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INTERNATIONAL NEWS

China cotton yarn market weekly (May 11-15, 2020)

China yarn:

Cotton yarn price inched down as well as rayon yarn and polyester/cotton yarn prices. Polyester yarn price moved up, and polyester/rayon yarn and cotton/rayon yarn prices kept stable.

International cotton yarn:

Cotton yarn market in Pakistan remains stagnant and yarn stocks are mounting. Export demand failed to improve. Chinese cotton yarn inventories rose further last month. US imports of cotton apparel fell 12 percent by value in the first quarter of this year. Those from China decreased by 50 percent.

Click here for more details

Source: ccfgroup.com- May 17, 2020

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Indonesia, Australia to implement CEPA on July 5

In a recent virtual meeting between Indonesian trade minister Agus Suparmanto and Australian trade, tourism and investment minister Simon Birmingham, both sides agreed to implement the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) on July 5, according to the trade ministry of Indonesia, which ratified the agreement in late February.

Under the agreement, Indonesian exports to Australia will get zero tariffs. Likewise, most of Australia's exports, including live male cattle, frozen beef, dairy products and sugar, may enter Indonesia without any duties.

The Trade Ministry expects the export of some Indonesian products to Australia, such as automotive products, timber, textiles, electronics and communication tools, to increase despite recording a $3.2 billion trade deficit last year, according to an Indonesian newspaper report.

Indonesia seeks to attract more investment from Australia through the IA-CEPA, especially in higher education, vocational education, healthcare, construction, energy, mining and tourism sectors.

"We hope businesses, including small and medium enterprises, from both countries can reap the benefits from the IA-CEPA to spur trade and investment between the two countries," Suparmanto was quoted as saying.

Source: fibre2fashion.com - May 16, 2020

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Cambodia to produce face masks, PPE equipment

The Cambodian government has approved a request of the Garment Manufacturers Association in Cambodia (GMAC) to produce all kinds of face masks, medical equipment, and protective clothing for both domestic consumption and export.

As masks, medical equipment, and protective clothing are being sought after by the world to help curb the COVID-19, the government supports and encourages factories to produce the aforementioned items, according to the Ministry of Economy and Finance's letter sent to GMAC president.

Spokesperson of the Cambodian Ministry of Labour and Vocational Training Heng Sour earlier said the export of garments and footwear is forecast to drop by 50-60 percent in the second quarter of this year due to the impact of the pandemic.

The Q1 exports nosedived by 80 percent year-on-year when the COVID-19 broke out in the EU and US – the two largest markets of Cambodian garment products – in February, he said.

Over 180 apparel factories have now suspended operation, and another 60 are thought to be close to suspension, affecting lives of about 200,000 workers.

According to the Cambodian Ministry of Industry, Science, Technology and Innovation, the Southeast Asian country is home to 1,099 factories operating in textiles, footwear and handbag industries.

Source: fashionatingworld.com - May 16, 2020

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G-Star Raw files for bankruptcy

G-Star Raw has entered into voluntary administration in Australia, despite reportedly not experiencing any major debt. The decision leaves an uncertain future for G-Star Raw's 57 stores across Australia and 200 employees.

Ernst & Young's Justin Walsh, Stewart McCallum and Sam Freeman have been appointed administrators of G-Star Australia and are conducting an urgent assessment of the company's affairs and will determine the strategy for the administration as soon as possible.

The administrators named major commercial landlords as the company's most significant creditors.

The Australian operations of G-Star Raw previously went into voluntary administration in 2015. States and territories in Australia, which has 97 reported deaths from COVID-19, are easing restrictions since the country shut its boarders to all non-citizen and on March 19, 2020.

Since the start of 2020, Australian department store Harris Scarfe shut more than 20 stores and several specialty retailers have collapsed. Jeanswest, a denim chain store with 146 stores in Australia, also entered voluntary administration, citing online competition and tough market conditions.

Source: fashionatingworld.com - May 16, 2020

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Can fast fashion's $2.5tn supply chain be stitched back together?

Shuttered shops in London and New York translate into closed factories in Bangladesh and stockpiles of cotton in India

"As I am sure you are aware," read the email, "the impact on retail will be vast." It was only then, says Mostafiz Uddin, boss of Bangladeshi clothes manufacturer Denim Expert, that it fully dawned on him just how "vast" coronavirus was going to be for his business and his 2,000 employees, who stitch jeans for European high-street brands.

The note, from the UK fast-fashion retailer Peacocks, landed in Mr Uddin's inbox on March 17 as several European countries and US states were entering lockdown. It explained that Peacocks would no longer be paying Denim Expert for any of the clothes it had ordered, including "stock already handed over".

With shoppers forced to stay indoors, demand for new clothes has collapsed. Although some retailers are still operating online, revenue streams for many of the world's largest companies have been wiped out, with rent and wages eating into cash supplies and stock piling up in warehouses.

McKinsey estimates that up to a third of global fashion players, such as brands and department stores, will not survive the crisis. And the impact is being felt all along the $2.5tn industry's complex supply chains, hitting places where companies and employees cannot always access government-funded emergency support. Shuttered stores on London's Oxford Street very quickly transmit to closed factories in Bangladesh and Vietnam and stockpiles at the cotton farms of Central India.

The damage caused by the lockdowns in markets such as the UK raises the question of whether those supply chains can be stitched back together again — even in the unlikely event of a quick rebound in demand from consumers able to freely visit shops.

So at a time when retailers would normally be placing orders for their Spring 2021 collections, they are instead trying to unpick existing contracts. Peacocks has refused to pay for over 43,000 pairs of jeans that Mr Uddin's employees in Chittagong have already sourced, sewn or shipped. Topshop owner Arcadia has told Denim Expert — whose clients include Zara-owner Inditex and Canadian YM Inc — it will not pay for orders worth $2.5m.

Mr Uddin says his employees tried to contact both Peacocks and Arcadia, proposing compromises for clothes still in production that would have enabled him to mothball his factory, but that neither retailer replied.

Arcadia, which has put roughly 90 per cent of its 16,000 employees in the UK on the government-funded furlough scheme, declined to comment. Peacocks initially said it considered its bill with Denim Expert to have been settled, explaining it was not aware of an issue, and called the cancellations "an essential step as, otherwise, we would be taking delivery of stock that we simply could not sell". It did, however, later acknowledge that it had missed Denim Expert's repeated demands for payment. Mr Uddin says he has still not received any money.

Bangladesh is the second-largest exporter of garments in the world. And its clothing manufacturers have, since the crisis began, lost out on more than $3bn in payments for T-shirts, shoes and designer dresses already produced or sourced — a pipeline of months' worth of clothes — according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The industry makes up the lion's share of the country's export revenues and employs more than 4m people, the majority women. Bangladesh industry groups estimate that over half of the workforce has already been laid off. In April, workers demanding that employers continue to pay wages clashed with police, prompting the government to step in and cover 65 per cent of wages — a loan that manufacturers are expected to repay. Some factories have reopened, raising concerns that workers are being put at risk to help the country reboot its economy.

Mark Cotter, chief executive of Baird Group, says the company behind menswear brands such as Ben Sherman has taken longer than usual to pay its suppliers "as money coming in to us has slowed down, but we have every intention to pay them".

He does not understand the "legalities" of retailers refusing to pay for orders, but suspects that manufacturers do not have the power to object. "Behind the scenes, they might be saying 'we're not going to pay you, and you need to accept otherwise we won't do business with you again'," Mr Cotter says.

Elizabeth L Cline, an author on labour rights and environmental practices in the fashion industry, argues that outsourcing has enabled retailers to distance themselves from risks in the supply chain.

“Even though brands control everything about the supply chain, they’ve set it up so that workers cannot ask for what they need,” she says. The system is designed to operate similarly to the business model of gig economy companies such as Uber: “Let’s pretend our essential workers are not our employees and leave risk with people least equipped to deal with it.”

Fast-fashion demands

Bangladesh, Vietnam and Sri Lanka are among the countries that have, in recent decades, become global production hubs for much of the rich world’s clothing, accessories and footwear. Once concentrated in China, manufacturing has moved to south and south-east Asia as retailers tried to lower their wage bill.

This approach went hand-in-hand with fashion retailers encouraging more frequent consumption of cheaper goods — so-called fast fashion — to drive revenue, says Patsy Perry, senior lecturer in fashion business at the University of Manchester. Many fast-fashion brands take in new stock every week.

