<table>
<thead>
<tr>
<th>No</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Global trade to fall by record 27% due to Covid-19, says UN</td>
</tr>
<tr>
<td>2</td>
<td>China's cotton market sales analysis after May Day holiday</td>
</tr>
<tr>
<td>3</td>
<td>U.K. says it plans to start virtual trade talks with Japan shortly</td>
</tr>
<tr>
<td>4</td>
<td>UK unveils negotiating objectives for FTA with Japan</td>
</tr>
<tr>
<td>5</td>
<td>Cotton Australia unveils 2019 sustainability report</td>
</tr>
<tr>
<td>6</td>
<td>U.S. Cotton Trust Protocol Selects Program Verification Partner</td>
</tr>
<tr>
<td>7</td>
<td>Morocco Fashion &amp; Tex postponed to March 2021</td>
</tr>
<tr>
<td>8</td>
<td>Vietnam's garment sector to aim average 6% annual growth</td>
</tr>
<tr>
<td>9</td>
<td>UK PM unveils 'conditional plan' to reopen country</td>
</tr>
<tr>
<td>10</td>
<td>USDA: Bangladesh’s cotton consumption to bounce back</td>
</tr>
<tr>
<td>11</td>
<td>RMG Products: Bangladesh seeks 2-year duty-free market access to US</td>
</tr>
<tr>
<td>12</td>
<td>Bangladesh: RMG suppliers under pressure as Australian brands cancel orders, ask for discounts: ABC News</td>
</tr>
<tr>
<td>13</td>
<td>Bangladesh, Uzbekistan to form JWG for trade, investment</td>
</tr>
<tr>
<td>14</td>
<td>Story: Central Asian textile and clothing enterprises help turn the tide</td>
</tr>
<tr>
<td>15</td>
<td>Pakistan: Textile exports plunge to 17-year low</td>
</tr>
</tbody>
</table>
## NATIONAL NEWS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Finance Minister announce measures for relief and credit support related to businesses, especially MSMEs to support Indian Economy’s fight against COVID-19</td>
</tr>
<tr>
<td>2</td>
<td>Presentation made by Union Finance &amp; Corporate Affairs Minister Smt. Nirmala Sitharaman under Aatmanirbhar Bharat Abhiyaan</td>
</tr>
<tr>
<td>3</td>
<td>Finance Minister announces revised MSME definitions; no difference between manufacturing and service enterprises</td>
</tr>
<tr>
<td>4</td>
<td>21 States staring at ₹97,100-crore revenue hit in April: Ind-Ra</td>
</tr>
<tr>
<td>5</td>
<td>Maharashtra govt to issue comprehensive permits to set up factories</td>
</tr>
<tr>
<td>6</td>
<td>Virus fears: Over 2,000 trucks stranded at India-Bangladesh border</td>
</tr>
<tr>
<td>7</td>
<td>EPF contributions for smaller units to continue for 3 more months</td>
</tr>
<tr>
<td>8</td>
<td>Textile industry, MSMEs welcome FM announcement</td>
</tr>
<tr>
<td>9</td>
<td>Warehousing &amp; logistics sector to grow at 35% in 2021: Report</td>
</tr>
<tr>
<td>10</td>
<td>A package for India’s economic recovery, at last</td>
</tr>
<tr>
<td>11</td>
<td>Why India’s mattress industry is having sleepless nights</td>
</tr>
<tr>
<td>12</td>
<td>Equalisation levy on e-commerce companies may be deferred to second half of FY 2020-21</td>
</tr>
<tr>
<td>13</td>
<td>Relief for Taxpayers! ITR filing deadline for FY19-20 extended to November 30</td>
</tr>
<tr>
<td>14</td>
<td>RBI extends interest subsidy scheme for exporters till March 31, 2021</td>
</tr>
<tr>
<td>15</td>
<td>Trade body seeks easing of curbs from May 18</td>
</tr>
<tr>
<td>16</td>
<td>India to designate a 461,589-hectare land pool for factories leaving China</td>
</tr>
<tr>
<td>17</td>
<td>All you need to know about FM Sitharaman’s relief steps for MSMEs, realty, others; key questions answered</td>
</tr>
<tr>
<td>18</td>
<td>Nirmala Sitharaman gives MSMEs enormous headroom to grow bigger with revised definition</td>
</tr>
<tr>
<td>19</td>
<td>‘Aatmanirbhar’ in the sweatshop nation</td>
</tr>
<tr>
<td>20</td>
<td>Gujarat Inc feels collateral-free loans will help infuse liquidity</td>
</tr>
</tbody>
</table>
INTERNATIONAL NEWS

Global trade to fall by record 27% due to Covid-19, says UN

Global trade is forecast to fall by a record 27% in the second quarter of the year after a slump in the export of cars, machine parts and oil.

The coronavirus pandemic has hit the supply and demand for products across the world leading to a severe decline in world trade, said Unctad, the United Nations organisation that tracks trade flows.

Almost every category of goods is expected to suffer a fall in trade over the coming months, adding to a 3% decline in the first quarter of the year.

Unctad said the data revealed the huge shock to the global economy from the Covid-19 pandemic.

China was the first country to report a decline in trade ahead of a lockdown put in place by the authorities in Beijing in February. The rest of the developed world followed in March when similar lockdowns were announced.

Many of China’s factories have opened in the meantime, but reports from the world’s second largest economy show a significant proportion of the country’s industry is still operating at between 60% and 80% of capacity.

In recent days local authorities in China have put cities in the country’s north-east back into lockdown and closed some schools for a second time after new Covid-19 infections emerged.

Last week the International Monetary Fund warned that a previous forecast for an unprecedented decline in global GDP growth of 3% this year, the worst since the 1930s depression era, was looking optimistic.

Kristalina Georgieva, the IMF’s managing director, warned the US and China against rekindling a trade war that could weaken a recovery from the pandemic.

The IMF forecast a partial rebound would follow in 2021, but warned outcomes could be far worse, depending on the course of the disease.
Stephen Gallo, the European head of foreign exchange strategy at BMO Capital Markets, said: “Though a lot of progress has been made, China’s economy is still operating below pre-Covid levels.”

Europe, the US and much of central and south America are beginning to ease lockdowns, but are not expected to bring all parts of their economies back to life for several months.

Unctad said the drop in global trade was accompanied by a record decrease in commodity prices, which it said had “fallen precipitously since December last year”.

A free market commodity price index (FMCPI), which measures the price movements of primary commodities exported by developing economies, lost 1.2% of its value in January, 8.5% in February and 20.4% in March.

Plummeting fuel prices were the main driver of the steep decline, plunging 33.2% in March, while prices of minerals, ores, metals, food and agricultural raw materials tumbled by less than 4%, according to the report.

Unctad said: “By comparison, during the global financial crisis of 2008, the maximum month-on-month decrease was 18.6%.

“At that time, the descent lasted six months. Worryingly, the duration and overall strength of the current downward trend in commodity prices and global trade remain uncertain.”

Before the Covid-19 pandemic sent international commerce into a tailspin, global merchandise trade volumes and values during 2019 were showing modest signs of recovery.

A long-running trade battle between Washington and Beijing appeared to have eased following a ceasefire in an escalating tit-for-tat row over import tariffs between the administrations of Donald Trump and Xi Jinping. But threats from Washington of renewed conflict over import tariffs has alarmed investors and dampened stock market values.

Source: theguardian.com – May 13, 2020

***************
China's cotton market sales analysis after May Day holiday

After the May Day holiday (May 1-5), downstream domestic orders recover slightly, and some export orders appear. Trading volumes of spot cotton increase on the first day after returning from the holiday. However, the orders have not recovered to a level that mills can be active to replenish feedstock, and cotton textile industrial chain still operates weakly. Besides, cotton sales weaken after ZCE cotton futures market moves up. Therefore, the overall cotton sales remain not good, and ZCE cotton futures market faces large pressure to go up.

1. China cotton supply and demand

By end Apr, cotton arrivals total 5.2536 million tons in 2019/20 season, a fall of 1.5% year on year. In addition, China purchases more US cotton recently. For the week ending Apr 23, export sales of US cotton to China reached 95.8kt, and in the next week, the export sales were 50kt. In general, Chinese cotton market supply is sufficient. Besides, the open interests of ZCE May contract are 300kt, far higher than the corresponding period of previous years. Meanwhile, the trash of many warehouse receipts is high, and the cotton is hard to be sold.

![Accumulative inspection volumes of Chinese cotton](ccfgroup.com)

As Zhengzhou cotton futures market opened low and shivered at low level on May 6 after returning from the holiday, cotton market sales were active, and mills mainly procured for rigid demand. Later, ZCE cotton futures
market has been constantly increasing, and downstream demand for cotton continues to lower, and mills mainly hold bearish anticipation. Besides, with higher ZCE cotton, price edge of cotton at fixed price is seen, but the purchasing volumes remain limited at present.

2. Cotton inventory in mills and O/R of spinning mills

Currently, new orders of cotton yarn are less than that in Apr, and cotton inventory in mills declines slightly. Different from previous years, the decline of cotton inventory this year is mainly attributed to the pessimistic mood of mills towards current cotton market, and also the bleak cotton yarn sales and accumulating product inventory. Therefore, mills continue to purchase feedstock cautiously.

After the holiday, operating rate of spinning mills recovers slightly, but is basically flat overall. Meanwhile, cotton yarn inventory is piling up, to 31 days, a high level since 2016. According to survey, domestic orders are mostly flat after the holiday, and a few mills see export orders, but only a few mills have export orders, which has limited influence on the whole cotton textile market.
3. Conclusion

Market sentiment improves slightly currently, but the overall demand declines evidently year on year. Downstream mills see inadequate orders and keep cautious to replenish feedstock. Under the oversupplied situation, cotton market is expected to be range-bound weakly, and prices are hard to go up.

Source: ccfgroup.com – May 13, 2020

**********************

U.K. says it plans to start virtual trade talks with Japan shortly

The U.K. plans to begin negotiating a free trade agreement with Japan in the near future, the British government has said, setting out its negotiating objectives for a deal it hopes will save its exporters millions of pounds a year in tariffs.

