### NEWS CLIPPINGS

#### INTERNATIONAL NEWS

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INTERNATIONAL NEWS

Does China's cotton consumption decline as expected?

After the outbreak of COVID-19 pandemic worldwide, the market has expected that Chinese and global cotton consumption is supposed to fall sharply in 2019/20 season, and cotton futures market has shown this expectation. Later, after experiencing the most panic period, some views come out that despite of the obvious year-on-year decline, with the pandemic under control, the monthly growth rate of consumption may move with gradual improvement.

Then, with the coming new crop year after next two months, is the decrement of cotton consumption within your expectation? Will the consumption improve month on month? We will analyze the cotton consumption situation from the slightly delayed end-user consumption, the domestic cotton consumption assessed by CCFGroup and the current operation of the industry chain.

The first is the performance of end-user consumption. In May, the retail sales value of apparel, shoes, hats and knitted textiles decreased only by 0.6% year-on-year, which was significantly lower from the year-on-year decline of February to April, and the situation was indeed under
improvement month on month. Of course, retail sales value in May also included the demand that has been lagging in the previous months.

Yearly growth of China textile and apparel exports

Then look at the end-user consumption related to export. In May, China's textile export value increased by 77.3% year-on-year, and exports of apparels decreased by 26.9% year-on-year. From January to May, China's textile exports moved up by 21.3% year-on-year, while exports of apparels declined by 22.8% year-on-year.

China cotton consumption from Jan, 2019 (CCFGroup)
Textile exports include medical products, such as face masks, and the export of such products has grown significantly, which has led to a significant year-on-year increase in textile export data; while apparel export data is closer to the situation of the cotton textile industry.

It can be seen that the export situation of apparels is still not optimistic, which is also in line with the situation we investigate. The foreign orders have been cancelled and delayed by a large number in mid-March. Since then, the foreign orders have been re-executed, and small orders have been concluded. However, the volumes are small overall, and the continuity is unstable.

According to CCFGroup, from September 2019 to May 2020, China's cotton consumption is estimated at 5.44 million tons, a decrease of 890,000 tons from the same period of last year, down about 14%.

It can be seen that the yearly decrement of China's cotton consumption in the past three months has narrowed gradually. In June-August 2019, the cotton consumption was relatively low affected by traditional slack season and Sino-US trade war, so the consumption this year during the period may see no significant fall.

Looking at the operation status of the cotton textile industry at present, the slack atmosphere continues to cover on the market, and the grey fabric market is worse than that of the cotton yarn market.

Weaving plants have cut operating rate in order to control the accumulating inventory. Some weaving plants in North China have already suspended operation for holiday and many of them plan to have Dragon Boat Festival holiday.
The cotton yarn plant operating rate is stable temporarily, but the conventional combed cotton yarn has cut prices to sell in some regions. Zhengzhou cotton futures market has bottomed out gradually, and basis of on-call cotton continues to rise, for downstream spinning mills, they are hard to gain profits.

In general, from September 2019 to May 2020, China's cotton consumption is estimated at 5.44 million tons, a decrease of 890,000 tons from the same period of last year, down about 14%, according to CCFGroup. In June-August 2019, the cotton consumption was relatively low affected by traditional slack season and Sino-US trade war, so the consumption this year during the period may see no significant fall. However, cotton yarn inventory is accumulating, and export orders have not recovered well.

The potential risks exist. Currently, the downstream situation in the first half of June is worse than that in May. Operating rate of weaving plants continues to reduce, and many weaving plants plan to have holiday for Dragon Boat Festival.

The cotton yarn plant operating rate is stable temporarily, but the conventional combed cotton yarn has cut prices to sell in some regions. According to CCFGroup, China's cotton consumption is projected at 7.15 million tons in 2019/20 season, down 12% from last season.

Source: ccfgroup.com– Jun 18, 2020
Global textile industry orders could revive by Q4 2020: ITMF study

To interpret the impact of COVID-19 on the global textile value chain, ITMF recently conducted its fourth Corona Survey amongst 600 members across the world. The study indicated the textile sector orders will revive in Q4 2020.

Textile orders decline by 40 per cent

The survey showed, textile orders across the world have plummeted over 40 per cent from March 1, 2020 when the pandemic began to June 8, 2020. The decline in orders is universal across all sectors. Orders for fiber producers have declined by 42 per cent while their turnovers have declined by 33 per cent.

Similarly, orders for spinners have declined 44 per cent while their turnovers have declined by 33 per cent. And orders for weaver and knitters declined 46 per cent while turnovers dropped 33 per cent. Garment producers noted 37 per cent dip in orders while their turnover has fallen 31 per cent.

In future too, textile companies expect orders to fall by 32 per cent. Out of this, 22 per cent companies in South East Asia expect orders to drop while 36 per cent in Asia expect the same.

Sector to revive by Q4 2020

However, there is a silver lining and a sense of optimism among stakeholders. Asked when they expect businesses to reach pre-crisis levels again, around 23 per cent respondents said they expect orders to revive by the first quarter of 2021 while 21 per cent expect a revival by the second quarter of 2021.

A third set comprising 14 per cent of respondents expect revival to come by the third quarter of the year, while 20 per cent expect it to come as early as the fourth quarter of fourth quarter of 2020.

Source: fashionatingworld.com– Jun 18, 2020
Luxury fashion feels the COVID-19 heat as sales drop by 45 per cent

With the entire fashion industry reeling under the COVID-19 effects, could the luxury industry remain unaffected? Hardly, says the latest study by McKinsey & Co in association with Italy’s Camera della Moda and trade show organizer Pitti Immagine.

The study says, he personal and experiential luxury business, valued at €390 billion in 2019, is likely to decline almost 45 per cent by 2020-end while the leather and accessories goods sector is likely to decline by around 35 per cent.

Since January 1, 2020, global luxury apparel and fashion segment has lost almost 40 per cent of market capitalization with retailers losing revenues worth 50 percent of their market capitalization.

Global luxury sales to fall as shoppers shun stores

Around 31 per cent of the 2,100 executives interviewed by McKinsey expect global sales of luxury goods to drop by around €140 billion in 2020 and by €150 billion by 2021. This can be attributed to the fact that 50 per cent of luxury shoppers now prefer to spend time with their loved ones rather than buy desirable goods. Buyers also prefer to buy sustainable goods from local and nearby shops rather than from big brands.

E-commerce to pique sales

E-commerce is likely to gain ground with around 24 per cent shoppers opting for online channels to gain their first luxury shopping experience. Brand promotions with commitments to fight COVID-19 are some of the factors driving these consumers towards online shopping.

The research states, jewelry, watches and eyewear are likely to be some of the categories most affected by the pandemic with consumers delaying their purchases of these for later date.

Around three quarters of consumers expect to resume their pre-COVID-19 luxury spending habits after the emergency, but 80 percent of them plan to adopt special measures to prevent infections.
Wholesalers to face liquidity crunch, increased digital competitions

Amongst various categories, 46 per cent of independent wholesalers are expected to face liquidity crunch and aggressive competition from global online retailers offering early discounts on spring 2020 collections ranging from 30 to 40 per cent. As digital channels have become a key support for these luxury brands, developing partnerships with specialized e-tailers will help them to provide good service and meet their shoppers through different touch points. The survey states, COVID-19 has also disrupted traditional fashion calendar digital events. Designers and brands are also planning to reduce the size of their collection besides organizing shows closer to in-store sales.

Value creators versus value destroyers

The problem of excess inventory is also likely to compound this season with unsold inventory accounting for 150 per cent of expected spring/summer ’20 sales. Labels having strong fashion content and a limited directly controlled distribution system will be more affected than established brands. COVID-19 will also widen the polarization between value creators and value destroyers in the industry with the former accounting for 177 per cent of its profits.

Source: fashionatingworld.com– Jun 18, 2020

Supima and Better Cotton Initiative team up

Two of the most well-known names in the cotton world have joined forces to promote a unified sustainability platform for the key home furnishings fiber.

Supima, which represents U.S. grown American Pima in the marketplace, announced it has become an implementing partner with the Better Cotton Initiative (BCI) for the upcoming 2020/2021 harvest season. It represents the first time the two organizations have joined together in this capacity.

Together, they will work to establish a broader footprint for BCI-licensed Supima cotton in the marketplace with the future goal of attaining BCI
licensing for all Supima cotton growers, they said in announcing the program.

This two will also work with the American Pima industry to ensure that demand from brands and retailers for Supima cotton with a verified third-party sustainability license is met. According to the announcement, “Both Supima and BCI support the U.S. cotton industry’s development of the U.S. Cotton Trust Protocol program and look forward to an alignment of programs in the future for a unified sustainability platform based on data, impact and authenticity.”

“BCI is delighted to welcome Supima to the team of dedicated Implementing Partners in the U.S.,” said April Kappler, U.S. operations manager for BCI. “The partnership is a natural fit: the quality of fiber and advanced farming practices of the Supima member, paired with the only globally recognized sustainability standard for cotton, increases market access for high-quality, U.S.-grown, BCI-licensed Supima cotton,” she said.

“Supima continues to strive to lead in the premium natural fibers segment,” said Marc Lewkowitz, president and CEO of the non-profit organization. He noted that even though the implementing partner designation was new, Supima had a long history of working with BCI. “Our initial efforts began in 2013 with Marks & Spencer to source the first U.S. grown BCI licensed Supima. This next step in our partnership with BCI looks to expand the authentic sustainable messaging built around data to bring the most responsible and verifiable identity cotton to the market for our partners to use.”

