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NEWS CLIPPINGS

INTERNATIONAL NEWS

UK begins talks with Australia and New Zealand on free trade deal for post-Brexit era

Australia and New Zealand are about to begin negotiations on a free trade agreement with the UK in what the Australian trade minister said was "a strong signal of our mutual support for free trade" in a post-Covid-19 world.

Simon Birmingham said his country was "ready to help the UK find new beginnings post-Brexit and in doing so, open up new doors for our farmers, businesses and investors".

"We've been preparing for this deal since the UK decided to leave the EU and welcome their agreement to commence negotiations," Birmingham said in a statement issued on Wednesday.

The UK is Australia's seventh largest trading partner.

Birmingham said Australia and the UK hoped to conclude the deal "as quickly as possible". He said both sides wanted "an ambitious and comprehensive agreement that builds on our already significant people-to-people links and creates new opportunities for exporters, generating more jobs in our nations".

"As both our nations begin to shift our focus towards the economic recovery from Covid-19, a UK-Australia FTA will help to expand choices and export opportunities and secure stronger supply chains to better withstand future shocks," Birmingham said.

New Zealand's trade minister, David Parker, echoed Birmingham's sentiments.

"As the UK embarks on its next steps post-Brexit, New Zealand is pleased to be among the first countries to negotiate a trade agreement with one of our oldest friends," Parker said.

New Zealand and Britain had "a close relationship, including strong trade and economic ties, common values and traditions and a shared history", he said.

The UK is New Zealand's sixth largest trading partner, with two-way trade totalling almost NZ$6bn last year. China, Australia and the EU top New Zealand's list.

Parker said talks would focus on removal of trade tariffs, new approaches to non-tariff barriers, streamlined customs, regulatory cooperation, development of digital trade and trade provisions in support of sustainable development – including climate change.

Birmingham was expected to provide further details during an address to Australia's National Press Club later on Wednesday. The first round of negotiations between Australia and the UK is due to begin on 29 June, but due to Covid-19 restrictions will be held remotely.

The UK prime minister, Boris Johnson, said this week he hoped to wrap up a trade deal with the EU before the end of July, paving the way for bilateral deals with nations such as Australia and New Zealand. But many obstacles remain, such as agreement on fisheries.

Britain has also set out its plans for deals with the US and Japan.

Source: theguardian.com– Jun 16, 2020

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China's exports seem poised to fall due to global economic growth drop

According to Nomura analysts, with economic growth set to fall by around 15 per cent year-on-year in the second quarter in the major economies of Europe and the Americas, China's exports appear to be about to fall.

As official data showed, Chinese factory operation expanded at a slower pace in May as the country attempts to get back on track following the coronavirus with the global economic downturn making recovery difficult for the sector.

China's factories stirred back to life after the lifting of strict lockdown measures imposed when the deadly pathogen surfaced in the central city of Wuhan, but the spread of the virus worldwide has dragged down key foreign markets – weighing heavily on Chinese exports.

The Purchasing Managers' Index (PMI), a key gauge of activity in China's factories, was at 50.6 points in May, remaining above the 50-point mark separating growth from contraction each month.

But according to the National Bureau of Statistics (NBS), the figure was down marginally from 50.8 the month before, and 52 in March.

Source: textilefocus.com– Jun 16, 2020

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A nightmare for European fashion as apparel sales plummet 50 per cent

Though most European brick-and-mortar clothing stores opened around four weeks ago, sales have been dismal. As per latest data published by the trade association Acotex, in April, clothing sales declined 50 per cent in the United Kingdom and by 67.4 percent in France. These sales further plummeted by 72 per cent year-on-year in May and by 45 per cent to date.

Huge cash reserves save Inditex despite declining sales

Some of reasons for declining sales are: the inability of people to visit stores in recent times, reduced socializing and a decline in consumers' incomes. Recently, one of the largest fashion retailers Inditex reported a 44 per cent plunge in revenues in first quarter and also a net loss of €409 million.

However, the company's online sales surged 50 per cent in the first quarter. The company expects online sales to represent over 25 per cent of its total sales by 2022. Despite its struggles, the company's huge cash reserves enabled it to pay its staff without having to put them on short-term leave.

Government bailouts, short term leave to survive

Unlike Inditex, budget fashion chain Primark had to rely on government bailouts across Europe to pay its 68,000-strong workforce, while, Sweden's H&M Group had to put tens of thousands of employees on short-term leave throughout the world. H&M also had to face the problem of burgeoning inventory of unsold goods during the lockdown. By the end of April, the brand had unsold inventory amounting to almost $4.2 billion.

According to Euromonitor International, around 40 per cent of the businesses in the sector expect the impact to be much worse than that of the 2008 financial crisis, while McKinsey estimates up to one-third of global fashion retailers to perish during the crisis.

Retailers are already feeling the pinch as big clients such as the UK's Arcadia Group are cancelling orders and extending payment terms, the onset of the discounts trend could further cripple their already challenged finances.

Source: fashionatingworld.com– Jun 16, 2020

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COVID 19: Japan's apparel imports decline by 9.60%

The global COVID-19 pandemic has made a significant dent in the Japanese apparel retail industry, forcing the mass closures of retail stores in the country.

As a result, during January-April '20 period, Japan imported 903.5 billion yen (US $ 8.41 billion) of garments, marking 9.60 per cent downfall on a yearly basis. According to the data released by Ministry of Finance, Japan was also down by 8.80 per cent in weight to import 2,076 million kg worth of garments from the world over.

Vietnamese apparel shipment to Japan valued at 149.29 billion yen (US $ 1.39 billion), marking a surge of 4.81 per cent on Y-o-Y basis.

China exported 486.05 billion yen (US $ 4.53 billion) of garments to Japan in the first 4 months of 2020, noting a drop of 14.43 per cent, while the exports of India valued at 11.71 billion yen (US $ 110 million) which was 21.58 per cent down from what it had exported the same period of the prior year.

Bangladesh too dwindled in its exports to Japan. The shipment from Bangladesh valued at 46.59 billion yen (US $ 434 million), noting 3.04 per cent fall on Y-o-Y basis.

Source: fashionatingworld.com– Jun 16, 2020

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Sri Lankan apparel sector emphasizes on stronger online presence

The local Sri Lankan apparel sector has stressed the need to establish a stronger online presence to ensure it anchors strong in the post-COVID-19 era and hold a sizable portion of the global fashion industry.

With the core business of Sri Lanka's apparel sector being the fashion industry, Joint Apparel Association Forum (JAAF) President Arumugampillai Sukumaran said it is essential for the industry to continue to focus on it and urgently put in place a payment platform to engage in e-commerce as a major change.

Noting that the global supply chain will only change its origin, due to trade wars but will be revitalised with a more Asian focus outside China, he said the local apparel industry is working hard at staying afloat without collapsing to "win the game".

According to Sukumaran, the true impacts of COVID-19 have not fully presented and there still are few more months of difficulty for the industry to navigate through. He also pointed out that the global apparel industry would be smaller post COVID-19 than before and it is a reality the industry stakeholders need to understand.

However, he opined that with the changes in technology, increasing value addition to product, changing the way the industry works, Sri Lanka's apparel sector will continue to be vibrant and relevant.

Source: fashionatingworld.com– Jun 16, 2020

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Puma explores sustainable ways to produce and dye textiles

Sports company, Puma, has announced that it is exploring sustainable alternatives for making and dyeing textiles in its latest biodesign project, which features a biodegradable lifestyle and performance collection. Collection, named "Design to Fade", has been made in collaboration with Dutch project Living Colour and Swedish design studio Streamateria.

Some of the products in the collection are dyed using bacteria, while others are made of degradable materials, which are made in closed loops and can be manufactured locally and at short notice.

"Our times require us to rethink not only what to create but also how we create," Romain Girard, senior head of innovation at Puma, said in a press release.

With Design to Fade, we are working on a future, which focuses on sustainable production methods and recyclable materials."

"Design to Fade" is Puma's third biodesign project since 2016, in which the company is presenting new ways to reduce the environmental impact of fashion and sportswear. Though none of these projects have yet reached a commercial stage, they are an important step towards making Puma more sustainable in the future.

Dutch design project Living Colour uses bacteria to dye textiles. The bacteria are fed with a nutrient which makes them produce a pigment, which can then be used to dye almost any kind of fibre.

Swedish design studio Streamateria makes fabrics in closed material loops, which become a source of raw material after they have been worn. This is made possible through a circular production chain with zero tolerance to waste. Streamateria materials are constructed out of a printed mesh-structure, which is coated with a bioplastic, creating a textile-like garment.

Source: fibre2fashion.com– Jun 16, 2020

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EU targets Chinese overseas businesses with anti-subsidy tariffs for first time

China's ambassador to the European Union has called for "communication and negotiation" to address trade disputes, especially to protect developing countries, after Brussels imposed tariffs on Chinese manufacturers in Egypt.

The EU yesterday imposed anti-subsidy levies on companies including two Egyptian subsidiaries of China National Building Materials Group Corp, arguing that they benefited from subsidies allowing them to sell at comparatively low prices in Europe. The ruling was the first time that Chinese businesses abroad have been targeted by such action, which previously only addressed alleged subsidies provided by the country where the exporters were based, according to Reuters.

Speaking to CGTN, Zhang Ming said China's use of subsidies was in accordance with World Trade Organization rules and that the partnership with Egypt was an important example of developing nations supporting each other.

"The South-South Cooperation, which refers to cooperation between developing economies, is a very important engine for development," he said in a video interview. "We hope the EU will maintain communication with partners, and resolve differences via communication and negotiation, especially with respect for cooperation among developing countries."

Through its Belt & Road Initiative (BRI), China has built a network of trading relationships across the world, offering development opportunities and encouraging collaboration between its businesses and local partners. The policy is a key part of the country's foreign policy.

Two of the companies hit by the EU tariffs are based in the China-Egypt Suez Economic and Trade Cooperation Zone. The zone was created in 2008 and extended in 2016 in a ceremony attended by Chinese President Xi Jinping on a state visit to Egypt.

Its significance was made clear at the time by Wu Lixing, the director of the cooperation zone, who told official Chinese news agency Xinhua: "Egypt is located at the border of Asia, Africa, and Europe and has established friendly relations with China."

He added: "With the deepening of the BRI and the development plan of Egypt's Suez Canal Corridor, the establishment of a Chinese overseas economic and trade cooperation zone in Egypt will strengthen and deepen the capacity cooperation between the two countries, which has a profound significance." This dispute involves EU imports from Egypt of glass fiber fabrics, which are an industrial material used in everything from wind turbines to sports equipment.

