As the seasons change customers demand new products, and local businesses are just hoping they will be able to keep up.

Source: khqa.com- Mar 12, 2020

[HOME](#)

\*\*\*\*\*

### **Pakistan: PM chairs meeting on trade policy**

Prime Minister Imran Khan on Thursday asked the Commerce Division for early finalisation of five-year Strategic Trade Policy Framework (STPF) and Textile Policy in consultation with stakeholders to make it more inclusive for boosting exports.

The premier chaired a high-level meeting of STPF and Textile Policy 2020-25 in which the Commerce and Textile Division gave in-depth briefing over the broad contour of the proposed strategy and its objectives. The government economic team and former finance minister Shaukat Tareen also attended the briefing.

The meeting discussed procedures in details and recommended modifications. “We will include all suggestions that for the policy document,” an official source privy to the meeting told Dawn.

The draft will then be shared with the relevant stakeholders in the next few days to seek their feedback before submitting for government approval, the official added. It gave approval to priorities and strategy regarding 26 sectors under STPF 2020-25.

Under the proposed policy, a high level committee under the chairmanship of prime minister will be constituted to monitor its implementation.

Khan has said increasing exports is the top priority in view of revamping the economy. He said the government believes in achieving targets in consultation and the guidance of private sector.



The premier also assured that his government is determined on continuity of policies. He directed to give special focus on resolving issues regarding setting up of special Economic zones.

The new policy will bring a paradigm shift in exports basket from the country. Moreover, all stakeholders will be better connected to have greater coordination for promotion exports from the country.

During the meeting it was decided to make the funds announced by the government to support various sectors part of the budget for ensuring timely payments. It was said Rs68 billion were given to the textile sector's support over the last decade, whereas the PTI government has provided Rs71bn in the past one and a half year.

The meeting was informed Rs27bn were provided to textile sector and Rs1.4bn to non-textile sector in last three months. The meeting also decided to further simplify refunds procedure for the business community and any difficulties should be resolved on priority.

Under the STPF 2020-25, textile, leather, surgical and sports goods, carpet, rice and cutlery was included along with non-formal and development sectors like engineering goods, pharmaceuticals, auto parts, process food and beverages, footwear, gem and jewelry, chemicals, meat and poultry, seafood, marble and granite. And special focus will be made to enhance exports in these sectors.

Source: dawn.com- Mar 13, 2020

[HOME](#)

\*\*\*\*\*

## **Indonesia relaxes trade rules to cushion COVID-19 effects**

Indonesia plans to relax restrictions on importing goods as one of its fiscal measures to combat the harmful economic effects of the COVID-19 coronavirus.

Finance Minister Sri Mulyani Indrawati said on Wednesday that the government plans to reduce the number of restricted import goods by up to 50 percent to spur business activities that have been hurt by the COVID-19 pandemic. As many as 749 harmonized system codes codes are to be scrapped, she added.

“This aims to ease the importation of raw materials amid the spread of the coronavirus,” Sri Mulyani told reporters in Jakarta after a ministerial meeting.

Items included in the list of restricted import goods include ceramics, soybeans, corn, textiles and textile products, vaccines, health equipment, telecommunication tools and equipment, footwear and food supplements, among many others, according to the Customs and Excise Office website.

The government is to also relax regulations related to the Food and Drug Monitoring Agency, Sri Mulyani said without revealing more details.

Manufacturing industries have complained of disruptions to their supplies of raw materials that have crippled factories across Indonesia. Twenty to 50 percent of raw materials for the country’s industries are usually sourced from China, Indonesia’s biggest trading partner.

Coordinating Economic Minister Airlangga Hartarto said the government also plans to integrate the online Indonesia National Single Window system using Inaportnet to make logistical systems more efficient. “We are still finalizing it,” he added.

The government is preparing several stimulus packages, including one that would expedite the import process for 500 importers with good reputations and another to reduce logistics costs in ports across the country.

The Asian Development Bank (ADB) previously said Indonesia might not be affected severely by the global health emergency, thanks to its minimal exposure to global trade and its wide room to maneuver in monetary policy.

