INFORMATION BUREAU TEXPROCIL

TEXTILE INTELLIGENCE CENTRE IBTEX

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 58 of 2020 March 20, 2020

US 74.94| EUR 80.64 | GBP 87.30| JPY 0.68

NEWS CLIPPINGS

	NATIONAL NEWS
1	TEXPROCIL urges policy intervention in textile sector
2	When is the Government going to respond? Businesses look for assistance as coronavirus starts hurting
3	India under no obligation to implement WTO's dispute panel recommendations on export schemes: Goyal
4	Foreign trade policy with long-term goal of self-reliance in works
5	Coronavirus pushes textile industry into a corner
6	India's Textile Industry Seeking Government Relief, as Exports to US, EU Set to Plummet
7	Yarn makers sees ray of hope with fresh queries from China
8	Can global shutdown open new window for 'Make in India'? These govt schemes may provide cushion
9	No timeline fixed for release of e-commerce policy: Piyush Goyal
10	Textile body seeks anti-dumping duty removal on raw material
11	Government bans exports of certain masks, ventilators, raw material for masks, coveralls
12	GST needs overhauling: The need now is to shift to a simpler rate structure
13	Cotton Trading Policies
14	Exporters want extension of promotion schemes amid coronavirus spread
15	Pilot shopping festival planned in FY21: Irani
16	RK Group - Ichalkaranji's fabric manufacturers, increased production capacity with newly installed Air Jet Loom Weavers as Master Weaver
17	Textile industry worried over stagnation of rayon fabric worth ₹50 crore

INTERNATIONAL NEWS

Coronavirus scare: Global growth may shrink to 1 per cent in 2020

Following the coronavirus pandemic, global growth? may shrink to 1 per cent in 2020, down from 2.3 per cent before the outbreak started, as four major economies — Japan, Italy, Germany, France — are likely to experience a full-year recession, says a report. According to The Economist Intelligence Unit (EIU), the situation appears grim in most countries around the world.

As per its assumption, the virus will infect around 50 per cent of the world population; 20 per cent of the cases will be severe, and 1-3 per cent will result in deaths. "Global growth? will stand at 1 per cent for 2020, down from 2.3 per cent before the outbreak started. This is the lowest rate in global growth since the global financial crisis," The EIU said adding that at least four G7 countries will experience a full-year recession (Japan, Italy, Germany, France).

The EIU has revised the US growth forecast downwards to 1 per cent for 2020. It has also dragged China's growth to around 2 per cent in 2020 following the release of bleak industrial output data for January and February. It further noted that the euro zone will register a full-year recession (-0.5 per cent).

As per the report, though quarantine measures will be effective to prevent the disease from spreading, but they will have a high economic impact on both supply and demand conditions.

On global trade The EIU said: "We have made a downward revision to global trade growth for 2020, to 0.4 per cent (from 2.3 per cent previously)". It expects mild recovery in the second half of the year, but said the full-year picture looks "grim". It further noted that most countries will introduce stimulus measures to prop up economic growth.

"Monetary stimulus would only have a limited effect (at least in developed countries), given the ultra-low interest rates environment. Fiscal stimulus therefore represents the only realistic option, raising the risk of a debt crisis in the coming months," The EIU warned.

According to The EIU, a vaccine will be available around end-2021 (at the earliest) and coronavirus will become a seasonal disease, with another outbreak in winter 2020/21. The number of deaths around the world linked to the new coronavirus has topped 8,000.

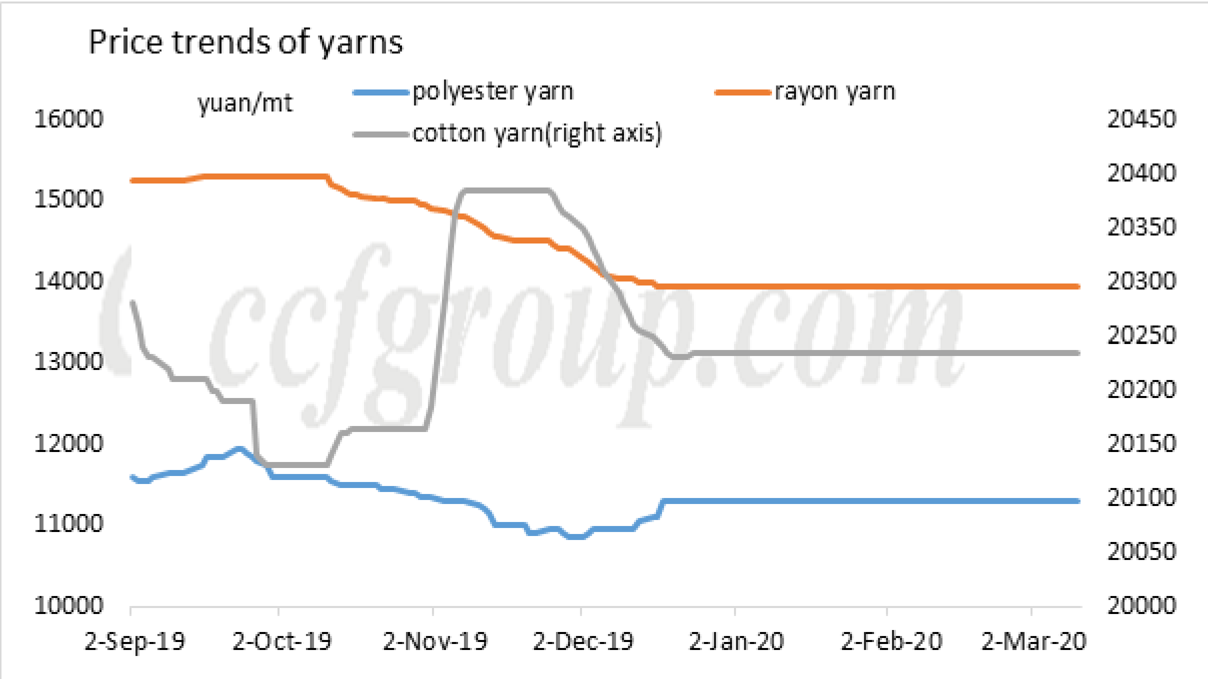
Source: financialexpress.com-Mar 18, 2020

HOME

****

Rayon yarn market faces larger pressure than cotton yarn and polyester yarn

At present, textile industry has basically recovered, but weakness of feedstock is relatively common amid the pandemic. In the downstream market, three major varieties like rayon yarn, cotton yarn and polyester yarn performed divided, and the rayon yarn has larger burden.

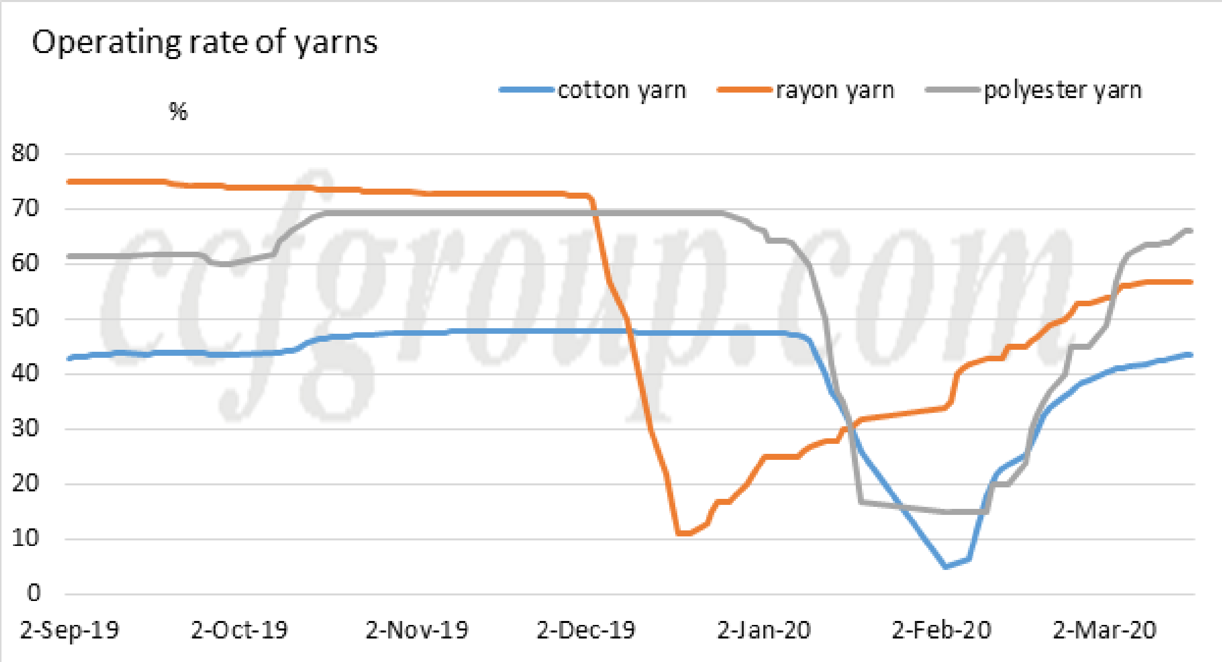


As for yarn prices and profits, several varieties have performed steadily after the Spring Festival holidays, and the profit margin has expanded after feedstock weakened.

Polyester yarn performed even better while rayon yarn mills which had pre-holiday replenishment sustained. Those buying high-priced cotton only maintained a small profit. Rayon yarn burden comes from inventory.

It can be seen that the inventory of cotton yarn and polyester yarn was available for three weeks with little burden, while rayon yarn one has risen to a rare high of more than 30 days, which not only suppressed the price, but also affected enthusiasm for production.

Bleak end-users demand is a common situation (turnover in China Textile City has not recovered to 5 million meters, and the operating rate of grey fabric mills is still below 50%, mainly relying on pre-holiday orders), but why rayon yarn is an exception?



The problem comes mainly from the supply side. O/R of cotton yarn mills was similar to the downstream, which enabled yarn mills to maintain 100% sales ratio. Although prices and profits were disappointing, there was no more inventory burden.

Polyester yarn mills resumed work slowly with better support from exports. In comparison, the resumption time of rayon yarn mils was earlier, especially in mid to late-Feb, there were obvious differences with downstream weavers, leading to faster inventory accumulation except for those relying on pre-holiday orders and exports.

