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INTERNATIONAL NEWS

US Textile Industry Unites to Produce PPE for the Front Lines

In factories across the U.S., textile companies have been retooling production, sometimes virtually overnight, to produce personal protective equipment (PPE) products ranging from hospital gowns and face masks to shoe covers and scrubs.

The industry is playing a critical role in the public-private partnership that has become vital in the nation's manufacturing strategy and solution to battle COVID-19 and meet the high demand for these products for those on the front lines.

"Coordinating with local hospitals, healthcare organizations, the entire U.S. production chain and federal agencies, the textile industry has been at the forefront of the incredible manufacturing effort, contributing to the country's rapid response to the rising needs of frontline workers," Kim Glas, president and CEO of the National Council of Textile Organizations (NCTO), said. "This industry has taken the lead in this effort, utilizing American manufacturing facilities and workers, despite facing many challenges in this environment.

"Our industry will continue to do all they can to serve the American people, frontline hospital workers and patients at this time," she added.

At Beverly Knits Inc., CEO Ron Sytz said the company has helped to organize a team of more than 25 companies with 4,000 textile and apparel workers to manufacture personal protective mask for HHS. Through NCTO and SEAMS [the Association and Voice of the U.S. Sewn Products Industry] Sytz said, "we continue to engage with additional companies to help fight this pandemic and flatten the curve."

"Burlington is proud to be a part of an industry with such compassion and call to action as we have seen over the last couple of weeks in the fight against COVID-19," Allen Smith, president of Burlington Safety Components & A&E–Americas, said. "Burlington is glad to offer its reusable woven products and technical expertise to those within and outside our industry who are stepping up to help produce lifesaving PPE.

Our employees are committed to the cause and working tirelessly in North Carolina to increase production, reallocate resources and support the evolving needs as much as possible."

James McKinnon, CEO of Cotswold Industries, said the company has pivoted to making PPE substrates for single use non-woven fabrics for and also for reusable PPE. "We have ramped our reusable fabric production and hope to produce 100,000 to 150,000 per week very shortly," McKinnon said.

Chuck Ward, president of Gildan Yarns, said the company is pleased to join forces with various business partners in the U.S. to reopen some of Gildan's global manufacturing facilities under a strict biosecurity protocol to produce face masks and isolation gowns in support of the fight against the COVID-19 pandemic.

"We are also proud to have donated a number of N95 protective face masks to local hospitals or health and human services organizations in the U.S. to support front line healthcare providers who continue to deliver exceptional care to patients and their families during this crisis," Ward added.

Leib Oehmig, CEO of Glen Raven and NCTO chairman, said the U.S. textile industry has emerged as a critical part of the solution in protecting frontline workers from COVID-19. "Glen Raven, through our business units, is actively working with our partners across many industries and have aligned our resources to focus on PPE inputs where we are in the best position to offer solutions," Oehmig said.

"These include inputs for gowns, face shields, mask covers and temporary structures. As part of our response, Glen Raven has organized a fabrication group with several of our customers who are producing face shields and gowns. This group is collaborating with hospital systems across the country to design and scale production of these important products."

Schneider Mills has hurried orders of fabric for the outdoor shelters flanking medical facilities across America.

"Demand in lightweight rip-stop fabrics being used for medical gowns and lightweight tents has increased, as well," said Curt Parker, vice president of operations at Schneider Mills. "We are continuing to supply to the medical tape industry for 3M. We are responding to a new customer for barrier fabrics in the medical end uses.

We are pleased to be doing all we can to support our country in this war with COVID-19. Our employees are putting forth great efforts in these changes as they occur rapidly."

The Lycra Company, the only spandex producer in the U.S., is supplying that fiber, nylon and other quality fibers to value-chain customers.

"We are encouraged by the quick action of many of our customers who have shifted production to produce masks and other protective devices," said Julien Born, president of apparel for Lycra Co.

Unifi Inc. has more than 100 customers producing masks, gowns and other PPE needed by first responders, medical personnel and military in need of gear to support their response to the pandemic, said Tom Caudle, the fiber maker's president and chief operating officer.

Source: sourcingjournal.com - Apr 13, 2020

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USA: Apparel Imports from China Plummeted 46% in February as COVID-19 Crippled Trade

As COVID-19 started to spread around the world in the first two months of the year and began to reach the U.S. in February, its impact on apparel imports was staggering.

Apparel imports to the U.S. from the world declined 11 percent in February to $5.91 billion compared to the same month last year, according to the Commerce Department's Office of Textiles & Apparel (OTEXA). Apparel imports from China–still the top supplier but falling fast–plummeted 46 percent in the same comparison to $1.08 billion, OTEXA reported, as the nation's factories shut down to stem the spread of a coronavirus outbreak that has since become a full-blown pandemic.

China's shipments to the U.S. have generally been weak since the trade war between the two countries erupted, but not to this degree. Similar or worse numbers are expected for March because, while Chinese factories began to open up, myriad U.S. and European stores shut down, severely diminishing demand.

Among the Top 10 suppliers, there were increases from Asian and Western Hemisphere countries and decreases from others. Second-place supplier Vietnam saw its apparel shipments to the U.S. increase 2.8 percent in February compared to a year earlier to $1.06 billion, while imports from No. 3 Bangladesh rose 4.8 percent to $528.48 million.

According to the annual Kearney U.S. Reshoring Index, U.S. companies in 2019 sourced substantially fewer manufactured goods from 14 traditional Asian trading partners, seemingly as a direct result of aggressive U.S. government trade policies. The ongoing trade war sent the Reshoring Index to a record high in 2019.

Kearney, a global management consulting firm that calculates the index, attributed much of the big 2019 shift to a 17 percent decline in U.S. imports of manufactured goods from China, which has long been the leading choice for offshore production, especially for apparel and footwear.

At the same time, manufactured imports from Vietnam and Mexico both increased last year, illustrating that U.S. companies were starting to significantly adapt their sourcing strategies even before the COVID-19 crisis began disrupting global supply chains early in 2020, Kearney said.

"Much of China's loss was Vietnam's gain," said Patrick Van den Bossche, Kearney partner and co-author of the study. "Of the $31 billion in U.S. imports that shifted from China to other Asian LCCs, 46 percent) was absorbed by Vietnam, which exported $14 billion more manufactured goods to the U.S. in 2019 than it did in 2018."

Looking at year-to-date apparel imports among the other major Asian suppliers, Indonesia's fell 1.85 percent to $786 million, India's inched up 0.9 percent to $760 million, Cambodia's jumped 24.81 percent to $524 million and Pakistan's dipped 0.04 percent to $238 million.

Among the major Western Hemisphere suppliers, imports from Honduras increased 4.16 percent in the first two months of the year to $376 million and shipments from El Salvador were up 2.9 percent to $271 million. Apparel imports from Mexico, on the other hand, dropped 11.54 percent in the period to $441 million.

In a separate report from the U.S. Census Bureau and Bureau of Economic Analysis, the U.S. trade deficit declined $5.5 billion to $39.9 billion in February. February exports were $207.5 billion, or $800 million less than

January exports, and February imports were $247.5 billion, or $6.3 billion less than the prior month.

This reflected a decrease in the goods deficit of $5.9 billion to $61.2 billion and a decline in the services surplus of $400 million to $21.3 billion.

The trade deficit with China decreased $4 billion to $19.7 billion in February. Exports fell $300 million to $7.5 billion and imports declined $4.2 billion to $27.2 billion.

Source: sourcingjournal.com - Apr 13, 2020

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How covid-19 is transforming global manufacturing

As the covid-19 pandemic escalates, the risks inherent in global supply chains are more apparent than ever. Rather than await a return to business as usual, with manufacturing activities concentrated in countries where labour is cheap and plentiful, advanced-economy companies are shifting their focus to the lowest-wage workers of all: robots.

Firms began relocating production to low-wage countries in the early 1990s, aided by the fall of the Iron Curtain, China's global integration and eventual accession to the World Trade Organization, and the rise of containerization. The period between 1990 and the 2008 global financial crisis has been called an era of hyper-globalization in which global value chains accounted for about 60% of global trade.

The 2008 global financial and economic crisis marked the beginning of the end of this era of hyper-globalization. In 2011, global value chains stopped expanding. They have not grown again since.

This reversal was driven by uncertainty. From 2008 to 2011, the World Uncertainty Index—constructed by Hites Ahir, Nicholas Bloom, and Davide Furceri—increased by 200%. To compare, during the 2002-03 outbreak of [the] Severe acute respiratory syndrome, or Sars, the World Uncertainty Index rose by 70%. After the United Kingdom voted in 2016 to leave the European Union, the World Uncertainty Index surged by 250%.

When uncertainty rises, global value chains suffer. Based on past data, one can predict that a 300% increase in uncertainty—as the covid-19 pandemic seems likely to produce—would reduce global supply-chain activity by 35.4%. Firms no longer consider the cost savings of offshoring to be worth the risk.

At a time when adopting robots is cheaper than ever, the incentive to reshore production is even stronger. The arithmetic is simple. A company in, say, the United States of America would have to pay an American worker a lot more than, say, a Vietnamese or Bangladeshi one. But a United-States-of-America-based robot would not demand wages at all, let alone benefits like health insurance or sick leave.

Investment in robots is not new. Advanced-economy firms have been pursuing it since the mid-1990s, led by the automotive industry, which can account for 50-60% of a country's robot stock.

In Germany—a global leader in robot adoption—robots per 10,000 workers in manufacturing stood at 322 in 2017. Only South Korea (with 710 robots per 10,000 workers) and Singapore (with 658 robots per 10,000 workers) have a higher ratio. The United States of America has 200 robots per 10,000 workers.

In fact, when the 2008 crisis struck, some countries, such as Germany, already had enough robots to minimize the importance of labour costs in production. Many others, aided by the sharp post-2008 decline in interest rates relative to wages, boosted robot adoption and reshored a larger share of production.

The same is likely to happen today. Based on monetary policy so far, a 30% drop in interest rates can be expected, as central banks try to offset the damage of the covid-19 pandemic. Past data indicate that this could bring a 75.7% acceleration in robot adoption. (It will not bring an unbridled boom in robot adoption, because rising uncertainty also deters investment.)

This trend will be concentrated in the sectors that are most exposed to global value chains. In Germany, that means autos and transport equipment, electronics, and textiles—industries that import around 12% of their inputs from low-wage countries. (Overall, the German economy imports 6.5% of the inputs it uses.)

Globally, the industries where the most reshoring activity is taking place are chemicals, metal products, and electrical products and electronics. The chemical industry stands out as the top reshorer in France, Germany, Italy and the United States of America.

This trend poses a major threat to many developing countries' growth models, which depend on low-cost manufacturing and exports of intermediate inputs.

In Central and Eastern Europe, some countries have responded to this challenge by investing in robots themselves. The Czech Republic, Slovakia, and Slovenia (which have large foreign-owned auto sectors) now have more robots per 10,000 workers than the United States of America or France. And the strategy seems to be working: they remain an attractive offshoring destination for rich countries.

Low-cost manufacturing hubs in Asia may have a harder time, especially in the wake of the pandemic. China, which secured its economic rise by establishing itself at the centre of many global value chains, will face particularly serious challenges, despite its plans to shift to higher-value-added activities and boost domestic consumption.

Between rising protectionism (especially in the United States of America under President Donald Trump) and the covid-19 pandemic, the advanced economies seem to be geared up for a manufacturing renaissance.

