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INTERNATIONAL NEWS

Uncertainty high, economic recovery strength varies: OECD

With the novel coronavirus pandemic continuing to threaten jobs, businesses and the health and well-being of millions of people amid exceptional uncertainty, building confidence will be crucial to ensure that economies recover and adapt, says the Interim Economic Outlook by the Organisation for Economic Cooperation and Development (OECD). Uncertainty remains high and the strength of the recovery varies markedly among countries and business sectors, it says.

The Outlook projects global gross domestic product (GDP) to fall by 4.5 per cent this year, before growing by 5 per cent in 2021. The forecasts are less negative than those in OECD's June Economic Outlook, due primarily to better than expected outcomes for China and the United States in the first half of this year and a response by governments on a massive scale.

However, output in many countries at the end of 2021 will still be below the levels at the end of 2019, and well below what was projected prior to the pandemic.

After an unprecedented collapse in the first half of the year, economic output recovered swiftly following the easing of containment measures and the initial re-opening of businesses, but the pace of recovery has lost some momentum more recently. New restrictions being imposed in some countries to tackle the resurgence of the virus are likely to have slowed growth, the report says.

Prospects for an inclusive, resilient and sustainable economic growth will depend on a range of factors including the likelihood of new outbreaks of the virus, how well individuals observe health measures and restrictions, consumer and business confidence, and the extent to which government support to maintain jobs and help businesses succeeds in boosting demand, it says.

If the threat from COVID-19 fades more quickly than expected, improved business and consumer confidence could boost global activity sharply in 2021. But a stronger resurgence of the virus, or more stringent lockdowns could cut 2-3 percentage points from global growth in 2021, with even higher unemployment and a prolonged period of weak investment, says the report.

The report warns that many businesses in the service sectors most affected by shutdowns, such as transport, entertainment and leisure, could become insolvent if demand does not recover, triggering large-scale job losses. Rising unemployment is also likely to worsen the risk of poverty and deprivation for millions of informal workers, particularly in emerging-market economies, according to an OECD press release.

The rapid reaction of policymakers in many countries to buffer the initial blow to incomes and jobs prevented an even larger drop in output. The Interim Outlook says it is essential for governments not to repeat mistakes of past recessions but to continue to provide fiscal, financial and other policy support at the current stage of the recovery and for 2021. Such measures should be flexible enough to adapt to changing conditions and become more targeted.

Continued state support needs to be increasingly conditioned on broader environmental, economic and social objectives. Support also needs to be focussed on viable businesses, moving away from debt into equity, to help them to invest in digitalisation, and in the products and services our society will need in the decades ahead. Far stronger commitment needs to be devoted to address climate change in recovery plans, in particular conditioning support on greater investment in green energy, infrastructure, transport and housing.

The release of the Interim Economic Outlook followed an OECD Ministerial Roundtable at which secretary general Angel Gurría called for countries to go further in greening the stimulus packages they have announced to tackle the impact of the COVID-19 crisis to drive sustainable, inclusive, resilient economic growth and improve well-being.

Source: fibre2fashion.com– Sep 18, 2020

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China Goes on the Defensive as US Scrutinizes Xinjiang Supply Chains

China lashed out in defense of its “reeducation camps” in the Xinjiang Uyghur Autonomous Region just as a House subcommittee hearing pondered an act that would ban virtually all goods from the northwestern territory and days after U.S. Customs and Border Protection slapped Withhold Release Orders on products reportedly made using state-sponsored forced Uyghur and other Muslim-minority labor.

“Employment and Labor Rights in Xinjiang,” a white paper published by China’s State Council Information Office Thursday, claims that the region’s “vigorously implemented employment projects, enhanced vocational training and expanded employment channels and capacity” have increased jobs, elevated incomes and improved the wellbeing of an average of 1.29 million urban and rural workers every year from 2014 to 2019.

Some 451,400 of these workers hailed from southern Xinjiang—namely the prefectures of Hotan, Kashgar, Aksu and Kizilsu Kirgiz—which Chinese authorities singled out as an area of extreme poverty plagued by “terrorists, separatists and religious extremists” who goad the public to “resist learning the standard spoken and written Chinese language, reject modern science and refuse to improve their vocational skills, economic conditions and the ability to better their own lives.”

From 2014 to 2019, the paper noted, the number of people employed in Xinjiang rose 17.2 percent from 11.35 million to 13.3 million. Urban employment increased by an average of 471,200 people. Of these, 31.4 percent, or 148,000 people, were in southern Xinjiang. During the same period, per-capita disposable incomes increased 8.6 percent for urban residents and 8.9 percent for rural ones. From 2018 to 2019, 155,000 people from registered poor households in southern Xinjiang and in four impoverished regimental farms of the Xinjiang Production and Construction Corps, an economic and paramilitary organization that plays a leading role in the development of the Xinjiang region, found employment outside their hometowns and “subsequently emerged from poverty.”