Once the machine turned on, it cannot easily halt or stop production, so spinners can only expect the end-users demand to improve as soon as possible.

In Mar, the best case is that the market can restart, digesting the existing inventory, and even if the price is hard to rise, it can give some confidence; if it is extended to Apr, the spinners are bound to respond through output control and self-adjustment.

Pandemic in China has been basically controlled, but it is still expanding outside China. If the domestic market demand recovers, there are still some concerns that the impact of overseas pandemic on end-users orders will be gradually reflected in a long time.

In general, the textile industry in 2020 is still facing burden and needs to prepare early and adjust in a timely manner.

Source: ccfgroup.com-Mar 18, 2020

HOME

****

USA: Market Uncertainties Weaken Cotton's Hopes for 2020

When Dr. Jody Campiche stood before delegates to the National Cotton Council's 2020 annual meeting in mid-February to share her economic analysis, her outlook leaned just a bit to the bearish side. That's not too surprising.

At that time, Campiche, the NCC's Executive Vice President of Economics and Policy Analysis, projected U.S. planted cotton intentions for 2020 at 13 million acres – down 5.5% from 2019 primarily due to slightly weaker cotton prices relative to corn and soybeans.

She provided cautious optimism about an improvement in U.S. cotton economics from the Phase 1 trade agreement with China. She noted the potential for strong U.S. export sales to continue, with increased opportunities to China and other markets – even in the face of increasing export competition from Brazil.

Yet, she pointed out that cotton's balance sheet, stable stocks outside of China, Brazilian competition, a recovery in Australian production, and low manmade fiber prices will have a bearish influence on cotton prices for 2020 – with possible price support coming from two uncertainties: a quick containment of the coronavirus and successful implementation of the Phase 1 agreement.

That was then. This is now. Since Campiche's presentation, several evolving factors threaten to dampen the cotton market outlook for 2020 even further.

Demand, Consumption and Competition

During his annual outlook report at the Mid-South Farm and Gin Show in late February, Joe Nicosia of Louis Dreyfus Commodities asked a simple question – is the future looking better? The answer is complicated.

"As tensions grew during the trade war, Chinese demand definitely took a downturn," he said. "Their consumption had four consecutive years of increases. When the trade war came, their cotton consumption dropped by almost 4 million bales. And with polyester costs of in the 41-43 cent range in China, they're going to try to make their profits with cheaper fiber."

He noted that, for a while, cotton looked like it was going to hold its own in market share – maybe even see some growth. And although the current U.S. employment and business activity numbers remain encouraging, that's not the case in China. In essence, China bore the economic brunt of their trade war.

Yet, as Nicosia pointed out, not much has changed in the past several years in terms of world ending stocks, production and consumption. They've remained "amazingly stable."

But Chinese stocks continue to shrink, almost back to 2011-2012 levels. That could be good news for the U.S., but the battle for world market share with Brazil, Australia and West Africa is intense.

"In the past four years, Brazil's world market share has grown from 7% to 20%," said Nicosia, "and they're not standing still. They're coming for more.

But U.S. exports are healthy, with big numbers now shipping nearly every week. We have outstanding commitments of 2 million bales for China, and that's good. But we've shipped only 760,000 bales due to rollovers of orders during the trade war. It could be difficult to confirm some of those sales now."

What About Phase 1 and Coronavirus?

According to the terms of the trade agreement, China is supposed to buy $80 million of U.S. agricultural products over the next two years. The question is, are they ready, willing and able to do so?

"When you look at the products that are listed as agricultural goods, they can absolutely buy $80 million worth," agreed Nicosia. "But they haven't told us where and how cotton fits in. Traditionally, about 60% of what China buys comes from bulk commodities, and, over the last few years, cotton's share of that 60% has been between 4% and 18%. Based on those percentages, we can come up with just under 10 million bales of potential cotton imports into China over the next two years.

"I don't know if it's right. But it's good insight into the potential with China."

The coronavirus is trickier, because it is so closely tied to consumption – and no one knows how long it's going to last. But there is precedent for what may happen when it's no longer a factor.

"Since 1997, there have been three occasions when consumption dropped two years in a row," explained Nicosia. "In each of those occasions, consumption spiked back up in the following season. I think that once the coronavirus is no longer a factor, consumers are going to come back with a vengeance."

Impact on Trade?

Looking ahead, Nicosia believes that 2021 is going to be the "Year of Exports," despite the trade war's impact with China.

"For many years, the U.S. has shipped 7.5-9.5 million bales to the world outside of China," he said. "But about 5-6 years ago, there was a definite dynamic change in the world in how cotton is used, where it's used, and what type of cotton is being used.

For the past four years, we've been shipping between 12-14 million bales to everyone else but China. We've been able to move our non-China market share to just over 40%. And that's 40% of an ever-increasing customer base, because the rest of the world has been gaining in consumption. That's the good news."

Short Term Appears Bleak...For Now

Nicosia prefaced his comments about 2020 with this statement: "I'm in the cotton business. I love the cotton business. But I have to tell you what I think."

Long story short, 2020 is not shaping up to be a good year for cotton. And Nicosia's not the only market analyst saying so. Several university economists, including Dr. O.A. Cleveland of Mississippi State and Dr. John Robinson of Texas A&M, have also tempered their expectations for the year.

Over the past year, cotton prices have dropped 14% – further on a percentage basis than other commodities like corn and soybeans. Going into 2020, the commodity playing field is anything but level. Based on net returns per planted acre for 2020-21, cotton sits last in projected returns above variable costs.

"Is planting cotton your best choice this year," asked Nicosia. "Realistically, the answer is probably not. How can you make money at 62 cents? We don't know if prices are going to go up soon.

So if you're waiting for prices to go up, buy a call at 4 cents in the futures market and let them do the work to make you money. You can buy your production for $20 a bale and profit if prices go up. And, you can shift to a crop like soybeans and make almost 15% more in return.

"The good news is that the PLC and ARC payments are decoupled," he pointed out. "You're going to get those anyway."

Longer term, Nicosia believes the cotton market is set up nicely for a strong price rebound.

"When the coronavirus subsides, the cotton trade is poised to quickly expand," he said. "I think China is going to make substantial purchases, which will push prices up. But we're going to have to be ready to fight with Brazil."

Source: cottongrower.com-Mar 18, 2020

HOME

****

The effect of COVID 19 on global textiles and apparel supply chains

When a person´s health and livelihood are the most important factors in their day to day life, their apparel needs may seem of lesser importance.

That being said, the size and scale of the global apparel industry affects many people in many countries and needs to be kept in mind as when we ¨hopefully return to normal¨, the public will expect product availability to meet the technical and fashion/lifestyle requirements that they require and desire.

This article looks to detail how the world's production countries are managing, where their circumstances are not widely reported, and the focus is more placed on the consumer environment. The following is a reported commentary from active players engaged in the supply chain from production to shipping.

China

As the country where COVID 19 (also known as the coronavirus) started, China caused the initial disruption immediately following Chinese New Year closures. As rumours of the virus were ignited, many Chinese workers opted not to return to work without clarity on their safety. Added to this was a shift of production volume out of China, mainly for the US market, due to the imposed tariffs by the Trump administration.

As we now approach the two-month period since Chinese New Year, many workers have not returned to work as the confidence regarding health and job security is unclear. However, China has continued to function effectively for the following reasons:

- Production volumes moved been to other key production countries

- A percentage of end customers have cancelled a slight amount due to lack of consumer confidence, which has relieved some pressure. However, there have been outright cancellations

- A reliance as a textile hub in favour of finished product, i.e. shipping of yarns and fabrics to other production countries rather than managing the CMT within the country

Bangladesh

in the last fifteen years, Bangladesh has seriously embraced the vertical needs of its apparel exports. For the Spring Summer 2020 season, it was more than prepared for both imports of raw materials and utilizing local options. After detailed discussions, the key exporters advised that deliveries for Europe were/are 'business as usual' and US exports are managed with the daily challenges and requested changes being addressed.

Vietnam

Despite a massive move of sewing from China, there have been challenges that have been compounded by the virus impact on labour intensive areas.

Questions and answers

The following is a straightforward response to industry driven questions – the answers are the consensus.

John Kilmurray (JK): What's happening with raw materials supply - local and overseas?

"Some areas in fabric delivery has been affected but mills are progressing steadily."

JK: How about factory production, labour and delivery?

"Labour generally is stable. It's too early to comment on delivery as we have not experienced any setbacks yet."

JK: What about customer reaction and sentiment on current and next season orders?
"Lifestyle are cutting orders but only QR's. Sports, as their product cycle is long, we won't see any issues here."

JK: What are the logistical implications?

"Hold up in land transport, border to border has backlogs (e.g. China-Vietnam). Avoid transport by land."

JK: And on customer communications and their understanding of the production challenges?

"Generally, they are understanding, it's the trading companies (agents) that are not being understanding, as they will not bear the airfreight or compromise."

JK: What short- and medium-term damage to your supply chain do you expect from this situation?

"Spending has been frozen…"

Other countries

Indonesia & India

Indonesia has certainly seen an increase in volumes, especially as finished product migrates from China. It continues to build on every element of supply chain needs, be it trim, labelling or packaging.

India is in a constant situation to expand on its product of distinct fabric offerings to match China´s core fabric in both knit and wovens. There are no significant call outs for delays or cancellations from customers.

Thailand & Cambodia

These countries are pursuing on the path of the focused products that match their skill set. Light sewing with raw materials ordered well in advance, ensure that intimates, tailoring and diversified sourcing options are working.

Sri Lanka

Like India in some ways, Sri Lanka has endeavoured to create a dedicated, high value, engineered product selection including intimates, lingerie and washed product, as well as embracing eco-production methods. Current production and deliveries are not under threat.

Italy

News from our yarn and fabric contacts inform us that all placed orders are shipping as requested. However, forward forecasting is not forthcoming from customers.

Sub-Sahara

Interest has returned to this area, as confidence in China is questioned and as a price versus lead-time scenario is being examined.

Conclusions

In conclusion, the current seasons are being serviced with a small percentage of delivery failures. As of today, the greatest concern is the upcoming seasons with a lack of consumer confidence.