The European Commission said the two Egyptian exporters of glass fiber fabric, which are subsidiaries of China Jushi Co. and Zhejiang Hengshi Fiberglass Fabrics Co., received financial benefits from the Chinese and Egyptian governments. Their exports will be subject to 30 percent tariffs under yesterday's decision, according to Reuters. Exporters based in China face levies of more than 99 percent.

According to the official journal, the European Commission said manufacturers including European Owens Corning Fiberglas in Belgium and France-based Chomarat Textiles Industries, suffered "material injury," from China's subsidies. China's ambassador said discussions over subsidies with the EU were ongoing, noting that Beijing objected to EU support for farmers.

"The issue of subsidies is an issue of common concern to the international community," he said.

Source: newseu.cgtn.com– Jun 15, 2020

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Sri Lanka suspends import of handloom, batik textiles

The Sri Lankan government recently decided to suspend the import of handloom and batik textiles.

The decision was taken following a directive issued by President Gotabaya Rajapaksa to boost the domestic industry following a meeting held at the Presidential Secretariat yesterday regarding the problems being faced by the textile and garment industry, according to Sri Lankan media reports.

Source: fibre2fashion.com– Jun 16, 2020

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Around 50 per cent Indonesian textile factories to close by September

The three-month pandemic has led to a 90 per cent drop in production utilization causing 50 per cent of textile factories in Indonesia to permanently close in September.

The Indonesian Textile Association (API) revealed the utilization of large industrial production is only 10 per cent remaining. This is lowering the industry financial condition to run low. API estimates the industry to last only until next September.

The pandemic had launched export markets and domestic products. As a national strategic industry that requires a large workforce, this industry needs serious attention from the government.

Therefore, in order to ease business, some entrepreneurs have asked for the assistance in the form of easy banking loans, postponed payment of electricity tariffs during April-September and provided Corporate Tax PPH tax relief for 2020.

Since production in China has been disrupted, the Association noted around 17 containers of textile products coming from China. This number has increased with illegal smuggling.

Some of the products are finished goods, so it is increasingly difficult for domestic industries to sell goods. This condition is exacerbated by the sluggish demand for textile products.

China is the largest exporter of textiles and textile products (TPT) to Indonesia. In 2018, the volume of TPT imports from China reached 4.392 tonne.

Source: fashionatingworld.com– Jun 15, 2020

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Walmart expands ecom marketplace to more small businesses

American multinational retail corporation Walmart has joined forces with Shopify, an all-in-one commerce platform used by more than 1 million businesses, to open the Walmart Marketplace to their sellers. The integration will allow approved Shopify sellers to seamlessly list their items on walmart.com, giving Walmart customers access to a broader assortment.

"For years, building an e-commerce marketplace customers trust has been a priority for our business," wrote Jeff Clementz, vice president, Walmart Marketplace, while announcing the development on Walmart website.

"As our CEO Doug McMillon recently said, competition is good in the retail business, and we want more retailers not fewer," he added.

"The US e-commerce business grew 74 per cent in total last quarter, and growth in marketplace outpaced the overall business even as first-party sales were strong. As we launch this integration with Shopify, we are focused on US-based small and medium businesses whose assortment complements ours and have a track record of exceeding customers' expectations," Clementz wrote.

"We're excited to be able offer customers an expanded assortment while also giving small businesses access to the surging traffic on Walmart.com," he added. Shopify powers a dynamic portfolio of third-party sellers who are interested in growing their business through new, trusted channels.

"Growing our Marketplace is a strategic priority, and we are going to be smart as we grow. We will start integrating new sellers now and expect to add 1,200 Shopify sellers this year. Shopify has a long history of helping small businesses leverage scale, and we're proud to be part of the solution that is helping customers and other retailers," he further added.

Source: fibre2fashion.com– Jun 16, 2020

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Talks on minimum wage in Cambodia for 2021 to start in Aug

Cambodia's labour ministry recently announced deliberations for next year's minimum wage for workers in the textile, garment and footwear sector will start in August. As the sector is badly hit by the impact of the COVID-19 pandemic, the negotiations this year are widely expected to be tougher. The monthly minimum wage for garment workers in 2020 is $190.

The National Council on Minimum Wage will hold meetings between representatives of unions, employers and the government to iron out proposals put on the table for negotiations, the ministry said in a statement.

It said all parties must provide researched data on social implications, such as family status, inflation rate and cost of living, as well as economic implications including productivity, competitiveness of the country, labour market status and profitability of the sector, of the wage increase as stipulated in Article 5 of the Law on Minimum Wage, according to Cambodian media reports.

Source: fibre2fashion.com– Jun 16, 2020

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For Longer-Lasting Clothes, Science Says Use This Wash Cycle

Scientists from the University of Leeds—and, it should be mentioned, Procter & Gamble—say the best way to keep clothes looking fresh for as long as possible is to use the coldest, shortest wash cycle.

The detergent manufacturer joined with lead author and design school instructor Lucy Cotton (yes) on a study of the way machine washing causes fabrics to spray microfibers. These lost fibers can cause premature garment aging and weaken fabrics.

In the published paper, researchers used dozens of t-shirts from a specific U.K. activewear seller representing a handful of brands like Gildan, Russell, and Hanes. Scientists ran washing machines empty at first to ensure no ridealong microfibers were inside, then collected water from the entire cycle to make sure all newly released microfibers were captured.

The resulting wash water was evaporated, dried completely, and then weighed. The scientists measured dye hold and transfer using swatches of “receiver” fabric in each load, with their color gauged before and after the wash.

After a battery of tests with different colors and materials of t-shirts at different wash temperatures and cycle lengths, the results were clear. From the study:

The scientists also measured how much dye changed from darker colors to lighter ones, which is what leads to greying t-shirts and dimming of colors on bright prints, for example.

When it came to microfibers, the same relationship bore out: higher temperature and longer time meant more microfibers, whether the fabric of the t-shirt was cotton or a polyester blend. And the release of these fibers never let up.

“What is also evidenced is that on the eighth and [16th] wash that significant numbers of microfibres are still being released from the fabrics, suggesting that there is a consistent mechanism of microfibre generation and release throughout the life of the fabrics,” the researchers wrote.

These researchers conclude that the best wash cycle is a modified Leviathan: gentler, colder, and shorter. By reducing time and temperature, they say, we can reduce the amount of microfiber pollution released into the general water cycle, the amount of waste soap, and the carbon footprint of our washer activity.

Teaming with Procter & Gamble, which released its first cold-water detergent to much ballyhoo in 2005, is a canny financial move. P&G funded the research and added its two cents about its advanced detergents in the press release. But the research appears in Dyes & Pigments, a peer-reviewed journal, and constituted Cotton’s Ph.D. project—regardless of the corporate cold water.

Source: popularmechanics.com– Jun 16, 2020

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Bangladesh: BTMA urges anti-dumping law against yarn imports from India, Pakistan

Bangladesh Textile Mills Association (BTMA) is urging the government to initiate anti-dumping law on export of low-cost yarn by competing countries, like Pakistan and India. As per BTMA, dumping of yarns not only adversely affects their production and marketing but also defies international trading practices under the WTO rules.

In its recent letter to the Finance Minister, BTMA alleged that India has started exporting yarn to Bangladesh at dumping prices. Considering the international prices of cotton and the cost of other components for production, the BTMA claimed that India was exporting its 40- count combed yarn at rates lower than the production cost. This is creating undue competition for Bangladeshi manufacturers.

Bangladesh's primary textile sector, estimated to be worth $8 billion in investment, is working as a dynamic backward linkage industry and supplying 80 per cent of knit and 35 per cent of woven fabrics to the export-oriented readymade garment sector.

Experts say, with the use of local inputs, the value of RMG export increased to $35 billion from $26 billion in the last five years. However, lately, with Coronavirus hitting the industry hard, exports of garment and textile products are feared to slump by as low as 40 per cent to the European Union alone, the largest export market for Bangladesh.

In such a situation, if backward linkage factories, such as the textile mills, are adversely affected by dumped imports, this key feeding-industry would be fraught with untoward barriers to produce even on a limited scale. Hence textile millers now want the government to initiate anti-dumping duty on yarn import.

Source: fashionatingworld.com– Jun 16, 2020

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Bangla apparel accessories makers want lower corporate tax

Bangladesh's garment accessories sector recently demanded the same incentives that have been offered to the readymade garment industry in the proposed 2020-21 budget, urging reduction in corporate tax rate for their sector to 12 per cent. The apparel sector now pays 12 per cent corporate tax, while it is 35 per cent for the accessories and packaging makers.

The Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association (BGAPMEA) also urged the government to keep source taxes unchanged at 0.25 per cent instead of the proposed 0.5 per cent.

"As per the export-import policies of Bangladesh, direct and prospective exporters are entitled to enjoy equal facilities. But our corporate tax rate is higher than other direct export-oriented sectors, including the RMG sector," BGAPMEA president Abdul Kader Khan was quoted as saying by Bangla media reports.

For fiscal 2020-21, the government has set the corporate tax rate for the garment accessories sector at 32.5 per cent.

Most of the manufacturers in the sector are small and medium enterprises, which have been hit the hardest by the COVID-19 pandemic.

He also urged the government to include the sector for cash incentives as it exports its goods directly as part and parcel of exports themselves.

Source: fibre2fashion.com– Jun 16, 2020

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Pakistan: Textile exports tumble 36.5pc in May

Pakistan's textile and clothing exports tumbled for the third consecutive month in May falling 36.5 per cent year-on-year to $751.128 million compared to $1.185 billion in the corresponding month of last year, data released by the Pakistan Bureau of Statistics (PBS) showed on Tuesday.

Compared to 64.5pc decline in April, when textile and clothing exports fell to $403.834m year-on-year—the lowest level in almost 17 years, month-on-month proceeds in May fared better owing to a recovery in international orders.

The easing of lockdown in the North American and European countries—top export destinations for Pakistani textile goods will help revive the sinking exports. The Covid-19 has collapsed the demand for country's exports during the last four months.

A significant decline was seen in trade shipments since Mar 15 — the date since coronavirus cases spiked in major export destinations especially in Europe and North America. However, exports on land routes were allowed in May to Iran and Afghanistan.

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

Details showed ready-made garments exports dipped 46.28pc in value and drifted much lower in quantity by 68.16pc during May while those of knitwear dipped 33.93pc in value and 38.87pc in quantity, bed wear posted negative growth of 22.17pc in value and 29.28pc in quantity.
Towel exports fell 42.59pc in value and 50.96pc in quantity, whereas those of cotton cloth dipped by 41.42pc in value and 55.56pc in quantity.