“Indonesia isn't deeply integrated in the global supply chain, so it is still considerably fortunate compared to other countries,” newly appointed ADB president Masatsugu Asakawa said. He added that the Indonesian economy, which was primarily driven by domestic activity, had an advantage during the global health emergency.

Indonesia is heavily dependent on domestic demand, with household consumption growing 4.97 percent year-on-year in the fourth quarter of 2019 to account for more than 50 percent of gross domestic product.

The government unveiled a Rp 10.3 trillion (US\$717.87 million) fiscal stimulus package to support the tourism industry and boost consumer spending to counter the economic impacts of the coronavirus outbreak. At least 34 individuals in Indonesia have tested positive for COVID-19 and one has died.

The World Health Organization declared the coronavirus to be a pandemic as the outbreak has shuttered factories, disrupted travel and supply chains, delayed conferences and sporting events and infected more than 120,000 people worldwide. More than 4,600 people have died globally.

Source: thejakartapost.com- Mar 13, 2020

[HOME](#)

\*\*\*\*\*

### **Kazakhstan to triple domestic cotton processing**

The light industry overall production grew by 12.4% in February with positive dynamics seen in textiles production, the press service of the Kazakh Industry and Infrastructure Development Ministry reports.

Last March the Government approved the 2019-2021 light industry development roadmap. It specifies measures to provide enterprises with raw materials, to fight against unlawful circulation of goods, raise the domestic content share, economic incentive and support measures.

Kazakhstan has four cotton processing works with a capacity to process up to 31,000 tonnes of cotton fibre. Only two of them Azala Textile and Azala Cotton work steadily.

Last December the Kazakh-Uzbek joint venture, Alliance, put on-stream the idle production line Yutex.

The cotton cluster development roadmap was approved to settle the problem. It contains measures to let Yutex work in full swing, to launch clothing manufacture and put into production the second factory standing idle. All these measures are called to triple domestic cotton processing and create 1,000 workplaces.

Source: inform.kz- Mar 12, 2020

[HOME](#)

\*\*\*\*\*

## **Coronavirus puts Cambodian textile market at risk**

**THE WHAT?** Up to 200 Cambodian textiles factories could close at the end of the month due to a lack of fabric, with its main Chinese suppliers remaining shut following the outbreak of the coronavirus.

**THE DETAILS** Due to the continued closure of the Chinese textiles factories following the virus outbreak during Lunar New Year, Cambodian factories are unable to access the raw materials needed to produce the garments.

Cambodia employs over one million people in the textile industry with 60 percent of its fabric coming from China; neighbouring Vietnam is also experiencing supply issues.

**THE WHY?** Heng Sour, a spokesperson for Cambodia's Labor Ministry, said, "In March, we could see as many as 200 factories and enterprises running out of raw materials. The worst-case scenario is that about 160,000 workers will be affected."

Source: [globalcosmeticsnews.com](http://globalcosmeticsnews.com)- Mar 12, 2020

[HOME](#)

\*\*\*\*\*

## **NATIONAL NEWS**

### **Texprocil cancels Ind-Texpo event due to coronavirus scare**

The Cotton Textile Export Promotion Council (Texprocil) has cancelled the second edition of its flagship event, Ind-Texpo 2020, a specialised Reverse Buyer Seller Meet to be organised at Coimbatore in Tamil Nadu from March 17-19 due to country-wide coronavirus scare.

The future dates for the event are yet to be announced.

The event had over 70 exhibitors showcasing top quality yarns, apparel fabrics, denim fabrics, and home textiles with expectation of over 100 quality importers from over 25 countries to visit the event.

As a part of its business matchmaking programme, Ind-Texpo 2020 would have featured exclusive B2B meetings with importers for the exhibiting companies.

### **Travel advisories**

The government has also been issuing regular travel advisories restricting international travel and reduce mass gatherings of any form given the present magnitude of this virus, said Texprocil.

The government has also decided to suspend all existing visas to India till April 15, thereby completely restricting international travel of buyers to the Ind-Texpo Show.

Many international buyers have also expressed apprehensions regarding travel to India due to the prevailing situation during this period.