He said Supima’s recent efforts in the area have included origin verification for all Supima cotton utilizing forensic sciences with Oritain and support of sustainability efforts through the U.S. Cotton Trust Protocol, and the Better Cotton Initiative. “Doing the right thing is not easy or cheap,” Lewkowitz said. “The investment by Supima, our licensees and partner organizations have set the foundation for responsible sourcing and messaging.”

Supima, founded in 1954, represents pima growers in Arizona, California, New Mexico and Texas and its global licensing program spans more than 50 countries and 500 licensees.

The Better Cotton Initiative, also a global not-for-profit organization, is the largest cotton sustainability program in the world and this year will license more than 400 farms in the U.S.
Better Cotton accounts for around 19% of global cotton production.

Source: hometextilestoday.com– Jun 18, 2020

Pakistan: Exporters hail approval of PPEs exports items from cabinet

The Textiles and Personal Protective Equipments (PPEs) exporters hailed the government decision for approval for exporting all PPEs items including, woven and non-woven, which provides opportunity to cater to the demands of world markets.

PPE exports of all items including, woven and non-woven would have huge opportunity for local exporter to achieve their targets for maximum benefits from opportunity after the emergence of COVID-19 pandemic, President Federation of Pakistan Chamber of Commerce and industry (FPCCI), Mian Anjum Nisar told APP here.

While President FPCCI, Mian Anjum Nisar said that in this regard the government has coordinated with FPCCI including whole business community and “We are committed to support the every good step of the government.”

He said that the government should also imposed ban on the raw material of PPE equipment’s and finishing goods to achieve the goal of value addition in the country. The well-known business leader said that where Pakistan and world as whole are facing the huge challenge of COVID-19 in every sphere of life, “We had emerging opportunities to reshape our export regime of different items including PPEs exports.

While talking to APP, President Faisalabad Women Chamber of Commerce and Industry (FWCCI) Ms Qurrat –ul-Ain appreciated the government decision for open up the PPEs export through the cabinet decision for getting more benefit in emerging business trends after COVID-19 pandemic.

She said that now world has change for new emerging businesses and trade dynamics and after the paradigm shift in COVID-19 pandemic situation, “We need to relocate our businesses according to modern trends.” Qurrat –ul-Ain said that in Faisal is consider the textile hub of the country and the
local business community in textiles sector has received huge number of export orders from European Union and the other countries. She said that now “We need to explore the new emerging world markets and European Union (EU), Middle East, Central Asia and African region are more potential markets for local traders to increase country’s exports.

She said that after the signing the Free Trade Agreement (FTA-II) with China our exporters need to enhance the exports in potential Chinese market, where “We have relaxation on 313 export items.” While the Advisor to Prime Minister on Commerce and investment, Abdul Razak Dawood urged the local exporters to exploit the huge opportunities by exporting Personal Protective Equipment (PPE) items in potential global market as its demand has risen after COVID-19 pandemic.

He said the Federal Cabinet had approved export of Personal Protective Equipment (PPE) of all items including, woven and non-woven, which provides opportunity to cater to the demands of world markets, said a press release issued by Ministry of Commerce here.

The advisor emphasized upon the need for exploiting the huge opportunities of increasing exports in the health and safety products like PPE including protective masks, gloves, sanitizer, clothing, helmets, goggles and other garments or more innovative equipment’s designed for protection from COVID-19 pandemic.

The advisor also informed that a committee has also been formed to manage local demand to ensure adequate supplies and in this regard a notification will be issues in coming few days.

He said that this is part of government strategy for exports diversification to expand in to new segments to achieve the agenda of new market exploration for connecting local exports with global value chain. The government is committed to encourage the local exporter to seek more order from the international potential markets and also try to explore the untapped region of the world.

“A ban was imposed on export of PPE vide an SRO dated March 24, 2020, which is now being lifted after consultations among all stakeholders’ he said. Already “I have received information that some exporters have obtained large orders for face masks from United States, Canada and European Union, Razak Dawood said.
The adviser said the exports to different regions has increased as the exports to Middle East went up by 36 percent, African regions 10 percent, while the export to Central Asian Countries especially were also on rice. He calls the exporter to go full speed ahead and capture the share of potential markets of the world including EU and China to increase the local exports.

Razak Dawood said that “We are fully prepared to exploit the economic and trade opportunities expected in the wake of post COVID-19 pandemic to increase local production for promoting the Pakistan made products in global potential markets.”

Source: app.com.pk – Jun 18, 2020

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**Pakistan: Bullish trend witnessed on cotton market**

The local cotton market on Thursday witnessed a bullish trend as the exporters of textile sector took extraordinary interest in the purchase of cotton and Phutti.

Market sources told that during a one day trading session record increase of Rs300 per maund was witnessed in Punjab as a result of which the price of cotton reached at Rs8500 per maund while the rate of cotton in Sindh reached at Rs8200 per maund.

Sources told that cotton picking in the costal areas of Sindh is continued in full swing. The textile mill owners and exporters were taking interest in the buying of cotton because the ginning season starts well on time and there was an improvement in the availability of good quality cotton.

Cotton Analyst Naseem Usman told that due to the arrival of Phutti in limited quantity and the starting of operations by the ginning factories on daily basis bullish trend was witnessed in the market. He said that total 3500 maunds of Phutti arrived in the market.

He also said that cotton prepared in the ginning factories were sold on the basis of advance booking which was the main reason of the increasing prices of new cotton. It is expected that the prices of Phutti and cotton may increase in coming days. He further said that picking is in full swing in Sindh
10 ginning factories were fully operational in Sindh while more than four ginning factories were operational in Punjab.

Moreover, unprecedented increase of 127 points was witnessed in New York Cotton market because of the growing tension between China and India. Both India and China are big cotton producing countries in the world as well as both are atomic powers.

There was a fear among the traders that international cotton industry may be affected as a result of growing tension between the two atomic powers. There is a possibility that both China and India may stopped trade with each other as a result of which America may take advantage become the biggest gamer of cotton in the world. However, weekly report issued today will leave a big impact on the market which will also be able to predict the exact future situation of the market.

Moreover, Sindh Chief Minister Syed Murad Ali Shah in his budget speech in Sindh Assembly said locust attack is expected to cause losses of 303,109 and 340,077 tons respectively in the yields of Kharif and Rabi crops this financial year in Sindh.

In this potentially catastrophic scenario, Shah said the Sindh government is determined to improve the conditions in the agriculture sector by increasing the overall budget to Rs14.8 billion in the financial year 2020-21, in comparison with allocation of Rs10.6 billion in the financial year 2019-2020.

According to the chief minister, the number of field teams will be increased for improved and extensive surveillance, and for more effective control operations. The number of vehicles and vehicle/tractor mounted solo power sprayers and hand sprayers will be increased for countering locust influx.

GPS devices will be provided to field teams for enhancing accuracy of surveillances and efficient locust control operations.

Shah said that for the financial year 2020-21, targets have also been set to be achieved. These are acclimatization and adaptation of tropical fruits, launch of bio-fortification technology project to combat zinc deficiency in wheat and rice crops, establishment of Sindh institute for bio-technology and genetic engineering, establishment of soil micro-biopsy and micro-nutrient research laboratory at Orchard Nutrient, Management Research Institute, Mirpurkhas, and to launch campaign "Grow More Cotton".
Meanwhile, Former Chairman Standing Committee on Textile FPCCI and President Pakistan Businesses Forum (PBF), Sahibzada Mian Usman Zulfiqar has said the condition of the textile industry will worsen amid a liquidity crunch and shrinking global business, and will lead to closure of industrial units, decline in exports and massive unemployment.

As more industry would close in Pakistan and textile sector would go down. "Number of exporters is decreasing in Pakistan". He said the value-added textile export industry had rejected the federal budget for 2020-21, terming it "one-sided and unrealistic" without any relief for the textile industry, which was the backbone of the economy and exports.

He was of the view that the textile industry had been completely ignored and deprived of relief in the federal budget, which purportedly had been made on directives of the International Monetary Fund (IMF).

It said the imposition of 17% sales tax in the previous budget had brought a disastrous impact on the textile industry and its exports as well as caused liquidity crunch due to stuck refunds worth billions of rupees. "The demand for restoring the zero-rating facility and proposals of the textile export sector have been disregarded," it said.

While, Chairman, Pakistan Yarn Merchants Association (PYMA) Danish Hanif has expressed frustration over non-provision of relief on imported raw materials of textile industry and SMEs in Budget 2020-21 and the imposition of further regulatory duty (RD) at 2.5 percent, terming the move as disastrous for the textile sector and SMEs.

In an appeal to Prime Minister Imran Khan, Chairman PYMA has urged that no RD should be imposed on the raw materials of the textile sector to get the domestic industries out of Covid-19 impact and to promote the industrialisation.

Danish Hanif said that Polyester Filament Yarn (PYF) is an important raw material for weaving, knitting and home textiles. Most of the needs, about 70 percent of the user industry, are met by imports because the local manufacturers only produce basic specs and are only able to meet about 30 percent of the total demand.

Naseem Usman also said that rate of new cotton of Sindh is in between Rs8100 to Rs8200 per maund while the rate of new cotton in Punjab is in between Rs8400 to Rs8500 per maund.
He told that Phutti of Sindh was sold in between Rs3800 to Rs4200 per 40 kg. The rate of Phutti in Punjab is in between Rs4200 to Rs4300 per 40 Kg.

The rate of Banola in Sindh was in between Rs1900 to Rs2000 while the price of Banola in Punjab was in between Rs2100 to Rs2000.