After decades outsourcing its trade policy to the European Union, Britain is embarking on negotiating free trade agreements with countries around the world, and earlier this month launched formal negotiations with the United States.
“Japan is one of our largest trading partners and a new trade deal will help to increase trade, boost investment and create more jobs following the economic challenges caused by coronavirus,” trade minister Liz Truss said in a statement.

“Both sides are committed to an ambitious timeline to secure a deal that goes even further than the existing agreement especially in digital and data.”

Britain said its negotiating objectives for the deal, to be published Wednesday, include providing new opportunities for U.K. businesses and investors, and increasing the resilience of British supply chains by diversifying beyond the EU and China.

The government said it expected manufacturers of textiles and clothing, as well as professional and financial services providers, would be among the U.K. industries to benefit most from lowering trade barriers with Japan.

The agreement would be based on the existing EU-Japan free trade deal, it said, and would also aim to secure provisions on digital trade and copyright which could benefit the e-commerce sector and the creative industries.

Britain said it estimated a trade deal with Japan could increase trade flows between the two countries by £15.2 billion (¥2 trillion), and that lower or zero tariffs could save U.K. exporters £33 million a year.

Japan was Britain’s fourth-biggest non-EU trading partner in 2018, with total trade between the two countries of £29.1 billion, according to government statistics.

Britain hopes ultimately to join the 11-member Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and sees trade talks with Japan as a step toward that end.

Source: japantimes.co.jp- May 13, 2020
UK unveils negotiating objectives for FTA with Japan

Britain published its negotiating objectives for a free trade agreement with Japan, with talks beginning shortly via video conferencing, the Department for International Trade (DIT) said Wednesday.

The agreement, based on the existing (European Union) EU-Japan Economic Partnership Agreement (EPA), could benefit Britain with a 1.5 billion pounds (1.8 billion dollars) boost -- around 0.07 percent of its GDP -- while increasing trade flows between the two countries by 15.2 billion pounds (around 18.6 billion U.S. dollars), according to the department.

British manufacturers of textiles and clothing, and professional and financial service providers are expected to be among the biggest winners of lowering trade barriers with Japan.

The DIT also views the trade talks with Japan as "the first logical step" towards joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a replacement pact after the United States exited the Trans-Pacific Partnership (TPP) agreement.

"Negotiations with Japan are an important step in CPTPP accession, a key UK priority, which will help us diversify our trade and grow the economy," said International Trade Secretary Liz Truss.

David Henig, director of the UK Trade Policy Project at the European Centre for International Political Economy, pointed out that a UK-Japan deal is forecast to deliver less to Britain's economy than the comparable forecast for the EU-Japan agreement, although the government said it would be "a deal that goes even further than the existing agreement".

Struggling in crucial talks with the EU after its departure from the bloc on Jan. 31, Britain started the negotiation of a free trade agreement with the United States last week amid the novel coronavirus pandemic.

The DIT said it will also set out its negotiating objectives for Australia and New Zealand shortly, with the aim of having 80 percent of total Britain's external trade with countries covered by free trade agreements by 2022.

Source: xinhuanet.com - May 13, 2020

***************
Cotton Australia unveils 2019 sustainability report

Cotton Australia has released Australian cotton industry’s second five-year sustainability report, according to which, producing a bale of cotton takes 48 per cent less water, 34 per cent less land, and 97 per cent less insecticides than in 1992. By comparing sustainability areas from 2014 to 2019, the report highlights areas to be improved.

Using data in the report as a baseline, growers and other stakeholders will now be consulted in coming months on sustainability targets the industry should aim for in the next five to 10 years.

“The report is an important step towards the industry’s aim of being a global leader in sustainable cotton production. Australian cotton growers have been quietly improving their sustainability for decades and should take a moment to celebrate the industry’s collective achievements that are shown in the report.

Having said that, the report also highlights areas the industry can do better in, such as the need to make greater efforts to reduce carbon emissions, improve nitrogen use efficiency, increase on-farm carbon sequestration in soil and native vegetation, and improve farm safety,” Cotton Australia CEO Adam Kay said in a press release.

“The industry will now use report data to set five-year targets for 2024 and 2029, and plans to achieve those targets. To be a global leader in sustainable cotton production, we need to set bold targets, ensure our research and adoption program can get us to those targets, and frequently and transparently share progress with stakeholders.

We will be consulting with growers and other stakeholders inside and outside the industry on setting the right level of ambition in our sustainability targets.

The industry can point to long-term trends of significant improvement in areas it has focused on in the past, and we will draw on this experience to transform our performance in other areas in the future,” Cotton Research and Development Corporation general manager, R&D investment, Allan Williams.
The 2019 Australian cotton sustainability report is part of the industry’s new PLANET. PEOPLE. PADDOCK. sustainability framework, which guides the industry to set ambitious targets, coordinate a whole-of-industry strategy to achieve these targets, and engage effectively with stakeholders on actions and progress.

Source: fibre2fashion.com - May 12, 2020

U.S. Cotton Trust Protocol Selects Program Verification Partner

The U.S. Cotton Trust Protocol (Trust Protocol) has selected Control Union Certifications North America (CUC) to implement an independent, third-party verification program for the Trust Protocol system.

Data about Trust Protocol cotton is proven via Field to Market, measured via the Field Calculator and now will be verified by CUC, which was chosen from six applicants following a thorough selection process.

Control Union Certifications has certified more than 150 programs worldwide, including working as a key partner in the early development and piloting phases of Field to Market’s Impact Claim Verification Protocol. CUC has also worked with the Better Cotton Initiative (BCI) on its third-party verification programs in multiple countries.

CUC auditors in the U.S. have a long history of working with corn, soy and canola on standards focused on land conversion, irrigation systems, water management, integrated pest management, soil protection, crop rotation and conservation practices.

U.S. cotton growers will complete a self-assessment of farming practices and share their field data through Field to Market’s Fieldprint Platform. CUC will verify the Trust Protocol annual data that will highlight key sustainability metrics – land use, soil carbon, water management, soil loss, greenhouse gas emissions and energy efficiency.

“We’re excited to work with Control Union as our independent, third-party verification partner,” said Ken Burton, executive director of the Trust Protocol. “Control Union’s agriculture standards, experience and
impeccable reputation will provide brands, retailers and consumers assurance that the cotton fiber sourced through the Trust Protocol is continually improving.”

The U.S. Cotton Trust Protocol will launch in June 2020. Ahead of that launch date, the Trust Protocol was recently added to the Textile Exchange’s list of preferred fibers and materials.

Source: cottongrower.com - May 12, 2020

****************

Morocco Fashion & Tex postponed to March 2021

Morocco Fashion & Tex, the 6th Morocco International Textile, Accessories Fair, scheduled to be held this year, has now been postponed to March 2021, the fair organisers Pyramids Group has announced.

Morocco HomeTex, Morocco Textile Machinery and Morocco Leather and Shoes scheduled for June 25-28 this year are also postponed to March 2021.

The fairs, to be held in Casablanca, the largest city of Morocco, have been cancelled due to the COVID-19 pandemic.

With the participation of domestic and international textile professionals Morocco Fashion & Tex presents high quality products. Through Pyramid Group’s strongest network in Europe, Middle East and North Africa Morocco, Fashion & Tex will be attracting thousands of visitors from Middle East, the Arabian Gulf, Europe, Russia & CIS Countries.

Pyramids International is the biggest trade fair organiser of the Middle East and North Africa, first established in Cairo. Pyramids International has been providing services to the industry with an experienced team and professional understanding since 1993.

In 2003, Pyramids International launched Istanbul office, Turkey as Pyramids Group Fair, operating in more than 50 different countries and 70 sales partners. It has approximately 100 employees now.

Pyramids International and Pyramids Group Fair are sister companies.
Pyramids aims to carry the exporting companies into new markets and increase market share in right place at the right time with the right trade fair organisations.

Pyramids provides professional support to the participants at all necessary subjects related with the fairs. It is provided by collecting the database of chamber of commerce & industries, councils, associations, businessmen; inviting the “hosted buyer delegations” from the regional chamber of commerce, one by one with VIP invitations in order to organize B2B meetings; and organising matchmaking of the delegations with the exhibitors.

Source: fibre2fashion.com - May 13, 2020

Vietnam's garment sector to aim average 6% annual growth

Vietnam’s garment sector will focus on new potential markets to achieve an average growth of 6 per cent each year between 2020 and 2025, according to Vietnam Textile and Apparel Association (VITAS) chairman Vu Duc Giang, who recently said the COVID-19 pandemic offered businesses a chance to step up digital transformation and produce masks in large quantities.

The potential markets include members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the European Union-Vietnam Free Trade Agreement (EVFTA), as well as the proposed Regional Comprehensive Economic Partnership (RCEP).

Vietnamese firms have also invested in emission-free technologies in fibre production and waterless dyeing to meet the criteria of the global supply chain, he said.

At a conference with the prime minister on May 9, VITAS offered suggestions related to taxation and administrative procedures to tackle difficulties faced by firms, according to a media report from the country.

It proposed that the ministry of industry and trade should soon submit the Vietnam Textile and Garment Development Strategy till 2025 with a vision till 2035 to the prime minister for approval.
VITAS also mentioned the planning of major textile industrial zones using concentrated water treatment technology.

Source: fibre2fashion.com- May 13, 2020

***************

UK PM unveils 'conditional plan' to reopen country

British Prime Minister Boris Johnson recently unveiled a ‘conditional plan’ to reopen the country, allowing people to spend more time outdoors from May 13. People unable to work from home should return to workplace while avoiding public transport, he said. A new COVID Alert System with five levels will govern how quickly lockdown restrictions could be eased.

Hoping that the next step would be for some primary pupils to return to school, Johnson, in an address to the nation, said the stage would also involve reopening shops, which he cautioned would only happen if supported by science.

The next step after that—not earlier than July 1—could see some hospitality businesses and other public places reopen.

These steps formed part of a ‘first sketch of a road map for reopening society’, he was quoted as saying by British media reports.

The prime minister also confirmed that fines for the ‘small minority who break’ lockdown rules will rise.

Responding to the Johnson’s statement, the British Retail Consortium (BRC) said further clarity is needed in coming days and BRC looks forward to more details from the government.

“We need a plan for shopping as well as shops—this means a plan that allows safe navigation both to and through our retail centres—and we look forward to continuing to work closely with the government to support this process,” BRC chief executive Helen Dickinson said in a statement.