But while this may reduce risks for large firms, it probably will not benefit very many advanced-economy workers, let alone the developing countries from which production is being shifted. For that, governments will need to implement policies suited to this new economic order.

Source: livemint.com - Apr 13, 2020

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USA: Why Cotton Prices Will Likely Stay at Record Lows Even When Demand Returns

While there might be a pent-up demand if and when the global and U.S. economies are jolted back to life, there's also going to be a glut of supply, meaning cotton prices likely won't see any rebound from record low levels, Cotton Incorporated said in a new report.

Many companies hit by the coronavirus pandemic in the U.S. and Europe have set plans to restrain spending and preserve cash, meaning lean inventories when the eventual recovery arrives, Cotton Inc. noted.

Unlike the recovery that followed the last global recession, when low manufacturer and retailer inventories were paired with a surge in demand as economic conditions began to improve and cotton prices spiked, when the current global coronavirus pandemic subsides and business activity picks up, the group anticipates a surge in demand through emptied supply chains.

Cotton Inc. said cotton fiber supplies should be plentiful in the recovery that eventually surfaces. Due to high prices for corn and soybeans and low prices for cotton, global cotton acreage and production declined successively in the three years before the spike.

This caused the global stocks-to-use ratio to drop to below 40 percent in 2009-10. In contrast, the current stocks-to-use ratio for 2019-20 is 83 percent, indicating more than double the level of available supply relative to use.

The U.S. Department of Agriculture (USDA) released planting estimates for the U.S. at the end of March suggesting U.S. acres would be nearly unchanged year-over-year. If a similar pattern is maintained in other major producing countries for 2020-21, another major surplus could emerge next crop year, Cotton Inc. said.

Specifically, the USDA report featured a record downward adjustment to demand. Global mill use was lowered 7.6 million bales relative to last month to 110.6 million bales. If realized, this would be the lowest level since 2013-14, when, following the price spike, mill use was below 110 million bales between 2011-12 and 2013-14.

"Such a surplus, when added to the high level of 2019-20 ending stocks that will be carried forward, makes the prospect of another price spike in the economic recovery that follows the current crisis appear unlikely," the report said. "Nonetheless, significant upward pressure may develop in garment sourcing costs. This upward pressure could result from competition for order completion. Competition can be expected to result from the traditional surge in demand through supply chains with lean inventories."

However, the current downturn is already remarkable for the "depth of its descent," Cotton Inc. said. This could be compounded by the likelihood that there might be fewer textile manufacturers in business to take orders.

"It remains to be seen what support measures may be offered to emerging markets and how many manufacturers in those countries may be forced to close," the report said. "If closures are widespread, global manufacturing capacity may require several years to rebuild."

This comes as supply has already outstripped demand. All benchmark prices fell over the past month, said the April 10 report. The May New York futures contract dropped to 53 cents per pound from 61 cents, and the Cotlook A Index, an average of global prices, fell to 64 cents from 72 cents.

U.S. spot cotton prices averaged 47.85 cents per pound for the week ended April 9. The weekly average was up from 45.13 the prior week, but down from 72.51 cents a year earlier.

Source: sourcingjournal.com - Apr 13, 2020

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USA: Mattress alliance, petitioners square off over antidumping

Antidumping mattress moves could impact efforts around COVID-19 relief

A new group says that antidumping mattress moves would limit its ability to provide mattresses for COVID-19 relief efforts.

But supporters of the antidumping petitions, which target imports from Vietnam, Thailand, Turkey, Serbia, Malaysia, Indonesia and Cambodia, say that U.S. bedding producers have the capacity to meet all of the country's relief needs.

The two groups are squaring off in a high-stakes battle that could transform the mattress importing landscape.

Alliance accusations

The recently formed American Mattress Alliance, which represents Ashley Furniture, Malouf, Maven and MLily USA, among others, launched a broad attack on the antidumping petitions, calling them abusive, immoral and a disheartening distraction.

"The coronavirus is battering the U.S. economy and endangering American jobs," said Brian Adams, Ashley's vice president of international sourcing operations and regulatory affairs. "Now my industry is fighting a new battle against an antidumping case targeting seven countries that make up a small, but critical 22% of the U.S. mattress market. It's disheartening that these corporations are actively working to limit incoming mattresses that are so crucial to fighting COVID-19 and saving lives."

Added Sam Malouf, CEO of Malouf: "We were slapped in the face with this petition that is working against us as we race to get beds in hospitals. We don't need this distraction. We don't need to be pulled from the front lines. We need this International Trade Commission case stalled now. We need to focus on the crisis at hand."

Medical-grade mattresses, needed for COVID-19 relief efforts, are among the imports that new antidumping petitions aim to bar, according to the AMA. That group says the antidumping push would impose "insurmountable tariffs up to 1,008%."

It says the seven countries represent 83.3% of all mattress imports in the U.S. in 2020.

News agencies are reporting that beds are one of the most essential medical devices hospitals need now. COVID-19 projections from the Institute for Health Metrics and Evaluation indicate American hospitals will not have 87,674 hospital beds and 19,863 intensive care unit beds in time to save lives, according to the AMA.

If this International Trade Commission case reaches the preliminary hearing on April 21, “it ends U.S. importers’ ability to supply mattresses to help throughout the pandemic,” the AMA said in a statement.

The antidumping petitions were filed with the ITC by a group of U.S. bedding companies including Brooklyn Bedding, Corsicana Mattress Co., Elite Comfort Solutions, FXI Inc., Innocor Inc., Kolcraft Enterprises Inc. and Leggett & Platt.

Those petitioners are suppliers and producers for major mattress brands such as Tempur-Pedic, Serta, Simmons, Sealy, Casper, Purple, Tuft & Needle and others, the AMA said.

The group said that imported mattresses “make up a significant percentage of beds in hospitals.”

Petitioners response

But the president of the bedding industry’s trade association, the International Sleep Products Assn., said the mattress industry is doing its part to keep the supply chain of critical goods moving during the COVID-19 crisis.

Ryan Trainer, ISPA’s president, said ISPA’s North American members “have the capacity, materials and workforce to meet America’s needs.” With plants in all major metropolitan areas and in most states, ISPA manufacturers can make and ship products almost immediately, he said.

“As the world faces the most challenging health care crisis in modern history,” Trainer said, “the mattress industry is doing its part by keeping the supply chain of critical goods moving, here and abroad. The global pandemic has caused temporary furloughs, but workers stand ready to be called to action to meet these important needs.”

He added that the mattress industry “is already responding” to the COVID-19 crisis. “Manufacturers have donated thousands of mattresses targeting areas of acute need,” Trainer said. “Others are making and delivering mattresses and beds that the health care system needs now and over the longer term.”

The antidumping petitioners also responded to the claims made by the AMA.

“The filing of this petition has no negative impact on America’s COVID-19 response,” they said in a statement. “In fact, the need to preserve U.S. manufacturing capabilities is never more apparent than in crucial moments like this. Contrary to what others might say, neither the availability or pricing of imported mattresses is immediately impacted by the filing of a case as no duties can be imposed for at least four months.”

In a separate statement, Leggett & Platt said the AMA “is attempting to sensationalize this story and induce unwarranted panic.” The company added: “What they are advocating for is unfettered access to the U.S. market, even for imports that violate U.S. trade laws and injure American workers.”

L&P said the timing of the antidumping petitions had “nothing to do” with COVID-19 relief efforts.

Source: hometextilestoday.com - Apr 12, 2020

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S Asia might experience worst performance in 40 years: WB

The unfolding economic crisis due to the ongoing Covid-19 pandemic is unique in several ways, and South Asia might experience its worst economic performance in 40 years, the World Bank has said in its latest report. It estimates that regional growth will fall to a range between 1.8 and 2.8 per cent in 2020, down from 6.3 per cent projected six months ago.

"The dire forecast is based on the analysis of several adverse impacts. South Asia finds itself in a perfect storm. Tourism has dried up, supply chains have been disrupted, demand for garments has collapsed, consumer and investor sentiments have deteriorated, international capital is being withdrawn and inflows of remittances are being disrupted. On top of the deterioration of the international environment, the lockdown in most countries has frozen large parts of the domestic economy," the World Bank said in its report South Asia Economic Focus, Spring 2020: The Cursed Blessing of Public Banks.

The report anticipates a sharp economic slump in each of the region's eight countries, caused by halting economic activity, collapsing trade, and greater stress in the financial and banking sectors. In the current fast-changing and uncertain context, the report presents a range forecast, estimating that regional growth will fall to a range between 1.8 and 2.8 per cent in 2020, which would be the region's worst performance in the last 40 years, with temporary contractions in all South Asian countries.

In case of prolonged and broad national lockdowns, the report warns of a worst-case scenario in which the entire region would experience a negative growth rate this year. This deteriorated forecast will linger in 2021, with growth projected to hover between 3.1 and 4.0 per cent, down from the previous 6.7 per cent estimate.

"The priority for all South Asian governments is to contain the virus spread and protect their people, especially the poorest who face considerably worse health and economic outcomes," said Hartwig Schafer, World Bank vice president for the South Asia Region. "The COVID-19 crisis is also an urgent call-to-action moment to pursue innovative policies and jumpstart South Asian economies once the crisis is over. Failure to do so can lead to long-term growth disruptions and reverse hard-won progress in reducing poverty."

To minimise short-term economic pain, the report calls for establishing temporary work programmes for unemployed migrant workers, enacting debt relief measures for businesses and individuals, and easing inter-regional customs clearance to speed up import and export of essential goods.

Once lockdown restrictions are loosened, South Asian governments should adopt expansionary fiscal policies combined with monetary stimulus to keep credit flowing in their economies. Since many South Asian countries have limited fiscal space, these policies should target people worst hit by the freeze on economic activity. The report urges governments to "adopt temporary spending measures and coordinate with international financial partners to avoid unsustainable long-term debt levels and fiscal deficits."

"After tackling the immediate Covid-19 threat, South Asian countries must keep their sovereign debt sustainable through fiscal prudence and debt relief initiatives," said Hans Timmer, World Bank chief economist for the South Asia Region. "And looking beyond the present crisis, lie great opportunities to expand digital technologies for payment systems and distant learning to unlock remote areas in South Asia."

Source: fibre2fashion.com- Apr 13, 2020

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CHIC Shanghai postponed till July in Shenzhen

China International Fashion Fair (CHIC) Shanghai, Asia's leading fashion and lifestyle fair, has announced that its March event has been postponed and it will take place in Shenzhen in July. CHIC organisers have reported that due to the global corona epidemic, CHIC Shanghai could not be held as planned from March 11-13, 2020 in Shanghai.

Organisers further reported that it is not possible to have a catchup date of the spring event of CHIC March before the autumn event of CHIC September in Shanghai due to logistical reasons.

"For our exhibitors and visitors, the industry and trade, the contact with the market is essential. It is important to start business again as soon as possible and to find the way back to normal. By exceptionally holding the spring event of CHIC Shanghai in Shenzhen in July, CHIC as a longstanding partner of the industry wants to provide it with the necessary platform to do so," Chen Dapeng, president of CHIC and China National Garment Association, said in a press release.

The originally planned event space for the premiere of CHIC Shenzhen from July 15-17, 2020 will be expanded by 10,000 square meters to 40,000 square meters. The trade show location Shenzhen is considered China's "boomtown" and one of the most dynamic cities in the world.

The China National Textile and Apparel Council's "Greater Bay Textile & Apparel Expo" will combine a total of four trade shows: China International Fashion Fair 2020 in Shenzhen (CHIC Shenzhen), Intertextile Shenzhen Apparel Fabrics, PH Value (Shenzhen) and Greater Bay Area International Trade Fair for Fibres and Yarns.

