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INTERNATIONAL NEWS

COVID-19 drives down global cotton demand: USDA

World cotton consumption is estimated to have slumped 7.6 million bales, or 6.4 per cent, in the past month, according to the United States Department of Agriculture's (USDA) April report.

The fall represents the largest monthly change in consumption recorded in the USDA database. The unprecedented reduction is driven by the rapidly developing impacts of COVID-19 on countries around the world.

It represents a loss of about 3.5 weeks of global spinning or about 16pc of the expected spinning March through July based on the March USDA forecasts.

The USDA report says COVID-19-driven changes in behaviour and regulations are significantly impacting the supply chain of the cotton sector. For example, cotton spinning in China fell by upwards of 90pc during the height of the crisis in early March.

Recent travel restrictions in India, Pakistan, and Vietnam are likely to have similar impacts on cotton supply and demand in the short-term.

While spinning and other manufacturing sectors in China have begun to recover to some extent, the decline in consumers' global consumption of apparel is expected to limit any dramatic global recovery for spinners in this marketing year.

Across the board

Reductions in consumption this month are spread across all consuming countries of note.

In addition to physical disruption across the global supply chain from farm to retailer, global cotton end-use (i.e. world retail sales of clothing and textiles) has plummeted amidst large portions of the global population limiting activity outside their homes and/or confined by stay-at-home orders and with many "non-essential" businesses including apparel stores closed.

The two largest importers of apparel, the European Union and the United States, have seen widespread closure of shopping malls and retail stores, while three-quarters of the US population are under travel restrictions. US unemployment is rising at an unprecedented rate, leaving less income devoted to discretionary items such as apparel.

Spending on clothing is highly correlated to changes in GDP. With expectations for unprecedented declines in global GDP for the first half of CY 2020, weak consumer demand is forecast to persist and negatively impact cotton demand. Retailers are responding to rapid declines in consumer spending by reducing and cancelling orders for textiles and apparel worldwide.

The severity and timing of consumer “demand destruction” will likely dictate how significant cotton consumption declines in the current marketing year and how long it may persist into 2020/21.

Prices drop

Cotton prices have declined significantly in recent weeks, with the nearby ICE futures contract falling below 50 cents for the first time in over a decade. This has pressured spinners as higher-priced cotton purchased earlier in the season arrives when current prices are now 10 to 20 cents lower.

Prices are expected to remain pressured with global consumption forecast at a six-year low, world ending stocks at their highest level in five years, and stocks outside of China 25pc above the previous record.

Australian production

The USDA has revised its forecast for 2019/20 Australia cotton production down by 7pc to 625,000 bales, down 50,000 bales from last month and 1.58 million, or 72pc, from last year.

The harvested area, essentially all irrigated, is estimated at 60,000 hectares, unchanged from last month, and down 84pc from last year due to below-normal rain during the first half of the growing season and a subsequent lack of soil moisture for dryland sowing operations. Additionally, irrigation water availability has been severely limited.

The average Australian cotton yield is forecast at 2.268 tonnes/hectare, 23pc above the five-year average.

Source: graincentral.com - Apr 15, 2020

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USA: March's 8.7% Drop in US Retail Sales Marks Biggest Decline in Decades

All the panic-buying and pandemic prepping in the world couldn't keep March's retail sales numbers afloat.

U.S. retail sales plunged 8.7 percent in March, compared with a revised decline of just 0.4 percent in February, the U.S. Department of Commerce said Wednesday, marking the worst drop since the government began tracking retail sales in 1992.

Seasonally adjusted, sales at food and beverage stores were up 25.6 percent in March to \$82.10 billion from February, while "clothing and clothing accessories stores were down 50.5 percent" to \$11.09 billion from last year. Department store sales for the same period fell 19.7 percent to \$8.78 billion, while online and other non-store sales rose 3.1 percent to \$68.79 billion.

The Commerce Department cautioned that while the U.S. Census Bureau didn't believe the reliability of its data had changed, there's a chance that retailers' ability to provide accurate, timely information could be limited if businesses closed down amid government mandates were unable to reply to the monthly survey of sales results.

Nearly four weeks ago, most sellers of discretionary goods began to temporarily close their doors as state and local governments began issuing shelter-in-place orders to curtail the spread of the coronavirus. Non-essential retailers such as apparel stores shut down, while some grocery retailers, along with some restaurants for take-out and deliveries—remained opened.

"COVID-19 has hit the retail industry unevenly," National Retail Federation's chief economist Jack Kleinhenz said Wednesday. "This is a market of haves and have-nots. The haves are the stores that remain open with lines out the doors to buy daily necessities while the have-nots are the stores that have closed and are taking the brunt of the impact of the pandemic. These numbers should come as no surprise given the mandated shutdown of our economy to slow the spread of the virus."

Kleinhenz warned that data going forward could indicate a worsening situation. “Even if the economy begins to reopen in May, consumer behavior may take a long time to adjust. The road to recovery could be long and slow,” he said.

Putting the latest sales data in perspective regarding the severity of the impact from COVID-19, the NRF, one of the retail industry’s largest trade organizations, said the “monthly drop is the largest ever recorded, exceeding a 4.3 percent decline in November during the Great Recession.”

Wells Fargo Securities’ Tim Quinlan says the retail numbers set up “consumer spending to be a major drag on GDP growth in the second quarter.”

Though the data hardly comes as a surprise, “the magnitude of the decline was even larger than expected,” the senior economist said, adding that if the virus gets under control by the summer, “we should see a swift rebound in the second half of the year.”

Source: sourcingjournal.com - Apr 15, 2020

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US trade war, COVID-19 impact – What China’s Q1 trade data tells us?

China's first quarter trade data released on Tuesday offered a great deal of signals on a wide range of issues, from the repercussions of the global coronavirus pandemic to the China-US phase one trade agreement and the evolving global trade flows propelled by the virus in conjunction with trade wars as well as market forces.

Unsurprisingly, the data showed that the COVID-19 epidemic pandemic has inflicted considerable pain on the country's trade - more pain in certain sectors such as machinery and textiles than others like medical supplies, but it also highlighted an increasingly diversified external market for Chinese products, with the Association of Southeast Asian Nations (ASEAN) overtaking the EU to become China's largest trading partner and trade with markets along the Belt and Road Initiative (BRI) steadily rising.

The bottom line is that despite the short-term pain, improving signs are emerging and the COVID-19 pandemic might have inadvertently further lifted up China's trade profile in turn putting the world's largest trading nation in a better position than ever to handle external risks, including phase two trade negotiations with the US, analysts noted.

US: biggest winner, loser

One unmistakable sign surfacing from China's first quarter trade data is that the US has managed to become both the biggest winner and loser in trade with China. While US farmers, coal miners and oil producers - those covered by the phase one trade agreement - might be cheering due to skyrocketing exports to China, the rest, particularly those who still face hefty tariffs, will certainly feel pain.

In the first quarter, China's imports of US agricultural goods grew by 110 percent, with soybean imports rising 210 percent and pork imports jumping 640 percent. Still, overall imports from the US dropped 1.3 percent.

"There are two points to take away from this data: one, China has been implementing the phase one trade agreement as planned; two, the pandemic and remaining tariffs have caused major losses in bilateral trade," Gao Lingyun, an expert at the Chinese Academy of Social Sciences who advises the government on trade issues, told the Global Times.

"While losses caused by the pandemic are out of our hands, tariffs are a man-made issue for the US that should be addressed. There are many calls in the US for the government to end such tariffs."

As the US continues to battle the epidemicpandemic, US President Donald Trump is facing growing pressure to end his trade war. Last month, more than 100 US businesses wrote to Trump calling for him to suspend tariffs on Chinese-made goods and global steel imports, which they say could boost the US economy by \$75 billion.

Such faltering domestic support for Trump in the trade war, coupled with improving signs for China's trade over the past three months, despite the epidemicpandemic, sees Trump at a disadvantage in talks for a phase two agreement, even if he wants to launch one soon to boost his optics ahead of elections, analysts noted.

"Time is on China's side not the US," Gao said, noting that China is open to launching phase two negotiations, "but at this point, China's asking price will not be low."

Source: globaltimes.cn- Apr 15, 2020

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USA: Fashion Brands Could Lose \$1 Trillion in Brand Value Over COVID-19

Coronavirus has forced a supply and demand problem for fashion, leaving it in a worst-of-both-worlds conundrum that will see sure contractions in the sector.

U.S. retail sales suffered the biggest one-month blow on record, dropping 8.7 percent in March, according to U.S. Commerce Department data released Wednesday morning. Stores and e-commerce sales, plus auto and gasoline purchases, are factored into that total.

From this vantage point, brand valuation consultancy Brand Finance says the world's 500 biggest companies could lose an estimated \$1 trillion in brand value, and apparel retail could be the category most ravaged.

"The COVID-19 pandemic is undoubtedly going to hit the apparel sector hard—Brand Finance has predicted that apparel brands could face up to a 20 percent drop in brand value," CEO David Haigh said. "As these brands negotiate store and factory closures, broken supply chains and a customer base that is facing unprecedented economic uncertainty, they will have to prepare for a tough and turbulent journey ahead."

As the industry has come to know in recent years, only the agile will survive, the consultancy said in its Brand Finance Apparel 50 2020 report released Wednesday, which looks at the 50 most valuable apparel brands.

So far, Nike continues to be the brand most adept at flexing its resilience.

For the sixth straight year, Nike has claimed the top spot in Brand Finance's ranking of the world's most valuable brands, its value increasing 7 percent to \$34 billion as of January this year.

“The sports giant has focused on implementing a pivotal distribution strategy move, drastically reducing the number of retailers selling its products, with the aim of regaining control of the brand customer relationship and improving profit margins,” the report noted. “Nike surpassed the US\$1 billion milestone in quarterly online sales last year, a feat that not only demonstrates the brand’s sheer dominance in the sector but also puts the brand in a solid position to rise up to the challenge of current worldwide turmoil.”

Rival Adidas, however—though it ranks No. 3 with a brand value of \$16.5 billion—didn’t fare as well, with its brand value dipping 1 percent year over year.

Gucci took the No. 2 spot as its brand value swung 20 percent higher to \$17.6 billion. Louis Vuitton trailed Adidas, and Cartier, Zara, H&M, Chanel, Uniqlo and Hermes rounded out the top 10 most valuable apparel brands.

Though it ranked No. 6, Zara’s brand value is slipping. The Inditex-owned leading fast-fashion purveyor saw its brand value drop 21 percent to \$14.5 billion. And things were similar at sister Inditex brand Bershka, which saw its brand value slide 26 percent to \$1.6 billion. In 2019, Zara held the No. 2 spot, as its value climbed 6 percent to \$18.4 billion.