Source: fibre2fashion.com- May 12, 2020

***************
USDA: Bangladesh’s cotton consumption to bounce back

The Covid-19 pandemic has negatively impacted cotton imports and consumption in Bangladesh in the current marketing year (August 2019 to July 2020) but these are projected to rebound later this calendar year on an expected marginal increase in yarn and fabric demand in the new year as the RMG sector recovers from the corona shock.

A recent report of the United States Department of Agriculture (USDA) says, in 2020-21 marketing year (MY), Bangladesh’s raw cotton production is forecast to slightly increase over current MY (2019-20) to 146,000 bales and imports are forecast to rebound to 7 million bales.

As a result of Covid-19 mitigation efforts, Bangladesh’s ready-made-garment (RMG) facilities halted production for nearly a month during the Government-ordered lockdown. Additionally, some global retail brands have cancelled or delayed contracts for garments as a result of a decline in global garment demand.

In coming months (from August this year to July 2021), both yarn and fabric production levels are both projected to increase to 730,000 MT and 4.1 billion meters, which represents a 1.39 and 2.5 percent increase over the figures of corresponding period of 2019-20. USDA says, the forecasted increase is based on an expected marginal increase in yarn and fabric demand in the new year as the local RMG sector recovers from the negative economic impact of Covid-19.

In 2019-20 MY, yarn and fabric production forecasts have been revised down to 720,000 MT and 4.0 billion meters, which represent an 11 and 17 percent decrease from 2018-19 figures, respectively.

The decrease in production is the result of Covid-19 mitigation efforts (e.g., country lockdown) and depressed demand as the global economy slows.

Select RMG factories have also started to shift production to medical personal protective equipment (PPE), which does not require cotton yarn or fabric.

According to the Bangladesh Export Promotion Bureau, March 2020 apparel exports declined by over 19 percent compared to February, 2020. Bangladesh Garment Manufacturing and Exporter Association (BGMEA)
estimated the RMG export revenue to be a mere $366.5 million USD in April 2020, or approximately 84 percent lower than the same period last year.

The textile industry was greatly impacted by some international retailers cancelling and suspending orders as a result of COVID-19.

USDA quoted BGMEA to state that the estimated cost of cancelled orders was $3.17 billion USD thus far and the cancelled orders impacted local producers’ ability to pay 2.3 million workers and has resulted in an increase in stocks of yarn and fabric.

According to industry reports, stocks of locally spun yarn reached nearly $100 million USD in September 2019 (i.e., pre-Covid-19).

A representative of the BGMEA estimated export earnings to decrease further in May and stated the total loss could be as high as $6 billion USD.

Over the 2018-19 MY, RMG export earnings were approximately $34.4 billion USD. RMG exports during the first seven months of the current marketing year reached $18 billion USD as of February 2020.

Bangladesh currently has 433 spinning mills, 796 textile weaving mills, 246 dyeing and finishing mills, and around a total 6,502 registered and 527 un-registered garment and textile factories.

Approximately 4,621 BGMEA members employ 4.5 million workers at their garment factories, of which 80 percent are women.

USDA report says, in 2020-21 MY raw cotton consumption is expected to rebound to 7.2 million bales, assuming that demand for garments will start to return to pre-Covid-19 levels. Raw cotton consumption levels in current marketing year are estimated lower at 6.9 million bales due to reduced RMG consumption in the world market as an impact of Covid-19.

Similarly, in coming marketing year, yarn and fabric consumption is expected to increase by approximately 5.5 percent to 0.95 Million MT (MMT) and 3.33 percent to 6.2 billion meters based on an increase in demand as retail stores and shopping outlets reopen.

Yarn and fabric consumption estimates have been reduced to 0.9 MMT and 6 billion meters, respectively, in current marketing year due to depressed demand for garments. Prior to the economic slowdown, the garment
industry was already facing several challenges. Challenges include higher wages, added costs associated with new quality and compliance standards, and intense local competition.

Nearly 80 percent of garments made in Bangladesh are sourced from cotton; the rest are made from viscose, polyester and other materials. Local spinners supply 90 percent of raw materials for knitwear and 40 percent for the woven garments sector.

Source: dhakatribune.com- May 13, 2020

RMG Products: Bangladesh seeks 2-year duty-free market access to US

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) claimed that over $3 billion worth orders have been cancelled over the last couple of months

Bangladesh has sought a two-year duty-free access for its readymade garment products to the US market as the coronavirus pandemic put the major export-earning sector in trouble amid cancellations of global orders.

Considering the current situation, Foreign Minister Dr AK Abdul Momen made the request to the US government in a telephone conversation with US Deputy National Security Adviser Matthew Pottinger on Tuesday evening, reports UNB.

Dr Momen also sought US support so that no export order from Bangladesh is cancelled.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) claimed that over $3 billion worth orders have been cancelled over the last couple of months.

International brands and buyers' business practices have been "questioned" amid cancellation of orders, putting many RMG workers in immense trouble though owners invested a lot after the Rana Plaza incident, bringing massive reforms.
Bangladesh, the top garment exporter in the world after China, is heavily dependent on European and American orders.

Bangladesh government and industry leaders started raising the issue of cancellation of orders by the international brands and buyers at various levels amid the coronavirus crisis.

The Adviser of US President Donald Trump highly appreciated Bangladesh’s role in dealing with the current situation, according to the Ministry of Foreign Affairs.

He assured Bangladesh of continuing US support to deal with the challenges of Covid-19.

Trump’s Adviser also appreciated Bangladesh for accepting Rohingyas who floated at deep sea for weeks.

The Foreign Minister reminded that other countries in the region should also share the burden saying it is not the sole responsibility of Bangladesh to give them shelter.

He also urged other countries to take back over 1.1 million Rohingyas sharing responsibilities who have given shelter by Bangladesh.

The Foreign Minister sought strong role from the countries including the US in expediting the Rohingya repatriation initiative.

Trump’s Adviser thanked Prime Minister Sheikh Hasina on behalf of the US President for her letter sent to Trump on the occasion of birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

Dr Momen urged the US to provide a special allocation for Bangladesh to ensure food security in the country amid coronavirus crisis.

The Foreign Minister also raised the investment issue and sought increased US investment in Bangladesh saying the country offers a good investment environment.

He mentioned about 100 economic zones being prepared in various parts of the country.
The Foreign Minister also sought US investment in the ICT sector saying some 28 IT parks are being built in Bangladesh. About a question on Digital Security Act, Dr Momen said the mass media in Bangladesh enjoys much freedom compared to any other country.

He, however, said legal action will be taken as per law against those who will mislead people through misinformation, hate speech and instigating bad campaigns. Dr Momen said the US can import medical products, including medicines, from Bangladesh in a larger quantity, and mentioned that Bangladesh is now producing Personal Protective Equipment (PPE) and masks.

The Foreign Minister reminded that other countries in the region should also share the burden, saying it is not the sole responsibility of Bangladesh to give them shelter. He also urged other countries to take back over 1.1 million Rohingyas sharing responsibilities who have been given shelter by Bangladesh.

The Foreign Minister sought strong role from the countries including the US in expediting the Rohingya.

Trump's Adviser thanked Prime Minister Sheikh Hasina on behalf of the US President for her letter sent to Trump on the occasion of birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

Source: dhakatribune.com- May 13, 2020

***************

Bangladesh: RMG suppliers under pressure as Australian brands cancel orders, ask for discounts: ABC News

Clothing brands of Australis are delaying payments, cancelling orders or asking for big discounts on millions of dollars' worth of orders from Bangladesh, with potentially catastrophic consequences for the women who make the clothes.

ABC News in its report said one major Australian retail company, Mosaic Brands, is delaying payment, holding or cancelling orders worth a total of $15 million, according to figures sourced by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).
The news network viewed emails which show Mosaic Brands -- which owns labels Rivers, Katies, Rockmans, Autograph, Noni B, Millers, W Lane and Beme -- told suppliers that payments for some orders would be delayed by eight months.

The information emerged as Kmart revised its request for a 30 percent discount on some orders already completed, after some suppliers said they could not withstand the price cut.

Rubana Huq, president of BGMEA -- which along with the Worker Rights Consortium is tracking data on the behaviour of brands towards suppliers -- described the behaviour of some Australian retailers as "astonishing".

The BGMEA chief told the network that delaying payments by any longer than six months was "unacceptable" and even with the delays, some money must be paid in the meantime.

Two weeks ago, Kmart Australia's sourcing arm, KAS, asked suppliers for a 30 percent discount on orders already made, before backtracking on the request the following Tuesday.

A company spokesman told ABC News that after conversations and feedback from those suppliers, Kmart had committed to taking the whole order and paying in full on the proviso that the suppliers could deliver the goods within a reasonable timeframe, given they were seasonal products.

The company has warned suppliers that orders, which had previously been put on hold, must be delivered by the new deadline or they will be "cancelled without liability".

Another brand, Cotton On has also backed down on its decision to cancel millions of dollars' worth of orders.

Cotton On had told suppliers it would cancel products worth $18 million, but that decision was recently reversed, reports ABC News.

BRANDS URGED TO PAY WAGE COMPONENT OF ORDERS

Oxfam Australia is calling on brands to commit to paying workers' salaries during the pandemic.
Oxfam labour rights spokeswoman Sarah Rogan said the wage component of the production cost was very small and although workers were employed by factories, brands had to be accountable for wages being paid.

She further said more than 2,000 people used an online platform set up by the organisation, to ask brands how they intended to deal with the Covid-19 crisis but none of the brands had responded to consumer requests.

And none of the brands had responded to Oxfam’s requests for information about how they would deal with workers' salaries and whether they would honour their order commitments during the pandemic.

Source: thedailystar.net- May 14, 2020

***************

Bangladesh, Uzbekistan to form JWG for trade, investment

Bangladesh and Uzbekistan have agreed to form Joint Working Group (JWG) to boost bilateral trade and investment through removing different barriers.

Commerce Minister Tipu Munshi gave the information on Tuesday at a view exchange meeting with Uzbekistan’s Deputy Prime Minister and Investment and Foreign Trade Minister Sardor Umurzakov through a videoconference from the secretariat in the city, reports BSS.

“Bangladesh is keen to increase trade and cooperation between the two countries. However, there are some complications in trade. It is possible to resolve the complexities by forming a joint working group comprising the experts from both the countries,” he said.

