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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 221 of 2020 October 14, 2020

US 73.35| EUR 86.16| GBP 94.83| JPY 0.70

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INTERNATIONAL NEWS

USA: Supply-Chain Data Suggests Home Textiles Stealing Share From Apparel

Total U.S. seaborne imports of apparel, footwear and textiles showed some improvement in September, rising 0.8 percent year-over-year for the first time since September of last year, according to data from Panjiva.

By category, shipments of apparel and footwear fell by 1.6 percent and 17.0 percent year-over-year, respectively, while textiles spiked 18.9 percent.

Those data points suggest that supply chain might be retooling towards a focus on home use, rather than for apparel. “That can be seen in a 20.7 percent surge in imports of home textiles in [the third quarter], including a 361 percent surge in shipments linked to Welspun,” according to Panjiva, the supply-chain research unit of S&P Global Market Intelligence, referencing one of the recognized leaders in home textiles. For the same period, imports of winter apparel, which typically peak in the third quarter, fell by 21.1 percent versus a year earlier, including a 24.7 percent drop in shipments linked to Sumec Corp., a Chinese importer of bulk commodities including apparel and textiles.

The shift toward home and away from apparel has been growing through the coronavirus pandemic.

Covid-19 has kept many professionals hunching over laptops at home instead of the office, driving shoppers to invest in their surroundings instead of work-appropriate attire. That has also been corroborated by a rise in shipments of athleisure apparel, while imports of suits and shirts have dropped 17.6 percent. Even spending on apparel for kids has slowed—imports were down by 18.1 percent year-over-year in the third quarter—as parents faced uncertainties over what the school year would bring.

What all these changes have meant for the supply chain in apparel, footwear and textiles will be part of a panel discussion at Sourcing Journal’s Virtual Sourcing Summit this week. The panel on “Economic Outlook: The State of Prices, Spending and Market Conditions” will feature Chris Rogers, global trade and logistics analyst for Panjiva, as well as Sarah House, senior economist at Wells Fargo Securities, and Michael Brown, partner at consulting firm Kearney on Thurs., Oct. 15, from 11:10 a.m. to 11:55 a.m.

Source: sourcingjournal.com– Oct 13, 2020

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USA: Retail Apparel Prices Back Down in September, Led by Men's Wear

After rising for three straight months, retail apparel prices fell a seasonally adjusted 0.5 percent in September, perhaps triggered by early holiday promotions, the U.S. Bureau of Labor Statistics (BLS) reported Tuesday in its Consumer Price Index (CPI) report.

There was a decided gender-leaning outcome to price fluctuations in the month, as men's and boys' apparel prices were down 0.7 percent and 4.7 percent, respectively, while women's and girls' prices rose 0.3 percent and 0.1 percent, respectively.

Within men's wear, the only category with a price hike was the underwear, nightwear, swimwear and accessories group, with a 3.1 percent increase, while all other sectors saw declines–3.1 percent in suits, sport coats and outerwear; 1.9 percent in shirts and sweaters, and 1.7 percent in pants and shorts. Boys' apparel prices fell 4.7 percent last month compared to August.

In women's, all categories saw prices tick up. There was a 0.6 percent increase in suits and separates, and the underwear, nightwear, swimwear and accessories group; a 0.5 percent rise in outerwear and a 0.4 percent gain in dresses. Girls' retail apparel prices rose 0.1 percent in the month, while infants and toddlers' clothes cost 3.7 percent less.

Retail footwear prices dipped 0.9 percent in September, led by a 2.1 percent drop in boys' and girls' and a 0.9 percent falloff in women's. Men's shoe prices bucked the trend, stepping up 0.5 percent in the month.

Raw material prices also could have played a role in finished goods costs. Spot prices of U.S. cotton averaged 61.13 cents per pound for the week ended Oct. That was up from 60.10 cents the prior week and from 58.81 cents a year earlier.

Synthetic fiber prices were down a seasonally adjusted 0.5 percent in August from July, according to BLS's Producer Price Index and were an unadjusted 3.5 percent below August of last year.

The overall CPI increased 0.2 percent in September on a seasonally adjusted basis after rising 0.4 percent in August, BLS reported. Over the past 12 months, CPI increased 1.4 percent before seasonal adjustment.

The energy index, important for business operations and logistics, rose 0.8 percent in September–its fourth consecutive monthly increase–as the index for natural gas increased 4.2 percent.

The core index, minus food and energy sectors, also rose 0.2 percent in September after larger increases in July and August. The core index was up 1.7 percent over the last 12 months, the same increase as the period ending in August.

Source: sourcingjournal.com– Oct 13, 2020

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China's trade growth accelerates in September; exports up 9.9%

China's trade growth accelerated in September as the world's second-largest economy recovered from the coronavirus pandemic. Exports rose 9.9% over a year earlier to $239.8 billion, up from August's 9.5% growth, customs data showed Tuesday. Imports gained 13.2% to $202.8 billion, up from the previous month's 2.1% contraction.

Exporters have benefited from China's relatively early reopening from its shutdown to fight the virus and from global demand for masks and medical supplies. They are taking market share from foreign competitors that are hampered by anti-disease controls.

China's global trade surplus swelled 6.6% over a year earlier to $37 billion but was down sharply from August's $58.9 billion gap. Exports to the United States rose 20.5% over a year ago to $44 billion despite higher US tariffs in a fight with the Trump administration over Beijing's technology ambitions and trade surplus. Imports of American goods rose 24.5% to $13.2 billion.

China became the first major economy to rebound to pre-virus growth levels in the second quarter of the year. The government reported 3.2% economic growth over a year earlier. Forecasters expect that to accelerate in the three months that ended in September.

Automakers and other large manufacturers are back to normal activity, helping to drive demand for imported iron ore, copper and other industrial materials.

Importers have benefited from a slump in prices of oil and other commodities due to weak demand. Retail sales are weaker as consumers who are uneasy about possible job losses put off major purchases. Consumer spending returned to pre-virus levels in August but was only 0.5% above a year earlier.

Economists have warned some Chinese exporters of smartphones and other high-tech goods might face trouble due to restrictions imposed by Washington on their access to US components on security grounds.

Washington has cut off supplies of components for companies including China's most prominent tech brand, Huawei Technologies Ltd.

The Trump administration is lobbying European and other allies to avoid Chinese suppliers as they upgrade to next-generation telecom networks. That could weigh on exports of technology products Beijing is promoting to propel economic development.

Source: financialexpress.com– Oct 13, 2020

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Despite COVID-19, Cotton Fashion and Textiles Are Keen to Go Green

New research reveals the extent of the global fashion industry's commitment to sustainability despite the COVID-19 pandemic, with sustainability ranked as the second most important strategic objective for businesses in the sector.

The new research from the U.S. Cotton Trust Protocol and the Economist Intelligence Unit (EIU) is based on a survey of 150 leading executives from top fashion, retail and textile business across Europe and the U.S., plus interviews with leading brands like Puma, H&M and Adidas. Explored in a new report titled "Is Sustainability in Fashion?", the research comes at a time when the industry finds itself deciding whether to continue to invest in sustainability or row back due to the pandemic.