He also said that Spot Rate remained unchanged at Rs8000 per maund. The rate of cotton in Sindh and Punjab is in between Rs6500 to Rs8200 per maund. The polyester fiber was available at Rs155 per kg.

Source: breceiver.com – Jun 18, 2020

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Bangladesh's apparel export showed a sharp YoY decline in May

In May, Bangladesh's apparel export continued to show a sharp decline year-on-year. According to the latest data, Bangladesh's apparel export in May was 1.23 billion USD, down 62.1% year-on-year but up 228.4% month-on-month.

Bangladesh's apparel export value and YoY change

Among them, the export value of knitted apparel was 610 million USD, down 61.9% year-on-year but up 237.8% month-on-month, and the export of woven one was 620 million USD, down 62.2% year-on-year but up 219.8% month-on-month.
With the easing lockdown measures across Bangladesh, the market activity has increased, and the apparel production and sales have gradually recovered which have greatly improved month-on-month but still shrank year-on-year.

During Jan-May, Bangladesh’s apparel export was 9.68 billion USD, down 33.9% year-on-year. Among them, the export value of knitted apparel was 4.54 billion USD, down 35.5% year-on-year; that of woven one was 5.15 billion USD, down 32.4% year-on-year.

Source: ccfgroup.com– Jun 18, 2020

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Bangladesh: Remove VAT on all types of yarn: BTMA

Welcoming the decision to reduce value added tax (VAT) on all kinds of yarn from Tk4 to Tk3 per yard in the proposed budget for fiscal 2020-21, the Bangladesh Textile Mills Association (BTMA) has demanded that VAT be removed altogether on all yarn.

It also urged the government to raise the existing alternative cash assistance from 4 per cent to 10 per cent for six months to compensate for the losses faced by export-oriented textile mills due to aggressive promotional strategies by competing nations.
The association earlier proposed waiving VAT on all kinds of yarn as the industry had lost around Tk20,000 crore during the COVID-19 lockdown imposed by the government, it said in a press release.

A fixed Tk6 ad valorem VAT has been proposed to be imposed on yarn produced from man-made fibres (MMF) that, the association thinks, will not benefit the related textile mills due to a dearth of export orders for yarn and buyer shortfall the textile mills have been plunged into.

Therefore, BTMA urged a reconsideration of the proposal and clamping of a Tk2 ad valorem VAT on every MMF yarn.

To stop unethical trading and protect the interests of the domestic industry, BTMA had earlier proposed changing the tariff structure of some Harmonised System (HS) coded fabric. However, as the budget did not reflect the issue, it urged the authorities to reconsider the matter.

BTMA also thinks a 0.5 per cent withholding tax on export prices of all types of readymade garments will be challenging for the textiles and readymade garment units in their struggle to survive in the global market in the COVID-19 context. It has, therefore, requested the government to fix the rate of withholding tax at the previous rate of 0.25 per cent.

Source: fibre2fashion.com– Jun 18, 2020
NATIONAL NEWS

Textile sector needs a vision and mission

‘Atmanirbharta’ will not be complete if already self-reliant sectors are not supported to dominate the global markets

Prime Minister Narendra Modi has embraced ‘atmanirbhar’ or ‘self-reliance’ as a development strategy to reboot the Indian economy. It is about tapping India’s inherent strengths to emerge stronger as a nation, economically and otherwise.

Policies are being reshaped in line with this philosophy and the most recent are the schemes with incentives worth ₹50,000 crore announced to make India self-sufficient in the electronics sector, especially in the manufacture of mobile handsets.

Though the country can boast that 97 per cent of its mobile phone demand is met locally, the worrying part is that 88 per cent of the components that go into a handset including the display, printed circuit board and the chip sets are imported. The value of these imports has been rising so rapidly that it has began to impact the balance of payment position.

The scheme seek to attract investments from global handset component players and create a strong domestic supply chain which will not only reduce the dependence on imports but also make India a global handset manufacturing hub. Today, a negligible share of the handsets manufactured in the country are exported.

The larger vision of a ‘Atmanirbhar Bharat’, thus, is not just import substitution but to build capacity for manufacturers in India to dominate the global market. While pursuing such a policy will, no doubt, boost the country’s manufacturing and exports, the government should not lose sight of sectors which are already self-reliant and can, with a little help, play a larger role in the global market. The textile sector is a case in point.

If there is one sector in the country that is self-reliant end-to-end, it is textiles. Unlike Bangladesh and Vietnam or for that matter China, which are dominating the global textile market, India has abundant supply of raw material.
It is the largest producer of cotton, accounting for 25 per cent of the global output. It is also the second largest producer of man-made fibres — polyester and viscose. Over the years a large spinning, weaving and apparel making capacity has been established to convert the raw material into end-products. Labour availability is plenty and, most importantly, a strong domestic market exists.

**Stagnant exports**

But the sector, which accounts for seven per cent of India’s manufacturing output, two per cent of GDP, 12 per cent of exports and employing about 10 crore people, has been stagnating in recent years. Its exports have remained at the $40-billion level for the last six years (it briefly touched $42 billion in FY15).

The share of textiles in India’s overall exports has declined from 15 per cent in FY16 to 12 per cent in FY19. Relatively newer entrants like Bangladesh, Vietnam and Cambodia have gained substantially during this period. Bangladesh’s apparel exports have risen from $26.60 billion in 2015 to $33 billion in 2019. Vietnam, in a short span of time, has grown to become the third largest apparel exporter in the world. On the other hand, India’s apparel exports declined from $18 billion in FY17 to $17 billion in FY19.

Internal factors, more than competition, are responsible for the stagnation of India’s textile exports.

**Lack of scale**: While India’s spinning capacity is of a global scale, the same cannot be said about weaving and apparel making. In fact, apparel units in the country have an average size of 100 machines. Compare this with Bangladesh which has on an average of at least 500 machines per factory.

Apart from lower labour cost and tariff benefits on account of it being a `least developed country’, the better economies of scale makes Bangladesh imports highly competitive vis-a-vis India. The only way India can overcome this challenge is by setting up mega apparel parks close to ports with `plug and play’ facilities and common infrastructure for effluent treatment, etc. This will help Indian players scale up faster at lowest cost and maximum efficiency in operations.

**Bias towards cotton**: Indian policymakers have always favoured cotton. Not surprising, as 5.8 million farmers are engaged in cotton cultivation. GST on cotton is uniformly 5 per cent for fibre, yarn and fabric. But not so for
man-made fibres (MMF), which are taxed at 18 per cent for fibre, 12 per cent for yarn and 5 per cent for fabric. This inverted tax structure makes MMF textiles costly. This explains why it accounts for just $6 billion of the $39-billion textile exports.

But what has complicated the situation is the global shift in fashion towards MMF. Today, 72 per cent of the global textile fibre consumption is MMF. From 48.2 million tonnes in 2010, end use of non-cotton fibre across the world is expected to increase to 94.3 million tonnes by 2025. To be a serious player in the global market, India needs to have a fibre neutral tax policy. Also, there is an imminent need for an MMF Mission to upgrade the industry’s skill when it comes to non-cotton textiles.

Lack of trade agreements: Preferential Trade Agreements, including FTAs, help gain duty-free access to large textile markets such as the EU, Australia and the UK which, otherwise, levy 12-14 per cent import duty. They will help Indian players counter Bangladesh which, as a ‘least developed nation’, gets duty-free access.

Vietnam has just signed an FTA with the EU and its apparel exports will also suffer no duty from September. But India’s FTA negotiation with the EU has remained suspended since 2013 after 16 rounds of talks. Wide differences, especially in opening up the automobile and wine sectors, is the reason.

An India-Australia Comprehensive Economic Co-operation Agreement has been in the works for eight years (Australia wants greater access for its agri exports). The British government has indicated that the UK-India FTA post-Brexit (a $3- billion opportunity) is not a priority due to high-value trade disputes the two countries are involved in. The government should look through the prism of ‘atmanirbhar’ to adopt an appropriate ‘give and take’ policy and sign the FTAs. Job creation can be an important metric. Every $1 billion increase in textile exports adds 1.5 lakh jobs.

India needs a fresh blueprint for the textile sector. Once that is drawn up, the country needs to move into mission mode to achieve it. ‘Atmanirbharta’ will not be possible if the government fails those sectors that are already self-sufficient and capable of dominating the global market.

Source: thehindubusinessline.com – Jun 18, 2020

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Textile companies' revenue to fall on drop in demand due to slowdown: Ind-Ra

India Ratings expects a 'huge fall' in revenue of textile companies in the first half of 2020-21 due to the economic slowdown following lockdown to curb the spread of the COVID-19 pandemic.

Subdued domestic demand and declining export demand due to lockdowns in global markets on account of COVID-19 come as a double blow for textile companies, India Ratings & Research (Ind-Ra) said in its report.

While domestic demand could revive in third quarter of FY21 with the onset of festive season and reopening of retail spaces, export demand would fairly depend on recoup of major economies such as the US and the UK.

However, there also seems to be a short-term opportunity for Indian companies to cater to those markets which were earlier catered by China and Bangladesh, it said.

The agency expects a huge fall in revenues of textile companies in 1HFY21 (April-September) and a moderate recovery only over 2HFY22 (October-March), the report said. With stoppage of production and shortage of labourers due to lockdown, revenue is likely to bottom out over 1HFY21. However, consumption demand is unlikely to revive in FY21.

Further, players in spinning, readymade garments carry high debts on account of stretched working capital cycles with low cushion to borrow, it said. The agency expects the working capital cycle to stretch for textile players over the next nine months due to delays in collections and a longer inventory.