“As with all brands across the sector, Zara and Bershka are negotiating a significant drop in visibility with store closures and consumers staying at home,” Brand Finance said. “Online shopping and e-commerce channels are vital to help alleviate some of the economic damage from COVID- 19. Zara has implemented an innovative approach to the pandemic, with models photographing and styling new campaigns from their own home rather than the studio.”

Challenges aside, the report pegs these brands as standing “in good stead” once stores reopen and some sense of normalcy returns.

Levi Strauss & Co., though it didn’t make the top 10, emerged as the fastest-growing apparel brand of this year’s 50—its brand value increased 38 percent to \$4.1 billion in the year to January.

“2019 was a solid year for the brand, as it celebrated its highest growth rate in more than 25 years and undertook an extremely successful IPO after trading privately for over 30 years,” Brand Finance said. “The brand, which has traditionally relied heavily on its men’s clothing range, now boasts

women's wear as the fastest-growing segment of its business—a testament to the brand's successful diversification strategy.”

For luxury apparel brands, the road to recovery after the chaos surrounding COVID-19 subsides will likely be a rocky one as consumers scale back on frivolity and travel, the latter of which greatly impacts luxury sales.

Valentino, according to Brand Finance, joins Gap as the fastest-plunging brand in the ranking. Both saw their brand values drop 39 percent.

“Italian luxury fashion brand, Valentino, has been negotiating slowing revenue and sales over the previous year, particularly in parts of its key Chinese market—which accounts for approximately 30 percent of the brand's sales—in the face of civil unrest in Hong Kong and the general slowing of the Chinese economy,” the report said. “Similarly, Gap's fortunes have been less than favorable. With declining sales, the abrupt exit of CEO Art Peck, and the plan to close 230 of its stores on the horizon, the brand is evidently taking measures to attempt to counteract its sharp drop in earnings.”

As none of the 2020 report yet factors in the impact of COVID-19 on sales and revenue amid store closures and depressed demand, how the top 50 rank in next year's report will have everything to do with “how long this pandemic engulfs the world,” and how well brands are able to adjust to a new normal, according to Brand Finance.

“With new consumer behavior habits likely to be borne out of the pandemic,” the report noted, “brands will look towards greater innovation in their e-commerce businesses and the potential reassessment of their store business models.”

Source: sourcingjournal.com- Apr 15, 2020

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USA: Factors Have Given Up on J.C. Penney for Now—Here's What That Means

Retailers can theoretically save cash by pushing payments to vendors out beyond the usual 30- or 60-day invoice agreements—but that kind of short-term thinking can just as easily come back to haunt store operators like J.C. Penney.

Factors have given up on checking the troubled department store chain, which means they're not approving any orders, financial sources said.

A secured form of lending, factoring offers fashion firms early access to working capital. Factors lend to apparel vendors based on receivables in exchange for a small fee. Receivables represent money owed from retailers for products and services that a vendor has already delivered. Factors take ownership of the receivables, which serve as collateral for the cash lent out and a guarantee of payment from retailers.

Vendors work with factors in order to get the cash they need to run their business, and the risk that a retailer may not pay gets shifted off to the factor.

It's that risk that has fashion factors tearing their hair out.

When factors approve an order, they are usually using a standard 30-day to 60-day window. That time frame offers some visibility into the future of a retailer's finances, and consequently the ability to get paid, sources said. But when a retailer stretches out payment beyond that window, factors need to make their best guestimates on what a retailer's business may look like, all with an eye toward the possibility of getting paid on future receivables it will own if it approves orders.

A strong retailer with sufficient cash stores on the books, such as The TJX Cos. Inc., might be granted some leeway, even if a factor doesn't like having to wait a little longer to get paid. A retailer that's a little shakier—such as Macy's Inc., which some analysts predict only has enough cash to operate for six months maximum—could get a pass on some new orders on an order-by-order basis.

For example, right now factors are approving Macy's drop-ship orders, essentially orders for e-commerce fulfillment—among the only bright spots in non-essential retail. A supply chain management tool, drop shipping allows vendors to retain control of their product and ship directly to end customers when retailers forward them shopper orders.

The problem occurs when a retailer is on far shakier ground, and that's the case with Penney's.

Given the temporary store closures due to the COVID-19 crisis, most firms—even the retailers themselves—don't really know when stores will open or even whether consumers will be in the mood to start buying fashion apparel again. That lack of visibility, stretching months into a murky future, is giving some factors more than a little indigestion.

Because a lot can still happen over the next quarter or two, factors start to worry about credit deterioration over the longer haul. That concern often results in a lack of confidence for the underperforming retailers.

And it's not just the factors that are concerned about Penney's uncertain future. Vendors last month were debating whether to take on the chain's new orders, cautioned by advisors to either hold up or cancel orders that were placed but not yet greenlit for production.

This week, credit rating firm Moody's Investors Service downgraded Penney's corporate family rating as it reportedly has taken the first steps toward exploring debt deal options. While most credit analysts had expected sufficient liquidity through to the end of the year before the coronavirus outbreak, the widespread store closures since have damaged its turnaround efforts. Furthermore, the lack of cash flow from the brick-and-mortar component of its business is adding pressure to its high debt leverage. Moody's said it expects Penney's to have significant cash-flow deficits in fiscal 2020 because of COVID-19.

Last month, the retailer furloughed the majority of its store employees and a significant number of its corporate associates at headquarters. It operates about 850 stores, and more than 80,000 store associates were put on furlough. It is believed to be working with a number of advisors to deal with its debt load, such as AlixPartners, Kirkland & Ellis and Lazard Ltd., according to a Bloomberg report.

A spokeswoman for the retailer said Penney's "has been engaged in discussions with its lenders since mid-2019 to evaluate options to strengthen its balance sheet and maximize its financial flexibility, a process that has become even more important as our stores have also closed due to the pandemic."

Over that time frame, "the company successfully met or exceeded guidance on all five financial objectives for 2019 and saw comparable store sales improvement in six of eight merchandise divisions in the second half of 2019 over the first half," the spokeswoman added. "We remain focused on our Plan for Renewal, and look forward to when we reopen our doors."

Under the leadership of CEO Jill Soltau, Penney's had planned to host an Investor Day presentation with Wall Street analysts on April 7 to showcase its three-year outlook, but that was postponed when social distancing took hold.

Discussions are still ongoing with those advisors, one person familiar with those talks told Sourcing Journal Wednesday. And while the focus is on exploring a "myriad" of options to figure out the best next step for the retailer, nothing has been decided, the source said.

Talks to restructure debt could segue way into a discussion that includes a bankruptcy filing if they can't get creditors to agree on new debt terms, although bankruptcy as a separate option is also on the table. Currently, all options are still on the table, as are talks with certain vendors, the source noted.

"A bankruptcy is not inevitable," the source said.

Source: sourcingjournal.com - Apr 15, 2020

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Arcadia Group cancels ‘over £100m’ of orders as garment industry faces ruin

The Arcadia Group, which owns brands including Topshop, Dorothy Perkins and Miss Selfridge, is estimated to have cancelled in excess of £100m of existing clothing orders worldwide from suppliers in some of the world’s poorest countries as the global garment sector faces ruin.

According to data from the Bangladesh Garments and Manufacturing Association (BGMEA), the Arcadia Group has cancelled £9m of orders in Bangladesh alone.

The Worker Rights Consortium (WRC), a labour rights group based in the US, says it believes that the Arcadia Group will have cancelled “well in excess of £100m” of orders across its global supply chains. It currently sources only 5% of its clothing orders from Bangladeshi suppliers.

“The effect of order cancellations like Arcadia’s, which we estimate will cost Arcadia’s suppliers more than £100m, is to force suppliers into bankruptcy and to leaves thousands of workers without income,” says Scott Nova, executive editor at WRC.

The Arcadia Group declined to comment.

WRC also estimated that collectively global brands have potentially cancelled in excess of £20bn of orders worldwide not just from Bangladesh but from other major garment producing countries such as Cambodia, Sri Lanka and Vietnam.

In recent weeks, retailers have been accused of abandoning their garment workforce at a time when many lower-income countries will struggle to provide economic safety nets for millions of low-paid workers.

Last week Arcadia Group, owned by Sir Philip Green, rowed back on the wholesale cancellation of all existing orders. In a letter to suppliers seen by the Guardian, it said that although it had a “contractual right” to cancel orders that had already been shipped, it would accept those that were in transit on 17 March at a 30% discount. However, all other orders, including clothing that had already been made but had not been shipped, will be cancelled. It is unclear whether the group will agree to pay for raw materials already purchased by suppliers.

In the letter, the group told suppliers it needed to cancel orders because “customers will not be willing to buy spring goods out of season” and that it would not be able to accept any new stock while its shops remain closed.

In recent weeks, global retailers including Primark, Matalan and Edinburgh Woollen Mill have cancelled billions of dollars of orders from their overseas suppliers. Data from the BGMEA shows that over £2.4bn of orders have been cancelled or suspended in Bangladesh, leading to over 1 million garment workers losing their jobs or being sent home without pay.

In other major garment-producing countries such as Myanmar, Cambodia and Sri Lanka, hundreds of factories are closing every week and garment workers left without pay as western fashion brands scramble to recoup losses down their supply chain.

“The Covid-19 pandemic has really exposed the fallacy of the narrative that fashion brands don’t have a direct relationship to the millions of workers in their supply chains,” says Thulsi Narayanasamy, head of labour at the Business & Human Rights Resource Centre. “It’s an incredible demonstration of the impunity and power imbalance that lies at the heart of this industry.”

A factory owner in Bangladesh said that Arcadia’s decision to cancel orders will lead to further job losses as millions of garment workers face destitution.

“Their decision to cancel on top of all the other retailers will mean workers lost their jobs,” says Mostafiz Uddin, the chief executive of the Bangladesh Apparel Exchange and managing director of Denim Expert, a clothing company that supplies international brands including Topshop in the UK.

“What has made their cancellation more harmful is the demand for discounts. This places huge pressure on suppliers like myself in terms of cash flow. We as suppliers expect and accept business disruption at the present time. However, some buyers, including Arcadia, have handled this extraordinarily badly, with absolutely no concern for the financial welfare of their suppliers and implications for their workers.”

Source: theguardian.com - Apr 14, 2020

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After COVID-19, what will Africa look like in 2030 and 2063?

According to estimates by the African Development Bank, the contraction of the region's economies will cost Sub-Saharan Africa between \$35 billion and \$100 billion due to an output decline and a steep fall in commodity prices, especially the crash of oil prices.

The COVID-19 pandemic has resulted in cessation of economic activities that will lead to a significant decline in GDP, an unprecedented social disruption, and the loss of millions of jobs.

According to estimates by the African Development Bank, the contraction of the region's economies will cost Sub-Saharan Africa between \$35 billion and \$100 billion due to an output decline and a steep fall in commodity prices, especially the crash of oil prices.