However, exports are expected to revive in June as exporters have resumed production to honor international orders.

Last week, the government lifted the ban on exports of seven products classified as personal protective equipment (PPE) in a bid to allow manufacturers to honor international orders.

Exporters are already receiving inquiries about PPEs from foreign buyers as government allowed exports of disposable gowns, disposable gloves, face shields, biohazard bags, goggles, shoe covers and hand sanitisers with immediate effect. Previously, the government allowed exports of textile masks as well.

Among primary commodities, cotton yarn exports dipped by 51.29pc while yarn other than cotton by 52.28pc, made-up articles — excluding towels — by 41.05pc, and raw cotton 100pc. Exports of tents, canvas and tarpaulin increased by a massive 112.35pc during the month under review.

Between July-May FY20, textile and clothing exports declined 6.06pc to $11.567bn, from $12.313bn over the corresponding period last year. In rupee terms, the proceeds of the sector jumped 9.52pc.

Source: dawn.com– Jun 15, 2020

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'Pakistan receives PPE export orders worth $100M'

Country has also developed indigenous virus testing kits, says science and technology minister

Pakistan has bagged export orders worth $100 million for its domestically manufactured personal protective equipment (PPE), a government official said.

Fawad Chaudhry, the minister for science and technology, said many countries are interested in Pakistani equipment, and the figure could top $500 million in the coming months.

Pakistan's Federal Cabinet earlier this month approved exports of PPE despite complaints by doctors and healthcare workers of shortages of protective gear including face masks, gloves, and overalls.

"Now we are producing masks including N95 masks, gloves, goggles or face shields, gowns, shoes cover and bed sheets for our hospitals, and even importing to other countries," Chaudhry told Anadolu Agency on Monday.

He said Pakistan also developed a coronavirus diagnostic kit, which has been approved by the Drug Regulatory Authority of Pakistan. "This is a big achievement," he said, adding that the kits are entirely domestically produced, which will "help cut our import bill."

So far, Pakistan has imported and received PPE and testing kits mostly from its Chinese allies.

"We are importing the kits from China at the moment but when the commercial production of our kits begins, we will not have to import," Chaudhry said, adding that the kits are low priced, which could bring the cost of virus tests to a one-third.

Chaudhry praised the efforts of experts at the National University of Sciences and Technology (NUST) Islamabad who developed the testing kits, saying he is proud of them.

"The kits developed by our experts are better than the imported kits, and have over 90% accuracy," he said.

Pakistan, the second worst-hit in South Asia, has registered a total of 144,478 virus cases, including 2,729 deaths and 53,721 recoveries.

Many lawmakers, including two former prime ministers, an opposition leader, and several state ministers, have contracted the virus, forcing them to self-quarantine.

The World Health Organization has called on the government to implement “intermittent” lockdowns to counter a surge in infections after relaxing restrictions in recent weeks.

Source: aa.com.tr– Jun 16, 2020

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NATIONAL NEWS

TEXPROCIL appeals to govt for policy support

Stating that the falling exports of cotton textiles is a matter of deep concern, The Cotton Textiles Export Promotion Council (TEXPROCIL) has appealed to the government for policy support. India's cotton textiles exports were $9.405 billion during April-February 2019-20, down 16.5 per cent compared to $11.262 billion earned in same period of previous year.

Within the cotton textiles basket, cotton yarn exports showed a steep decline of 28.45 per cent during April-February 2019-20. Cotton yarn exports fetched $2.547 billion during the period, compared to $3.559 billion during the corresponding period of the previous year, according to data released by the ministry of commerce and industry.

Sharp declines in cotton yarn exports were reported in major markets like China (-51 per cent), Bangladesh (-23 per cent), Vietnam (-18.5 per cent) and South Korea (-28.46 per cent). "There has been a consistent decline in exports of cotton yarn in almost all the months during April-February 2019-20, which has adversely affected the cotton spinning sector," pointed out KV Srinivasan, chairman TEXPROCIL. "On the other hand, the growth in exports of cotton fabrics and made-ups has also been marginal at 3.05 per cent."

Export figures of cotton textiles during March to May 2020 would be very low and insignificant on account of the outbreak of COVID-19 which had led to forced lockdowns in China and other leading markets in the world.

The quick estimates of exports for the month of May released yesterday by the ministry of commerce points to a steep decline of 64.55 per cent in exports of cotton textiles, including cotton yarn, during the two-month period of April-May 2020, said Srinivasan.

He further said that buyers in the US and EU—two top destinations for exports—are cancelling orders and many of them are increasingly invoking 'force majeure' clauses within their contracts to halt payments. Buyers of cotton yarn are insisting upon a steep price cut by 15 per cent to 20 per cent, adding to the problems of the cotton spinning sector.

Since exporters are passing through unprecedented times which they have never faced in the past, Srinivasan appealed to the government for policy support. He urged the government to include cotton yarn under the 3 per cent Interest Equalisation Scheme. He also requested the government to cover cotton yarn and cotton fabrics under the present RoSCTL scheme and the much-awaited Refund of Duties and Taxes on Export Products (RoDTEP) scheme. "These schemes reimburse all the duties and taxes which are incurred during the production process and support the maxim of 'export of goods and not taxes'.

It would also enhance the overall competitiveness of the textile industry and give a fillip to India becoming a hub of fabric and yarn production in south/southeast Asia to serve both the domestic and export markets," Srinivasan said. He also urged the government to release all the pending claims under the ROSL and RoSCTL schemes to the exporters of made-ups and garments.

All these measures will help exporters of cotton textiles to survive and sustain in exports, which in turn will also enable consumption of cotton which has been procured and stocked by the Cotton Corporation of India in very large quantities, Srinivasan added.

Source: fibre2fashion.com– Jun 16, 2020

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Textile exports plunge 73% in Apr-May on domestic, overseas lockdowns

India's textiles and apparel exports declined by a staggering 73 per cent in April and May, due to closure of factories and problems in shipment of goods following the Covid-19-induced nationwide lockdown. Reduced demand from importing countries due to similar lockdown there exacerbated the troubles of the sector.

Data compiled by the Union Ministry of Commerce and Industry showed India's total export of textiles and apparel at a mere $1.63 billion for April-May, compared to $6.07 billion in the corresponding period last year.

While textiles exports slumped by 68 per cent to $991 million for the first two months of the current financial year, apparel shipment nosedived by 78 per cent to $643 million from $3,128 million and $2,938 million in the corresponding months last year.

The sharp decline in India's textiles and apparel exports has impacted the entire value chain, including cotton farmers, ginners, spilling mills, fabric manufacturers along with textile and apparel producers. A number of them have incurred unrecoverable losses due to the slow offtake and high fixed cost of manufacturing of which a majority of mills would not be able to survive.

"The 70-day nationwide lockdown, which started on March 25, brought all manufacturing units to a standstill. Transportation, shipment and cargo clearing activities also stopped during the lockdown period, resulting in cancellation of overseas orders. Hence, India's export of textiles and apparel was impacted severely," said S Rajgopal, Executive Director, Cotton Textile Export Promotion Council (Texprocil).

India's export of cotton textiles and apparel decline by a mere 16.5 per cent to touch $9.42 billion for the period between April 2019 and February 2020 compared to $11.26 billion in the corresponding period last year.

"Falling cotton textiles exports is a deep concern for Indian textile manufacturers. Consistent decline in exports has hit India's spinning mills hard," said K V Srinivasan, chairman, Texprocil.

Srinivasan said India's shipment of textiles and apparel was impacted between March and May on account of the outbreak of Covid-19, leading to forced lockdowns in China and other top markets in the world.

Buyers in the US and European Union, two leading export destinations, are cancelling orders and are increasingly invoking 'force majeure' clauses in their contracs to halt payments. Buyers of cotton yarn are insisting on a price cut of 15-20 per cent, adding to the problems of the cotton spinning sector.

"Retail markets aren't open. Factories remained closed for two months, resulting in a complete washout of business in the April-June quarter. Units have started now but their operating capacity is very low. In such a scenario, they will first offload their inventory, focus on collection and then place fresh orders.

Amid uncertainty, consumers are going to focus on discretionary purchase to save money for essentials and defer others. Factories are also facing labour shortage amid demand slowdown from both domestic and overseas markets," said R K Dalmia, President, Century Textile and Industries Ltd.

India's exports of cotton yarn plunged by 65 per cent to $613 million for the period between April and May 2020 as against $1,729 million in the same period last year.

Source: business-standard.com– Jun 16, 2020

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Only 10 lakh quintals cotton remain with farmers: Cotton Federation

Maharashtra State Co-op Cotton Growers Marketing Federation (MSCCGMF) has said that around 10 lakh quintal of FAQ quality cotton remains with farmers in the state and that procurement could be completed by the month-end, subject to the condition of monsoons in the state.

The federation has purchased around 76 lakh quintal of cotton while CCI has procured around 110 lakh quintal till date. Anantrao Deshmukh, chairman, MSCCGMF, said it was not possible for the federation to procure cotton as directed by the High Court (HC) by June 12 and accordingly the federation had submitted an affidavit in the court.

The Aurangabad bench of the Bombay High Court on Tuesday had asked all cotton farmers from Maharashtra to put forth their grievances regarding the lapses on part of the Maharashtra government and other relevant authorities including the Cotton Corporation of India (CCI) and Agriculture Produce Market Committee (APMC).

The government of Maharashtra has also directed the federation to complete cotton purchase before the onset of monsoons. MSCCGMF is the sub-agency of the Cotton Corporation of India (CCI) in Maharashtra and undertakes cotton procurement operations at Minimum Support Price (MSP) from farmers. CCI is running 83 procurement centres whereas, state's federation department is running 80 centres.

“Normally farmers wait for better prices in the latter part of the season and hold onto cotton. This season, arrivals were lean in December, January and February. Farmers began taking out the cotton in March but then the lockdown began from March 23 and there were no purchase operations for a month until April end,” he explained.

The procurement that happened after April began in a limited way with limited number of tractors that were allowed in the market yards with social distancing norms and therefore procurement was affected, Deshmukh said.

Alongside ginning units were also not functioning and procurement is of no use unless the cotton is processed at the ginning units, he said. Temperatures in April were 46 degrees to 47 degrees in Vidarbha causing concerns about fire, he said. Now with the rains, the cotton quality has deteriorated due to moisture which causes discoloration of the threads and makes ginning difficult, he added.