It is fair to expect that some mills, producers and retailers will not come through this period unscathed. However, by embracing modern communication tools, both suppliers and customers can support each other through valid and productive measures.

Source: knittingindustry.com-Mar 19, 2020

HOME

****

COVID-19: How the Denim Industry Is Responding to the Global Pandemic

COVID-19 is bringing the global denim industry together, as companies from across the world share messages of support for colleagues, clients and even competitors.

Denim Première Vision, which is set to take place June 10-11 in Milan—where people have been on a coronavirus lockdown since March 8—released a statement on its website expressing support for individuals in the denim industry and their families.

“We understand that the current context makes it extremely difficult to create, manufacture and market collections, and poses challenges for all of our business,” the trade show wrote.

Première Vision has not made any announcement regarding the June event, but it is said to be “closely monitoring the coronavirus situation.”

Trend forecasting firm Fashion Snoops is offering its service to help reignite brands' creative processes. The company is heeding specific requests from its partners and is said to be implementing additional services.

In an email, Fashion Snoops founder Lilly Berelovich urged the industry to use this moment as a catalyst for change. "If you share this sentiment and are ready to come together as a community and transform this fear into fuel, please join us," she wrote. "It will be up to all of us to use this very humbling moment to enact real change—not just temporarily, but permanently."

On Tuesday, Fidelity Denim founder and creative director Jason Trotzuk and general manager Holly Lemckert sent an email Tuesday notifying clients that most of the company has begun to work from home. Only the most essential team members remain on site to ensure production and order fulfillment continue as usual.

"We understand many of you are closing your doors at this time and are concerned about current and future orders. We will work with you in any way possible to mitigate cancellations at this time. We will immediately be halting all shipping at this time and reviewing the status of all pending orders on April 1 to determine the best course of action for all of us," the company stated in the email.

And many companies are taking to social media to share their status.

On Instagram, denim mill Evlox said it is still operating and has "organized ourselves, using all the resources and tools we have available to work effectively and safely." The mill assured that it will stay in contact with its clients as the pandemic unfolds.

As of Monday, the House of Gold team in Los Angeles has been worked remotely, yet remains committed to providing full-service communication. "Nothing has changed except for face-to-face meetings," the company wrote on Instagram. Clients can reach the company over phone and video conferencing, and can continue to request hangers.

On Instagram, Artistic Milliners shared how the company is taking precautionary steps at its facilities by providing thermal scanning of all employees, providing masks and hand sanitizer and offering flexible work options.

“It’s ever more important to take a collaborative approach to fight this virus,” the company wrote. “While it’s easy to feel overwhelmed, let’s endeavor to stay calm, practice kindness, compassion, mindfulness, stay safe, help others stay safe, and most importantly wash our hands as often as possible.”

Likewise, Naveena said it is working closely with all relevant authorities and adapting precautionary measures. The company’s on-site medical services are providing daily updates about prevention, as well as hand sanitizer, thermal scanning and flexible schedules.

“The COVID-19 epidemic is a complicated situation that required concerted efforts and solidarity among everyone,” the mill wrote. “Let’s be kind. Let’s be gentle. Let’s be generous.”

In London, Blackhorse Lane Ateliers encouraged its Instagram followers to “support local businesses and thank those who are still offering their time and services.”

The brand’s store in London’s Coal Drop Yards remains open. “Bring in those jeans that might need repairing or come in for a chat if you’re able to,” the company wrote on Instagram. “We’re taking the necessary precautions to ensure our members of staff are able to give you the best service with hygiene top of our priorities.”

Tellason echoed that sentiment. The brand closed its headquarters in Sausalito, Calif., and its factory in San Francisco, but urged followers to support their favorite retailers by shopping online. “They’ll definitely need your support while their doors are closed,” the brand wrote on Instagram. “Many are offering free shipping and/or local delivery.”

Customer service continues to be a priority for L.A. stalwart American Rag Cie. On Instagram, the company wrote that it will be closing its doors to the public until March 27. However, a small staff is available to assist customers who would like to shop the store by appointment only. American Rag said it plans to keep these groups to under 10 people, per government guidelines.

Denham the Jeanmaker, which closed all of its stores on Monday, took to Instagram to notify shoppers that its online business is operating as usual and that the company has everyone’s health in mind. “We are working with our logistic partners to ensure they are taking the correct precautions to be safe,” the brand wrote.

DL1961 closed its corporate and regional offices late last week. In an Instagram post, CEO Zahra Ahmed encouraged clients to stay in contact. "We're available online and via phone and email to answer any questions you may have," she wrote. "We are working closely with our third-party fulfillment partners to ensure they're taking the proper precautions with their teams and facilities."

Tonello suspended the rollout of its new project, "Tonello: The Series," a five-part web series that pulls back the curtain on laundry and finishing technology. "Let's take a break from advertising campaigns: respect and people always come first. We will be back soon," the Italian company wrote on Instagram.

And though Project's next event isn't slated to take place until July 19-21 in New York City, the trade show organizer stated that it is paying close attention to recommendations by the World Health Organization (WHO).

On Instagram, Project wrote: "At this time of global uncertainty, the health, well-being, and safety of all of our visitors is our top priority. Please know that we are continually monitoring developments and closely following the WHO and national/local public health official guidance."

Source: sourcingjournal.com-Mar 19, 2020

HOME

****

H&M, Zara Halt Production as COVID-19 Sinks Global Demand

As the world shuts down, so are fashion's fragile supply chains.

Retailers' sales are plummeting with stores closures in place to slow the rapid spread of COVID-19, manufacturers are fielding daily cancellations from those retailers, and the calamity is forcing contingency measures that could see supply chains unable to successfully resurface once global order is restored.

In short, the distress surrounding fashion's sprawling supply chains is outsize.

H&M, Zara, Mango, Primark, Macy's and J.C. Penney are just some of the apparel players that have reportedly halted production, leaving vendors at a loss for next steps—and others in the supply chain at risk of losing their jobs as the evaporating orders will see some factories hard pressed to pay their workers.

When a company of H&M's scale pauses production, the reverberations will likely be felt industry wide.

"This is an extraordinary and rapidly changing situation. H&M Group is working extensively across business functions to manage the situation in the best possible way," H&M told Sourcing Journal Wednesday. "As a consequence of the substantial drop in global demand, we are now carefully scrutinizing and evaluating how to adjust and mitigate negative effects, both from a cost and risk perspective."

On Tuesday, H&M announced that it would temporarily close all of its stores in the U.S. and Germany, two of its key markets, as well as all stores in Canada, Portugal and Belgium. These closures follow the retailer's Monday announcement that all stores in Switzerland, Greece, Slovakia, Lithuania, Peru, Ukraine, the Philippines, Malaysia and Cyprus are now closed, too.

With all of those stores out of commission indefinitely, sales will suffer despite the nominal offset from ongoing digital sales. It also means a dramatically reduced need for product, which is why H&M says "great emphasis is being placed on adjusting buying and inventory levels going forward, among other things."

And those adjustments have already fueled production cutbacks—indefinitely.

"At this point, it is therefore necessary to temporarily hold back on previously planned orders. We need to act responsibly from a social and environmental perspective," H&M told Sourcing Journal.

"Our long-term commitment to suppliers will remain intact, but in this extreme situation we need to respond fast, together with our business partners, and take decisions that can be difficult in the short-term, but necessary in the long-term. We will start placing orders again as soon as the situation allows."

According to supply chain sources close to the matter, Ascena Retail Group has also cancelled orders from some of its Ann Taylor suppliers. American Eagle and Uniqlo have reportedly made similar moves, though none of the retailers could be reached for comment on the matter.

Zara, according to Ritesh Nair, co-founder of Iipi Sourcing, has “told vendors to hold all production.”

On Wednesday, Inditex said the group has temporarily closed 3,785 stores in 39 markets. In the first two weeks of March alone, the group’s store and online sales in local currencies took a 24.2 percent dive. As such, Inditex has already set aside a 287 million pound ($313.3 million) inventory provision, assuming what it has on hand won’t all be sold at market value.

However, group executive chairman Pablo Isla maintains that things are in order for Inditex.

“Our supply chain is similarly operating normally, thanks to our business model’s hallmark flexibility,” he said. “Although it is too soon to quantify the future impact of the pandemic on our operations in 2020, Inditex is monitoring developments very closely. We have the utmost confidence in our business model and its long-term perspective. The current situation, caused by external and temporary factors, does not change our long-term vision for our business model, its fundamentals and its growth potential.”

From the vendor side, circumstances seem bleaker.

“The thing with almost every brand of Inditex is all orders are 60 days out, so the orders they were putting on hold they’d have in stores in June. So it’s basically high summer business,” said Nair, who heads the India-based sustainable sourcing company. “The word is that they have inventory, and they’re not sure how soon the situation will become normal.”

If there’s any light at the end of the supply chain’s present tunnel, it will take a quick turnaround of events and a lockdown lift in the next couple of weeks that would see spending and production start to pick back up. Both situations, however, may be unlikely to unfold in short order.

Ever the supply chain to emulate, Zara may still have the model that keeps it out of COVID-19’s death grip.

While Nair believes Macy's, J.C. Penney and Target have already begun to cancel some styles, he thinks Zara may be nimble enough to work with what it has on hand.

"They don't pick up complicated fabrics; it's basic cottons, rayons and linens and things. If they switch a style—and they do it regularly—they pick a fabric and put it in use in another style. They have a small percentage of fabrics that are complicated or unique," he said. "It's very easy for them to switch it around based on a new style."

Beyond stalled production, the worry now is whether manufacturers will get paid—and whether brands and retailers bleeding sales will be able (or willing) to lend ahead to keep these companies afloat amid a stormy sea of challenges.

"Inditex has payment terms of 90 days but they give credit facility wherein almost everyone gets paid in 30 days at a discount [depending on the interest rate to get payment in 30 days]. A lot of the big retailers do this," Nair explained.

"But with smaller EU retailers, there's a sense of growing panic amongst Indian manufacturers," he added. "A lot of retailers don't have the bonafides to stand behind payments. So, there's an increasing trend of people asking for advance payment or a letter of credit."