Among others, Prime Minister’s Private Industry and Investment Adviser Salman Fazlur Rahman and Textiles and Jute Minister Golam Dastagir Gazi also joined the videoconference.

During the meeting, they discussed various issues to enhance the trade and economic relations between the two countries.

Based on the discussion, they took decision to form a joint working group to increase trade and economic relations between the two countries.
Story: Central Asian textile and clothing enterprises help turn the tide

Saparbek Asanov is the President of the Association of Light Industry Enterprises of Kyrgyzstan, 'Legprom'.

According to him, textile and clothing companies in Kyrgyzstan have suffered a severe blow from the coronavirus. Out of 1000 factories in the capital Bishkek, only around 17 have managed to continue operations.

These factories have shifted their production towards meeting new consumer demands. One such factory is Aktis, a women's garment manufacturing company, located in the suburban area of Bishkek.

During a critical shortage of masks and other protective equipment, Aktis recently completed an order of 2,500 facemasks and 350 personal protective garments for the civil volunteer movement, Narodnyi Shtab, which helps front-line workers fighting the coronavirus.

An additional 504 sets are to be produced in the coming weeks. The companies are not only determined to deliver top quality products but also to ensure the safety of their employees. All employees have received new uniforms including protective gloves and masks. Workshops are regularly disinfected.

A sense of duty towards those in need rather than economic interest drives these workers to leave their homes during this difficult time.

As part of the recovery plan, the Legprom Association, in close contact with garment manufacturers, is devising a post-COVID-19 strategy to support the textile and clothing sector in Kyrgyzstan.

New opportunities in Tajikistan

As a popular Tajik proverb says, when one door closes another opens - the pandemic opened up new opportunities for textile and clothing companies in the country. Products such as protective facemasks, medical uniforms,
bed linen, hospital clothes, cotton bandage, and other medical and sanitary products are in great demand today.

Resandai Qurghontepp, one of the International Trade Centre's (ITC) partners, produced and donated 100,000 facemasks to medical facilities in Bokhtar, the third-most populated city in the country. This example encouraged other ITC partners to engage and help. As a result, two companies, Mehrovar and Guldaston, also produced masks and donated to schools and hospitals in their region.

COVID-19 response initiatives have provided an opportunity for ITC partner companies to use the knowledge and information they gained at a training on corporate social responsibility last year.

More than 10 textile and clothing companies working with ITC have now shifted to the production of protective facemasks and other sanitary products.

Global Textiles and Clothing Programme

The International Trade Centre's Global Textiles and Clothing Programme (GTEX) and its related work in the Middle East and North Africa (MENATEX) provides support to these companies in Kyrgyzstan and Tajikistan.

The programme promotes Textile and Clothing (T&C) exports from countries in Central Asia, the Middle East and North Africa. The aim is to stimulate employment and income generation along the value chain.

The GTEX programme is funded by the Government of Switzerland and MENATEX is funded by the Government of Sweden for the MENA region.

Source: marketscreener.com - May 13, 2020
Pakistan: Textile exports plunge to 17-year low

A significant decline was seen in trade shipments since Mar 15 — the date since coronavirus cases spiked in major export destinations especially in Europe and North America.

Moreover, exports through the land routes were almost non-existent during the month as Iran, Afghanistan and Pakistan shut down their respective borders to contain the pandemic.

Exports were expected to fall during the month of April as only a few buyers were honouring their import commitments with local manufacturers.

It was only in February when the textile and clothing exports jumped nearly 17pc on a year-on-year basis. This growth was reported after a long time as the past few years had been marred by single-digit increases.

Details showed exports of ready-made garments dived by 73.44pc in value and drifted much lower in quantity by 78.94pc during April while those of knitwear dipped 61.75pc in value and 48.31pc in quantity, bed wear posted negative growth of 57.54pc in value and 57.37pc in quantity.

Towel exports fell 74.07pc in value and 72.78pc in quantity, whereas those of cotton cloth dipped by 69.73pc in value and 78.06pc in quantity.

Exporters are resuming production and seeking permission from provincial and federal governments to allow workers to reach factories. With these developments, exports are likely to revive partially in May.

Among primary commodities, cotton yarn exports dipped by 63.29pc while yarn other than cotton by 70.19pc, made-up articles — excluding towels — by 63.56pc, and raw cotton 100pc.

Exports of tents, canvas and tarpaulin increased by a massive 32.39pc during the month under review.

Between July-April FY20, textile and clothing exports declined 2.79pc to $10.816 billion, from $11.127bn over the corresponding period last year. In rupee terms, the proceeds of the sector jumped 14.17pc.
Non-Textile sector: Exports of non-textile products shrank more than 41pc year-on-year to $553.443m in April. In the pre-Covid-19 period, an upward trend was seen in the exports of non-textile products, largely driven by rupee depreciation.

The data released by the PBS showed the food basket contracted 26pc in April from a year ago. Under this category, however, exports of rice witnessed an increase of 3.18pc, thanks to an increase in basmati exports which jumped 21.35pc in value and 33pc in quantity.

Export of fish and fish products declined by 49.27pc while that of vegetables dipped by 51.80pc and fruits 19.62pc, respectively. No exports were recorded of wheat, sugar, and pulses following the imposition of a ban from the country in the month of April. The export of tobacco, spices, and meat products during the month under review declined by 36.06pc, 9.72pc and 11.29pc respectively.

The leather exports also dipped by 70.53pc, driven mainly by declines in sales of leather garments, gloves, followed by other products.

Contrary to these, exports of carpets and rugs decreased in value by 92.72pc and in quantity by 92.04pc during April from a year ago.

Source: dawn.com- May 14, 2020
NATIONAL NEWS

Finance Minister announce measures for relief and credit support related to businesses, especially MSMEs to support Indian Economy’s fight against COVID-19

- Rs 3 lakh crore Emergency Working Capital Facility for Businesses, including MSMEs
- Rs 20,000 crore Subordinate Debt for Stressed MSMEs
- Rs 50,000 crore equity infusion through MSME Fund of Funds
- New Definition of MSME and other Measures for MSME
- No Global tenders for Government tenders of upto Rs 200 crore
- Extending the Employees Provident Fund Support for business and organised workers for another 3 months for salary months of June, July and August 2020
- EPF Contribution to be reduced for Employers and Employees for 3 months to 10% from 12% for all establishments covered by EPFO for next 3 months
- Rs. 30,000 crore Special Liquidity Scheme for NBFC/HFC/MFIs
- Rs. 45,000 crore Partial credit guarantee Scheme 2.0 for Liabilities of NBFCs/MFIs
- Rs 90,000 crore Liquidity Injection for DISCOMs
- Relief to Contractors given by extension of up to six months for completion of contractual obligations, including in respect of EPC and concession agreements
- Relief to Real Estate Projects the registration and completion date for all registered projects will be extended up to six months.
- Tax relief to business as pending income tax refunds to charitable trusts and non-corporate businesses and professions to be issued immediately
- Reduction in Rates of ‘Tax Deduction at Source’ and ‘Tax Collected at Source” by 25% for the remaining period of FY 20-21
- Due Dates for various tax related compliances extended

Click here for more details

Source: pib.gov.in – May 13, 2020
Finance Minister announces revised MSME definitions; no difference between manufacturing and service enterprises

Delivering the economic package, part of the Aatmanirbhar Bharat Abhiyaan, Finance Minister Nirmala Sitharaman on Wednesday announced revisions in the definition of Micro Small and Medium Enterprises (MSME). Earlier, the MSMEs were defined on the basis of investments put in, now the revised definitions will also include turnover of the company.

Sitharaman also declared that there will be no more distinction between Manufacturing and Service MSMEs.

“Earlier, the criteria for manufacturing units and service units were different. Now those distinctions between Manufacturing and Service MSMEs are being removed. They will all be defined similarly,” she said.

**Micro units**

MSMEs will now be called Micro units if they have investments upto Rs 1 crore and turnover of less than Rs 5 crore. The definition earlier was on investment criteria of up to Rs 10 lakh for Service MSMEs earlier and Rs 25 lakh or manufacturing.

**Small units**

For an MSME to be defined as a Small unit, its investment limit has been raised from Rs 5 crore to Rs 10 crore with a turnover of less than 50 crore. This applies to all MSMEs including the Service enterprises which earlier came under investment of up to Rs 2 crore.
Medium units

Enterprises with investments up to Rs 20 crore with a turnover of less than Rs 100 crore will now be called Medium units. Earlier, the investment limit for Medium units was up to Rs 10 crore and Service enterprises up to Rs 5 crore.

**Existing and Revised Definition of MSMEs**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing &amp; Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mfg. Enterprises</td>
<td>Investment &lt; Rs. 25 lac</td>
<td>Investment &lt; Rs. 5 cr.</td>
<td>Investment &lt; Rs. 10 cr.</td>
</tr>
<tr>
<td>Services Enterprise</td>
<td>Investment &lt; Rs. 10 lac</td>
<td>Investment &lt; Rs. 2 cr.</td>
<td>Investment &lt; Rs. 5 cr.</td>
</tr>
</tbody>
</table>

**Revised MSME Classification**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing &amp; Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment &lt; Rs. 1 cr. and Turnover &lt; Rs. 5 cr.</td>
<td>Investment &lt; Rs. 10 cr. and Turnover &lt; Rs. 50 cr.</td>
<td>Investment &lt; Rs. 20 cr. and Turnover &lt; Rs. 100 cr.</td>
<td></td>
</tr>
</tbody>
</table>

“The definition being changed is done in the favour of MSMEs. There has always been this fear, among successful MSMEs also, that if they outgrow the size of what has been defined as an MSME, they will lose their entitled benefits.

This is why MSMEs like to remain within the definition rather than grow. With the revised definitions of MSMEs, they will not have to worry about growing their size and can still avail benefits,” she said.

Source: economictimes.com – May 13, 2020
21 States staring at ₹97,100-crore revenue hit in April: Ind-Ra

Lockdown forced Tamil Nadu, Karnataka, Kerala, Andhra Pradesh, Maharashtra and 16 other major States together to record revenue loss of around ₹971 billion (₹97,100 crore) during the month of April alone, India Ratings & Research (Ind-Ra) has estimated.