Earlier ginning units were spread on 10-12 acres which made storage easy and now with compact ginning machines, the unit sizes have reduced to 2-2.5 acres and therefore the federation has been forced to purchase cotton that can be processed and not make higher amount of purchases, Deshmukh said. With the monsoon set to begin anytime, storage is still an issue, he explained. Therefore, the federation has decided to purchase cotton only in centres where ginning units are operational and have proper storage capacity, he said.

The federation has around 60 cotton graders and had put in a request with the state government for hiring more graders in September 2019. However, the government has responded now by sending 90 temporary officers on deputation some three weeks ago who also had to be trained quickly, according to the federation sources.

Earlier one grader looked after 3 ginning units but now 2 graders are looking after one unit and some 176 ginning units across the state are operational, he said. The attempt is to finish work quickly and ensure that cotton is procured before the onset of monsoon but this could easily take time as long as the month-end, he said.

Source: financialexpress.com– Jun 17, 2020

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SBI disburses Rs 8,700 cr to MSMEs under emergency credit guarantee scheme

State Bank of India on Tuesday said it has disbursed Rs 8,700 crore under the Rs 3-lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) for the MSME sector, pummelled by the coronavirus-induced lockdown. As per the directions of the finance ministry, SBI and other banks rolled out the Guaranteed Emergency Credit Line (GECL) loan product to support MSMEs and business enterprises as per the guidelines of NCGTC.

ECLGS is the biggest fiscal component of the mega Rs 20-lakh crore package announced last month. Under the scheme, 100 per cent guarantee coverage is being provided by the National Credit Guarantee Trustee Company (NCGTC) for additional funding of up to Rs 3 lakh crore to eligible MSMEs and interested MUDRA borrowers in the form of a GECL facility.

“The bank has sanctioned GECL aggregating Rs 15,000 crore to 1.5 lakh MSME customers. SBI so far has disbursed loans worth Rs 8,700 crore,” SBI said in a statement. Additional supportive measures such as COVID Emergency Credit Line, re-assessment of working capital limits, and restructuring of advances are also being made available to MSME customers, it said.

“MSMEs formed a very crucial part of the announcements made under the Atmanirbhar Bharat Abhiyan’ by the Government of India wherein MSMEs were defined. To empower them in the wake of the COVID-19 crisis, SBI organized more than 125 E-Town Hall Meetings from May to date,” it said.

As per directives of the Department of Financial Services, it said, SBI conducted Circle level meetings to reach out to MSME customers and explain the various relief and financial support measures provided to them to fight the COVID-19 outbreak. The main objective of the scheme is to provide an incentive to member lending institutions to increase access and enable availability of additional funding facility to MSME borrowers, in view of the economic distress caused by the COVID-19 crisis.

The scheme gives the lenders 100 per cent guarantee for any losses suffered by them due to non-repayment of the GECL funding by borrowers. All MSME borrower accounts with an outstanding credit of up to Rs 25 crore as on February 29, which were less than or equal to 60 days past due as on that date, and with an annual turnover of up to Rs 100 crore, would be eligible for GECL funding under the scheme.

Source: financialexpress.com– Jun 16, 2020

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Textile industry seeks govt aid as exports plunge 53% in May

Cotton textile exports plunged 53 per cent last month to $758 million, against the $1.62 billion logged in May 2019, while apparel exports fell 66 per cent to $1.27 billion ($3.15 billion) as economies across the globe reeled under the pandemic. Cotton yarn and fabrics exports slipped 47 per cent to $465 million ($885 million) in May while readymade garment shipments dropped 66 per cent to $517 million ($1.53 billion).

Similarly, textile export in the first two months of this fiscal decreased 68 per cent to $991 million ($3.13 billion) and that of apparel was down 78 per cent to $643 million ($2.94 billion), according to data released by the Ministry of Commerce and Industry.

The falling cotton textile exports is a matter of deep concern with consistent decline in cotton yarn shipments in consecutive months, which has adversely affected the cotton spinning sector, said KV Srinivasan, Chairman, Cotton Textiles Export Promotion Council (Texprocil).

Buyers in the US and EU — the two leading export destinations for India — are cancelling orders and many of them are increasingly invoking force majeure clauses within their contracts to halt payments.

On the other hand, he said, buyers of cotton yarn are insisting on a sharp price cut of 15-20 per cent, adding to the problems of the cotton spinning sector.

Plea to government

Since exporters are passing through unprecedented times, Srinivasan urged the government to include cotton yarn under the 3 per cent Interest Equalisation Scheme.

He also requested the government to cover cotton yarn and cotton fabrics under the present RoSCTL (Rebate of State and Central Taxes and Levies) Scheme and the much-awaited Refund of Duties and Taxes on Export Products (RoDTEP) Scheme.

These schemes, he pointed out, reimburse all the duties and taxes incurred during the production process and support the maxim of "export of goods and not taxes". It would also enhance the overall competitiveness of the textile industry and give a fillip to India becoming a hub of fabric and yarn production to serve both the domestic and export markets.

Texprocil also urged the government to release all the pending claims under ROSL and RoSCTL to exporters of made-ups and garments.

All these measures will help exporters of cotton textiles sustain exports, which in turn enable consumption of cotton which has been procured and stocked by the Cotton Corporation of India in very large quantities, said Srinivasan.

Source: thehindubusinessline.com– Jun 16, 2020

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Textile industry seeks govt support to stay competitive

The textile industry has urged the government for reimbursement of all the duties and taxes incurred during production to help enhance overall competitiveness of the sector.

Cotton textiles exports declined by 16.50 per cent during April 2019 to February 2020 to USD 9,405 million compared to USD 11,262 million in the same period of the previous financial year, the Textiles Export Promotion Council (TEXPROCIL) said in a statement.

Sharp declines were reported in major export markets like China (51 per cent), Bangladesh (23 per cent), Vietnam (18.5 per cent) and South Korea (28.46 per cent).

"There has been a consistent decline in exports of cotton yarn in almost all the months during April-February 2019-20, which has adversely affected the cotton spinning sector. On the other hand, the growth in exports of cotton fabrics and made-ups has also been marginal at 3.05 per cent," TEXPROCIL chairman K V Srinivasan said.

Further, he pointed out that buyers in the US and EU, two top destinations for exports, are cancelling orders and many of them are increasingly invoking "force majeure" clauses within their contracts to halt payments.

Buyers of cotton yarn are insisting upon a steep price cut by 15-20 per cent adding to the problems of the cotton spinning sector, he said.

Therefore, since exporters are passing through unprecedented times which they have never faced in the past, the industry needs the government policy support, he added.

Srinivasan urged the government to include cotton yarn under the 3 per cent Interest Equalisation Scheme.

He also requested the government to cover cotton yarn and cotton fabrics under the present RoSCTL Scheme and the much awaited Refund of Duties and Taxes on Export Products (RoDTEP) Scheme.

"These schemes reimburse all the duties and taxes which are incurred during the production process and support the maxim of export of goods and not taxes.

It would also enhance the overall competitiveness of the textile industry and give a fillip to India becoming a hub of fabric and yarn production in South and the South East to serve both the domestic and export markets," he said.

TEXPROCIL urged the government to release all the pending claims under the ROSL and RoSCTL schemes to the exporters of made-ups and garments.

"All these measures will help exporters of cotton textiles to survive and sustain in exports which in turn also enable consumption of cotton, which has been procured and stocked by the Cotton Corporation of India in very large quantities," he added.

Source: outlookindia.com– Jun 16, 2020

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An unwanted surplus beckons India, even as exports hold hope of revival

An 11-year low trade deficit is portending a current account surplus for India in FY21. For an emerging economy characterized by a perennial demand constraint, this surplus is unwanted.

What it shows is that demand has collapsed. In the wake of the pandemic, the deep contraction in imports for two months is just another sign of an upcoming recession. Imports shrank 51% in May. Sure, this was led by a 71% drop in the oil bill owing to a crash in global prices, but the 34% contraction in imports excluding oil, gold and silver is a cause for worry. Add the wholesale price index (WPI), which slipped into deflation, and India's manufacturers are in danger.

So far this year, the markets have focused on the salutary effect of a strong external sector indicator amid the rising odds of a recession. Indeed, a $500 billion forex reserve, along with a current account surplus, looks good, especially when the economy is bracing for a contraction.

To be sure, exports are expected to be a bright spot in an otherwise weak narrative for India's manufacturing sector. Exports shrank by a smaller margin of 36% in May compared with a 60% contraction in April. Much of this improvement is attributed to smoothening of supply chain disruptions, as many countries began to ease lockdown measures.

Economists expect exports to recover faster as policy stimulus provided by advanced economies to counter the coronavirus-led crisis has been both large and swift. With markets opening up and logistical disruptions easing, exports are poised to recover more in the coming months.

“Exports are likely to lead recovery and we expect domestic credit cycle to lag. This is because India's policy response has been underwhelming (versus rest of the world) in terms of reviving demand in the near term and the economy was quite weak even to start with," said Edelweiss Securities Ltd analysts in a note.

Much like domestic demand, exports too followed the theme of essentials. Agriculture, pharmaceuticals and chemicals showed better performance than the rest. Other segments showed various degrees of recovery, but remained in contraction mode. Labour-intensive sectors were the worst hit.

Analysts at Nomura Financial Advisory and Securities (India) said despite the recovery, exports would still remain weak as the global demand situation is unlikely to improve quickly.

Therefore, Indian manufacturers can look towards exports to salvage businesses even as domestic demand limps back at a glacial pace. The sharper import contraction is raising the odds for a current account surplus this year.

But an emerging market economy such as India can afford a surplus only if it comes from a wave of export growth. However, in the case of the current year, it would largely be due to import contraction.

Source: livemint.com– Jun 16, 2020

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10%, 20%, 30%. Where will exports bottom out this year?

In the midst of dwindling statistics and poor economic health at the helm, what should India's export strategy ideally be focused towards if we want to find a way out of the zigzag maze?

A look at the export numbers of April offer a peek into the grim reality: a narrative of falling numbers, negative growth and an uncertain future.

Official numbers pegged the drop of merchandise exports in April to a sharp 60.28% at $10.36 billion. Iron Ore and Drugs & Pharmaceuticals had been the only bright spot in the lineup, registering a growth of 17.53% and 0.25% respectively as opposed to all the other commodity groups.