Source: sourcingjournal.com- Mar 18, 2020

HOME

****

COVID Impact: China may regain top position

Countries like Vietnam, Cambodia and Bangladesh continue to rely heavily on China for intermediate inputs like raw materials and unfinished goods and services. Once the stock imported from China is depleted, global textile and apparel industry is expected to face the brunt of supply chain disruption.

Fast-fashion retailers, who rely on releasing new lines every few weeks and holding as little stock as possible, would be particularly vulnerable to supplier disruptions.

China is gradually resuming manufacturing after weeks of factory shutdowns and logistical restrictions, but the impact on global apparel firms may continue for the foreseeable future as the virus spreads.

Many businesses were shifting manufacturing to Vietnam, Cambodia and Bangladesh even before the virus struck China due to rising labor costs and uncertainty around the US-China trade war.

In the fourth quarter of 2019, US imports of apparel and textiles from China fell by 25.4 per cent year while rising 14.3 per cent from Cambodia, 8.6 per cent from Bangladesh and six per cent from Vietnam.

The pattern continued in January with Cambodian exports to the United States rising by 23.8 per cent compared to a 31.7 per cent slump in shipments from China. But China may still remain the top supplier once it recovers from the outbreak.

Source: fashionatingworld.com- Mar 19, 2020

HOME

****

Coronavirus to paralyse global apparel supply chain

Even before COVID-19 stuck China, many fashion businesses were shifting their production to countries like Vietnam, Cambodia and Bangladesh. However, these countries rely heavily on China for raw materials and other unfinished goods and services.

Once their stock imported from China is depleted, they may face the brunt of the supply disruption. As per United Nations Conference on Trade and Development in March, about 20 per cent of global trade in manufacturing intermediate products originated in China. European Union and Vietnam are expected to be the worst hit by the disruption in inputs for textile and apparel products.

Vietnam imports about 55 to 60 per cent of its garment raw materials from China. The country is a base for companies like the Hong Kong-listed Lever Style Corp, which manufactures for brands including Paul Smith and Hugo Boss. Although its factories are yet to experience any meaningful delays, it has not being able to find supply alternatives beyond China.

Similarly, Uniqlo-owner Fast Retailing Co is also exposed to the outbreak as over half of its sewing factories andCoronavirus to paralyse global apparel supply fabric mills are located in China and a quarter in Southeast Asia. Many of these sewing factories could face a serious shortfall of raw materials from April if shipments do not resume in March.

China to remain the preferred supplier

The situation highlights the challenges that manufacturers face in diversifying their supply chains. Unlike their Southeast Asian counterparts, South Asian countries such as India and Bangladesh have the entire value chain of textile products within their country.

Therefore, in near future though apparel manufacturers may look at these countries for their supplies, China may still remain their preferred supplier once it recovers from the outbreak.

Trade policies to influence decisions

Their decisions may also be influenced by the current trade policies which have disadvantaged several local mills. The country has trade deals with countries like Indonesia and Vietnam while it lacks free trade deals with the European Union, Canada and Australia.

The spread of Coronavirus to Europe and other parts of the world is also likely to be a threat to bigger players such as Industria de Diseño Textil SA and H & M Hennes & Mauritz AB (publ).

However, the two companies are relatively lesser exposed to manufacturing shutdowns in China as less than a third of their manufacturing facilities are located in the country.

H&M also does not anticipate the coronavirus to delay to its supplies. The Swedish company has temporarily closed 41 of its more than 500 stores in China.

Source: fashionatingworld.com- Mar 19, 2020

HOME

****

Bangladesh: Coronavirus impact: CMCCI calls for urgent steps to boost local textile production

In the wake of decline in global supply of fabrics due to coronavirus pandemic, a local trade body has urged the government to urgently enhance the country's textile manufacturing strength for maintaining the export growth of readymade garments (RMG).

Chittagong Metropolitan Chamber of Commerce and Industry (CMCCI) made the call aiming to reduce the dependency on foreign fabrics.

It said import of fabrics from china has already declined due to the coronavirus outbreak and expressed fear that the country's apparel exports would be severely affected unless the supply of textile fabrics from China does not improve soon.

Some factories are already on the verge of shutting down production due to short supply of fabrics, it said.

In a recent letter to the Prime Minister's Office (PMO), CMCCI president Khalilur Rahman recommended the government to strengthen the textile base through providing incentives to the entrepreneurs for setting up of new production facilities or expansion of the existing units.

He also proposed to carry out BMRE (balancing, modernisation, renovation and expansion) of the state-owned and privately-owned textile mills, and resuming closed state-run textile mills.

He stressed the need for providing 15-year tax holiday facility and taking measures to direct 20 per cent of the banks' total loans and advances to the textile industries.

He said the investors would be willing to come to the sector if they get 90 per cent of the project value as loan for a long term period of 25 years at an interest rate of 3 per cent.

The CMCCI said that the stimulus package would help set up many textile units in the country and produce high-value fabrics with modern machineries. A substantial amount of foreign currency will also be saved, as a result.

If Bangladesh could achieve self-sufficiency in textile production, it would also help reduce the lead time of export, said the trade body, adding that the country would then be able to earn around US$ 500 billion by exporting apparel items.

Source: thefinancialexpress.com.bd- Mar 19, 2020

HOME

****

Bangladesh: 400 textile makers fold operations in 3 years

Some 400 textile and readymade garment factories have closed operations during the last three years, leaving more than 0.11 million workers jobless in different industrial zones.

In contrast, a total of 259 new units were set up during the period, Industrial Police data shows. About 60,636 have been employed in the new factories, the data revealed.

The data was collected from the zones such as Ashulia, Gazipur, Narayanganj and Chattogram.

Industry people said entrepreneurs are making fresh investments in setting up new units with safety compliance, modern and green technology while the small and non-compliant ones are failing to sustain in the highly-competitive market.

They also identified insolvency of the owners followed by rising production cost, failure to maintain the strict compliance and wage structure for the shut-down.

Out of the 400 closed factories, some 318 units were members of the Bangladesh Garment Manufacturers and Exporters Association, or BGMEA, 71 were registered with the Bangladesh Knitwear Manufacturers and Exporter Association, or BKMEA, while 13 were associated with the Bangladesh Textile Mills Association, or BTMA, according to data.

In 2018, Gazipur witnessed the highest number of factory closure, followed by 97 in Ashulia, 57 in Narayanganj and 28 in Chattogram. On the other hand, 118 new textile and garment factories have been set up in Ashulia zone.

During the period, 72 factories registered with the BGMEA and the BKMEA have been established in Gazipur, in Chattogram and nine in Narayanganj.

The BGMEA has presently around 4,500 member factories. Around 40 per cent of BGMEA member factories are knitwear and sweater manufacturers, and the remaining 60 per cent are woven garment manufacturers, according to the trade body.

Woven garment exports account for 100 per cent member factories of the BGMEA and more than 95 per cent of sweater exports, while around half of the light knitwear exports are made by them.

On the other hand, some 1,100 factories are registered with the BKMEA and the BTMA has 1,500 members. The country earned $ 34.13 billion from exports of knit and woven items during the last fiscal year, according to official data.

RMG exports, however, witnessed a negative growth of 5.53 per cent to $ 21.84 billion during the July-February period of the current fiscal year (FY 2019-20).

Source: thefinancialexpress.com.bd- Mar 18, 2020

HOME

****

Pakistan: APTMA urges government to save textile industry from negative impact

All Pakistan Textile Mills Association (APTMA) has demanded the government to take drastic measures to save export oriented textile industry from the negative economic impact of Novel Coronavirus (COVID-19) as since its outbreak in mid-December 2019, has caused turmoil in the world's second-largest economy, China, with a trickle-down effect on nearly all big economies including those of the European Union, United States, Japan and South Korea.

Zahid Mazhar Chairman APTMA Sindh-Balochistan Region has stressed the need for taking immediate steps by the government to address the major issues of the industry and exporters specially the liquidity problem otherwise all the measures taken by them for reduction in current account deficit would go in vein.

He demanded the government to release the backlog of sales tax refunds including deferred sales tax refund and payment of outstanding DDTO/DLTL as this is the money that belongs to the business and should speedily be returned to help uninterrupted operation of the industry enabling to sustain employment and exports.

He said that immediate payment of all refund and rebates is necessary due to delay in receipt of payment from domestic as well as international buyers in addition to cancellation of export orders even from big organisations and large scale buying houses and drastic slowdown in domestic market.

Chairman APTMA Sindh-Balochistan Region said that the present situation needs special attention of the government to address problems of the trade and industry at least for the period the recession would sustain due to coronavirus. He demanded the government to restore SRO 1125(I)/2011 dated 31st December 2011 to provide relief to the five export oriented industries so that they may survive, play their role in the economic development of the country and earn much needed foreign exchange which is the need of the hour.

Commenting on reduction in discount rate by 75 basis points by State Bank of Pakistan, he said that it is too little and too late. He said that the discount rate in the regional competing countries lies between 4 percent to 8 percent, while discount rate has been reduced by United States of America to zero percent, Britain to 0.25 percent in sharp contrast with the present discount rate in Pakistan which is 12.5 percent.

He demanded Governor State Bank to further reduce discount rate by another 300 basis points so that Pakistani exporters may compete with their regional competitors. In addition to the above government should also issue directives to the banks to liberally extend additional lines of working capital to spinners in order to survive and avoid immediate closure of spinning mills.

Government should also help the textile spinning industry by freezing utility bills both gas electricity for at least two months so that the industry may operate without any interruption in these difficult times and also to avoid mass unemployment of the workers, he demanded.

Source: brecorder.com- Mar 20, 2020

HOME

****

Pakistan: Sindh textile millers seek govt's intervention as virus shakes industry

Textile millers on Thursday demanded the government to take drastic steps to save the export-led textile industry from the negative economic impact of the novel coronavirus.

All Pakistan Textile Mills Association Chairman (Sindh-Balochistan) Zahid Mazhar said the virus' outbreak since mid-December 2019 has caused turmoil in the world's second-largest economy, China, with a trickle-down effect on nearly all big economies including those of the European Union, the United States, Japan and South Korea.

In a statement issued by the association, he demanded the government to speedily release the backlog of sales tax refunds including deferred ST refunds and payments of outstanding DDTO/DLTL to the exporters to help continue uninterrupted business operations to sustain employment and exports.