In a report prepared by agency’s Associate Director Anuradha Basumatari and Principal Economist Sunil Kumar Sinha, the agency said that Fiscal Year 2020-21 started amid the countrywide lockdown which has brought the economy to a grinding halt. “In fact, the disruption to the production, breakdown of supply chains/trade channels and total washout of activities in the aviation, tourism, hotels and hospitality sectors have taken place with such speed and scale that even if the lockdown is lifted by mid-May, the economic activity is unlikely to become normal until 2QFY21 (July-September, 2020),” the report mentioned.

The sources of State government revenue are SOTR (States’ Own Tax Revenue), share in central taxes, SONTR (States’ Own Non-Tax Revenue) and grants from the Centre. The average proportion (FY2017-18 to FY2019-20) of SOTR in revenue receipts is around 46 per cent; the same for a share in central taxes, SONTR and grants is 26 per cent, 8 per cent and 20 per cent, respectively.

States own revenue mainly comes from seven heads – state goods and services tax (SGST), state VAT (primarily petroleum products), state excise (mostly liquor), stamps and registration fees, tax on vehicle, tax and duty on electricity and own non-tax revenue. The agency analysed the revised estimate of States Budgets for FY20 (2019-20) of all the major states to calculate the likely revenue loss to the major states in India.

Amidst lockdown, nearly 40 per cent of the economy was functional, as economic activities defined as ‘essentials’ were allowed to remain operational. This means that “despite the lockdown, some amount of revenue did accrue to the state government under the head of SGST (40 per cent), state VAT (30 per cent), tax and duty on electricity (10 per cent) and own non-tax revenue (10 per cent). Even after making these adjustments, states are faced with a significant revenue loss in April 2020.”
To mitigate the rising liquidity pressure, the Reserve Bank of India and the union government have announced several measures. Ind-Ra has already opined that it would provide only temporary relief to state governments. Things may improve somewhat in May 2020 due to the easing of some restrictions – allowing the liquor sale being the most prominent one. Thus, many states adversely, while allowing the sale of liquor have raised the associated excise duty.

Also, some states have raised VAT on petrol and diesel. “Although the lockdown is going to impact the revenue performance of all the states, those with a high share of its own revenue in the total revenue would be the worst impacted. In this regard, the states that stand out are Goa, Gujarat, Haryana, Tamil Nadu, Telangana, Karnataka, Maharashtra and Kerala as 65%-76% of their revenue comes from their own sources,” the agency said.

Source: thehindubusinessline.com – May 13, 2020

*************************

Maharashtra govt to issue comprehensive permits to set up factories

Maharashtra Industries Minister Subhash Desai on Wednesday said the state government will provide “Maha Permits” for big-ticket industrial projects, covering all kinds of permissions that are needed to set up a plant. It will save the time wasted in obtaining various permits needed to start a factory, the minister told reporters here. “Many companies are backing out from China (after coronavirus outbreak) and we are closely watching the developments. The state government has decided to grant single `Maha permits’ to simplify the process of setting up industrial units,” he said.

Mega permits will be granted after the companies submit concrete proposals while the period for obtaining other subsequent permissions will be increased and they can be obtained after the unit starts, Desai said. “The Maha permit will have all the required permissions for an industry to set up its plant here. It will save time and companies can commence work without delays,” he said. The state government also plans to form an employment bureau, which will have database of skilled and semi-skilled professionals whom companies can contact for recruitment, Desai said.
“This will save the companies hiring costs and also offer job opportunities to the youth in the state,” he said. Lockdown restrictions on MSMEs have been eased and workers are allowed to travel to their factories on two-wheelers, he said. “For a long time now, we have fought to provide jobs to local labourers,” the Shiv Sena leader said.

“With so many migrant workers returning to their home states, industries can employ local youth now,” he said. 64,493 companies had sought permission to restart operations during lockdown, of which 34,821 were now functioning with 9,17,000 labourers, he said.

Source: financiexpress.com – May 13, 2020

Virus fears: Over 2,000 trucks stranded at India-Bangladesh border

Centre raps West Bengal for not allowing essential goods movement; use trains, says State govt

More than 2,300 trucks of Indian origin are stuck or stranded along the India-Bangladesh border in the Petrapole-Benapole region, nearly 100 km from Kolkata, as vehicular movement between the countries has taken a massive hit because of local resistance and fears of a Covid outbreak.

 Customs officials and other sources say that while 2,103 trucks — mostly loaded — have piled up on the Indian side awaiting clearance to unload stocks, 228 trucks are stranded at Benapole, on the Bangladeshi side.

Petrapole, located in the North 24 Parganas district of West Bengal, is the largest land Customs port on the Indian side and accounts for a majority of India-Bangladesh trade.

India’s exports to Bangladesh stood at $9.21 billion in FY19, while imports from that country stood at $1.22 billion, with approximately 500 trucks moving on a daily basis either way. Trade also happens through trains.

Train movement is still on, maintained Chaitali Chakraborty, District Magistrate of North 24 Parganas. “Trade is happening and train movement is on along the Petrapole-Benapole route,” she told BusinessLine.
Stranded at the border

Sources said that on the Indian side, 231 trucks are stranded at the border (on the way to the integrated checkpost, or at the checkpost, at Petrapole); another 572 are parked at a facility managed by the local municipal body; and around 1,300 have registered for loading-unloading operations but are now parked at different non-registered/private parking lots nearby.

Meanwhile, on the Benapole side, loading-unloading operations were carried out in 138 trucks, but they are now awaiting clearances. In the case of another 90 trucks, unloading operations are yet to be done.

Truck movement through Petropole first came to a halt on March 23, after West Bengal imposed a lockdown. Subsequently, the Centre announced a lockdown that began on March 25.

Vehicular movement resumed between April 30 and May 4, when it was decided that trucks would move until the ‘zero point’, where loading-unloading operations take place. However, truck movement was subsequently stopped following local political trouble.

On April 30, two vehicles carrying maize seeds and jute were allowed till zero point. The next day, May 1, was a holiday. On May 2, some 13 vehicles moved to Benapole.

A day later, a Trinamool Congress-backed trade union, which controls a majority of the labourers and clearing agents, raised objections to the cross-border trade citing its members’ health concerns. Subsequently, this led to the suspension of truck movement.

“Issues like social distancing norms or availability of PPEs (private protective gear) cropped up as work began towards April-end. Moreover, most labourers and clearing agents do not get insurance coverage, either from the Centre or the State government. With health and safety concerns rising, truck movements were hit,” said Karthik Chakraborty, Secretary, Petrapole Clearing Agents’ Staff Welfare Association.

Despite repeated attempts, Jyotipriyo Mallick, West Bengal Food Supplies Minister and Trinamool Congress leader in charge of North 24 Parganas, did not take calls.
Alternative solutions

Reminding West Bengal of its April 24 order to allow cross-land border transportation of essential goods to and from Nepal, Bhutan and Bangladesh, the Union Ministry of Home Affairs (MHA) said the State is yet to file a compliance report.

The MHA wrote: “The unilateral action...to stop the cross land border movement of essential goods would have larger implications for the Indian government with regard to its legally binding international commitments...”

West Bengal on its part has already proposed that a train route through the district of Nadia (Gede-Darshana route) be used as an alternative to transport essentials to and from Bangladesh.

Other available train routes to Bangladesh via West Bengal are Radhikapur-Birol and Singhabad-Rohanpur. For trade with Nepal and Bhutan, the trade points (through Bengal) include Panitanki and Jaigaon.

Source: thehindubusinessline.com – May 13, 2020

EPF contributions for smaller units to continue for 3 more months

Employer and employee contribution reduced to 10 per cent each for establishments covered under EPFO

Employee can take away more cash while employer will have more liquidity as the government relaxed norms for contribution in the Employee Provident Fund Scheme (EPF). However, Central and State Public Sector Undertakings employer will continue to contribute based on the existing norm.

As a part of ‘Atamnirbhar Bharat’ package, Finance Minister Nirmala Sitharaman announced two measures --support under Pradhan Mantri Garib Kalyan Package (PMGKP) for payment of 12 per cent of employer and 12 per cent of employee contributions will continue for three more months i.e. June, July and August.
The other proposal states that statutory PF contribution of both employer and employee will be reduced to 10 per cent each from existing 12 per cent each for all establishments covered by EPFO for next three months. CPSEs and State PSUs will, however, continue to contribute 12 per cent as employer contribution.

According to the Finance Minister the first proposal will provide liquidity relief of ₹ 2,500 cr to 3.67 lakh establishments and for 72.22 lakh employees. The second proposal will provide relief to about 6.5 lakh establishments covered under EPFO and about 4.3 crore such employees, she said while adding that this will provide liquidity of ₹ 6,750 crore to employers and employees over 3 months.

Simply put, the government will continue to provide 24 per cent of amount comprising basic plus dearness allowance for employees and employers for a unit employing up to 100 persons and 90 per cent of those employees earning less than ₹ 15,000 a month. Earlier, this proposal was for the month of March, April and May.

Lohit Bhatia, President of Indian Staffing Federation (ISF) said that the Federation has been talking to the government regarding various non-cash/non-subsidy based announcements, among them reduction of employer and employee contribution was suggested as well for this financial year, thus reducing employment cost as well as increasing net take home salary for employees.

“While the government did announce the same its time bound for only three months, we would recommend this to be extended up to March 31, 2021, as this is liquidity enhancing measure and has no bearing on Government finances directly,” he said.

Source: thehindubusinessline.com- May 12, 2020

*******************
Textile industry, MSMEs welcome FM announcement

Textile industry and micro, small and medium-scale enterprises (MSMEs) in Coimbatore and Tiruppur districts have welcomed the announcements by Union Finance Minister Nirmala Sitharaman on Wednesday.

Coimbatore District Small Industries’ Association president R. Ramamurthy said most of the demands of the associations in Coimbatore are met, especially related to definition for MSMEs. The industries can start buying raw materials and can commence operations with confidence.

According to V. Krishna Kumar, president of Southern India Engineering Manufacturers’ Association, the decision to give priority to products made in the country and opening some tenders only to domestic industries are welcome measures. But, the loans announced by the government should be available at lower interest rates.

President of Coimbatore and Tirupur District Tiny and Micro Enterprises’ Association C. Sivakumar welcomed the announcements and said the micro units can start operations and depending on need seek further support from the government. The government should look at waiver of loans for micro units, he said.