Sustainability is Business Critical, Say Fashion, Retail and Textile Leaders

In defiance of the pandemic, the new data shows that for many of the world's biggest brands, sustainability is now business critical. The majority of fashion, retail and textile leaders surveyed (60%), named implementing sustainability measures as a top two strategic objective for their business – second only to improving customers' experience (ranked first by 64%). This contrasts starkly with the fewer than one in six (15%) that listed "rewarding shareholders" as a top objective.

Leaders report they're introducing sustainability measures throughout the supply chain, from sourcing sustainably produced raw materials (65%), introducing a circular economy approach to their business and cutting greenhouse gases (51% apiece), and investing in new technologies like 3D printing and blockchain (41%). Overall, the majority (70%) were optimistic that sustainable, fast and affordable fashion is achievable.

Data Matters

A key finding of the research is that data matters for sustainability. When asked what measures they were implementing today to be more sustainable, collecting data from across the business and in the supply chain to measure performance was listed at the very top of business leaders' list of priorities by 53% – second only to developing and implementing an environmental sustainability strategy with measurable targets (58%).

And data is not important for the immediate term only. Roughly three in ten (28%) said the availability of reliable data holds the key to greater sustainability over the next decade, while almost three-quarters of industry leaders (73%) stated their support for global benchmarks and thresholds as an effective means of measuring sustainability performance and driving progress in the industry.

But Data Collection is Patchy

However, although brands clearly recognize the importance of data, the research's findings on data collection indicates that top fashion brands, retailers and textile businesses may find sourcing good quality data a challenge.

While business leaders report relatively high rates of data collection on supplier sustainability practices (65%) and worker rights and workplace health and safety in the supply chain (62%), a significant proportion (45%) of businesses do not track greenhouse gas emissions across production, manufacturing and distribution of the products they sell, while 41% don't track the amount of water and energy being used to produce the raw materials they source.

Looking to the future, over a quarter (26%) of respondents saw a lack of available, easily-accessible data as hampering collaboration on sustainability across the industry. As some respondents pointed out, while collecting data could be hard, it is important.

Commenting on the findings, Gary Adams, President of the U.S. Cotton Trust Protocol, said, "It is clear that brands are faced with a challenge on driving forward their sustainability efforts. At the U.S. Cotton Trust Protocol we know that accurate, reliable data supports businesses in this work – providing not only the evidence to show hard work and progress, but the insight to drive further improvements. We provide one of the most robust data collection mechanisms available for an essential material – cotton – for unparalleled transparency."

Partnership Offers Path to Further Progress

An additional key finding is that fashion, retail and textile businesses clearly cannot drive change in isolation. Collaboration is needed. According to one respondent from Reformation, this is already happening: "We're energized to see collaboration and cooperation across the industry and believe that will only increase over time."

However, when it comes to external support to help guide that progress, business leaders do not necessarily perceive further regulation as the answer. The UN Sustainable Development Goals (SDGs) and government regulation were each given equal weight in driving sustainability change – both cited by a quarter of respondents (24% apiece). Regulatory requirements were also ranked by only a third (33%) of the business leaders surveyed as being among the top three factors that will drive sustainability progress over the next decade.

Jonathan Birdwell, Regional Head of Public Policy and Thought Leadership for The Economist Intelligence Unit, said, "It's clear from the survey results and our interviews with business leaders that the industry is committed to driving progress on its sustainability performance. We were particularly struck by the fact that sustainability is largely considered as pre-competitive – behind the scenes brands are sharing resources and lessons learned".

The Impact of Covid-19

This determination on sustainability flies in the face of COVID-19 uncertainty. Although, when asked their view on the pandemic, just over half (54%) of respondents said they thought it would make sustainability less of a priority within the industry.

The U.S. Cotton Trust Protocol is a new initiative that sets a new standard in sustainably grown cotton. By working closely with growers, the Trust Protocol provides clear, consistent data on six key sustainability metrics, allowing brands to access annualized farm level data and trace their cotton from field to product "laydown."

Source: cottongrower.com– Oct 13, 2020

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Turkish exporters complain of new customs delays in Morocco, Algeria

Turkish companies say they are facing new delays in recent weeks exporting clothing to countries in North Africa where one, Morocco, has amended a trade deal allowing it to raise duties by up to 90% on such goods.

The exporters of ready-to-wear clothes have complained about unusual requests for paperwork and delays of up to five times the norm clearing customs in Morocco and Algeria, three sector groups told Reuters.

The trade ministries in Morocco and Algeria were not immediately available to comment.

Reuters could not determine the reason for the delays. The complaints come as textile and clothing manufacturers in North Africa, the Middle East and Eastern Europe position to take advantage of the disruption to global supply chains from the coronavirus pandemic.

Big European brands are looking for alternative production hubs, such as Turkey and Morocco, that are located closer than manufacturing giant China.

Morocco's government, worried that a 2004 free trade deal with Turkey has harmed its manufacturers and retailers, said last week that talks that began with Ankara in January led to an amendment in August.

A trade ministry source said the amendment allows Morocco to raise duties by up to 90% on 1,200 products including textiles and clothing for five years.

Turkey's trade ministry declined to comment.

Giyasettin Eyyupkoca, head of Turkey's Laleli Industry and Business Association, said Morocco has long imposed the highest legal duties on Turkish imports in order to support domestic production.

But in recent months exporters have faced "unofficial and undocumented" delays at the border, he said. "It even takes 10-12 days to clear our goods through customs, instead of two days as usual."

Eyyupkoca said worries about a "tougher stance" from North African countries were heightened given rising trade barriers in the Gulf, where Saudi Arabia's Chambers of Commerce has called for a boycott of Turkish products on political grounds.

'KEEP TURKEY OUT'

Turkey exported $2.2 billion in goods to Morocco last year, creating a trade deficit for Rabat and prompting some Moroccan lawmakers and industry officials to complain of unfair competition.

"North African countries are trying to keep Turkey out of the game as European brands re-organise away from China after the pandemic," said Hadi Karasu, head of the Turkish Clothing Manufacturers' Association.

"Especially in the last couple of months, both Turkish brands and made-in-Turkey products have been facing obstacles in North African customs ... and the latest duties in Morocco are part of this strategy," he said.

The Turkish sector groups did not provide names of the companies lodging complaints.

Turkey exported some $18 billion in textiles last year, accounting for 10% of its total exports, according to an industry group. Total exports to Algeria were $1.9 billion.

Seref Fayat, head of the clothing unit in the Union of Chambers and Commodity Exchanges of Turkey, said the new delays in Morocco and Algeria are unrelated to tariffs and often involved requests for documents that were not required in the past.

Fayat said his group would raise the issue with Turkey's trade ministry to try to break the bottleneck.

Source: reuters.com– Oct 13, 2020

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Cambodia, China sign free trade agreement

China and Cambodia yesterday signed a bilateral free trade agreement (FTA) following three rounds of negotiations this year. It was signed by Cambodian minister of commerce Pan Sorasak and Chinese ambassador to Cambodia Wang Wentian at the Peace Palace, the prime minister's office in Cambodia, and was presided over by Prime Minister Hun Sen and Chinese minister of foreign affairs Wang Yi.