Mazhar said an immediate payment of all refunds and rebates was necessary due to delay in receipt of payments from domestic as well as international buyers in addition to cancellation of export orders even from big organizations and large scale buying houses and drastic slowdown in domestic market.

He was of the view that the present situation required special attention of the government to address problems of trade and industry at least for the period the recession would sustain due to the virus.

The APTMA's office-bearer demanded the government to restore SRO 1125(I)/2011 dated December 31, 2011 to provide relief to five export industries.

Commenting on recent reduction in policy rate of 75 basis points by the State Bank of Pakistan, he said the reduction was too little and too late.

He said the discount rate in other regional countries lies between 4pc to 8pc; the United States has brought it down to zero per cent; while Britain announced 0.25 per cent contrary to Pakistan where it stood at 12.5pc after recent cut.

"How can Pakistani exporters compete with their regional competitors in the international arena," he questioned and demanded the Governor State Bank to further reduce the discount rate by another 300bps so that Pakistani exporters might compete with their regional competitors.

Mazhar further urged the government to issue directives to banks to liberally extend additional lines of working capital to textile spinners to survive and avoid immediate closure of spinning mills.

"The government should also help the spinning industry by freezing utility bills for both gas and electricity at least for two months," he suggested.

The textile miller said the availability of the Export Refinance Facility (ERF) is the most important for the spinning industry as they are the ones who finance and provide yarn on credit to all textile value addition chains, store cotton for many months both through domestic buying, and import from foreign suppliers.

Furthermore, due to cotton crop failure for the last five consecutive years, spinners are compelled to import costlier basic raw material of the textile industry, therefore the refinance facility be provided also to the spinning industry on priority basis, he said.

Source: profit.pakistantoday.com.pk- Mar 19, 2020

HOME

****

NATIONAL NEWS

TEXPROCIL urges policy intervention in textile sector

The Cotton Textiles Export Promotion Council of India (TEXPROCIL) has requested the government for urgent policy intervention to provide fiscal relief and ensure credit flow to the textile sector.

The suggested steps include extending the Rebate of State and Central Taxes and Levies (ROSCTL) scheme to cotton yarn and fabrics and the Merchandise Exports of India (MEIS) scheme to all textile products beyond March 31.

The spread of coronavirus has led to cancellation and deferment of orders on a very large scale and this has caused considerable anxiety among exporters of textile goods, TEXPROCIL chairman KV Srinivasan said in a statement.

Almost 41 per cent of exports of material like cotton yarns and fabrics are directed to the 10 countries severely hit by COVID-19. Exports are expected to decline by over 40 per cent in the coming months, if the situation does not improve, he said.

TEXPROCIL has suggested extending interest subvention of 3 per cent beyond March 31 and cover cotton yarn within that to ease the financial burden.

It has urged the government to cover items like quilts and fashion bedding under HS code 9404 and cotton shopping bags under HS code 420222 in the ROSCTL scheme. These items are being currently excluded as they do not fall under made-ups HS Chapter 63.

The council also appealed the government to expedite goods and services tax refunds, resolve glitches in ROSCTL payments and release claims under the erstwhile ROSL scheme.

Source: fibre2fashion.com- Mar 19, 2020

HOME

****

When is the Government going to respond? Businesses look for assistance as coronavirus starts hurting

For millions of small businesses struggling with a slowing domestic demand over the last few quarters, the collapse of economic activities due to Covid 19 pandemic has raised existential questions. Small businesses now want the Government to be proactive in implementing relief measures and there is a growing chorus for the Government to come up with an assistance package to help ride the crisis.

With the situation changing by the day, much of the economy is coming to a grinding halt and businesses are now facing the brunt of a brutal virus that is ravaging nations across the world.

According to Rajiv Chawla Chairman, IamSMEofIndia from the third quarter of this fiscal, the business sentiment has been very bad and this quarter could be even worse. “The negative sentiment is likely to be extended to the first quarter of the new financial year,” says Chawla.

Chalwa says the biggest demand that MSMEs would have from the government is that since there may be a delay in interest and installment payments to the banks, banks should have the patience and not declare them NPAs. "Banks should give them more time to pay interest and installment without paying charges, treat them as regular accounts and allow them some grace period,” says Chawla.

Pankaj Gulati, COO- Continental Device India Ltd (CDIL), and ex-president Elcina, says such has been the disruption at the moment that most of the EU companies are not even discussing any business deals, and same is the condition of the companies in the US.

“I am surprised that while Governments the world over have so far taken drastic measures to keep businesses afloat, the Indian government has not done that much. This in terms of putting in funds, announcing a package, etc,” says Gulati. Countries, including the US, the UK and China have already unveiled plans that will see the Government rolling out billions of dollars to help businesses.

According to some, the Government can look at some of the international best practices. Some examples include Saudi Arabia unveiling a 50 billion riyal ($13.3bn) stimulus plan for small and medium sized businesses as the oil -rich Gulf States acts to support economies hit hard by Coronavirus. UAE's decision on 14 March to launch a 100 billion Dirham ($27.2 billion) economic support package to assist corporate and retail banking clients was also aimed at providing relief to institutions affected by the impact of coronavirus.

Gulati says for the FY 2021, as support to the industry, the government should announce an income tax slab of 15%, which is already existing slab for new companies. "We demand that the slab should now be extended to all the companies. This will greatly help the MSMEs too," says Gulati.

Gulati adds that some of the other things that the government could do is support EPF contributions for two quarters and as practiced elsewhere, there should be a 50% reduction in tariffs of facilities such as water, electricity etc. Then, an interest subvention of 5% on the working capital should also be allowed, because unless the industry gets some support on the borrowings, it's not going to work out.

"However, if there is a lockdown declared, the Government should cover the salary cost of the workers. A lockdown can greatly hurt the country's MSMEs that are already facing many issues," says Gulati.

Chawla says the impact of Covid 19 is already very visible. "For a lot of businesses there is uncertainly around their ability to pay March and April's salary to their workers. In my view, the market demand has been hit by at least 50%. With no buyers around, a big question mark hangs on the future of the MSMEs already in dire straits," says Chawla.

Navigating GST

One of the biggest help the Government can provide businesses say, is around taxation. We are in completely uncharted waters and the Goods and Services Tax is still a relatively new regime. Given the circumstances, some of the GST issues the MSMEs would face on account of Covid-19 are:

- Impacts on Accounts Receivable - GST invoiced is due and must be paid regardless if you have received payment from customers.
- Treatment of bad debts.
- Cancellations or reduction of orders - Related tax invoicing and credit notes issues and tax accounting reconciliations etc.
- Cancellation of reservations - Hospitality sector, would need to consider the correct GST treatment.

• Change of time of services (with no change in fees etc.) – The time of supply rules for GST needs to be factored to avoid incorrect reporting.

Source: economictimes.com- Mar 19, 2020

HOME

****

India under no obligation to implement WTO's dispute panel recommendations on export schemes: Goyal

"Currently, India is involved in 15 disputes at the WTO, in which it is complainant in 4 and respondent in 11," Goyal said.

India is under no obligation to implement the recommendations of the WTO's dispute panel on its export promotion schemes, which was challenged by the US, as new Delhi has appealed against that order at the higher level, Parliament was informed on Wednesday.

A dispute settlement panel of World Trade Organization (WTO) in its report issued to members on 31 October 2019 has ruled that India's export-related schemes (including SEZ scheme) are in the nature of prohibited subsidies under the Agreement on Subsidies and Countervailing Measures and are inconsistent with WTO norms.

The panel has given a time-frame of 180 days for withdrawal of Special Economic Zone (SEZ) scheme.

India has appealed at the WTO's appellate body against this ruling.

"Due to non-functioning of appellate body (of the WTO's dispute settle mechanism), the appeal has been kept in suspension. Till the appeal is disposed of, India is under no obligation to implement the recommendations of panel," Commerce and Industry Minister Piyush Goyal said in a written reply to the Lok Sabha.

In a separate reply, the minister informed Parliament that India is involved in 15 trade disputes, mostly against the US, at the WTO at present.

"Currently, India is involved in 15 disputes at the WTO, in which it is complainant in 4 and respondent in 11," he said.

The disputes where India is a complaining party are countervailing duty by the US on Indian steel products; measures by America concerning non-immigrant visas; renewable energy programmes of the US; and import duties imposed on steel and aluminium products by America.

WTO disputes where India is a responding party include prohibition by India on import of poultry and poultry products filed by the US, and import duties on certain information and communication technology goods filed by the EU, Japan and Taiwan.

Source: economictimes.com- Mar 18, 2020

HOME

****

Foreign trade policy with long-term goal of self-reliance in works

Strengthening India's domestic manufacturing, making India self-reliant in many products and a separate chapter on e-commerce could be highlights of the upcoming foreign trade policy (FTP). These issues were discussed in a meeting that commerce and industry minister Piyush Goyal had on Monday with industry chambers and exporters of around 10 sectors ahead of the validity of the existing policy ending on March 31. “We are prepared to bring out the policy in time,” said an official.

Industry chambers and exporters of around 10 sectors such as textiles, clothing, chemicals, pharma, electronics, capital goods and engineering, agro-food processing industry, leather, and services including higher education, e-commerce, tourism including medical tourism, and media & entertainment attended the meeting. “The ministry has sought inputs. The larger issue is to strengthen domestic manufacturing with a perspective of self-reliance,” said another official.

Exports from India touched $292.9 billion in the 11 months to February 2020, while imports were $436.03 billion. While the government plans a full-fledged policy for 2020-25, exporters have said the policy could be delayed and the existing policy may continue for another year.

The policy is likely to have a separate chapter on e-commerce and there could be larger focus on import substitution to make India self-reliant especially in the wake of the coronavirus pandemic disrupting global supply chains.

Goyal had informed Lok Sabha last week that the closure of factories in China may affect Indian industries, which import components, intermediaries and raw materials from China like the pharmaceutical, electronics and automobile industries.

The issue of tourism and hospitality industry getting the infrastructure status, and making India an attractive destination for higher education also came up in the meeting especially with the US and EU becoming less attractive for students in the wake of the Covid-19 spread.

