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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

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INTERNATIONAL NEWS

China's Jeans Shipments to US Fell 63% in First Two Months of Year Amid COVID-19 Closures

U.S. denim imports were down significantly in the first two months of the year, and March portends to be nothing short of a disaster.

U.S. companies imported 14.32 percent less blue denim apparel–97 percent of which is jeans–for the year to date through February for a value of $497.08 million.

The drop-off was led by a 63 percent decline from China to $55.77 million, as factories shut down as coronavirus swept through the country.

Many of those facilities are back in operations, but undoubtedly were shipping little merchandise in March as stores across the U.S. and Europe shut down and many retailers and brands cancelled orders from the bottoming out of consumer demand as the pandemic spread across the globe.

Top denim supplier Mexico saw its shipments–usually closer to need due to logistical proximity–to the U.S. plummet 27.2 percent in the first two months of the year to $91.98 million.

Other suppliers among the Top 10 that registered declines in the period were Indonesia, with a decrease of 34.92 percent to $9.17 million, and Nicaragua, with a falloff of 2.99 percent to $13.85 million.

There were winners in denim import sourcing in the period, led by Bangladesh, with a 39.59 percent increase to $90.13 million, and Vietnam, with a gain of 30.17 percent to $65.25 million. This leapfrogged both countries over China in year-to-date jeans imports.

Cambodia also posted a major gain in the period, with its shipments to the U.S. skyrocketing 111.48 percent to $29.15 million. Small gains were also posted by Pakistan, Egypt and Sri Lanka among the top suppliers in the period.

All bets are off as to what jeans imports will look like for March and April. That's because the COVID-19 pandemic has basically closed the supply-chain spigot. Factories in Bangladesh, India and Cambodia have shut down to help stop the spread of the disease, and U.S. importers are taking in little goods to fill what are basically only online orders.

Source: sourcingjournal.com - Apr 14, 2020

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Egypt's area under cotton harvest projected to decline: US

Egypt's area under cotton harvest is projected to drop by almost 35 per cent to 65,000 hectares (ha) in market year (MY) 2020-21 from 100,000 ha in MY 2019-20, according to the 'Cotton and Products' report issued by the Foreign Agriculture Service (FAS) at the US Department of Agriculture (USDA). Egyptian farmers reportedly mixed the cultivation of cotton with tomato, which encouraged whitefly infestation in both crops.

FAS revised down MY 2019-20 production to 305,000 bales compared to expected production of 337,000 bales, attributing that to the reduction of yields due to the lower quality of seeds and losses due to whitefly infestation.

"If uncontrolled, whiteflies can reduce cotton yields and affect cotton quality. Immature whiteflies infest the underside of the leaves and secrete honeydew, which is a sticky, sugary solution. This can be a serious issue in terms of fibre quality or the spinnability of fibres when grinned," the report said.

It said reduced prices discouraged MY 2019-20 cultivation, expecting that this may continue into the coming season.

Previously, the government provided cash payments to the textile industry, which allowed them to pay a government-announced price for Egyptian cotton.

Following the reform of that system, the government announced an indicative price before the planting season commenced. The indicative price is a subtle attempt to urge the textile industry to buy cotton from farmers at the indicative price. However, it is not a price support or commitment from the government to buy the crop, according to the report.

It added that in MY 2019-20, for the first time the government did not announce indicative prices, which will have adverse effects on MY 2020-21 cultivation. In addition, in MY 2019-20, the prices are still low even with the drop in production.

Referring to the deficient supply, the report noted that in MY 2019-20, the yields dropped unexpectedly not only because of the decrease in area cultivated, but also due to the use of lesser quality seeds compared to last season.

Egypt's efforts to put an end to its cotton industry's decline through announcing a new policy in 2017 based on a 19-step plan. Meanwhile, Egypt's cotton imports are expected to increase by 23 percent, or by 630,000 bales, in MY 2020-21—up by 118,000 bales from MY 2019-20 imports, the report said.

In MY 2019-20, Greece, Benin, Sudan, the United States and Burkina Faso were Egypt's main cotton suppliers and are expected to remain so in MY 2020-21.

The report forecast exports will increase by 14 per cent, or by 30,000 bales, in MY 2020-21, to reach 250,000 bales due to the low prices, expecting international demand for Egyptian cotton to increase as prices are low and demand in domestic consumption declined.

In MY 2019-20, India remains the main importer of Egyptian cotton. Pakistan, Bangladesh, Greece, Germany and Italy are also Egypt's top export destinations. India and Pakistan are expected to maintain the same demand in MY 2020-21, the report added.

Source: fibre2fashion.com - Apr 14, 2020

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US March imports estimated to hit 5-yr low: NRF

Imports at major US retail container ports are estimated to have dropped to their lowest level in five years in March, and imports are projected to remain significantly below normal levels through early summer as Covid-19 pandemic continues, according to the Global Port Tracker report released by the National Retail Federation (NRF) and Hackett Associates.

"Even as factories in China have begun to get back to work, we are seeing far fewer imports coming into the United States than previously expected," NRF vice president for Supply Chain and Customs Policy Jonathan Gold said. "Many stores are closed, and consumer demand has been impacted with millions of Americans out of work. However, there are still many essential items that are badly needed and because of store closures cargo may sit longer than usual and cause other supply chain impacts."

"The Covid-19 pandemic is unraveling the economy nationally and globally as most of the world moves toward a lockdown that entails the closure of significant portions of both the service and manufacturing industries," Hackett Associates founder Ben Hackett said. "The largest drop is forecast for the first half of this year but with uncertainty about the length of the lockdown and extent of the pandemic, the second half may not be in better shape."

US ports covered by Global Port Tracker handled 1.51 million Twenty-Foot Equivalent Units (TEU) in February, the latest month for which after-the-fact numbers are available. That was down 17 per cent from January and down 6.8 per cent year-over-year. A TEU is one 20-foot-long cargo container or its equivalent.

February numbers are normally lower than January because of annual factory shutdowns in China for Lunar New Year celebrations. But the shutdowns lasted longer than usual and continued into March because of the coronavirus outbreak.

While actual numbers for March are not yet available, estimates show that imports plunged to 1.27 million TEU, down 21.3 per cent year-over-year and the lowest level seen since 1.21 million TEU in February 2015 during a labour dispute that caused slowdowns at West Coast ports that winter.

April import is forecast at 1.44 million TEU, down 17.6 per cent year-over-year; May at 1.48 million TEU, down 20.1 per cent; June at 1.41 million TEU, down 21.4 per cent; July at 1.61 million TEU, down 18.2 per cent, and August at 1.72 million TEU, down 12.5 per cent.

Before the coronavirus began to have an effect on imports, February through May had been forecast at a total of 6.9 million TEU but is now expected to total 5.7 million TEU, a drop of 17.3 per cent.

The first half of 2020 is forecast to total 8.93 million TEU, down 15.1 per cent from the same period last year. Before the extent of the pandemic was known, the first half of the year was forecast at 10.47 million TEU.

Imports during 2019 totaled 21.6 million TEU, a 0.8 per cent decrease from 2018 amid the trade war with China but still the second-highest year on record.

Source: fibre2fashion.com - Apr 14, 2020

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USA: With Virus Stalling Turnaround, JCP Sees Credit Rating Suffer

Moody's downgraded J.C. Penney Co. Inc.'s corporate family rating as the retailer reportedly explores debt deal options.

On Monday, the credit ratings firm lowered the retailer's corporate family rating to "Caa3" from "Caa1," and downgraded other ratings, such as its senior secured ABL Revolving credit facility and senior term loan notes. Moody's also revised Penney's rating outlook to negative from stable.

"Although J.C. Penney liquidity is adequate, the widespread store closures as a result of the coronavirus pandemic and the continued suppression of consumer demand is expected to pressure J.C. Penney's EBITDA (earnings before interest, taxes, depreciation and amortization), impede its turnaround strategy and weaken its leverage to unsustainably high levels," Moody's vice president Christina Bona said.

Weaknesses in Penney's credit profile, including its exposure to unit closures, have left it vulnerable to shifts in market sentiment in the current unprecedented operation conditions, and the retailer "remains vulnerable to the outbreak continuing to spread," Moody's said.

While the company has sizable cash balances after drawing $1.25 billion on its $2.35 billion revolver plus its $386 million of cash on hand, "Moody's expects the company will have significant cash flow deficits in fiscal 2020 as EBITDA declines from the effect of COVID-19 on store traffic and continuing weak consumer demand hurts results," the credit ratings agency said, noting that it could take well into 2022 before EBITDA reverts back to the $600 million of EBITDA realized in 2019.

"In addition, the company's work to define and execute it strategy to return to stabilizing its market position and improving profitability will be difficult in the current operating environment," the ratings firm said.

The embattled retailer allegedly hired consulting firm AlixPartners to help it explore options for its $4 billion debt load, Bloomberg reported Monday. The consulting firm would be working with restructuring advisors at the Kirkland & Ellis law firm and investment banking advisor Lazard Ltd, the same team said to be aligned with Macy's on its own exploratory quest.

A spokeswoman declined to comment on reports of the AlixPartners hire.

Penney's, like most non-essential retailers, has temporarily shuttered its stores to help curtail the spread of the coronavirus outbreak. Last month, the mass merchant furloughed the majority of its store employees and a significant portion of corporate associates at headquarters.