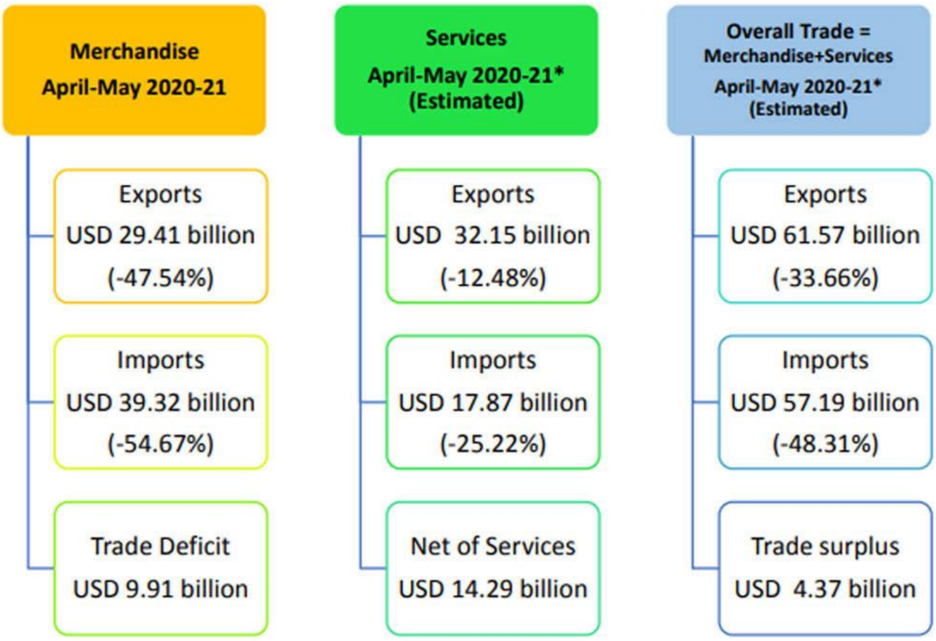
The May numbers fared a tad better, but exports still saw a steep decline of 36.47%. With most of the production units either remaining shut in the month or opening in a phased manner with difficulties of labour and social distancing to contend with, India managed only $19.05 billion of exports in May.

This brings a pressing question to the fore — in the midst of dwindling numbers, what can be a realistic export target for FY 21? And what should India's export strategy ideally be focused towards if we want to find a way out of the zigzag maze?

Sloped terrain

Broadly, the range of industry experts that ET Digital reached out to predict a drop of approximately 30-40% in export numbers that could be anticipated. Be it in carpets, handicrafts, leather or horticulture - the voices across the varied export sectors came out unanimous about finding ways and means to ensure business continuity, decline or not.

“Export target will be down by atleast 30% this financial year. The September-March period should be able to cover up to 70%. We are hopeful to start production from June in our units as well, so that we can meet the international season cycle,” Mahavir Pratap Sharma, Immediate Past Chairman, Carpet Exports Promotion Council (CEPC) says.



**Note:* i) *The latest data for services sector released by RBI is for April 2020. The data for May 2020 is an estimation, which will be revised based on RBI's subsequent release ii) the figures in bracket are growth rates vis-à-vis corresponding period of last year.*

Other industry bodies too, in fact, are hoping to make it for the Christmas season in international markets. Export Promotion Council for Handicrafts (EPCH), in the face of order cancellations and shutting of factories, sees a 30% decline in exports for them this year.

“We expect exports to be $2.7 billion this year for us versus $3.5 billion in the previous fiscal. If activity is ramped up by September/October, we would aim to catch a part of the order that would come due to the Christmas season," says Rakesh Kumar, Executive Director, EPCH.

Leather sector, too, has not been without its pitfalls with leather and leather products showing a high -93.28% negative export growth rate in April 2020 vis-a-vis April 2019.

Puran Dawar, Regional Chairman (Northern India), Council for Leather Exports (CLE) admits to a 50-60% lower business for the leather segment this time compared to last year. He draws attention to the time period from April - August being of crucial significance for the leather sector, of which 2.5 months have been lost already. "This period constitutes the bulk of our sales. We are not expecting much from the summer season from September - February either. We are passing through a bad phase," he rues.

Chin up

Industry experts, however, caution against being too pessimistic, highlighting that such a time has been exceptional in its essence and beyond what anyone could have ever imagined. "As the world re-opens and learns to live with Covid-19, we shall see growth in sectors like gems and jewellery, engineering goods, electronic goods, petroleum products, and organic and inorganic chemicals," rationalises Saurabh Agarwal, Principal, IIF College of Commerce and Management Studies and Managing Committee Member, Assocham.

Agarwal directs attention to the numbers on India's overall export as per the Department of Commerce and says that a downfall of 30% can be expected based on such statistics. "In FY 2020-21, we should see an overall export of around Rs. 161,540,833.57 lakhs i.e. a fall of almost 30% during the entire year from 2018-19 figures," he adds.

Not all, however, are as impressed with the slant on exports as a path leading to economic recovery and feel that the focus should be more to look inwards at this point. Arun Maira, former member of the Planning Commission of India and the former India Chairman of Boston Consulting Group says that the need right now should be more wired to be 'healthy' internally.

"At the moment, exports have a very miniscule importance as far as the recovery of the Indian economy is concerned. There is demand inside the economy that is waiting to be captured. First the demand needs to be fixed from a domestic standpoint. Exports will happen when countries open up to import," he says emphatically.

A solution for many problems

Maira's views are reflective of catering to the huge domestic demand that exists within the Indian economy itself. Exporters, however, defend their stance, saying exports are just as significant when it comes to reviving growth. Pankaj Khandelwal, Director, INI Farms feels that they have an intrinsic role to play even when it comes to solving the problems within the country. "Exports are critical to fuel the economy. Even in China, the initial growth was led by exports. We need to earn foreign currency, jobs have to be created and businesses need to come back to normal. To solve domestic issues, boosting exports will have to come in. They are not mutually exclusive," he says.

An export strategy, then, as per the industry observers, should factor in the elements of diversification and producing for local markets, which can make exporters less prone to disruptions like Covid-19 in the future. "If we are able to follow the 'Atmanirbhar Bharat' concept, then we must focus on reducing our imports and increasing our exports in coming times. The focus should be on increasing merchandise and services exports mainly in organic and inorganic chemicals (pharmaceuticals), PPE kits and masks. Demand for ventilators and other medical devices is also expected to increase. Petroleum and crude oil products are likely to suffer for the entire 2020-21," highlights Agarwal.

Producing low cost and lower middle price products to bolster the sagging demand will also need to be kept in mind as spending will expectedly be tight. Exporters are of the view that the going ahead should entail strategising how the shift from China can come to the fore. "India should have an edge in sectors such as electronics, labour oriented industries and leather.

A feel good factor should be created for India when it comes to infrastructure as well as the ease of doing business. The government should look at Free Trade Agreements (FTA) which can create confidence among companies that they will be safe in India. This is the right time to do so. Else we will simply miss the bus," emphasises Dawar.

Dawar backs up his statement by citing the example of Indonesia, which has already seen the relocation of 27 US factories from China to their hub.

Indonesia set up a 4000 hectare land park in Brebes, Central Java to accommodate the relocation of such companies and, in turn, has ended up benefiting from the US-China standoff.

Making up for lost time

On home turf, all eyes are now on the second half of the year to make up for the excruciatingly slow start in Q1 of the fiscal. Keeping unpredictable market dynamics aside, exporters are stepping up efforts via virtual trade fairs, customising products to create low cost output, ensuring value additions as well as discounts to get things in motion. EPCH, for instance, launched the 13th edition of its Indian Fashion Jewellery & Accessories (IFJAS) as a virtual fair earlier this month. More than 200 member exporters in fashion jewellery and accessories took part in the fair and over 1000 overseas buyers registered for the show. The trade fair included fashion shows, webinars and craft demonstrations by the artisans.

Thinking out of the box and customising products in a world that has been hit hard by the Covid-19 impact will be the order of the day for the export fraternity. If numbers have to show a more steady performance and the graph has to reflect an upward trend, adapting to the mindset of the 'changed' buyer in international markets can be one step closer to realising targets for FY 21.

Source: economictimes.com– Jun 16, 2020

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Exports almost back to normal, but imports less than 50% at JNPT

Sanjay Sethi, Chairman of Jawaharlal Nehru Port Trust (JNPT) is in conversation with CNBC-TV18 to give a sense of whether and how this unlock is working as far as export-import (EXIM) trade.

Talking about the June situation he said, "In June the exports have picked up. What happened in the month of April and May was that the imports did not fall down so much, but the exports had fallen more because of all the industrial units were closed. Overall unlock basically means in June exports have picked up so it will be only a little while by the time imports will also come to that balancing level."

He further added, "We managed to keep utilisation at 70 percent. In June also till now the only change in the equation is that last 5 days I am doing as much as 90 percent-plus of the exports. Since we are only on the 15th of June by June 30th as I am saying the imports should also pick up.

In the last few days, the imports should also pick up because right now in the last few days the imports have fallen down a little. The decrease is more than 40 percent now. But overall buy June 30th this should stabilize more mainly because a lot of these units have started working on exports."

Source: cnbctv18.com– Jun 16, 2020

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Farmers expand area under cotton by 24% on price increase, MSP hike

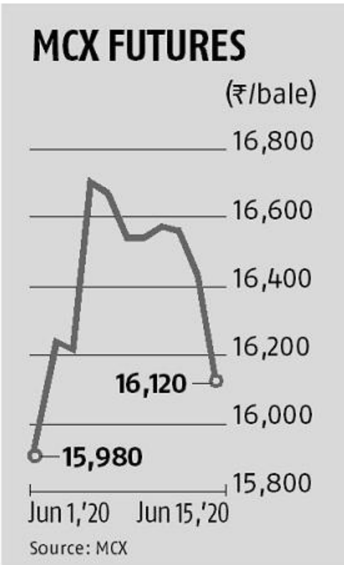
Buoyed by increase in futures prices and the minimum support price (MSP), cotton farmers have increased acreage under the cash crop by shifting from maize and soybean in the early kharif sowing season.

KEEPING TRACK #

(in million bales*)

SUPPLY	2019–20
Opening stock	3.2
Crop	33.0
Imports	1.5
Total Supply	**37.7**
DEMAND	
Domestic demand	28.0
Available surplus	9.7
Exports	4.7
Closing stock	5.0

* Million bales of 170 kg; # as on April 30, 2020
Source: Cotton Association of India
Compiled by BS Research Bureau



Following a rise in cotton prices (by 3 per cent) in the first fortnight of June after a fall earlier and an increase in MSP by the agriculture ministry by 5 per cent, farmers have planted more cotton this kharif season.

The benchmark cotton futures for near month delivery jumped by 3 per cent on the Multi Commodity Exchange of India (MCX) to trade at Rs 16,120 a bale (170 kgs).