KV Srinivasan, Chairman, Texprocil, said public safety and health risk posed by the virus to all Indian exhibitors and buyers coming from abroad and the fact that all the developments are well beyond ones control, Texprocil was left with no option but to cancel the event.

Ind-Texpo, since its launch edition, has been successful in integrating the textile value chain at a single global trading platform. Alongside the exhibition, the event also facilitates exchange of quality market intelligence

to support industry efforts to attain a competitive edge and move up the value chain with a renewed vigour and better understanding of global trade.  
thehindubusinessline.co

Source: thehindubusinessline.com- Mar 12, 2020

[HOME](#)

\*\*\*\*\*

## **Commerce ministry reviews corona impact on trade**

The commerce ministry on Thursday held a meeting with key industry bodies and various export promotion councils to gauge the impact of the coronavirus on trade, amid mounting fears over the damaging impact of the pandemic on Indian exports. Already, basmati rice exports dropped 20% year-on-year in January and non-basmati by 14%, oil meals by 64% and cotton garments by almost 4%. Overall merchandise shipments contracted by 1.7% y-o-y in January to \$26 billion, the sixth straight month of contraction.

On top of this, a potential shortage of raw materials for sectors, ranging from pharma, chemicals, electronics and solar energy, loom as main raw material supplier China struggles to contain the Covid-19 spread. The situation is expected to have only worsened in February.

The meeting was chaired by the minister of state for commerce and industry Som Parkash and attended by commerce secretary Anup Wadhawan and senior officials of the ministry. Representatives of industry chambers such as CII, Ficci and Assocham, exporters' body FIEO and export promotion councils attended the meeting and shared their concerns.

Earlier this month, India restricted exports of 26 drug formulations and active pharma ingredients (APIs) to keep domestic supplies steady. The Indian pharmaceutical industry is both an exporter to as well as importer of bulk drugs (active pharmaceutical ingredients and intermediates that give medicines their therapeutic value) from China.

Source: financialexpress.com- Mar 13, 2020

[HOME](#)

\*\*\*\*\*

## **Govt buying from small businesses surpass annual target; these ministries bought the most from MSMEs**

While government buyers may not be the best customers for small businesses when it comes to making payments but a number of them seem to be ensuring the buying target from micro and small (MSE) enterprises in their annual procurement is met.

According to the data available, for different ministries out of 54 ministries listed on the monitoring portal MSME Sambandh, in procuring minimum 25 per cent of the yearly buying from MSEs, 16 ministries have been able to cross the target as FY20 nears the end. The top ministries, which have bought the maximum amount of goods and also surpassed the 25% cap, were Ministry of Petroleum and Natural Gas, Ministry of Defence, Ministry of Power, Ministry of Atomic Energy, Ministry of Coal etc.

The total procurement from MSEs so far stood at Rs 32,861.97 crore — 28.99 per cent of over Rs 1.13 lakh crore worth of overall buying in FY20 so far. While Petroleum ministry MSE buying stood at Rs 17,888 crore, Defence ministry procured goods worth Rs 2,664 crore followed by Rs 2021 amount of procurement made by Power ministry, Rs 800 worth buying from Ministry of Atomic Energy and Rs 628.6 worth from Ministry of Coal among the top five buyers. Other top buyers exceeding the 25 per cent minimum threshold were ministries of agriculture, commerce, housing and urban affairs, mines, minority affairs, railways, road transport and highways, science and technology, shipping, textiles, and tribal affairs.

The number of MSEs benefitting from the public procurement programme was over 1.28 lakh including 5,030 MSEs owned by SC/ST entrepreneurs and 2,839 women-owned MSEs. The government's online marketplace GeM for public procurement has 77,116 MSE sellers out of over 3.44 lakh sellers. However, MSE sellers account for a majority — 53.27 per cent of the order value on the portal so far. The total transaction value recorded so far was Rs 49,438 crore.

Source: [financialexpress.com](http://financialexpress.com)- Mar 12, 2020

[HOME](#)

\*\*\*\*\*

## **RBI likely to announce liquidity-boosting steps to counter corona fallout**

India's central bank is likely to announce liquidity-boosting measures to help stabilise financial markets which have fallen sharply due to the coronavirus outbreak, a source said on Thursday.