The deal guarantees tariff-free access for Cambodian commodities to the Southeast Asian nation's largest export market. The FTA would eliminate tariffs on 98 per cent of Cambodia's total exports and 90 per cent of China's shipments.

"The agreement will enable additional economic partnerships through the higher degree of global market access for goods and investment, and will provide social benefits on both sides," Sorasak was quoted as saying by Cambodian media reports.

The FTA would take effect 30 days after the two countries finalise their internal procedures and legal and regulatory requirements. For Cambodia, this implies obtaining approval from the national assembly and the king.

Garment Manufacturers Association in Cambodia feels exports from Cambodia are set to increase by over 20 per cent as a result of the FTA and more investment will be seen in raw material supply for garment, footwear and travel goods.

Bilateral trade between Cambodia and China was worth $9.42 billion last year, up 27.29 per cent from $7.4 billion in 2018, data from the Chinese embassy in Phnom Penh showed.

Source: fibre2fashion.com– Oct 13, 2020

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Egypt's RMG factories cut production by 50%

Due to a projected decline in demand for the fall season, several local ready-made garment factories in Egypt have reduced their production by 50 percent, while other factories have halted production altogether.

According to Mohammed Abdel Salem, CEO, Egypt's Ready-made Garments Chamber, demand for clothing is not expected to exceed half of the normal rate this fall, amid expectations that a "second wave" of coronavirus will force the country into another lockdown, keeping people home and killing in-person shopping.

Several manufacturers suffered a major loss after a countrywide lockdown was mandated in mid-March to combat the spread of the virus. The lockdown led to a drastic decline in demand for ready-made clothes.

A massive overstock of summer clothing sat for months in the factories, according to Salam. The factories failed to distribute their production in both local and foreign markets. Factories have hardly sold 30 percent of their summer season stock over the past three months.

Many Egyptians turned to online shopping amid the pandemic, with the country's e-commerce sector already steadily rising pre-pandemic.

Source: fashionatingworld.com – Oct 13, 2020

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Is the Fashion Industry Ignoring Garment Workers' 'Deepening Crisis'?

Garment workers worldwide, who were already living from hand to mouth, are still losing out on billions of dollars in legally owed wages, and labor groups and industry stakeholders alike are growing increasingly frustrated over a lack of progress that is becoming more pronounced the longer the pandemic wears on.

On Sunday, the British Retail Consortium and the All-Party Parliamentary Group for Fashion and Textiles appealed to Home Secretary Priti Patel to take urgent action over labor exploitation in the United Kingdom, where they claim workers are being "robbed" of more than 2.1 million pounds ($2.7 million) every week, or the equivalent of 27 million pounds ($35.3 million) since a previous letter was dispatched in July.

That letter—signed by more than 90 retailers, investors, non-government organizations, Ministers of Parliament and peers at the height of ultra-fast-fashion retailer Boohoo's "sweatshop" scandal—enumerated the necessity of a "fit to trade" licensing scheme for garment factories that would protect Britain's workers from "forced labor, debt bondage and mistreatment, ensuring payment of National Minimum Wage, VAT, PAYE, National Insurance, holiday pay and health and safety." It would also encourage retailers to source more of their clothing in the United Kingdom while supporting the development of an "ethical, world-leading garment manufacturing industry," its signatories said.

But the British government has yet to deliver any "significant action" to "bring this injustice to an end, all the while garment workers are robbed of tens of millions of pounds in wages," Helen Dickinson, chief executive officer of the British Retail Consortium, said in a statement.

The letter declared it "vital" that the Home Secretary not delay the institution of a licensing scheme, which Boohoo has also come out to support, stressing in a letter of its own to Patel in July that a "joint effort between industry and government" was necessary to reset the U.K. garment industry and "provide an incentive for retailers and brands to invest."

"Right now, we have an opportunity to create a more ethical and sustainable fashion manufacturing industry in the U.K., providing better jobs and boosting the economy at a time when it is needed most," said Lisa Cameron, Minister of Parliament and chair of the All-Party Parliamentary Group for Textiles & Fashion. “It is vital the Home Secretary takes action to introduce a licensing scheme for U.K. garment manufacturers and puts the rights of workers at the heart of the industry. Without urgent action thousands more people face exploitation.”

Dickinson and Cameron’s pleas came hours ahead of the start of Global Fashion Agenda’s online Copenhagen Fashion Summit, which labor advocates are criticizing for pointedly ignoring the “deepening crisis” of the garment workers whose efforts underpin the entire supply chain.

The two-day event, dubbed CFS+, they say, highlights “redesigning value” and the creation of a “more resilient” post-Covid-19 business model by bringing “industry leaders and “diverse voices” together, yet it ignores the “people who need to be heard the most” and who have suffered the economic brunt of the pandemic.

Instead, the CFS+ program is steeped with “empty, self-serving rigmarole on growth, prosperity and radical change for the future of fashion,” noted the Clean Clothes Campaign, the garment industry’s largest alliance of labor unions and non-governmental organization, in a press release Monday. Garment workers, it added, lost between $3.2 billion and $5.8 billion in the first three months of the pandemic alone.

“If CFS+ truly aims to be about sustainability as a business imperative, as the website claims, the focus of the discussion should not be just about how to create a more resilient business model, but about how to make workers more resilient during crises like the Covid-19 pandemic,” said Kalpona Akter, founder of the Bangladesh Centre for Worker Solidarity. “The global fashion industry has profited long enough from paying near-poverty wages to garment workers around the world. It is 2020 and past time for them to take responsibility for their workers, who have not only had to survive this crisis without any form of social protection, but also had their wages stopped.”

In response, Malou Wedel Bruun, communications director of Global Fashion Agenda, said she believed criticism of the CFS+ program was “premature.”

“We appreciate the importance of this topic, especially as the world continues to face the Covid-19 pandemic,” Bruun told Sourcing Journal. “However, we also believe that this criticism of the CFS+ program was premature. Similar to previous Summits, this year we include speakers from across the fashion industry, including garment workers, factory owners in Southeast Asia, academics and activist voices. And in fact, the opening interview for Day 1 of CFS+ focused on the conditions of women working in the garment industry in Bangladesh."

"We hope and believe that the Clean Clothes Campaign will have another perspective on CFS+ after watching the two days of content," she added.

Advocates say brands and retailers need to do more beyond honoring prior garment orders placed before the Covid-19 crisis. Bestseller, H&M, Nike and "all the other participants and associates" of the Copenhagen Fashion Summit and Global Fashion Agenda must also agree to a plan for assuring wages and severance for the workers who make their clothes.

The Clean Clothes Campaign wants to rally consumers and "others who care about the workers who make our clothes" to remind CEOs like H&M's Helena Helmersson, who will be hosting an "impact conversation" at CFS+ Tuesday, that committing to a wage assurance—which guarantees that all workers making and handling clothes in their supply chains receive the full wages they are owed in accordance with labor laws and international standards—is the "most impactful" point they can make.