J. James, president of Tamil Nadu Association of Cottage and Tiny Enterprises, added that the micro sector, which is peculiar to Coimbatore region, needs more focus. There should also be clarity on how the announcements will be implemented.

In the textile sector, Confederation of Indian Textile Industry chairman T. Rajkumar said the move to redefine MSMEs will benefit the sector. The ₹30,000-crore special liquidity scheme will supplement the measures announced by the RBI Governor to augment liquidity.

Chairman of Apparel Export Promotion Council A. Sakthivel said the measures announced will give more money in hands of people and factories and spur economic growth. Disallowing global tenders will give opportunities to local industries.

According to Ashwin Chandran, Chairman of Southern India Mills’ Association, 60 % of the textile industry in the country are MSMEs and these will benefit. There should be a special package for exports.
Tiruppur Exporters’ Association president Raja M. Shanmugham welcomed continuance of Pradhan Mantri Garib Kalyan package and payment of 12% of employer and 12% employee contributions into EPF accounts of eligible establishments for another three months to salary months of June, July and August 2020 also.

S. Nagarajan, president of Dyers’ Association of Tiruppur, while welcoming the announcements said industries abroad get loans at lower interest rates. The units in India should get loans at the international rates.

Source: thehindu.com- May 13, 2020

Warehousing & logistics sector to grow at 35% in 2021: Report

The warehousing and logistics asset class could be among the fastest to recover from the coronavirus crisis, a report says, citing an expected increase in domestic demand and possibility of global firms shifting manufacturing to India to de-risk supply chains as reasons.

The Welspun One Logistics Parks (WOLP) report estimates that the warehousing and logistics industry will grow at 35% in 2021 compared with the earlier industry demand forecast of 25%.

“The transition of retail to online and larger inventory levels by ecommerce players will speed up the warehousing demand further. The resulting impact will be felt substantially in demand for inner-city logistics and cold chain facilities,” Welspun One Logistics Park managing director Anshul Singhal said, adding that the firm is in talks to raise capital to expand its business across the country.

The segment is also expected to attract a large pool of capital with fund managers looking at warehousing and industrial real estate as a safer, resilient and scalable asset class for their investors.

“There is significant amount of cash available to be invested in the warehousing and logistic space. The focus will be on long-term strategy, but in the short term, funds will be cautious to put in money,” said Alok
Bhuniya, CEO of Ascendas Firstspace, a joint venture between CapitaLand and Firstspace Realty.

Occupiers are also expected to look at backup storage options in terms of large warehouses in tier 2 & 3 markets to further de-risk their supply chains, away from the tier 1 cities which have been highly affected.

"We are strategising and looking at newer markets like Gujarat and Kolkata to expand our business. There is a lot of uncertainty in the market due to Covid-19, but at the same time there are some large demands for warehousing floating in the market too," said Aditya Virwani, COO, Embassy Group.

According to the report, unlike other real estate asset classes, the warehousing sector is fully prepared and mature to be able to scale and take advantage of the increase in demand due policy initiatives like GST, infrastructure status and 100% FDI approvals.

The year 2019 also saw larger funds and developers evaluating regional developments having strong tenant profile with a combination of land and stabilised assets.

Global funds like Blackstone, ESR and Morgan Stanley are some of the firms that invested in a combination of platform or project level deal.

Source: economictimes.com- May 13, 2020

A package for India’s economic recovery, at last

With the economy sliding into an abyss, the Prime Minister’s announcement of a “₹20-lakh crore package” has not come a moment too soon. Some of the details of this package, spelt out by the Finance Minister on Wednesday, are likely to boost production in MSMEs and actually get banks to lend — something that they have steadfastly refused to do, despite numerous efforts by the Reserve Bank. Notable is the ₹3-lakh crore corpus for collateral-free loans (of a four-year tenor) to be made available to an estimated 45 lakh MSMEs for which the government will stand guarantee — finally confronting the problem of risk aversion in the banking sector, which continues to park record sums in the reverse repo window.
The Centre should have acted earlier on this score, as the recession-hit developed countries have done. The ₹90,000-crore liquidity relief to Discoms will revive funds flow in the power sector, with generation companies being able to revive production. Here too, the Centre is expected to act as guarantor for loans given by the power finance corporations. Steps to restrict tendering for government procurement to local units for orders below ₹200 crore, are in keeping with the Prime Minister’s emphasis on a self-reliant India, and do not run foul of WTO provisions.

However, there can be no escaping the impression that the fiscal stimulus is nowhere near ₹20-lakh crore number stated. The credit guarantee schemes announced by the Centre, amounting to about ₹4 lakh crore, are likely to be accounted for as contingent liabilities in the Budget. But the extent of annual provisioning on this score is not clear. In fact, if the increase in the borrowing limits for this fiscal is any indication, the fiscal stimulus is likely to be in the region of ₹4.2 lakh crore.

It is perhaps the lack of clarity on revenue flows — GST collection figures for April have not yet been released — that has prompted the Centre to be circumspect on this score. Even so, a reallocation of expenditures to boost demand will supplement the credit push. A credit-driven stimulus is likely to be less effective than direct public spending in times of crisis. As for spurring consumer demand, the TDS/TCS relief is illusory.

Both Covid and the recession it has engineered are unlikely to go away in a hurry. However, the Prime Minister’s idea of transforming the crisis into an opportunity by focussing on self-reliant production seems a bit vague. For India to emerge as a leader in manufacturing and symbolise excellence, it needs to invest far more in human capital. A race-to-the-bottom approach in terms of labour and environment regulation is no way to become a global leader. More far-reaching business and social reforms are expected by way of a ‘package’.

Source: thehindubusinessline.com- May 13, 2020
Why India’s mattress industry is having sleepless nights

Retail sales slump amid lockdown; may take time to bounce back once it’s lifted

It may sound ironic but India’s sleep industry is having sleepless nights. The domestic mattresses industry, heavily dependent on retail business, is facing one of its worst decline in sales due to the lockdown.

“The entire period has been a complete washout for both the company and the industry,” said Rahul Gautam, Managing Director, Sheela Foam Ltd, which owns the Sleepwell brand of mattresses.

The Noida-based brand, which produces one million mattresses annually, is a dominant player in the organised mattress industry.

“Retail constitutes about 90 per cent of the demand for our industry and the remaining comes from the institutional or B2B side,” said Uttam Malani, Executive Director of Hyderabad-based Centuary Mattresses, part of the Shree Malani Group, which also owns Shree Malani Foams.

Centuary, which holds a substantial market share in Andhra Pradesh and Telangana, also witnessed a complete sales washout in April. “We will probably see about 10 per cent demand as compared to normal in May and are expecting to operate with 50-60 per cent of routine demand from June onwards,” Malani said.

Peak season

Smita Murarka, Vice President - Marketing, Duroflex Mattresses, said the pandemic has dealt a huge blow to the industry, since April and May are typically peak seasons for weddings and mattresses companies see a demand spike then.

However, she noted, the sales plunge is due to the lockdown and logistical issues and not due to a fall in demand. For instance, many regions of Maharashtra, Tamil Nadu and Andhra Pradesh, which are some of the strong markets for Duroflex, are currently among Covid-19 red zones.
“We have seen 3x growth in our social media following and 4x jump in website visits even during this period, which shows consumers still want to buy a mattress but are unable to due to the lockdown,” Murarka said.

Industry players also believe that mattresses, which fall under the discretionary segment, may not be the top priority for the consumers even after the lockdown is lifted.

“I assume people would be a little more wary about spending post lockdown. In that context, mattresses may not be a priority product except for weddings and new homes,” said S Balachandar, CEO of Coimbatore-based Repose Mattress, a specialised player in spring mattresses. He added that despite spending one-third of their lives sleeping, people do not give enough importance to mattresses.

But some industry players are optimistic that business will rebound in the coming months.

“A mattress is a source of bacteria and other pathogens,” Sleepwell’s Gautam said, adding: “During this lockdown, people have spent all their time at home on a mattress, so at first opportunity, people would come and buy new mattresses.”

‘New normal’ trends

Citing research studies on consumer behaviour in the ‘new normal’, Duroflex’s Murarka said that spending on home improvements will be among the priorities for consumers after essentials and healthcare spendings.

“Mattress is one key place where people already spend 30 per cent of their time. With the lockdown, people are spending even non-sleeping time on mattresses since many people don't have the luxury of a separate workplace at home,” she added.

Source: thehindubusinessline.com- May 13, 2020
Equalisation levy on e-commerce companies may be deferred to second half of FY 2020-21

The Finance Ministry is considering the deferment of the ‘Google Tax’ (technically known as equalisation levy) on e-commerce companies by up to six months during the current fiscal. This levy came into effect from April 1.

The Finance Ministry has received several representations seeking relief from this levy. “It is being contemplated to give certain relaxation to e-commerce companies,” a source told BusinessLine. Once decided, it would be in line with most income tax-related compliance timelines, the source said.

The levy, first introduced in 2016-17 and was applicable to payments for digital advertisement services received by non-resident companies without a permanent establishment (PE) here, if these exceeded ₹1 lakh a year. Rate of tax for this purpose is 6 per cent. The companies using these services are required to withhold the tax amount.

In the 2020-21 Budget, the Government widened the ambit of the levy by including e-commerce companies. The applicable tax rate is two per cent (plus a surcharge) on amount of consideration received/receivable by an e-commerce operator.

Last month, a coalition of nine industry and trade bodies, representing a wide range of companies, from multi-nationals to infant start-ups in India and across the globe, wrote to Finance Minister Nirmala Sitharaman to delay the implementation of the ‘equalisation levy’ on e-commerce companies by at least nine months.

They acknowledged that the priority of the Indian government and of governments around the world must be to mount the strongest possible economic and public health response to the outbreak of Covid-19. However, they noted that the limited timeframe within which India’s expansive new levy was approved and took effect allowed for neither a dialogue nor significant structural changes necessary for the broad range of impacted firms to effectively implement the measure.

“A delayed implementation would permit such a dialogue to take place and would play a meaningful role in ensuring that the Government of India can most effectively and equitably achieve its policy objectives,” they wrote.
Furthermore, a delay would underscore India’s continued support for the ongoing, multilateral negotiations at the OECD (Organisation for Economic Co-operation and Development) on the taxation challenges arising from the digitalisation of the global economy. The OECD released a consultation paper on the subject last November. Though the broad contour appears to have taken shape, consensus is yet to emerge on the approach for taxing the digital transaction.