More fundamentally, the pandemic has brutally exposed the hollowness of African economies on two fronts: the fragility and weakness of Africa's health and pharmaceutical sectors and the lack of industrial capabilities. The two are complementary.

This is because Africa is almost 100 percent dependent on imports for the supply of medicines.

According to a recent McKinsey (2019) study, China and India supply 70 percent of Sub-Saharan Africa's demand for medicine, worth \$14 billion. China's and India's markets are worth \$120 billion and \$33 billion respectively. Consider a hypothetical situation where both India and China are unable or unwilling to supply the African market? Africa surely faces a health hazard.

The root of Africa's underdeveloped industrial and health sectors can be encapsulated in three ways. First, some African policymakers simply think that poor countries do not need to industrialize.

This group believes the "no-industrial policy" advocates who engage in rhetoric that does not fit the facts. The histories of both Western societies, and contemporary lessons from East Asia, run contrary to that stance.

Clearly, governments have an important role to play in the nature and direction of industrialization. Progressive governments throughout history understand that the faster the rate of growth in manufacturing, the faster the growth of Gross Domestic Product (GDP).

From the Economist magazine five years ago: “BY MAKING things and selling them to foreigners, China has transformed itself—and the world economy with it. In 1990 it produced less than 3% of global manufacturing output by value; its share now is nearly a quarter. China produces about 80% of the world’s air-conditioners, 70% of its mobile phones and 60% of its shoes. Today, China is the world’s leader in manufacturing and produces almost half of the world’s steel.” The keyword is “making”.

Two, rich countries, therefore, became rich by manufacturing and exporting to others, including high-quality goods and services. Poor African countries remain poor because they continue to produce raw materials for rich countries. For example, 70% of global trade in agriculture is in semi-processed and processed products. Africa is largely absent in this market while the region remains an exporter of raw materials to Asia and the West.

Lastly, African countries are repeatedly told that they cannot compete based on scale economy, and as well, price and quality competitiveness because China will outcompete them. For this reason, they should jettison the idea of local production of drugs, food, and the most basic things.

The question is: How did Vietnam, with a population of 95 million, emerge from a brutal 20-year war and lift more than 45 million people out of poverty between 2002 and 2018 and develop a manufacturing base that spans textiles, agriculture, furniture, plastics, paper, tourism, and telecommunications? It has emerged as a manufacturing powerhouse, becoming the world’s third-largest exporter of textiles and garments (after China and Bangladesh).

Vietnam currently exports over 10 million tonnes of rice, coming third after India and China.

How is it that Bangladesh, a country far poorer than many African countries, is able to manufacture 97% of all its drug demand, yet it is next door to India, a powerhouse of drug manufacturing?

The COVID-19 pandemic has exposed Africa. African leaders need to look in the mirror and ask where this continent will be in 2030 and 2063. Africa must adopt progressive industrial policies that create inclusive, prosperous and sustainable societies.

What then should be done? A three-pronged approach is urgently needed.

First, Africa needs a strong regional coordination mechanism to consolidate small uncompetitive firms operating in small atomistic market structures. With a consumer base of 1.3 billion and \$3.3 trillion market under the African Continental Free Trade Area (AfCFTA), the continent has no choice but to bring together its fragmented markets.

Second, Africa needs to build better institutions, strengthen weak ones and introduce the ones missing. No better wake-up call is required than the present pandemic

Third, one important institution that has been abruptly disrupted is the supply chain for medicines and food, for example. Logistics for transporting capital and consumer goods across the region need predictable structures.

The building or strengthening supply chains involve fostering and providing regulations for long-term agreements and competencies that leverage both private and public institutional challenges such as customs regulations.

Finally, development finance institutions (DFIs) such as the African Development Bank are mandated to, and are currently, trying to fill the gaps left by private financial institutions. There is an opportunity for Africa to rethink and reengineer its future. The Africa of tomorrow must look inwards for its solutions. - whether in feeding its own people, build industrial powerhouses led by African champions.

The African Development Bank stands ready to help target and push for deeper economic transformation. Africa needs to execute structurally transformative projects that generate positive externalities and social returns. Keep our eyes on the days after.

Source: newvision.co.ug- Apr 15, 2020

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H&M China's sales decline by 79 per cent

Weekly sales data from H&M China shows that while stores are slowly recovering from the peak of the pandemic in Mainland China, there has clearly not been an immediate bounce back. H&M China's sales declined by 79 per cent in week 10 despite 89 per cent of its stores in the country being open, raising the question whether this is a financially viable strategy in other affected markets due to the burden on operating costs.

Nearly all retailers have reopened stores but consumer propensity to spend is significantly higher than in mature retail markets such as the US and much of western Europe so we expect store reopening schedules and the recovery process to be longer than what we have witnessed in China.

According to Global Data, these retailers must start planning a recovery strategy for each country they operate in, taking into account consumer sentiment and confidence, the country's financial stability, consumer propensity to spend on fashion, online penetration and the time in the season and promotional calendar.

Some retailers may need to consider whether consumer demand after the pandemic's peak will be sufficient to warrant reopening all stores in any one market at once.

Source: fashionatingworld.com- Apr 15, 2020

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Vietnam could become world's face mask factory amid COVID-19

The garment industry was suffering an unprecedented crisis due to COVID-19, but the pandemic also brought significant opportunities for Vietnam to become the world's face mask factory.

Many garment producers hit hard by the COVID-19 pandemic recently invested in producing face masks as a solution to cope with the difficult time and take the opportunities arising from the supply shortage.

Some received export orders worth millions of dollars, a positive sign for the garment industry which was under huge pressure from the pandemic.

Recently, Garment 10 Corporation Joint Stock Company said that it received an export order for 400 million medical face masks worth 52 million USD, together with orders for 20 million cloth masks from a US partner and two million cloth masks and six million medical face masks from a German partner.

TNG Investment and Trading Joint Stock Company also shipped millions of anti-bacterial cloth masks to the European Union during the past month. TNG was also investing in producing medical face masks which was expected to start production from May.

Anti-bacterial cloth masks helped TNG's sales in the domestic market in the first quarter of this year increase by 10 percent against the same period last year.

TNG's director Nguyen Van Thoi said that there were large opportunities to export face masks.

According to the Ministry of Industry and Trade, 50 domestic producers which reported to the ministry alone had a total production capacity of eight million face masks per day.

Besides, some companies, such as Nam Dinh Silk Textile Joint Stock Company, were now capable of producing anti-bacterial cloth.

The ministry said that Vietnam's face mask production capacity could be increased much further.

Tran Thanh Hai, Deputy Director of the ministry's Import-Export Department, in an interview with Vietnam News Agency said that Vietnam was capable of becoming a big cloth face mask producer in the world.

Trade promotion must be enhanced to raise consumers' awareness about cloth masks and encourage them to switch to cloth masks instead of medical masks, Hai said.

He, however, noted that firms needed to give careful consideration when investing in face mask production as a long-term or large-scale investment because demand for masks could drop when the pandemic was over.

Face mask producers must pay attention to meeting quality and safety requirements of the import markets and obtain certificates to expand exports, he added.

According to the Vietnam Trade Office in the EU, many face mask and medical protective clothing producers in Vietnam contacted the trade office for supports in finding partners for exports of these products.

The trade office said that producers must note that in order to export face masks and medical protective clothing to the EU, they must get CE marking which indicated that a product had been assessed by the manufacturers and deemed to meet EU safety, health and environmental protection requirements.

The mass production of face masks and medical protective clothing without following any technical standards would cause oversupply and damages if the products could not be exported to the EU or any other markets, the trade office said.

Export for medical mask?

Under the Government's Resolution 20/NQ-CP dated February 28, in the context of the COVID-19 pandemic, medical face masks could be exported only for the purpose of international aid and assistance provided by the Vietnamese Government. In addition, the export volume could be a maximum of 25 percent of the output.

The regulation aimed to give priority to the fight against the pandemic in the country and ensure adequate medical equipment for doctors

According to Vu Tien Loc, Chairman of the Vietnam Chamber of Commerce and Industry, the Government should allow the export of medical mask to support domestic producers in overcoming the difficult time.

Loc said that the face mask production capacity of Vietnam was huge, much higher than domestic demand. While the face mask demand in the foreign markets was increasing rapidly, it was time for domestic producers to grasp that opportunity.

Still, priority must be given to meeting the domestic demand, but it was also necessary to take the opportunity to boost exports, Loc stressed.

Loc also urged the Government to develop a strategy for medical equipment production and export. “Any decision must be timely, especially in the pandemic,” he said.

According to Hai, when the COVID-19 pandemic was brought under control, the domestic production capacity and reserve could meet demand, the Government could consider allowing exports of medical masks./.

Source: en.vietnamplus.vn- Apr 15, 2020

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Bangladesh: Orders worth \$3.15 bn cancelled so far: BGMEA

Foreign buyers have so far cancelled orders worth \$3.15 billion in the wake of the novel coronavirus crisis, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), which recently said 1,134 factories have reported that 975.2 million pieces of readymade garments (RMG) worth \$3.15 billion have either been cancelled or held up.

These cancellations will affect nearly 2.25 million RMG workers, it said.

“We’re facing a dire situation. All the buyers from different places, countries, and continents are suspending the orders,” BGMEA president Rubana Huq said in a video message.

BGMEA and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) announced closure of all factories until April 25 in a joint statement recently, urging factory authorities to inform respective trade bodies if any factory office remains open for disbursing wages and other payments during the period.

Source: fibre2fashion.com - Apr 15, 2020

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New clothes pile up at Cambodian factories. Coronavirus forces U.S. brands to cancel orders

T-shirts, skirts and shorts are piling up at the clothing factories ringing the Cambodian capital of Phnom Penh.

Once destined for American and European stores, the spring and summer collections are casualties of the economic contagion that's trailed the spread of the coronavirus, resulting last month in the biggest decline in U.S. retail sales on record.

Brands such as Gap and Old Navy can no longer sell the clothing and have canceled orders. That's left factory owners and workers unpaid in an industry with little financial cushion to endure weeks without business.

"We only get paid when the clothes are delivered," said Ken Loo, secretary-general of the Garment Manufacturers Assn. in Cambodia. "We have zero income and zero cash flow.

"We could sue them," Loo said of the buyers refusing to pay, "but I don't know if we'll be around to sue."

The crisis unfolding on the factory floors of the Southeast Asian country is but a snapshot of the economic fallout rippling across the globe. But while unemployment and bankruptcies will undoubtedly inflict pain on developed countries like the United States, where car factories and plane manufacturers have dramatically cut back in recent weeks, they will have an outsized effect on poorer ones like Cambodia.

The garment business employs more than 800,000 people in a country of 16 million. It generates about 40% of Cambodia's economic output and 80% of its exports. The industry migrated from China to chase lower labor costs and remains a linchpin in the global supply chain for household names including Nike, Target and H&M.