The Indian stock market plunged into bear territory on Thursday, with the blue-chip Nifty 50 sliding to its lowest in over 2-1/2 years, after the coronavirus outbreak was termed a pandemic and the United States suspended travel from Europe.

The markets recouped some losses after the news with Nifty 50 and S&P BSE Sensex down over 6%, off day's lows of over 7.5%.

The market has been expecting an off-cycle interest rate cut by the Reserve Bank of India but the source said no such step is being mulled at this point in time. Another official confirmed this.

"The RBI will look to push more liquidity in the market and ease repayment issues to sectors that have been disrupted by supply chains being broken down," the source said.

India's monetary policy committee is scheduled to meet on March 31, according to its website.

A rate decision is unlikely to be taken by the RBI before its scheduled meeting, both the officials said. This year the RBI has not been able to cut its policy rates due to a sharp rise in retail inflation in the last few months. But amid uncertainty about how the coronavirus will spread, the RBI said it would act accordingly and expressed its willingness to ease monetary policy further, while persistent high inflation could make it difficult for it to act.

The total number of confirmed cases of coronavirus rose to 73 in India, according to the government.

Source: [economictimes.indiatimes.com](http://economictimes.indiatimes.com)- Mar 12, 2020

[HOME](#)

\*\*\*\*\*



## **India should tap apparel market ceded by PRC: top official**

The Indian industry should take advantage of the huge \$20-billion space vacated in the global apparel market by China, which is facing a tough time due to the novel coronavirus outbreak, according to textiles secretary Ravi Capoor, who recently said domestic textile exports have plateaued during the past five to seven years, which is a worrying sign.

Addressing a symposium on emerging opportunities for Indian textiles, Capoor said though India stands with China with all its emotions and financial, political and diplomatic help, but the big economic opportunity coming up its way should not be ignored.

This is the perfect time to bring the industry together and have a small dialogue to see how the industry associations are prepared for this opportunity, he was quoted as saying by a news agency.

Around \$20 billion worth of apparel space, mostly in the man-made fibre, was vacated by China in the past three years and that was taken away by Vietnam, he said.

If duty inversion is removed, man-made fibre itself becomes a huge opportunity, he said.

The domestic textile and apparel industry, including handicrafts, stood at \$140 billion in 2018, of which \$100 billion was domestically consumed, while the remaining portion worth \$40 billion was exported to the world market.

Source: fibre2fashion.com - Mar 12, 2020

[HOME](#)

\*\*\*\*\*

## **Now you can't make multiple trips on one GST e-way bill; govt plans to use FASTag to curb tax evasion**

GST e-way bill may soon be integrated with NHAI's FASTag to check GST evasion from April 2020. One of the major reasons behind the step is to restrict transporters from using a single e-way bill for multiple trips. The integrated GST e-way bill will help in tracking the movement of goods and check evasion. The revenue department had also set up officers' committee to integrate the e-way bill, FASTag, and DMIC's Logistics Data Bank (LDB) services, after consultation with transporters, PTI had earlier reported. The discussion is likely to take place in the upcoming GST council meeting on 14 March 2020.

"Inducing techno changes in the overall GST compliance framework especially integrating FASTag with e-way bills system would give infinite data to the authorities which once fed into an Autobot would help track tax evaders in real-time," Rajat Mohan, Senior Partner, told Financial Express Online. With integration of the FASTag and GST e-way bill system, the government would practically put every movement of goods on a Global Positioning System enabling the tax authorities to track, trap and tax the evaders under the taxation regime, Rajat Mohan added.

Apart from the e-way bill – NHAI FASTag integration, the discussions may also take place regarding tax rationalisation on mobile phones, footwear, and textiles. The government may also plan to extend the deadline for the implementation of the new return filing system and e-invoicing in its upcoming meeting.

"The government has been taking measures to cut tax evasion by different means. From the integration of the e-way bill to generating e-invoice, these actions can significantly cut the tax evasion," Rajesh Gupta, Co-Founder & Director, BUSY (Accounting Software), told Financial Express Online. While the e-way bill is used only for bills over Rs 50,000 to keep a check on the larger amount, the e-invoicing can help to automatically generate the invoice through BUSY software, without going to the portal, he added.