Retailers, she says, have always had the upper hand in their relationships with Asian manufacturers, with demands of retroactive discounts commonplace in the industry. “We hear a lot of talk about partnerships but if a supplier says it cannot agree to certain terms, then the retailer can always go somewhere else,” Ms Perry says.

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Cotton crunch

Further along the supply chain from the retailers and manufacturers, Ganesh Nanote, an Indian cotton farmer in Maharashtra state’s traditional cotton-growing area Akola, is bracing for the impact of coronavirus. “Already our income is low and we cannot cope with more losses,” he says.

The cancellation of orders initially shaved almost a third off benchmark cotton prices since the start of the year and although they have rebounded slightly the International Cotton Advisory Committee, a global trade body, is forecasting that the average price for the upcoming 2020-21 crop year will fall to a 15-year low of 57 cents a pound.

A leading producer and exporter of raw cotton as well as textiles, the impact on the Indian cotton supply chain is expected to be severe. Smriti Irani, the country’s textiles minister, appealed in April for international buyers not to cancel their orders. “Delivery schedules can be reworked. Payment plans can be extended. If we decide to work together, I reiterate my appeal — do not cancel orders,” she pleaded.

The plea went unheeded. A survey in April of 60 Indian garment factories by consultancy Rajesh Bheda showed that almost 40 per cent of orders were either partially or wholly axed.

Industry shakeout

Despite the torrid experience of bricks-and-mortar retailers in recent times, McKinsey last year labelled the global fashion industry one of the “rare economic success stories” of the past decade.

But behind that headline is a story of extreme consolidation. In 2019, 97 per cent of profits in the industry were generated by just 20 companies, including Inditex, the world’s largest clothing retailer, and sportswear retailer Nike — a dominance that is only likely to be tightened in a recession, says Achim Berg, who leads McKinsey's consulting work on fashion.

He says that both fashion retailers and suppliers need to brace themselves for a "Darwinian shakeout".

H&M was one of the first global retailers to promise it would support manufacturers and the workers who make its clothes by paying for all ordered goods, including those still in production. "We want to ensure the future viability of the industry once the crisis has passed," H&M said in a statement. Others such as Inditex, Marks and Spencer and Tommy Hilfiger-owner Phillips-Van Heusen have since pledged support for their supply chains.

But some retailers have been accused of acting too slowly. Primark, the UK high street retailer, said in early April that it would pay garment workers affected by cancelled orders. But wages account for only about 15 per cent of the £256m worth of orders that Primark cancelled with Bangladeshi manufacturers, according to the BGMEA. The company, which before the crisis had weekly sales worth about £650m, has subsequently announced that it will pay for clothes received by mid-April — worth £370m to its global suppliers.

Vietnamese producers switch to PPE

Vietnam's largest apparel producer, Garment 10 Joint Stock Company, is still negotiating payment of clothes contracted before Covid-19 struck. In pre-pandemic times, its regular customers included Marks and Spencer, C&A, Debenhams and Primark.

Faced with plummeting demand, the company, which employs 12,000 workers in 18 factories across Vietnam, like some other producers in the country has pivoted to manufacturing something else: face masks and other highly sought-after personal protective equipment. It recently signed a long-term agreement, says Than Duc Viet, the company's deputy director-general, to deliver 400m face masks to a global medical company based in Europe in the second half of this year.

Hanoi-based Mian Apparel, which has six garment factories and two washing plants in northern Vietnam, has also shifted to a medical footing. With foreign buyers' demand falling for its shirts, jackets, and denim trousers, it is making masks and protective suits to guard against coronavirus transmission.

“There is huge demand from the US, where some people are short of masks,” says James Jung, Mian’s senior sales director. He, however, makes clear that masks will not be a profit centre. “We are pursuing a reasonable price to be supportive for customers and workers, not pursuing profit.”

Mian had to cut working hours during the worst of the crisis by 20 per cent as some customers cancelled or postponed shipments of already produced goods. However, Walmart and Target were supportive during the crisis, the company says, and there are glimmers of hope as lockdowns end.

“Women’s fashion brands plan to open stores in the US in the next few weeks, and we will see if the production we have been holding can be released soon,” Mr Jung says. Mian is back to working regular hours. John Reed

Source: ft.com- May 17, 2020

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China’s e-commerce report for Textiles and Apparel 2019 showed stable growth

In the pre Corona period, statistics show 2019 as an year of continued growth in textiles and apparel online sales to conclude 6.69 trillion Yuan, up by 12.06 percent Year- on- Year. B2B ecommerce sales topped taking a lion-share of 73.24 percent at 4.9 trillion Yuan.

Online retail sales of apparel/home-textiles maintain an impressive share of 19.6 percent of all the online shops, selling all types of goods in the country. Also, it is significant to know; online share of sales of offline players is growing and reaches touches up to 22percent.

On May 13, China Commercial Circulation Association of Textile and Apparel (CATA) issued an annual report (E-Commerce of Textile and Apparel 2019) that gives a panoramic view of the textiles and apparel sales online, a very good source of information for readers to understand shopping behaviour, in spite of the slowdown in brick-and-mortar.

Executive summary

The year of 2019 witnessed a stable growth in textile industry in the process of the reforms on the front of supplies, industrial transformation and upgradation while putting efforts to withstand the risks of the economic down. As e-commerce system has been evolving and growing to a big scale, the textile and apparel online sales, that had experienced high-speed growth in the e-commerce during pre-matured phase, is now getting into an evolved new model, new business practice and new consumption phase through increased digitalization process. 2019 was a year of continued growth in textiles and apparel online sales to conclude 6.69 trillion Yuan, up by 12.06 percent Year- on- Year.

B2B leads the total e-commerce pack

As calculated, the total turnover of online sales for textiles and apparel reached 6.69 trillion Yuan, B2B stood out at the top, amounting to 4.9 trillion Yuan, taking a lion-share by 73.24 percent, while apparel and home-textiles combined to reach sales of 1.67 trillion online retail. While the overall growth continues to drop from 32.14 percent in 2012 to 12.06 percent in 2019 (indicated above in red), as in the initial years, the total base value wasn't as high.

Textiles/apparel sector enjoys 19.5% share in sales

Although B2B is growing by 10.61 percent and still dominating in value in the total sales of textiles/apparel sector, but it is 15.97 percent growth rate of the online retail of apparel/home-textiles that speaks louder. Just to mention, online retail of apparel/home-textiles has an impressive share of 19.6 percent across the all goods online shops in the country, observing from 14 important e-commerce retail platforms monitored by Ministry of Commerce (MoC). The statistics from MoC databank show that there are 19.469 million online retail shops, out of which the apparel and home-textile shops takes up leading 33.1 percent in total share.

Online sales share of offline players reaches upto 22%

In the report, China Commercial Circulation Association of Textiles and Apparel (CATA) particularly pointed out that the brick-and-mortar textile and apparel-specific wholesale markets (yarn, fabric, home-textiles, knitwear, and garment buildings/complexes, sales center or specialty markets, etc) through e-commerce to touch 1.47 trillion Yuan, up by 8.89

percent, representing 21.97 percent the total online retails for textiles and apparel. Apparently, that is the way forward for all the off-line specialty shops or garment buildings/complexes to align with the tide of online boom.

Source: fashionatingworld.com- May 16, 2020

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Under Armour Follows Rivals, Commits To Paying Garment Makers In Full

The athletic brand Under Armour has committed to pay its factories in full and on time for all apparel and footwear in production when the coronavirus pandemic hit. It joins its rivals Nike and Adidas in the growing list of brands agreeing to do the same.

"Amid the COVID-19 pandemic, Under Armour continues to pay to its manufacturers the full negotiated price for all goods, both completed and in process (in process is defined as post-cutting)," said a spokesperson for the company via email.

In March, with consumers in lockdown, a number of major apparel companies canceled and delayed payments on billions of dollars worth of inventory that was already shipped or near completion, leaving manufacturers in debt and struggling to cover garment worker wages. Others circled back and asked for huge discounts, pushing some suppliers near bankruptcy.

While Under Armour was never directly linked to order cancellations, labor advocates pushed them to make a public commitment to pay for orders, after some manufacturers complained of the company delaying shipments, says Scott Nova, Executive Director of the Worker Rights Consortium, which is tracking brands' commitments to suppliers.

"There will be no discounts, no cancellations, so they're going to pay for 100% of orders," says Nova, in reference to Under Armour's commitment.