"We were shocked to find out how brands behaved at the beginning of the pandemic: cancelling orders, of which some had already been finished, and refusing to pay for them," said Ineke Zeldenrust, international coordinator at the Clean Clothes Campaign. "H&M has committed to pay for all orders. However, paying for those orders is far from enough. We're still receiving reports from unions around the world of rights violations." Factory owners, employees have complained, have been using the pandemic as an excuse to break up union activity, lay off workers unfairly or avoid paying maternity benefits.

David Sävman, head of production at H&M Group, told Sourcing Journal that while the company is "well aware of the shared challenges the fashion industry faces," particularly during the pandemic, it has a responsibility to "take actions that contribute to systemic change that will stand the test of time."

"There is an evident need for structural change in some textile-producing countries, in particular those with weak social protection systems," Sävman said. "Therefore, advised by the International Labour Organization and global trade unions, we will continue our work to support social protection, freedom of association and stable processes where wage negotiations between the parties on the labor market can take place."

H&M, he noted, will continue to be a "fair and responsible buyer—including committing to contractual agreements—as well as collaborate with trade unions and other industry actors to create change, for example within the ILO Call to Action."

But Zeldenrust says that brands, including H&M, "show absolutely no sign of solidarity with the workers who have provided them with profits through the years." Before the pandemic, activists accused the retailer of failing to deliver on its 2013 commitment to ensure a fair living wage for 850,000 garment workers by 2018. They further claim that H&M is involved in several wage theft cases that the company has blamed on Covid-19.

"In fact, the opposite is true," she said. "There is no hesitation to push the severest effects of the crisis to the workers at the bottom of the supply chain while people like Helena Helmersson hobnob at fashion summits."

Source: sourcingjournal.com– Oct 13, 2020

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Bangladesh declares 282 items 'versatile jute products'

The Bangladesh textiles ministry recently declared 282 types of attractive jute goods as 'versatile jute products'—conventional jute products like Hessian, sacking, carpet backing cloth and any product other than jute yarn of six counts and above—keeping in view the demand in domestic and international markets and the global expansion of the jute sector.

About 700 entrepreneurs of versatile jute products are exporting at present, according to Bangla media reports.

Various steps have been taken by the government to diversify and use jute products through the Jute Diversification Promotion Centre (JDPC).

Source: fibre2fashion.com– Oct 14, 2020

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NATIONAL NEWS

IMF slashes India's GDP growth forecast to -10.3% for this fiscal

Will bounce back with 8.8% growth in 2021-22

The International Monetary Fund (IMF) has further slashed India's GDP projection for current fiscal (2020-21) by projecting contraction of 10.3 per cent. In June, it had projected contraction of 4.5 per cent.

As base has gone deeper, projection for the fiscal 2021-22 has seen sharp upturn with a growth projection of 8.8 per cent against June forecast of 6 per cent.

IMF's latest forecast for the current fiscal is on a higher side in comparison with Asian Development Bank (contraction of 9 per cent), RBI (contraction of 9.5 per cent), the World Bank (9.6 per cent) and the Organisation for Economic Co-operation and Development (contraction of 10.2 per cent). However, it is lower than Goldman Sachs (contraction of 14.8 per cent).

Similarly for growth to bounce back during FY 2021-22, all have given different figures ranging from 5 per cent to nearly 9 per cent.

On emerging market

In its latest edition of World Economic Outlook, IMF on Tuesday has said for many emerging market and developing economies excluding China, prospects continue to remain precarious.

This reflects a combination of factors: the continuing spread of the pandemic and overwhelmed healthcare systems; the greater importance of severely affected sectors, such as tourism; and the greater dependence on external finance, including remittances.

All emerging market and developing economy regions are expected to contract this year, including notably emerging Asia, where large economies, such as India and Indonesia, continue to try to bring the pandemic under control.

“Revisions to the forecast are particularly large for India, where GDP contracted much more severely than expected in the second quarter. As a result, the economy is projected to contract by 10.3 per cent in 2020, before rebounding by 8.8 per cent in 2021,” the report titled, ‘A Long and Difficult Ascent’ said.

Global growth

For the world as a whole, according to the report, the growth is projected at (–) 4.4 per cent in 2020, a less severe contraction than forecast in the June 2020 World Economic Outlook Update which was 4.9 per cent.

The revision reflects better-than anticipated second quarter GDP out turns, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June, as well as indicators of a stronger recovery in the third quarter.

The report further said that global growth is projected at 5.2 per cent in 2021, a little lower than June 2020 WEO Update, reflecting the more moderate downturn projected for 2020 and consistent with expectations of persistent social distancing.

Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6 percent above that of 2019. The growth projections imply wide negative output gaps and elevated unemployment rates this year and in 2021 across both advanced and emerging market economies.

“We are projecting a somewhat less severe though still deep recession in 2020, relative to our June forecast. The revision is driven by second quarter GDP outurns in large advanced economies, which were not as negative as we had projected; China’s return to growth, which was stronger than expected; and signs of a more rapid recovery in the third quarter,” foreword to the report said.

Source: thehindubusinessline.com– Oct 13, 2020

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India, Mexico agree to expand, diversify bilateral trade ties

India and Mexico have agreed to expand and diversify bilateral trade ties and tap the potential of the complementarities between the two countries. For this purpose, the two sides have agreed to enhance cooperation in pharmaceutical, medical equipment, healthcare, agri-products, fisheries, food processing and aerospace industries.

This emerged at the fifth meeting of the India-Mexico Bilateral High Level Group on Trade, Investment and Cooperation (BHLG) held on October 9 through video conferencing.

The meeting was co-chaired by Commerce Secretary Anup Wadhawan and Vice-Minister for Foreign Trade of the Government of Mexico, Luz María de la Mora.

The two sides appreciated the progress made in the bilateral trade and commercial relations between India and Mexico in recent years. Both sides discussed a number of bilateral ongoing and outstanding issues, ranging from audio visual co-production, bilateral investment treaty, market access for agricultural products, cooperation framework on Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) measures between the two countries, co-operation in the Intellectual Property Rights, and exploring ways to promote tourism and people-to-people contact between India and Mexico.

In the meeting, two business-to-business MoUs were signedto foster the cooperation in the respective domains. A Memorandum of Understanding between the Electronics & Computer Software Export Promotion Council (ESC) of India and the Mexican Chamber of Electronics, Telecommunications and Information Technologies (CANIETI), was signed, an official release said.

An MoU between the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Mexican Business Council of Foreign Trade, Investment and Technology (COMCE) for promoting the development of business relations between India and Mexico was also signed, the release added.

Source: thehindubusinessline.com– Oct 13, 2020

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Textile sector poised to weave out of China, but can India spin a success yarn?

With the US imposing restrictions on textiles from China and New Delhi too not that keen anymore to import from its neighbour given the standoff along the border, the Indian textile industry could well be at the start of something big. However, a lot of the growth might actually happen locally and not from international markets.

"India is dependent on China in terms of synthetics, certain kinds of fibres, yarns and fabrics as the capacity here is limited. We are also dependent on China when it comes to textile and garment machinery," explains textile expert Dr Rajesh Bheda, who has been closely tracking the industry for over 20 years.