Source: [financialexpress.com.com](http://financialexpress.com.com)- Mar 12, 2020

[HOME](#)

\*\*\*\*\*

## **Retail inflation falls to 6.58%; factory output goes up 2%**

Taking a cue from the US Fed, RBI likely to cut policy rates

With fall in vegetable prices, especially onion, the rate of retail inflation has fallen by over one percentage point in February. Though it is higher than the targeted level of inflation, there is a strong possibility of reduction in policy rates. However, there has been some improvement on the industrial sector front; it grew 2 per cent in January against near flat in December.

Rate of retail inflation, as measured by the Consumer Price Index (CPI), slipped to 6.58 per cent in February from 7.59 per cent in January. For food, the rate saw a deeper decline, with the all India inflation rate down to 10.81 per cent in February from 13.63 per cent in January. As a result of the decline in the prices of vegetables, the rate of inflation came down to 31.6 per cent from over 50 per cent.

However, prices of pulses are still an area of concern as the rate of retail inflation hovers over 16.5 per cent. There are expectations that with the arrival of fresh crop, supply will improve and prices will moderate.  
Higher than targeted rate

Meanwhile, even as rate of retail inflation has come down, it is higher than the upper limit of targeted inflation. As a result of an agreement between the Centre and the Reserve Bank of India (RBI), the range of targeted rate of inflation is 2-6 per cent (median rate of 4 per cent with 2 per cent swing in both directions). Normally, the Monetary Policy Committee (MPC), led by the RBI Governor, reviews the policy interest rate on the basis of the targeted rate.

With retail inflation on high side and fears over the coronavirus pandemic, the MPC is expected to lower the policy rate. The Fed has lowered the rate and the MPC is expected to take a cue from this and cut the rate for providing stimulus. After cutting policy rate by 135 basis points (100 basis points mean 1 percentage point) in 2019, MPC went for pause.  
Relief in sight

Aditi Nayar, Principal Economist at ICRA, felt that the extent of reduction in the headline CPI inflation in February, combined with an unchanged core print, will provide some relief and increase the possibility of an upfront rate

cut in the April 2020 policy review, in the light of the burgeoning risks to global and domestic growth.

“We expect the fall in crude oil prices to feed into retail diesel and petrol prices in a lagged manner over the next few fortnights, which could subsequently reverse as prices stabilise. However, prices of items such as medicines may spike in the near term, which would prevent a sharper moderation in the core CPI inflation. Overall, we expect the CPI inflation to recede to below 6 per cent in the ongoing month, led by food and fuel,” she said.

Mining-led growth of the industrial sector in January (a 4.4 per cent rise) was because of a 1.5 per cent growth in manufacturing and over 3 per cent in electricity. Eleven out of the 23 industry groups in the manufacturing sector have shown positive growth during January compared to the corresponding previous period. The industry group ‘manufacture of tobacco products’ has shown the highest positive growth of 22.8 per cent followed by 14.1 per cent in ‘manufacture of basic metals’ and 9.0 per cent in ‘manufacture of furniture.’

Source: thehindubusinessline.com- Mar 12, 2020

[HOME](#)

\*\*\*\*\*

## **Factory output in January expands amid slowdown woes; year 2020 starts on cheerful note**

India’s industrial output marginally expanded in the month of January after contracting in four out five months since August 2019. The index of industrial production (IIP) grew at 2 per cent in January, compared to a contraction of 0.3 per cent in the previous month. India is undergoing a prolonged phase of a slowdown and the manufacturing output has narrowed significantly.

However, in January, IIP for the mining, manufacturing and electricity sectors grew at 4.4 per cent, 1.5 per cent and 3.1 per cent, compared to the same month previous year. Also, the cumulative growth in these three sectors during April-January in the current fiscal grew 1 per cent, 0.3 per cent, and 0.9 per cent respectively on-year, according to the Ministry of Statistics and Programme Implementation (MOSPI).