Source: sourcingjournal.com - Apr 14, 2020

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Inditex ramps up operations in Spain

Inditex SA's main import and export airport hub in Spain is ramping-up operations as business in Asia read China, picks up. The retailer uses the airport as a base to import textile products and export apparel. Under Inditex's unique distribution model, the vast majority of its apparel manufactured outside Spain has to be sent to the country and then exported to stores around the world.

The company has been able to continue certain operations in Spain in spite of a government order to place non-essential economic activity on standstill. With the slowdown in Spain and other countries, Inditex has re-assigned the majority of its space in the airport as a base of imports of medical goods.

The Zaragoza airport is one of Spain's three largest cargo airports, and had the second highest cargo traffic in February, before the Coronavirus crisis hit the country in full.

Source: fashionatingworld.com - Apr 14, 2020

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Wazir Advisors forecasts 45 per cent decline in EU apparel consumption

A forecast by management consulting company Wazir Advisors, which focuses specifically on the apparel sector, predicts a decline in apparel consumption in 2020 of 45 percent in the EU and 40 percent in the US, which could lead to a reduction by $300 billion

Wazir Advisors' states EU and the US Apparel consumption' states will reduce by $300 bn. Covid-19 will impact European and the US apparel market with the current lockdown likely to continue until mid-July because new cases are expected to peak by late April/mid-May. This would imply a total three to four months closure for almost all the brick-and-mortar fashion stores across the US and Europe.

Even if online retail remains the only way to buy clothes for a few months, apparel purchasing will be delayed.

The report gives various reasons for this: On the one hand, consumers are currently primarily buying groceries, medicines and other staples. There is no urgency to replenish clothes, especially because the options to go out are limited with schools, offices, restaurants, gyms, etc. still being closed). On the other hand, consumers have limited product options and potentially long delivery times.

Source: fashionatingworld.com- Apr 14, 2020

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USA: Macy's may be looking to recapitalize

Macy's Inc. is seeking advice about managing its liabilities and finding new financing, according to Reuters.

The wire service reports that the department store giant has hired investment bank Lazard Ltd. and debt restructuring lawyers at Kirkland & Ellis.

A spokeswoman for Macy's told Reuters that the company is exploring numerous options to strengthen its capital structure and maintains relationships with a range of advisers.

In response to the COVID-19 pandemic, the company closed all stores – Macy's, Bloomingdale's and Blue Mercury – on March 18, although e-commerce operations continued. On March 28, the company announced a freeze in spending, along with canceling orders and reducing pay for all levels of management. Two days later, it furloughed the majority of its employees.

Macy's Inc. kicked off 2020 on the heels of a disappointing holiday season, announcing it would pare store count this year by 29 units (28 Macy's and one Bloomingdale's).

Source: hometextilestoday.com- Apr 13, 2020

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China foreign trade drops as pandemic drags outlook

China's foreign trade fell again in March even as businesses returned to work after the coronavirus outbreak, with the global pandemic weighing on the manufacturing powerhouse's outlook. Exports fell 6.6 percent in March from a year earlier and imports dropped 0.9 percent, according to Customs data released Tuesday.

The contraction was less than a Bloomberg economist forecast that predicted a 10 percent or more decline in both figures, and well below the 17.2 plunge in exports seen in the first two months of the year. But analysts warned that a broader recovery would be hamstrung for as long as the viral pandemic ravaged China's trading partners.

"The worst is still to come for China's export sector," warned Julian Evans-Pritchard of Capital Economics. China's trade surplus with the United States — a key point of contention in the bruising trade war between the world's top two economies — narrowed again in March by 25.3 percent on-year to $15.3 billion.

January's phase one trade deal between Washington and Beijing had seen "good growth momentum" in some commodities imports from the US such as soybeans and pork, said Customs official Li Kuiwen. But Li also sounded a sombre note on foreign trade forecasts for the rest of the year.

"We have noted that the global COVID-19 spread is still accelerating, causing a serious impact on the world's economic development," he told reporters on Tuesday. "Shrinking demand in the international market will inevitably deal a blow to China's exports," he said.

Source: financialexpress.com - Apr 14, 2020

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Thailand: Textile, garment industry suffers badly from contagion crisis

The ongoing Covid-19 pandemic is expected to hit Thailand's textile and garment industry hard, with as many as half the companies in this and related industries expected to shut down, leaving up to 200,000 people unemployed.
The industry stands to incur losses of more than Bt150 billion this year alone.

Yuttana Silpsarnvitch, chairperson of the National Federation of Thai Textile Industries, said the Bt150 billion losses are based on the scenario that the Covid-19 outbreak lasts until June and entrepreneurs do not get direct government assistance. However, if the crisis goes beyond June, then the sector stands to lose as much as Bt180 billion.

Thailand exports about Bt200 billion worth of garments and textiles per year. However, this year garment and textile exports stand at -40 to -50 per cent, which translates to losses worth Bt50 billion to Bt100 billion due to a slowdown in orders. Recently, more than 70 per cent of foreign buyers have cancelled their orders.

The sector is also expected to lose Bt150 billion to Bt200 billion in local sales. The most badly hit are manufacturers of clothing brands sold in department stores and wholesalers in Bangkok's Pratunam and Bobae areas, which have had to close due to the lockdown. Though some are selling through online portals, they have only been able to recover 20 per cent of their normal sales.

While manufacturers have now opted to start producing cloth masks and PPE sets for medical personnel, there is expected to be an oversupply in the products within two months. Therefore, it is quite possible that they will have to stop producing cloth masks by the end of April.

Once production stops, factories have to close. There are 2,700 garment and textile factories in Thailand, employing as many as 400,000 to 500,000 people. If more than half of these factories end up closing by May, there will be as many as 200,000 people left without a job.

“Some companies have said that if they don’t get any more orders, their business will die within a month. Some have downsized by 20 to 50 per cent, but they also don’t think they will survive in a month or two. Some companies have closed because the government shut down shopping malls, while many are in the process of closing. I believe that if the situation does not improve by early May, at least 50 to 60 per cent of the factories will close,” Yuttana said.

He suggested that the government step up and pay wages in the industrial sector for at least three months, because even when factories don’t earn anything, they still have to pay wages.

Source: nationthailand.com - Apr 15, 2020

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Indonesia's trade surplus seen shrinking in March: Reuters poll

Indonesia is expected to post a narrower trade surplus in March, with exports and imports seen contracting as the coronavirus pandemic choked global trade, a Reuters poll showed on Tuesday.
The median forecast of 14 analysts in the poll was for Southeast Asia's largest economy to post a $760 million trade surplus in March, about a third of February's surprise $2.34 billion surplus.

Underlining the difficulty in making predictions, the range of forecast by the analysts was wide, with the lowest at a deficit of $320 million and the highest a surplus of $3.36 billion.

"Trade figures may swing extensively these coming months due to the pandemic, with import retrenchment exceeding export slowdown at this first stage," said Wisnu Wardana, an economist with Bank Danamon.

Exports in March were seen dropping 6.73% annually due to a slump in demand from countries affected by the pandemic, which pushed nations to enforce shutdowns.

This could be the steepest decline since August 2019, compared with an 11% jump in February shipments, when Indonesia managed to sell more vegetable oils, gold, auto parts and textile products, including face masks, before the virus outbreak worsened across the globe.

March imports were expected to drop 7.88% on-year, accelerating from February's contraction pace, driven by plunging oil prices and weakening domestic demand.

State oil and gas company Pertamina has reduced its imports as fuel demand dropped due to social restrictions and was in talks to defer this month's imports.

Known coronavirus cases in Indonesia jumped to 4,557, as of Monday, with 399 deaths - the highest fatalities in East Asia outside China.

The Greater Jakarta area, home to some 30 million people, are under large-scale mobility restrictions, while other places across the archipelago are also exercising some form of physical distancing measures.

Authorities have predicted Indonesia's economic growth would weaken significantly in 2020 to 2.3%, from 5% in 2019.)

Source: investing.com- Apr 13, 2020

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Pakistan: Textile millers fear they may not survive Covid-19 crisis

Perturbed over fallout of coronavirus pandemic, the All Pakistan Textile Mills Association (APTMA) on Tuesday demanded the government to extend the date for sales tax returns and payments, suspension of interest charges for the quarter ended March 31, 2020 and deferment of energy bills for March and April 2020.

APTMA's Executive Director Shahid Sattar in his three separate letters written to Minister for Energy Omer Ayub, Governor State Bank of Pakistan (SBP) Dr. Reza Baqir and Chairman Federal Board Revenue (FBR) Nausheen Javed Amjad stated that the future outlook for textile markets is extremely bleak as currently the bulk of export orders already stand cancelled and where orders have not been cancelled, the foreign buyers are asking for long-term extended credit.

The executive director maintained that western analysts have unequivocally classified textiles as one of the markets that would take years to recover to its pre-Covid-19 turnover. Textile is not an essential commodity and consumers preferences will necessarily change for the worse on non-essential consumer goods, once the market reopen. Sattar added that the domestic market for all practical purposes has completely collapsed with little hope that it would even recover to 50 percent of its pre-Covid-19 levels even by the end of the year. He added that the cash flow crisis is even more acute for indirect exporters who have not been paid anything out of the releases for sales tax etc.

"As a matter of record these indirect exporters have not been paid a dime over the last three weeks and are unlikely to receive any payments from the director exporters," Sattar stated.