Source: economictimes.com- Mar 18, 2020

HOME

****

Coronavirus pushes textile industry into a corner

Industry seeks moratorium of loan repayments and other sops

The slew of measures being taken by the government to fight the coronavirus pandemic has put textile manufacturers in a spot. While on the one hand the sector is struggling to continue with its production schedule as offtake has almost come to a halt, on the other the pressure to repay its dues to banks is forcing the industry to appeal to the government for a one-year moratorium on repayment of principal and interest on loan.

“It is affecting every sphere of life globally, be it manufacturing or business,” said Ashwin Chandran, Chairman, The Southern India Mills’ Association (SIMA).

Stating that the situation is taking a turn for the worse due to closure of malls and retail showrooms, he said, “The textile and clothing sector is labour and capital intensive. A majority of workers are migrant labourers; they have now started to return to their native places. With total disruption in workflow and production schedule, the industry is facing its worst-ever crisis. Our immediate appeal is for a year’s moratorium for repayment of principal and interest. It would go a long way in tiding over this crisis.”

Meanwhile, the knitwear garment exporting community in Tirupur, which had only last week said that the impact of COVID-19 was not yet felt, has now gone on record about its dire plight.

"European buyers, particularly from Italy and Spain, have asked us to defer shipments till the situation gets back to normal. Some have cancelled their commitments, deferring payments on goods sent or not lifting the goods. This is a cause for concern as production has been taking place continuously to fulfil the committed orders and for delivering on time.

Production plans have gone topsy-turvy and since a majority of the units are small enterprises, we fear that due to non-clearance of dues, the banks may classifying the units as NPAs.

In addition to this, prices of dyes and chemicals have gone up by about 30 per cent, impacting production," said Tirupur Exporters' Association President Raja Shanmugham.

Shanmugham did not fail to point out that to overcome the disruption in economic activity caused by coronavirus (COVID-19), many developed countries like the US, Germany, Italy, France, UK, Japan, and China have already taken a slew of financial measures like reduction of bank interest rates and cash reserve, debt moratorium to MSMEs, deferment of loan and tax payment without interest including announcement of new bridge loans and credit guarantees. These countries have pumped in billions of dollars to bring the industries back to normalcy.

In line with the financial measures taken by all the industrialised countries to bail out the units from the ongoing crisis, the industry in India too is seeking a bailout package, a financial stimulus package to re-energise the market economy and quantitative easing to revive and uplift the confidence of entrepreneurs.

Source: thehindubusinessline.com- Mar 18, 2020

HOME

****

India's Textile Industry Seeking Government Relief, as Exports to US, EU Set to Plummet

The Indian textile industry is seeking a relief package to help mitigate the negative impact of the COVID-19 pandemic.

Shri T. Rajkumar, chairman of the Confederation of Indian Textile Industry (CITI), while complimenting Prime Minister Shri Narendra Modi Ji for taking strong measures to protect the people of India, requested government action to support the struggling textile sector.

Rajkumar pointed out that demand for textile products and domestic sales has "come down to a grinding halt due to the panic situation created by the outbreak of COVID-19," which has spread to the European Union and U.S., which are the main exports markets for textile products manufactured in India.

"As per the current estimates, India's textile exports will decline by over 40 percent in the coming months if the situation does not improve," said, K V Srinivasan, Chairman of Texprocil, the Indian Cotton Textiles Export Promotion Council. U.S. imports of textiles and apparel from India were down 0.2 percent in January from a year earlier to $719.53 million, according to the Commerce Department's Office of Textiles & Apparel (OTEXA). In 2019, imports increased 4.95 percent to $8.05 billion, according to OTEXA.

Rajkumar noted that the government's decisions to close all the malls and retail outlets to curtail the spread of the coronavirus has resulted in a substantial reduction in sales of domestic textiles and apparel.

The CITI chairman said he has asked the prime minister to immediately announce a relief package for the textile and apparel sector to mitigate the crisis faced by the high-capital and labor-intensive industry, which runs on "wafer-thin margin."

He called for a moratorium for repayment of principal and interest to banks for a year, from April 1 to March 31, 2021, and an exemption of all raw materials, dyes and chemicals, intermediaries and trims from anti-dumping duty and basic customs duty.

In addition, CITI wants the government to include cotton yarn and fabrics under already established preferential treatment programs to prevent job losses for people in the handloom, powerloom and spinning sectors, and to extend soft loan equivalents to government dues pending on individual textile units.

Source: sourcingjournal.com- Mar 18, 2020

HOME

****

Yarn makers sees ray of hope with fresh queries from China

In the overall gloomy situation due to the outbreak of coronavirus, Gujarat-based yarn manufacturers are seeing a ray of hope following fresh inquiries from Chinese importers.

Over the past two months, nearly 120 spinning mills across Gujarat have been passing through a tough period in the wake of sluggish international as well as domestic demands, said Bharat Boghara, chairman of Spinners Association of Gujarat (SAG).

“Of the total yarn manufactured in Gujarat, over 30% is being exported to different countries. China is one of the biggest buyers of cotton yarns from India. Due to the outbreak of coronavirus, Chinese traders have completely stopped buying from India as well as other countries,” said Boghara, adding that however, since last one week, there has been fresh inquires from Chinese traders.

According to him, the price of 30 counts cotton yarn was around Rs 205 per kg a couple of months back, which has come down to almost Rs190 to Rs 195 in the export market.

Ishwarbhai Ghelani, board member of SAG, said that not only Chinese inquiries but domestic demand has also spurred slightly, which is encouraging for yarn makers in Gujarat and other parts of the country.

Hopefully, in the coming one or two months everything will be normalised as the magnitude of the pandemic has reportedly reduced in China, says Ghelani.

As per an estimate, Gujarat's spinning industry accounts for over Rs30,000 crore and more than 70,000 people are working in the spinning mills across the state. The spinning industry was bullish following good rain and higher sowing of cotton in Gujarat.

As a result, more than 100 lakh bales of crop has been estimated in the current season against the previous year's 90 lakh bales. Compared to last season's 23 lakh hectare sowing of cotton, in the current season sowing in Gujarat has gone up to 26 lakh hectare. Gujarat has a lion's share of 30% in India's total production of cotton.

Source: financialexpress.com- Mar 19, 2020

HOME

****

Can global shutdown open new window for 'Make in India'? These govt schemes may provide cushion

The recent coronavirus outbreak has affected the international supply chain, as the novel disease moves beyond its point of origin in China's Hubei province to the rest of the world. The World Health Organization (WHO) has declared this pandemic as a public health emergency of international concern (PHEIC), prompting countries to mull certain trade restrictions to contain the spread. However, they need to ensure that such PHEIC measures do not, through such trade restrictions, economically stigmatize a nation; else, they would come under the lens of the World Trade Organization (WTO).

With the virtual shut down of one of the world's biggest economies and the resulting labor deficits due to the quarantine measures, there has been a negative impact on the production and shipping worldwide. Thus, companies are increasingly seeking to identify alternatives and opening up competitive production markets in countries like Indonesia, Malaysia, Mexico, and India.

The current global scenario offers an interesting opportunity for India to compete in international trade by scaling up its sectors effectively. This economic trade surge is possible through incentive measures for exporters. The country's exports have seen a dip of 1.96% to USD 239.29 billion during April to December 2019-20. In fact, the Economic Survey for 2019-20, which was released before this year's Union Budget, lamented the country's unsatisfactory progress in merchandise exports, for India's share, has grown at 13.2% per annum since the economic reforms in 1991. As a result, the country's share in world exports has increased from 0.6% in 1991 to 1.7% in 2018, but that's a meager expansion when compared to China's 12.8% share in 20181.

The survey enumerates some of the crucial reforms taken by the government in the current financial year, which include –

(a) The scheme for Remission of Duties or Taxes on Export Product (RoDTEP) that will replace Merchandise Exports from India Scheme (MEIS) for reimbursement of taxes and duties for export promotion. Accordingly, textiles and all other sectors which currently enjoy incentives up to 2% over MEIS will transit into RoDTEP. In effect, RoDTEP will more than adequately incentivize exporters than existing schemes put together, as per the Government.

(b) The SEZ Act has been amended in such a way that any trust or entity notified by the Central Government will be eligible to be considered for grant of permission to set up a unit in SEZ.

(c) RBI's enhanced sanctioned limit will be eligible under priority sector lending norms. The limit has been raised from INR 25 crore to INR 40 crore per borrower. Furthermore, the existing criterion of 'units having turnover of up to INR 100 crore' has been removed.

(d) Expansion of the scope of the Export Credit Insurance Scheme (ECIS) by the Export Credit Guarantee Corporation (ECGC) to offer higher insurance cover to banks that lend working capital for exports. This will enable a reduction in the overall cost of export credit, including interest rates, especially to MSMEs.

(e) The Government has also approved the Sugar export policy for the evacuation of surplus stocks during sugar season 2019-20. This move shall involve providing a lump sum export subsidy at the rate of INR 10,448 per Metric Tonne (MT) to sugar mills for the sugar season 2019-20. According to the Survey, the total estimated expenditure of about INR 6,268 crore will be incurred for this purpose.

(f) For enabling the handicrafts industry to harness e-commerce for exports effectively, mass enrolment of artisans across India shall be effected in collaboration with the Ministry of Textiles.

Unfettered by the rising COVID-19 cases in the country, the Cabinet Committee on Economic Affairs has approved the RoDTEP scheme thus, paving the way for introducing the scheme to reimburse taxes, duties, or levies at the Central, State or local level.

The export entities are currently not being refunded under any other mechanism but are incurred in the process of manufacture and distribution of exported products. These include, amongst others, VAT on fuel used in transportation, Mandi tax, duty on electricity used during manufacturing, etc. This scheme intends to provide a level playing field to the Indian producers in the international market, thereby giving the much-required impetus to the growth of our domestic industry.

In line with 'Digital India,' refund, as a percentage of the Freight on Board value of exports, would be granted in the form of transferable duty credit or electronic scrip, which would be maintained in an electronic ledger. In this regard, the Government has proposed to amend the provisions of Customs Act 1962 through the Finance Bill 2020. As per the said amendment, duty credit shall be issued – (i) in lieu of remission of duty or tax or levy chargeable on any material used in the manufacture or processing of goods or for carrying out any operation on such goods in India that are exported; or (ii) in lieu of such other financial benefit subject to conditions and restrictions as may be specified.