In terms of industries, eleven out of the twenty-three industry groups in the manufacturing sector have shown positive growth during the month of January 2020 as compared to the corresponding month of the previous year. Surprisingly, the industrial production of intermediate goods grew at 15.8 per cent on-year in January.

However, the industrial production of capital goods, infrastructure goods, and consumer durables shrank in the month of January.

Source: [financialexpress.com](http://financialexpress.com)- Mar 12, 2020

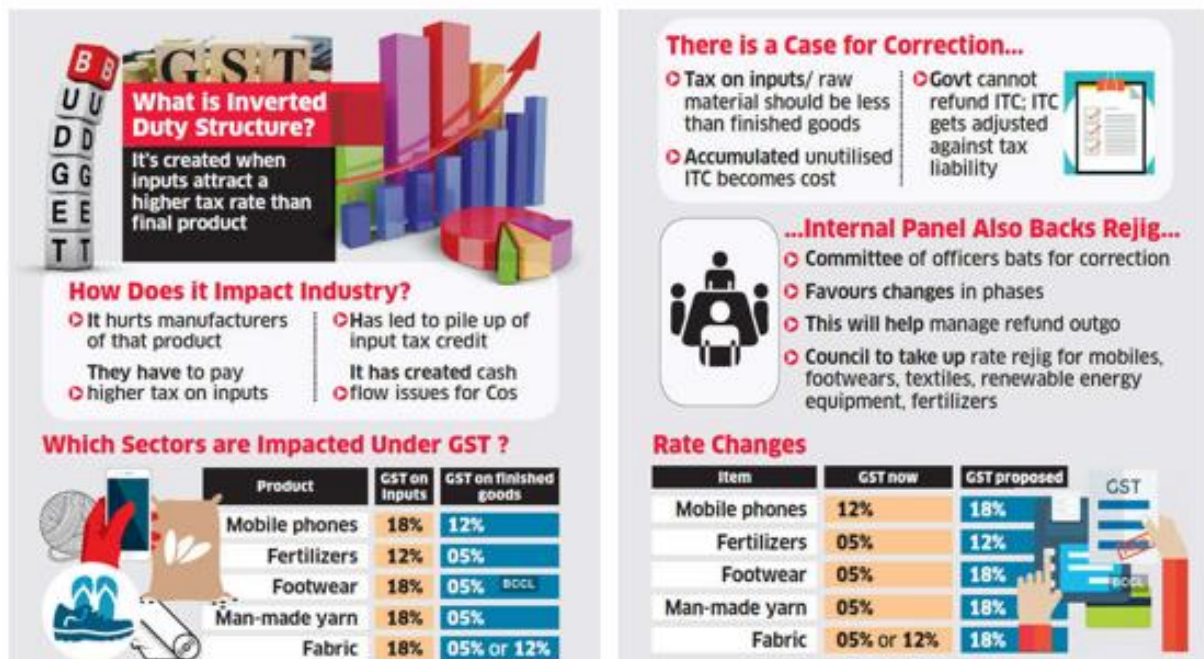
[HOME](#)

\*\*\*\*\*

## In Focus: Inverted duty structure

GST Council will take up tax structure rejig on March 14 to correct the inverted duty structure in many sectors.

ET looks at the reasons as to why there is a case for correcting the structure.



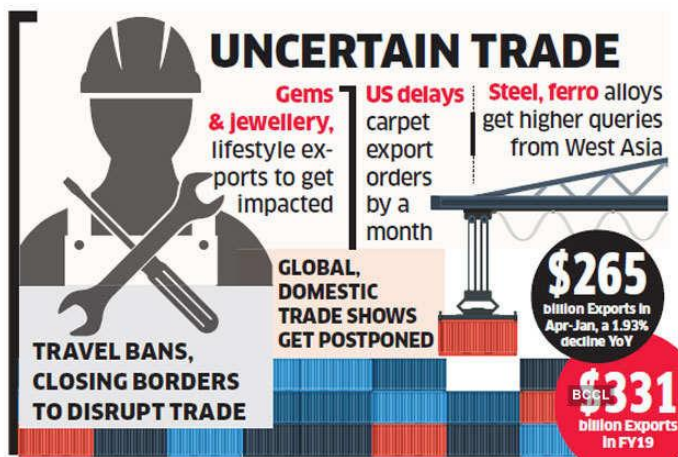
Source: [economictimes.com](http://economictimes.com)- Mar 13, 2020