APTMA's office bearer added that the direct exporters face a very stark choice between payment of salaries and wages (even if vide the new loan scheme), interest charges, energy bills and suppliers of intermediate products and raw materials.

Sattar noted that indirect exporters or manufacturers of intermediate products are already in this crisis situation.

The letters read that in the absence of cash flow from export or domestic sales, it is simply not possible to make payments for interest on all types of loan and advances for the quarter ended March 31, sales tax due on the April 15 (these are for the months of January, February and March) and RLNG/Gas and electricity for at least next three months. Sattar requested the SBP governor that under these grave circumstances advise financial institutions to defer payment of interest on all types of financing for one quarter at least.

"We request that the SBP take this request seriously so that the economy may deal with the Covid-19 situation in an orderly fashion and avoid chaos and panic situations," the letter to SBP governor reads.

He requested the FBR chairman to extend the date for sales tax return and payments due on April 15, for the textile sector by at least a month and take urgent action in this regard.

Meanwhile, he also requested the federal minister for energy to defer the payment of all energy bills for one quarter at least and take urgent action in this regard.

In a separate letter to Ministry of Commerce (MoC) Secretary Sardar Ahmad Nawaz Sukehra, Sattar stated that the validity of the certificates issued by FBR for special energy rates were valid till March 30. Under the current Covid-19 created circumstances about validity of these certificates to June 30 is critical.

He requested the secretary MoC for extension of validity of these certificates to be notified through the FBR. For fresh applications for regionally competitive energy rates, Sattar stated that the matter has been discussed many times and the new methodology is required to be approved and notified urgently.

Source: profit.pakistantoday.com.pk- Apr 14, 2020

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NATIONAL NEWS

Lockdown extended till May 3: Apex exports body FIEO slams move, says industry may see 15 million job losses

Prime Minister Narendra Modi announced on April 14 that the lockdown will be extended until May 3. Disappointed with this decision, the Federation of Indian Export Organisations (FIEO) said there needs to be a calibrated approach on the opening of the economy.

"Other COVID-19 affected countries have opened their economy in a calibrated manner. MSMEs will not be able to start even if there is some relaxation. How can workers be paid when there is no money? We expected the prime minister to come out with some economic measures," says Sharad Kumar Saraf, President, FIEO.

Saraf suggested the government should allow 40-50% labour force to operate. Adding that there is absolutely no logic in exports to not start, he says social distancing can be maintained even while ensuring operations run in a smooth manner.

PM Modi announced that after taking cognisance of the situation by April 20, certain areas may be allowed to open up certain industries.

Saraf says that even if industries are opened up on April 20th, all export orders would have been cancelled by then. Revival in exports will be extremely difficult. Further, there is an issue in completion of paperwork as workers are unable to go to their offices to file the requisite paperwork.

According to FIEO, there is more than 50% revenue loss due to the lockdown. The job losses in the export industry may cross 15 million, across sectors.

The sectors which will be adversely impacted include textile, jewellery, handicrafts and gems.

Source: moneycontrol.com- Apr 14, 2020

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IMF cuts India GDP growth to 1.9%, projects sharp contraction in global economy

Asia only region to see positive growth in 2020; globally, worst recession since Great Depression

Amid projection of sharp contraction in the global economy, the International Monetary Fund (IMF) on Tuesday cut India's GDP (Gross Domestic Products) growth rate to 1.9 per cent in fiscal year 2020-21 starting April 1. However, it expects economy to bounce back strongly in fiscal 2021-22.

In its latest version of World Economic Outlook (WEO), Gita Gopinath, Economic Counsellor at IMF, termed Covid-19 crisis like no other. First, the shock is large.

The output loss associated with this health emergency and the related containment measures are likely to dwarf the losses triggered by the global financial crisis.

Second, like in a war or a political crisis, there is continued uncertainty about the duration and intensity of the shock. Third, under the current circumstances, there is a different role for economic policy. In normal crises, policymakers try to encourage economic activity by stimulating aggregate demand as quickly as possible.

"This time, the crisis is to a large extent the consequence of needed containment measures. This makes stimulating activity more challenging and, at least for the most-affected sectors, undesirable," she wrote in the foreword to the report which has been released with just one chapter titled 'The Great Lockdown'. The full report will be released next month.

For India, the report has projected GDP growth rate at 1.9 per cent for 2020-21, which is 3.9 per cent lower than the January outlook and 5.1 per cent lower than the projection made in October.

However, GDP growth rate is estimated to jump to 7.4 per cent during 2021-22. This is almost one percentage point higher than the January estimate and unchanged from last October's projection.

Talking about India and its counterparts in this continent, the report said emerging Asia is projected to be the only region with a positive growth rate in 2020 (1 per cent), albeit more than 5 percentage points below its average in the previous decade.

In China, indicators such as industrial production, retail sales, and fixed asset investment suggest that the contraction in economic activity in the first quarter could be around 8 per cent year over year. Even with a sharp rebound in the remainder of the year and sizeable fiscal support, the economy is projected to grow at a subdued 1.2 per cent this year. “Several economies in the region are forecast to grow at modest rates, including India,” it said.

Commenting on the optimism during next fiscal globally, the report said in a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8 per cent in 2021 as economic activity normalises, helped by policy support.

Great Lockdown

According to Gopinath, it is likely that this year the global economy will experience its worst recession since the Great Depression, surpassing that seen during the global financial crisis a decade ago.

The Great Lockdown, as one might call it, is projected to shrink global growth dramatically. A partial recovery is projected for 2021, with above-trend growth rates, but the level of GDP will remain below the pre-virus trend, with considerable uncertainty about the strength of the rebound.

Much worse growth outcomes are possible and even likely. “This would follow if the pandemic and containment measures last longer, emerging and developing economies are even more severely hit, tight financial conditions persist, or if widespread scarring effects emerge due to firm closures and extended unemployment,” she said.

Source: thehindubusinessline.com- Apr 14, 2020

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MSME exporters have no liquidity to pay wages for April: FIEO

Apex exporters body FIEO on Tuesday said the micro, small and medium enterprises (MSME) do not have adequate liquidity to pay wages to their employess for the month of April as they are unable to conduct any business activity during the lockdown.

The Federation of Indian Export Organisations (FIEO) reiterated that the government should immediately announce an incentive package and give permisssion for partial resumption of operations in manufacturing units.

“The exporters, particularly MSME exporters, have no liquidity to pay wages for the month of April as they are unable to conduct any business activity during the lockdown,” FIEO President Sharad Kumar Saraf said in a statement. He also expressed disappointment on deferment of the decision to allow selective opening of the manufacturing sector, particularly export units.

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Source: financialexpress.com- Apr 14, 2020

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As coronavirus roils trade, Customs clearance process turn more 'contactless and paperless'

Electronic out of charge to be rolled out from Wednesday

From Wednesday, the Central Board of Indirect Taxes and Customs (CBIC) will roll out electronic communication of PDF-based final eOoC (electronic Out of Charge) copy of Bill of Entry (BoE) and eGatepass to the importers/Customs Brokers.

This is the latest in a series of steps taken by the CBIC as it looks at ways to facilitate and expedite Customs clearance process, making it more and more contactless (automated and online, as well as paper-less), to tackle the scourge of Covid-19 pandemic that has roiled export-import (EXIM) trade.

"This electronic communication would reduce interface between the Customs authorities and the importers/Customs Brokers and also do away with the requirement of taking bulky printouts from the service centre or maintenance of voluminous physical dockets in the Customs Houses," Vineeta Sinha, OSD, Customs, wrote in an April 13 circular.

The Final eOoC copy of BoE and eGatepass copy will be e-mailed to the concerned Customs Broker and/or importer, if registered, once the Out of Charge is granted. The eGatepass copy will be used by the Gate Officer or the Custodian to allow the physical exit of imported goods from the Customs area, Sinha wrote in the circular issued to all Principal Chief Commissioners of Customs.

Currently, physical signing of the Final OoC copy of BoE is insisted upon at Customs locations. This necessitates the importer/Customs Broker to take a paper printout from the Service Centre to be produced before the Customs officer.

It has now been decided to do away with the paper printout of the Final OoC copy of BoE. Instead, the DG Systems will enable a functionality to immediately e-mail the PDF version of the Final eOoC copy of BoE generated after OoC to the Customs Broker and/or the importer, if registered.

The PDF version will bear a digitally signed and encrypted QR code, which can be scanned to verify the authenticity of the document using a mobile app ICETRAK. The QR code is tamper proof, which is digitally signed by CBIC to ensure the authenticity. Key details such as the BoE number and date, duty, package details are available in the secured QR Code.

A version number is also embedded in the QR code which can be used to ascertain whether the document is the latest version (in case of reassessment etc). The same would be verifiable at ICEGATE Enquiry.

eGatepass

Currently, the physically signed Final OoC copy of BoE is verified both by the Gate officer (Customs) as well as the Custodian before allowing the actual movement of imported goods out of the Customs premises. This physical printout is now being replaced by the PDF eGatepass generated and electronically communicated to the importer/Customs Brokers.

The eGatepass will contain only the details referred to by the Custodian or the Gate officer to allow actual movement of goods — like details of Import General Manifest (IGM)/Bill of Lading, containers, packages etc.