Workers at an Indonesian factory, PT Kaho Indah Citragarment, claimed that their pay was cut in half after Under Armour cut back its orders, according to the United Students Against Sweatshops (USAS), a student activist group which is in communication with the garment workers. Under

Armour sources heavily from Asia, including Cambodia, Indonesia, Vietnam, and Bangladesh, according to the brands public Supplier List.

“This is a huge win for garment workers we’re in solidarity with in places such as Indonesia,” says USAS campaign coordinator Ana Jimenez via email.

Under Armour and Nike were targeted by campus activists in recent weeks, as licensing deals with college athletics departments are a key part of these companies’ business. After Nike agreed publicly to pay for orders, USAS circulated an online petition and launched a hashtag campaign (#WorkersOverUnderAmour) to pressure Under Armour to follow suit. (As I wrote in my last column, I’ve joined the calls for brands to pay in full for orders.)

Prior to the pandemic, Under Armour was working to increase its profitability and stock prices, but overall sales fell 23% in the first quarter of 2020, jeopardizing a turnaround. It’s significant that Under Armour, despite its financial troubles, is paying its factories and not asking suppliers for price cuts on finished goods, says Nova. “It sends a clear message to the industry that it’s possible to pay suppliers in full despite evident financial distress, and that this is the practice in which every responsible brand will engage.”

As consumers reassess their values in the wake of the coronavirus pandemic, a question lingers over how canceled orders will impact brand reputation in the long-term. To date, 14 brands and retailers have publicly agreed to pay in full for all orders and on time, including fast fashion giants H&M and Zara and American heavyweights PVH, which owns Calvin Klein and Tommy Hilfiger, and VF Corporation, which owns The North Face, Vans and Timberland.

In Belgium this week, after months of lockdown, long lines formed outside of fast fashion chains, including Primark and C&A, which have paid for some but not all of their orders. But the rush to shop fast fashion chains doesn’t reflect all consumers, says Tara St. James, founder of Re:Source Library, a sustainable fashion consultancy. She predicts young shoppers in particular turning away from major chains in favor of independent companies that can guarantee environmental and social responsibility. “I think the rise of smaller, transparent brands will save the apparel industry.”

But for the factories who are still owed money by major brands (debts owed are as high as $10 million at one factory and over $3 billion in Bangladesh alone), there's a singular hope for the future: Getting paid for the clothes they've already made.

Source: forbes.com- May 15, 2020

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Bangladesh: RMG, textile factories to get max $30m loan from export fund

The Bangladesh Bank has increased the loan limit for garment and textile factories from the Export Development Fund (EDF) to $30 million from an existing $25 million.

Members of the Bangladesh Garment Manufacturers and Exporters Association and Bangladesh Textile Mills Association will be able to enjoy the new limit, the central bank said in a circular on Sunday.

The enhanced portion - effective for disbursements until December 31 this year - shall be considered by foreign exchange dealer banks (Ads) on a case-to-case basis, depending on the actual needs of factories concerned.

Exporters will get loans - from the EDF - at two percent interest against their raw material imports.

The Bangladesh Bank has introduced the facility as many exporters failed to arrange a buyer's or supplier's credit facility during the novel coronavirus pandemic - due to supply chain disruptions.

Additionally, giving exporters relief from the interest rate shock during the pandemic is another reason behind granting the facility, said officials at the central bank.

Usually, exporters receive a supplier's or buyer's credit facility for a period of six months and the tenure is extendable by up to 360 days against back-to-back Letter of Credit (LC) facilities.

As per the recently-announced interest rate for EDF loans, the central bank will charge one percent interest on banks, and banks will charge another one percent, bringing the applicable interest rate on exporters to two percent - which is much cheaper than a buyer's or supplier's credit facility.

On April 7, the central bank - as part of the government's measures to support exporters during the pandemic - lowered the applicable interest rate on exporters against export development fund loans to two percent from 2.73 percent.

Additionally, the Bangladesh Bank has enhanced the size of the export development fund to $5 billion, from $3.5 billion.

However, the loan limit for the members of the Bangladesh Knitwear Manufacturers and Exporters Association will remain unchanged at $20 million.

Source: thedailynewnation.com- May 18, 2020

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Pakistan: Textile exports down 65pc in April amid lockdown

Textile sector saw exports sharply fall in April as the virus-based lockdown stupefied industrial activities, while foreign orders were put on hold amid slackening consumer demand world over, latest official data showed.

Textile sector, which accounts for 60 percent of Pakistan's total exports, fetched only $403.8 million in export earnings in April, down 65 percent year-on-year and 61 percent month-on-month, according to the Pakistan Bureau of Statistics.

Value-added sector that started to post a sign of recovery in the pre-corona era bore the brunt of the virus-led economic disruption. Exports of knitwear slumped 62 percent year-on-year and 56 percent month-on-month. Bed wear exports slid 58 percent and 53 percent. Towel exports fell 74 percent and 73 percent.

Readymade garments exports declined 73 percent and 71 percent. Since the lockdown in March, economic activities came down to a sudden halt. Port operations were partially stopped, while exporters were waiting clearance of their consignments. Foreign orders were stopped as the pandemic led to falling consumer buying. The virus tumult aggravated woes of the economy reeling under stabilisation measures.

Textile exports fell around 3 percent to $10.8 billion in the July-April period of the current fiscal year. In terms of rupee, however, the foreign receipts of the textile sector increased 14.2 percent in the first 10 months of the current fiscal year. This was due to rupee devaluation that worked as an incentive for exporters to increase exports.

Readymade garments saw a 2.1 percent increase in exports, in terms of dollars, while their exports showed 19.4 percent growth in terms of rupee and 0.5 percent increase in terms of quantity in the July-April period.

In terms of dollars, exports of knitwear, bed wear and towels fell 0.2 percent, 3.3 percent and 7.4 percent, respectively. They increased 17.4 percent, 14 percent and 8.5 percent, in terms of rupees, respectively. The government announced lockdown to prevent spread of the coronavirus.

Although the federal government is in favor of ease in lockdown to avert economic losses, Sindh government is hell-bent to extend the lockdown that started to ease in other parts of the country. The mixed communication keeps traders and businessmen on tenterhooks in the province that houses majority of industries and commercial enterprises.

Exporters are unanimous that annual exports wouldn't cross the $20 billion mark in FY2020. There is an average $2 billion worth of goods exported every month. Since exports are expected to be hurt for at least two months, $4 billion loss is obvious, they said.

The central bank said even the rate cut couldn't "prevent the near-term fall in economic activity due to lockdowns". The State Bank of Pakistan has so far delivered 525 basis points reduction in the benchmark interest rate in the last two months to help business and households ease their liquidity crunch.

Source: thenews.com.pk- May 17, 2020

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NATIONAL NEWS

Coronavirus impact: Textile companies fear FY21 will be a washout

Textiles and apparel units are reopening slowly in areas where they have received permissions, but the situation is not very encouraging. Companies like Century Textiles, Gokaldas Exports, Filatex and several medium and small units in Karnataka, Ludhiana and Tiruppur regions have started operations at 25 per cent capacity.

R K Dalmia, president of Century Textiles and Industries, said, “While we have started operations at our plant, production of fabric or garments wouldn’t make any sense unless 90 per cent of both domestic and overseas markets open and consumer demand comes back.”

“We are eyeing Diwali as the possible opportunity for restoration of textile consumer demand. Financial year 2020-21 could be a washout for textile players,” Dalmia said.

Filatex India, a manmade fibers maker, has resumed partial operations at its Dadra plant to meet the urgent requirement of yarns. “Considering the current scenario, we are looking to restore normalcy in two to three months. We are even expecting orders to move from China to India,” said Madhu Sudan Bhageria, chairman and managing director of Filatex India.

Getting adequate manpower to ramp up production is one of the major challenges the industry is facing, said Sivaramakrishnan Ganapathi, managing director of India’s largest apparel exporter, Gokaldas Exports.

“We are now struggling to serve the orders we have. We are struggling to get workers, as there is no public transportation. If we don’t serve orders, people may shift back to Indonesia or Vietnam, wherever there is capacity.

We want to get back to normal production,” Ganapathi said.

As of now, demand from export markets is higher than the capacities at which firms are operating. Gokaldas Exports expects to operate at 100 per cent capacity in June, if all goes well.

To address the labour issue, A Sakthivel, chairman of Apparel Export Promotion Council (AEPC), said the government should consider allowing 12 hour shifts instead of 8 hours with normal wages. Normal wage rate should be considered for the additional four hours rather than at twice the wage rate.