The ongoing economic slowdown is likely to contract the demand by 25-35 per cent across yarn, fabric and apparels in FY21 as compared to the previous fiscal.

The demand in first half of FY21 is likely to be muted with summers lost because of the lockdown. Demand growth in FY21 will depend on discretionary spending, and thus a gradual recovery in household income in second half of FY21.
Ind-Ra assumes normalcy in revenue to return by second half of FY22. Demand revival will also depend on government measures to incentivise exports, it added.

Meanwhile, the agency expects a correction in cotton prices over July-September in FY21 from the levels of Rs 90-95 per kg as of May due to low demand and high holding levels at Cotton Corporation of India. However, holding stocks could only provide a short-term relief as some of the inventory is expected to be exported, given the advantage of lower prices and rupee depreciation, it said.

The textile industry is labour intensive in nature, and with most labourers headed to their hometowns, sector companies could face challenges to operate even at low capacities. The agency said that it expects that it would take 3-4 months for operations to stabilise post Unlock 1.0.

Source: economictimes.com– Jun 18, 2020

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Cotton exports seen rebounding on lower price

Shipments may top 50 lakh bales for 2019-20 season

India’s cotton exports are gaining momentum as the prevailing low prices have made the fibre attractive in the global market. Trade expects the shipments to surpass the export target to exceed 50 lakh bales for the 2019-20 crop season ending September.

“The export target of 47 lakh bales will be achieved and going by the current trend, shipments may touch 50 lakh bales this season,” said Atul Ganatra, President, Cotton Association of India (CAI), the apex trade body. Cotton exports in 2018-19 stood at 42 lakh bales.

According to CAI, exports till May-end stood at 37 lakh bales. “We expect the shipments to be around 40-42 lakh bales by end of June,” said Ganatra. Cotton prices in India are hovering around ₹35,000 per candy of 356 kg each, much lower than import price of ₹40,000-42,000, Ganatra said. “Indian cotton prices are the cheapest in the world now,” Ganatra added.
Presently, Indian cotton is being shipped to countries such as Bangladesh, China, Indonesia and Vietnam among others. “Factors like local prices, currency exchange rate and the demand in the neighbouring countries are giving good room for exports. Our exports will easily cross 50 lakh bales as there is price advantage for our buyers,” said Arun Sekhsaria from Brijmohan Seksaria & Co in Mumbai.

State-run Cotton Corporation of India (CCI), which recently rationalised its sale price, is also keenly exploring the export option. “We are looking at markets such as Bangladesh. There are many enquiries and may materialise any time,” said PK Agarwal, CMD, CCI.

CCI is currently the largest cotton stockholder in the country with its stocks around 1.10 crore bales. CCI has procured over 1 crore bales in the current cotton season and is still making purchases in various states.

**Cotton crisis**

Indian cotton prices, which hovered around global price levels during February, had crashed in the aftermath of the Covid lockdown on decline in demand from the spinning mills. Ginned cotton prices, which touched a low of ₹32,000-33,000 range, have recovered a bit to around ₹35,000 levels and are expected to stay firm as market arrivals slow down and on anticipated improvement in demand from mills, said Ramanuj Das Boob, a sourcing agent in Raichur.

Srikanta, Vice-President at Raghunath Agrotech Pvt Ltd, Hyderabad said the demand for Indian cotton is yet to pick up from overseas buyers such as Bangladesh and Vietnam, where mills have also suffered due to the lockdown. “At these prices there should have been more exports,” Srikanta added.

CAI’s Ganatra said that the prevailing tensions between India and China were unlikely to hit exports. “We don’t see any impact of the prevailing tensions on cotton exports to China,” Ganatra added.

Source: thehindubusinessline.com– Jun 18, 2020

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Consumption demand for textiles unlikely to revive in current fiscal, says report

Textile companies have been impacted by the subdued domestic demand and declining export demand due to lockdowns in the global markets on account of COVID-19.

According to a report by India Ratings and Research, the domestic demand could revive in the third quarter of the current financial year with the onset of the festive season and reopening of retail spaces. However, export demand would depend on global economies such as the US and UK.

The agency expects a huge revenue downfall for textile companies in the first half of the current fiscal and a moderate recovery only over the second half of fiscal year 2022.

With the stoppage of production and shortage of labour due to the lockdown, revenue is likely to bottom out over first half of the current fiscal. The report said the consumption demand is unlikely to revive in the current fiscal.

“This is likely to result in a fall in EBITDA in the range of 20%-50% YOY, depending on the segments, leading to deterioration in credit metrics. Furthermore, players in spinning, readymade garments carry high debts on account of stretched working capital cycles with low cushion to borrow.

The agency expects the working capital cycle to stretch for textile players over the next 9 months due to delays in collections and a longer inventory,” the report said.

Source: timesofindia.com– Jun 18, 2020
Indian economy to contract by 4 per cent in 2020-21: ADB

Hit hard by the coronavirus pandemic, the Indian economy is expected to contract by 4 per cent during the current financial year, the ADB said in a supplement to its Asian Development Outlook (ADO) on Thursday.

Countries in Developing Asia will “barely grow” in 2020, as per the ADB forecast. China, however, is expected to record a positive growth of 1.8 per cent in 2020, sharply down from 6.1 per cent in 2019, said the ADO.

“Growth in Indian GDP slowed to 3.1 per cent in the last quarter of fiscal year 2019 (FY2019, ended 31 March 2020), its slowest since early 2003. Economic growth slowed to 4.2 per cent in the whole of FY2019 as both exports and investment started to contract.

High-frequency indicators such as purchasing managers’ indexes fell to all-time lows in April, reflecting the bleak outlook. Migrant workers have gone home to their villages after losing their jobs in the cities and will be slow to return even after containment measures are relaxed. GDP is expected to contract by 4.0 per cent in FY2020 before rebounding by 5.0 per cent in FY2021,” it said.

In its annual flagship ADO published on April 3, ADB had projected that India’s economic growth rate will slip to 4 per cent in the current fiscal on account of the global health emergency created by the Covid-19 pandemic.

Developing Asia will barely grow in 2020, as containment measures to address the coronavirus disease (Covid-19) pandemic is expected to hamper economic activity and weaken external demand, ADB said.

For the countries in developing Asia, ADB forecasts growth of 0.1 per cent for the region in 2020. This is down from the 2.2 per cent forecast in April and would be the slowest growth for the region since 1961, it said.

“Growth in 2021 is expected to rise to 6.2 per cent, as forecast in April. Gross domestic product (GDP) levels in 2021 will remain below what had been envisioned and below pre-crisis trends.”

“Developing Asia” refers to a group of over 40 countries that are members of the ADB.
‘New normal’

“Economies in Asia and the Pacific will continue to feel the blow of the Covid-19 pandemic this year even as lockdowns are slowly eased and select economic activities restart in a ‘new normal’ scenario,” said ADB Chief Economist Yasuyuki Sawada.

Sawada further said, “while we see a higher growth outlook for the region in 2021, this is mainly due to weak numbers this year, and this will not be a V-shaped recovery. Governments should undertake policy measures to reduce the negative impact of Covid-19 and ensure that no further waves of outbreaks occur.”

Excluding the newly industrialised economies of Hong Kong, China; the Republic of Korea, Singapore and Taipei, China, Developing Asia is forecast to grow 0.4 per cent this year and 6.6 per cent in 2021, it added.

Hit hard by Covid-19, South Asia is forecast to contract by 3 per cent in 2020, compared to 4.1 per cent growth predicted in April. Growth prospects for 2021 are revised down to 4.9 per cent from 6 per cent, ADB said.

As per the ADB forecast, risks to the outlook remain on the downside. The Covid-19 pandemic may see multiple waves of outbreaks in the coming period and sovereign debt and financial crises can not be ruled out. “There is also the risk of renewed escalation in trade tensions between the United States and the People’s Republic of China (PRC),” it added.

Gloomy picture

The Reserve Bank of India (RBI) earlier in May projected a gloomy picture of the economy, saying the impact of Covid-19 is more severe than anticipated and the GDP growth during 2020-21 is likely to remain in the negative territory. However, RBI has not given any number to the projected contraction of the Indian economy.

The outlook of inflation also remains “highly uncertain”, RBI Governor Shaktikanta Das had said on May 22, while announcing a 40-basis point cut in the repo rate as part of the monetary measures to deal with the current crisis.

Earlier this month, Washington-headquartered World Bank projected India’s economy to shrink by 3.2 per cent in the current fiscal due to the
coronavirus pandemic that has hit a hard blow to the economy due to the lockdown.

International rating agencies like Moody’s Investors Service, Fitch Rating and S&P Global Ratings have all predicted a 4-5 per cent contraction in India’s economic growth rate during April 2020 to March 2021 fiscal. Crisil has said this would be the country’s fourth recession since Independence, first since liberalisation, and perhaps the worst to date.

Source: thehindubusinessline.com– Jun 18, 2020

Fitch revises outlook on India to negative

Fitch Ratings has revised the outlook on India’s Long-Term Foreign-Currency Issuer Default Rating (IDR) to negative from stable and affirmed the rating at ‘BBB-’.

“The coronavirus pandemic has significantly weakened India’s growth outlook for this year and exposed the challenges associated with a high public-debt burden.

Fitch expects economic activity to contract by 5 per cent in the fiscal year ending March 2021 (FY21) from the strict lockdown measures imposed since March 25, 2020, before rebounding by 9.5 per cent in FY22,” Fitch said.