CHIC is closely linked to the fashion and textile industry clusters in the Pearl River Delta region and offers market opportunities in particular for the regions of Guangdong - Hong Kong - Macau - Greater Bay.

According to the organiser, all CHIC product areas will be realised in halls 9 and 11 of the Shenzhen World Exhibition & Convention Centre: CHIC Tailoring, Urban View (menswear), New Look (womenswear), Impulses (designer area), CHIC Kidz, CHIC-Young Blood, CHIC Worldwide (international participation) in Hall 9 and Denim World, Secret Stars (accessories), Bags & Shoes, Heritage (leather, fur and down), ODM in Hall 11.

CHIC Shows and CHIC Talk will also be presented in Shenzhen. At the same time, CHIC offers the opportunity to take part in CHIC Online from April 22-24, 2020.

Source: fibre2fashion.com- Apr 13, 2020

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COVID-19 hits China's textiles, apparel exporters hard

The Shanghai New Union Textra Import and Export Co says, Chinese textiles and apparel exporters have taken a heavy hit from COVID-19, with most international orders postponed and profits expected to slump around 50 percent. The company reported no new orders, while deliveries of some orders have been postponed. It noted that prospects for the second half are also very pessimistic. The severe situation is more apparent in Keqiao District in East China's Zhejiang Province, dubbed the international textiles capital.

The company currently holds overseas orders for 500,000 to 600,000 garments, but he faces the dilemma of whether or not to carry out the orders. It exported a 20-foot-equivalent-unit (TEU) of clothes every one to three days before the virus, but now it only exports 1 TEU every one to two weeks.

According to a report from the China Federation of Logistics & Purchasing, China's textiles industry has seen overseas orders canceled on a large-scale as the global situation deteriorates, and domestic machinery, auto and home appliance exports may also be impacted in the future.

Faced with this plight, some have supported favorable policies like a low interest rate to avoid credit risks, but many have chosen to rely on themselves. Some apparel exporters that have had no orders are idling employees and paying minimum salaries.

Source: fashionatingworld.com - Apr 13, 2020

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Britain's textile industry gets an unexpected boost from COVID-19

The coronavirus outbreak is a human tragedy and an economic disaster, but some businesses could in the long term do quite well out of it. Take Britain's textile industry. Throughout the 1990s, British textile companies lost a lot of business to China as clothing retailers and brands in the United Kingdom turned en masse to the Far East for cheaper production.

But now the disruption in trade with China has made some of those retailers reconsider the wisdom of having long supply chains, and they've been turning back to British manufacturers.

"We've been getting a lot of inquiries solely due to the fact that retailers and brands need to be spreading their risk and placing orders locally and making sure the shops aren't empty," said Bhavik Master, boss of Paul James Knitwear, a knitted apparel manufacturer in the city of Leicester in the English Midlands.

Suddenly, security of supply — and not cost — is paramount. Although his factory is currently shuttered and his staff furloughed, Master expects a surge in firm orders as soon as the coronavirus crisis subsides.

"I think we'll be stepping up production by at least 20 to 30%," he told Marketplace.

Other textile companies in Leicester are also getting a boost from COVID-19, the disease caused by the new coronavirus. Alkesh Kapadia of Barcode Design, another local fashion manufacturer, said that he'd received a flood of orders from worried customers.

"They are concerned about getting stuff from China," he said.

Manufacturers like Master and Kapadia have their own supply chain worries. Many of their raw materials come from abroad and from countries that have been hard hit by the coronavirus. Italy, for example, is a major supplier of yarn.

But Kate Hills of Make It British, a manufacturing advocacy group, said that British clothing retailers and brands are now focused on sourcing their fabrics domestically "so that in future the whole garment can be made in the U.K."

When the disease finally recedes, won't all these supply chain anxieties subside, too? Hills thinks not.

"I think the coronavirus is going to change the clothing industry's mindset," she said. "The industry will ask, 'Do you want all your products made somewhere like China, or should you spread your risk and start making at least a percentage of your products much closer to homer, in the U.K.?'"

One of the biggest economic casualties of the crisis could be the international supply chain, and that, Hills believes, will help Britain's textile manufacturers.

Source: marketplace.com - Apr 13, 2020

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Brands should support suppliers so they can fight back post pandemic

The world economy is turmoil due to this virus. As most of the Asian country's economy is manufacturing-based and nearly all kinds of raw materials supplied by China for all types of industry including textile and apparel factories got stuck for the last 3-4 months.

Now, most of the apparel brands canceling or halting their orders though some of the big retailers like H&M, M&S, PVH, Inditex, KIABI, etc. assured to receive the finished and work-in-process goods. But they are not going for new orders as almost all stores of the brands closed down due to lockdown in the countries.

Asian manufacturers mostly export to USA and EU countries and right now the deadly virus is drifting its rampage in these countries. Only in the USA, almost half a million people have been affected, Italy and Spain also hit hard by this virus thus the regular life is stuck there and manufacturers from Asia are remaining idle. Though the situation in China is getting normal and they have started importing and exporting.

Bangladesh is the 2nd largest apparel manufacturer in the world after China but like China, it has no safe exit from this pandemic. Already $3 billion worth orders have been canceled and in a recent interview to a journal, Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said, "We also have a cumulative liability of the unfinished goods, so the liability is probably going to be running up to almost $10 billion" which is almost one-third of this country's total export.

World Trade Organization (WTO) unveiled a scary PR on 8 April where it indicted that including apparel and textiles, overall global trade could drop between 13 and 32 percent due to the Coronavirus pandemic this year.

So, a country like Bangladesh, Vietnam, Cambodia, Myanmar, etc. those economies mostly depends on apparel goods export are yet to suffer more in the coming days. Because globally peoples are right now not bothered about fashion, health issue and survival is the priority here.

Governments are giving bailout packages and low-interest loan facilities to the business entities. But how much long developing and under-developing country economy can hold this facility that is the issue now.

In this regard, Rubana Huq said well, "I think it's a different reality for people in the West because you are being given bailout packages by the government, the government is looking after businesses, so I don't think it's very wise of us to assume that they're in a worse position, because most of their conversations are starting from a loss of profit and here it's probably a loss of breath."

Therefore, the retailer companies should play a vital role here by giving basic support to their suppliers as they can survive this turmoil period. Because after this pandemic, these manufacturers definitely will manufacture for them and the workers will live their life by giving their labor, flesh and blood.

Source: textiletoday.com.bd- Apr 11, 2020

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Bangladesh: Coronavirus outbreak: Rights bodies express concern over '10,000 RMG workers laid off'

Three rights platforms for the garment sector in a joint statement expressed concern over the termination of 10,000 workers from different garment factories following the coronavirus outbreak.

The rights groups -- Bangladesh Garments and Industrial Workers Federation (BGIWF), Bangladesh Independent Garment Workers Union Federation (BIGWUF) and Bangladesh Centre for Workers Solidarity (BCWS) -- issued the statement on Sunday saying some 10,000 workers have been terminated from different factories in Dhaka, Ashulia, Savar, Gazipur, Narayanganj and Chattogram.

They said the lay-offs have stoked fears among workers during this crisis.

In the statement, the groups demanded payment of the workers' wages for March and for reinstatement of those terminated.

The rights groups also urged international retailers and brands not to cancel work orders from factories in Bangladesh, threatening to mount pressure if work orders were cancelled.

They also urged factory owners to confirm full payment to workers whose service period has been less than a year, highlighting that some factories had not paid such workers in full.

Babul Akhtar, general secretary to BIGWF, Nomita Nath, president BIGWUF and Kalpona Akter, executive director of BCWS, signed the joint statement.

Garment Sramik Adhikar Andolon, another rights group, in separate statements to Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association, placed a six-point demand to salvage the situation for workers and the garment sector.

The group suggested factory owners to allow three months' paid leave to the workers and not terminate any of their jobs. They also asked that a food rationing programme be started for the workers.

They further demanded owners, buyers and the government to form a healthcare fund for the workers.

In regards to those terminated, Rubana Huq, BGMEA president, said a list should be made of those laid off, adding, "We should collectively study the list... with caution."

"Although we have requested all members not to terminate [workers], there's a reality that is out there," she said, adding that there is uncertainty from brands about all present orders, work in progress and future placements.

Factories have no control over what is happening, she said.

Source: thedailystar.net- Apr 13, 2020

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Bangladesh Factories to Close Through End of April as Coronavirus Cases Accelerate

With both orders and workforce numbers shrinking and coronavirus cases swelling, export association leaders in Bangladesh have decided to close garment factories across the apparel sourcing powerhouse.

Factories will be shuttered through April 25, in line with the government's extended lockdown, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) said in a joint statement Friday.

Some garment factories had still been open after Prime Minister Sheikh Hasina's March 26 lockdown notice, as BGMEA president Rubana Huq told Sourcing Journal at the time, "They have not been included in the list of compulsory closure and hence factories are independent and can use their own discretion."

She added then, however, that 30 garment factories had closed because order cancellations had left little work, and many unoccupied workers had been requesting factory closure so they could return to their villages in the interim. Those numbers have only escalated since. So have the order cancellations.

As of last week, nixed or paused orders from big brands and retailers had climbed to more than $3 billion, with more than 1,000 garment factories impacted. Those cancellations are causing a cash crisis for factories that rely on these orders to continue paying workers, many of whom already live in poverty.

COVID-19 is causing a humanitarian crisis in a country where one in four people lived in poverty in 2016, according to the World Bank. Garment manufacturing, which accounts for 84 percent of Bangladesh's exports, has ushered many there into improved conditions, but more recent reports still say just 15 percent of the population makes more than $5.90 a day—a fact that means many garment factories can't stomach the blow they're being dealt.

And coronavirus cases in Bangladesh are starting to climb.

Between Saturday and Sunday, the World Health Organization (WHO) reported 197 new cases in the country, bringing its total to 621 with 34 deaths. The day before that, Bangladesh was reporting just 94 new cases. In reality, the numbers are likely higher than WHO's reports as the rate of testing is still ramping up.

Deaths have already hit the garment sector, according to BD News 24.

“The number of factories still operating dropped to 26 on Thursday as an entrepreneur died from the coronavirus at a hospital in Dhaka,” the news source reported. “A worker also died of COVID-19, the respiratory illness caused by the virus, at his home in Patuakhali on return from his plant in Narayanganj, where he fell ill.”

The situation in South Asia seems to be escalating quickly, and many are worried slums in the countries, where social distancing is impossible, could be coronavirus superspreaders. The villages factory workers will now be returning to could soon start to see COVID-19 cases escalate, too.

In Pakistan, confirmed cases have reached 5,038, 250 of which were reported Saturday, and 86 have already died there. In India, there are now 8,356 people confirmed as infected with the virus, with 909 new cases reported between Saturday and Sunday, and a total of 273 deaths. Indian Prime Minister Narendra Modi is expected to extend the country's 21-day lockdown that would have ended Tuesday, meaning factories there will continue to be closed for what may become an indefinite period if the spread can't be staunched.

Source: sourcingjournal.com- Apr 13, 2020

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Pakistan: Signs of lockdown fatigue

LIKE most nations, Pakistan sealed its borders with neighbouring countries to combat the Covid-19 pandemic. Within the country, a lockdown was announced for 15 days with effect from March 22 and was later extended to April 14.

Notices came pouring in on the Pakistan Stock Exchange (PSX) with dozens of listed companies announcing "suspension/temporary closure of their production facilities" in compliance with the directives of provincial governments. A few stipulated the date for the resumption of activities, but most stated "until further notice".