The Clothing Manufacturers Association of India (CMAI) has said garment retailers and traders are currently not allowed to register micro, small and medium enterprises (MSMEs), but they need to be allowed to register and get the benefits offered to the sector. The survival of retailers is important to create demand.

Further, many MSMEs are dependent on sub-contract orders from large manufactures, exporters, and retailers. The measures announced for the MSME sector in the Centre's economic package, don't cover retail trade. "Since the entire value chain is impacted, support package has to be made available to the entire textile and apparel value chain — from textile to retail — both MSMEs and large companies," said the Association.

Rahul Mehta, chief mentor at CMAI, said few factories had opened for regular production, and most catered to the domestic market.

Essentially the challenge is for whom and what do they produce, said Mehta. "Since retail has not yet opened up, there are no orders. Retail sales are expected to be at half for the next three months, hence with 40-50 per cent business, many factories will find it difficult to remain viable. There are about 75,000-80,000 units across the country," he said.

Challenges ahead

- Units in Ludhiana, Tiruppur, Karnataka begin operations at lower capacity
- Production of fabric or garments makes sense only when domestic and exports market open
- Retail trade, backbone for reaching consumers, needs support
- Availability of workers when needed is a big challenge
- Industry suggests longer working hours till labour is available

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

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MSMEs seek more sops, want interest waivers, subvention and tax cuts for survival

Micro, small and medium enterprises (MSMEs) have said that Finance Minister Nirmala Sitharaman's stimulus measures would serve as a lifeline, but more measures in terms of interest waiver and tax cuts will only help the sector sustain and survive.

The Centre's initial stimulus measures such as ₹3-lakh crore collateral-free automatic loans, ₹20,000-crore subordinated debt, and revised definitions etc have been welcomed. But MSMEs are disappointed that the relief measures expected by way of interest waiver for the lockdown period, cut in GST slab and subsidy support were not included.

MSMEs are looking for immediate relief by way of subsidy amount to restart business and manage the immediate-term cash flow challenges.

X Arokianathan, Co-Convenor, MSME Panel, Confederation of Indian Industry-Tamil Nadu, said: "There is not much cheer among the small business community for various reasons. First and foremost there is no liquidity to meet the expenses.

20 per cent extended credit without any security is a deferred loan. The government could have given virtual credit based on GST data to business accounts like the Jan Dhan accounts where money was transferred directly to the beneficiary."

Tamil Nadu Small & Tiny Industries Association (TANSTIA) pointed out that the only major relief in the MSME package was the government's intent to clear all pending payments from its departments in the next 45 days.

"There was no interest waiver on lockdown period and we expected some reduction in GST rate and deferment of SARFASI Act for three years for the micro sector.

The penal interest for late payment of GST is not cancelled for MSMEs. We request the Prime Minister to intervene and help the MSME sector with more suitable relief measures," said S Anburajan, President, TANSTIA.

Fiscal measures

MSMEs felt that enough measures were announced on the loan side, but to manage the expenditure and other costs, there should be some fiscal measures as the units don't have any general reserve due to poor profit margins in their businesses.

"We welcome the initial measures announced by the Finance Minister. The move for stressed assets is a great move and nobody has done it for NPA accounts. But there are no fiscal measures so far by way of tax cuts or waiver of interest.

We requested for nil interest for the lockdown period and interest subvention scheme besides extension of the moratorium for one year to sustain and survive. We will make the request again," said R Ramamurthy, President, Coimbatore District Small Industries Association (CODISSIA).

Ramamurthy and Prabhu Dhamodharan, Convenor, Coimbatore-based Indian Texpreneurs Federation, said theguarantee scheme, as part of the measures, would encourage banks to start lending without any hesitation to MSMEs and consequently the liquidity situation may improve in the system.

To infuse further confidence, the Chairman of State Bank of India has indicated that the bank would ensure simplified procedures with easy documentation for the incremental credit needs of MSMEs to facilitate the restart and spur economic activity.

"The government and the RBI should review periodically the credit flow to the MSME segment in order to ensure that benefits are reaching all companies that are starved of working capital support," felt Dhamodharan.

Source: thehindubusinessline.com– May 17, 2020

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FinMin notifies retrospective amendment in CGST Law

Centre gets more time to disburse pending input tax credit

The Finance Ministry has notified retrospective amendment in the Central Goods and Services Act (CGST Act 2017). With this amendment the Centre has bought itself to disburse the pending input tax credit.

With this amendment in Section 140 of the Central Goods and Services Tax Act relating to transitional arrangements for input tax credit has formally been made effective, so as to prescribe the time limit and the manner for availing input tax credit against certain unavailed credit under the existing law. This amendment shall take effect retrospectively from July 1, 2017.

This amendment is expected to pose problems to every one except the petitioner of that ruling for claiming all pending transitional credit (technically known as input tax credit or ITC) till June 30. The Notification for the amendment says: May 18, 2020 is the date on which the provisions of section 128 of the said Act (Finance Act 2020, shall come into force.

The fine print of this amendment makes it clear that the power to prescribe a timeline now emanates from a law enacted by Parliament and not from the sub-ordinate legislation (read law). Since the Delhi High Court order focusses on rule, that is why notification will impact the claim settlement for number of businesses except the petitioners in the matter decided on May 5.

Rajat Mohan, Partner with AMRG, said that Delhi High Court's landmark decision on Transitional Credits in favour of taxpayers would lose its grip in light of the defect occurring due to retrospective amendments brought in by the Finance Act, 2020.

The Court had reasonably declared that the time limit of 3 years under the Limitation Act was relevant for transitional credit benefit, enabling all taxpayers to claim legitimate CENVAT credit till June 30, 2020.

"This ruling would have a far-reaching impact on the stressed revenue streams of the exchequer, however, now with the retrospective amendments, the tax authorities have tightened their grip around transitional credit," he said.

Transitional credit refers to use of tax credit accumulated up to June 30, 2017, that is, last day of the erstwhile central excise and service tax regime.

After the introduction of Goods & Services Tax (GST), a special provision was made for credit accumulated under VAT, excise duty or service tax to be transited to GST. However, there were some conditions set. The credit will be available only if returns for the last six months — from January 2017 to June 2017 — were filed in the previous regime (that is if VAT, excise and service tax returns had been filed).

And Form TRAN I (to be filed by registered persons under GST, may be registered or unregistered under the old regime) has to be filed by December 27, 2017, to carry forward the input tax credit which further March 31, 2019. Later Commissioners were authorised to extend the date for submitting the declaration electronically in Form GST TRAN-1 but not beyond December 31, 2019.

The Court had ruled that the time limit for transitional credit was only 'directory' and not 'mandatory' and not only the petitioner but all assessees can claim all pending transitional credit (technically known as input tax credit or ITC) till June 30. A 'mandatory' rule means it must be strictly complied while 'directory', means it would be sufficient for it to be substantially complied.

Source: thehindubusinessline.com – May 17, 2020

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India's distant dream of becoming the world's big factory

While the unfolding global covid-19 crisis has brought considerable hardship and downsides everywhere in the world, some emerging economies see in the current situation an opportune moment to increase their importance in global commerce. One such is India, which, if reports are to be believed, is attempting to woo 1,000 or more global multinational enterprises (MNEs) from their current production bases in China, in the hope of enticing them to relocate to India.

The aspiration is obviously worthy, although it comes a little late, given that the moment to have launched such a campaign was last year, when the US-China trade war really heated up. The iron then would have been hot. But, better late than never. The real questions are twofold: One, do major MNEs actually wish to leave China? And two, if some of them do, how many will actually migrate to India? Unfortunately, the evidence we have offers little scope for optimism on either question.

For instance, as noted by columnist Debashish Basu in Business Standard, a survey by the American Chamber of Commerce in China, conducted in March, suggests that 70% of firms claimed that they had no intention of moving out of China in terms of production or broader supply chain optimization.

More recently, analysts at Morgan Stanley, an investment bank, came to similar conclusions, based, in part, on the reasoning that even large MNEs at present are conscious of keeping costs down, and making a big move out of China would be very costly and offer uncertain gains. This is the stance of MNEs. As for the Chinese government, recent news reports indicate that the authorities in China are giving foreign firms equal access to any state-support policies that are available to locally-owned firms. With a limited “push" factor from firms, this is a “pull" factor which, other things being equal, may induce firms to remain in China.