That's given workers like San Sopha steady employment for two decades. But the mother of two is being furloughed Thursday, her \$250 monthly salary reduced to a \$70 monthly payment mandated by the government, which is about one-third of minimum wage. That won't cover the \$90 she pays each month for her microfinance loan, a ubiquitous form of debt that an estimated 4 in 5 garment workers access to help make ends meet.

“I don’t have any savings,” said San, 38, who works in a factory that supplies clothes to major Western brands such as Walmart. “I don’t know what to do when I’m not working.”

Loo estimates more than half of Cambodia’s 500 garment factories will suspend operations by the end of April. About 100 have already closed their doors.

The piles of unwanted clothes now building up in some facilities can’t be resold elsewhere because the factories don’t own the intellectual property for the garments.

“We’re just the contract manufacturers,” Loo said.

The Asian Development Bank projects economic growth in Cambodia to plunge to 2.3% this year from 7.1% last year due to the outbreak. Tourism and Chinese investment, two other pillars of the Cambodian economy, have contributed little to nothing since the emergence of COVID-19.

With no other major economic drivers left, factories are being kept open to serve what scant business remains. They are also confronting concerns from employees that cramped working conditions could invite transmission of the coronavirus.

“I’m very worried about getting my family sick if I keep going into the factory,” said Yim Pren, 23, who sews together sportswear for brands such as Puma. “But if I don’t go to work, how am I going to support them and pay my rent and my loans?”

Yim said his factory has introduced safety measures. Body temperatures are checked at the door. Workers are told to wash their hands regularly and are given hand sanitizer and face masks.

“Social distancing is almost impossible,” said Yang Sophorn, president of the Cambodian Alliance of Trade Unions. “From one [sewing] machine to another, there is less than half a meter in between. They sit close to each other. Their risk is very high. If someone contracted the disease, it will spread very fast.”

A relatively low infection rate (122 confirmed cases as of Wednesday) has allowed Cambodia to resist the sorts of lockdowns declared in other countries, but recent signs point to growing unease. The country canceled

its Cambodian New Year holidays this week to prevent workers from traveling home and spreading the disease.

Prime Minister Hun Sen lauded factory workers for forgoing the holiday and remaining on the sewing lines.

“To continue working will ensure your well-being and safety, as well as your families’ and colleagues’,” he said Monday.

The autocratic ruler had previously downplayed the severity of the disease, which was widely viewed as a bid to placate China, Cambodia’s leading benefactor. Last week, the prime minister was given sweeping new emergency powers to bolster state surveillance and further control the press and social media.

A sinking economy and a diminishing space for dissent could lead to more exploitation of workers, activists said.

Union leaders have been jailed and workers shot for demanding higher wages in the past.

The European Union punished Cambodia in February for its human and labor rights record by partially revoking free trade access.

These problems are being exacerbated by foreign companies canceling contracts for goods, say industry officials and worker advocates such as Human Rights Watch, which released a report this month calling on brands to support workers in major garment-producing nations such as Bangladesh, Myanmar and Cambodia.

Bangladesh has seen \$3 billion worth of orders canceled by foreign buyers since the outbreak, resulting in tens of thousands of layoffs, according to the Bangladesh Garment Manufacturers and Exporters Assn.

Human Rights Watch said forgoing payments violates commitments companies have made to uphold human rights — a particular irony felt by factory owners who have increasingly had to comply with brand-mandated audits to ensure their facilities are environmentally sound and free of sweatshop conditions.

Some brands such as H&M Group, Target Corp. and Zara owner Inditex Group have pledged to support their suppliers.

It's unclear what other major brands are doing. Some, including Nike Inc., L Brands (Victoria's Secret), Nordstrom, VF Corp. (North Face, Timberland and Vans) and Tapestry Inc. (Coach, Kate Spade, Stuart Weitzman), did not respond to questions about their supply chains. J. Crew Group declined to comment.

Gap Inc., owner of Banana Republic and Old Navy, halted its factory orders in response to the outbreak. That's angered suppliers who say the company is breaching contracts and shirking its responsibility to compensate workers.

The San Francisco company said it has to cut expenses for the long-term health of the brand. It has already closed 90% of its stores and furloughed most of its store employees.

"We are taking the proactive and prudent actions needed to manage the business through this crisis to ensure that, on the other side of this pandemic, we can and will resume placing orders with our vendors," the company said in a statement.

The American Apparel & Footwear Assn. urged governments and banks to assist in keeping supply chains solvent and suggested other measures such as deferring tariff payments.

"The health and economic crises caused by the COVID-19 pandemic have created a temporary liquidity crisis that is threatening to burn a permanent hole in global supply chains," said Steve Lamar, the trade group's president and chief executive.

Source: latimes.com- Apr 15, 2020

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Pakistan: Listless activity seen on cotton market

No major activity was witnessed on the cotton market as the government has extended the lock down for another two weeks. Textile sector has appealed the Prime Minister Imran Khan to extend the last date of the payment of gas bills. They were of the view that the entire industry of Pakistan was under locked down due to Covid 19 and major export orders had been cancelled.

Market sources told Business Recorder on Wednesday that spot rate remained unchanged at Rs 8800. The market sources also said that although no trading was seen in Binola. However Binola was available in both Sindh and Punjab at the rate of Rs 1600 to Rs 1800 per maund. Sources also said that cotton seed was not available for trading as ginneries had all the stock of Binola. The rate of cotton in Sindh and Punjab is in between Rs 7000 to Rs 8800 per maund.

Cotton Analyst Naseem Usman told Business Recorder that due to the lock down exports of textile sector as well as domestic sales had come to a virtual halt, causing a severe liquidity crunch. He said that millers were facing difficulties in paying salaries to their employees. He also said that chairman All Pakistan Textile Mills Association Dr Amanullah Kassim Machiyar has appealed to the Prime Minister Imran Khan to intervene and direct the relevant ministries to issue instructions for deferment of gas bills payments.

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The KCA Official Spot Rate for Local Dealings in Pakistan Rupees

FOR BASE GRADE 3 STAPLE LENGTH 1-1/16"
MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

Rate	Ex-Gin For	Upcountry Price	Spot Rate Ex-Karachi	Spot Rate Ex. KHI. As on 14-04-2020	Difference Ex-Karachi
37.324 kg	8,800	160	8,960	8,960	NIL
Equivalent					
40 kgs	9,431	171	9,602	9,602	NIL

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Source: breccorder.com - Apr 16, 2020

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NATIONAL NEWS

MHA guidelines: Govt allows e-tail, agri activities to resume from April 20

Prime Minister Narendra Modi on Wednesday announced the extension of nationwide lockdown till May 3 to contain the spread of coronavirus (Covid-19). In his address to the nation, PM Modi said that there would be some relaxations to allow activities to resume in select areas. The Ministry of Home Affairs came out with some guidelines about what activities have been allowed and what will remain restricted. The ministry added that State and union territory governments shall not dilute lockdown guidelines in any manner, but they may impose stricter measures as per local requirements. The exemptions given will not be applicable to the hotspots. Now, wearing a mask will be mandatory across the nation.

Here is the list of activities that are allowed from April 20

- Transportation of all goods will be allowed without the distinction of essential and non-essential.
- Services provided by self-employed electricians, IT repairs, plumbers, motor mechanics, carpenters.

Farming operations will be allowed. These include:

- Procurement of agricultural products
- Agriculture marketing through notified Mandis and direct and decentralised marketing
- Manufacture, distribution, and retail of fertilizers, pesticides, and seeds.
- Activities of marine and inland fisheries; animal husbandry activities,
- Supply chain of milk, milk products, poultry and live-stock farming; and tea, coffee and rubber plantations

To support the rural economy and create employment, some industries working in rural areas have been allowed to resume operations. These include:

- Food processing industries
- Construction of roads, irrigation projects, buildings, and industrial projects in rural areas
- Works under MNREGA, with priority to irrigation and water conservation works;
- Operation of rural Common Service Centres (CSCs)

Construction

- Construction of roads, irrigation projects, all kinds of industrial projects in rural areas outside municipal corporations and municipalities.
- Construction of renewable energy projects.
- Continuation of works in projects under municipal corporations and municipalities where workers are not required to be brought from outside.

Manufacturing

- Manufacturing and other industrial establishments with access control have been permitted in SEZs, EoUs, industrial estates and industrial townships after implementation of SOP for social distancing.
- Manufacture of IT hardware and of essential goods and packaging are also allowed with 50 per cent workforce.
- Coal, mineral, and oil production will be permitted.

In financial sector, the RBI, banks, ATMs, capital and debt markets as notified by SEBI and insurance companies will also remain functional, to provide liquidity and credit support to the industrial sectors.

E-commerce

- E-commerce operations
- Operations of IT and IT-enabled services with up to 50 per cent workforce.
- Data and call centres for government activities
- Online teaching and distance learning

What remains restricted till May 3

- Educational institutions, coaching centres
- Domestic, international air travel, train services will also remain suspended till this time
- Public places like cinema halls, malls, shopping complexes, gymnasiums, sports complexes, swimming pools, bars
- All social, political, sports, religious functions, religious places, places of worship.

Source: business-standard.com- Apr 15, 2020

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Coronavirus clips wings of India's exports, down 35% in March 2020

India's exports took a major hit in the month of March, shrinking by nearly 35 per cent on-year. The decline in exports has been mainly due to the ongoing global slowdown, which got aggravated due to the current Covid-19 crisis, said the Ministry of Commerce & Industry.

The coronavirus led lockdown and disruptions hit the supply chain and demand in the sector to a large extent, resulting in the cancellation of orders, it added. Exports stood at USD 21.41 billion in March 2020, compared to USD 32.72 billion in March 2019.

Commodity groups that have recorded the maximum contraction during March 2020 are Oil meals (69.85 per cent), meat, dairy & poultry products (45.48 per cent), engineering goods (42.32 per cent), and gems & jewellery (41.05 per cent).

For the full year in FY20, the exports have contracted by nearly 5 per cent on the back of a prolonged slowdown. The disruption in supply and demand due to global pandemic has hit the imports as well, which shrank by nearly 29 per cent.

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Source: [financialexpress.com](https://www.financialexpress.com)- Apr 15, 2020

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How to ensure Indian exports survive the churning and pick up steam

The global spread of Covid-19 has brought about an unprecedented halt to activity in all major economies. WTO has forecast global trade volumes to drop sharply by 13-32 per cent, which has not been seen before in the modern era. The situation is so fluid that most of us hesitate to put a number to growth projections for 2020-21.

Companies dependent on foreign trade are especially vulnerable in these times. India's biggest export markets – the EU and US – have extended lockdowns in place. Already, between April 2019-February 2020 for the period before the lockdown, India's merchandise exports declined by 1.5 per cent over the same period last year while imports declined by 7.3 per cent to \$436.03 billion.