By the end of last week, 92 listed companies had forwarded notices to the PSX, declaring that their production had ground to a halt. They included units from all sectors: eight automobile assemblers, including Honda Car, Indus Motors and Pak Suzuki. A large number of engineering-sector companies, auto-part makers, chemical firms and glass and ceramics entities filed similar notices. Four cement plants — Attock, Bestway, Maple Leaf and DG Khan — also dispatched such notices. More than a quarter of the companies that pulled shutters were from the textile (composite and spinning) sector.

The federal and Sindh governments do not see eye to eye on the matter of lockdown. The prime minister believes "the economic and social impact of the coronavirus outbreak is a greater crisis than the pandemic itself" while the Sindh chief minister shudders at the thought of an unmanageable number of coronavirus cases in a medically ill-equipped port city of millions of people. While Islamabad recommends the rollback of the lockdown from April 15, the Sindh government is adamant that people should stay indoors for another 15 days.

Topline Securities in a recent report stated that the brokerage expected six weeks of strict lockdown till the end of April and a gradual lifting of restrictions over the next two months with the situation starting to normalise post-June. "We expect industries to be operating … at 70pc by September and 85pc by December; all of that resulting in an estimated average production loss of 35-40pc in (the last) nine months of 2020."

A senior stock strategist said the lockdown had already done immense damage to company earnings. "A back-of-the-envelope calculation shows that corporate earnings for the current year would be eroded by 15-20pc from the previous estimates made three months ago," he cautioned. Taha Khan Javed of Al Meezan Investments concurred.

He maintained that companies would have to bear losses owing to plant shutdowns. "Even when the lockdown restrictions are eased later in the month, economic activity will remain on the lower side for the overall quarter."

Employers' Federation of Pakistan (EFP) President Majyd Aziz says he finds himself between a rock and a hard place. On March 23, the Sindh government restrained employers throughout the province from terminating the services of their employees and directed them to pay their wages notwithstanding the fact whether they were attending duties. Mr Aziz is displeased: "Businesses are run for profits and it is the fundamental right of the employer to decide about operating the mills and to hire and fire the labour force," he said.

He argued that many companies wanted to see the wheels of mills turning but were hard-pressed for cash while other mused over maintaining social distancing when production lines were rolling. Due to depressed export demand, factories could not be expected to run on full capacity. "Industrialists worry where they will sell their products," he said.

Regarding foreign buyers of textiles, Mr Aziz said there were four categories: those who cancelled orders, those who have put them on hold, those have asked textile makers to continue filing orders and those who stand by their commitment and require the local producer to ship the product.

A source at the Federation of Pakistan Chambers of Commerce and Industries (FPCCI) said that its senior officials met the chief secretary of Sindh last week. Issues discussed and agreed upon included opening the industries where workers live within factory premises, packing material factories, export industries where consignments are ready for shipment and those that have orders in hand, and factories in the export-processing zones. They also agreed to open all factories and businesses on 30pc capacity utilisation upon compliance with social distancing and health precautionary measures.

A day before the government announced a hefty package for the labour-intensive construction industry, the lockdown from the cement industry was lifted. A notice to the PSX by DG Khan Cement conveyed the good news to its stockholders: “In view of the relaxation allowed to the construction industry from the current situation of lockdown due to Covid-19 by the authorities, DG Khan Cement has resumed production processes at its plant site at Khofli Sattai, Dera Ghazi Khan.” Maple Leaf Cement announced on April 7 that it had resumed production operations at its plant located at Iskandarabad in Mianwali.

Sources say that certain textile mills in Sindh tried to defy lockout orders last week. But they soon found men of law knocking on their doors and received heavy fines. The parliamentary committee on Covid-19 was informed on April 9 the government was reopening low-risk industries to ensure the supply of essential commodities.

Source: dawn.com- Apr 13, 2020

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NATIONAL NEWS

TEXPROCIL seeks relief package for exporters

Stating that exporters are under severe financial constraints with many of them finding it extremely difficult to pay salaries and wages to the workers for the lockdown period as per the Government's directives, The Cotton Textiles Export Promotion Council (TEXPROCIL) has urged the government to immediately announce relief package for exporters.

Textiles and clothing exporters are passing through unprecedented times, as they have closed down their production facilities due to the lockdown on account of Covid-19 pandemic, said TEXPROCIL chairman KV Srinivasan. He pointed out that overseas buyers are cancelling orders on a large scale and even payments are not being released by the buyers to the exporters on shipments already made. Further, there is an uncertainty as to when the situation will be back to normal.

"Exporters are keenly looking forward towards the announcement of a financial package by the Government immediately without any delay to sustain and survive in exports business," Srinivasan said in a press release.

He urged the government to provide interest free working capital term loans to the exporters to cover the cost of salaries and wages.

"Exporters are facing huge problems as their buyers are delaying payments against export bills for shipments already made. On the other hand, most of the exporters have entered into forward contracts with the banks and now they are unable to surrender the committed amounts on foreign exchange under these contracts due to delay in receiving the payments. As a result, exporters have to face huge losses as they are forced to either cancel or roll over the forward contracts which involves penalty and other charges," the release said. Srinivasan suggested that banks should not charge penalty for the cancellation or roll over of forward contracts entered with them by the exporters.

For the Spinning sector, Srinivasan requested inclusion of cotton yarn under the MEIS and the RoSCTL scheme since these schemes now stand valid, as the validity of the Foreign Trade Policy has been extended till March 31, 2021. He also urged inclusion of fabrics under the RoSCTL scheme.

To address the liquidity problems being faced by the exporters, Srinivasan urged the government to release all pending claims under the TUF scheme and the erstwhile ROSL scheme for made-ups and garments, automatic enhancement of bank limits for the exporters by 25 per cent and the extension of the Interest Equalization Scheme beyond March 31, 2020 and to cover cotton yarn under the scheme.

Source: fibre2fashion.com- Apr 13, 2020

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Exporters say overseas orders may re-start if production is allowed during lockdown extension

DPIIT proposal to expand list of economic activities could help save industry and jobs, says Fieo

Exporters have said that expanding the list of economic activities during the extended lockdown period, including allowing manufacturing for exports, as proposed by the Commerce & Industry Ministry, will help them execute whatever little orders remained after huge cancellations over the last two months and may slowly improve the situation.

“Opening of all export industries, large as well as MSMEs including SEZs and EOUs, will also send the right signal to overseas buyers that the situation is fast normalising in India, encouraging them to further place orders on us,” said Sharad Kumar Saraf, President, Federation of Indian Export Organisations (Fieo).

Department for Promotion of Industry and Internal Trade (DPIIT) Secretary Guruprasad Mohapatra recently sent a letter to Home Secretary Ajay Bhalla proposing that if the on-going lockdown to contain Covid-19 is extended beyond April 15, those companies and MSMEs with export commitments be allowed to operate with minimal manpower and necessary movement of material.

16 sectors highlighted

It also suggested that sixteen sectors, which includes telecom equipment, gems & jewellery, steel and ferrous alloy, automotive units, defence manufacturing and all units in Special Economic Zones (SEZs) and Export

Oriented Units (EOUs), be allowed to operate adhering to safety, sanitisation and distancing norms.

"The Ministry of Home Affairs should immediately issue the order to put the recommendation (of DPIIT) into practice, which will help boost the economy while simultaneously helping the industry as well as workers," Fieo pointed out in a statement.

Fieo had earlier warned that with cancellation of over 50 per cent of export orders in the last few weeks due to coronavirus disruptions worldwide there was a chance that there could be 15 million job losses in export units.

India's goods exports declined 1.5 per cent to $292.91 billion in April-February 2020 compared to last year. Exports increased marginally in February 2020, but are expected to fall in March 2020 because of the breakdown in production, supply and payments.

Source: thehindubusinessline.com- Apr 13, 2020

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India's GDP to contract by 6.1% in April-June: Nomura

The Indian economy will contract by 6.1 per cent in the April-June quarter and is likely to expand only in the December quarter, a Japanese brokerage said on Monday, expecting another 0.75 per cent cut in rates by the RBI to push growth in 2020.

The conventional approach to rate setting which involves a sharp focus on inflation will take a backseat and growth concerns will be accommodated, Nomura said in a report after the monetary policy committee (MPC) minutes were made public.

The economy will grow at 3.2 per cent in the January-March period and contract by 6.1 per cent (June quarter) and 0.5 per cent September quarter, before rising by 1.4 per cent in the last quarter of the calendar year, it said.

It can be noted that the COVID-19 crisis has resulted in a three-week lockdown of India, which may also be extended further to arrest the spread of infections. The likely economic impact had resulted in the RBI advancing its bi-monthly policy review meet by a week and slashing rates by 0.75 per cent and easing out liquidity in late March.

"We believe the 'conventional' flexible inflation targeting framework will take a backseat in forthcoming policy meetings and members will be keen to look through near-term inflationary pressures, as rescuing growth and maintaining financial stability will emerge as the overwhelming priority," the brokerage said.

More unconventional policy measures are set to follow, it said, adding that the RBI will cut its key rates by a further 0.75 per cent till December.

At their next meeting in June, members of the MPC will confront the deteriorating impact of the lockdown, it said, adding that food prices have spiked in April and the inflationary pressures may not immediately abate.

There will be a rate cut of at least 0.25 per cent in June and the MPC may choose to frontload more policy easing in view of growth risks, it said.

The unconventional policies accompanying the rate cut will include a commitment towards aggressive open market operations, further liquidity injections via targeted long term repo operations and further forbearance measures, it said.

Source: financialexpress.com- Apr 13, 2020

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Government to extend all possible support to industry for revival, says V K Singh

The government will extend all possible support to the industry for the revival of economic activities hit by COVID-19, Union minister V K Singh said on Monday.

The Minister of State for Roads, Transport and Highways was addressing about 100 participants in a webinar on logistics issues arising due to Covid -19, organised by PHD Chamber of Commerce and Industry.

"We need to accept that the present time is not normal and hence we need to act wisely and patiently in overcoming the hurdles caused by spread of

Covid-19 and not take hasty decisions as the same will lead to difficult times which will be difficult to manage," Singh said.

He urged the Chamber to come up with effective suggestions on a smoother and faster revival of economic activities and assured that the government will surely act on them and support the trade and industry in its welfare and growth.

"The government has done extensive meetings with various industry bodies to come out with a revival plan, as not only the industry but also the Prime Minister is concerned over the halt on the economic activities and the government is doing its best to frame a model to restart the economic activities in the country," he said.

D K Aggarwal, President PHD Chamber of Commerce and Industry suggested that economic activities be started in the 400 districts which have not been impacted by Covid-19 with complete observation of precautions, underlined by the WHO and the government.

"We urge the government to provide a relief package of at least 5 per cent of the India's GDP which comes to a total of Rs 11 lakh crore. Out of Rs 11 lakh crore the government has already provided a stimulus package of Rs 1.7 lakh crore and India's trade and industry awaits the relief package of remaining around Rs 9 lakh crore," Aggarwal said.

Source: financialexpress.com- Apr 13, 2020

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Commerce ministry relaxes time for submission of application for availing benefits for agri exports

The commerce ministry on Monday said it has relaxed time period for submission of physical copy of application for availing benefits under Transport and Marketing Assistance (TMA) scheme for agri exports amidst lockdown due to COVID-19 outbreak.