There will be two types of QR codes: one, for entire eGatepass document, and two, for each container/package covered under the Gatepass. This will ensure that only those containers/package move out which are covered under the Gatepass document.

The electronic data interchange (EDI) OoC message will continue to be sent to the Custodians who are registered on ICEGATE. Since all the Custodians are not connected to ICEGATE, the EDI OoC message is not being transmitted electronically to such Custodians.

The CBIC has advised all its field officers to ensure registration of all such Custodians in ICEGATE as per the advisory of DG Systems so that the potential benefits of the new measures could be reaped across the entire Customs ecosystem.

“The electronic communication of the Final eOoC copy of BoE and eGatepass copy is expected to bring immense benefits in terms of time and cost of compliance and reduction in interface for the trade, while providing enhanced security features for verification of authenticity and validity of the electronic documents,” Sinha said.

Source: thehindubusinessline.com- Apr 14, 2020

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Don't fire, says PM. But where's the money to pay wages, asks industry

Without an economic package from the government, difficult to run operations, say companies

Despite Prime Minister Narendra Modi asking companies not to lay off staff, employers across sectors have already started cutting their manpower. Companies in sectors such as IT, aviation, travel, media and events management have already handed out the pink slips to hundreds of employees.

This is the second time that the Prime Minister has requested the companies to refrain from firing employees. In his March 19 address too, he had made the point. But on their part, the companies argue that they are struggling to manage the wage bill, especially in the absence of direct economic help from the government.

"We have a monthly wage bill of about Rs 20 crore. Now we haven't produced anything for a month. If this goes on for a month more, how are we supposed to pay salaries," a senior executive from a manufacturing company told Moneycontrol.

So which sectors have already laid off people?

Aviation: GoAir and SpiceJet have terminated contracts of their expat pilots. Other airlines have cut pay and asked a large portion of their staff to go on leave without pay. Air Deccan has put its staff on sabbatical without pay.

IT/ITeS sector: Gurgaon-based BPO firm Fareportal laid off over 300 employees. A Pune-based IT firm has laid-off a dozen workers. According to industry estimates, close to 1.5 lakh techies could be out of job in the next 3-6 months. The sector employs about 45-50 lakh people, with the top four players accounting for about 10 lakh of the total workforce.

Event management: With events across the country getting cancelled due to the lockdown, a large portion of the employees now find themselves without jobs. Due to halt on production, daily wagers like makeup artists, technicians, spots are all out of jobs. The sector provides employment to around 10 million people directly and 50 million indirectly.

Apart from these sectors, daily wagers and contractual staff across sectors have been off work for nearly a month now. The country saw a mass exodus of migrant labourers from cities, and many of them said their employers have laid them off.

Many sectors had managed to hold on till now, but had warned that if there was no help coming from the government, then layoffs are imminent. These sectors include retail and textile. Overall, retailers may have to let go 20 percent of their employees.

Government help

Many of the companies are now looking forward to the guidelines that will be released on April 15, hoping that in parts, the lockdown may be eased. And they are also hoping for economic help.

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Source: moneycontrol.com- Apr 14, 2020

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It's official: Lockdown to stay till May 3, says PM Modi

Low-risk areas may be opened up from April 20 with riders

Ending all speculations on the government's position with respect to the lockdown to battle Covid-19, Prime Minister Narendra Modi, in a rather firm tone, said the decision to extend the nation-wide lockdown till May 3 was crucial to contain the spread of the virus to newer districts.

The earlier 21-day lockdown ended on April 14. Modi also suggested that low-risk areas could be opened up for certain specific activities from April 20, but with certain caveats.

'Closely monitor hot-spots'

"We must not let coronavirus spread to new areas at any cost. A single new patient at even the smallest local level, should be a matter of concern for us," said Modi.

He added, "We have to be very vigilant about hot-spots. We will have to keep a close and strict watch on the places which run the risk of becoming hot-spots. The creation of new hot-spots will further challenge our hard work."

Modi said, "Until April 20, every town, every police station, every district, every State will be evaluated on how much the lockdown is being followed.

Areas that succeed in this litmus test, those which will not be in the hot-spot category, and will have less likelihood to turn into a hot-spot maybe allowed to open up select necessary activities from April 20".

"However, permissions will be withdrawn immediately if lockdown rules are broken, and if there is threat of spread of coronavirus," he cautioned. Detailed guidelines will be issued by the government tomorrow in this regard.

The Prime Minister exhorted the citizens to follow seven steps in their fight against the pandemic: to take special care of the elderly; to completely adhere to the 'Lakshman Rekha' of lockdown and social distancing; use homemade face-covers and masks without fail; to follow the instructions issued by the AYUSH Ministry to enhance immunity; to download the Arogya Setu Mobile App; to take care of poor families and not deprive them of their livelihood; to pay utmost respect to corona warriors — doctors and nurses, sanitation workers and police force.

Lav Agarwal, Joint Secretary, Ministry of Health and Family Welfare, said: "Guidelines to this effect will be issued soon, and it will also be decided if permission to select activities could be withdrawn in case new cases of Covid-19 emerge from those areas where lockdown has been eased."

The Centre has changed the testing strategies to expand the scope of the number of persons it can bring under surveillance. The office of the Principal Scientific Advisor has issued guidelines stating that patients with influenza-like illness (ILI) symptoms — fever, chills, dry cough, running nose — should immediately report to the nearest ASHA, Anganwadi or frontline worker.

However, the Health Ministry is yet to clarify if all ILI patients are eligible to be tested for Covid-19.

Meanwhile, Indian Railways, which cancelled operations of passenger trains till May 3, has decided to stop taking ticket bookings for travel even beyond May 3.

Source: thehindubusinessline.com- Apr 14, 2020

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World's biggest lockdown may have cost Rs 7-8 lakh crore to Indian economy

Acuite Ratings believes there is a risk of a contraction of April-June (2020-21 fiscal) GDP to the extent of 5-6 per cent, with Q2 (July-September) also likely to post modest growth in a best-case scenario.

New Delhi: The world's biggest lockdown that shut a majority of the factories and businesses, suspended flights, stopped trains and restricted movement of vehicles and people,The world's biggest lockdown may have cost the Indian economy Rs 7-8 lakh crore during the 21-day period, analysts and industry bodies said.

With the intent to contain the spread of COVID-19, Prime Minister Narendra Modi with effect from March 25 announced a nationwide complete lockdown that brought as much as 70 per cent of economic activity, investment, exports and discretionary consumption to a standstill. Only essential goods and services such as agriculture, mining, utility services, some financial and IT services and public services were allowed to operate.

Stating that the pandemic came at the most inopportune time for India whose economy was showing signs of recovery after bold fiscal/monetary measures, Centrum Institutional Research said the country again stares at the possibility of low single-digit growth for FY2021 (April 2020 to March 2021).

"Nationwide complete lockdown is likely to shave off at least Rs 7-8 trillion," it said.

Acuite Ratings & Research Ltd earlier this month estimated that the lockdown will cost the Indian economy almost USD 4.64 billion (over Rs 35,000 crore) every day and the entire 21-day lockdown will result in a GDP loss of almost USD 98 billion (about Rs 7.5 lakh crore).

The rapid spread of COVID-19 has not only disrupted the global economy but also triggered a partial shutdown in many parts of India from early March and an almost complete shutdown from March 25.

"While the countrywide shutdown is scheduled to be lifted from April 15, 2020, the risks of prolonged disruption in economic activities exist depending on the intensity of the outbreak," the credit rating agency said.

The sectors that are most severely impacted are transport, hotel, restaurant, and real estate activities.

Prime Minister Modi is likely to detail the post-lockdown scenario in an address to the nation on Tuesday morning.

All India Motor Transport Congress (AIMTC) secretary-general Naveen Gupta said the accumulated losses to truckers during the first 15 days of lockdown were about Rs 35,200 crore given an average Rs 2,200 loss to per truck per day.

"More than 90 per cent of the about one crore trucks in the country are off roads during the lockdown as truckers with only essential commodities are on the move," he said. "Even if the lockdown is lifted, it will take at least 2 to 3 months for truckers to limp to some normal scale as we apprehend consumption of non-essential items to remain hit on the account of lack of purchasing power."

AIMTC represents about 93 lakh transporters and truckers and is their umbrella body.

National Real Estate Development Council - a body of realtors, puts the loss in the sector at Rs 1 lakh crore.

"I am scared to estimate what the losses would be. I think, a potential loss of maybe Rs 1 lakh crore on a conservative basis on an all India basis. It is a conservative figure. I cannot think of the upper end of the figure... Based on thumb rule, at least Rs 1 lakh crore," said its president Niranjan Hiranandani.

The Confederation of All India Traders estimates that the losses incurred by the retail trade of the country in the second half of March due to the COVID-19 pandemic were a massive USD 30 billion.

The Indian retail sector comprising 70 million small medium and big traders employing 45 crore people, does a monthly business of approximately USD 70 billion.

A host of international agencies have cut India's economic growth estimate for FY21 on concerns about the fallout of COVID-19 outbreak.

World Bank on Sunday said India's economy is expected to grow 1.5 per cent to 2.8 per cent in 2020-21 fiscal which started on April 1. This will be the slowest growth rate recorded since the economic reforms of 1991.

Asian Development Bank (ADB) sees India's economic growth slipping to 4% in FY21, while S&P Global Ratings has further slashed its GDP growth forecast for the country to 3.5 per cent from a previous downgrade of 5.2 per cent.