The government raised MSP of medium staple cotton by Rs 442 to Rs 9,376 a bale. Also, the minimum threshold of long staple cotton was raised by Rs 468 to Rs 9,903 a bale.

The increase in cotton prices, ahead of the planting season, augurs well for farmers despite a record procurement by the government-owned Cotton Corporation of India (CCI) and weak demand from textile mills. The slack demand is due to the 70-day of nationwide lockdown.

The MCX offers trade in ginned cotton, a processed version of raw cotton, for which the government fixes the MSP. Hence, MSP range stands lower than the ginned cotton traded on the MCX.

"Acreage under cotton across India so far in 2020-21 (July-June) is higher by 24 per cent at 1.7 million hectare (ha) as farmers in the northern states, including Haryana, Punjab and Rajasthan, have brought more areas under the fibre crop.

By contrast, cotton acreage in Gujarat is expected to shrink at least by 10 per cent in 2020-21 as farmers may shift to more lucrative crops like groundnut, amid a fall demand outlook due to the coronavirus (Covid-19) pandemic," said Vinod TP, analyst, Geojit Financial Services.

According to the ministry of agriculture, cotton sowing across the country till the first week of June touched nearly 16.7 lakh ha against 13.5 lakh ha sown in same period last year.

"Textile mills have gradually restarted operations after the nationwide lockdown and achieved 50-70 per cent of their operating capacity. We believe their capacity would increase steadily. A major quantity of cotton inventory with mills, which was stored before the lockdown, has been consumed. We expect cotton demand to increase by the end of June or early July. Looking at the demand scenario, we have reduced our discount offer, albeit marginally," said Pradeep Agarwal, chairman and managing director, CCI.

The public sector cotton procurement agency has procured around 10 million bales of cotton worth Rs 25,000 crore this year and set the highest procurement record.

The CCI has lowered its discount price by Rs 200 a candy (one candy = 355 kg) on bulk purchases of cotton bales procured in 2018-19 (Oct-Sep) and 2019-20 marketing years.

"As markets started opening for cotton, Indian exports are expected to pick up as our rates are reportedly the lowest globally. Exports to China, Vietnam and Bangladesh may rise (with additional support from a firm dollar vs rupee)," said Ajitesh Mullick, vice-president (retail research), Religare Broking.

Source: business-standard.com– Jun 15, 2020

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EU-Vietnam free trade pact may hurt India the most

Export of footwear, garments, marine products and furniture may take a knock

India's exports of footwear, garments, marine products and furniture to the European Union stand to be the worst-hit once the 27-member bloc starts dismantling its tariffs for Vietnam under the EU-Vietnam free trade agreement (EVFTA) to be operational soon.

New Delhi is keen to expedite its own bilateral free trade negotiations with the bloc, which could level the playing field for its exporters, but will not be rushed into a deal, say experts and officials.

There are still wide gaps between the two in areas such as intellectual property, government procurement, investment protection, labour, environment and market access for sensitive products that need to be bridged, they say.

The EU-Vietnam free trade agreement is an ambitious pact eliminating almost 99 per cent of customs duties between the EU and Vietnam.

Exporters worried

"Indian exporters are apprehensive about losing their markets in the EU to Vietnam for key products where its competitor will soon have the advantage of duty-free access because of its FTA with the bloc. India can nullify this advantage by concluding its own FTA but it needs to move carefully as a hurried deal may result in the industry losing more than it gains.

"We are ready to talk with the EU whenever it shows interest," a government official told BusinessLine.

In the EU market for apparels and marine products, where the two countries have almost equal share of $7 billion and $1 billion each respectively, Vietnam will benefit when its import duties reduce to zero under the FTA while India continues to pay 9 per cent duty on apparels and 6 per cent on marine, said Ajay Sahai from the Federation of Indian Export Organisations (FIEO).

"In footwear, where Vietnam exports $7.5 billion worth of items compared to India's $1.6 billion, the advantage will be enhanced once EU reduced tariffs for Vietnam to zero from 8 per cent. Similarly, in furniture, where India had started making inroads into the EU with imports of over $900 million, Vietnam's share of $1.5 billion is likely to increase several-fold when the import duty of 6 per cent is eliminated, Sahai said.

'Speed up talks'

FIEO has recently asked the Commerce Ministry to expedite negotiations on the broad-based trade and investment agreement (BTIA), launched way back in 2007, but stalled since 2013 due to disagreements over key areas.

Although India expressed its willingness to get back into the talks late last year, the EU had made it conditional that issues such as government procurement, labour standards and sustainability have to be included which India finds difficult to accept.

"Trying to undercut the EVFTA by doing our own FTA will have its own problems. We can't ignore the fact that there are market access issues on the EU side as well with the bloc insistent on opening up of sensitive sectors such as automobiles and wine & spirits," pointed out Biswajit Dhar, Professor, JNU.

The EVFTA will also make Vietnam a more advantageous location for investments moving out of China due to the China-US trade war, Dhar added. Vietnam, which had lagged much behind India in the EU market some years back, has almost caught up with the country. Vietnam's exports to the bloc in 2019 was $53 billion compared to India's exports of $58 billion, Sahai said.

Source: thehindubusinessline.com– Jun 15, 2020

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Undue Protection? State GST 'shortfall' for March-May at a whopping Rs 80,000 crore

Despite the recent release of Rs 36,500 crore by the Centre from the integrated GST pool, the state governments will require to be paid a whopping Rs 80,000 crore more as compensation for their State Goods and Service Tax (S-GST) shortfall in the March-May period, going by the formula of 14% assured annual revenue growth.

What has inflated the compensation requirement is a sharp fall in revenue in April-May due to the Covid lockdown: the gross GST collections shortfall during the two month was over 50%. Given that the monthly protected S-GST revenue under the compensation mechanism is Rs 63,700 crore for FY21, the shortfall in the state's revenue in the first two months of this fiscal is roughly the same, if not slightly higher. Add another Rs 13,000 crore of unpaid S-GST compensation dues for March and the states' claims for the March-May period approaches the Rs 80,000-crore mark.

For perspective, the compensation cess proceeds in the whole of FY20 were nearly Rs 96,000 crore.

The release of floating I-GST funds cleared states' compensation bills up to February this year.

S-GST shortfall on a monthly average basis was Rs 12,583 crore in FY20, Rs 5,773 crore in FY19 and Rs 4,571 crore in FY18 (last nine months). The compensation kitty was in surplus in FY18 (Rs 21,465 crore) and FY19 (Rs 25,806 crore), while FY20 witnessed the designated cess funds falling short of the requirement (by Rs 46,000 crore).

Clearly, the gap is set to widen sharply in the current fiscal as the government revenues in general have taken a big hit due to the lockdown. In fact, a slippage in GST compliance level (read tax evasion) due to the absence of a system of full-fledged returns that allows meaningful invoices matching and the decline in the aggregate tax rate to level below the revenue neutral rate also prevented the collections from rising to the anticipated levels.

Among the ways out of the imbroglio are the states reconciling to the fact that the so-called protected revenue is too tall an order for the Centre to ensure now and be content with the actual cess funds collected.

Alternatively, a mechanism could be evolved to find the necessary additional resources for the compensation. Last week, the GST Council weighed the option of the council resorting to market borrowings under sovereign guarantee and decided to hold a one-agenda meeting in this regard in July.

The liquidity problems being faced by the states on account of the uncompensated S-GST shortfall and decline in other 'own revenues' are partly addressed by the unmitigated tax devolution by the Centre. Notwithstanding steep decline in actual tax collections, the Centre released Rs 92,076 crore in April-May as their share in the divisible pool of taxes, sticking to the FY21 Budget estimate (BE). In fact, tax devolution to states in April-May was 200% of the actual collection of taxes by the Centre during the period. Also, the states' borrowing space for FY21 has been widened by Rs 4.28 lakh crore to Rs 10.61 lakh crore.

Source: financialexpress.com– Jun 16, 2020

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Cotton Corp mulls exports to Bangladesh, Vietnam, China from stocks

The state-run Cotton Corp of India is considering exporting stocks procured in 2018-20 (Oct-Sep) marketing years to Bangladesh, China, and Vietnam, Chairman and Managing Director Pradeep Agarwal said.

"The development is in progress... however, the export quantum will be decided as per mutual agreement. We are in close touch with Bangladesh, China, and Vietnam," said Agarwal.

India has a logistical advantage in exporting to Bangladesh as shipments to this country take the least time, he said. It will be the key focus area along with Vietnam, according to Agarwal.

Bangladesh's annual cotton consumption is 8.5 mln-9.0 mln bales (1 bale = 170 kg), of which the country imports around 2.5 mln-3.0 mln bales every year from India.

Cotton Corp is the government's nodal agency for procurement under the minimum support price scheme.

The agency has so far procured around 10.0 mln bales in the 2019-20 (Oct-Sep) season. In the 2018-19 season, it managed to buy only 900,000 bales as spot prices of the fibre were more than its support prices for most of the season.

Exports of around 3.8 mln bales (1 bale = 170 kg) have already been shipped in the current season, which started on Oct 1, and another 1.0 mln-1.2 mln bales will be exported over the next three-four months, industry experts said.

Currently, prices of Indian cotton are the cheapest in the world, making foreign sales economically viable.
For 2019-20, the Cotton Advisory Board had pegged India's exports at 5.0 mln bales, as against 4.4 mln bales in the previous marketing year.

Source: cogencis.com– Jun 16, 2020

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Bathinda cotton farmers adopting bed plantation technique to reap benefits

Progressive cotton farmers in Bathinda district have taken to unconventional narrow raised bed technique. According to information, about 3,500 hectares in the district is under this system of cotton cultivation that is considered useful in weed control, saving water and reducing crop lodging.

The state agriculture department has recognised the novel initiative taken by the farmers. Officials are following it minutely with a plan to promote the cost-efficient technique from the next year in the cotton-sowing area the already semi-arid districts of south Malwa.

Farmers say the water-efficient technology of bed plantation supports the cash crop as power supply remains erratic to run tubewells to irrigate cotton fields when the period coincides with the paddy cultivation.

Ramgarh Bhunder village, about 25km from district headquarters, is considered as a leader in adopting bed cropping technique.

Gurpreet Singh, 39, said he has been sowing cotton on raised beds since 2015 and the almost entire village has switched over to this technique. This year, he has sown cotton on five acres with bed plantation.

"Against the average use of three packets of seeds per acre, I sowed only two. Most of us find hand sowing as preferred practice. Groundwater in the area is brackish and with limited access to canal water, but the average per acre production of cotton is 14 quintal that is higher than the conventional level cropping fields," he said.