[HOME](#)

\*\*\*\*\*

## Covid-19 scare: Exporters peg hit at \$1 billion

Exporters are bracing for at least a \$1 billion decline in outward shipments in February as countries close borders and order cancellations increase due to the spread of Covid-19. With labour intensive sectors like gems and jewellery, lifestyle goods, carpets and handicrafts expected to get impacted the most, traders expect the impact to come with a lead time of around three months.



“If orders are not finalised now, then there will be a lead time of three months. Remittances will be affected since only essential purchases are happening,” said Ajay Sahai, director general, Federation of Indian Export Organisations. The association has cancelled already 10 of its international shows in March and April, and two in India.

India on Wednesday suspended all tourist visas till April 15. “Our clients in the US have put their orders in abeyance. At present, orders worth Rs 1.5 crore have been put on hold for 20-30 days,” said Mahavir Sharma, founder of Jaipur-based Oscar Expo Design LLP, an exporter of wooden furniture, carpets and silver jewellery.

Lower crude oil prices, too, are expected to impact the value of exports. “Though no orders are cancelled as of now, we are struggling to sell our goods and cancellations might start showing up in the next 10-15 days,” said Ashok G Rajani, founder-chairman of Mumbai-based apparel exporter Midas Touch Exports.

Industry experts said the cancellation or postponement of exhibitions and conferences worldwide have hammered the \$2.5 trillion trade show industry.

Frankfurt's Light and Building has been postponed over coronavirus fears, and will now take place in September instead of March. Similarly, the Milan Furniture Fair, which was scheduled for the end of April has now been pushed to June.

“Demand is low on certain products such as steel and ferro-alloys because Italy is a major market,” said an Engineering Export Promotion Council official, adding that West Asia is seeking more Indian products.

“Earlier the problem was the import side but with China now stabilising, they also will have inventory that would put pressure on prices. There is uncertainty,” the official added. On the food front, industry has seen a 12-15% decline in meat exports and slowing demand for rice.

Source: [economictimes.com](http://economictimes.com)- Mar 13, 2020

[HOME](#)

\*\*\*\*\*

### **Coronavirus: Exporters seek duty reduction, logistics support from Centre**

Industry and exporters bodies on Thursday sought logistics support and duty reduction from the government to withstand the onslaught of the coronavirus outbreak (COVID-19).

At a meeting called by the commerce department, they said products that rely on imports have been affected by the outbreak.

Meanwhile, the Department of Financial Services (DFS) has asked the Insurance Regulatory and Development Authority of India (Irdai) to review existing insurance products to ensure risk cover against loss because of abnormal delay in delivery of shipments. Irdai has also been asked to modify the terms and conditions of such policies, if necessary.

Ravi Sehgal, chairman of Engineering Export Promotion Council, said there were about 30-40 per cent engineering products that were seeing increase in exports, but there were others that had imported components, and these were affected. Shipments to Iran, Italy or Southeast Asia were impacted, he said.

Sources said that for auto parts, ships were taking too long and this was affecting the production cycle, and the industry would have to spend more on air freight. “We have sought 5 per cent duty reduction to offset part of air freight cost. As for electronics, the stock will be depleted by April and a plan needs to be drawn up now,” one of those who attended the meeting, chaired by Minister of State for Commerce and Industry Som Prakash, said.

Sources said some firms had imported plant and machinery but could install these because of a lack of professionals thanks to travel restrictions. “Once it resumes, we request faster clearance for these professionals,” one person said.

Meanwhile, DFS advised all public sector undertakings to set up special cells to provide full assistance to industry segments and micro, small and medium enterprises and process their requests with sensitivity.

Banks were also requested to provide support to units that were identifying opportunities for import substitution.

Source: business-standard.com- Mar 13, 2020

[HOME](#)

\*\*\*\*\*