India imports $460 million worth of synthetic yarn and $360 million worth of synthetic fabric (nylon) from China annually as well as over $140 million worth of accessories like buttons, zippers, hangers and needles. This excludes machinery such as knitting machines, lace-making machines, spinning machines and more.

"Machine-made Chinese imitations of so many textiles, traditionally made by Indian weavers and craftspeople are now flooding our markets from fake Banarsi sarees to even mirror work and Chikankari embroidery, juthis and chappals," says Laila Tyabji, one of the founders of Dastkar, a Delhi-based NGO working for the revival of traditional crafts India.

Even though nearly 80 per cent of the silk threads that weavers use across the country come from China, Banaras-based textile designer Hemang Agrawal feels there is a good homegrown industry in India that produces silk even as supplies are now coming in from other South Asian countries like Vietnam.

"Chinese silk is one yarn that is important. But at the same time, there are other options available. India produces brocade silk, Vietnam also produces silk yarn, so that way we have the capability to be sorted," Agrawal said.

The Indian Silk Export Promotion Council (ISEPC), which is sponsored by the government, said India was not only the second-largest producer of raw silk but also the world's largest consumer of pure silk. "A gradual increase in the quantum of indigenously produced Indian silk yarn over the last five years has brought about a corresponding decline in the country's dependence on imported silk yarn, mostly from China," said ISEPC senior director Sanjeev Kumar.

In order to reduce the country's dependence on imported silk, the Textile Ministry is implementing a restructured scheme called "Silk Samagra" to improve the quality and domestic production through, ISEPC said.

Following the US govt imposing sanctions on Xinjiang cotton — which accounts for almost 80 per cent of China's cotton production — India's cotton exports should also be looking up.

"If you look at the global cotton consumption, then China is around 30 per cent. Out of that around 25 per cent cotton comes from this province of China. Stopping products from China will see the focus on Indian cotton likely to go up. Our yarn exports to Bangladesh and Vietnam may increase," says Dr Bheda, who also runs a consulting firm specialising in textiles and apparel.

Experts across the textile industry indianexpress.com spoke to were unanimous that an embargo on Chinese textiles and apparel imports would augur well for the Indian textile industry since China has been dumping a lot of their products into the country at dirt cheap prices by undercutting Indian manufacturing.

"So, if finished products stop coming from China, that is good for the country. With the ban on Chinese textiles, there is the possibility of Indian traditional textiles getting more recognition in the domestic market," said Agrawal.

In fact, several major apparel exporters from India have already started receiving increased orders or are in active discussions with large international buyers looking at increasing their sourcing from India, ISEPC's Sanjeev Sharma said.

The Indian textile market, despite its size, has continued to struggle in the global market. With Vietnam being the world's third-largest garment manufacturer and Bangladesh continuing to boost its garment export from $26 billion to more than $33 billion in the last five years, India's export has remained stagnant at around $36 billion.

According to data, textile exports have dropped 5 per cent in 2019-20 financial year. Moreover, due to the COVID-19 pandemic, India's garment exports are likely to decline by 30-35 per cent this financial, according to Crisil Research.

Even though India as a garment exporter has not been able to make significant gains in the last 10 years unlike its neighbouring countries like Bangladesh and Pakistan, Dr Bheda said Vietnam has started grabbing the attraction of international players shying away from investing in China.

"Even during the present COVID pandemic and previous US-China trade war, the country that benefited the most is Vietnam. Vietnam has attracted a lot of investments from other countries, including China. Bangladesh has also been seen as a greater interest by the international buyers," he elaborated.

"Will Indian exports to the US increase? Yes, it will. But will it increase so much that everything which is not going to the US from China is coming to us? Definitely not. Other countries will benefit a little more than us," said Agrawal, a NIFT alumni.

"In India, setting up new plants and factories is extremely time-consuming and often investors find it frustrating. In our administrative procedure it takes longer to get all approvals, unlike Vietnam, which has established credentials of setting up new plants and giving nod in a shorter time," Dr Bheda said.

In fact, to become globally competent in the sector, Textiles Secretary Ravi Capoor said the government was coming up with a National Textile Policy with a focus on indigenous manmade fibre products.

"The government has analysed the export data of top-40 manmade fibre (MMF) products and found that India has a minuscule share of just 0.7 per cent in the total global market of $150 billion. Similarly, in the top-10 technical textile lines, India just has a share of 0.6 per cent out of the total global market size of $100 billion," he said at the annual general meeting of the Confederation of Indian Textile Industry (CITI) on September 23.

Echoing the government line, Tyabji said few countries have the traditional skills that India has or the skilled hands to make them. "Crafted products and handlooms are handmade, and by their nature, their production is a slow process. Given the increasing global interest in green processes and slow fashion, this is something we should promote as a strength, not a weakness."

Source: indianexpress.com– Oct 13, 2020

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Indian imports from 10 key partners can go up by $21 billion, export headroom at $17 billion

Indian imports from key trading partners can rise by USD 21 billion, while the set of 10 countries represent an export headroom of only USD 17 billion, a report by a foreign lender said on Tuesday.

Imports from the US, Malaysia, Indonesia, Singapore and the UK have the greatest opportunity for growth, Standard Chartered Bank said in its study, adding that the largest trading partner US alone enjoys a USD 5.7 billion opportunity.

It can be noted that the Indian government has been looking at ways of increasing exports, especially on the manufacturing front through production linked incentives scheme, as the country tries to serve businesses looking at opportunities beyond China.

As economies and businesses look to recover from the impact of COVID-19 pandemic, there will be markets and sectors with new opportunities to grow trade, the study said.

"Businesses in India and across the world have faced unprecedented challenges over the last few months. Looking ahead, they need to look for new growth avenues and build more resilience," the bank's managing director and head of trade for India and South Asia Gaurav Bhatnagar said.

He said India offers an "unexplored potential" of USD 21.1 billion for global exporters and its exporters look at a USD 16.8 billion opportunity with the key trading partners.

Thailand and Germany are the largest markets with export potential for Indian businesses' perspective, representing an opportunity of USD 2.6 billion each, as per the study.

From a growth perspective, Thailand is the topmost with an opportunity of 48 per cent of the present exports to the country, followed by Indonesia at 26 per cent and Malaysia at 25 per cent.

The research contrasts actual export values with potential export values ? calculated by an economic model ? to uncover medium-term opportunities, looking to a post-COVID-19 world as economies begin to reopen, it said. The scope covers high-potential exports, defined as goods or services where businesses have added value within the borders of their home market, it added.

Source: financialexpress.com– Oct 13, 2020

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GST compensation shortfall: 20 'Option 1' States allowed to borrow ₹68,825 cr more

The Finance Ministry has allowed 20 States to raise an additional ₹68,825 crore from the open market . This is an incentive to States which have opted for' Option 1 of borrowing to meet the GST compensation shortfall.

According to a statement issued by the Department of Expenditure, the additional borrowing permission has been granted at the rate of 0.50 per cent of the Gross State Domestic Product (GSDP) of States that have opted for borrowing Option 1 to meet the shortfall arising out of GST implementation.