Another cotton grower Harjoginder from the adjoining Kot Fatta village has enhanced bed plantation from 4 acres in 2016 to 17 acres this year.

"Water requirement for raised cotton fields is just one-fourth of the traditional irrigation practice. The cropping pattern does not allow the growth of weeds in the fields as the water stays only in raised beds," he said.

For Jagtar Singh of Mehma Sarja village, bed plantation shows negligible plant mortality. "In the last four years, I have not experienced serious lodging as excess rainwater drains out easily. The pattern can be instrumental in the conservation of groundwater that is depleting at the alarming levels," he said.

According to the state agriculture secretary Kahan Singh Pannu, after DSR (direct seeding of rice), bed plantation adoption by farmers can be a game-changer for the cotton-growing belt.

"Inspite of pandemic outbreak, we managed to expedite crop diversification drive and this year, cotton has been sown on 4.9 lakh hectares, an increase of one lakh hectares than last year. The department is working to promote such efficient technologies in other districts as well," said Pannu.

Source: hindustantimes.com– Jun 16, 2020

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UP carpet exporters go virtual, focus on domestic market as orders dry up

Manufacturing units in India's biggest carpet belt of Bhadohi of Uttar Pradesh have started work after more than two months of lockdown due to Covid-19. However with almost no overseas orders these units are functioning at just 20-25 per cent of capacity. The nearly 100 per cent export based UP handmade carpet industry is also facing a payment crisis for orders it has already executed. After two weeks of opening up, manufacturing units have no more than a handful of workers and the showrooms are deserted.

Carpet exporters in UP's Bhadohi district say chances of getting locked payments from the overseas customers are remote and there are hardly any fresh orders. Markets and showrooms in the US and Europe, the biggest markets for Indian handmade carpet, have been closed for quite long due to the pandemic. Carpet fairs and buyer-seller meets have either been postponed or cancelled. Under such circumstances, the Indian carpet industry is now planning to hold virtual fairs.

According to Siddhnath Singh, chairman, Carpet Export Promotion Council (CEPC), manufacturers did try to start units after June 1, the day unlock-1 began, but with no orders in hand it has become difficult for them to carry on. He said that of the Rs 12000 crore export turnover of Indian handmade carpet, nearly 50-60 per cent goes to USA and 25-30 per cent to the European countries. Covid crisis has hit US and Europe badly where the markets are closed for the last three months. The international flights are discontinued and in the last two week barely few of the old orders have been shipped via cargo.

The CEPC chairman said that barely one per cent of total business of handmade carpet is from the domestic market. In the present conditions, the carpet manufacturers would try to increase their share in the domestic market. He said that an effort in this regard was started last year by organizing carpet fair in Mumbai. This year too, the CEPC had planned similar fairs in Mumbai, Hyderabad, Banglore and Chandigarh but it has been postponed now due to the ongoing crisis.

Siddhnath Singh informed that the CEPC has now decided to organize virtual fairs for the overseas customers. Very soon, the carpet exporters will interact with the buyers in these virtual fairs. However not very upbeat with the idea, a carpet exporter said that at least it would help them getting some business.

Listing challenges before the carpet exporters during the ongoing Covid crisis, CEPC chairman said that getting locked payment is a big issue. The orders have been executed but the payment is awaited. Besides many of the importers are cancelling orders. The carpet industry, unlike others is not facing work force crisis. 'The skilled workers are very much here and barely few of the non-weaver engaged in other works have left for their villages. But with no work there is no need of them' said CEPC chairman.

Source: business-standard.com– Jun 15, 2020

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GST late fee waiver unfair, say those who have paid

GST council's decision to waive late fee for assesses who have not filed any of their GST returns from July 2017 till March 2020 has raised several eyebrows. As the waiver has been given with the condition that such return should be filed between July 1st till September 30th, 2020, huge resentment is being witnessed amongst those assesses who have already paid huge penalties and filed their delayed GST returns.

Such tax payers are now seeking refund of the late fees paid by them citing the reason that this is injustice to them. Several tax professionals too are of the view that the waiver of late fee should be extended to the tax payers who already paid these.

According to Narinder Bhamra, president of Fasteners Manufacturers Association of India, "It is really shocking that the tax payers who defaulted on filing of GST returns for months but later filed these by paying huge late fees have been shown no leniency for their compliance. On the other hand, those who have deliberately delayed filing of their returns for such long time and evaded the late fees are being rewarded by waiving off the fees and capping it to Rs 500 in case of tax liability."

"This is sheer injustice with the tax payers who paid huge amount of fees from their hard earned money. We strongly oppose this and our association will do what so ever it takes to raise our voice against this and get relief to the tax payers who already paid the late fees," he added.

According to Harish Kairpal, finance secretary of Knitwear Club, "We are not against waiving off late fee for GST assessees who have not filed their returns till now. But what about those who already paid huge amount in form of late fee for the delayed return filing. The GST council must give relief to such tax payers as we ll who have paid such fees."

Giving more information about the issue, NK Thamman, noted tax professional from the city said, "Under GST provisions, each assessee is required to file monthly GSTR-3B return by 20th of next month. In case assessees having turnover less than Rs 5 crore and situated in State of Punjab, last date is 24th of next month. As per rules the assessees who are having tax liability, but fail to file return by due date, the late fee is Rs 50 for every day of delay. Similarly, the assessees who are having NIL tax liability, but fails to file return by due date, the late fee is Rs 20 for every day of delay. "

He further added that "as per press release issued for decisions made in '40th Virtual Meeting of GST Council' held on June 12th 2020, the GST Council has totally waived late fee for non-furnishing of monthly GSTR-3B (where there is NIL tax liability]) by due date for the period July, 2017 to January, 2020, if such return is filed between July 1st to September 30th 2020.

Similarly, the GST Council has capped the maximum late fee at Rs 500/- per return for non-furnishing of monthly GSTR-3B (where there is a tax liability) by due date for the period July, 2017 to January, 2020. Subject to condition that if such return is filed between July 1st till September 30th 2020. As per GST Council, this decision has been taken to clear up pendency by those assessees who have not filed their returns due date."

Thamman also added, "It is to point out here that earlier also, in a notification on December 31st 2018, late fee for non-furnishing of GSTR-3B return for the period July, 2017 to September, 2018 by due date was totally waived if such returns were filed during December 22, 2018 till March 31, 2019. This decision was also taken to clear up pendency in return filling. But no notification has been issued till date for refunding late fee deposited by assessees who have filed their return with some delay. We are hoping that in best interest of the assesses GST council should consider doing so at the earliest."

Source: timesofindia.com– Jun 16, 2020

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Government banks disburse ₹16,031 crore to MSMEs

Disbursal part of ₹3 lakh-cr. ECLGS

The Finance Ministry on Tuesday said public sector banks have disbursed ₹16,031.39 crore till June 12, under the ₹3-lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) for the MSME sector, adversely affected following COVID-19.

Public sector banks (PSBs) have sanctioned loans worth ₹32,049.86 crore under the 100% ECLGS for the Micro, Small & Medium Enterprise (MSME) sector beginning June 1.

The scheme is the biggest fiscal component of the ₹20-lakh crore Atmanirbhar Bharat Abhiyan package announced by Finance Minister Nirmala Sitharaman last month.

"As of 12 June 2020, #PSBs have sanctioned loans worth ₹32,049.86 crore under the 100% Emergency Credit Line Guarantee Scheme, out of which ₹16,031.39 crore has already been disbursed," Ms. Sitharaman tweeted.

On May 21, the Cabinet had approved an additional funding of up to ₹3 lakh crore at a concessional rate of 9.25% through the ECLGS for the MSME sector.

100% guarantee

Under the scheme, 100% guarantee coverage will be provided by the National Credit Guarantee Trustee Company (NCGTC) for an additional funding of up to ₹3 lakh crore to eligible MSMEs and interested Micro Units Development and Refinance Agency (MUDRA) borrowers in the form of a guaranteed emergency credit line (GECL) facility.

Corpus created

For this purpose, a corpus of ₹41,600 crore was provided by the government, spread over the current and next three financial years.

The scheme will be applicable to all loans sanctioned under GECL facility during the period from the date of announcement of the plan to October 31 or till an amount of ₹3 lakh crore is sanctioned under GECL, whichever is earlier.

The main objective of the scheme is to provide an incentive to member lending institutions to increase access and enable availability of additional funding facility to MSME borrowers, in view of the economic distress caused by the COVID-19 crisis, by giving them 100% guarantee for any losses suffered by them due to non-repayment of the GECL funding by borrowers.

Source: thehindu.com– Jun 16, 2020

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Energy efficiency: The road to MSME recovery

Millions of micro, small and medium enterprises (MSMEs) form the core of India's non-agricultural economy. Accounting for 90% of industrial units, in FY19 they contributed 45% of total industrial value addition and almost half of exports (worth Rs 1.1 lakh crore).

Structural problems in the financial sector and a countrywide lockdown have dealt a terrible blow: halted production, low/no sales, and dried up credit. While small businesses across the world might be suffering on similar counts, there is a third, more chronic, ailment for MSMEs in India: high energy costs. If MSMEs have to survive—and thrive—the road to recovery must pass through a transition to efficient and clean energy.

The sector is ridden with contradictions. It is large enough to consume about 30% of energy delivered to formal industrial units. Yet, only 48.2% of MSMEs use electricity as the primary source of energy; 38.6% do not rely on any formal power source at all.

For these enterprises, energy costs are high relative to costs that industries face in other major economies. On a purchasing power parity basis, India pays five times the power price of US industry; two-and-a-half times China's. Consequently, energy accounts for a significant share of total input costs, ranging between 10% and 25% for energy-intensive industries. In a highly price-sensitive domestic market and highly competitive export market, expenditure on energy squeezes profit margins.

So, there should be a clear case for improving energy efficiency, right? Wrong. Despite pockets of interventions, there has been no wide-scale uptake of energy-efficiency measures. Of approximately 400 energy-intensive MSME clusters, only two studies have mapped energy consumption in 96 clusters. The Technology and Quality Upgradation (TEQUP) scheme for MSMEs had a budget less than 1% of the overall budget of the Development Commissioner-MSME (DCMSME) during the 12th Five Year Plan. And 70% of this tiny allocation remained unspent.

The biggest challenge is the lack of access to formal credit. Enterprises rely on informal and personal finances for over 50% of capex and 60% of opex. Energy-efficiency investments tend to have high upfront costs. Low (or perceived low) creditworthiness of many MSMEs remains a barrier to adopting measures, which could otherwise help their bottom line. Market conditions matter: MSME units competing with larger enterprises are three times more likely to carry out an energy-efficiency audit and three-and-a-half times more likely to invest in energy-efficient technologies (EETs).