Fitch Ratings puts its estimate for India growth at 2 per cent while India Ratings & Research has revised its FY21 forecast to 3.6 per cent from 5.5 per cent earlier.

Moody's Investors Service has slashed its estimate of India's GDP growth during the 2020 calendar year to 2.5 per cent, from an earlier estimate of 5.3 per cent and said the coronavirus pandemic will cause unprecedented shock to the global economy.

Acuite Ratings believes there is a risk of a contraction of April-June (2020-21 fiscal) GDP to the extent of 5-6 per cent, with Q2 (July-September) also likely to post modest growth in a best-case scenario.

It expects the overall GDP growth for 2020-21 to be in the band of 2-3 per cent which takes into account a significant economic revival in the second half of the financial year.

"We have cut our GDP estimates for FY21 from 5.2 per cent to 3.1 per cent and believe that too will be back-ended," Centrum Institutional Research said.

Source: economictimes.com- Apr 13, 2020

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Coronavirus outbreak: Rs 1,000 crore of Gujarat's cotton yarn exporters stuck

Nearly Rs 1,000 crore of Gujarat's cotton yarn exporters have been stuck due to closure of domestic and international courier services in wake of the outbreak of novel coronavirus pandemic.

The exporters of yarn are finding it difficult to receive their money from buyers as they are not able to send documents related to Bill of Lading (BoL) to foreign banks (based in Mumbai) as well as to importers in different countries as courier services are closed since the announcement of nationwide lockdown.

According to yarn exporters, after the dispatch of yarn shipment, it would take 12 to 14 days to prepare BoL. Documents related to BoL are required to be presented before the bank.

Then, exporters send copies of these documents through courier services to Mumbai-based banks (in different countries) where their buyers are having accounts. Banks start procedure of transferring money through letter of credit (LC) only after they receive necessary documents.

Exporters have sent shipment of yarns to China, US and the countries in Europe from Gujarat, said Saurin Parikh, president of Spinners Association of Gujarat, adding that unless importers receive the copies of necessary documents via courier, they wouldn't credit money in the accounts of the exporters. Parikh said the government of India should take up the issue as early as possible to bail out Indian yarn exporters from this catch-22 situation.

Requesting anonymity, an exporter whose payment had been stuck said that until the courier services normalise, the central government should give greater benefit in duty drawback scheme to exporters of yarns.

Nearly 3,000 containers of yarns are being exported monthly from India and Gujarat-based traders are having the lion's share in it. On an average, a container of yarns is worth Rs 50 lakh. As per an estimate, from March 10 till 24 this year, nearly Rs 1,000-crore payments have been stuck due to hampered courier services.

Gujarat's spinning industry accounts for over Rs 30,000 crore. Of the total production, nearly 30% is exported to different countries. Over 70,000 people are working in nearly 120 spinning mills across the state. Following good monsoon, this year cotton crop would be over 100 lakh bales as compared to 90 lakh bales during the previous season.

Source: financialexpress.com- Apr 15, 2020

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CCI procures 446 quintal cotton from 20 farmers in Mansa

BATHINDA As the Cotton Corporation of India (CCI) on Tuesday resumed purchase of raw cotton in Mansa, officials claimed that the step will help boost farmers' confidence for smooth wheat procurement starting Wednesday.

According to the officials, total 446 quintals of cotton were bought by CCI on the first day of resumed procurement.

Just as planned for the upcoming wheat purchase, cotton growers were issued coupons to enter the mandi to sell their produce.

Mansa deputy commissioner G S Chahal said 20 farmers were invited at the mandi to sell raw cotton to CCI at the minimum support price.

The state agricultural marketing board authorities had roped in arhtiyas to call farmers to the mandi to sell their pending cotton stock.

"It was a small but important exercise to assess our preparedness for the staggered wheat purchase plan in view of the Covid-19 crisis. Farmers were allotted earmarked slots to unload their raw cotton. It will send a positive message to wheat growers and arhtiyas that invitation-based staggered purchase of food grain can also be a hassle-free and organised operation," said Chahal.

On Monday, HT had first reported that the mandi board officials had planned to test the working of the staggered wheat procurement plan in Mansa.

Cotton state coordinator Rajnish Goel said the purchase was delayed by a day on Tuesday due to last-minute preparedness issues.

"CCI offered minimum price of ₹5,241 per quintal, while the maximum rate was recorded at ₹5,405. Cotton was purchased as per the quality parameters of the central agency. Farmers have an estimated stock of 50,000 quintal and the CCI will buy the pending material in the coming weeks in a similar manner," said Goel.

Tractor trolleys were duly sanitised before entering the mandi premises and social distancing was ensured, said Goel.

Source: hindustantimes.com- Apr 14, 2020

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Apparel makers push WFH dressing

As working from home is catching up, apparel and lifestyle companies are clinging on by launching their own work from home line-up.

With the fine line between work and home disappearing, companies including Myntra, Lifestyle and Peter England are showcasing a mix of formal and casual workwear online, as a new work-from-home style statement.

The collections pair a formal top wear with a more casual bottomwear. These companies — whose sales have come to a halt since as shipments of non-essential categories are stopped — are hopeful of seeing a pickup in the new vertical once the lockdown lifts.

Some apparel retailers have tweaked their spring and summer collection to incorporate the new trend. Flipkart-owned Myntra has its range of work-from-home attire where — curated styles for conference calls are available and some of them feature from the spring and summer collection of the brands.

"The overall theme and focus has been, 'comfort, while at work' and we expect this to trend to gain more traction as more organizations and individuals adapt to a work from home culture," said spokesperson from Myntra.

While these retailers are not servicing orders, they are communicating the work from home style to the customers on social media and through in-app notifications.

Workwear startup Fablestreet is tweaking its collection to have an anti-stain or an anti-wrinkle quality to launch clothing that can be worn for longer hours without causing any discomfort. “We are introducing these functional elements since we believe this is a habit that will catch on. In the longer run, we will also have a sustainable collection where the same piece can be worn for a longer duration but still look fresh and fashionable,” said Ayushi Gidwani, founder, Fablestreet.

Lifestyle has a work from home collection across categories with prices ranging from Rs 599 to Rs 2,500 (on an average). Besides, apparel, they also have make up and fashion accessories. Through their work-from-home journal on the website and social media, they are showcasing their collection, predominantly in linen.

“The work from home collection is all about utility as well as versatility. The collection gives customers the freedom to choose across casualwear, activewear, loungewear, contemporary ethnicwear and everyday essentials. We believe that in the post Covid-19 era, “work-from-home” will be more accepted and widely practiced and are positive about this collection,” said Vasanth Kumar – MD, Lifestyle International Pvt. Ltd.

Menswear Peter England is letting customers browse through their collection which gives a formal yet comfortable collection in a pop up on their website.

“This opportunity is quite nascent and still emerging. Consumers may look for multi-purpose clothing that they may toggle between WFH and office. We have plans to come up with a collection that’s more versatile, designed and marketed for Work For Home,” said Manish Singhai, COO, Peter England and head – E-commerce.

Source: timesofindia.com- Apr 15, 2020

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Delay in lockdown relaxation would hurt business, jobs: FIEO

Reiterate demand for the economic package to pay wages, rentals

Exporters have expressed concern over the Centre's decision to defer the withdrawal of restrictions on manufacturing for identified sectors including exports during the lockdown period as they say that the delay would lead to more cancellation of orders and loss of wages for workers.

"Non-adherence to the delivery schedule for exports will result in cancellation, penalties and market loss, besides the business loss to enterprises. The exporters, particularly MSME exporters, have no liquidity to pay wages for the month of April as they are unable to conduct any business activity during the lockdown," according to Federation of Indian Export Organisations (FIEO).

Prime Minister Narendra Modi, on Tuesday, announced an extension of the lockdown period, till May 3, but did not immediately allow additional relaxations for manufacturing. Modi said that a conditional withdrawal of the lockdown could be permitted in areas where the spread has either been contained or prevented, and a decision will be taken April 20 onwards. The three-week lockdown was scheduled to end on April 14.

The Department for Promotion of Industry and Internal Trade had recently proposed to the Home Ministry that in case of extension of lockdown those companies and MSMEs with export commitments be allowed to operate with minimal workforce and necessary movement of material. It also suggested that sixteen sectors, which includes telecom equipment, gems & jewellery, steel and ferrous alloy, automotive units, defence manufacturing and all units in Special Economic Zones (SEZs) and Export Oriented Units (EOUs), be allowed to operate adhering to safety, sanitisation and distancing norms.

FIEO demanded that a comprehensive economic package may be announced to with interest-free credit to cover six months of wages, rent and utilities along with a moratorium to repay in instalments after six months. "Without such support, the government should not expect the industry to pay wages during the lockdown and any coercive action to bring about the same will only be counterproductive," it said.

The exporters' body had earlier warned that with the cancellation of over 50 per cent of export orders in the last few weeks due to COVID-19 disruptions worldwide there was a chance that there could be 15 million job losses in exports units.

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

Source: thehindubusinessline.com- Apr 14, 2020

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CBIC allows refunds for event cancellations

In a move that is set to benefit relief to the tourism, hospitality and entertainment sectors facing business loss due to the nationwide lockdown due to Covid 19, the Central Board of Indirect Taxes and Customs (CBIC) has allowed for claiming of refunds of goods and services tax (GST) paid on advances that entities got for events or bookings that have since been cancelled.