The borrowing will be done from the open market and the repayment of principal and interest will be done by the States from their own resources. Under Option 1, States could borrow ₹97,000 crore (later increased to ₹1.1-lakh crore) through a special window and the principal and interest are to be paid out of the compensation cess.

Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Goa, Gujarat, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Sikkim, Tripura, Uttar Pradesh and Uttarakhand have picked this option.

Eight States are yet to exercise an option.

Those going for Option 1, will also be permitted to borrow the final instalment of 0.5 per cent of their GSDP out of the 2 per cent additional borrowing permitted by the Union Government in view of the Covid-19 pandemic, waiving the reforms condition. This means that States can borrow up to 4 per cent of their GSDP during the current fiscal without meeting any of the conditions.

Enhanced facility

The fresh permission for borrowing is part of this enhanced facility. Based on the preference for the option, 20 States have become eligible to raise the additional amount from open market.

Action on the special borrowing window is being taken separately.

Source: thehindubusinessline.com– Oct 13, 2020

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Uncertainty looms over textile export market amid trade tensions, weak domestic demand

Cotton yarn prices were strong, but blended yarn prices were weak/flattish, in September 2020, on account of a demand recovery globally

The prices of textile products remained steady in September 2020, post-unlocking and with a gradual recovery in demand, said a report.

While cotton prices gained marginally at 2 percent month on month (mom) in September 2020, on account of the resumption of mills and unleashing of pent-up demand, they were lower by over 10 percent year-on-year (yoy), said India Ratings and Research (Ind-Ra) in its report.

As per USDA-FAS report, cotton production for the season October 2020 to September 2021 is expected to remain steady at around 29.4 million bales (1 bale = 480lb; October 2019 to September 2020: 29.3 million bales), as against a weak domestic consumption outlook as well as uncertain export demand. Cotton Corporation of India has been offloading its inventory by way of G2G transactions to a Bangladesh state-owned entity.

Cotton yarn prices were strong, but blended yarn prices were weak/flattish, in September 2020, on account of a demand recovery globally. However, supplies outpacing demand could pressure the prices in 2HFY21. Furthermore, cotton spinners using the inventories purchased prior to COVID-19 would record write-down/ inventory losses during 2QFY21, which is likely to have impacted their 1HFY21 operating margins, said the report.

Yarn exporters also witnessed an uptick in demand during July-August 2020 with production resuming to pre-COVID levels while remaining 3.5 percent yoy lower. However, it is likely to have improved yoy in August-September 2020.

The recovery in yarn demand with unlocking and resumption of production by mills in neighbouring countries led to a rise in shipments. Ind-Ra monitors the developments on extension of Withhold Release Order regarding Xinjiang related cotton products and consequent impact on demand for Indian yarns.

Cotton to polyester staple fibre spread increased in September 2020 over June 2020, owing to the rise in the cotton prices. This has thus supported polyester demand with a likely switch to MMF from cotton in the near term.

Fabric and apparel prices to have continued to decline in August-September 2020, led by a quick supply restoration amid a weak demand recovery, said Ind-Ra report.

While cotton knitted fabrics production remained at an all-time high during August 2020 on account of increased demand from Bangladesh and other export markets, cotton woven fabrics production remained weak. Fabric exports have started recovering beginning July 2020 to pre-COVID levels. Ind-Ra continues to expect apparel prices to remain benign in 2HFY21 to entice inventory liquidation.

Total textile and apparel exports declined 26 percent yoy, while exports of readymade garments was down by 14 percent yoy during August 2020.

Man-made yarn/fabrics/made-ups exports remained weak in August 2020 and also were down by 24 percent yoy. However, a few players with healthy liquidity and available capacities have grown their order book from customers looking to diversify away from China.

Source: m.dailyhunt.in– Oct 12, 2020

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Govt hints at another stimulus package to boost demand

The government on Tuesday indicated more stimulus to boost the demand can be given. “We are not closing the option of another stimulus,” a senior government official said without giving much details.

It is expected that next set of stimulus will focus on boosting further demand.

The government on Monday announced LTC cash voucher scheme along with restoration of festival advance for the Central government offices and employees beside capital expenditure along with interest free advance to State.

All these estimated to boost demand by ₹73,000 crore. If private sector also doles out LTC cash voucher, entire amount will go up to ₹1-lakh crore.

Asked if the government come out with new tax notification related with LTC cash voucher scheme for the private sector, the official said it will depend upon the response from the private sector. There is also no clarity on whether people who have opted lower income tax regime in lieu of foregoing all exemptions will enjoy the latest benefit.

LIC IPO

As regards non-tax revenue for the current fiscal, the official said, “LIC IPO is on card, it is just a matter of time”.

On IDBI Bank’s residual stake sale, the official said it is on track. The government has already sold 51 per cent of its stake in IDBI Bank to LIC but still holds 47 per cent.

The government will soon come out with a new public sector enterprises policy that will define strategic sectors that will not have more than four PSUs. As part of the ‘Atmanirbhar Bharat Abhiyan’ package, the Finance Minister in May had announced that there will be a maximum of four public sector companies in strategic sectors, and state-owned firms in other segments will eventually be privatised.

Source: thehindubusinessline.com– Oct 13, 2020

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What Do India's New Labor Codes Mean?

Three new labor codes were pushed through parliament here near the end of last month, leaving the industry to decipher the implications for factories and production units across India.

The labor codes have both invigorated and disturbed the garment and textile industry, being received with a mix of anger at the speed with which they were rushed through parliament, gratitude by manufacturers that there is some simplification to the complex web of laws, and flat-out protest by some trade unions that they don't do enough to support labor.

This is the latest wrinkle set upon an industry beleaguered by the pandemic-related flurry of cancellations of more than 80 percent of orders in April and May.

Big picture, Rahul Mehta, chief mentor and past president of the Clothing Manufacturers Association of India (CMAI), noted that, "the revised codes have benefits for all the stakeholders, the biggest positives being in the simplification and clarification of various terms, acts and definitions."

"These simplify several aspects–the biggest being the reduction of the plethora of Acts into four codes. Complexity of regulations has always been highlighted as one of the greatest banes of industry all these years," he said.

However, voices from the worker's perspective are concerned at seeing their rights diminish even further.

The new labor codes highlight some important issues. Units employing less than 300 workers no longer need prior permission of the government for layoffs, retrenchment and closure. What's more, unions will be recognized by management for collective bargaining only if they have 75 percent of the workforce as members. In order to organize a strike, participants must give 14-day notice and the definition of "right to strike" has been broadened to include "mass casual leave."

The new codes also introduced contracts with fixed end dates, meaning factories no longer have to lay off workers when the time come to part ways. Safety standards are not defined in the OSH code, but have been left to notifications that need to be issued by the government, potentially putting the safety of workers at risk.

"Garment workers will now face these regulations, among other several other issues. And since most of the workforce in garment factories are women, and usually non-unionized, the effects will be exacerbated," said Apoorva Kaiwar, regional secretary – South Asia, IndustriALL global Union, referring to the implications of the labor law reforms.