Source: thehindubusinessline.com- May 13, 2020

*****************

Relief for Taxpayers! ITR filing deadline for FY19-20 extended to November 30

Good news for taxpayers who are yet to file their income tax return for FY 2019-20. The income tax return filing deadline for FY19-20 has been extended to November 30. This was announced by Finance Minister Nirmala Sitharaman today while sharing the details of the stimulus package announced by PM Narendra Modi to revive the economy on Tuesday.

The FM, in her press conference today, announced various direct tax-related measures for taxpayers. The FM said, “Due date for all income-tax return for FY 2019-20 will be extended from 31 July 2020 to 30th November 2020 and tax audit from 30th September 2020 to 31st October 2020.”

Experts say as the government had earlier extended the deadline from June 10, 2020, to June 30, 2020, for receiving the Form-16, this relief for taxpayers was expected.

Archit Gupta, Founder, and CEO, ClearTax says, “Extension of tax filing deadline was expected due to extension of dates to claim tax benefits for FY 2019-20. There will also be a likely extension for providing Form 16 by employees. All of this requires the date of return submission to be extended.”

The extension of the due date of ITR from existing 31st July and 31st October to 30th November 2020, experts say will give a significant time post lockdown to taxpayers to compile their data required for preparation of income tax return. Gopal Bohra, Partner, NA Shah Associates LLP says, “The extension of the due date will also enable the taxpayer to defer the
payment of self-assessment tax (not more than 10 per cent of the annual tax liability) without attracting any interest thereon.”

Further, senior citizens, who do not have business income, are not required to pay advance tax and required to pay annual tax by way of self-assessment tax at the time of filing ITR. Bohra adds, “Now due to extension of due date for filing income tax return from 31st July to 30th November, senior citizens will be able to defer payment of self-assessment tax by four more months.”

Source: financialexpress.com- May 13, 2020

***************

**RBI extends interest subsidy scheme for exporters till March 31, 2021**

The Reserve Bank on Wednesday said a scheme providing interest subsidy for post and pre-shipment export credit has been extended by a year till March 31, 2021, a move which would provide relief to exporters. Exporters get the subsidy under the 'Interest Equalisation Scheme for pre and post shipment Rupee Export Credit'.

The scheme ended on March 31 this year. "...Government of India has approved the extension of Interest Equalisation Scheme for pre and post shipment Rupee export credit, with same scope and coverage, for one more year i.e. upto March 31, 2021," the RBI said in a notification.

The extension shall take effect from April 1, 2020 and end on March 31, 2021, covering a period of one year, it added. In November 2018, the interest subsidy was increased to 5 per cent from 3 per cent with an aim to boost MSME sector exports. Later, the government included other merchant exporters too under the scheme and allowed them interest equalisation at the rate of 3 per cent on credit for export of certain products.

Exporters had been demanding extension of the scheme, particularly at a time when they are facing huge problems due to the COVID-19 crisis. Welcoming the decision, Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said this is a huge relief to exporters as the cycle of exports has elongated with slowdown in demand and liquidity.
"The exporters have to borrow for longer period and therefore reduction in interest rate by 5 per cent to MSME manufacturers and 3 per cent for all in selected tariff line is very timely," he said. Council for Leather Exports (CLE) Chairman P R Aqeel Ahmed said the move will greatly help exporters to be competitive at this critical juncture. India's exports dropped by a record 34.57 per cent to USD 21.41 billion in March, while it declined by 4.78 per cent to USD 314.31 billion for 2019-20.

Source: oneindia.com- May 13, 2020

Trade body seeks easing of curbs from May 18

Gujarat Traders’ Federation (GTF) on Wednesday wrote to Gujarat CM, Vijay Rupani, seeking to ease curbs on trade from May 18. A slew of suggestions were made to the state government to help lift the restrictions on trade, especially for stores selling non-essential items, which have been under a shutdown for 50 days now.

“There are various discrepancies which need to be resolved in the interpretation of the orders issued by the Union ministry of home affairs (MHA). The state government needs to take cognizance of the fact that traders are facing major losses in business owing to the lockdown, and therefore need to resume business to be able to bear the overheads and get their economic cycles rolling,” said Jayendra Tanna, president, GTF.

GTF has also suggested that entire districts should not be demarcated as red, orange and green zones and instead, specific areas which are defined as containment zones may be kept under restrictions and the trade activity should be allowed to resume in other areas.

GTF has also sought that guidelines issued by the government may be issued to police personnel in a simple language so that there are no unnecessary restriction on movement of traders or their employees arising out of confusion or misinterpretation of guidelines.

The trade body has also sought that the arrangements for screening and testing of traders and issuing of health certificates be made at local trade association offices.
India to designate a 461,589-hectare land pool for factories leaving China

A Bloomsberg report says India plans to welcome factories leaving China by designating a 461,589-hectare land pool for manufacturers. The land, including existing industrial land in Tamil Nadu, could also include available land in special economic zones where infrastructure is already in place.

The Central government is reportedly working with states to ease land acquisition impediments. Already, manufacturers from the US, China, Japan and South Korea have reportedly expressed interest in this investment.

India currently accounts for 7.5 per cent of US apparel and textiles imports, and its growth over the year to March was flat. The country ranks 63rd on World Bank’s Doing Business 2020 report for ease of conducting business. It ranks among the top 10 improving nations as far as starting a business and trading across borders is concerned.

On the other hand, China’s share of US apparel and textiles imports has fallen 39 per cent year over year. Now the country accounts for less than 31 per cent of the market, according to data from the US Office of Textiles and Apparel (OTEXA).

Much like its non-China sourcing players, the country is suffering from order drought and ever-escalating tensions with the US, which could further complicate trade in the not-distant future.

Source: fashionatingworld.com- May 13, 2020
All you need to know about FM Sitharaman’s relief steps for MSMEs, realty, others; key questions answered

Finance Minister Nirmala Sitharaman today ended a long wait for economic package 2.0 by announcing a slew of measures, primarily aiming at MSMEs, NBFCs, real estate, and liquidity support to people. FM Sitharaman detailed out part of Prime Minister Narendra Modi’s Rs 20 lakh crore economic package that he unveiled yesterday. Today’s announcement was based on 15 key decisions, out of which 6 were directed towards MSMEs. The primary focus was given to ease the pain of small businesses, real estate, and electricity distribution companies. For individuals, the government extended the deadline for income tax return and announced a major provident fund facility. Here are the key announcements in detail:

What’s there for MSMEs?

FM Sitharaman has announced Rs 3 lakh crores collateral-free automatic loans for businesses, including MSMEs. These loans will have 4 year tenor with a moratorium of 12 months on principal repayment. For the stressed MSMEs, the FM has further announced Rs 20,000 crore liquidity, which is aimed at benefiting around 2 lakh MSMEs. MSMEs which are stressed and NPAs will also be eligible for this facility.

In addition to the relief given to MSMEs, the Finance Ministry has also decided to infuse capital of Rs 50,000 cr in the MSMEs in an effort to help them expand. In another major breakthrough, the Finance Minister has changed the definition of MSMEs which will allow them to accept higher investment and still fall under the category of MSMEs. Manufacturing enterprises investing less than Rs 25 lakh, less than Rs 5 crore, and less than Rs 10 crore in the manufacturing sector were defined as micro, small and medium enterprises respectively so far, which has now been significantly increased.

With the revised definition, manufacturing and service MSMEs have been combined to enjoy the same benefits. Investment less than Rs 1 crore and turnover under Rs 5 crore will be defined as micro-units while small businesses will be those with investment less than Rs 10 crore and turnover under Rs 50 crore. Medium enterprises will be those with investment under Rs 20 crore and turnover less than Rs 100 crore. Besides, the government procurement for tenders up to Rs 200 crores will not be considered as global tenders so that MSMEs can participate.
Perks for real estate sector

The government has provided a major relief for the real estate sector. It has made Force majeure applicable for the projects registered on or before March 25. Hereafter, suo moto extension of 6 months has been given on the completion date of those projects, consequently, the extension of registration and completion date of the real estate projects under RERA is given.

Relief for electricity distribution companies

The government has also set aside Rs 90,000 for discoms against receivables through state-issued guarantees, to help clear generating companies dues to reduce their stress. The discoms are burdened with heavy debts.

Measures for individuals, companies

The government has provided Rs 2500 crores EPF support for businesses and workers for 3 more months. EPF contribution has also been reduced for businesses and workers for 3 months, which will make an impact of Rs 6750 crores on the government. Also, the income tax return deadline for FY20 has been extended by 3 months and the provision of Vivad se Vishwas scheme has also been extended till December 31, 2020. Meanwhile, the EPF contribution has also been reduced from 12 per cent to 10 per cent for the next three months.

Gift for NBFCs, HFCs, MFIs

FM Sitharaman has announced Rs 30,000 crores liquidity facility for NBFCs, HFCs, and MFIs. On top of that, Rs 45,000 crores have also been awarded for partial credit guarantee scheme for NBFCs. With this move, the government has also tried to help the realty sector as most of these financial units give funds to the real estate companies.

Source: financialexpress.com- May 13, 2020
Nirmala Sitharaman gives MSMEs enormous headroom to grow bigger with revised definition

Ease of Doing Business for MSMEs: Finance Minister Nirmala Sitharaman on Wednesday revised the MSME definition from investment in plant and machinery or equipment based to a mix of investment and turnover. Manufacturing enterprises investing less than Rs 25 lakh, less than Rs 5 crore, and less than Rs 10 crore in plant and machinery or equipment were till now defined as micro, small and medium enterprises respectively.

For services businesses, the investment threshold limit stood at less than Rs 10 lakh, less than Rs 2 crore and less than Rs 5 crore as micro, small and medium enterprises respectively. Now, with the revised definition, combining manufacturing and service MSMEs to enjoy same benefits, investment less than Rs 1 crore and turnover under Rs 5 crore will be defined as micro-units while small businesses will be categorized based on investment less than Rs 10 crore and turnover under Rs 50 crore. Medium enterprises will be defined on the basis of investment under Rs 20 crore and turnover less than Rs 100 crore.