On question two, even assuming that some important MNEs may be planning to exit China, it is not at all obvious that India is a natural destination for them. The instinct of many firms will be to seek hospitable countries “in the neighbourhood", with Vietnam being an obvious likely beneficiary. Indeed, that country has already done well eating into some of the textile and clothing manufacturing from China that had already taken a hit as an early fallout of the US-China trade war. Even India’s neighbour, Bangladesh, captured a piece of the action, but India: very little. Data sets bear out the hypothesis that India is presently unattractive for foreign investors, judging by foreign direct investment (FDI), which would be the correct measure in this case.

Thus, as Basu notes, data released by the department of industrial policy and promotion shows that inward FDI in India declined in fiscal year 2018-19 for the first time in six years. This is not propitious for the prospect of a big uptick in FDI coming out of the current crisis. This is corroborated by anecdotal evidence and conversations with large investors, who are wary of getting into India in a big way at the moment—indeed, many are unwinding portfolio investments in the country, and a new large inflows of FDI seem extremely unlikely right now.

The reason for this reluctance is rather obvious. Despite some marked improvements over the years since the initial spurt of economic reforms in the 1990s and early 2000s, India remains an unattractive place for foreign investors, apart from the one obvious magnet, the large size of its domestic market, with the much-vaunted largest middle class in the world. Yet, even the force of this has weakened, as demand has collapsed in India as much or more than elsewhere. On current trends, the great Indian middle-class consumer is not going to be spending too much in the near future, and he or she is not, therefore, going to be a big draw for footloose MNEs looking to escape China.

What is more, global factors weigh down on the prospects of a big shift from China to India, or anywhere else for that matter. As earlier noted, MNEs are short of cash, and are not looking to make large and expensive—and risky—new investments at present. China may not be ideal, but it is a known quantity, and weathering the storm on Chinese shores may just be the least bad option for many at the moment. Indeed, many MNEs are contemplating a “China plus one" strategy—keeping a primary presence in China, and branching out their secondary operations elsewhere. If even some of this comes to India, it may be slim pickings indeed.

There are additional India-specific constraints to consider. India is about to enter its lockdown 4.0, and there is no prospect of any immediate return to normalcy. Under lockdown conditions, the notion that large MNEs will make substantial investments in productive capacity in the country is simply risible. This is especially so given that the protracted shutdown has failed to contain coronavirus—India seems nowhere near “flattening the curve" of infections.

India needs to intelligently prepare an exit from its lockdown, and must get serious about its unfinished reforms agenda. Temporary measures in particular states with sunset clauses are not a magic bullet. Until then, enticing large investments from China and breaking into global supply chains in a signifiant way will remain a distant dream.

Source: livemint.com – May 17, 2020

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Growers selling cotton 50% below MSP

The delay in procurement owing to strict lockdown and Covid distancing enforced by Cotton Corporation of India (CCI) at its centres is forcing the farmers to sell their produce at prices even below the half of minimum support price (MSP).

The CCI has imposed limit of only 50 vehicles in a day and 40 quintal cotton of each farmer at a centre. Around 30,000 farmers in the district are still waiting for their turn.

After the lockdown, government had stopped purchasing cotton at CCI centres and agriculture produce marketing committees (APMCs). Farmers, who could not sell their produce before the lockdown was imposed, had stored cotton to sell it after March in the hope of getting good price.

Due to lockdown, they had to wait till April end. With no signs of the lockdown being lifted, several farmers associations had urged the government to start procurement.

The government started purchase from April 27, with a few restrictions that a farmer will have to register himself and only after receiving SMS he can proceed for CCI centres. Only 50 registrations were allowed per day restricting the number of vehicles to 50 and not more than 40 quintal of cotton per farmer.

Due to lack of labour at centres, only 30-40 vehicles are getting entry in a day. There are around 44,000 farmers in the district who have grown over 40 lakh quintal cotton on 4.05 lakh hectare land. At this speed, to complete the whole process of purchasing all the produce, more than four months will be required. So far, government could purchase 23 lakh quintal cotton of only 15,000 farmers.

Farmers need to sell their crop before monsoon. Private traders are looking this as opportunity. Farmers are being compelled to sell at any cost the trader decides. Recently, a farmer Ram Charde sold cotton at Rs2,250 per quintal at Hinganghat APMC when the MSP is Rs5,500. Agents are also demanding Rs500 per quintal for registration. Those who are ready to give the bribe, gets his turn early at the centres.

According to district agriculture superintendent Anil Ingle total cotton cultivation is 2.34 lakh hectare and production around 28-30 lakh quintal. District collector's office informed that this issue has been discussed by guardian minister Sunil Kedar with CCI authorities. General manager of CCI Ajay Kumar is likely to visit the district on Monday to take stock of the situation.

DDR Gautam Walde said, "Had there been no lockdown, we would have completed the procurement before April. We are purchasing 20,000 quintal cotton every day and 6-7 lakh quintal cotton is remaining. It will not be possible to complete the procurement before monsoon."

Source: timesofindia.com – May 18, 2020

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With doors open for export of non-surgical masks, Noida's garment industry gets its hopes high

Bringing cheer to the garment industry in Gautam Budh Nagar, the central government on Saturday has for the first time eased the restrictions on the export of non-surgical and non-medical masks. The directorate general of foreign trade in the Union ministry of commerce and industry issued a notification on Saturday lifting the prohibition on export of non-surgical and non-medical masks of all types, including silk, wool and knitted ones.

Lalit Thukral, president, Noida Apparel Export Cluster (NAEC), said after amending the export policy for masks and providing them five different ITC-HS codes, the garment manufacturers of GB Nagar are expected to make at least one lakh masks per day. In India, eight-digit ITC-HS(Indian trade clarification based on harmonized system) codes are allotted to products that are to be imported or exported.

According to estimates, the district hosts more than 3,000 garment factories which employ around 15 lakh workers. The garment industry is the second-biggest sector in the state after agriculture in terms of the number of people it engages.

"Garment factories will not have any dearth of raw materials as many leftover fabrics, including cotton, silk, wool, polyester among others, can be used for making masks. This decision to allow export of non-medical masks will not only give a new lease of life to the garment industry in Noida which had suffered a huge loss caused by nationwide lockdown due to Covid-19, but will also pave a new way in the export domain," he said.

Most of the garment industries only resumed limited operations in the first week of May after the lockdown restrictions were eased in the country. While the garment units are allowed to operate with 30% percent workforce, industry owners have been battling a shortage of workers as many of them have returned to their home towns.

Thukral, who chaired a meeting of garment exporters just after the notification was released, said all the garment manufacturers are very enthusiastic and more than willing to make designer masks. "These designer masks will not only attract foreign buyers but will also provide a larger canvas to the research and design wings of the garment units," he said.

Echoing similar views, Manoj Sahu, who runs a garment export company in Noida, said that according to his personal estimates, garment units operating in the district can make at least a total of 30 lakhs masks in a month.

He said going by his expectations, the garment industry in the district can generate an additional revenue of at least ₹50 crore a month. "Apart from generating additional revenue, the government's decision will also create more jobs in the garment manufacturing sector," he said.

Source: hindustantimes.com – May 18, 2020

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Government permits exports of non-medical, non-surgical masks

The government on Saturday eased mask export restrictions by permitting outbound shipments of non-medical and non-surgical masks of all types, including cotton, silk, wool and knitted.

However, all other types of masks such as N-95 and surgical masks will continue to remain prohibited for exports.

A notification is "amended to allow the export of non-medical/non-surgical masks of all types (cotton, silk, wool, knitted)," the directorate general of foreign trade (DGFT) said in a notification.

On March 19, the government had banned export of surgical/disposable masks and textile raw material used for making masks in the wake of coronavirus outbreak.

Earlier on January 31, the government had banned export of personal protection equipment, including clothing and masks used to protect the wearer from air borne particles and/or any other respiratory masks.

Apparel exporters were demanding ease in export ban on cotton, silk, wool, and knitted masks.

"It is a welcome move. We had requested the government for this. Now we will have huge export orders. We expect to export these masks worth USD one billion in the next three months," Apparel Export Promotion Council of India Chairman A Sakthivel said.

Source: newindianexpress.com – May 17, 2020

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EPF withdrawal: 12 lakh EPFO subscribers opt for special coronavirus scheme

Under the coronavirus special EPF withdrawal scheme, about 12 lakh employees have availed this scheme and about ₹3,600 crore has been disbursed so far by the EPFO. This was disclosed by Finance Minister Nirmala Sitharaman said.

Under this scheme, Employees Provident Fund Organisation subscribers can withdraw 75% of their savings or up to a maximum of three months' basic pay and dearness allowance from their PF account – whichever is lower.