"NGOs are saying the new labor code is bad for labor, and unfair, and pushed through too hastily," added Anjani Singhania, director, J.J. Expo-Impo, a mid-sized garment manufacturer in Noida, in the New Delhi region.

"On a humanitarian ground, I completely understand what they are saying. It is not good for the labor. But honestly, even when we sit on an aircraft, the first announcement is that in case of trouble first put on your own face mask, then try and help someone else out.

"So the survival of the industry is the most important thing, and it is going to help the labor. If we don't help and the industry itself perishes, then we will be in a very bad situation," he said.

As India's gross domestic product crashed to negative 23.9 percent in the first quarter of the new financial year (April to June), from growth of 5 percent to 8 percent for the last decade, the government has been looking at ways to support business and rev up markets.

"Right now, the future for the industry is not very bright. But one should be practical and understand we need to get the GDP back on the growth track and that is only possible if we get the industry rolling and get the confidence back. Right now, the confidence is just not there," Singhania added.

Singhania also noted it is hard to say how much the new labor code would even help because of the lack of clarity in terms of actual implementation, as well as the confusion that often happens between the central and state governments.

"On paper they do sound positive. But one can only comment on them after they get implemented," he said. "They are a glimmer of hope, for sure."

Source: sourcingjournal.com– Oct 13, 2020

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India gears up for commercial release of colored cotton in 2021

Although colored cotton is not new to India, the Indian Council for Agricultural Research (ICAR) through its All India Coordinated Research Project (AICRP) on Cotton plans to commercially release colored cotton by 2021.

Five colored cotton lines on the anvil

Under AICRP, ICAR will release four to five colored cotton lines. These have been evaluated for abiotic/biotic stress, diseases, water requirement, stability, color and yield. On an average, they will yield 10 to 15 quintals of colored cotton a hectare. The fiber strength of this cotton has been tested by the Central Institute for Research on Cotton Technology (CIRCOT), Mumbai.

AIRCP will cultivate colored cotton in areas having independent ginning and processing facilities. Each universities engaged in this project will collaborate with farmers or processing units for cultivation, weaving and manufacturing.

No stranger to colored cotton

India currently has about 40 colored genotypes of upland cotton (G hirsutum), mostly of various shades of brown and green colour in the National Gene Bank of Cotton maintained at the Central Institute for Cotton Research (CICR) Nagpur. The country is not a stranger to colored cotton and grows naturally-colored dark brown cotton in Bengal, yellow-green in the Garo Hills, and light pink in peninsular India. Its local cotton grown in Gollaprolu region of Andhra is light pink in color, and is known as yerra pathi (red cotton).

CICR released three colored cotton varieties – Cocanda and two Red Northerns – for commercial cultivation in Andhra Pradesh in the mid-1900s. However, work was discontinued due to low yield and poor fiber properties. Since 1990s, colored cotton once again regained focus with 10 agricultural universities in south and central India researching it. These universities use materials from ICAR-CICR and grade their colors from green to dark brown.

As per Rajesh Patil, Principal Scientist, University of Agricultural Sciences, at the forefront of AICRP trails are brown cotton lines from UAS. AICRP also proposes to release one of its varieties, DDCC in 2021.

New wild cotton species launched

The nine other color genotypes from UAS Dharwad are also performing well, adds Patil. He credits Manjula Maralappanavar, Senior Breeder, UAS for this success. Maralappanavar has not only published papers on her research but also developed DMB-225, a medium brown variety in 2013, along with three other varieties and also worked on DDCC-1.

Vinita Gotmare, Principal Scientist, ICAR-CICR Nagpur is currently engaged in the conservation of the hardy and resistant wild species of cotton. She has launched two wild species of cotton, namely; G. raimondii and G.thurberi, were introgressed with G. hirsutum and G.barbadense.

Brown cotton more stable than green variety

Brown cotton is known to be more stable than green genotypes which fade away on being exposed to the sun, says Gotmare. Vaidehi 95 has good yield levels and strong fiber properties and is pest-resistant. Lint obtained from Vaidehi 95 has been sent to Gopuri ashram at Wardha to handspin and weave cloth. The testing of machine spinning of this cotton is done by CIRCOT Mumbai.

Of late, scientists have been stalling attempts to go ahead with this project on fear of colored cotton being contaminated. However, scientists like KR Kranthi, Former Director, CICR terms this theory baseless as production of cotton seed in India is regulated. Also, the physical contamination of white cotton with colored cotton can easily be prevented. Over 90 per cent seeds are produced by private companies in isolated farms while the remaining are grown in seed farms that stringently follow government guidelines.

Government boosts colored cotton cultivation

To prevent this, the Central government is finalizing a pilot-project on colored cotton involving agricultural universities, cotton research and textile bodies, farmers and the Khadi and Village Industries Commission (KVIC), National Textile Corporation (NTC) and the Federations of Textile Industry and Farmers' Co-operative Societies. The project may boost the cultivation and release of colored cotton in India.

Source: fashionatingworld.com– Oct 13, 2020

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Govt working on multiple fronts to make India a manufacturing hub: Kant

The government has been working on multiple fronts to position India as a truly global manufacturing hub with a strong focus on exports,Niti Aayog CEO Amitabh Kant said on Tuesday.

Kant, while addressing a virtual FICCI event, further said the government is finalising its plans to expand its production-linked incentive (PLI) scheme to more sectors for boosting domestic manufacturing.

"The Government of India has been working on multiple fronts to position India as a truly global manufacturing hub with a strong focus on exports...Aatmanirbhar Bharat does not mean self-isolation but a very deep integration into the global value chains and using the manufacturing strength of India to become a leading exporter globally," he said.

Kant noted thatinvestment and innovation will drive manufacturing in India.

"Both countries and companies are reevaluating their trade and manufacturing strategies which can serve as new avenues of growth in India," he said.

Kant pointed out thatthe PLI scheme for mobile and select electronics will have multiplier impact for both direct and indirect job.

"As many as 22 domestic and international manufacturing firms including iPhone maker Apple's contract manufacturers as well as Samsung, Lava, Dixonhave given proposals for mobile phone production worth Rs 11 lakh crore over the next five years.

"And taking mobile manufacturing as a template, similar schemes have been launched in pharmaceutical, medical devices and now we are finalising schemes for automobile, networking products, food processing, advanced chemistry and solar PV manufacturing," the Niti Aayog CEO said.

The government has notified PLI scheme for large scale electronics manufacturing, the scheme for promotion of manufacturing of electronic components and semiconductors, and the modified electronics manufacturing clusters (EMC 2.0) scheme.

Kant said India is keenon creating truly global manufacturing champions in sectors of strength through benchmarking, cost disabilities against other manufacturing hubs and developing a bespoke strategy for each sector.

"Manufacturing will lead India's export targets by 2025 in key sectors, including mobile, electronics, pharmaceutical, textiles, engineering products, etc," he said.

Noting that data must be transformed into actionable insights to create value for governments and businesses, Kant said technologies such as artificial intelligence and augmented reality should be used as virtual means to train people.