In a public notice, the Directorate General of Foreign Trade (DGFT), under the commerce ministry, said that the physical copy with prescribed documents can be filed manually by October 30 this year.

"Provision for submission of physical copy of application with the concerned RA (regional authority) has been relaxed," DGFT said.

In April last year, the directorate had laid out a detailed procedure for claiming benefits under the Transport and Marketing Assistance (TMA) scheme, which aims at boosting agricultural exports.

In March 2019, the government announced this scheme for providing financial assistance for transportation and marketing of agriculture products to boost exports of such commodities to certain countries in Europe and North America.

Under the TMA plan, the government reimburses a certain portion of freight charges and provide assistance for marketing of agricultural produce. The scheme covers freight and marketing assistance for export by air as well as sea (both normal and refrigerated cargo).

As per the procedure, application for claiming assistance can be filed online by a registered and eligible exporter having a valid RCMC (Registration Cum Membership Certificate), issued by export promotion councils or commodity boards.

Last year, the government approved an agriculture export policy with an aim to double the shipments to USD 60 billion by 2022. It is aimed at boosting exports of agriculture commodities such as tea, coffee and rice and increase the country's share in global agri-trade.

Source: financialexpress.com- Apr 13, 2020

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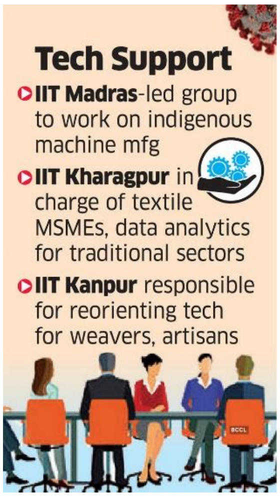
IITs to help textiles get back on track

New Delhi: India has begun working on continuity plans and ways to kickstart the economy once the country emerges from the shadows of the Covid-19 pandemic. The textiles ministry has roped in the prestigious Indian Institutes of Technology (IIT) to address both immediate and medium term action plans for the industry in the post-Covid situation for the textiles industry.

Textiles minister Smriti Zubin Irani has constituted five Technological Task Forces led by various IITs for the entire textiles value chain.

IIT Madras would lead the group on Indigenous Machine Manufacturing and Machine Tools while the setting up of local labs and promoting local technology is to be coordinated by IIT Bombay.



Textiles industry, the second largest employer after agriculture, is hit hard by the Covid-19 pandemic and the resultant nationwide lockdown and global restrictions. Government's action is crucial as the sector's share in India's GDP and GDP of manufacturing sector are 2.2% and 12.22%, respectively and a large part of the value chain is informal.

"The ministry is looking at big game changer ideas. Opinions are being taken and discussions are on for post-Covid-19 recovery. Intensive work is happening on that front," said one official.

The taskforces were setup after Irani held discussions with Principal Scientific Adviser, scientists, technologists and academicians on technological and manufacturing interventions in post Covid-19 situations in the textiles sector on Saturday.

Another task force will work on raw materials and waste product utilisation technology in IIT Delhi while boosting textiles MSMEs and large data analytics for traditional sectors would be the responsibility of IIT Kharagpur. IIT Kanpur, on the other hand, would focus on reorienting technology for weavers and handicraft artisans.

Similarly, IIT Bhubaneswar will take up pilot studies for post Covid-19 handloom and handicraft reorientation, data integration of artisans and weavers and technological interventions in Odisha.

As per officials, another group of technical experts, led by IIT Kanpur, will conduct action plans covering various fibres for silk processing and industrial applications from waste silk material and IIT Kharagpur for jute diversification, jute cultivation productivity improvement, and industrial applications of jute including in geotextiles.

For cotton cultivation productivity improvement and industrial and diversified applications of waste cotton, a group to be constituted by textiles secretary on the advice of Principal Scientific Adviser would be constituted.

Source: economictimes.com- Apr 13, 2020

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Home Ministry asks state governments to ensure smooth movement of trucks during lockdown

Asserting that ministry guidelines on countrywide lockdown should be followed in “letter and spirit”, the Union Home Ministry has written to all state governments to ensure smooth movement of trucks and goods carriers irrespective of essential or non-essential cargo carried by them.

Addressing a press conference on measures taken during 21-days lockdown imposed from March 25 to contain the spread of COVID-19, MHA Joint Secretary Punya Salila Srivastva said the situation of essential goods and services is under control.

To strengthen this situation, the home ministry has written to state governments that both inter-state and intra-state movement of trucks and goods carriers should be allowed during the 21-day countrywide lockdown announced by the Central government irrespective of the cargo being essential or non-essential.

The empty trucks and goods carriers should also be allowed as they may be going to pick the cargo or coming post delivery of the consignment, she said.

“No permit or pass is needed by the trucks and goods carriers for the transportation of cargo,” she said.

The official said in a truck, a driver and a cleaner are allowed and district authorities should actively help them to commute from their homes to the location of their trucks.

The ministry has written that states and UTs must quickly issue passes for workers employed in organisations and companies exempted from the lockdown restrictions, she said.

"Attention must be paid that workers in manufacturing units located in bordering areas of states and UTs should not face any problem," she said.

Officers of railways, airports, sea ports and customs have been empowered to issue passes to allow movement of their employees and contractual workers, she said.

There should be no impediments in the working of micro, small and medium industries involved in essential items like flour, lintels, edible oil. "Warehouses and cold storages should be allowed to function without any impediments whether they are storing essential or non essential items," she said.

Srivastava made it clear that all these directions are applicable except in hotspots and containment zones. She said states should ensure that all the directions reach the district and field level for implementation. The officer said state governments are making continuous efforts to implement the lockdown with retired police officers, NCC cadets, NSS volunteers helping the police in enforcing it.

The country has reported 9,152 Corona positive cases with 308 deaths so far with 857 people having recovered, a health ministry official said. In last 24 hours, 796 new cases have been reported with total 35 deaths, he said.

Source: financialexpress.com- Apr 13, 2020

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'Low-cost innovation by MSMEs are key to minimising supply chain disruptions amid Covid-19'

Technology for MSMEs: The capabilities of the MSME sector to provide low-cost innovation are crucial to combat the Covid-19 pandemic. There are 63.4 million units in the country that provide employment to 120 million people, that is, 24 per cent of the total workforce of 496 million people in India contributing 33.4 per cent of India's manufacturing output and 45 per cent of the overall exports. The MSME sector in India has a proven history of providing low-cost innovation and agility. Two instances that assume significance are those of the lunar mission Chandrayan 1 and the mars orbiter mission Mangalyaan. Interestingly, MSME Tool Rooms supplied key components to both the missions including at least ten components for the Mars orbiter mission Mangalyaan and enabled unparalleled cost-efficiency.

The textile businesses in the MSME sector conventionally contributed to the production of apparel and garments. They have quickly shifted gears to the production of masks, gloves, and aprons needed to support the frontline Corona warriors across healthcare, sanitation, civil services, and utilities. One of the key reasons behind their agile transformation is the low investment into fixed assets, in-built flexibility, and granularity in their production lines and economies of scale derived from the hands-on expertise.

Enabling Hyperlocal Commerce

The unorganized retail sector that consists of the local grocery stores is enabling agile deliveries of essential goods of people to their doorsteps thereby reducing the turnaround time of procurement of essential goods and also reducing the risks of community transmission by reducing the need for people to come out of their homes and travel.

Enabling Logistics

A lion's share of the local mobilization of the cargo of essential goods is being undertaken by local logistics service providers. Such small scale logistics service providers employ local people, have an advantage of the know-how of local topography and shortest routes for milk-runs deliveries from local warehouses and depots to the nearby markets. In the absence of aggregators and inter-city solutions, logistics services being provided on a smaller scale using trucks or even hand-drawn carts have been helpful.

Post COVID-19 world

As the country looks ahead in the fight against the Covid-19 pandemic, leveraging low-cost innovation and agility shall be the key to recovering from the disruptions caused by the Covid-19 pandemic. A three-pronged approach focused on safety equipment, retail, and logistics sectors can enable the quick circulation of money in local economies, generate employment in a short time and ensure the outreach of social progress to the remote corners of the country. In the face of such unprecedented challenges, MSMEs that have traditionally served local Indian markets offer the best prospects of minimizing supply chain disruptions with their ability to provide on-ground support to communities of people through low-cost innovations. Such sector-specific MSME partnerships shall enable low-cost innovations, create horizontal equity in the economy and ensure that outcomes of economic recovery generate employment opportunities at the bottom of the pyramid.

Source: financialexpress.com- Apr 13, 2020

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Comprehensive financial support package needed: KPMG

Demand shocks are expected to hurt India's textile exports over the next few quarters, and the government should consider announcing a comprehensive financial support package along the lines announced in Germany and the US, international consultant KPMG has said in a recent report. Production of yarn, fabric and apparel is expected to decrease.

For medium to long term, KPMG suggests that government to "provide an adhoc reimbursement/ concession of 5-10 per cent against the recently approved Remission of Duties or Taxes on Export Product (RoDTEP) scheme to compensate for the hitherto unreimbursed levies and taxes to the exporters."

From a manufacturing perspective, employment would be impacted owing to limited demand in both domestic and international market, and the textile and apparel sector production is expected to decline by 10-12 per cent in the April-June quarter, the report titled 'Potential impact of Covid-19 on the Indian economy' said.

Cotton fibre prices are expected to take a hit, according to the report. While prices of imported man-made fibre (MMF) used for high value products is expected to rise by 25-30 per cent over the next two quarters (April to September 2020).

Yarn accounts for 29 per cent of India's textile trade, as per ITC Trademap database. With a decline in demand in both global and domestic market, the yarn production is expected to contract by 12-15 per cent over the next two quarters.

Fabric production is expected to decrease owing to decline in exports and stagnation in apparel/home textiles production. Apparel production is expected to contract by 18-20 per cent, as per industry sources, owing to decline in global demand. Home textiles industry has had limited impact of the Covid-19 induced global downfall, the report states.

Source: fibre2fashion.com- Apr 13, 2020

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Lockdown: 1 crore job cuts likely in textile industry without govt support, says CMAI

Seeking a financial package from the government for the industry, Mehta said interventions like wage subsidies must be taken up, otherwise there would be huge job losses.

There could be as many as one crore job cuts in the textiles sector, which has been severely hit by the ongoing lockdown, if there is no support and revival package from the government, according to apparel industry body Clothing Manufacturers Association of India (CMAI).

With around 80 per cent of the garment industry mostly micro, small and medium enterprises, CMAI, which has around 3,700 members employing over 7 lakh people, said most of its members do not have the kind of reserves to see them through 3-6 months of this magnitude.

"We have estimated that if no assistance comes from the government, either in terms of wage subsidy or revival package, there could be loss of almost a crore of jobs in the entire textile chains," said CMAI Chief Mentor Rahul Mehta. He was speaking at a webinar on way forward for brick-and-mortar retail, hospitality and textile industries during and post COVID-19.

Seeking a financial package from the government for the industry, Mehta said interventions like wage subsidies must be taken up, otherwise there would be huge job losses.

If the garment industry closes down, it would impact the entire value chain from fabric supply industry to brand to the zipper and label industry, he said. "If you look at the entire textile industry, I see a job loss of one crore if nothing is done by the government," he added.

He, however, appreciated efforts taken up by the textiles ministry such as asking all leading global companies not to cancel orders from the Indian exporters and such steps send positive vibes to manufacturers, particularly to the smaller ones.

Mehta said CMAI has done a survey among its members and analysed around 1,500 responses.