On March 28, the EPFO had allowed formal sector workers under its ambit to withdraw a non-refundable advance from their retirement savings to deal with hardships due to lockdown.

Earlier this week, Finance Minister Nirmala Sitharaman had announced a reduction of statutory provident fund contribution by both employers and employees to 10% of basic wages from the existing 12% for the next three months.

The decision was taken to facilitate more take-home salary for employees and give relief to employers in payment of PF dues.

The decision is expected to benefit 4.3 crore employees and 6.5 lakh employers reeling under liquidity crunch due to COVID-19 lockdown.

Retirement fund body EPFO has decided not to impose any penalty for delay in payment of employees' provident fund contributions by firms during the natiowide lockdown.

Since the imposition of lockdown on March 25 by the government to contain the COVID-19 spread, businesses have been facing liquidity or cash crunch, leading to difficulties in paying their mandatory provident fund dues.

Employers are required to deposit dues on a month's salary by 15th of the next month. However, they get 10 days grace for payment after that.

Source: livemint.com – May 17, 2020

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Govt prepares a list of 10 mega clusters across nine states to attract global companies

India has drawn up a list of ten mega clusters across nine states as the most attractive destinations for companies to set shop based on sectoral requirements and tax incentives to promote the country as an alternative business continuity plan destination amid the ongoing Covid-19 pandemic.

While the Noida-Greater Noida cluster is an electronics hub, Hyderabad is the largest export hub for pharma and vaccine, as per the analysis and these “have the potential of developing into the most fertile grounds for manufacturing rapid economic activity in the country.”

Ahmedabad, Vadodara (Bharuch-Ankleshwar Cluster), Mumbai-Aurangabad, Pune, Bengaluru, Hyderabad, Chennai and Tirupati-Nellore are the other most attractive clusters for investors.

This is part of the exercise that Invest India, the country's national Investment Promotion and Facilitation Agency under the commerce and industry ministry, with professional services firm JLL undertook to create a guide for potential investors on how quickly they can invest in the country with low capex models to operate here.

It highlighted India's three distinct advantages-the recent reduction of corporate taxes for setting up of new industries, being host to Global In-house Centres and Global Centre of Excellence (GCo-Es) for several manufacturing companies, and the added attraction of a large domestic market.

The idea is to market Brand India at a time when the country's FDI inflows fell 1.44% on year to $10.67 billion in October-December FY20. These 10 mega clusters cover about a hundred popular industrial parks and house over 600 Indian and foreign multinational companies.

EASE OF DOING BUSINESS, COST SAVING

"India currently has an inventory of around 22 million square feet of ready built industrial space in eight top cities ready to be occupied in six to eight weeks," Invest India and JLL said in their report on great places for manufacturing in India.

Highlighting higher capex savings while operating in India, they said that rented factories for lease tenure of nine years and above can reduce the spend on land and building significantly, bringing down capital investment in the short term.

Source: economictimes.com – May 17, 2020

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Madhya Pradesh: Relax transport, workforce rules to revive business, say industry bodies

As Madhya Pradesh government prepares blueprint for lockdown 4.0, industries in the region hope for restriction-free environment with smooth movement of goods and mobilizing workforce from non-containment zones to industrial areas.

Industries demanded smooth movement of transport vehicles and workforce claiming manufacturing units cannot run in isolation as delay in supply of raw material and dispatch of finished goods is adversely hampering productivity in factories.

They sought relaxation on movement of workforce from non-containment zones of red zones to notified industrial belts Pithampur and Dewas.

Federation of Indian Chambers of Commerce and Industry (FICCI) MP chairman Dinesh Patidar said, “In red zones, manufacturing could be allowed with specific standard operating procedures including entry and exit of workers. Smooth movement of raw material and finished goods should be ensured for industries to operate efficiently.”

Ahead of kharif sowing season, FICCI has stressed on the manufacturing and market availability of farm machinery stating any kind of delay or miss on cropping window may lead to shortage of produce.

Industries also asked the government to release pending Goods and Services Tax and subsidy refunds to ease liquidity crunch in the market.

CII Madhya Pradesh State Council’s vice-chairman Saurabh Sangla said, “Manufacturing units should be allowed to run at 70% capacity in all shifts to achieve their break-even cost. Government should also focus on easing liquidity crunch in market by releasing blocked refunds after quick verification.”

Industry demanded government to allow correspondence with banks and government offices through digital mode without the need to submit physical documents for time being.

Industry associations demanded permission to operate without a cap on number of workers and productivity, claiming this will help stop mass migration of workers to their native villages.

Association of Industries Dewas president Ashok Khandelia said, "Capping number of workers in a shift is not going to solve any purpose, on the contrary it will hit productivity and overall economy. No industry would want to shut down by flouting safety norms."

Manufacturing units and textile mills have sought waiver of fixed electricity charges from March to June and demanded bill on actual consumption in line with other states like Punjab, Haryana, Andhra Pradesh and Uttar Pradesh.

MP textile mills Association chairman Akhilesh Rathi said, "State government should offer a relief package to boost exports of textiles and clothing. Industries should get relaxation on rent and maintenance charges. Water bill should be calculated as per the actual consumption."

Source: timesofindia.com – May 17, 2020

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Lockdown 4.0: E-commerce firms Flipkart, Amazon may finally resume full operations nationally.

E-commerce companies such as Flipkart, Amazon and Snapdeal, as well as vertical etailers including Lenskart, Nykaa, and Firstcry, are expected to resume full operations from Monday after the central government removed all restrictions on online retail as part of its plan for Lockdown 4.0.

These platforms were so far restricted to selling non-essential goods like smartphones and electronics in government designated green and orange zones, while being allowed to sell essential items such as food and grocery nationally.

But in its latest guidelines, the Ministry of Home Affairs said that all activities, except those specifically prohibited, will be now be opened up. However, states would still take the final call on allowing businesses to function based on their local needs and situations, the guidelines added. Online sales will continue to be restricted in containment zones across the country, where only essential activities will be permitted, as per the latest MHA directives.

"We are ready and equipped to now start serving customers all across India - in red, green and orange zones - by providing them access to the entire selection of millions of products," said a Snapdeal spokesperson. "This is also the moment that will enable lakhs of medium and small online sellers to start rebuilding their businesses as they serve the needs of users in cities and towns across India."

Cab-hailing services Uber and Ola are also not in the current list of prohibited activities as per the new guidelines releases on Sunday evening. Both ride-hailing apps have been shut for the last two months, barring some essential travel activities which constitute less than 2-3% of their overall business as usual numbers, according to analysts.

The move to reopen e-commerce will deliver a major boost to companies that were allowed to sell only essential goods since the lockdown was announced on March 24. Even the opening up for non-essential sales had seen low demand from areas outside of red zones.

ET had reported that Flipkart and Amazon had been able to recover only 20% of their sales a week after the May 4 order that allowed them to resume business in green and orange zones.

"We don't expect states to restrict e-commerce activity in any way and we should start accepting orders from tomorrow (Monday)," said a senior executive of a leading e-commerce marketplace on the condition of anonymity. "Moreover, offline stores are open in most locations, so it shouldn't be a problem for us (e-commerce) as well."

Source: economictimes.com – May 17, 2020

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Industries in urban areas can function with 50% staff

Order not applicable to units in Chennai

In good news for industries, the Tamil Nadu government has allowed units located in urban areas to function with 50% of workers in shifts. Earlier, 33% of workers were allowed to work in such units.

According to a G.O. issued by Chief Secretary K. Shanmugam on May 15, the relaxation will not be applicable in areas under the jurisdiction of the Chennai City Police.

It may be noted that industrial units located within SEZs, EOUs, industrial estates and industrial townships — both in rural and urban areas — were allowed to function with 50% workers from May 3.

“There are several industrial units in urban areas outside these SEZs, EOUs and industrial estates. This order will benefit them,” a senior official told The Hindu.

The State government's decision was based on a note received from the Additional Chief Secretary in the Finance Department, who is also the chairperson of the Expert Committee constituted to work out a phased exit strategy from the lockdown.

The G.O states that 50% of workers have been allowed to work in shifts on the condition that they duly observe standard operating procedures (SOPs). “All industrial activities shall be allowed in village and town panchayat areas, including textile industries,” it said.

The State government has also allowed export-oriented units with 50% strength in all areas across the State, excluding Chennai City Police Commissionerate jurisdiction. “The proportion of persons employed in MGNREGS in rural areas shall be increased from 33% to 50%,” the G.O. stated.