As the world battles Covid-19, we must take care to sustain our export markets and ensure that lockdown does not translate into loss of outward bound goods. As a first step, the government has provided a welcome extension of the foreign trade policy incentives which were to expire on April 1.

As an immediate measure to protect exports, CII has suggested that exports be classified under essential services so that they can operate with free movement of cargo across states. Delays in filing of bills of entry and payment of customs duties should be given a onetime relaxation of three to six months.

A key issue facing exporters is credit access. The extension of the interest subvention scheme available for MSME exporters could be announced immediately. Further, to tide over the current crisis situation, the scheme could be extended to all exporters as well as those manufacturing mainly for exports. For imports related to exports, banks need to prioritise credit documents and provide special cash credit funding.

Most nations are proactively supporting their exporters during these difficult times. For example, China increased export refund facility by 2 per cent recently. Such moves make Indian goods less competitive in global markets and must be compensated through an additional duty drawback of at least 3 per cent for the next six months to avert mass closure of enterprises.

Another challenge for exporters due to the current lockdown measures is delays in clearances of import containers which attract increase in demurrage and container freight station charges. Such charges should be waived to avoid cost escalation, along with relaxation in time for submission of documents. Some facilities, such as exports inspection council which provides certificates of origin, need to continue operations to avoid delays in exports.

Certain ports and airports should be specifically identified for handling exports on priority basis. To ensure that goods reach these exit points, selfcertification should be considered as valid for inter-state movement.

Clearly, the current geographic configuration and concentration of global value chains will dramatically reorient due to the pandemic. The sourcing and import disruptions that have occurred as a result of Covid-19 mean that countries will be seeking to diversify their markets and sources of imports. This will also need to be taken up multilaterally.

India stands a good chance to be able to leverage the evolving trend if it makes strong efforts to expand its export basket and reduce domestic logistics and procedural costs. To diversify exports, agricultural products

present a good opportunity. The agriculture ministry has identified 21 products which could be prioritised.

Targeting a few countries per product and meeting their specific standards and sanitary and phytosanitary import requirements also needs attention – this can be done through a government industry standards taskforce. Given air travel disruptions, the government could consider instituting special flights with appropriate sanitary and disinfectant provisions to enable exports from the horticulture, floriculture and processed food sectors.

Two, meat, poultry and fisheries sector could see enhanced exports as well. Trade facilitation by simplifying farm registration procedures for greater traceability and making antibiotic testing easier is required. Easy access to cold storage and warehousing facilities in marine or other food parks at concessionary rates would also be helpful, as would greater avenues to enable processing and value addition.

Three, India has been called the ‘world’s pharmacy’ because of the dominance and quality of its generic medicines. Its supply of drugs to fight Covid-19 to the US and Brazil was a welcome move as it strengthened the India brand as a reliable source of pharma products.

The government has announced an incentive programme of Rs 10,000 crore for spurring domestic API production and in the short term, imports of API could also be considered for ramping up manufacturing for domestic use and exports.

Alternative sources of APIs such as Japan, Canada, the Netherlands should especially be explored. Indian pharmaceutical and biotech firms could also look at collaboration with global peers seeking to roll out the new Covid-19 vaccine and treatment medications. For both clinical trials and quality manufacturing, India could position itself as the ideal partner.

Over the medium term, global trade governance will emerge as a critical area for the world to work on in order to minimise disruptions and coordinate actions. This can only be done collectively and strengthening the WTO would be the best mechanism to achieve this.

Indian industry remains fully committed to working with the government to navigate these uncertain times and begin the process of realising India’s full potential in trade.

Source: economictimes.com- Apr 15, 2020

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These industries allowed to open; check full list of lockdown relaxations for services, factories

In a major relief to the industries, manufacturers, and service providers, the Narendra Modi government has allowed various economic activities to operate from April 20. The production units which require continuous process and the manufacturing units of essential goods will be allowed to operate from April 20.

The construction of roads, irrigation projects, buildings, all kinds of industrial projects, and renewable energy projects will also be allowed to restart operations.

In the services sector, IT and IT-enabled services are allowed to operate at a half-strength from the same time. Besides, all agriculture activities will also remain fully functional.

The government has said that the step has been taken to mitigate the hardship faced by the public and these activities will be operationalised by state / UTs. However, it has also clarified that the relaxation in operating such activities will not be applicable in the containment zones.

Among other sectors to get relaxation in restarting their operations, oil and gas exploration refinery; brick kilns in rural areas; services provided by a self-employed person such as electrician, IT repairs, plumbers, motor mechanics, carpenters, etc; manufacture of IT hardware; and coal, mineral production, and mining are included. To smoothen the process of the supply chain, all goods traffic, along with the goods trains and cargo flights will be allowed from April 20.

The manufacturing and other industrial establishments with access control in SEZ and Export Oriented Units (EoUs), industrial estates and industrial townships will also be allowed to start operations, however, these establishments will have to make arrangements for the stay of workers within their premises as far as possible. The transportation of workers to the workplace will also be arranged by the employer.

Meanwhile, the industry representatives had been asking the government to allow them to start operations even at one-fourth capacity. Today's relaxation is also expected to provide cushion to the employment condition in the country.

Many workers have migrated to their hometown while many others are stranded wherever they were. Starting the operations in the industries will likely absorb the migrant workers, giving them a source to run their livelihood in this difficult time.

Source: financialexpress.com- Apr 15, 2020

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Exports plummet 34% in March

Exports in 2019-20 decline 4.78 %, imports fall 9.12%, trade deficit shrinks

India's exports of goods in March 2020 declined 34.57 per cent to \$21.41 billion (year-on-year) as the spread of Covid-19 across countries disrupted production and supply chains globally. This pulled down overall export figures for financial year 2019-20 by 4.78 per cent to \$314.31 billion.

Imports in March 2020 were also severely hit falling 28.72 per cent to \$31.16 billion while the trade deficit narrowed to \$9.76 billion as against the deficit of \$11 billion in March 2019.

Overall trade deficit in 2019-20 was lower at \$152.88 billion compared to the trade gap in 2018-19 at \$184 billion as imports during the fiscal declined 9.12 per cent to \$467.19 billion, as per figures released by the Commerce and Industry Ministry on Wednesday.

Exporters believe that the first quarter of 2020-21 will see a similar downward trend and nominal growth may start only from the second quarter depending on the conditions evolving in the international market.

"April would be worse (than March) as international trade, except in medicine and essential supplies, has come to a near halt. Exporters are facing a question of survival," said Ravi Sehgal from Engineering Exports Promotion Council of India.

Fall in exports in March 2020 was spread across sectors, including all top performers, such as petroleum products, readymade garments, engineering goods, gems and jewellery, leather products, coal and other minerals, plastic and linoleum, carpets and handicrafts.

Export of agricultural commodities such as oil meals, meat and poultry, dairy products, tea and other cereals also posted a steep decline during the month.

Sectors which posted a decline in imports in March 2020 include gold, petroleum products, pearls, precious and semi-precious stones (-53.46%), machinery, electronic goods and coal & coke.

India's goods exports were sluggish even before the Covid-19 crisis broke out due to overall slowdown in the global economy and world trade. Exports in April-February 2019-20 period had declined 1.5 per cent to \$292.91 billion although there was a marginal growth in February 2020. In 2018-19, exports touched a high of \$330 billion.

Source: thehindubusinessline.com- Apr 15, 2020

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Maharashtra allows e-commerce sales of all goods

Maharashtra government on Wednesday said it will allow full-fledged e-commerce business in the state during the lockdown, becoming one of the first states to issue a notification regarding this on the heels of the Centre allowing exemptions to some sectors.

The state government in an order said "e-commerce delivery of all goods and commodities including food, pharmaceutical, medical equipment, electrical and electronic appliances" is exempted from the extended lockdown till May 3.

The state government order comes at a time when there has been confusion in some sectors and industries on whether the Centre has exempted e-commerce for all non-essential goods or just food and grocery like before.

Odisha government had already relaxed e-commerce operations for all goods last Monday.

A senior e-commerce sector executive said the Centre has verbally informed the states that they can exempt e-commerce sales and delivery across products since there is a latent demand for some products like laptops, tablets, smartphones, headphones, printers, Wi-Fi routers due to work from home and study from home situation.

Another executive said there is also huge demand for home appliances like washing machines, dish washers and vacuum cleaners since most of the households have to do their own chores. Consumers are also searching for personal care equipment like shavers and epilators since salons are closed.

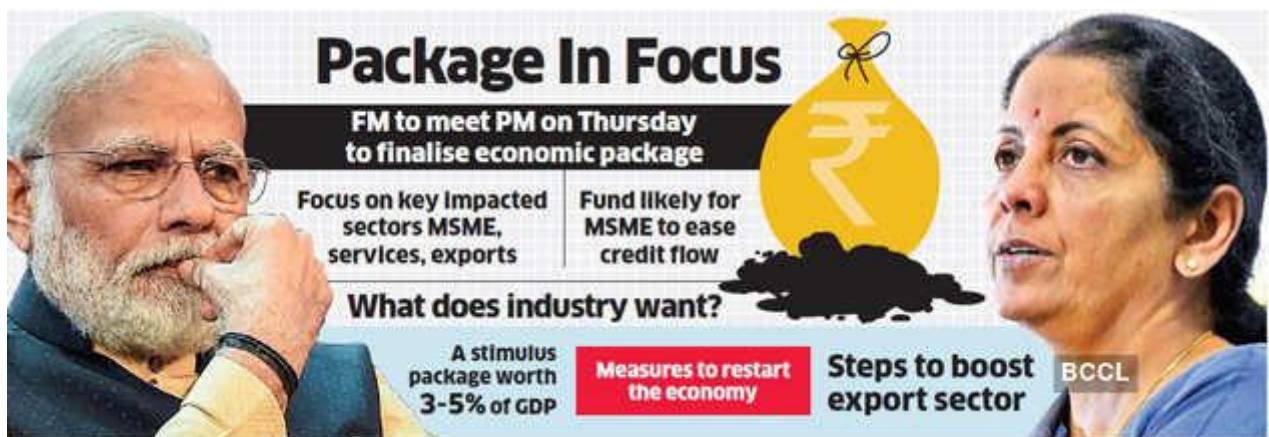
“Consumers will buy only what they require now and unlikely any discretionary purchases will happen since sentiments are depressed. Herein e-commerce can play a big role since it will help them buy maintaining social distance,” an industry executive said.

Source: economictimes.com- Apr 15, 2020

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Nirmala Sitharaman to meet PM Narendra Modi for stimulus 2.0

Finance minister Nirmala Sitharaman will meet Prime Minister Narendra Modi on Thursday to finalise the stimulus and support measures to counter the severe economic impact of Covid-19.