"In case GST is paid by the supplier on advances received for a future event which got cancelled subsequently and for which invoice is issued before supply of service, the supplier is required to issue a "credit note," the indirect tax Board said in a circular dated April 13.

"In cases where there is no output liability against which a credit note can be adjusted, registered persons may proceed to file a claim under "Excess payment of tax, if any," the circular added.

Similar principle will also apply where goods have been returned to the supplier but GST has been paid on the sale to the government.

Sector watchers said the move is set to benefit several companies across the board that have issued full refunds to consumers due to cancellations, either from the company side or the consumer side, to prevent the spread of Covid 19.

“This is expected to benefit the tourism, hospitality and entertainment industry… Additional flow of funds to the industry would ease their liquidity position and also could be used to keep up the economic pace pushing across the number of jobs that are in the line of fire,” said Rajat Mohan, senior partner at AMRG Associates.

While the clarification allows for adjustment with tax liabilities, experts added that the adjustment would be difficult in the near future due to a temporary breach of business continuity.

The government is going all out to make sure that any sum of extra taxes stuck in government machinery should be reviewed, re-validated and cleared for benefit of trade and commerce, experts added, pointing to the other clarifications issued by the Board last week that extended compliance deadline to June 30, 2020.

On Monday, the Board added that time limit for filing of letter of undertaking for exporters, for the year 2020-21, has also been extended to 30 June, 2020 and the exporters can now continue to export goods and/or services without payment of tax.

This will benefit numerous small and medium-sized exporters.

Further, government entities have also been given an extension for furnishing of return in FORM GSTR-7 along with the deposit of tax deducted till June 30, and full relief from interest has also been granted in case such tax is deposited by the extended deadline.

Source: economictimes.com- Apr 13, 2020

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Exporters look to virtual trade fairs, exhibitions to connect with global buyers amid Covid-19 outbreak

With traditional export markets going into lockdown and imposing travel restrictions to control Covid-19 outbreak, exporters and importers of the country are finding it difficult to connect with global buyers to keep their business going.

And even if the situation normalises in near future, domestic and global traders would be apprehensive about travelling for participating in international trade fairs and exhibitions which are key in getting new orders and expanding customer base.

To deal with these emerging issues, domestic exporters are working on an innovative way to engage with global buyers – to turn to virtual trade fairs and exhibitions.

Organising virtual or online trade shows would help Indian exporters to showcase their products and keep the economic activity wheel moving, Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai observed.

To take the concept to reality, the FIEO is working on India's first international online sourcing show – India Sourcing Week 2020 – this year, he commented.

Sahai explained that buyers would like to see products online to source products as Indian suppliers would face challenges in participating in international trade shows due to travel restrictions in different countries.

Global buyers would also not like to attend events or make factory visits due to health risks. Also, in such a crisis like situation, India's key traditional markets like the US and Europe will take over a year to recover from this outbreak, he said .

Sahai said that virtual shows would help in attracting new buyers in emerging markets like Africa, Asean and Latin America and support Indian exporters. "Through this, we would like to create a short-term and targeted event for quick results for suppliers to generate additional or new revenue. We can organise region focussed events to grow Indian suppliers" base and increase exports," he told PTI.

Sharing similar views, Export Promotion Council for Handicrafts (EPCH) Director General Rakesh Kumar said they are also working on similar lines to organise a virtual trade show for global buyers.

He said that they have recently cancelled the spring edition of IHGF (Indian Handicrafts and Gifts Fair), Asia's largest show, which was slated to be held from April 15, due to the spread of coronavirus infection.

"It was expecting 7,000 overseas volume buyers and over 3,200 small and medium handicraft manufacturers and exporters as exhibitors from various parts of the country . The fair normally generate export orders worth Rs 6,000 crore and thereby source of livelihood to seven millions of craft persons," Kumar said.

He added that an online platform would be created for this where exhibitors will display their products and some items can be showcased in three-dimension for a better feel of the product visually.

Another exporter said that although foreign buyers will miss the touch and feel in a virtual trade show, but "we cannot stop business as it will impact lives and livelihoods of millions of people who are engaged in the export business. Even after situation gets normal, people will not like to travel".

Indian exporters organise over 60 trade fairs and exhibitions annually and participate in about 500 such events globally every year. Rough estimates peg the market size of this business at about USD 500 million in India and USD 21 billion globally.

Ludhiana-based engineering exporter S C Ralhan, however, said that this practice may help certain sectors like handicrafts and clothing but not all as it will increase internal competition among exporters and hit their profit margins.

Similarly, Trade Promotion Council of India Chairman Mohit Singla, who organises a global food and beverage show – Indus Food every year, said that virtual trade fairs should be open for buyers throughout the year, but it must enroll only verified suppliers in order to develop trust between seller and buyer.

"Payment would be an issue in such events as it would not be the job of the marketplace to ensure payments," he said.

Source: financialexpress.com- Apr 14, 2020

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Up to 4% interest relief part of Govt's fresh export package

Exporters struggling to cope with the negative fallout of the COVID-19 outbreak are in for relief, as the government is considering a raft of proposals — including extending a 2-4% interest subsidy on soft loans to them, expanding the interest equalisation scheme and allowing large companies and those in special economic zones (SEZs) to resume manufacturing in a staggered manner.

"Exporters may be offered the interest subsidy on loans under a new scheme or the government may wish to enhance the scope of the existing interest equalisation scheme to help them. Various proposals are being discussed. A decision will be made soon," a source told FE.

If finally approved, a new interest subsidy scheme could cost the government up to Rs 3,000 crore in FY21, depending on the actual loan disbursement, on top of the Rs 2,300 crore allocated for the equalisation scheme in the Budget for this fiscal. The interest equalisation scheme usually allows manufacturing and merchant exporters an interest subsidy of 3% on pre-and-post-shipment rupee credit for exports of 416 products (tariff lines). Exporters are estimated to have received Rs 2,868 crore under the equalisation scheme in FY20.

The Federation of Indian Export Organisations (FIEO) has already warned of 15 million job losses due to the pandemic if the government doesn't step in swiftly with a relief package.

Some of the other measures being considered are extension of the pre-and-post-shipment credit by 90 days on their maturity and automatic enhancement of working capital limit of eligible exporters by 10-25% to help them tide over an immediate liquidity shortage.

Large exporters and those in the SEZs, especially in those areas that have seen no or a very few COVID-19 cases, may be allowed to start functioning with limited workforce, to start with. This is aimed at enabling them to honour a part of their supply contracts.

Commerce and industry minister Piyush Goyal is in talks with the ministries of home and finance and a package would be hammered out soon after clearance from the Prime Minister's Office, said the source quoted earlier.

Already, in a letter to home secretary Ajay Bhalla, Guruprasad Mohapatra, secretary of department for promotion of industry and internal trade, said companies, including MSME-exporters, should also be allowed to operate with minimal manpower.

The necessary notification may be issued to allow the movement of man and material, and their export commitments need to be verified while issuing passes, it said. The industries which should be allowed to start operations with limited workforce include heavy electricals, telecom equipment and components, steel and ferrous alloy, spinning and ginning, defence and cement, it added.

The government may also allow certain SEZ units that deal with essential items like medicines to supply to the domestic markets at zero duty for a limited period. Currently, SEZ units are allowed to do so after paying the customs duty (MFN) applicable to the relevant product.

Exporters have already warned of a massive plunge in outbound shipments in FY21, as global supply chain has been hit hard, cargo movement has been affected, shipping lines altered and warehouse capacity stretched following the COVID-19 outbreak.

More than a third of the export orders have already been cancelled. Up to February last fiscal, overall goods exports contracted by 1.5% year-on-year to $293 billion. Analysts now say goods exports in FY20 may drop to $315 billion or less, against $330 billion in the previous year.

To help exporters, the commerce ministry has already extended the validity of the foreign trade policy for 2015-20 by a year through March 2021. The extension will enable exporters to continue to get incentives under existing programmes — including the Merchandise Exports From India Scheme (MEIS), interest equalisation scheme and transport subsidy scheme (for farm exports) — without disruption for one more year.

The ministry has extended the validity period of the Status Holder Certificates. It has also provided exemption from the payment of IGST and compensation cess on the imports made under Advance/EPCG authorisations and by export-oriented units by up to March 2021.

The validity period for making imports under various duty-free import authorizations expiring between February 1 and July 31 has been allowed automatic extension for another six months from the date of expiry. Last dates for applying for various duty credit Scrips (MEIS/SEIS/ROSCTL) and other authorisations, too, have been extended.

Source: financialexpress.com- Apr 14, 2020

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Covid-19 fallout: Truck movements yet to normalise

Manpower shortage apart, fast-moving consumer goods (FMCG) companies are battling supply chain glitches following the Covid-19-induced lockdown in India. But 20 days into the lockdown, movement of trucks continues to be an issue.

Market sources, including FMCG majors, point out that vehicular movement "still" remains affected, severely impacting supplies, both at the manufacturing and retail ends. Goods vehicles / carriers remain stuck along state borders or on highways.

"There is not enough coordination between state-level authorities regarding essential transport," Kartik Johari, Vice President, Nobel Hygiene, said. Nobel Hygiene makes the 'Friends' brand of adult diapers.