A participant said: “Invitees specified certain areas, where foreign companies are looking to invest. These companies are looking at Vietnam, Thailand, Cambodia and Malaysia, besides India.”

These companies are in the fields of electronics, automobile and pharmaceuticals, among others. "Besides, there are some Chinese companies that are looking to expand. The members were informed of the interest of these Chinese companies too," the source added.

Source: thehindu.com – May 16, 2020

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Economic stimulus package includes Rs 8 lakh crore liquidity measures by RBI

Finance Minister Nirmala Sitharaman on Sunday said the Rs 20 lakh crore economic stimulus package to deal with the fallout of COVID-19 includes Rs 8.01 lakh crore of liquidity measures announced by the Reserve Bank since March.

The stimulus totals to Rs 20.97 lakh crore, she said, adding this also comprises the Rs 1.92 lakh crore package of free foodgrain and cooking gas to poor and cash to some sections announced in March.

The five part stimulus package announced beginning May 13 comprised Rs 5.94 lakh crore in the first tranche that provided credit line to small businesses and support to shadow banks and electricity distribution companies.

The second tranche included free foodgrain to stranded migrant workers for two months and credit to farmers, totalling Rs 3.10 lakh crore.

Spending on agri infrastructure and other measures for agriculture and allied sectors in the third tranche totalled to Rs 1.5 lakh crore.

The fourth and fifth tranches that dealt mostly with structural reforms totalled to Rs 48,100 crore, she said.

Source: thehindubusinessline.com – May 17, 2020

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'No income, zero support': Why retailers' association is miffed over economic package by Sitharaman

The Retailers' Association of India (RAI) on Sunday expressed disappointment with the 'Atmanirbhar Bharat' economic stimulus saying emergent issues facing retailers have not been addressed. The retail industry body also said that with "no income and zero support from the government", retailers are staring at closure of businesses that would jeopardise livelihoods and jobs of 46 million direct employees, out of which 20 million work in non-essential retail.

"The steps taken under the Atmanirbhar Bharat economic stimulus will help the country in the long term but the emergent issues facing the retail industry have not been addressed," RAI Chief Executive Officer Kumar Rajagopnoalan said in a statement.

The retail industry, which contributes around 40 per cent to India's consumption and 10 per cent to India's gross domestic product, is severely stressed, he added. "What retailers needed was wage support; moratorium for payment of principal and interests and support in the form of working capital. This is critical for retail to survive," Rajagopalan said.

He asserted that some earlier measures announced as part of the Rs 20-lakh crore economic package by Finance Minister Nirmala Sitharaman, such as reduction in TDS rates for payments or 2 per cent reduction each in the EPF contribution of both the employer and employee, are "minor measures that fail to provide the monetary support needed to keep a business functioning". "Even the relief measures offered to MSMEs (micro, small and medium enterprises) by the government do not help retailers as retail is not covered under the MSME sector," he said.

Reiterating that retailers need working capital in their hands to retain employment, Rajagopalan said, "Lack of support will result in closure of businesses, and jeopardise livelihoods and jobs of 46 million direct employees out of which 20 million work in non-essential retail."

He further said, "With no income and zero support from the government, the industry does not have the ability to support them." This will lead to a massive slowdown in consumption that will further harm the economy and the country, Rajagopalan said.

Source: financialexpress.com – May 17, 2020

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Centre lifts restriction on export of woven masks

All other types of masks under the Indian Trade Clarification based on Harmonised System of Coding will continue to remain prohibited for exports, the circular said.

Almost two months into the lockdown, the government on Saturday eased some restrictions on the exports of masks, allowing woven ones to be exported.

The move follows a long term demand of the textile industry. The Directorate General of Foreign Trade in a circular on Saturday, modified its March 31 order and allowed the export of non-medical and non-surgical masks made of woven cloth such as silk, wool and cotton, as well as knitted ones. All other types of masks under the Indian Trade Clarification based on Harmonised System of Coding will continue to remain prohibited for exports, the circular said.

On January 31,the government had banned the exports of all categories of PPEs in the face of the Covid-19 pandemic but lifted the ban on February 8, inviting widespread criticism from the Opposition. The textile ministry said that it did so after it was assured by the industry of adequate supply of 2-ply and 3-ply surgical masks at reasonable prices.

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Source: hindustantimes.com – May 16, 2020

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Treat apparel export industry at par with MSMEs, says APEC

As the apparel industry suffers the severe onslaught of Covid-19 pandemic, the Apparel Export Promotion Council (APEC) has approached Prime Minister Narendra Modi for the government''s intervention to treat the labour-intensive sector at par with the MSME sector.

In a letter to the Prime Minister, AEPC Chairman A. Sakthivel said: "We would request that the apparel exporting industry may be treated at par with the MSME sector as we work on wafer-thin margins of 4-5 per cent and with a high-labour force with labour wages forming 25-30 per cent of the product cost. Herewith, we request you to kindly consider the following at par with MSME sector."

The Chairman said the present crisis is the biggest challenge faced by the apparel export industry, which is facing huge losses due to non-payment of export bills and cancellation of export orders.

"Huge stocks are with us and every apparel exporter is facing severe financial crisis. You will also appreciate that the apparel export industry is one of the largest employers of the country employing 12.9 million directly and is also one of the largest employers of women who form 65 per cent of the workforce," he said.

Sakthivel said that while the apparel exporters are thankful to the government for various important decisions to revive the sector, including the permission to export non-surgical and non-medical masks, they would want the government to consider some of their issues of considering them at par with the MSME sector.

The benefit of payment of 12 per cent of employer and 12 per cent employee contributions towards EPF accounts of eligible establishments, extended by another 4 months (April-July 2020), is also a very welcome step, he said.

"However, it is strongly suggested that this benefit be granted irrespective of the number of workers employed and more specifically to cover all the apparel exporting units, which may kindly be notified as eligible establishments since they are highly labour-intensive with a huge female workforce," the Chairman said.

A large number of our exporters lost huge money by booking forward contracts and we feel that the loss can be converted into a working capital-term loan with a repayment in three years with 6 per cent interest, he added.

Sakthivel also wished that the facility of granting additional working capital to all MSMEs without collateral may also be granted to all apparel exporting units, irrespective of their size.

"The benefit of Interest Equalisation Scheme extended earlier this week by one year may kindly be extended by at least two years and the benefit of 5 per cent may kindly be extended to all apparel exporting units at par with MSME Sector," he requested.

Source: outlookindia.com – May 17, 2020

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80% export orders cancelled, textile cos eye govt relief

Closed shutters of major fashion retailers in the United States, European Union countries and other developed countries owing to lockdown has left textile mills baffled with around 80 per cent orders cancelled in last two months.

Some orders were almost ready to be shipped while a major chuck is stuck at ports, said leading textile mills of the state claiming around 80 per cent cancellation of export orders for readymade garment and fabrics while yarn shipments have seen 50 per cent cancellation.

Akhilesh Rathi, chairman, MP textile mills Association said, “The lockdown has taken a severe toll on textiles, facing high cancellations from across the globe. Demand in apparel segment has shrunk as most front-end retails in developed countries are shut for last eight weeks."

Such a high cancellations for bulk orders have resulted in towering inventories with textile mills. Apparel manufacturers said that with extended lockdown and change in season, fabrics and apparels manufactured in summer months will not find market in winters due to change in preferences resulting in hefty losses to manufacturers.

HS Jha, vice chairman, Madhya Pradesh Textile Mills Association said, "Orders scheduled to be dispatched in summers are getting cancelled due to lockdown while new orders are almost negligible in last one and half months. Textile mills are going through one of their worst phases."

Industry experts said sealing of India-Bangladesh borders amid Covid-19 outbreak has restricted movement of woven and knitted fabric resulting in towering inventories.

Rathi said, "Woven and knitting fabric from India goes for garment conversion to Bangladesh but as the border is sealed, this has resulted in piling up of huge inventory at India-Bangladesh border causing uncertainty due to LC expiry and order cancellations."

Industry players said government should announce a relief package for the sector as it is the largest employer in the country after agriculture.

MC Rawat, secretary, Madhya Pradesh Textile Mills Association said, "Mills are working at 35-40 percent capacity and capacity utilization may grow gradually. State government should extend support to the sector by charging electricity and water at actual consumption and fixed charges be waived."