“If the package is finalised, it could be unveiled soon after,” a government official said on condition of anonymity.

The upcoming package is likely to focus on the MSME sector, which has been the worst hit, and could include an over Rs 15,000 crore credit guarantee fund, another government official said.

This is expected to be the first of a series of measures spanning other sectors of the economy as the situation on the ground unfolds after economic activity is opened up.

On Wednesday, the government permitted many industrial and economic activities to resume operations in districts identified as green zones from April 20. Sitharaman had already announced a Rs 1.7 lakh crore relief package that includes direct cash transfers to the poor and free ration, among other measures.

She had also announced relaxations in mandatory compliances for businesses and individuals. The finance ministry held several rounds of discussions with various ministries and departments on issues faced by sectors administered by them as also industry.

Upcoming measures would be based on inputs provided by them and a task force set up by the prime minister. Service sectors such as hospitality & tourism, aviation and exports including textiles and gems & jewellery are in focus for some relief.

Industry has sought a stimulus package of up to 3-5% of India's GDP to revive the economy that is likely to see its worst slowdown, as per various forecasts.

One percent of GDP translates into roughly Rs 2 lakh crore. The International Monetary Fund has slashed India's growth estimate for FY21 to 1.9% from 5.8% estimated in January. According to some estimates, the lockdown could cost the economy Rs 6-10 lakh crore in lost output.

Retail, discretionary consumption, travel and tourism, hospitality, construction and transport are among the worst affected. With the lockdown extended to 40 days in total, more sectors are feeling the pain. Only sectors dealing with essentials such as FMCG and healthcare have some support.

Source: economictimes.com- Apr 15, 2020

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Export units to resume operations next week after govt issues new lockdown guidelines

Removal of restrictions in port, ICD activities to help them export items manufactured before lockdown

Majority of export units can gradually re-start their operations after manufacturing in special economic zones, export oriented units, units outside municipal limits/rural areas and industrial estates and townships is allowed to resume on April 20 as per the revised guidelines for Covid-19 containment issued by the Centre.

“This will help in opening of about 80-85 per cent of the manufacturing gradually and bring exports and manufacturing back on track.

A positive signal will go out to the world that India is confident of containing Covid-19 through its well thought out and early measures,” said Sharad Kumar Saraf, President, Federation of Indian Export Organisations, adding that fresh orders will then follow.

Home Ministry guidelines

According to the revised consolidated guidelines issued by the Home Ministry on Wednesday, establishments that would be allowed to start production next week will have to make arrangements for stay of workers within their premises as far as possible or in adjacent buildings and for implementation of the standard operating protocol.

FIEO noted that the decision would also give a “psychological boost” to migrant workers who were getting desperate with the extended lockdown.

“The industry is also relieved as the wage and other charges will cause lesser burden on them with the commencement of production,” said Saraf.

Exporters of apparels, one of India’s largest labour-intensive export sectors, want the government to allow all garment export units, irrespective of where they are located, to resume production.

Garment exporters' plea

“All units which export a minimum of 50 per cent of their turnover should be allowed to operate under the guidelines prescribed for SEZs and EoUs,” said A Sakthivel from the Apparel Export Promotion Council, adding that the council will ensure that all guidelines are strictly followed.

The government's decision to allow operations of seaports and inland container depots for cargo transport, including authorised custom clearing and forwarding agents, has also come as a shot in the arm for exporters as units were facing major hindrances in transporting goods, already manufactured before the lockdown, to the ports for shipping.

Imported inputs were also lying at ports in the absence of transport facilities to deliver them to units.

Exporters had earlier complained to the government that they had suffered cancellation of over 50 per cent of export orders in the last few weeks due to Covid-19 disruptions worldwide and had warned of 15 million job losses in exports units.

India's goods exports declined 1.5 per cent to \$292.91 billion in April - February 2019-20 compared to last year. Exports increased marginally in February 2020, but are expected to fall in March 2020 because of the lockdown.

Source: financialexpress.com- Apr 15, 2020

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Employers get one month's time to deposit their share in EPF

Employers will get one more month (by May 15) to deposit their share of Employee Provident Fund (EPF) for the month of March.

“Considering the unprecedented situation created by Covid-19 and lockdown announced by the Central Government from March 24 midnight onwards to prevent the spread of Covid-19, the due date for filing of Electronic Challan Cum Return (ECR) for wage month March, 2020 is

extended up to May 15 for employers who have paid wages to their employees for March, 2020,” Labour Ministry said in a statement.

This means the employers disbursing the wages for March 2020 not only get relief of extension of due date for payment of EPF dues for that month but also avoid liability of interest and penalty, if they remit on or before May 15.

EPF is a post-retirement scheme, where industrial units with a certain number of workers need to contribute a part of their salaries (basic plus dearness allowance) to the corpus. There are two rates of EPF contribution: 12 per cent and 10 per cent. The 12 per cent rate is applicable for all units where the number of employees is more than 20; the 10 per cent applies to units with a lower number of employees. In both the cases, a matching contribution is made by the employer.

The employer is required to deposit his/her share by 15 of next month. Now, as stated by Labour Ministry, deferment will benefit about 6 lakh establishments to file ECRs without default by paying salary to about 5 crore employees.

ECR is an electronic monthly return to be uploaded by the employers on a portal. The return has member wise details of the wages and contributions; including basic details for the new and existing members (members who have joined or have left service in the wage month for which the return is uploaded).

The approval of uploaded ECR results in the generation of a Challan using which the employer has to remit the dues in the designated banks.

This government decision aims is to support and provide relief to employers of establishments which have disbursed wages for March 2020 to its employees and an incentive to employers for wage payment to employees during Covid-19 pandemic.

The move is in keeping with the objective of the Pradhan Mantri Garib Kalyan Yojana to prevent disruption in employment and ensure wages to employees to help them fight the pandemic.

Source: thehindubusinessline.com- Apr 15, 2020

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Bengal orders re-opening of jute mills, but with riders

The West Bengal government has granted permission to re-open all jute mills in the State. The mills, though, will have to operate with 15 per cent of their labour force, maintain social distancing norms, and also ensure that healthcare services are provided to workers, Chief Minister Mamata Banerjee, said.

The decision comes in the wake of the Centre repeatedly urging West Bengal government to resume operations across these jute mills. The mills have to be on operation to ensure availability of gunny bags for packing of foodgrains and pulses, especially at the time of harvesting.

It is to be noted that as many as 60 jute mills in the State have shut down their operations since March 23 following lockdown orders issued in the wake of the outbreak of Covid-19. However, even with all mills reopening with 15 per cent of workforce would not be sufficient to meet the packaging demand.

It is estimated that close to 2 lakh workers produced close to 3,500 tonnes of jute products each day before the lockdown was announced. According to official estimates, close to 6.1 lakh bales are yet to be manufactured due to inadequate capacities, which have been further accentuated by non-functional mills. There is also likely to be an additional demand for around 0.40 lakh bales.

“With this 15 per cent staff we will not be even able to achieve a fraction of the required capacity,” said a senior industry official.

Centre’s request

Incidentally, Union Textile Minister Smriti Irani has written to the Chief Minister urging her to open ‘select jute mills’, approximately 18, with 25 per cent labour force working on a roaster basis, to enable making of gunny bags and ensure smooth procurement operations during the upcoming Rabi marketing season. The letter also mentions that the Jute board commissioner will be overseeing such reopening and labour operations.

This is the second time that the Centre has urged West Bengal to re-open jute mills since the coronavirus-induced lockdown begun. The Ministry of Food and Public Distribution had earlier written to the State government

urging them to direct the jute mills to start operations to meet the increased demand for jute bales.

However, Banerjee had rejected the request, saying “it was still not safe” to restart operations at jute mills.

According to Banerjee, while reopening of just 18 jute mills would suffice, however, it would be unfair on the remaining ones here.

“As Chief Minister, I should not pick and choose just 18 jute mills. So all jute mills can reopen, but with 15 per cent work force. Salary payments across most have been hit. There is no point in furthering the economic hardships,” she said.

The jute mill owners have been asked to follow social distancing norms and also ensure that health services are provided.

“Reopening jute mills also mean we run the risk of increasing our hotspots. But, the state government will maintain strict surveillance in these areas and carry out period health checks in these localities. Even mill owners should carry out health checks and ensure sanitisation of premises,” she said.

The Indian Jute Mills Association (IJMA) has appointed PwC to make standard operating procedures for the mills in line with the guidelines provided by the Ministry of Home Affairs, said Sanjay Kajaria, ex-Chairman and a committee member of IJMA.

Source: thehindubusinessline.com- Apr 15, 2020

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Gadkari to industry: Use Covid crisis as an opportunity to tap foreign markets

‘Fund of funds’ for MSMEs awaits Cabinet nod

Faced with a deluge of demands from companies, many of whom represent micro, medium small scale enterprises, Road Transport Highways and MSME Minister Nitin Gadkari requested the firms to understand that all stakeholders including the government have to survive in these challenging times.

“After the war against Covid-19, we will have to fight the economic war,” said Gadkari, adding that this can be an opportunity for companies in India as Japan and the US are encouraging sourcing from countries other than China.

The industry’s demands were related to clearing long pending payments from the government such as Income Tax, GST and public sector units and fiscal relaxations to deal with the lockdown.

The Centre, state governments and banks are also staring at a financial crisis in the wake of Covid-19, he added.

Companies are seeking waiver of fixed electricity charges so that they have to pay only for actual usage. They pointed out that some banks are debiting EMIs despite the Reserve Bank of India and the Finance Ministry directives on relaxations.

They also sought the government’s help in paying wages. Company representatives also urged the government to dip into the employees state insurance corporation (ESIC) fund for payment of wages. They are also seeking a moratorium on all statutory payments including employees and employers’ provident fund.

As industry players listed their woes and demands, Gadkari asked them to think of themselves as being part of the government.

Several MSME sector representatives also sought fiscal relaxations for a longer duration compared to those extended to bigger companies.

Fund of funds

Meanwhile, Gadkari added that the Cabinet is likely to consider setting up a ₹10,000-crore 'fund of funds' for MSMEs. The move will help MSMEs with good track record in the GST system and AAA ratings to raise funds from the stock market.

Gadkari asked the industry representatives to provide their workers with food, clothing, shelter and workplace with social distancing, when they resume work.

Source: thehindubusinessline.com- Apr 15, 2020

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WPI Inflation down to 1%

Higher supply affected prices of most manufactured products, barring food items and fuel

The producers' rate of inflation has come down to 1 per cent in March.

Since the Covid-induced lockdown affected the markets during most part of March, producers were not able to sell their produce. Also, higher supply affected the prices of most manufactured products, barring food items and fuel.