Reduced truck movement

According to major transport operators in West Bengal, between two lakh and three lakh trucks ply on the highways in the state on any given day. This includes vehicles entering or exiting and those on the roads.

However, since the lockdown, not more than 20,000-25,000 trucks are plying daily. Nearly 50,000 vehicles (including those with national permit) remain stuck across different border areas and depots, or are stranded on the highways.

Nationally, around one lakh trucks are said to be stuck across state borders, say sources.

"Yes, problems in truck movements persist, and it will still take another two to five days for normalcy to return. We are coordinating with the police and calling up different transport associations to simplify the process of obtaining passes or releasing vehicles that are stuck at state borders or midway (under a particular administrative district)," Prabir Chatterjee, Secretary, Federation of West Bengal Truck Operators Association, told BusinessLine.

Operators says over the first two weeks, not more that 10,000 trucks were on the roads. Most had been left midway by drivers and helpers.

Far from normal

The situation is far from normal. A company can get an e-pass and ensure movement of goods. But, what happens to the previous consignments that do not have these passes, representatives of different FMCG majors who are trying to clear these stuck vehicles, ask. Releasing them or getting permission for their movement is a Herculean task, they say.

According to Shahrukh Khan, Director – Operations, Dabur India, difficulties exist in the smooth functioning of the supply chain, despite steps taken by the central and state governments to ease truck movements. "The situation is far from normal. Companies are facing difficulties, both in servicing domestic demand and (also in) meeting export commitments," he said.

Operators say truck movement was first hit when states announced their own containment measures. Vehicles carrying non-essential items got stuck. Some movement was still being managed at the grassroots. But the national lockdown brought things to a halt.

It was always clear that vehicles carrying "essentials" will be allowed movement. But the definition of essentials varied at local administration levels. This led to hindrance in movement.

More clarity in rules

Meanwhile, Ajay Bhalla, Union Home Secretary, in an April 12 letter to the Chief Secretaries of all States, raised the issues of "trucks carrying essentials and non-essentials being detained", workers needed for manufacturing operations not getting passes, and inter-state movement of goods getting hampered, among others.

Accordingly, the ministry clarified and reiterated some previous guidelines. These include that inter- and intra-state movement of "all trucks and other goods / carrier vehicles" be allowed with "one driver and one additional person, irrespective of the nature of the cargo", and no further permits are required. Empty trucks have also been allowed to pick up goods after completing a delivery / on their way back.

Further, local authorities should facilitate movement of truck drivers, cleaners, workers to their respective places of work. Passes are to be issued "expeditiously" by the local authorities. These stipulations are to be followed in all areas except those requiring containment, surveillance (hotspots) and quarantine measures.

Source: thehindubusinessline.com- Apr 14, 2020

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India lockdown: CAIT seeks easier access to curfew passes, more transport

Only 40 lakh traders have been able to continue supplying essential commodities across India, says CAIT's Praveen Khandelwal. Traders have said that those dealing in essential goods should get curfew passes smoothly in all States, and adequate transportation facilities.

"About 1.5 million traders deal in essential commodities, but only 40 lakh have been able to continue the supply chain of essential commodities across the country, because of difficulties in obtaining passes from the authorities and the non-availability of transport," said Praveen Khandelwal from Confederation of All India Traders (CAIT), adding that this needed to be eased at once.

CAIT also pointed out that retail trade had suffered a loss of business of ₹3.15 lakh crore in the last 21 days, but was willing to support Prime Minister Narendra Modi's decision to extend the lockdown till May 3.

In a statement on Tuesday, CAIT said that traders will continue to run supply chain of essential goods in an efficient and effective manner.

Source: thehindubusinessline.com- Apr 14, 2020

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Maharashtra industry, agriculture sector awaits the return of migrant labourers

Willingness of workers to come back, logistical facilitation for them are key issues: CII

Maharashtra Government is considering allowing industrial operations in districts where no Covid-19 cases or only a few have been reported. Also, the agricultural operations are likely to resume to avoid losses to farmers. However, the industry and agriculture sector is worried about the return of migrant labourers.

Maharashtra is an automobile manufacturing hub of the country. The State is also a leader in agro and food processing industries. The economy of Maharashtra is mainly driven by manufacturing, finance, international trade, technology, petroleum, fashion, apparel, gems and jewellery, IT and ITeS and tourism.

Skilled and unskilled labourers from other States play a pivotal role in running the State's industries and agriculture sector. However, with the spread of coronavirus, the majority of labourers have returned to their States.

"Even if Maharashtra Government decides to allow operations, it is going to be difficult to re-start work without labourers. Work is at standstill in Pune-Pimpri auto hub as the majority of workers here — from Bihar, Jharkhand, Odisha, Assam and Uttar Pradesh — have headed home following the virus outbreak," says Sandeep Belsare, President of Pimpri Chinchwad Small Scale Industries Association.

The Confederation of Indian Industry (CII) in its recommendation has stated that there are two aspects to this issue — the willingness of the workers to come back and the logistical facilitation for willing workers.

Covid-19 insurance plan

The CII in its recommendation states, "Undertake an aggressive 'messaging' campaign on the preparedness of the government and the industry for the re-start. Facilitate tripartite dialogue between government, worker associations/unions and industry to allay the health and safety-related concerns of the workers." It has also suggested a Covid-19 insurance scheme for migrant workers, for three months with part of the cost to be borne by the government and part by the industry.

CII has also suggested that migrant workers could be issued e-passes by local authorities such as the BDO or the tehsildars, based on the industry requests. These could in the form of QR codes or SMS. Workers with e-passes should be allowed to travel to their place of the workforce.

Source: thehindubusinessline.com- Apr 14, 2020

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Apparel shopping goes phut in COVID-19 crisis

Post COVID-19 crisis, consumers will be uncomfortable to touch and feel garments in retail stores anxious about who would have touched it before them

Ahmedabad: No more in the "want" list of consumers locked indoors by the COVID-19 pandemic, apparels have dropped off the shopping list. Despite online retailers trying to entice buyers with lockdown sales and offline retailers hoping to win-back consumers post-lockdown, consumers might not be too keen to open their wallets to apparels anytime sooner, industry observers anticipate.

Consumers may hesitate to go shopping apparels even after stores open after the lockdown, anticipates management consultant Harminder Sahni of Wazir Advisors.

"Sales are zero now. Even when the partial opening will start, apparel won't be the first category to be on the shopping list," he notes.

The Indian apparel industry clocking a sales turnover of USD 74 bn might just take a hit of 10-15% in 2020, he predicts.

A report entitled "Impact of COVID-19 Scenario on European and the US Apparel Market" released by Wazir Advisors this week said the combined apparel consumption of EU and the US might fall about USD 308 bn, 40-45% lower than the 2020 projected consumptions.

Post COVID-19 crisis, consumers will be uncomfortable to touch and feel garments in retail stores anxious about who would have touched it before them, says Spanish sustainable textile technology provider Jeanologia's founder Enrique Silla whose team is developing sanitisation solutions for the global apparel industry.

Silla, who has developed an ozone-based technology for sanitisation and disinfecting face protection masks, says, "The world will not be the same after COVID-19.

For the textile industry is very important to recover the trust of consumer. Only through sanitizing, brands will be able to speed up regaining consumers' trust, guaranteeing the fast recovery of our industry."

The Clothing Manufactures Association of India has said the current crisis will certainly put a short brake in consumer spending. "Demand in apparels may shrink by almost 40% in 2020," notes CMAI president Rahul Mehta.

The existing online to offline buying of apparel 8% to 92% however, would tilt in favour of online apparel buys by 12% in coming years.

An internal report by CMAI has found that domestic apparel industry could take a hit of about Rs 1 lakh cr due to the lockdown. 81% of manufacturers have received cancellation orders from their buyers, he said.

Denim exponent Sandeep Agarwal who collaborates with global players in the supply chain notes retailers and buyers are cancelling billions of orders globally as consumers are not buying. "There have been talks of fall of over 50% in consumption of apparel globally, especially in denim."

Although Agarwal talks of revenge shopping by the consumer post-lockdown, Silla says unless brands do more than profits, it would be a long journey for them to win back the consumer.

Source: economictimes.com- Apr 14, 2020

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Liquidity relief for MSMEs on anvil as government looks at enhancing credit guarantee limit

Credit and Finance for MSMEs: MSME Minister Nitin Gadkari on Tuesday said that he is looking into increasing the amount for credit guarantee to MSME sector even as he stressed on the significance of liquidity in the market.

"The minister informed that he is striving to increase credit guarantee to MSMEs to Rs 5 lakh crore from the present level of about Rs 1 lakh crore wherein 75 per cent of the advances granted by financial institutions are guaranteed under the Credit Guarantee scheme of the government," MSME Ministry cited Gadkari as saying in a webinar with industry representatives. Small businesses across the country are facing existential crisis given the fall in demand and liquidity crunch amid Covid-19 lockdown.

While MSMEs welcomed the effort by the government but also raised concern around the ground-level realities faced by them when seeking credit. "Bankers have their own way of looking at advances to borrowers. It is easier said than done. Funds aren't available upfront. Banks don't take the risk and hence such steps are not in line with the requirement of MSMEs. Hence there is a mismatch between the government thinking and bankers at the grass route level. The branch managers have to implement such decisions," Manguirish Pai Raiker, Chairman — MSME, Assocham National Council told Financial Express Online.