While the manner of issuance of such duty credit shall be notified in due course, the same shall be maintained in the Customs Automated System in the form of an electronic duty credit ledger of the recipient. Such duty credit can be utilized by the person to whom it is issued or to whom it has been transferred, for payment of customs duties.

An inter-ministerial Committee shall determine the rates and items for which reimbursement of taxes and duties would be provided. On the other hand, the sequence of introducing the scheme across sectors and the degree of benefit to be given on various items (within the rates set by the inter-ministerial Committee) shall be decided by the Ministry of Commerce.

In this context, the Ministry has invited data/information with respect to the unrebated taxes, duties or levies embedded in the export products manufactured, except the incidence of central excise duty/customs duty suffered on account of petroleum products being used as inputs (raw materials) and the incidence of GST for any product. The data pertaining to each HSN Code/product should mandatorily be based on the exports made during the period from January to June 2019.

A perusal of the three formats, viz. R1, R2, and R3 which require to be certified by a Chartered Accountant or a Cost Accountant, would show that the manufacturer or manufacturer exporter is required to provide, amongst others, percentage-wise bifurcation of cumulative State VAT on fuel used in (i) transportation and (ii) generation of captive power, Mandi tax, duty on electricity charges, stamp duty on export documents, embedded GST in purchases from unregistered dealers and in coal used in the production of electricity, etc. It may be considered that the incidences borne by the export product should be on account of prior stage cumulative taxes on raw materials/inputs consumed during manufacture.

Considering that the data requirement is quite comprehensive, as relevant information for every HSN Code or product and every business unit, be it DTA, SEZ, EOU, or a warehouse, located in every State must be provided, and this exercise could prove to be very cumbersome. One may also raise a question about the necessity of delivering the details of embedded GST components in some instances when the Government has explicitly clarified that "the incidence of GST for any product should not be included for calculation of total incidence of duties."

However, considering the government's objective to 'zero-rate' the exports along with refunds such as the drawback and IGST could eventually lead to the cost competitiveness of export products in international markets. Thus, it is recommended that the businesses do not desist from furnishing the requisite information/data through EPC and industry bodies.

Also, with the WTO's Appellate Body currently being caught in an impasse due to loss of quorum, India's appeal against the Dispute Settlement Panel's verdict which ruled the export incentive schemes to be in violation of global trade norms, may not see the light of day in the near foreseeable future.

Nevertheless, it would be imperative that the Government promulgates the new Foreign Trade Policy without MEIS and in consonance with the WTO norms, at the earliest. It would be worthwhile to see the interplay between the drawback, GST refund, and RoDTEP schemes. The future can be an effective determiner if these efforts of the Government are worthwhile.

As the late former-US President John F, Kennedy has said, "The Chinese use two brush strokes to write the word 'crisis.' One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger–but recognize the opportunity."

Source: financialexpress.com- Mar 19, 2020

HOME

****

No timeline fixed for release of e-commerce policy: Piyush Goyal

Commerce and industry minister Piyush Goyal on Wednesday said that no timeline has been fixed to release the national e-commerce policy as e-commerce is a new subject.

"Since e-Commerce is a new issue, it has necessitated detailed consultations over the last few months to ensure that the policy is crafted in a manner that interests of all stakeholders are taken in to account. Therefore, no timeline has been fixed for release of the same," Goyal told Lok Sabha in a written reply.

He said the draft National e-commerce policy seeks to create a facilitative regulatory environment for growth of e-commerce sector. It is aimed at empowering domestic entrepreneurs and to encourage Make in India while safeguarding interests of the consumers and facilitating job creation.

On February 23, 2019, the first draft of the National e-Commerce policy was placed in public domain for suggestions.

Comments from over 120 stakeholders- companies both Indian and foreign, industry associations, think tanks, foreign governments were received.

Post this, a series of meetings have been held with different stakeholders, including major e-commerce companies, start-ups, industry associations, think-tanks, academicians, data centre providers, logistics companies, export promotion councils to discuss the issues facing the sector and the provisions contained in the draft policy.

Goyal also informed the Lower House that the Ministry of Electronics and Information Technology has introduced the Personal Data Protection Bill, 2019, which seeks to specify the flow and usage of personal data, defines sensitive data and aims to create a framework for organisational and technical measures in processing of data, laying down norms for cross-border transfer and accountability of entities processing personal data.

"The formulation of the National e-Commerce policy and the new Industrial Policy is under consideration of the government," he said.

The proposed new industrial policy seeks to boost competitiveness and growth of the manufacturing sector in India. A working group has been constituted with representation from the Centre, states and industry associations. Inter-ministerial consultation is currently going on for framing the new Industrial Policy.

In a separate reply, Goyal said that 362 Indian products have been registered as Geographical Indicators as on March 10, 2020.

Source: economictimes.com- Mar 19, 2020

HOME

****

Textile body seeks anti-dumping duty removal on raw material

Hit hard by the deadly pandemic Covid-19, the Confederation of Indian Textile Industry (CITI) has sought measures, including removal of anti-dumping duties and basis customs duties levied on the imports of raw material such as dyes & chemicals, intermediaries, spares and accessories.

The industry body has also sought the exemption for cotton yarn and fabrics under RoSCTL, IES & MEIS benefits with immediate effect to prevent job losses of lakhs of people in the handloom, powerloom and spinning sectors.

The demands also include extending soft loan equivalent to government dues pending in the books of individual textile units that could be adjusted soon as the government clears the dues (TUF subsidy, RoSCTL, MEIS, GST refund), enhancing IES benefit for all textiles and clothing exports to 5% and reducing the bank interest rate by 3%, CITI said in a press release here.

The relief package is urgently required to ensure the survival of the textile and clothing industry that employs over 105 million people and also earn around $40 billion forex, apart from contributing substantial revenue in terms of GST and other taxes.

T Rajkumar, chairman, CITI, observed that several countries across the world have extended liberal packages to mitigate the COVID-19 crisis. For instance, Germany has announced a financial package of half trillion euros for companies impacted by the crisis to boost their liquidity. Under this scheme, any German company hit during this crisis can borrow as much as necessary by them for a longer duration with zero interest rate till such time they completely recover; they do not have to pay back.

According to him, the demand for the textile products and also the domestic sales have come down to a grinding halt due to the panic situation created by the outbreak of COVID-19 which was first reported in China and which later got spread to EU and the US as well, which are the final destinations for the textile products manufactured in India.

CITI chairman further said that understanding the gravity of the pandemic and with a view to control the situation at an early stage, the Union government has issued directions to close all the malls and retail outlets so that people do not further get infected and this decision of the government has resulted in substantial reduction in the sales of the domestic textiles and clothing, he said.

CITI chairman said that he has requested the prime minister to immediately announce a relief package to mitigate the crisis being faced by the highly-capital and labour-intensive textile industry which runs on wafer-thin margin.

Source: financialexpress.com- Mar 19, 2020

HOME

****

Government bans exports of certain masks, ventilators, raw material for masks, coveralls

The government on Thursday banned the export of certain kinds of masks, ventilators and textile raw materials for masks and coveralls amid the ongoing coronavirus pandemic.

“The exports of all ventilators, surgical/disposable masks (2/3 ply) masks only and textile raw materials for masks and coveralls...has been prohibited with immediate effect,” the Directorate General of Foreign Trade (DGFT) said in a notification.

The exports of these products were free till now. DGFT had on February 25 prohibited the export of all personal protection equipment including clothing and masks used in healthcare activities where there is a risk of contamination such as N-95 masks. However, surgical/ disposable (2/3 ply) masks, surgical blades, gas masks and disposable shoe covers were freely exportable.

In the April-January period, India exported coveralls worth $100 million, surgical apparatus worth $2.8 billion.

The tightened norms are in addition to the government restricting the exports of 26 active pharmaceutical ingredients (API) and formulations on March 3 to ensure there is no shortage of drugs in India due to the lockdown in China’s Hubei’s province, a major source for these raw materials that has also been the epicentre of the coronavirus outbreak.

The export restrictions are applicable on paracetamol and vitamins B1, B6 and B12, tinidazole, metronidazole, acyclovir, progesterone, chloramphenicol, erythromycin salts, neomycin, clindamycin salts and ornidazole.

The pharma industry, meanwhile, is keen to resume exports of these drugs.

Source: economictimes.com- Mar 19, 2020

HOME

****

GST needs overhauling: The need now is to shift to a simpler rate structure

The decisions concerning the GST Law and Procedures, taken at the recently concluded 39th GST Council meeting, were on expected lines. The due date for filing FY19 annual returns was postponed to June 30, 2020. Elsewhere in the world, there is no concept of annuality in VAT / GST.

An annual return is a direct taxes concept where a taxpayer is assessed for their annual income. For consumption taxes like VAT/GST, each return filed for a particular tax period is an independent submission summarising the sales & purchases the tax registrant undertook in that particular tax period.

Post-this, the tax registrant is not required again to file the same information again as part of the annual return. The annual return for GST is unique to India, given the sheer number of tax registrants in the country and the need to correct any omissions/errors in filing the periodic returns during the year.

As a first-level assessment, the annual return needs to be certified by either a practicing chartered or cost accountant. Both, the annual return, and the accountant's certificate, are the legacy of the erstwhile state VAT regime, and are the final touch point overall GST compliance for a fiscal.

Another decision taken at the aforesaid GST Council meeting was to defer the start-date for e-invoicing, as also for introduction of the simplified GST return to October 1, 2020. While this brings some relief to the trade and industry, it dilutes the resolve to embrace best practices at the earliest, and frustrates those who had prepared well in advance. This has been the case since inception of GST—so much so that, now, trade and industry assumes the deadline will certainly be pushed!

Nearing three years of the GST in India, rather than tinkering with the existing structure, it is time the GST system was overhauled for efficiency and efficacy. One objective of replacing the complex erstwhile indirect tax structure in India with the GST was to boost economic growth. Due to many reasons, this objective hasn't been achieved to any great extent. The key constituents of the economy—viz. oil & gas, electricity, real estate—have not yet been brought under GST.