All these impacted the producers' rate of inflation, as indicated by the change in the Wholesale Price Index (WPI). It stood at 1 per cent as against 2.26 per cent in February and 3.10 per cent during March last year.

Now, both the inflation numbers are down. Rate of retail inflation, released last week, slipped to 5.9 per cent in March as against 6.58 per cent in February. With slippage of both rates and considering the need in view of the pandemic spread, the expectation is that the Monetary Policy Committee will further slash the policy rate.

Last month, this rate was lowered by 75 basis points (100 basis points is one percentage point). Experts feel that the next meeting will see a rate cut by at least 50 basis points.

Disinflation expectation

Commenting on the latest WPI number, Aditi Nayar, Principal Economist at ICRA, said rate of inflation is on the higher side as expectation was a disinflation of 0.6 per cent.

This divergence appears to have been led by minerals, crude oil and natural gas, with the index levels not fully reflecting the plunge in commodity prices that has taken place in the aftermath of the Covid-19 outbreak.

The inflation for food and core items in March 2020 is largely in line with forecasts. For April 2020, while food inflation may see an uptick, the lagged correction in prices of various commodities would push the WPI into disinflation.

“At present, we expect the WPI to record a disinflation of 1.5 per cent in FY 2021, in contrast to the mild inflation of 1.7 per cent in FY 2020,” she said.

WPI is derived on the basis of movement of prices of various goods categorised in three groups — Primary Articles (weight 22.62 per cent), Fuel and Power (13.51 per cent) and Manufactured Products (64.23 per cent). Primary articles comprise mainly food articles. Rate of inflation for these three groups stood at 3.72 per cent, (-) 1.76 per cent and 0.34 per cent respectively in March.

Source: thehindubusinessline.com- Apr 15, 2020

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Apparel & Textile Sector: Recommendations to ease the impact of Coronavirus pandemic

Due to the nation-wide lockdown to prevent the spread of novel coronavirus, the Indian apparel and textile sector is going through some extremely trying times. The central government had announced a 21-day lock-down starting March 24 to contain the pandemic. On Tuesday, this lockdown was further stretched up to May 3. The sector – which comes in the non-essential category – is likely to be impacted most due to declining demand and restricted supply-chain.

The Indian apparel and textile sector is the fourth largest producer of textile and garments in the world. The sector contributes 2 percent to the total GDP, employing more than 45 million workers and nurture manufacturing and retail businesses under it. The increase in the lockdown period has only added to the misery of the sector.

According to the Confederation of All India Traders (CAIT), the country's retail sector, comprising 70 million small, medium and big traders employing 450 million people, undertakes a monthly business of about USD 70 billion (approximately Rs 5.2 lakh crore), and is one of the most impacted due to the global pandemic.

With around 80 percent of the garment industry mostly micro, small and medium enterprises, which has around 3,700 members employing over 7 lakh people, the Clothing Manufacturers Association of India (CMAI) asserts that most of its members do not have the kind of reserves to see them through 3-6 months.

While Retailers Association of India (RAI) confirms that about 40 percent of the 6 million employees working in India's modern, rather than traditional, retail sector could likely lose their jobs in the next 4 months if the government does not intervene.

Furthermore, CAIT has warned that retail markets in urban centres will face an acute shortage of labour which have migrated to their towns and villages amid the coronavirus outbreak and the nationwide lockdown.

Though job-cuts is one of the major repercussions of the global pandemic which can have domino effect that ends with hampering consumerism.

There are other more compelling parameters that are impacting the sector and its allied businesses.

Current & Potential Impact on the Sector

Supply-side

- Price variations of key raw materials: Though the prices of raw materials have remained stable, the demand has been hit
- Labour force: The sector is one of the largest employers in the country, employing over 45 million (direct jobs) and sizable number of contract labour as well. The nationwide lock-down has led to temporary closures of factories and lay-offs of low-wage workers
- Cash flow Constraints: The sector has been grappling with profitability issues due to a sharp decline in yarn exports, cheap imports, etc. Industry body Apparel Export Promotion Council (AEPC) says about 65 percent of apparel exporters payment amounting to at least USD2 billion (about Rs. 15,300 crore) is currently stuck with foreign buyers owing to either cancelling or postponing confirmed orders
- Supply-chain disruption: Garment manufacturers can look at local sourcing opportunities
- Imports: China is the fourth largest trading partner with India for purified terephthalic acid (PTA), and largest trading partner for polyester staple fibre (PSF). Thus, China's slowdown has certainly added to current supplies to India

Demand-Side

- With the sector not making under the essential category under lock-down, the demand of goods has considerably declined
- Adhering to lockdown norms and following social distancing, consumer sentiments have been majorly affected. If the situation persists, the impact would be higher
- With a drastic fall in global demand and an export ban on certain critical raw materials (those used to make masks for example), the impact on exports is considerable
- However, with the support of government and their prudent intervention these potential impacts can be checked. Moreover, if the contagion is controlled efficiently through effective timely

interventions, the economy would resume back to life and witness normalcy soon.

Recommendations to Ease the Impact

- Considering the nationwide lock-down, tax compliances deadlines need to be extended and taxes need to be reviewed to minimize the impact of decline in demand
- The sector has been reeling under severe financial stress, so interest rate reduction should be considered under short-term recommendations to ease financial stress. And for long-term, credit ratings-based loan facilitation for MSME players should be reviewed in order to make the sector competitive/lucrative
- Tax reliefs need to be provided in an attempt to boost consumer spending and to support the end-customer
- A comprehensive financial support package along the lines announced in Germany and the US can be considered. Similarly, providing an adhoc reimbursement/concession of 5-10 percent against the recent approved Remission of Duties or Taxes on Export Product (RoDTEP) scheme to compensate for the hitherto unlimbered levies and taxes to the exporters.

Source: indiaretailing.com- Apr 16, 2020

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Banks to seek extension of moratorium on loan repayments beyond June

Lenders will seek extension of the moratorium on loan repayments beyond June as part of a comprehensive package to support borrowers and revive the economy.

The Reserve Bank of India had on March 27 allowed banks and finance companies to offer a moratorium of three months on payment of instalments of all term loans outstanding as on March 1. This was done in light of the impact of the coronavirus disease (Covid-19). Now, subsequently the nationwide lockdown has been extended till May 3 on Tuesday by Prime Minister Narendra Modi.

Senior bankers said it would get tougher for banks as the onus shifts to them to reactivate the economy. The three-month moratorium allowed to bank borrowers looks inadequate, the bankers said. Borrowers will need comprehensive support covering easing of asset quality norms, tweaking of rules for restructuring.

There is no way that things will limp back till first week of June, said a private banker, adding that the moratorium should be extended for at least three more months from June.

A top public sector bank (PSB) executive said the issue had been under consideration and was likely to come up for discussion at a meeting of a key panel of the Indian Banks' Association (IBA) later this week. And would be taken up with the RBI later.

Meanwhile, the Confederation of Indian Industry sought the inclusion of non-banking finance companies (NBFCs) under the essential services category.

"While banks are included under essential services, NBFCs are not. Therefore, they are not able to service the MSMEs (micro, small and medium enterprises) during lockdowns. NBFCs should be included in the definition of essential services," CII said.

One PSB official concurred with the demand, saying NBFCs played a crucial role in semi-urban and rural areas, especially in credit disbursal and collection. This is vital for spurring economic activity, which has been hit during the lockdown and will see more impact with the extension, the official said.

CII also sought an increase in credit limits for all regular banking accounts by 25 per cent. In the current context, one can expect delays in payments and disruptions to affect liquidity across sectors.

CII also asked RBI to relax Aggregate Sanctioned Credit Limit (ASCL) norms for corporates/banks for financial year 2020-21 till further notice or exclusion of up to 25 per cent of incremental borrowing from banking sector in ASCL computation.

Source: business-standard..com- Apr 15, 2020

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Ministry of Textiles notifies amendment in ATUFS; Bank Guarantee should be equivalent to the amount of subsidy recommended

The Ministry of Textiles has said that the entities can exercise an option for getting the JIT recommended subsidy released prior to scrutiny of the JIT reports by respective authorities as per delegated powers, subject to submission of Bank Guarantee equivalent to recommended subsidy.

The Ministry of Textiles had proposed easing out the norms under Amended Technology Upgradation Fund Scheme (TUFS) during post lockdown period of Covid-19 outbreak.

In this regard, the Ministry issued an order notifying the modifications in the Revised Guidelines of ATUFS.

The modification, the order said is that the Bank Guarantee should be equivalent to the amount of subsidy recommended by the JIT in its report.

The Bank Guarantee should be valid for one year and extendable further, if required, the Textile Ministry's order.

Subsequently, the Bank Guarantee will be forfeited to the extent of excess payment made along with the penal interest as applicable under the rules, in case eligible subsidy amount approved for release after scrutiny of JIT report by respective authority works out to be lower than the amount recommended by the JIT, the order added.

Source: knnindia.co.in- Apr 14, 2020

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Tirupur garment units ask govt to source PPEs locally, not from China

The Centre's decision to purchase 15 million Personal Protection Equipment (PPEs) kits (including gowns, masks, gloves and goggles) from China to meet the country's Covid-19 requirements comes at a time when the Indian textile firms has the capacity to produce the equipment within the country, feel textile manufacturers.

The manufacturers in the textile hub of Tirupur say that India has the capacity to produce the required PPEs and it would have been better if the government had supported the industry to manufacture them instead of relying on China for the same.

Domestic manufacturers have the potential to manufacture 4,000 PPE kits and over 100,000 masks every day at competitive prices, with a local manufacturing company in Tirupur offering a full suit and mask for Rs 198. In Tirupur alone there are around 100 companies that have started manufacturing masks.

Raja M Shanmugham, President, Tirupur Exporters Association said that instead of sourcing from China, all the PPE kits can be sourced from industrial clusters like Tirupur, which manufactures around Rs 50,000 crore worth of knitwear every year for export and domestic markets.

He noted while nearly 100 units were producing masks at present, with government support, PPEs could be manufactured at the garment factories in Tirupur. All these manufacturers needed in the form of government support included standard operating procedure, know-how, education and supply of fabric, said Shanmugham.

The move would also help the garment factories, which are sitting idle due to the lockdown across the country and in various global markets, he noted.

"These can be manufactured faster in centres like Tirppur. Why is the government neglecting this bigger opportunity," questioned Shanmugham.

Concerns have been raised about the availability of PPEs with the number of Covid-19 cases rising in the country going up in the last few weeks. While the government has decided to procure PPEs for government hospitals, the

private sector is finding it difficult to procure these kits, which cost around Rs 800-1000 per piece.

The doctors and nurses dealing directly with the Covid-19 patients need to change kits often in a day. Moreover, the lab technicians who carry out tests also require PPEs, nearly one per sample, according to industry sources.