Another hurdle is limited awareness. A CEEW survey of 429 MSMEs in 11 clusters in eight states found that only 45% were aware of EETs relevant to their sector.

The lack of awareness stems from wilful or unwitting ignorance of energy consumption across industrial processes. Enterprises tend to only look at monthly energy bills and overall energy consumption without correlating the data with specific equipment efficiency or energy intensity of output. They often have no monitoring tools or energy-efficiency practices, nor any data on performance benchmarks of EETs used for different industrial processes in each sector. Yet, precisely measuring energy consumption increases the odds of investment in EETs nearly six-fold.

Thirdly, there is high turnover of trained operators who have the awareness and the skills to apply energy-efficiency measures. Difficulty in retaining workers or skilling new ones puts energy efficiency low on the list of priorities.

Fourthly, there is no clear roadmap at a policy level. The Ministry of MSMEs allocated only Rs 13 crore during 2012-17 for surveys and its research wing. By contrast, the Ministry of Statistics and Programme Implementation allocates Rs 80 crore annually for the Annual Survey of Industries database to collect information on formal sector enterprises (which includes formal MSMEs). Since 99% of MSMEs fall in the informal category, this is a major blind spot: the last MSME census was conducted in 2005-06. We cannot manage what we don't measure.

The Covid-19 pandemic now forces the sector to take a hard look at costs. Savings in energy expenses can become a pillar of renewed competitiveness. A first step would be to designate the DCMSME for all energy-efficiency mandates for MSMEs. The Energy Conservation Act (ECA) empowers the Bureau of Energy Efficiency for 'designated consumers'. Most firms, however, given low levels of energy consumption, remain outside the ECA's purview. It makes sense to delegate MSME-related energy efficiency to the DCMSME, which can leverage its network of district offices.

Next, develop a dedicated information system. We call it the MISHRII (MSME Information System for Holistic and Real-time Identification, Incentives and Support). The idea is to develop a nationwide, centralised online platform to identify and track enterprises and their employees.

The MISHRII would allow for a systematic and customised approach to collecting information on energy usage metrics. It would be cross-linked with power utilities and the Goods and Services Tax Network, for fuel and product output information, respectively. This information can be used to benchmark enterprises for energy efficiency against their peers. The MISHRII could also be used to communicate information on EETs, incentive programmes, enable trainings, and track improvements over time.

The MISHRII can be used to build a credit history of enterprises, allowing them to become a part of the formal banking network. It can also be used to generate 'intent-to-pay' metrics, which rely on diverse alternative data, such as timely payments of utility bills, cash conversion cycle of businesses, sector-specific risks, payment of taxes, etc. Such information gives insights into the potential creditworthiness of enterprises, in turn allowing them to borrow capital to invest in EETs.

Finally, develop a roadmap to identify opportunities and remove hurdles. It is time for a dedicated policy for energy efficiency in the MSME sector. There should be mandatory energy audits for firms with more than Rs 25 crore turnover (along with monetary support from the Ministry of MSMEs with a sunset clause). Mandating disclosure of energy consumption for large companies would also help MSMEs in their supply chain become more energy-efficient.

Dedicated pilots and technology demonstration platforms at a cluster level would increase awareness. Moreover, larger clusters should support incubation hubs to develop practical innovations that respond to the needs of MSMEs. If public sector banks adopted innovative financial mechanisms, using intent-to-pay as a metric, many enterprises could meet the criteria of creditworthiness. Easier borrowing would also help promote distributed renewal energy generation in MSMEs clusters.

Economic recovery cannot happen if MSMEs cannot prosper. While the temptation might be to dilute standards, the sector can seize this moment to become more sustainable, with lower energy footprint and sharper economic edge.

Source: financialexpress.com– Jun 17, 2020

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India will continue to attract FDI, says U.N. trade body

It is the 9th largest recipient of FDI in 2019

India received USD 51 billion in foreign investment in 2019 and was the world's 9th largest recipient of foreign direct investments (FDI) in 2019, according to a report by the UN's trade body.

The UN Conference on Trade and Development (UNCTAD) said in a report on Monday that a lower but positive economic growth in India in the post-COVID-19 pandemic period and India's large market will continue to attract market-seeking investments to the country.

The World Investment Report 2020 by the UNCTAD said that India was the 9th largest recipient of FDI in 2019, with 51 billion dollars of inflows during the year, an increase from the 42 billion dollars of FDI received in 2018, when India ranked 12 among the top 20 host economies in the world.

In the developing Asia region, India was among the top five host economies for FDI.

The report said that global FDI flows are forecast to decrease by up to 40 per cent in 2020, from their 2019 value of USD 1.54 trillion.

This would be for the first time since 2005 that global FDI falls below the USD 1 trillion mark.

Foreign direct investment to developing economies in Asia, hit hard by the economic downturn caused by the coronavirus pandemic, are projected to decline by up to 45 per cent in 2020.

In South Asia, FDI is also expected to contract sharply in 2020.

Long-term growth trend

In India, the biggest FDI host in the subregion, with more than 70 per cent of inward stock, the number of greenfield investment announcements declined by four per cent in the first quarter, and Merger & Acquisitions contracted by 58.

However, the country's economy could prove the most resilient in the region. FDI to India has been on a long-term growth trend. Positive, albeit lower, economic growth in the post-pandemic period and India's large market will continue to attract market-seeking investments to the country, the report said.

It added that the magnitude of the logistical challenges during both the lockdown and the recovery remain a big downside risk for FDI in the medium term for India.

Digitial economy may rise

The digital economy and real estate and property development, two industries that attracted growing FDI before the pandemic, could evolve in different directions, the report said adding that the digital economy will likely see continued investments, real estate and property development will face significant pressures from slowing demand and financing constraints.

India's most sought-after industries, which include professional services and the digital economy, could see a faster rebound as global venture capital firms and technology companies continue to show interest in India's market through acquisitions, the report said.

The report noted that investors concluded deals worth over $650 million in the first quarter of 2020, mostly in the digital sector in India.

Large deals in energy were also concluded, such as the acquisition by Total (France) of Adani Gas (India), valued at $800 million.

FDI flows to South Asia increased by 10 per cent to USD 57 billion in 2019, the growth driven largely by a rise in investment in India, which further relaxed investment barriers in mid-2019 (including in retail, insurance and downstream coal processing).

FDI to India, the largest South Asian recipient, increased 20 per cent to USD 51 billion, sustaining the country's upward FDI trend, the report said.

Most of the investments were in the information and communication technology and the construction industry.

ICT investments into India have evolved from information technology services for global companies to the rapidly growing local digital ecosystem, with many local and regional digital champions, particularly in e-commerce (such as Flipkart and Zomato), attracting international investment, the report said.

A number of mega deals also contributed to M&A activity. These included investments in internet companies, which amounted to USD 2.7 billion,14 as well as the USD 7 billion acquisition of Essar Steel (India) by a Japanese-Indian joint venture.

Outflows from South Asia grew 6 per cent, driven by investment from India. Yet they remained small, representing only one per cent of global outflows.

Companies in India are the subregion's largest investors, with more than 90 per cent of outflows in 2019.

Investments from India are expected to decline in 2020, with the largest MNEs revising their earnings down by 25 per cent in early 2020 due to the impact of the pandemic, it added.

Supply chain disruptions

The report said that flows to developing Asia will be severely affected due to their vulnerability to supply chain disruptions, the weight of global value chains-intensive FDI in the region and global pressures to diversify production locations.

In 2019, FDI flows to the region declined by 5 per cent, to USD 474 billion, despite gains in South- East Asia, China and India.

The report stressed that global FDI flows will be under severe pressure this year as a result of the COVID-19 pandemic, dropping well below the trough reached during the global financial crisis and undoing the already lackluster growth in international investment over the past decade.

Flows to developing countries will be hit especially hard, as export-oriented and commodity-linked investments are among the most seriously affected.

The outlook is highly uncertain. Prospects depend on the duration of the health crisis and on the effectiveness of policies mitigating the pandemic's economic effects, said UNCTAD Secretary-General Mukhisa Kituyi.
Source: thehindu.com– Jun 16, 2020

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A new anti-viral fabric by Arvind Ltd is here

The textile conglomerate plans to launch a fabric that kills virus on its surface

The disruption caused by covid-19 on fashion has resulted in many proactive contributions by the industry to tackle the problem. A novel solution by textile and material innovation brands seems to be the antiviral fabric.

In India, textile and retail conglomerate, Arvind Ltd. has partnered with Swiss textile innovator HeiQ Materials AG and Taiwanese speciality major Jintex Corporation to manufacture HeiQ Viroblock. It claims to be one of the first textile technologies in the world to be proven effective against covid-19 in the laboratory. The textile technology, which will be introduced under Arvind's Intellifabrix brand, tested successfully for antiviral properties against viruses, including the SARS-CoV-2 virus.

The US Centers for Disease Control and Prevention (CDC) had shared that, "current evidence suggests that SARS-CoV-2 may remain viable for hours to days on surfaces made from a variety of materials." Chief Marketing Officer, Arvind Ltd., Pranav Dave said, "The idea behind this innovations was to make the textile and apparel category in the current situation serve the needs of the consumer. The scare of the virus and its infection is so widespread that there was the need to come to a solution that would help consumers step out confidently."

The textile technology is an applied chemical that's made up of HeiQ's "silver and vesicle" technology that penetrates through the virus' protein envelope to immobilises its growth on the fabric and inhibits any transmittance onto other surfaces, which HeiQ claims to be to the extent of 99.99% within minutes.

Dave says, "We were concerned whether the chemical would either change the texture of the fabric or more importantly, counter-react when it comes in contact with human skin, but neither of these have happened as the chemical has undergone multiple rounds of testing and certifications, such as EU Biocidal Products Regulation (BPR) and EU Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) compliant that ensure its safety."

The technology has been designed to stay active on applied garments f 30 washes. While the chemical can't be reapplied on the garment, Dave assures that the 30-wash life indicates that the chemical is a good performer, compared to how long chemicals usually last on fabrics. "The fabric's optimal functionality for the consumer was kept in mind while designing it, so there's no questions of it being under or over-engineered with the chemical."

As Arvind Ltd. plans to launch the fabric in the market in July, Dave says that the chemical can be applied on all kinds of fabrics, and will be offered similarly across the country, as well as on retail garments such as men's shirting and suiting, available at Arvind's dedicated stores. The brand is also making protective masks out of the fabric.

Source: economictimes.com– Jun 15, 2020

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