“The rebound will mainly be driven by a low-base effect. Our forecasts are subject to considerable risks due to the continued acceleration in the number of new Covid-19 cases as the lockdown is eased gradually.

It remains to be seen whether India can return to sustained growth rates of 6-7 per cent as we previously estimated, depending on the lasting impact of the pandemic, particularly in the financial sector,” it added.

Source: thehindubusinessline.com– Jun 18, 2020
Explained: Why banning trade with China will hurt India more

The Indian government has tried to respond to the border dispute with China by training its guns on trade. The idea resonating in Indian streets is that Indian should boycott Chinese goods and thus “teach China a lesson”.

Visuals of Indians breaking and burning their fully functional Chinese appliances such as TVs have been doing the rounds in social media. Union minister Ramdas Athawale has even demanded a ban on restaurants selling Chinese food even though these would be Indian restaurants, employing Indian chefs and using largely Indian agricultural produce to serve such Chinese dishes.

While one can understand the outrage that Indians feel when they hear about the brutal deaths of their soldiers, turning a border or defence dispute into a trade one is an ill-advised move.

There are several reasons.

1. Trade deficits are not necessarily bad

One of the main reasons why banning trade has been the first reaction is the notion that having a trade deficit is somehow a “bad” thing. The fact is altogether different. Trade deficits/surpluses are just accounting exercises and having a trade deficit against a country doesn’t make the domestic economy weaker or worse off.

For instance, if one looks at the top 25 countries with whom India trades, it has a trade surplus with the US, the UK and the Netherlands. But that doesn’t mean the Indian economy is stronger or better off than any of these three.

Similarly, it has a trade deficit with the other 22 of them (including China) — regardless of their size and geographic location. This list includes France, Germany, Nigeria, South Africa, UAE, Qatar, Russia, South Korea, Japan, Vietnam, Indonesia among others.

Yet, a trade deficit doesn’t necessarily mean that the Indian economy is worse off than South Africa’s. A trade deficit with China only means that
Indians buy more Chinese products than what Chinese from India. But per se that is not a bad thing.

Why? Because it shows that Indian consumers — who made these purchase decisions individually and voluntarily — are now better off than what they would have been had they bought either, say, a Japanese or French or even an Indian alternative.

Essentially, it shows that Indian consumers, as well as the Chinese producers, gained through trading. It is this very process that generates the gains from trade. Both sides are better off than what they would have been without trade.

Of course, running persistent trade deficits across all countries raises two main issues.

One, does a country have the foreign exchange reserves to “buy” the imports. Today, India has more than $500 billion of forex — good enough to cover imports for 12 months.

Two, it also shows that India is not capable of producing for the needs of its own people in the most efficient manner.

At one level, no country is self-sufficient and that is why trade is such a fantastic idea. It allows countries to specialise in what they can do most efficiently and export that good while importing whatever some other country does more efficiently.

So while a persistent trade deficit merits the domestic government — the Indian government in this case — to put in place policies and create the infrastructure that raises competitiveness, it should not “force” or even “nudge” people to move away from trade because doing so will undermine efficiency and come at the cost of the consumer’s benefits.

2. Will hurt the Indian poor the most

More often than not, the poorest consumers are the worst-hit in a trade ban of this kind because they are the most price-sensitive. For instance, if Chinese ACs were replaced by either costlier Japanese ACs or less efficient Indian ones, richer Indians may still survive this ban — by buying the costlier option — but a number of poor, who could have otherwise afforded an AC, would either have to forgo buying one because it is now too costly
(say a Japanese or European firm) or suffer (as a consumer) by buying a less efficient Indian one.

Similarly, the Chinese products that are in India are already paid for. By banning their sale or avoiding them, Indians will be hurting fellow Indian retailers. Again, this hit would be proportionately more on the poorest retailers because of their relative inability to cope with the unexpected losses.

3. Will punish Indian producers and exporters

Some may argue that trading with China hurts many Indian producers. This is true, but it is also true that trading hurts only the less efficient Indian producers while helping the more efficient Indian producers and businesses.

It is important to note that the list of Indian consumers of Chinese imports does not comprise just those who consume the final finished good from China; several businesses in India import intermediate goods and raw materials, which, in turn, are used to create final goods — both for the domestic Indian market as well as the global market (as Indian exports).

Contrary to popular belief an overwhelming proportion of Chinese imports are in the form of intermediate goods such as electrical machinery, nuclear reactors, fertilisers, optical and photographic measuring equipment organic chemicals etc. Such imports are used to produce final goods which are then either sold in India or exported.

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Here’s some food for thought: /What if Xi Jinping and the political establishment in China do the same thing to India? What if they decided to abruptly ban all trade and forbid all private investment via any route into India?/

Of course, India would survive, but at a huge cost to common Indians while depriving many Indian businesses (the start-ups with billion-dollar valuations) of Chinese funding.

Why? Because in the short to medium term, it would be both difficult and costly to replace Chinese products. Imagine diverting all our imports from China to Japan and Germany. We will only increase our total trade deficit.

If on the other hand, we decide to use Indian products, that too would cost us more — albeit just internally.

5. **India will lose policy credibility**

It has also been suggested that India should renege on existing contracts with China. Again, while in the short-term this may assuage hurt sentiments, it would be hugely detrimental for a country such as India which has been trying to attract foreign investment.

One of the first things an investor — especially foreign — tracks is the policy credibility and certainty. If policies can be changed overnight, if taxes can be slapped with retrospective effect, or if the government itself reneges on contracts, no investor will invest. Or, if they do, they will demand higher returns for the increased risk.

6. **Raising tariffs is mutually assured destruction**

It has also been argued that India should just slap higher import duties on Chinese goods. Others have suggested that India can allow primary and intermediate goods from China at zero duty, but apply prohibitive tariffs on final goods.
Even leaving aside the rules of the World Trade Organization that India would be violating, this is a poor strategy since others — not just China — can and most likely will reciprocate in the same way.

What will also go against India here is its relatively insignificant presence in global trade and value chains. In other words, it is relatively easy for the world to bypass India and carry on trading if India doesn’t play by the rules.

**The Upshot:**

The first thing to understand is that turning a border dispute into a trade war is unlikely to solve the border dispute. Worse, given India and China’s position in both global trade as well as relative to each other, this trade war will hurt India far more than China. Thirdly, such a shock — banning all trade with China — will be most poorly timed since the Indian economy is already at its weakest point ever — facing a sharp GDP contraction.

The surge of protectionism and anti-globalisation sentiment since the start of the Global Financial Crisis of 2008 is well known but it is also well established that trade leaves people better off.

Of course, not everyone. For instance, all inefficient domestic industries would want to be protected by higher tariffs in the name of economic nationalism. But, as explained above, this protection will come at the cost of domestic consumers.

Indeed, in the first four decades of India’s existence, it has tried — and miserably failed — making mantras like “self-reliance”, “import-substitution” and “protecting infant domestic industries” work.

India must try to aggressively acquire a higher share of global trade by raising its competitiveness. India now has an insignificant share in world trade. If it is not careful, much smaller countries will further chip away.

For instance, while in November 2019, India refused to join the Regional Comprehensive Economic Partnership (RCEP) — a Free Trade Agreement (FTA) in a region that is least affected by Covid and most likely to see trade volumes in the future — Vietnam signed an FTA with the European Union earlier this month. Indian exporters were already losing ground in the EU to Vietnam will now be adversely affected since most Vietnamese goods will enjoy zero import duties in the EU, thus making them more affordable for European consumers.
Goods supplied to an overseas customer by an overseas vendor of an Indian firm will attract IGST, says AAR

Integrated Goods & Services Tax (IGST) will be applicable on goods directly shipped to overseas customers from vendors’ premises outside India, an Authority for Advance Rulings (AAR) has said.

The applicant, Sterlite Technologies approached Gujarat AAR with two queries for advance ruling. The first question was whether GST is payable on goods procured from vendor located outside India in a context where the goods purchased are not brought into India.

The second question was whether GST is payable on goods sold to customers located outside India, where goods are shipped directly from the vendor’s premises (located outside India) to the customer’s premises.

The applicant proposed to undertake transaction and supply of hardware, commercially known as ‘Merchant Trade Transaction’, wherein the applicant will receive an order from the customer located outside India and as per their instruction, its vendor (also located overseas) would directly ship the goods to the customer located outside India.

The vendor would issue an invoice on the applicant against which payment would be made in foreign currency and the applicant would raise invoice on the customer and would receive consideration in foreign currency.

In the above transaction, goods would not physically come to India, but would move between one place and another, both outside India.

After hearing all parties, the AAR observed that the supplier is located in India and the place of supply is outside India and as such the same would be inter-State supply in terms of the IGST Act.

Thus, it is very clear that the transaction undertaken by the applicant is tantamount to supply and is an inter-State supply. It needs to be noted that IGST will be leviable unless the goods are exempted or are zero-rated
supplies which have been defined as export of goods or services according to law.

IGST law defines export as ‘With its grammatical variations and cognate expressions, means taking goods out of India to a place outside India.’ In this case, the goods have not crossed the Indian customs frontier and as such it is clear that the goods are not physically available in the Indian territory. When the goods are not available in the Indian territory, the question of taking goods out of India does not arise. Thus, the subject transaction does not qualify as export of goods.

Based on these facts, AAR ruled that such supplies will be subject to levy of IGST. Also, it clarified that that GST is not payable on goods procured from vendor located outside India, where the goods purchased are not brought into India.

According to Tanushree Roy, Director (GST) at Nangia & Co, as the GST is still evolving, it cannot be concluded with certainty from the provisions of the GST legislation whether the supply of goods takes place from the place/State from where the tax invoice is raised or from where the movement of goods start.