Hence, the cascading effect due to levy of excise duty, VAT, stamp duty, etc, continues to add to overall costs. This needs to change, so that everything (excluding alcohol for human consumption) is taxed under a common statute. The government can frame the input tax credit (ITC) rules in a way that protects revenue.

Further, rationalisation of GST rates must happen at the earliest to reduce complexities because of multiple rates, and to deal with the inverted duty structure in some cases. While mobile phones were moved from the 12% slab to the 18% (effective April 1) at the aforesaid GST meeting, decisions on other products (viz. garments, fertilisers, etc) were deferred, pending further deliberation.

Industry expected lowering of rates for mobile-manufacturing inputs rather than increasing of the rate for supply of mobile phones. A two-rate GST structure should be put in place, with inputs/raw materials taxed at a lower rate, and finished products taxed at a higher one, thereby completely eliminating any inverted duty structure for business.

With low rates, evasion of taxes would diminish to a very large extent as a smaller quantum of tax would be involved. This will also result in less working capital blockage for businesses. The plethora of exemptions can be pruned to do away with the cascading due to non-availability of ITC.

With lowered tax rates, compliance is expected to rise, resulting in better tax revenues.

India's GST regime is still a work-in-progress, and timely interventions by the government have saved taxpayers much hardship. With further simplification of the rates and compliance requirements, India's rank in the paying-taxes index can significantly improve.

While its overall 2020 ease of doing business rank has significantly improved to 63rd (out of the 190 countries), the rank for paying taxes is a low 115th. A significant improvement in this can propel India into the top-50 list!

Source: financialexpress.com- Mar 19, 2020

HOME

****

Cotton Trading Policies

A representation was received from Chairman, South Indian Mills Association (SIMA) requesting to direct Cotton Corporation of India (CCI) Limited to offer cotton at the prevailing market prices through e-auction on a regular basis and avoid hoarding huge volume of cotton.

In this regard, it is stated that CCI is undertaking Minimum Support Price (MSP) operations when prices of Fair Average Quality (FAQ) grade kapas fall below the MSP level and procures entire quantity of FAQ grade kapas offered by the cotton farmers in various Agricultural Produce Market Committee (APMC) yards at MSP rate.

The FAQ grade cotton procured under MSP operations is superior quality which is of higher value. The cotton procured by CCI under MSP operations is made available to the industry on daily basis through e-auction. The system is transparent and CCI's pricing policy is value based.

It has always been the endeavour of CCI to ensure availability of good quality cotton at competitive rates to domestic textile industry including MSME units, Co-operatives and Institutional buyers.

In order to enable the mills to procure cotton at competitive prices, CCI has introduced bulk discount scheme for 2018-19 stock which is applicable on purchase of minimum quantity of 500 bales.

Micro, Small and Medium Enterprises (MSME), KVIC and Co-operative mills are entitled to avail discount on buying a minimum quantity of even 100 bales. Under this scheme, the mills can avail discount of Rs. 3200 per candy to Rs. 5000 per candy depending upon quantity purchased.

This information was given by the Minister of Textiles, Smriti Zubin Irani, in a written reply in the Rajya Sabha today.

Source: pib.gov.in- Mar 19, 2020

HOME

****

Exporters want extension of promotion schemes amid coronavirus spread

Two months after the coronavirus started decimating the global economy, exporters have urgently demanded extension of all export promotion schemes, relaxed non-performing asset (NPAs) norms, and faster, easier credit disbursement by banks.

In their communication to the finance and commerce ministries, the Federation of Indian Export Organisations (FIEO) has said near a lockdown and quarantine in many advanced economies has given a jolt to demand for Indian goods.

With recession looming in many countries, exporters fear major cancellation of orders as buyers ask to hold back shipments till further instructions, said Sharad Kumar Saraf, President, FIEO.

“Even in cases where Indian exporters are adhering to the terms of contract, the force majeure clause is likely to be invoked by buyers to deny claim/liability raised by exporter," he said.

FIEO has requested the government to ensure that banks delay the declaring of companies’ accounts as NPAs for one year as the lack of business coupled with business expenses remaining fixed will make many accounts NPAs. It also wants existing working credit limits of exporters with the banks to be automatically enhanced by 25 per cent.

Collateral free lending up to Rs 2 crore with the collateral requirement capped at 35-40 per cent for lending beyond Rs 2 crore, also feature in the list of demands.

Source: business-standard.com- Mar 19, 2020

HOME

****

Pilot shopping festival planned in FY21: Irani

Textiles minister Smriti Zubin Irani on Thursday said that a pilot shopping festival at Bengaluru is proposed to be organized in 2020-21, which will subsequently be organized in other cities focusing on various sectors including gems & jewellery, textiles, handicrafts, and Yoga and Ayurvedic products

"In addition to above focus sectors, the products to be showcased will include tribal products/handicrafts, products from Jammu & Kashmir, North East States and other Hill States," Irani told the Rajya Sabha in a written reply.

In a separate reply, she said that in order to promote e-marketing of handloom products, a policy frame work was designed and under which any willing e-commerce platform with good track record can participate in online marketing of handloom products.

Accordingly, 23 e-commerce entities have been engaged for on-line marketing of handloom products. A total sales of Rs 80.76 crore has been reported through the online portal, Irani said.

To a question on the Central Cottage Industries Corporation of India, the minister said that reduced sales, closure of three showrooms of the company in Mumbai due to steep increase in showroom rentals on account of implementation of The Maharashtra Rent Control Act, 1999 and resulting excess manpower were the primary reasons for the corporation incurring losses in 2017-18 and 2018-19. In 2016-17, the corporation's profit was Rs 13.87 lakh but it posed losses of Rs 9.49 crore in 2017-18 and Rs 5.45 crore in 2018-19.

Source: economictimes.com- Mar 19, 2020

HOME

****

RK Group - Ichalkaranji's fabric manufacturers, increased production capacity with newly installed Air Jet Loom Weavers as Master Weaver

The production capacity, which was 53,000 meters fabric per day, has now increased to 63,000 meters per day with maximum value edition.

Deendayal Jhanwar, Chairman of Ramkrishna (Jhanwar) Group, said "For 'Ultrafine Luxury Cotton Fabric Made With Giza Cotton in 232'S Double Yarn', we are the only weaver in decentralized sector to manufacture it for the first time in India. We can state that it is 'Cotton In Silk Like Fineness and Luxury, Like Never Seen Before. This has boosted our export and opened doors of entry to the Elite Premium Fashion Brands in the World."

"In addition, RK Group will manufacture polyester fabric from Reliance's recycled fibre R-Elan and Green -Gold yarn. This yarn will be manufactured from 100 per cent PET bottle recycling, which will be eco-friendly, supporting conservation of global environment," he added.

Vasudev Jhanwar, Managing Director of the Group said "Due to coronavirus, the global importing countries of textiles and clothing, are now looking towards India for sourcing their requirements in place of China. Thus, this will provide boost to the local industries."

Ramkrishna Group has manufacturing facility and headquarter at Ichalkaranji in Maharashtra. It has branch offices at Lower Parel, Mumbai and 598, Udyog Vihar Phase 5, Gurugram (Haryana) and now shifting to their own premises in 807, Vipul Business Park, Sohna Road, Gurugram on 2nd April 2020 i.e. on the day of Ram Navami.

Ramkrishna (Jhanwar) Group is having a product range from 40 gsm to 300 gsm with more than 3700 varieties of fabrics in 100 per cent cotton and multi fibre fabrics like Poly Cotton, Poly Viscose, Cotton Lycra, 100 per cent Modal, 100 per cent Excel, 100 per cent Tencel, 100 per cent Viscose, Cotton - Modal, Cotton-Viscose, Lyocell-Linen, Cotton-Linen, etc. The company also manufactures fabrics that are FSC, organic, BCI, Eco Veera and Liva Eco-Certified.

Ramkrishna Group has developed 300 new varieties of the fabric in last one year.

The RK Group specializes in fine count and value added fabrics manufacturing with different weaves like Lenos, Dobbies, Buttas, Jacquards, Misdent, Plains, Twills, Drills, Satins, Reversible Satin, Cord, Herring Bones, Oxford, Matty, Sheeting, etc. Its core strength is fine counts fabrics manufacturing up to 140s Giza Cotton Yarn and 2/232 Giza Double Yarn.

Ramkrishna (Jhanwar) Group has been honored with 'Best Innovator Award' for 2017 as well as 2018 by Grasim Industries Ltd.

The Group is supplying fabrics to reputed world class brands like Marks and Spencer, H and M, American Eagle, Ralph Lauren, Zara, etc. It is also supplying fabrics to domestic mills, garment exporters, buying houses on Pan India basis. It is Star Exports House.

Ramkrishna (Jhanwar) Group is having tie up with 'Liva', the fashion brand of Aditya Birla Group. Now, the Group will also tie up with Reliance for eco-friendly yarn and fibre.

Deendayal B Jhanwar, Chairman of the Group further stated that the Group Turnover for FY 2018-19 was Rs 120 Crore per annum, which is expected to reach Rs 130 Crore during FY 2019-20. The Group has plans to bring IPO after one year.

Source: newkerala.com- Mar 19, 2020

HOME

****

Textile industry worried over stagnation of rayon fabric worth ₹50 crore

The restriction on textile businesses and stopping production at powerlooms and lack of orders from other places has led to stagnation of rayon fabric worth ₹50 crore.

There are over 30,000 powerlooms in the district and due to the recent restrictions to prevent the spread of COVID-19 disease, shops in and around Gani market was closed and this has affected business in the region.

President of Erode Gani Market Weekly Market Traders' Association P. Selvaraj, said that business has been severely affected due to the closure of shops in and around the market.

He said that traders from different parts of the country used to visit the place for trade and their numbers have been dwindling for the past 10 days. Mr. Selvaraj said that trade close to ₹5 crore has been affected due to this.

Convener of Erode Powerloom Owners' Association P. Kandhavel said that wholesale textile markets in North India has been shut to prevent spread of COVID-19 and due to this ₹50 crore worth rayon fabric produced at various units here are stagnating at godowns.

He added that those who purchased products earlier are yet to make payments and this has affected their payments to labourers and purchase of raw materials for production.

Source: thehindu.com- Mar 19, 2020

HOME

****