“They (government) should have increased the turnover limit for medium enterprises to at least Rs 250 crore. When we talk about global markets, competitiveness or partnering with global businesses, then Rs 100 crore turnover is too less to win the world market. Similarly for small businesses the turnover limit should have been Rs 75-100 crore while for micro-enterprises, the government should have kept it between Rs 5-10 crore,” Chandrakant Salunkhe, Founder and President, SME Chamber of India.

Nirmala Sitharaman was addressing a press conference to share details for the Rs 20 lakh crore economic package announced by Prime Minister Narendra Modi on Tuesday evening. “Some of the startups which have taken off could also fulfil the proposed definition of MSME and thereby benefit from the liquidity provision by the Central Government,” Pranay Bhatia, Partner and Leader, Tax & Regulatory Services, BDO India told Financial Express Online.

The minister said that the definition is being revised for their benefit as there was a fear that if MSMEs outgrow size, they’ll lose benefits they get. Hence, with increased investment limit, more enterprises can still be defined as MSMEs and will be able to get existing benefits. “The inclusion
of turnover will give a realistic measure for banks and financial institutions to assess that entity and lead to cheaper and less cumbersome access to credit,” Atul Pandey, Partner, Khaitan & Co told Financial Express Online. The need for reclassification exercise was “to widen the ambit for more and more players and encourage domestic small scale industry and gear it towards becoming a global behemoth,” he added.

“This is a good start though. The government might look at revising the limit ahead based on how this pans out even as we can expect a lot of changes in the global supply chain in the post Covid scenario. You cannot rule out that. India has a good chance of being competitive,” Kavita Chacko, Senior Economist, CARE Ratings told Financial Express Online.

Source: financialexpress.com- May 13, 2020

‘Aatmanirbhar’ in the sweatshop nation

Nobody can build a sustainable business by exploiting one set of stakeholders

Arguably, the most shameful image of the Covid-19 pandemic and the consequent lockdown will be the pitiful possessions of migrant labourers lying scattered around rail tracks, after their owners, desperately trudging hundreds of kilometres home to find some kind of safety and shelter after having been thrown out of their jobs and homes, had been run over and killed by a train as they lay sleeping exhausted on the tracks. Every such death — and there have been dozens already — is a blot on the image of a resilient, aatmanirbhar (self-reliant) India that Prime Minister Narendra Modi tried to paint in his latest address to the nation.

Equally shameful is the disgraceful haste with which several States are racing to do away with even the minimal protection that workers were enjoying under India’s Byzantine and largely unimplemented laws protecting working conditions, wages, social security and health cover, and right to unionise and collective bargaining, by suspending the application of such laws — albeit temporarily for a period of two or three years in most cases — in the guise of attracting additional investments, and, supreme irony, creating new jobs!
Enforcing regulations

In India, we have a law for everything, and two babus to interpret them five ways. There are more than 50 statutes at the Central and State level, covering everything from hiring and firing to (I have actually seen such a notice) provision of spittoons in manufacturing establishments. So, at first glance, any reform of such a tangled mess should be welcome. All the States which have axed labour rights and laws have done so on the ‘reform’ plank.

But the absence of law does not mean reform. Just because the existing laws were either not implemented, or enforced primarily with rent-seeking in mind, does not mean that the laws themselves are bad.

Besides, in the motherland of jugaad, businesses have found a way to dodge most if not all of the regulations. One of the restrictions most often cited as stifling business activity and enterprise — the inability to expand or contract operations quickly in response to market conditions (hire and fire, in other words) and the principal justification advanced by the States who are doing away with worker protections at the moment – actually has not stopped any business from doing exactly what it wants.

In a written reply to a Parliament question filed in July last year, the then Corporate Affairs Minister Nirmala Sitharaman said that as many as 6.8 lakh firms — over 36 per cent of all companies registered with the Registrar of Companies — have shut shop in India till date.

Clearly, India’s fabled difficulty in actually shutting a business did not deter these companies from upping sticks and closing down. A look at the NPA books of banks will show how many are alive only on paper. Add to that the companies undergoing resolution processes — where workers’ dues come way behind other creditors — will also show who is actually calling the shots in the ‘hire and fire’ marketplace.

Worker conditions

According to the government’s own data, released through the NSSO’s employment surveys and Periodic Labour Force Surveys conducted by the Ministry of Statistics (the last one was in 2017-18), even in the organised sector, the percentage of contract workers is far higher than regular workers.
In the informal sector, the situation is even worse. According to the Periodic Labour Force Survey’s Annual report for 2017-18, 71.1 per cent of male workers and 54.8 per cent of female workers in the non-agriculture and AGEGC sectors were in the informal sector, where these laws anyway are observed largely in the breach.

Here are some more illuminating numbers from the report: Among regular wage/salaried employees in the non-agriculture sector, 71.1 per cent had no written job contract: 72.3 per cent among males and 66.8 per cent among females. Among regular wage/salaried employees in the non-agriculture sector, 54.2 per cent were not eligible for paid leave: 55.2 per cent among males and 50.4 per cent among females.

Among regular wage/salaried employees in the non-agriculture sector, 49.6 per cent were not eligible for any social security benefit: 49 per cent among males and 51.8 per cent among females. So what are we “suspending” actually?

**Labour rights**

However, giving legal sanction to the non-observance of even the bare minimum of laws covering workers’ conditions of employment, safety and security, and more importantly, taking away the right to organise and engage in collective bargaining, is a dangerous move.

Starving workers desperate for any kind of employment may well line up for jobs in such modern-day sweatshops — but they will not be happy and rising resentment may well turn into violence.

This indeed happened in the automobile manufacturing hub in the NCR region, where the workers in marquee companies like Maruti and Honda clashed violently with the management a few years ago, and even lynched some managers. The clash was primarily over the disparity in work conditions and wages between the smaller number of “regular” employees protected by wage agreements and unions and the large number of “contract” employees.

Globally, the experience has been that countries which have a transparent system of labour regulations and strict enforcement actually perform better. Nobody can argue, for instance, that corporates are constrained by labour regulations in the developed Western economies and they cannot expand or contract as per market diktats; nevertheless, workers in such countries
enjoy better conditions, higher pay and better security than their counterparts elsewhere — and they are more productive.

The moves have been interpreted by many as a transparent bid to drive investments into the BIMARU States, which also happen to be the ruling BJP’s primary vote-banks. But there is a reason why investments have flowed in the past, and continue to flow now, to the southern States, Maharashtra and Gujarat.

It is not because these States have laxer labour laws — on the contrary (Gujarat excepted) these States have a fairly good system of labour dispute resolution and are the last remaining bastions of organised trade unions in India — but because they have better infrastructure, a better educated and more skilled workforce and have an administrative system which largely works. On the other hand, Rajasthan, where the Vasundara Raje government had carried out major labour law ‘reforms”, has not been that successful attracting investments.

It is therefore even more puzzling why India Inc, which should know the reality better than anyone else, has been disgracefully quick to welcome such “reforms”. Surely they must know that destroying worker trust and exploitation of the poor is no way to build a sustainable business.

Source: thehindubusinessline.com- May 13, 2020
The announcement of collateral-free loans for MSMEs came as a major relief, which industry players feel will infuse the much-needed liquidity that has fallen severely short for industrialists. “Majority of the textile units fall under MSME and they will get direct benefit of the collateral-free automatic loan. Although there is no clarity on payment of wages during the lockdown period and releasing of subsidy under Technology Upgradation Fund (TUF), the textile entrepreneurs could avail loan benefit to pay off their debts and run the business,” said Bharat Gandhi, chairman, Federation of Indian Art Silk Weaving Industry (FIASWI).

“This will help build great confidence among MSMEs. Without these measures, several MSME units would be forced to shut operations,” said B S Patel, president, Panoli Industries’ Association.

Apart from textiles, the liquidity is also expected to ease woes in the gems and jewellery sector. “Majority of diamond polishing units fall under MSME category and are in dire need of liquidity. The relief in TDS will also aid the industry to tide over the crisis,” said Dinesh Navadiya, regional chairman, Gems and Jewellery Export Promotion Council (GJEPC).

Industry players also expect smooth and effective implementation of the measures announced by the ministry. “Beside capital infusion to MSME sector, opening of business opportunities will yield greater results. We look forward to an effective implementation. Apart from this, developing virtual exhibition portal is also an opportunity for IT industry,” said Jaimin Shah, board member, Nasscom Foundation.

Reeling from severe financial crunch, industries also expected measures allowing delay in salaries of employees for a couple of months or crediting it in instalments. Nilesh Shukla, president, India SME Forum, Gujarat Chapter, said, “The government should have also allowed medium and small-scale firms to either defer salaries for a couple of months or give it in instalments. It will give the firms a breathing time and recover from the losses.”

“Besides, while changing the definition of MSMEs, we expected the government to increase the turnover limit of medium industries to Rs 250 crore instead of just Rs 100 crore,” he added.

All in all, the industry has termed it to be a comprehensive package. “Majority of demands on the MSMEs’ wishlist have been covered and with this, both short-term and long-term issues have been addressed,” said
Nimish Phadke, managing director, Federation of Kutch Industries Association (FOKIA).

Quotes:

“Declaration of Covid-19 as force majeure, extension of timelines for completion of projects under the RERA are crucial announcements for the developer community. We hope other measures for de-cartelization of cement prices, restoration of supply-chain to ease construction on the project sites and boosting demand with more sops to home-buyers by increasing the tax deduction limits will help the sector regain momentum.” Jaxay Shah, chairman, CREDAI – national

“The relaxation in contribution to PF will come as a major relief to units with larger employee strength. Furthermore, the extension in deadline of filing returns and reducing TDS rates by 25% will further help ease the overheads of the industry.” Durgesh Buch, president, GCCI

“Collateral-free loans will help address liquidity crisis and with this, even large-scale units will benefit as the MSMEs will be able to repay their dues. Money circulation will be fast in the market.” Narain Aggarwal, former chairperson, SRTEPC

“We need immediate relief. We were under the impression that the government will give us some benefit from June 1, but this package says we will get something from October 30, and the picture is not clear how the industry will get this benefit.” Parth Ganatra, vice-president, Rajkot Chamber of Commerce and Industry.

Source: timesofindia.com- May 13, 2020