“This judgment has provided clarity on this aspect by stating that in the event that the supplier is located in India and the place of supply is outside India, such supplies would be treated as inter-State supplies and liable to GST in India. Suppliers of goods should keep this aspect in mind while entering into ‘Merchant Trade Transactions’/back to back contracts,” she said.

Source: thehindubusinessline.com– Jun 18, 2020
In ‘Atmanirbhar’ push, India to re-work box transshipment ambitions

Aims to cut dependence on Colombo

In yet another shot at 'Atmanirbhar Bharat' (self-reliant India), the Shipping Ministry will designate a port as a transshipment hub, making a renewed bid to cut India’s dependence on overseas hubs to send and receive container cargo.

The Ministry will pick the port based on the report submitted by a committee formed for the purpose of deciding the criteria for declaring a port and developing it as a transshipment hub, a government official said.

Container volumes handled at Indian ports in FY19 hit 16.5 million twenty-foot equivalent units (TEUs), with the Central government-owned major ports handling 9.8 million TEUs and private ports handling 6.7 million TEUs, according to the Ministry of Shipping.

Of this, 4.1 million TEUs, or 25 per cent, of Indian originating and destined container traffic were transshipped in foreign hubs such as Colombo, Singapore, Port Kelang and Jebel Ali, benefiting foreign government coffers at the expense of cost and time inefficiencies for Indian exporters and importers.

Colombo gains

Colombo Port dominated the market for transshipment of Indian containers, catering to 2.5 million TEUs or 60 per cent of the 4.1 million TEUs. In fact, Indian transshipment containers account for 45 per cent of Colombo’s total container transshipment volume of 5.6 million TEUs. Other transshipment hubs such as Singapore, Port Kelang, Jebel Ali accounted for the balance 1.6 million TEUs.

Of the 2.5 million TEUs transshipped through Colombo in FY19, East Coast ports such as VOC Port, Chennai, Kolkata, Vizag and Haldia ports accounted for 1.15 million TEUs, while Western Coast ports such as Cochin, Mormugao, New Mangalore and JNPT accounted for 0.50 million TEUs. The non-major private ports send 0.85 million TEUs through Colombo.
Indian exporters and importers stand to gain by $40-50 per TEU, translating into an annual saving of as much as ₹800 crore, if the entire 2.5 million Indian containers get transshipped at VOCPT instead of through Colombo Port, according to consultancy firm Drewry.

**Key contenders**

Based on the modalities recommended by the Committee, Cochin Port Trust and VO Chidambaranar Port Trust (VOCPT) are the potential candidates vying for a transshipment tag.

Dubai’s DP World Ltd runs India’s only container transshipment terminal at Vallarpadam in Cochin Port but it has not delivered on the stated objective of reducing India’s dependence on Colombo for a variety of reasons, trade source said.

VOCPT currently has two container terminals run separately by PSA SICAL Terminals Ltd and Dakshin Bharat Gateway Terminal Pvt Ltd with a capacity to handle 1.17 million TEUs. The two terminals handled 803,719 TEUs in FY20, recording a strong 9 per cent YoY growth in container traffic, setting itself up as a strong candidate to be declared as India’s transshipment hub.

VOCPT is just 113 nautical miles or eight hours deviation from the east west mainline shipping route.

VOCPT has shared a road map with the Shipping Ministry for the port’s transition into a transshipment hub within 2025, on the directions of Shipping Minister Mansukh Mandaviya.

The road map involves converting berth No 9 into a PPP run container terminal to handle 0.6 million TEUs with an investment of ₹480 crore. Further, berths 1,2,3 and 4 are planned to be converted into container terminals to handle 1.76 million TEUs with an investment of ₹2,696 crore. Another 4.1 million TEUs capacity will be created in the port’s outer harbour with an investment of ₹3,744 crore.

Development of VOCPT as a transshipment hub is also one of the thrust areas of the ‘Maritime India Vision 2030’ blueprint, currently being drafted by the Shipping Ministry with the help of Boston Consulting Group.
China-India clashes may spur companies to rework supply pacts

The first deadly face-off between Indian and Chinese troops in more than four decades adds another layer of uncertainty to companies already reeling from the coronavirus pandemic on both sides of the border.

The clashes that left 20 Indian soldiers dead, along with an unknown number of Chinese casualties, followed a seven-week military standoff between the two nuclear-armed powers. While India in a statement late Tuesday said it remains committed to peace on the border with China, an escalation risks disruption for firms from Alibaba Group Holding Ltd. and Xiaomi Corp. to Tata Motors Ltd. that have customers -- and investors -- in two of the worlds biggest economies.

A gamut of companies importing parts or capital from China will have to find alternative sources quickly if tensions escalate, said Aneesh Srivastava, chief investment officer at Star Health and Allied Insurance Co. The makers of white goods, luggage bags, auto components and some of the e-commerce companies may have to rework their business strategy.

Swathes of Indian businesses that rely on raw materials from China suffered in the initial phase of the outbreak that shuttered plants that feed the global supply chain with all sorts of industrial parts. Another bout of disruption can further prolong a recovery in India’s economy that’s set for its first annual contraction in more than four decades this year.

For now, Indian equities and the currency are holding up as the Asian giants have a history of face-offs. They fought a war in 1962 over their 3,488 kilometre (2,167 mile) unmarked boundary. The challenge now is to de-escalate as the scale of the previous conflicts was very small, according to Dai Ming, Shanghai-based fund manager at Hengsheng Asset Management Co.

I don’t think the tensions will affect Chinese firms investments or businesses in India just yet, he said.
India and China, which together account for a population exceeding 2.7 billion, are key markets for each others firms. Here are some companies that are seeking to expand their footprint in the two countries.

**Business Exposure**

Alibaba operates data centres in India and its UC Browser is a popular mobile browser in India by page views, according to its prospectus in Hong Kong listing. Xiaomi, on the hand, was the top smartphone brand in India by shipments in the fourth quarter of 2019, with 29% market share, according to its annual report.

Huawei Technologies Co., the Chinese wireless network giant blocked from selling its equipment in the U.S., got approval from the Indian government last year to provide 5G gear in the worlds number two wireless market.

Tata Motors, parent of Jaguar Land Rover, this week said its seeing the beginnings of a demand rebound in China as the worlds second-largest economy opens up. The success of JLR is crucial for Tata, which is struggling with an Indian sales slump that began even before Covid-19 wiped out demand.

**E-Commerce Investments**

Rising tensions may dull Chinas appetite for India’s e-commerce companies as they add to the recent change in policy that put Chinese investors on a list mandating prior clearance for all investments.

Plenty of India’s e-commerce firms, including ride-hailing startup Ola and food delivery service Swiggy, count Chinese companies including Alibaba, Tencent Holdings Ltd. and funds like Fosun Capital as their investors.

**Supply Chain**

An escalation may undermine Indias plan to exploit economic opportunities as governments from the U.S. to Europe, Japan and Australia move to cut dependence on China exposed by the pandemic.

Drugmakers including Dr Reddys Laboratories Ltd. and Aurobindo Pharma Ltd. either buy some ingredients from China, or export final products, while appliances makers including Voltas Ltd. and Bajaj Electricals Ltd. import parts fabricated there.
Defence Players

Meantime, companies producing defense-related products may emerge as winners if the standoff prolongs.

Shares of China’s Beijing Emerging Eastern Aviation Equipment Co. and Anhui Great Wall Military Industry Co. soared by their daily limit of 10% on Wednesday. AVIC Aircraft Co., China Avionics Systems Co., AECC Aviation Power Co., Jiangxi Hongdu Aviation Industry Co. are among the stocks that rallied.

In India, defence equipment maker Bharat Dynamics Ltd. rose for a third straight day, and electronic communication product manufacturer Bharat Electronics Ltd. gained 1.2% on Wednesday.

Source: thehindubusinessline.com – Jun 18, 2020

Checks on Chinese investments likely to keep Indian start-ups on tenterhooks

Investors expect investee growth- and late-stage firms to be impacted most. The gruesome India-China border clash along the Line of Actual Control (LAC) delivered a body blow to the already strangled equations between the two countries.

Not long ago, the Indian government had also announced that foreign direct investments (FDI) from countries that shared a land border with India would go through only after its approval. These factors could affect the Indian start-up ecosystem, which has been receiving Chinese investments, said investors.

It will specifically impact consumer internet and tech-enabled businesses significantly and across stages, said Pankaj Raina, Managing Director, Research and Investments, Zephyr Peacock India, a firm that provides growth capital and management support to small and mid-sized enterprises in the country. He added that existing investee companies may not be able to raise internal rounds from Chinese investors, which could create cash-flow issues.
There are nearly 118 Indian start-ups — companies that received funding when they were less than 10 years old — that have a total of $5.6 billion un-exited Chinese investments, as per data from Venture Intelligence, a firm that tracks private companies’ investments, financials and valuations. But with the scrutiny in place now, experts estimate that the amount of time to raise further capital from Chinese investors will get extended.

“I’ve spoken to a few (Chinese) investors who have invested in our portfolio companies as well, who are already sitting on ideas where they want to put money in, but right now they are not able to. They are sitting on capital and have decided to invest as well,” said Anuj Golecha, co-founder of Venture Catalysts, an incubator for start-ups. He added that growth-stage and late-stage start-ups will be impacted more because a majority of the Chinese capital has been invested primarily in start-ups that are in the Series A stage and above.