Source: business-standard.com- Apr 15, 2020

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COVID-19: India begins export of major farm items amid lockdown

India has started export of major farm products such as rice, meat, dairy and processed food items after the government stepped in to resolve the issues related to transportation and packaging in the wake of COVID-19 lockdown.

The Union Agriculture Ministry, in a statement, said exporters' problems are being resolved by the farm export promotion body Agricultural and Processed Food Products Export Development Authority (APEDA).

"Exports of all major products i.e. rice, groundnut, processed food, meat, poultry, dairy and organic products has started," the ministry said.

APEDA has put in a lot of efforts and issues related to transportation, curfew passes, and packaging units, which are being resolved, it said. The ministry further said that the government has adopted a "flexible approach" and is issuing digital copies of phytosanitary certificates for exports. So far, the government has issued 9,759 phytosanitary certificates for exports, it added.

On specific demand from countries, agri-cooperative NAFED has exported 50,000 tonnes of wheat to Afghanistan, while 40,000 tonne of the grain to Lebanon under G2G arrangement.

As far as imports are concerned, the government said digital copies of phytosanitary certificates are being accepted with undertaking from the importer for submission of original when received. About 2,728 consignments were released for imports so far, the ministry said.

Further, 33 'Import Permits' for import of pesticides, 309 certificates for export of pesticides and 1,324 certificates to facilitate indigenous manufacturers of pesticides were issued, it added. These are among several measures the ministry has taken to ensure the country's agriculture and its allied sector do not suffer from the ongoing COVID-19 lockdown.

Source: [financialexpress.com](https://www.financialexpress.com)- Apr 15, 2020

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Started by a Mumbai trader, this fashion brand and textile business clocks Rs 1,300 Cr turnover

The late Vishwanath Agarwal was a textile trader for 18 years. He built a strong network in the industry and was also on the boards of some Indian textile businesses. In the 1970s, Vishwanath saw that the textile industry in India was poised to become more enterprising and attain a global outlook.

At the same time, he was also facing strategic and management challenges with the companies he was associated with as a board member. One day, after a particularly discordant board meeting, he decided he wanted to tap into the growing textile industry himself.

He made up his mind to start his own textile manufacturing facility. This resolve led to the foundation of Donear Industries in Mumbai in 1977.

Business model Donear follows both B2B and B2C business models. It supplies fabrics to other clothing brands, as well as makes finished products and sells it under its own brands. Based on colour, design, pattern, trend, and seasonality, it puts together a large range of textile products. The company has a production capacity of around 55 lakh meters per month at its Surat facility.

"We set up a liquid ammonia plant in Surat for manufacturing wrinkle-free cotton fabrics," Rajendra says. But like most companies have their set of hardships, Donear too faced one at its Surat plant. "Around 2007-2008, we found it difficult to stabilise our operations in Surat after the plant was completed. However, we eventually succeeded," he adds. Donear also has a unit in Silvassa.

Together, these units produce fine cotton and poly viscose. At Bhiwani, Donear Industries manufactures polyviscose for GBTL (Grasim Bhiwani Textiles Limited). Grasim Industries in 2017 entered into a share transfer agreement for the divestment of its 100 percent holding of GBTL, a wholly owned subsidiary, to Donear. In Amritsar, Donear Industries makes worsted fabrics for OCM (Oriental Carpet Manufacturers - this expanded name is no longer used). The Amritsar plant is equipped with water effluent treatment systems and helps Donear ensure sustainability.

In retail, Donear Group has a network of over 200 stores, marketing its apparel under the D'Cot and Donear NXG brands. Donear as a fashion brand has a product portfolio comprising Donear Suiting and Shirting, Royal Classico, Donear Cottons, Ferrino Mizzoni, iTR and Bronson.

Presently, Donear also exports fabric to over 28 countries. "We have always looked to innovate, adapt, and upgrade our technology and machinery. We provide the highest quality fabrics to our customers. We follow stringent ISO certifications and protocol, and one of our labs has the advantage of being NABL-accredited," he says.

Marketing and growth Donear has a wide target audience. Rajendra says the company has something for everyone, and is reaching people through advertisements on television, print and digital media, and through hoardings and billboards. The business also engages in in-shop branding at the wholesale and retail levels.

The company is spending on digital platforms and liaising directly with the end customer. Many of its promotional campaigns are spearheaded through online contests. "Apart from educating customers on fabrics and colours, we engage with them through a variety of ways on social media and through the Google Display Network to make them more aware of our brands," he explains. Donear has worked with an array of eminent brand ambassadors.

Its brand Grado has Amitabh Bachchan, Donear used to have Hrithik Roshan, and Graviera and Donear NXG have Sushant Singh Rajput. "We wanted to highlight our brand qualities through the ambassadors and we feel the rub off has proved successful," Rajendra says. He admits Donear has competition in the market and is looking to stay ahead by doubling the production capacity in Surat and boosting organic growth through its acquisitions of the OCM and GBTL units.

Going forward, Donear wants to incorporate the latest technological innovations in its manufacturing units and renew its focus on its B2C business. Third generation entrepreneurs Rahul Agarwal and Surya Agarwal are now set to take the family business to greater heights. Rahul currently looks after Donear's apparel and retail business, while Surya looks after its worsted yarn division.

Source: yourstory.com- Apr 15, 2020

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Friendly neighbourhood supermen: Organised retailers, wholesalers, go the extra mile

From going the extra mile to ensure door-step deliveries to sending “supply trucks” to gated communities or kiranas, organised retailers and big wholesalers are exploring new delivery models.

Many models started off as pilots but are now being ramped up as India enters its second phase of coronavirus-induced lockdown.

Availability of manpower continues to be a major issue. But with employee presence improving from 10 per cent levels in the last week of March to around 50 per cent in week two of April, retailers and wholesalers are willing to explore scaling-up possibilities and also run new pilots.

Door-step deliveries

For instance, Spencer's teamed up with Flipkart for hyperlocal deliveries in Hyderabad and this may be expanded to metros and big cities, say sources. The RP-Sanjiv Goenka group company began bulk supplies to different “cooperatives” and resident welfare associations (RWAs). In this case, the deliveries are made through its own delivery boys or via tie-ups/partnerships with Uber, Swiggy and Rapido (bike ride sharing app).

According to Devendra Chawla, MD and CEO of Spencer's Retail, across places like Mumbai, Noida, Lucknow, Kolkata, Hyderabad and Chennai, it tapped various “housing societies”, gated communities, condominiums and apartment complexes within a 6-7 km radius of select stores, set up “suggestion boxes” outside main entrances, checked them on a 24-hour basis, and if there were sufficient orders, made confirmation calls and made

deliveries (subject to stock availability). Billing is done on an individual basis, and payments through “contactless modes”.

“We are thinking of expanding the scope of offerings. We are also working on e-com led delivery models and other partnerships to ensure last mile delivery,” he told BusinessLine.

Food delivery service Zomato has begun ‘Zomato Market’ — a grocery delivery service that is live across more than 80 cities while Grofers has introduced ‘Society Group Orders’ in select RWAs.

‘DMart’, which runs over 200 stores across the country, launched ‘store-on-wheels’ where branded supply trucks carrying essentials are parked at select residential societies for a limited time.

Wholesaler models

Wholesale players like METRO Cash & Carry are also pitching in with their own models. Bulk supplies to RWAs and cooperatives that have GST registrations have begun.

“We can take in bulk orders from these RWAs that have a GST registration and deliver too if required. Since we are a wholesale player, we will need GST registration to ensure billing in these RWAs,” Arvind Mediratta, Managing Director and CEO, METRO Cash & Carry, said.

In fact, the wholesaler has activated its app to take orders from select neighbourhood stores or kiranas. Delivery is taken care of by METRO Cash & Carry.

“Initially, this service was launched in areas where movement of vehicles was restricted following the lockdown or places where a curfew was in force. We worked to get permissions and ensure deliveries to kiranas. Over a period of time, we may open up more places for ordering through e-com and subsequent deliveries in order to reduce pressure on our centres,” he added.

Own pick-up

Some large players have already been exploring “reverse supply models”, that include their reaching out to the distributors.

According to Mediratta, METRO Cash & Carry deployed its own fleet of vehicles to ensure supplies. The decision, which came within the first two to three days of the announcement of the pan-India lockdown, was prompted by reduced manpower across manufacturing units and at the distributor-end.

“The idea was to ensure that there are enough stocks to manage three to four weeks of supplies and a rise in demand across specific fast-moving items. We stocked up on private labels too as a viable alternative to big brands,” he said.

Similarly, Spencer’s put in automated slot systems for truck movement. This helped in faster loading and unloading, less waiting time for its fleet, better manpower management and a much improved turnaround time.

“SKUs were also managed on an importance basis. From around 6,000-7,000 SKUs across brands, we brought it down to 300-400,” Chawla added.

Source: thehindubusinessline.com- Apr 15, 2020

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Tamil Nadu: Rising coronavirus cases worry Tirupur's garment cluster

Though Prime Minister Narendra Modi on Tuesday hinted that some relaxations may be allowed after April 20 to resume business activities, the manufacturers and exporters at Tirupur garment cluster in Chennai are skeptical about reopening of their factories.

Raja M Shanmugam, president of Tirupur Exporters' Association (TEA), said the current cause of worry is the rising number of coronavirus patients in Tirupur. The Prime Minister has clearly said that relaxation may be allowed from April 20 in places that are not virus hotspots, but after Chennai, Coimbatore and Tirupur districts have reported the highest number of coronavirus patients in the state, Shanmugam explained. Till Tuesday, 79 patients have been traced in Tirupur.

"Looking at the circumstances, we are not sure what decision the administration will take regarding reopening of our units. On Monday, we had a meeting with the district administration. We appealed them not to

count the entire district as a hotspot. Instead, they should monitor the situation properly and provide us relaxation," Shanmugam said.

"If we are not allowed to run our factories, then we will suffer massive losses and it will take years for us to recover from it," he added. TEA members said they will meet government officials again soon.

It is important to mention that Tirupur Exporters Association has recently written to the Central and state governments to allow the textile cluster to reopen, so that they can send samples to clients in the US and Europe, and retain export orders for the spring-summer collection. Otherwise, they will lose their export customers forever to countries like China, Bangladesh and Pakistan, where factories are still functional.

"The road ahead seems very difficult for us. Being a cluster, along with manufacturing units, allied units such as the dyeing and embroidery units should also be granted permission to function. Only then will we be able to manufacture complete garments for exports," said S Shivanan, an exporter from the district.

There are over 10,000 garment manufacturing industries in Tirupur, employing over 6 lakh people. The cluster on an average exports textiles worth Rs 2,500 crore a month. Cotton knitwear sent from here are in much demand in European countries.

Source: newindianexpress.com- Apr 15, 2020

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