"The responses were quite frightening. Almost 20 per cent of them said that they were thinking of closing down the business after lockdown. At least 60 per cent of them anticipated a drop in revenue to the tune of 40 per cent, which is massive, if you look in terms of number of employment," he said.

In China, after the opening of the market after the COVID-19 crisis, the apparel garment retailing has witnessed a 59 per cent decline though food and other businesses have revived and it's a serious challenge to face, Mehta added.

Expressing similar view, the Retailers Association of India also said it has found similar trends in an internal survey, where 25 per cent of the participants have said that if they did not receive any support from the government, they may wind up.

"Around 50 per cent of the small retailers have said that they may not be able to open the stores. If marginal and small businesses are shut down, it would have much bigger impact as the number of employees getting out would be higher," said RAI Chief Executive Officer Kumar Rajagopalan.

It would have a multiplier effect and all the allied industry could also be impacted. The National Restaurant Association of India (NRAI) also said it has been "hit badly" by the coronavirus pandemic.

"In our business, the proportion of fixed operating cost expenses are very high, which means when you have zero revenue, your losses are very high. We are fighting a battle for survival and we do not know how long its going to last and what is the ultimate image, how we would shape up in future," said NRAI President Anurag Katriar.

It has asked the government to defer all statutory payments, so that its members could pay salaries and marginal suppliers.

NRAI has also asked for support in terms of availability of capital when the industry resumes operation after the lockdown.

Currently, India is going through an unprecedented complete lockdown of three weeks, ending Tuesday, to prevent the spread of coronavirus.

Source: moneycontrol.com- Apr 13, 2020

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Employers are obliged to pay wages during lockdown period

"No work no pay" principle cannot be invoked here. A March 29 GOI order makes it clear that deduction of wages during the lockdown will be construed as a legal offence

On March 20, the Labour Ministry issued advisories to the employers' associations not to terminate their employees (especially precarious workers) and reduce wages for their absences, among others. Curiously, the advisory assumes a legal dimension when it says: if the workers take leave during the lockdown period they should be "deemed to be on duty without any consequential deduction in wages...Further if the place of employment is to be made non-operational due to COVID-19, the employees of such unit (sic) will be deemed to be on duty."

On March 24, the Home Ministry invoked the National Disaster Management Act, 2005 (NDMA) and the Epidemic Diseases Act, 1897 (EDA) and clamped a national lockdown for 21 days from March 25. It ordered closures of commercial and private establishments, industrial establishments, all transport services, educational institutions exempting essential services. However, migrant workers, provoked by the absence of work and income and possibly ejections from their residential spaces, began a panic exodus, violating the national lockdown order.

Legal basis

Initially, a couple of State governments issued orders for a limited period. The governments of Telangana and Delhi in Government Orders dated March 22, invoked EDA to issue lockdown during March 22-31, and directed that this period shall be treated as a paid holiday for all employees in the shops and establishments (for Telangana) and in all the private establishments (Delhi).

The government of Maharashtra has ordered (31 March) that all workers (including contract, temporary and daily-wage) in private factories and shops and establishments shall be deemed to be ‘on duty” and be paid full salary and allowances during the lockdown period.

On March 29, the Government of India, to effectively implement the lockdown order and to mitigate the economic hardship of the migrant workers issued an order under Section 10(2)(1) of the NDMA. It directed the State governments and the Union Territories (SGs/UTs) to issue orders, compulsorily requiring all the employers in the industrial sector and shops and commercial establishments to pay wages to their workers at their workplaces on the due date without any deduction during their closure due to lockdown.

Further, the SGs/UTs were directed to take necessary action against those violating these orders. According to Section 51(b) of the NDMA, non-compliance with the directives issued under it will be punishable with fine and/or imprisonment.

Further, the “no work no pay” judicial principle cannot be invoked in the present circumstances as neither the employers offer work nor the workers are able even if willing to report for work. ovid-affected workers are rendered ineligible to work. So the employers cannot deduct wages for absences due to national lockdown.

Further, the government of Karnataka has allowed the employees affected by the coronavirus to avail 28 days of paid leave under the ESI Act by securing a certificate from the ESI-hospitals and those not covered under the ESI Act can avail paid sick leave and others under Section 15(3) of Karnataka Shops and Establishments Act, 1961. On March 30, the Ministry of Skill Development and Entrepreneurship ordered all the establishments to pay full stipend to the designated and trade apprentices engaged by them during the lockdown period.

So there is a legal basis for payment of wages to the workers, at least during the lockdown, contrary to the argument made by an article by Anand Gopalan in this paper.

Open to interpretation

The sole reason for the GOI order is the economic hardship of the migrant workers, but the eventual substantive legal order required payment of wages to all employees, not just the migrant workers. Further, while the order directs non-levy of rents by the landlords for a 'month', it directs the employers to pay full wages "for the period" during which the establishments are under closure during the lockdown.

Does this mean that the wages could be paid pro-rata as per the lockdown period and not for the entire month? Should the order be construed for March and/or April, since the lockdown covers parts of both months? Since the NDMA does not define workers, which law's definition of workers should be used under this order? Will the employees, including the supervisory, administrative and managerial staff who are generally excluded from the definition of workers in the Industrial Disputes Act, 1947 (the ID Act) be included or not?

While these are fine legal issues which require attention by the lawmakers, human values and norms will mean that the order may be liberally interpreted to pay wages and salaries to all.

However, the MSMEs may not have the capacity to comply with the government orders and need wage subsidies. Further, none of the notifications legally restrains employers from firing workers, though those industrial establishments (registered factories, mines and plantations) employing 100 or more workers need to take prior permission from the appropriate government to do so.

Source: thehindubusinessline.com- Apr 13, 2020

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Covid-19 lockdown: DPIIT flags a long list of industries that need to open

SECTORS IDENTIFIED FOR REOPENING IN LETTER TO MHA

- Heavy electrical items
- Steel and ferrous alloy mills
- Telecom equipment
- Spinning and ginning mills
- Defence and ancillary units
- Cement
- Fertiliser
- Paints and dyes
- Food and beverage
- Plastic
- Automotive
- Gems and jewellery

The Department for Promotion of Industry and Internal Trade (DPIIT) has flagged a long list of industries that need to open soon in a letter to the Home Ministry.

"It is felt that certain more activities with reasonable safeguards should be allowed once a final decision regarding extension and the nature of lockdown has been taken by central government," DPIIT Secretary Guruprasad Mohapatra told Home Affairs Secretary Ajay Kumar Bhalla in the April 11 letter.

With industry bodies increasingly becoming impatient at the ongoing lockdown and confusion over another two-week extension, the letter batted for the reopening of manufacturing units in a long list of sectors. It also pointed out that the new list of activities being pushed by the DPIIT 'are essential to improve the economic activity and provide liquidity in the hands of the people'.

The letter, reviewed by Business Standard, also suggested that corporates and major manufacturing units may be allowed to run at 20-25 per cent of employee capacity in a single shift. This is for sectors such as textiles, automobiles and electronic manufacturing.

DPIIT also said only businesses that ensure a single entry point of workers, space for social distancing, separate transport for ferrying workers or necessary accommodations, along with regular sanitization of the premises will be eligible for remaining open.

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

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Coronavirus lockdown: Govt may start economic activity in 'green zones'

Even as the country awaited a formal announcement by Prime Minister Narendra Modi to extend the nationwide lockdown, Telangana became the fourth state to extend it till April 30. The current phase of lockdown ends on Tuesday.

The health ministry data revealed that coronavirus (Covid-19) has claimed 273 lives in India as the number of cases climbed to 8,447 by Sunday. There were over 900 new cases, it said.

According to finance ministry sources, the PM might address the nation once the Centre shapes the contours of the plan to revive economic activity in a phased manner. The Centre is keen to restart economic activity in 'green zones', or areas with a low incidence of Covid-19 cases.

Some of the states showed how a less than total lockdown is likely to be enforced, with the Delhi government categorising Covid-19 areas, depending on the intensity of the spread, as red, orange, and green. Delhi Chief Minister Arvind Kejriwal said containment zones had been declared as red and orange as high-risk. While a final plan is in the works, one suggestion is to classify areas with more than 15 cases as red, fewer than 15 orange, and no cases as green.

The government is considering a blanket approval to all forms of farming activity with proper safety measures in place, and not just specific activities within farming as has been the case.

Some of the states are also keen to start at least industries producing essential commodities.

The Uttar Pradesh (UP) government has helped reopen 5,281 industrial units during the lockdown period. These are mostly involved in manufacturing of medical supplies and essential commodities. A senior government official in the Haryana government said the state managed to retain around 50 per cent of the labour who were migrating back to their native places. However, some of the state's industrial areas, like Gurugram and Faridabad, also fall in 'red zone' because of the spread of the virus, and cannot be opened right now.

Construction activity would also commence in Haryana, but only after approvals are taken by contractors for standard operating procedure (SOP) with social distancing of workforce in mind.

Officials say most of these green zones are likely to be in rural areas, as they are less affected by the pandemic compared to the cities. Hence, top priority is to restart activity in the agriculture sector, with timely harvesting of the late rabi crop being the main concern.

For this, the biggest impediment is labour. The Centre is working with states on how to make agricultural manpower available, and whether limited transportation for such labour force can be allowed.

“There are some hotspots or ‘red zones’ where nothing can be restarted. A majority of such clusters are in urban or semi-urban areas. Based on what we are receiving from states so far, rural India is less affected than urban India. Hence, reviving farm activity is top priority,” said a senior official.

In the green zones in urban and industrial areas, the Centre is again keen to restart activity as much as possible, with strict social distancing and health norms. These details are being worked out with states and industry representative bodies. Bodies like Federation of Indian Chambers of Commerce & Industry and Confederation of Indian Industry have offered their own SOPs and road map for partial resumption of activity.

On Sunday, former Congress president Rahul Gandhi cautioned against takeovers of Indian corporates. “The massive economic slowdown has weakened many Indian corporates, making them attractive targets for takeovers. The government must not allow foreign interests to take control of any Indian corporate at this time of national crisis,” he tweeted.

In Haryana, the state government has tried to retain its labour force. “In consultation with the industry, we devised ways so that the labour could be housed and given food and other essential items within the factory premises,” an official said.

This was being done in all industrial areas, including Panipat and Yamunagar. The manufacturing hubs of Gurugram and Faridabad, however, would not open up anytime soon since Chief Minister Manohar Lal Khattar said on Friday that these areas fell under the state’s red zone.

As for harvesting, the Centre has already relaxed almost all major harvesting and sowing, repair of farm machinery, export of farm goods and also import of plant chemicals from the purview of lockdown guidelines, but even if something remains, the blanket approval will take care of that.

Most big rabi-producing states of Punjab, Haryana, Madhya Pradesh, UP, and Rajasthan have staggered their procurement to enable farmers to come in batches, so that there is no overcrowding. The number of purchase centres has also been substantially high, while in UP, the state government has planned doorstep-purchase of wheat from growers.

Click here for more details

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

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Aarogya Setu as an e-pass: Government yet to take a call

The government is working on making Aarogya Setu App as an e-pass for moving around of the citizens, but has not decided on when to start it yet, sources in the know said.

“Empowered Group constituted for Logistics and Secretary Consumer Affairs have to take the call as many States have systems to issue the e-passes,” a senior government official told BusinessLine.

“There have been suggestions to build in this functionality in the Aarogya Setu App - the idea is good and technical feasibility of the same is being worked out,” he added.

Prime Minister Narendra Modi two days back also had hinted that the Aarogya Setu App might be used as an e-pass to facilitate travel amid the lockdown.