Under the Credit Guarantee Fund Scheme for MSMEs, the guarantee cover provided to MSMEs is up to 75 per cent of the maximum loan amount of Rs 50 lakh, 85 per cent for loans up to Rs 5 lakh to micro-enterprises, 80 per cent for micro and small enterprises owned by women and all loans to units in Northeast region. Recently in a meeting with the Commerce Minister Piyush Goyal, MSME body FISME had highlighted the three key issues faced by MSMEs currently with respect to liquidity.

"The first problem we raised was around MSMEs' inability to give salaries to their employees. They were somehow able to pay for March but since April is affected due to the lockdown, paying salaries to employees is a serious concern. The second problem we discussed was about the fixed electricity charges to be paid by businesses every month over and above the energy charges. MSMEs' factories are shut under lockdown but they are forced to pay the amount. In some industries, the amount is crippling," Anil Bhardwaj, Secretary-General, FISME had told Financial Express Online.

Raikar added that the government should provide credit support over and above the money required for regular business operations. The demand was raised for a "stabilization fund" for MSMEs to manage running expenses for the next six months since they don't have cash reserves, unlike large industries. "Whatever money was there has been liquidated in the form of interest payments, salaries, statutory payments, GST etc. The stabilization fund is the only way MSMEs can stand on their feet. They are resilient and can bounce back faster than large enterprises." The MSME minister Gadkari, however, assured MSMEs that issues raised will be discussed with relevant ministries and departments.

Source: financialexpress.com- Apr 14, 2020

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Last date for filing Feb, March ESI contribution extended till May 15

Purchase of medicines from private chemists permitted during lockdown

With the lockdown now extended till May 3, the Labour Ministry on Friday said the last date for depositing contribution in Employees' State Insurance (ESI) scheme for the months of February and March will now be May 15.

Nearly 3.5 crore employees in 12 lakh companies are likely to benefit from this extension.

The Employees' State Insurance Act 1948 (the ESI Act) provides for medical, cash, maternity, disability and dependent benefits to the insured persons under the Act. The ESI Act is administered by Employees' State Insurance Corporation (ESIC).

The benefits provided under the ESI Act are funded by the contributions made by the employers and the employees. The rate of contribution is 4 per cent, out of which 3.25 per cent is contributed by the employer and remaining by employees.

According to the Ministry, the period for filing ESI contribution for February and March was earlier extended to April 15 and May 15, respectively.

Now, considering the hardship being faced by employers, the period for filing ESI contribution has been further extended to May 15. The period for filing contribution for the month of March 2020 is also May 15. “No penalty or interest or damage will be levied on establishments during the extended period,” the Ministry said.

The Ministry also announced other relief measures. In order to ease hardship of ESI beneficiaries, ESIC will reimburse their purchase of medicines from private chemists during the lockdown period.

A provision has also been made for providing medical services to IPs and beneficiaries from tie-up hospitals, if an ESIC Hospital is declared as a dedicated Covid-19 hospital to cater exclusively to Covid-19 suspected/confirmed cases.

Medical Benefit is provided under Rule 60-61 to the insured persons who cease to be in insurable employment on account of permanent disablement and to the retired insured persons, on payment of advance lump-sum contribution for a year at the rate of ₹10/- per month.

Under the prevailing circumstances of lockdown, there may be cases where validity of the medical benefit cards issued to these beneficiaries expire as these beneficiaries are unable to deposit the advance annual lump-sum contribution due to the lockdown.

Such beneficiaries have been allowed to avail themselves of the medical benefit till June 30.

Source: thehindubusinessline.com- Apr 14, 2020

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Covid-19 crisis: SMEs for payroll subsidy, ESI/ PF payments by govt for six months

Small and medium enterprises (SMEs) and small businesses have sought payroll subsidy and have requested Centre/States to take care of ESI/ PF payments for the next six months.

"Payroll subsidy of minimum 50 per cent for six months, government paying ESI/ PF payments, fixed charges on electricity bills must be waived, and electricity tax/interest in addition to effecting tariff reduction is necessary to deal with the crisis, especially during and after lockdown is lifted," R Raju, President Karnataka Small Scale Industries Assocation (Kassia) told BusinessLine.

He added, "We welcome the extension of lockdown till May 3 to spike the pandemic. There is no gainsaying the fact this is necessary to deal with the crisis as the just concluding 21-day lock-down seems to indicate."

Kassia president said the chamber has requested the following help from both Centre and State governments. "In addition to payroll subsidy, ESI/ PF payments and electricity bills payment, we want the State governments not to charge interest on delayed payment on power bills and no disconnection for non-payment," Raju said.

SMEs need moratorium on all payments for six months and banking norms pertaining to MSMEs to be eased and all beneficial schemes properly implemented, he added.

On the wages front, Raju said "SME body wants freeze in wage hike for a period to ensure survival and retention of jobs. As already mooted in many cases, compliance must be relaxed," he said. He added "The government must ensure that interest rates are adequately subsidised to ensure that SMEs get finance at 4 per cent for the year so as to be back on track."

The chamber is seriously concerned about the circular issued by the labour department directing industries to pay full salary as this may not be feasible unless the government comes out with payroll support, Raju said.

Source: thehindubusinessline.com- Apr 14, 2020

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Covid-19 impact: Consumers move more towards digital

In a sense, the Covid-19 pandemic has changed the way we work, shop and communicate with people more than any other disruption (including technological ones) in the recent past. As more people start working from home, they are sticking to basics, stepping outside only to buy essentials and are constantly worried about the risks of getting infected in crowded places like malls and supermarkets.

Being associated with Capillary Technologies, which works with the majority of retail brands across India, South East Asia, Middle East and China, I was able to witness these shifts in consumer behavior and retail trends from close quarters.

Covid-19 epidemic, creating a paradigm shift in consumer behaviour

Spurred on by a trifecta of smartphone penetration, cheaper 4G networks and increasing consumer wealth, the Indian ecommerce market was expected to grow to US$ 200 billion by 2026. That projection was based on customer and market research in a pre-Covid 19 world. But in the last 2 months, both the market landscape and consumer behaviour has altered beyond recognition and there is clear indication that the ecommerce industry will hit the US$ 200 billion mark much sooner.

Some of the key consumer behaviour changes, according to a survey by NRF

● 9 in 10 consumers have changed their traditional shopping habits.

● More than 50% of consumers have ordered products online that they would normally purchase at the store

● Nearly 6 in 10 consumers say they are worried about going to the store due to fear of being infected

While some of these changes are no doubt temporary, others will be permanent. As the community moves beyond the survival mode, the digital-adoption momentum is likely to carry forward and become permanent. This inflection point will be primarily shaped by two major shifts in customer behaviour - the reluctance to mingle in crowded public places and higher propensity for digital adoption.

As the recent Mckinsey study in China suggests, consumers are likely to opt for online shopping even after the outbreak ends, especially for categories such as groceries and personal care. This trend is likely to continue long after the lockdowns are called off as people would still be apprehensive to visit crowded areas like malls or supermarkets.

A survey by eMarketer revealed that nearly 60%-85% of internet users across China and South-east Asia have avoided crowded public places to mitigate the risk of contracting the virus. While this will certainly come down to in favour of offline, I expect it will not go back to old normal of majority thronging to brick and mortal shopping aisles.

In short, the Covid-19 outbreak and 2020 will mark a tipping point for the adoption of ecommerce and mobile commerce platforms.

The emergence of a new world order in Retail

We believe retail is at an inflection point - and this is the start of a “A New World Order” in terms of how consumers shop and the way the retail industry operates. Retailers will need to be agile in adapting to this zeitgeist, since the prognosis for brands that miss inflection points is not great —cases in point, Kodak and Nokia.

Under this New World Order, retailers across diverse categories cannot rely entirely on their offline presence even after the lockdowns are called off. They will have to inevitably adjust to the new norms of online buying. This will become even more relevant for categories like groceries and personal care where previously the propensity to buy online was low.

● The Leaders, Survivors & Laggards in this Retail New World Order

This “New World Order” as we envision it, could force every retailer to embrace omnichannel ecosystem and converge the operations of their online and offline stores. Not doing so, will mean suffering huge loss in revenues. So, who will be the leaders, survivors and laggards in this New World Order?

The leaders would be agile retailers, who upgrade to an omnichannel ecosystem and constantly introduce innovative shopping experiences by analyzing the new buying behaviour. They would be closely followed by the survivors - pure-play digital platforms who have their own e-store and are sell on major online marketplace platforms.

The laggards in this race would be the pure-play offline retailers who are still waiting it out with the hopes that old buying habits and the demand will be restored post the lockdown period.

● What Retailers will need to rethink in this new scenario

Prior to the Covid-19 epidemic, traditional enterprise retailers were focused on driving growth, and acquiring market share with physical stores as their epicenter. Increasing traffic to their online store was not a major focus and took a backseat compared to driving footfalls to their physical stores. Brands had made peace with the volume of online orders and the reduced margins from online aggregators as long as the orders kept flowing in.

Historically for omnichannel retailers with both online, offline and marketplace orders (who serviced orders across a physical store, their own e-store and the marketplace) the average orders and the % margin distribution for online orders looked something like this.

Click here for more details

Source: thehindubusinessline.com- Apr 14, 2020

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