**Unicorn investees**

At least 18 of the 30 unicorns (start-ups with a valuation of over $1 billion) have a Chinese investor, according to a recent report from Gateway House. This list includes outfits such as BigBasket, Flipkart, Ola and Oyo, across different sectors. The report also said that most Indian venture capital financiers are wealthy individuals/family offices and cannot make the $100-million commitments needed to finance start-ups through their early losses.

This gives an edge to investors from other geographies to have a stronger hold in the Indian start-up ecosystem. With most Chinese investments at the higher end of the spectrum, entrepreneurs seeking big-ticket investments in India will now have to search for other means that have the capacity to bridge the funding gap.

“In the current times, the first immediate source is existing institutional investors,” said Zephyr Peacock’s Raina on the alternative sources of capital that founders can reach out to. He added that start-ups that qualify should register as micro, small or medium enterprises (MSMEs) and tap into the various schemes run by the government through public sector banks, Small Industries Development Bank of India (SIDBI) and the National Bank for Agriculture and Rural Development (NABARD).

Start-ups could also negotiate working capital cycles to manage cash flows, stretch payment cycles and reduce the receivable period to generate more cash, Raina said.
Boycotting China is easier said than done: Why customers will be at losing end in bid to tame Dragon

Taking economic retaliation against China for its aggression along the border is easier said than done. A surge in domestic sentiments against Beijing for the fatal border skirmish has led to fervent calls for a boycott of the Chinese goods but given the over-reliance of Indian consumers and large sections of industry on the hostile neighbour, these might just ring hollow.

Any policy change to tame the dragon by discouraging the consumption of its usually cheap products is fraught with the risk of raising costs for consumers, at least in the short term. For instance, after the pandemic broke out, the prices of many active pharmaceutical ingredients have increased anywhere between 6% and 167% (the highest is for Nimesulide) since January, as Chinese supplies got hit.

To be sure, despite the conflict that has claimed the lives of 20 Indian soldiers, the government hasn’t yet formally denounced Chinese goods and only private bodies, like the Confederation of All India Traders, have called for boycotting such products.

China makes up for about 45% of India’s electronics imports, one-third of its machinery and almost two-fifths of organic chemical purchases. As much as 90% of certain mobile phone components, 65-70% of active pharmaceutical ingredients (for making finished drugs) and over a fourth of its automotive parts and fertilisers are imported from China, according to a CII note prepared in February to assess the Covid-19 impact. China, as such, remains the largest import destination for India and Beijing’s goods trade surplus with New Delhi was as much as $47 billion in the first 11 months of FY20.

Also, industry executives say China makes up for about 72% of the Rs 2-lakh-crore domestic mobile phone market and Chinese brands like Xiaomi dominate here. Even Chinese or some Indian firms assembling such products in India import components from China.
In the telecom equipment market, the share of the Chinese is about 25%. Since there are several American and European vendors also in this segment, boycotting Chinese vendors is possible but telecom operators could see an up to 15% increase in their procurement prices. Also, the Indian operators will lose the attractive financing provided by Chinese vendors.

The Chinese account for about 45% of the Indian smart TV market and such products are 30-50% cheaper than the items sold by their rivals.

Of course, with structural reforms and appropriate policy interventions in areas ranging from pharmaceuticals to mobile and auto parts, the domestic industry can build capacity, but that will be a longer term proposition.

Vinnie Mehta, director-general of Automotive Component Manufacturers’ Association, said: “The imports from China cannot be replaced so soon, but the value chain can be created in India, given our skills, quality and capabilities. So, the Indian auto parts industry can bring down the dependence on China, which accounts for about a fourth of India’s annual auto parts imports of $18 billion. Indian exports to China in this segment, however, are only about $300 million annually.”

B Thiagarajan, MD of air-conditioning major Blue Star, told FE that China is the biggest component supplier. “Now, the Atmanirbhar initiative is taken by the government to enable even component makers to become self-reliant. But all these will take time.”

“The government is chalk ing out strategies to promote indigenous production with new policy interventions and reduce import dependence,” said R Uday Bhaskar, director general at Pharmaceutical Export Promotion Council (Pharmexcil).

Srivats Ram, MD of Wheels India that makes steel wheels for passenger and commercial vehicles, said the global supply chain, in which China plays a dominant role, is getting realigned. “Companies have been looking at de-risking the global sourcing. Existing customers may look at realigning their procurement to derisk their business. And this could throw up opportunities for Indian companies.”

However, for heavily import dependent solar industry, cutting off ties with China would lead to considerable challenges. “Even now, bidders take into account the lower cost of imported solar modules from China to quote tariffs. To reduce India’s import dependence, more manufacturing-linked
solar tenders (like the one recently awarded to Adani and Azure) need to be awarded. But even that will take time to operationalise and need significant capital investment,” Amit Kumar, partner, clean energy, at PWC, pointed out.

“When it comes to global supply chain in the domain of electronics manufacturing, China is the one inseparable link. There is some component or process of virtually all products which every electronic manufacturing country in the world is dependent on China. If India decides to stop imports from China, the production will be impacted,” George Paul, CEO, Manufacturers’ Association for Information Technology, said.

“It is no secret that a substantive part of India’s supply chain has its roots in China. Efforts are underway to enhance self-dependence. Meanwhile, we remain confident that the Indian and Chinese leadership will find a lasting resolution out of the current border impasse. We remain hopeful of peace without compromising India’s strategic priorities,” said Pankaj Mohindroo, chairman of the India Cellular and Electronics Association.

Kamal Nandi, business head & executive vice president of Godrej Appliances, said: “For the next 2-3 months, there is enough stock of components and parts for consumer electronics and though there will be disruption in long term, it can be mitigated with alternatives available. The impact on prices is not known because the industry has to see what cost impact would be there while importing from other countries.”

However, a section of domestic engineering industry is not perturbed even by the prospect of reduced imports of inputs from China. S Unnikrishnan, MD & CEO at Thermax, said: “There will be temporary blip in any case but none of us are in dire need of materials from China. There is capacity and capability available in the country. There may be some items on which we are dependent because of lower prices, but that also we can progressively manage internally.”

Source: financialexpress.com– Jun 18, 2020
Covid recovery for MSMEs to be long haul; revenue likely to fall a fifth in FY21 for small businesses

Credit and Finance for MSMEs: Around 5 per cent contraction in the Indian economy due to Covid pandemic is expected to push MSMEs into existential crisis with revenue likely to fall a fifth in FY21, according to a Crisil survey. In comparison to India Inc, which is headed towards around 15 per cent decline in revenue, MSMEs are staring at a steeper fall at 17-21 per cent. Earnings before interest, taxes, depreciation and amortization (ebidta) for MSMEs will “shrink to be 200-300 basis points to 4-5 per cent as weak demand gnaws away gains from lower commodity prices,” Crisil said in the survey titled The Epicentre of an Existential Crisis.

“MSMEs were doing fine until Covid crisis emerged. This will be long-drawn and will continue. The biggest issue for MSMEs will be the demand because if you don’t have that then the question of having people back etc. is secondary. MSMEs account for a lion’s share in the economy, be in terms of GDP, employment etc. The way we are seeing Covid cases rise despite lockdown, it is a bit worrying how things will pick up and demand will revive,” Binaifer Jehani, Business Head, Crisil SME Solutions told Financial Express Online.

The creditworthiness of MSMEs will also be impacted “aggravating the liquidity stretch these units have been grappling with, particularly on the working capital front,” Crisil added. According to the survey involving around 450 MSMEs across multiple sectors including real estate, auto components, textiles, FMCG distributorships etc, lending to MSMEs will slow down from 6.5 per cent in FY20 to 6 per cent in FY21.

The survey also highlighted that around 70 per cent of 40,000 companies, most being MSMEs with turnover up to Rs 100 crore, have cash for employee cost for only two quarters. “A three-pronged strategy is essential now: one, improve the sentiment around job security for formal and informal workers to boost consumption.

Two, hasten the implementation of the Rs 3 lakh crore Aatmanirbhar scheme to ensure flow of liquidity to MSMEs continues. Three, and most importantly, lenders have to go beyond traditional credit processes because they have to play a seminal role in recovery,” Amish Mehta, Chief Operating Officer, Crisil said.
Last month, the government had announced Rs 20 lakh crore stimulus package for the economy that involved significant measures to provide relief to Covid-hit MSMEs. This included a Rs 3 lakh crore collateral-free scheme for MSMEs. As per the Finance Ministry, as on June 12, public sector banks had disbursed loans worth Rs 16,031.39 crore out of Rs 32,049.86 crore sanctioned.

Source: financialexpress.com – Jun 18, 2020

‘Uncertainty looming over Covid crisis bottoming out for MSMEs to assess need for more govt stimulus’

**Ease of Doing Business for MSMEs:** The MSME sector contributes significantly to India’s GDP and provides livelihood to more than 10 per cent of the national population. It involves low capital costs and this makes it particularly suitable for the socio-economic set-up of India.

Several thousands of MSMEs are falling sick every year owing to lack of resources, market or inappropriate business strategies, and Covid-19 and the related economic crises are likely to aggravate the situation.

The seriousness of the situation has led the government to introduce substantive reforms for this sector, with a special focus on providing credit, liquidity, demand and marketing infrastructure.

As a part of the ‘Aatma Nirbhar Bharat Abhiyan’ – self-reliant India campaign, the government intends to provide a Rs 3 lakh crore collateral-free emergency credit line (Credit Line), Rs 20,000 crore subordinate debt for stressed MSMEs and Rs 50 thousand crore equity support through fund of funds (FOF) to the adversely impacted MSME sector.