Source: business-standard.com– Oct 13, 2020

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COVID-19 fallout: Surat's textile industry continues to incur losses

The textile industry in Gujarat's Surat continues to incur losses due to COVID-19, said an official from the Federation of Surat Textile Traders Association (FOSTA) on Monday.

The textile industry in the city was preparing for the wedding season that begins in April, when it was hit by the outbreak of the COVID-19 and the imposition of lockdown which was imposed to curb the spread of the disease. Consequently, the industry incurred huge losses and is yet to get due payments.

"In February-March, clothes worth Rs 10,000 crores were supplied across the country. We are yet to get the payment. Our business has been badly affected. At least Rs 9,500 crore is stuck. There is no possibility of the return of money as of now. It may come after Diwali," said Rangnath Sarda, Director, FOSTA.

"We have been able to do only 35 per cent business in September. The wedding season is due in November. If we receive our payments we will be able to revive the business," he added.

Bhairav Singh, a textile businessman, said that he is hoping for normal business after Diwali.

"Due to COVID-19 pandemic our business was affected during the wedding season which is usually in February, March and April. 50 per cent of our business suffered this year in this season. We are yet to receive payments for the clothes which we sent in bulk to different states. We are hoping that business will return to normal after Diwali," Singh said.

Source: in.news.yahoo.com– Oct 13, 2020

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'Imperfect yet small gains from labour codes shall drive MSMEs forward'

In India, poor people cannot afford to be poor and hence they are self-employed. Indicative of self-exploitation, India's problem is wages and not jobs. If jobs were the problem, labour reform may not be the answer, but to provide Indians with the wages they aspire for or want we need to talk about labour reform. This issue can't be solved without the formalisation of our enterprises and improving productivity.

We have 63 million enterprises, we have 12 million enterprises that work from home, we have 13 million GST registrations, 1.2 million enterprises contributing employer-based pension or insurance programs, .5 million enterprises with revenues, 15,000 employers posting jobs on Naukri.com, and around 22,000 employers with a paid-up capital over Rs 100 million.

There are many reasons why many of India's 63 million enterprises are dwarfs (small that stay small) rather than babies (small that grow). And one of them is surely our regulatory cholesterol created by India's compliance universe consisting of 69,233 compliances, 6,618 filings, and 1,536 acts. Out of which labour consists of 463 (which today stands reduced to 438) Acts, 32,542 Compliances and 3048 Filings.

Balancing between formal job creation and protecting worker's rights must have been challenging for our public policymakers as it's the heart of all debates around labour reform. We recently witnessed all four labour codes become the law subsuming 29 of the Central labour codes. While we are seeing ongoing debates on its impact on employers, employees, informal workforce and the economy – let's try and focus on how this impacts small businesses – whether we end up with more dwarfs then babies. Segregation of Small businesses (MSMEs) as of June 1, 2020, under micro enterprises, small enterprises and medium enterprises is done through a combination of investments and turnover.

While India is using investment and annual turnover as the criteria to classify MSMEs, globally, the number of employees is the most widely used criteria for classifying MSMEs. It is an important exclusion as employee thresholds play an important role in understanding the impact of the labour codes. Hence it is important to call out that the various provisions of the labour code shall impact each of the above three category of small businesses differently. However, for easy comprehension let me attempt some noticeable benefits and challenges for small businesses on account of the freshly minted labour codes.

Some of the key benefits shall include:

Codes prescribe size-based thresholds – Most of the labour laws apply to establishments over a certain size (typically 10 or above). These size-based thresholds is a considerable positive that shall help small business to reduce their burden of compliances enabling them to stay competitive and thrive.

Lower cost of compliance – Simplification, rationalisation and greater digitalisation shall help MSMEs save considerable operational costs by reducing their cost of compliance. Previously the cost which went in compliances did not translate into any benefit for employees. The new reform will help address that.

Lesser complexity – Previously several laws with differing definitions often used terms like “appropriate government”, “worker”, “employee”, “wages”, “establishment” – resulting in varying interpretations. This would lead to complexity in compliance and often result in acts of omission. The attempt to reduce these variances across the labour codes definitely benefits smaller businesses who may not have the luxury of investing in large internal legal experts.

Promotes entrepreneurship by providing room to fail – Now one requires government permission for layoffs and retrenchment only if the number exceeds 300 and contrary to the popular view that this shall encourage hire and fire, it actually creates room for MSME to aim higher and grow from being dwarfs to adults without the burden of failing.

Allows flexibility by legitimising various types of employee supplementation – With creating bold legislations, on one hand, acknowledging all forms of livelihood – permanent employees, fixed-term employees, contractual employees and gig workers and on the other creating tight guard rails to upload the interests of all stakeholders it has provided MSMEs with wings to fly.

There are however some sore points for MSMEs in the labour codes which includes:

Cost of compliance for safety norms has increased – Clearly, the stringent safety norms that all establishments have to follow as per the code shall impact the MSME employers more than the larger companies. While its need from the workers perspective is obvious however it would lead to cost explosion for MSMEs.

High penal provisions – Across all four codes the penal provisions have become quite steep whether it is in terms of penalties as well as in terms of jail terms. This would definitely be a setback for those MSMEs.

Recently our Finance Minister Nirmala Sitharaman said, “Atmanirbhar Bharat doesn’t mean India becomes inward-looking or isolate itself – that will not happen. It is just a focus on being self-reliant and grow local brands and businesses.” It is true MSMEs need access to capital, favourable tax policies, government regulations, promotional policies – however labour laws would remain an important driver for the success of MSMEs. Hence we shall celebrate the small gains the labour codes have for our local brands and small businesses with its imperfections.

Source: financialexpress.com– Oct 13, 2020

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Over 8 lakh candidates to be trained at district level under PMKVY 3.0

Norms being drawn up for the ₹948-cr project to be launched in Nov

The third phase of the Ministry of Skill Development and Entrepreneurship's flagship scheme Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 3.0 is likely to be launched in November for the financial year 2020-21.

This is the successor to the earlier edition of PMKVY for 2016-2020 and envisages training 8 lakh candidates with an outlay of the ₹948.90 crore during 2020-21, according to an official. The District Skill Committees (DSCs) will be the focal point for implementation of the scheme which will handhold and provide funds, the official added. The MSDE is working on finalising the guidelines for the new scheme. Under the revised structure, DSCs will do a district- level skill gap and demand assessment, mobilise and counsel candidates, form training batches, provide post-training support and handle grievance redressal.

DSCs will also support MSDE, State Skill Development Mission and National Skill Development Corporation in monitoring and supervision of training quality and placement verification process. Under the revised framework, candidates will have wider choices in terms of courses and training centres, said the official mentioned above.

ln total, five per cent of the scheme expenses has been earmarked to DSCs for awareness building, media, advertisements expenditure (2 per cent), administrative expenditure (two per cent) and post-placement expenses (one per cent). Launched in 2015, the main objective of PMKVY is to enable a large number of Indian youth to take up industry-relevant skill training that can help them in securing better livelihood.

Source: thehindubusinessline.com– Oct 13, 2020

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