Source: timesofindia.com – May 18, 2020

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Textile cos to tap global cloth mask market with innovative designs

The textile industry in the state is gearing up for large scale production and export of 'fashionable cloth masks' abroad. With the Centre allowing export of non-surgical and non-medical masks, textile industry associations in the region have asked their members to tap into the fashionable mask market by creating new designs. According to them, there is an immediate demand for cloth masks worth Rs 300 crore worldwide.

Industry representatives said they had earlier urged the Centre to allow export of cotton, silk, wool and knitted cloth masks that were used for non-medical and non-surgical purposes. The Centre on Saturday said the export policy of masks was being amended to allow export of the same.

Following this, Tirupur Exporters' Association (TEA) and Indian Texpreneurs' Federation (ITF) have asked textile manufacturing units in the state to focus on new and unique designs of functional and fashionable masks to 'capitalize on the new business potential'. ITF representatives said the sector could aim for exports to the tune of Rs 4,000 crore and employ one lakh workers.

Prabhu Dhamodharan, convenor, ITF, told TOI that there have already been inquiries from countries such as Germany, Denmark, Australia, the USA and the UK.

"As not only medical masks, but cloth masks could also be worn as a precautionary measure to keep Covid-19 away, there is a demand for fashionable cloth masks around the world."

He said presently textile players in Coimbatore and Tirupur have been supplying cloth masks to domestic markets. "The garments market has been hit by lockdown. They could very well manufacture cloth masks for export." Bangladesh and Vietnam have already started exporting cloth masks, Dhamodharan said. "Though we are a bit late, there is still a huge demand for masks and we can start supplying. We have an immediate global demand for Rs 300-crore worth masks."

Textile units have already started innovating masks in various materials such as denim, woven material and knitted materials. "We have started production and expect exports to materialize in the coming days. Wearing masks could also become a basic cultural change, so we expect the demand to sustain," the ITF convenor said.

Source: timesofindia.com – May 18, 2020

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GST compensation to States pending for December-March FY20

Finance Minister Nirmala Sitharaman on Sunday said the Goods and Services Tax (GST) compensation is due to all the states for the four-month period of December-March.

"We are periodically talking about it. GST dues are very clearly explained in the GST Council. It is not for selective states... All states' GST dues which we recognise for December, January, February, March have not been paid," Sitharaman told reporters here.

Under GST law, states are guaranteed to be paid for any loss of revenue in the first five years of the GST implementation from July 1, 2017. The shortfall is calculated assuming a 14 per cent annual growth in GST collections by states over the base year of 2015-16.

Under the GST structure, taxes are levied under 5, 12, 18 and 28 per cent slabs. On top of the highest tax slab, a cess is levied on luxury, sin and demerit goods and the proceeds from the same are used to compensate states for any revenue loss.

There were no differences between the Centre and states with regard to compensation payment in 2017-18, 2018-19 and in the first four months (April-July) of the previous fiscal (2019-20).

However, with revenue mop-up from compensation cess falling, the Centre held back fund transfer to states beginning August.

Following this, states raised the issue with the Centre and in December 2019, Rs 35,298 crore was released as compensation for August-September, while Rs 34,053 crore was released in two instalments in February and April as compensation for October-November.

The Centre has, so far, released over Rs 2.45 lakh crore as GST compensation to states since the implementation of the new indirect tax regime on July 1, 2017.

During July 2017-March 2018, Rs 48,785 crore was released, while between April 2018-March 2019, Rs 81,141 crore was paid to states.

For April-May and June-July last year, Rs 17,789 crore and Rs 27,956 crore were released. Further, Rs 35,298 crore was paid to states as compensation for August-September and Rs 34,053 crore for October-November 2019.

Source: thehindubusinessline.com – May 17, 2020

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Lockdown 4.0 till May 31, but rules eased for non-Red zones

All shops, e-comm ventures will operate; vehicles allowed to ply

With no signs of an immediate flattening of the curve of Covid-19 cases, the Centre on Sunday announced an extension of the nationwide lockdown till May 31, while easing some rules.

Passenger vehicles/buses can ply within and between States, with conditions, but metro trains will not be permitted.

Shops and e-commerce sales (both essential and non-essential) have been allowed in all places barring containment zones. This means salons, sports complexes and stadiums (sans spectators) will be permitted to open. Hotels and restaurants will also remain closed but home delivery from restaurants will be permitted. Also, the 'night curfew' between 7 pm and 7 am will continue.

The Centre has permitted States and Union Territories to delineate Red, Orange and Green zones. Within Red and Orange Zones, containment zones and buffer zones will be demarcated by district authorities. Only essential activities will be allowed in containment zones. Also, there will be strict perimeter control to ensure that there is no movement of people in or out of these areas except for medical emergencies and supply of essential goods/services.

Persons above 65 years of age, those with co-morbidities, pregnant women and children below 10 years shall stay at home except for essential and health purposes. Face covers are compulsory in all public and work places. Also, workplaces will need to ensure social distancing, temperature checks and sanitisation.

Tamil Nadu lockdown till May 31

Meanwhile, the Tamil Nadu government on Sunday extended the lockdown till May 31. However, some relaxations have been announced for 25 districts where Covid-19 cases are relatively low.

A press release said schools, colleges, places of worship, cinemas and bars will remain shut across the State. The existing restrictions will continue in containment zones across Tamil Nadu. In 12 districts, including Chennai, Kancheepuram, Tiruvallur, Chengapattu and Ranipet, all the existing restrictions will continue to be in place.

Maharashtra lockdown

The Maharashtra government, too, on Sunday extended the lockdown until the midnight of May 31. Ajoy Mehta, Chief Secretary of Maharashtra, in an order, said that the calibrated phase-wise relaxation/lifting of lockdown orders will be notified in due course.

The Karnataka government, meanwhile, has extended the lockdown in the State until midnight on May 19.

Here are some of the guidelines by the Ministry of Home Affairs:

- All domestic, international air travel of passengers, except domestic air ambulance, remains prohibited till May 31
- Metro rail services, schools, colleges to remain closed till May 31
- Hotels, restaurants, cinema halls, malls, swimming pools, gyms to remain shut till May 31
- All social, political, religious functions, and places of worship to remain shut during extended lockdown till May 31
- Inter-state movement of passenger vehicles, buses to be allowed with mutual consent of states involved during Covid-19 lockdown 4.0
- States, UTs given powers for delineation of Red, Green and Orange Zones as per Covid-19 situation

- District authorities to demarcate 'containment' and 'buffer' areas within Red and Orange zones as per Union Health Ministry guidelines
- Movement of people will remain strictly prohibited across country from 7 pm to 7 am, except for essential activities
- People above 65 years of age, persons with co-morbidities, pregnant women, children aged below 10 shall stay at home
- Sports complexes and stadia will be permitted to open, however, spectators won't be allowed
- All shops, except those in containment zones and malls, will be allowed to open from Monday with staggered timings

Source: thehindubusinessline.com – May 17, 2020

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Bengaluru scientists develop 'coat' for PPE reuse

Scientists at Bengaluru's National Centre for Biological Sciences (NCBS) have developed a chemical coating that can be applied to personal protective equipment to prevent the virus from sticking to the cloth. NCBS director Prof Satyajit Mayor told The New Sunday Express, "This germicidal molecule will provide better protection to frontline healthcare workers. The coating neutralises bacteria or viruses when applied on cotton fabrics.

It neutralises anything that has a membrane. All bacteria and a large number of viruses have membranes," he said. The chemical compound used for the coating is based on quaternary ammonium salts and is the brainchild of Prof Praveen Kumar Vemula, associate professor at NCBS' Institute for Stem Cell Science and Regenerative Medicine (InStem) and lead researcher of the project.

(Quaternary ammonium salts are water soluble compounds that can be used as disinfectants in textiles.)

"Masks/PPEs act as physical barriers on which the virus gets deposited. It can remain active at least for seven days. If you coat PPE with this chemical it will be resuable," Vemula said. Lab results show the compound is promising, but regulatory approvals are awaited, he said, adding that once they are obtained, it can be manufactured on an industrial scale in four months.

They are already in talks with chemical manufacturing companies. “The chemical can be used on pillow covers, bedspreads, covering sheets etc. It is working very well on cotton materials and will surely help the healthcare sector,” explained Mayor said.

The compound can be used in two ways. It can be applied through a solution on cloth which must be heated as prescribed for the molecules to get attached. Or, mask/gloves/PPE manufacturers can be given fabric which has been pre-attached to the compound. The molecule is efficient for up to 25 washes of the cloth on which it is used.

Source: newindianexpress.com- May 17, 2020

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