He had hinted this at the video conferencing with all the Chief Ministers of the nation and added that the Aarogya Setu App is an essential tool in the fight against Covid-19.

The Aarogya Setu App was developed recently by the government to enable citizens to assess themselves the risk for their catching the Coronavirus infection.

Available in both Android and iOS, the App enables people to assess themselves the risk for their catching the Corona Virus infection. It will calculate this based on their interaction with others, using cutting edge Bluetooth technology, algorithms and artificial intelligence.

Once installed in a smart phone, the App detects other devices with Aarogya Setu installed that come in the proximity of that phone. The App can then calculate the risk of infection based on sophisticated parameters if any of these contacts are tested positive.

The App will help the government take necessary, timely steps for assessing the risk of spread of Covid-19 infection and ensuring isolation where required. It is available in 11 Indian languages.

Source: thehindubusinessline.com- Apr 13, 2020

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Govt considering insurance scheme for truck drivers: Gen (Retd) VK Singh

The government is working on an insurance scheme for truck drivers and helpers, indicated Minister of State for Road Transport and Highways Gen (Retd) VK Singh, during an interaction with members of industry body PHDCCI on Monday morning.

He was responding to a query from one of the industry officials on whether the government can work out a low cost insurance scheme for truck drivers and labourers.

Earlier, several transport bodies including All India Motor Transport Congress (AIMTC) have already asked the government to consider an insurance scheme of ₹ 50 lakh for truck drivers. The drivers, like doctors, are frontline workers who put their life at risk, they argued.

Singh said the government is keen to get business back on track while ensuring India does not end up facing a US-like situation.

HOW TO PAY SALARIES TO LABOURERS

Singh also said the government would like to discuss how the industry could pay workers. He said the industry could pay at least 50 per cent salaries to their workers now, while the remaining can be paid later. "We have to start taking steps to restart economic activity," said Singh, adding that States are taking steps specific to their requirement. For instance, Assam has decided to open its tea gardens to prevent labourers from leaving the estates.

PAY SUBCONTRACTORS

He further requested that larger companies should clear payments to their subcontractors, who employ labourers. He said that it has come to the government's notice that several companies are holding payments (of ₹ 2-4 crore) to their subcontractors. How will labourers be paid if their payments are held back, asked Singh, adding, "Please pass it on."

While the Home Ministry notification of April 12 permits movement, including inter-state, of several goods, the situation on the ground is very different, reiterated several company officials present in the meeting. They requested for inter-state movement e-permits, waiver of detention charges at ports, airports and rail sidings. They added that several trucks, stuck on highways should be allowed to reach their destinations.

Some asked for freight rates to be lowered through a diesel subsidy.

Meanwhile, several PHDCCI stakeholders sought moratoriums on repayment of their loans and or interest on repayment on loans to Non Banking Financial Companies and external lenders. PHDCCI's President DK Aggarwal asked the government to roll out a financial package of ₹ 11 lakh crores. The government has already rolled out a financial package of ₹ 2 lakh crore.

Indian Foundation of Transport Research and Training's (IFTRT) SP Singh maintained that while a lot of supply side issues can be taken care following the Home Ministry notification, challenges remain in demand side issues.

Source: thehindubusinessline.com- Apr 13, 2020

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Govt to draw up standard operating procedures for crew changes at Indian ports

SOPs for repatriating seafarers stranded abroad also being finalised

Sanket Palkar,29, a Third Engineer on board an ocean-going tug, has been stuck at the anchorage of Paradip Port Trust since March 19 when his ship sailed back to India after towing a dredger from Mundra to Chittagong in Bangladesh.

Hailing from Dapoli, in Maharashtra's Ratnagiri district, Palkar was due to sign off from the tug on March 26 after a three-months contract with the tug. But, the 21-day lockdown imposed by the government from March 24 and the restrictions on movement of people and vehicles that accompanied it, dashed Palkar's hopes of returning home.

Along with Palkar, ten more seafarers on the tug were denied permission by the Paradip Port Trust authorities to sign off and disembark from the tug.

Palkar and his fellow mates are among hundreds of seafarers stuck at various Indian ports waiting to sign off at the end of their contracts and disembark but are marooned due to the stringent steps put in place to slow the spread of the pandemic.

The shipping industry has been lobbying the government to allow crew changes (sign on and sign off) at Indian ports and after much persuasion, the authorities are close to permitting crew to join and disembark ships.

"The director general of shipping has assured us that he will speak to the chairmen of port trusts today to issue e-passes to help seafarers undertake seamless inter-state travel by road to join and disembark ships at Indian ports", an industry official said.

The DG Shipping had also asked ports and shipping companies to give details of seafarers who are already at Indian ports and awaiting disembarkation from their ships by Monday morning.

"This looks like very good news. Hope this works out well and fast; hoping to go home to our families ASAP and safely," Palkar said.

“A standard operating procedure to facilitate crew changes of Indian seafarers at Indian ports will serve as a great start and much needed acknowledgement of selfless service of seafarers,” said Captain Rajesh Unni, founder and chief executive officer of Global United Shipping Company (India) Pvt Ltd which is backed by Japanese trading group Mitsui & Co.

India’s seafaring community has been urging the government to designate ship crew as “key workers” rendering an “essential service” and to exempt them from lockdown restrictions. Such advises have been given by the International Maritime Organization and the International Labour Organization.

But, for thousands of Indian seafarers stranded or isolated overseas after completing their contract or otherwise, the ordeal continues. They are either being accommodated on board their ships itself or are being holed up in hotels.

The government was yet to work out a plan to allow seafarers to return or repatriate them to India.

Stranded seafarers

Some 40,000 Indian seafarers are stuck at various ports across the globe of which 12,000 alone are stranded on 74 cruise liners, according to an industry estimate.

Take the case of Hemant Mohan (name changed),28, from Mumbai, who is employed with one of the world’s top cruise liners, now stuck at Southampton port in the United Kingdom.

The 3,500-seater cruise ship still has some 1,000 crew on board,comprising Indian, Filipino and European nationals. The Indonesian crew on the ship were repatriated a few days ago using a chartered flight.

Hemant’s nine-month contract will end sometime in July, but he says that his employer will not hold him till then. “There were few medical cases with symptoms similar to coronavirus. So, the company has locked down every single crew in single occupancy rooms to keep us safe,” he said adding that the cruise company was working on a repatriation flight to send the crew to their home countries.

While some of the cruise line owners had offered to charter planes to sent crew back to India in view of the shut-down of international flights, these plans have not materialised so far, prolonging the agony of the seafarers and their families.

"With every passing day, there is a growing concern, unrest and fear amongst the seafarers," says Abdulgani Serang, general secretary-cum treasurer of the National Union of Seafarers of India.

Seafarers say that the government has to allow them to go on duty." If the global economy has to move, ships have to move," said a seafarer from Cochin.

That aside, Indian seafarers are staring at a massive unemployment crisis. The percentage of merchant navy trainees unemployed was at 74 per cent in 2019.

About 25,000 Indian seafarers have lost their jobs in the cruise liner industry after the pandemic struck. "If crew changes of Indian seafarers are not allowed during the lockdown, then 25,000 more jobs will be lost on cargo ships," the seafarer from Cochin said.

Source: thehindubusinessline.com- Apr 13, 2020

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As shops remain shut, retail sector braces for huge layoffs

Industry wants government support in working capital, interest subsidy and relaxation of statutory payments

The lockdown, with the accompanying fear of mass retrenchment, has left the retail sector in distress. The nation's 15 million retailers — small, big, traditional and modern, and employing nearly 50 million people — are hoping the government will help bail them out of the crisis caused by the pandemic and the subsequent lockdown.

The lockdown has affected retail business so much that there could be a 20-25 per cent layoff in the sector, it is feared. The survival of the sector is critical as it contributes to nearly 40 per cent of India's consumption and about 10 per cent of GDP. However, issues such as rents, salaries and the huge stock-in-hand during the lockdown are worrying retailers, said a survey by the Retailers Association of India (RAI).

BA Kodandarama Setty, Chairman, Viveks Pvt Ltd, which has 37 stores employing 650 employees, said: “This is very painful. A running business cannot be stalled like this. However, we have to go through it.”

The payment of salaries and rent, and clearing of stocks, are issues that need to be addressed one-by-one. Companies have paid March salaries but the challenge is to pay the April salaries, said Setty. The retailers are approaching their landlords to defer rent payment. “If companies are struggling to pay the rent while the shops are kept open, how can we pay the rent when the shops are closed?” he asked.

Some landlords have been rather generous, voluntarily relaxing the payment schedule. For instance, nearly 200 shops in Delhi’s Lodha Mall have been given more time to pay the rent, said Setty, adding that the LuLu group in Kerala has done the same.

Loss of productivity

Anuj Puri, Chairman, ANAROCK Property Consultants, said the lockdown spells loss of productivity of assets for mall owners; for retailers, it is the not opening of shops. Managing the loss of productivity for the next few quarters will be the most challenging for the sector, he said in a recent webinar discussing the impact of Covid-19 on retail.

According to BS Nagesh, founder, TRRAIN, Chairman-RAI and Non-Executive Chairman of Shoppers Stop, keeping the team together will help companies tide over the crisis. The companies that were honest and transparent with their customers, and shared their pain with them, together and connected with the their customers consumers and took them along in kept them as part of their journey have survived past crises, he said. This should be the strategy this time, too, he added.

In a RAI survey of nearly 800 retailers, about 70 per cent said they expect business recovery to happen in over six months while 20 per cent expect it to take more than a year. Less than 10 per cent of medium and large retailers, and 26 per cent of small retailers, expect to earn any profit till August.

Kumar Rajagopalan, CEO, RAI, said none of the retailers were prepared for the crisis. Retail is a people-intensive industry. Nearly 90 per cent of the employees work at the stores, earning minimum wages and living a hand-to-mouth existence. With extended closures, these employees are at risk of being retrenched, he added.

Job-support subsidy

The industry wants government support in working capital, interest subsidy and default relief, and relaxation in statutory payments/accounts and employment, he said. “We request a four-month (March to June 2020) job support subsidy at 50 per cent of the minimum wages as well as cash support to encourage retailers to continue with the employment of staff during the extended lockdown and recovery period after the lockdown is lifted,” the RAI said in a representation to Prime Minister Narendra Modi.

Source: thehindubusinessline.com- Apr 13, 2020

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RBI says it’ll take all steps to fight economic fallout of COVID-19

Inflation may ease sooner and faster, says the central bank governor

Reserve Bank of India (RBI) will not hesitate to use any conventional or unconventional policy instruments to mitigate the adverse economic impact caused by COVID-19, its governor Shaktikanta Das said, according to the minutes of a monetary policy committee (MPC) meeting that was released by the central bank on April 13.

The six-member MPC, at an out of turn meeting in March last week, decided to reduce the policy interest rate by 75 bps to 4.4%, as the nationwide lockdown brought economic activity to a grinding halt. Four of the six members voted for a 75 bps rate cut while Chetan Ghate and Pami Dua voted for 50 bps rate cut.

Members agreed that a larger cut was required to minimise the fall in aggregate demand. Mr. Ghate put it: “What is required is in the nature of an insurance cut.”

Mr. Das, in no uncertain terms, outlined the central bank's resolve to fight the economic fallout of the pandemic. Reserve Bank will continue to remain vigilant and will not hesitate to use any instrument – conventional and unconventional – to mitigate the impact of COVID-19, revive growth and preserve financial stability," he said.