These are direct measures, and they will go a long way in benefitting those MSMEs, which are aware, and are able to get access to such measures. The Credit Line intends to make available loans of up to 20 per cent of the outstanding credit to MSMEs and it is remarkable that within 14 days from the launch of the Credit Line that PSBs have already sanctioned loans exceeding Rs 24,000 crores to 5.46 lakh MSMEs.
Banks will provide subordinate debt to MSME promoters to enable capital infusion, and this will strengthen the net-worth of MSMEs and prevent them from becoming sick and unviable. The FOF is to be operated through a ‘mother fund’ and ‘daughter funds’, where equity funding will be provided to MSMEs which have potential to grow and are viable. As a result, a wide range of investors such as financial institutions, corporate investors and HNIs are likely to make investments in conjunction with the government in the MSME sector.

The definition of ‘MSME’ has been revised to increase coverage, and the new definition is based on ‘investment and turnover’. This has resulted in a lot more enterprises being covered in the scope of ‘MSME’ and becoming entitled to several MSME incentives. With a view to strengthening demand in the MSME sector, global tenders in government procurement tenders of up to Rs 200 crores have been disallowed. Special emphasis is being made on e-market linkage and fintech, and this will help meeting social distancing requirements and to reap benefits of technology.

Despite all these efforts, it does not seem like enough has been done. We are not even sure if the present crisis has bottomed out to assess whether what has been done is good, or what more needs to be done. Specialists are already comparing the present situation with earlier grave economic crises which took several years to come out. MSMEs have treaded a difficult path in their evolution over the past couple of decades and have had to cope with a lot of hurdles. In recent times, they have had to cope with severe stress on account of demonetization and the GST implementation. However, it was not an easy process, and the present Covid-19 situation is not an easy encounter.

The recent measures are all well-intended and should drive growth across various economic sectors. Start-ups catering to strengthen MSMEs, be it in the space of logistics, finance, technology, fintech and manufacturing will be particular beneficiaries. However, there is a lot to be done and achieved as a huge void has been caused by Covid-19, the lockdown and the unprecedented crisis. Credit cycles and collections are impacted, and capital has eroded or been consumed. Bad debts are bound to pile up and entrepreneurs will be anxious. Time is of the essence. The right strategy, orientation and further stimulus are obligatory.

Source: financialexpress.com— Jun 18, 2020
India set to erect a Great Wall against Chinese companies

India is considering multiple, comprehensive measures to curtail the country’s economic reliance on China, targeting trade, investment and project services in the wake of border hostilities. These are likely to include restrictions on participation by Chinese companies in government contracts and infrastructure projects, higher tariffs on imported Chinese finished goods as also a closer review of free trade agreements that are being used by the country to export goods indirectly into India.

A high-level meeting, likely to be attended by key stakeholder ministers and top officials from the Prime Minister's Office (PMO), is expected soon to discuss the details and the extent of measures, government officials told ET.

“Measures are being examined... All pros and cons of how and when as also their repercussions on Indian businesses will be looked into,” said a government official.

Steps to Curb Imports from China

On the trade side, there could be tariff as well as non-tariff measures to discourage imports from China that added up to $70 billion in FY19, more than from any other country. India had a $53 billion trade deficit with China in FY19 and attempts to address it have not made much progress. Chinese companies have a big share of India’s mobile phone and electronics markets.
The government will consider measures to curb Chinese imports while simultaneously providing an environment for the domestic production of such goods.

India will also review its free trade agreements with other countries to see if they are being used by China to access the local market. India has already walked out of the negotiations on the Regional Comprehensive Economic Partnership (RCEP), which includes China among others, reasoning that there is no safeguard against a further rise in exports from that country to India. Stringent quality standards and checks could also be introduced to contain the inflow of goods from the country.

**Infra Contracts**

One set of likely measures is aimed at preventing Chinese companies from participating in contracts for infrastructure projects, government officials said.

This includes the introduction of a clause based on the principle of reciprocity that would seek to restrict participation of companies from countries where Indian companies face curbs in applying for contracts.

Various options are being examined by the law ministry on the exact contours of the clause to ensure it cannot be challenged and meets international norms. The omnibus clause could cover all countries, the official said, though it is primarily aimed at Chinese companies.

One of the first sectors to introduce the clause could be roads and highways before it is expanded to others and eventually includes public sector units, said the officials. The ministries of road transport and highways and law are already in discussions to finalise the wording of the new clause, one official said.

The government has moved to scrap and rework contracts floated by state-owned telecom companies Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) to keep out Chinese equipment suppliers over security concerns.

Additional criteria could be introduced to ensure that contracts awarded by the government as also public sector entities are secured by Indian suppliers of goods and services.
The law ministry is examining the feasibility of introducing such a clause in contracts in line with restrictions or stringent conditions imposed by some other countries on Indian companies from participating in contracts. “These stiff criteria essentially are barriers to ensure that only local companies can participate,” the official said, adding that such restrictions imposed by other countries are also being examined in detail.

**Atmanirbhar Mission**

The exercise had already been underway as part of the government’s Atmanirbhar, or self-reliance, mission and has gained in importance in the wake of changed circumstances at the border, he said.

The cabinet secretary, who also chairs a committee on boosting local manufacturing, has held discussions with various ministries that deal with infrastructure projects on how to increase local sourcing of both goods and services.

The lowest bidder is generally accorded prior security clearance but there’s a growing view that a more stringent framework is needed, said the official cited above.

Some bids in which Chinese companies were roped in as partners by an Indian company in the roads sector have been cancelled recently, including one in Nagpur.

The government has already reserved supply contracts of up to ₹200 crore for local producers. The government is likely to revisit these criteria to ensure wider participation by domestic companies, another official said.

“There is a growing concern in the government about overdependence on external supply chains concentrated in a single country especially in crucial segments such as pharmaceuticals or supply of large equipment and machinery in many crucial sectors, which needs to be cut down,” the official said.

Source: economictimes.com – Jun 18, 2020
**Lenzing joins forces with Ruby Mills to manufacture ‘antiviral’ fabric**

Lenzing India has joined hands with Mumbai-headquartered Ruby Mills to introduce H+ Technology, an antiviral, antibacterial and antifungal fabric.

The partners to the agreement said H+ Technology works across a wide range of pure as well as blended fabrics, its efficacy tested to ensure effective protection against virus transmission up to 30 washes, without compromising on hand-feel, breathability and finish of the fabric.

“We are working towards breaking the barrier that fabrics and textiles are carriers of diseases and viruses,” Avinash Mane, Commercial Head – South Asia, Lenzing said, while reassuring consumers that apparels with the tag of TENCEL, Lenzing, ECOVERO and H+ technology would be safe to wear.

Asserting that the H+ Technology fabrics are significantly superior and most relevant during times that call for heightened protection in everyday life, Rishabh Shah, President, Ruby Mills, said: “Our processing expertise and continuous pursuit for perfection and quality has led us here.”

Source: thehindubusinessline.com– Jun 18, 2020

**DGTR reduces average time to 234 days for completing probe in 2019-20**

Steps such as online filing of applications have helped in significantly reducing the average time for completing investigations by the commerce ministry’s arm DGTR to 234 days in 2019-20, an official said.

The Directorate General of Trade Remedies (DGTR) is the investigation arm of the ministry which deals with anti-dumping duty, safeguard duty, and countervailing duty. These duties are trade remedy measures, provided under the World Trade Organisation (WTO) to its member countries.

They are used to provide a level-playing field to domestic industry in case of dumping of goods, significant increase in imports and subsidised imports.
“There is a significant improvement in the efficiency and efficacy of the directorate to provide expeditious relief to domestic industry. The average time to complete investigation has reduced significantly to 234 days in 2019-20 from 281 days during 2018-19 and more than 400 days in previous years,” the official said.

The average time to initiate an anti-dumping investigation has brought down from 43 days in 2018-19 to 33 days in 2019-20.

The DGTR has also initiated as many as 63 trade remedy probes during 2019-20 fiscal as against 29 in 2018-19.

“All possible avenues to provide relief to domestic industry was explored such as bilateral safeguard investigations, and safeguard quantitative restrictions in the investigations. Many anti-subsidy investigations are also being conducted or have been finalised,” the official added.

Further to promote inclusive approach towards policy making, several stakeholder consultations are being held with industry members and trade remedy experts for further improvement in practices by imbibing best global practices.

The official said that “an online portal was developed to enable the domestic industry to file applications electronically for seeking trade remedial relief and other stakeholders to file their responses”.

Source: financialexpress.com– Jun 18, 2020

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Covid-19 : With capacity to produce over 5 lakh PPE a day, Punjab seeks permission for export

With 128 Punjab manufacturers approved for production of Personal Protection Equipment (PPE), Chief Minister Amarinder Singh on Thursday sought Prime Minister Narendra Modi seeking permission to export the surplus.

In a letter to PM, the CM said these manufacturers had risen to the occasion in the wake of the Covid outbreak to make Punjab self-reliant in the manufacture of this critical equipment needed by frontline warriors in the fight against the pandemic.

Permitting them to export the PPE body coveralls “would also give an impetus to the Atma Nirbhar Bharat Abhiyan (self reliant Indian campaign) recently launched by Union government under your leadership,” he said in his letter to the PM, requesting him to consider giving permission” for the same.

Citing the surplus capacity of production and quality of products manufactured by these units, which started production after obtaining certification from South India Textiles Research Association (SITRA) or Defence Research and Development Organisation (DRDO), Amarinder said it appeared that there was not enough domestic demand of PPE at present.

Source: thestatesman.com – Jun 18, 2020