Global recession

Mr. Das noted that there was a rising probability of a global recession, which may be deeper than the one experienced during the global financial crisis.The near-term growth outlook for India had also deteriorated sharply due to the lockdown. RBI had refrained from making growth forecast during the policy review meeting.

He said that prior to the Coronavirus outbreak, some high frequency indicators such as manufacturing, railway freight traffic, exports and imports in January/February had improved after several months of contraction/deceleration.

"With COVID-19, however, industry and service sector activities are likely to be severely impacted and the extent of the adverse impact would depend upon the intensity, spread and duration of COVID-19," he said and added that the only silver lining was likely to be agriculture, which was expected to remain resilient, with grains production for 2019-20 estimated at a record 292 million tonnes.

While the setback to economic activity could be cushioned to an extent, by the collapse in crude oil prices there could be certain downsides in the form of decline in remittances from oil producing countries.

RBI indicated that there was further scope for policy action to boost economic activity. The inflation outlook had changed drastically due to the sharp fall in oil prices, and food prices may also soften further on the back of record grains and horticulture production.

"In the extreme scenario in which we are, however, the easing off of inflation may occur sooner and faster," RBI's deputy governor in charge of monetary policy M.D. Patra said. The inflation outlook offered the scope of taking a "calculated risk on current levels of inflation – which rule above the target – and focus on the 12 months ahead forecast."

He said, “By this rule, there is space for policy action that is large in size relative to its past but still keeps the policy rate positive in real terms over a one year ahead horizon so as to see off any lingering or latent inflationary pressures.”

On the out of the turn monetary policy review meeting, Mr. Patra observed that the MPC was being called upon to rise beyond its mandate. “The MPC must show the way with the powerful decision that it wields. By doing so, it will leverage and catalyse Reserve Bank into the battlefront role that has to be undertaken for the greater common good,” he said.

Source: thehindu.com- Apr 13, 2020

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Employees can opt for new I-T regime before filing for return

People opting for the lower income tax regime, without any exemption, will have ease in compliance. The apex income tax policy-making body, the Central Board of Direct Taxes (CBDT), has come out with a detailed clarification in that regard.

The Union Budget for 2020-21 prescribed a new personal income tax regime wherein income tax rates will be significantly reduced for individual taxpayers who forgo certain deductions and exemptions. Some of such deductions/exemptions include HRA (house rent allowance), interest on home loan, and deposits in Public Provident Fund, National Saving Certificates etc.

The new tax regime is optional for the taxpayers. An individual who is currently availing deductions and exemptions under the Income Tax Act may choose to avail them and continue to pay tax as per the old regime. It was said that the assessee will have to make option for new scheme at the time of filing income tax return (ITR).

TDS-ITR mismatch

Earlier, it was said that individual can opt for new regime (no exemption, lower tax) or old regime (with exemption, higher tax) at the time of filing ITR. However, employers were required to deduct TDS (tax deducted at sources) only under the old regime, which could have resulted in mismatch between TDS and ITR.

Now, there will no such problem, as the clarification says that "an employee, having income other than the income under the head profit and gains of businesses and profession and intending to opt for the concessional rate under section 115BAC of the Income Tax Act, may intimate the deductor, being his employer, of such intention for each previous year and upon such intimation, the deductor shall compute his total income and make TDS thereon in accordance with the provision of Act." Further, if there is no intimation from the employee, then the employer will deduct according to the old regime.

By this clarification, the government has allowed employers to deduct TDS under the new regime, if they obtain a declaration from employees in this regard. This will mitigate the mismatch between the TDS and the ITR.

Shailesh Kumar, Director at Nangia Andersen Consulting said this clarification will remove the confusion amongst employers and will also enable employees to opt for new scheme even at the time of TDS. "This will also ensure there are minimum mismatch in the TDS and ITR of employees, if they adopt a consistent position while making declaration to the employer as well as in their ITR, regarding the option (new or old) chosen by them," he said.

Source: thehindubusinessline.com- Apr 13, 2020

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Niti Aayog extends deadline for proposals on linking e-commerce with SMEs

Niti Aayog on Monday extended the deadline until May 15 for submission of expressions of interest (EoI) by institutions and organisations for a research study on the integration of small businesses and traders on e-commerce platforms.

In the EOI floated on March 16, the government think-tank had said e-commerce, as a medium, has been able to multiply both upstream and downstream integration possibilities for a seller or a service provider. The submission of EOI was to be made in 30 days, but now it could be done by May 15, the Aayog said in a public notice.

"Although growing at an unprecedented rate, it has not succeeded to integrate the large proportion of Indian MSME sellers on their marketplaces," it said.

The Aayog noted that all-inclusive platforms will truly enable play of market forces, resulting in job creation, increased availability of diverse and cheaper products/ services, import substitution, and growth of MSME sector.

The scope of the study should include roadmap for integration of SMEs across India on e-commerce platforms by providing universal e-commerce access and its culmination as centralized online repository of Indian SMEs product offerings. Besides, the focus should be also on evaluation of existing market places managed by various government departments (NSIC Bazar, VLE Bazar, CSE Bazars, GeM) and their revamping to support product and service identification process, digitisation of product and services through cataloguing.

As per the annual report of the Ministry of MSME India has an estimated 6.4 crore MSMEs. These MSMEs contribute significantly to the economic and social development of the country by fostering entrepreneurship and generating employment opportunities both at urban as well as rural level, which is only next to the agriculture sector.

The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets.

The EoI further said the study would cover evaluation of entire ecosystem through research and holding consultations with various stakeholders. "This would also involve analysis of e-commerce policies globally and evaluation on existence of such platform working currently in any jurisdiction," it said.

Source: financialexpress.com- Apr 13, 2020

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Extensions of Compliance Deadlines for the Exporters

In order to give relief to businesses and affected individuals amidst the stress caused by the novel coronavirus pandemic, Department of Commerce, Ministry of Commerce and Industry has introduced several relaxations and extensions in deadlines etc. with regard to compliances mandated under its schemes and activities. The key relaxations pertaining to the Department of Commerce are as follows:

A. FACILITATION UNDER FOREIGN TRADE POLICY (FTP) 2015-20 BY DGFT

1. Extension of FTP beyond 31st March 2020: The Foreign Trade Policy (FTP) 2015-2020 and Handbook of Procedures (HBP) which was valid till 31st March 2020, have been extended by one year till 31st March 2021

2. Advance Authorizations and EPCG Authorizations: Extension of Export Obligation Period etc.

(i) In respect of those Advance Authorizations and EPCG Authorizations wherein the extended Export Obligation Period has either expired or is expiring between 1st February, 2020 to 31st July, 2020, the Export Obligation Period has been extended for further six months from the date of expiry.

(ii) In respect of those Advance Authorizations and EPCG Authorizations wherein the import validity period has either expired or is expiring between 1st February, 2020 to 31st July, 2020, the import validity period has been extended for further six months from the date of expiry.

(iii) In respect of those EPCG Authorizations wherein Block period to fulfill the Block-wise export obligation has either expired or is expiring between 1st February, 2020 to 31st July, 2020, the Block period has been extended for further six months from the date of expiry.

(iv) In respect of those EPCG Authorizations wherein the time period to produce the Installation Certificate before the RA concerned has either expired or is expiring between 1st February, 2020 to 31st July, 2020, the time period has been extended for further six months from the date of expiry.

[Click here for more details]

Source: pib.gov.in - Apr 11, 2020

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Trade unions against any move to increase daily working hours from 8 to 12

Central trade unions on Monday sought Labour Minister Santosh Gangwar intervention to stop any purported move to amend the Factories Act, 1948, for raising daily working hours to 12 hours from the existing 8 hours. In a joint letter to Gangwar, 10 central trade unions have also demanded that funds of the Employees' Provident Fund Organisation (EPFO) and Employees' State Insurance Corporation (ESIC) should not be used amid lockdown to fight COVID-19.

"A section of the press has reported that the Government is seriously considering amendment of the Factories Act, 1948, to allow 72 hours of work per 6-day week (12 hours working day), in place of the existing limit of 48 hours (eight hours working day). The move is being justified as exceptional circumstances call for exceptional provisions," the letter said. The central trade unions demanded that the government must come clear and publicly refute the said media reports. These unions are INTUC, AITUC, HMS, CITU, AIUTUC, TUCC, SEWA, AICCTU, LPF and UTUC.

A Labour Ministry spokesperson clarified that the central government is not considering any such amendment to increase working hours to 12 hours per day and since labour is a concurrent subject, states have the right amend labour laws according to their requirement.

The official told that among the states, Rajasthan has increased working hours in view of emergency situation to avoid production loss. About appropriating funds of the EPFO and the ESIC, the official said that the Centre would provide funds under PMGKY for contributing employers' and employees' contribution for next three months which would benefit 79 lakh subscribers and 3.8 lakh firms with an outgo of Rs 4,800 crore.

The unions have alleged that the government has already been trying to bring in the amendment to increase working hours through the Code on Occupational Health, Safety and Working Conditions Bill, which has been opposed by the entire trade union movement. In fact, this move of the government is linked with the original project of codification aiming to end the internationally accepted eight hour working norm and not just exceptional circumstances, it added.

They said, "Rather, present Covid-19 situation is being sought to be utilised to put in place such anti-worker measure. The report under reference talks of shortage of workers which is not the reality, particularly when the nation is reeling under the highest rate of unemployment, which was slated to rise further due to economic slowdown." According to the letter, the projections by employer organizations from various sectors if added, the emerging scenario is grim as the unemployment rate may reach 23.7 per cent.

A report by the International Labour Organisation has also highlighted impact on poverty status for various countries and as for India goes, the estimation is worrisome as it projects that 40 crore of Indians would become poorer. They are of the view that even so called exceptional circumstances or even temporary shortage of availability, if it does arise at all, can very well be taken care of within the framework of the present Factories Act. It does not require permanently ending eight-hour working day norm through hasty amendment, it added.

Further, it appears that the government intends to shift the burden of Covid-19 generated economic crises on to the shoulders of working masses,who are already the worst victims of present calamity.

"In another news report we get to know that the EPFO funds which are wholly-owned by the subscriber- workers are being diverted to Pradhan Mantri Garib Kalyan Yojna (PMGKY) claiming that 3.8 lakh firms will benefit with 76 lakh subscribers with an out go of Rs 4,800 crore," it said. "There is also report about the move to divert ESI funds for meeting Government expenditures, totally unrelated to ESI Scheme," it said.

"We strongly feel that the Government should consider mobilising resources in this exceptional circumstances from the huge wealth accumulated by the High Net-worth Individuals (HINI) in the country who have cornered virtually 50 per cent of the national wealth, instead of grabbing workers' lifelong recurring savings in social security funds."

Source: financialexpress.com- Apr 13, 2020

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Vardhman Textiles resumes operations at its units in Punjab, Himachal and MP

Vardhman Textiles has got permission from the concerned authorities in the States of Punjab for resumption of manufacturing operations of its Spinning Units situated at Malerkotla and Ludhiana subject to fulfillment of certain conditions.

Similar permission has been received from authorities in Madhya Pradesh for resumption of operations of its Spinning Units situated at Mandideep and Satlapur.

Further, the District Magistrate, Solan (Himachal Pradesh) has also given a general permission to the Textile Units, having in-campus worker colonies, to start operations subject to fulfillment of certain conditions.

Accordingly, in compliance with the permission given by the concerned authorities, the Company has started partial operations in its Spinning Units situated in the States of Punjab, Himachal Pradesh and Madhya Pradesh.

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

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