“Through its proactive labor and employment policies, Xinjiang has continuously improved the people’s material and cultural lives, and guaranteed and developed their human rights in every field,” the paper’s authors wrote.

While the report does not easily reveal the numbers of people forced into internment camps, where they may be subject to modern slavery, torture, forced sterilization, sexual violence and indoctrination, they provide a "possible scope of coercive labor through the centralized, militarized training of rural surplus laborers," wrote Adrian Zenz, a German researcher who studies forced labor in Xinjiang, on Thursday, referring to a policy that relocates 10 percent of the region's population to "emancipate the mind and eliminate old habits," as one state-run media outlet put it, ever year.

Highlighting the 155,000 people who found jobs outside their hometowns, Zenz said that the figure would contain a "significant share of persons released from vocational internment camps." The high numbers, which are persisting throughout 2020, reveal an "ongoing rural labor transfer" and "ongoing training and successive release of persons from vocational internment camps," he added. More than 2.76 million "surplus rural laborers," on average, are relocated annually, according to the paper. Some 60 percent, or 1.68 million, are from southern Xinjiang.

"Rural south [Xinjiang] poor households are [a] core target of the internment campaign," he continued. "Many of them at least initially are placed into jobs near the internment camps, often within the same industrial parks. Some can then return home. But while this figure relates to the camps, it does NOT tell us how many are or were in the camps!"

The Uyghur Human Rights Project, a nonprofit based in Washington, D.C., noted on Twitter that the Chinese government has released seven white papers since 2015 to "whitewash rights abuses against Uyghurs."

"Credible research has consistently demonstrated that 'poverty alleviation' is merely a euphemism for the repression and coercion of the Uyghur population and other Turkic Muslim peoples in China," Penelope Kyritsis, assistant research director at the Worker Rights Consortium, told Sourcing Journal Friday.

"The Chinese government's new white paper further cements this grim reality, and gives us additional insight into the pervasive and extensive nature of the forced labor crisis in the Uyghur region. It is imperative that major apparel brands and retailers end their complicity in these abuses by signing the Coalition to End Forced Labour in the Uyghur Region's call to action."

Labor-rights groups estimate that as many as 1.8 million Uyghurs and other Muslim minorities are detained in one of a thousand internment camps and prisons designed to repress and remold them into model Chinese citizens. Though mounting criticism and outrage have prompted brands like H&M and Patagonia to sever ties with companies that may have links to operations in Xinjiang—and plenty more to deny they have connections there—"virtually" the entire apparel industry is tainted with forced Uyghur labor, activists say, since roughly one in five cotton garments sold globally contains fiber or yarn sourced from the embattled region.

On Wednesday, Britain's parliament opened a new enquiry into Xinjiang's detention camps with the goal of examining how the government can prevent U.K. companies from profiting from forced labor in the region.

The investigation will focus on "key questions about what the U.K. can do to exert its influence and the steps the new Foreign, Commonwealth and Development Office will take to fulfill its goal of making our country an 'active, internationalist, problem-solving and burden-sharing nation,'" he added. "We will also examine what mechanisms the government can use to discourage private sector companies from contributing to human-rights abuses and hope to hear from those directly affected by the atrocities, using this inquiry to support members of the Uyghur diaspora community."

Source: sourcingjournal.com– Sep 18, 2020

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Yarn Expo to open on September 23

As international trade shows are gradually getting back on schedule in China, this year's Yarn Expo Autumn will also open on September 23. The fair will house over 410 exhibitors from six countries including China, Hong Kong, India, Pakistan, US and Vietnam, in hall 8.2 of National Exhibition and Convention Centre (Shanghai).

Apart from the all-encompassing range of high-quality and innovative yarn and fiber products on offer, a number of themed areas and events will also take place during the fair to reveal the latest developments of different industry sectors, as well as offer valuable knowledge exchange opportunities.

Amongst the 410-plus exhibitors this year are some big-name players, which include: Cotton Council Internationalh 8.2-C56): will promote quality and traceable US cotton using their Cotton USA brand; Texperts India; Orient International (Holding) Co; Nantong Doublegreat Textile Co will showcase the company's newly developed polylactic acid blended yarn; and Hmei Thread Co Ltd of Yibin Sichuan (8.2-H95): will highlight their dyed viscose spun yarn which uses top quality viscose staple fibre as a raw material, and is spun by a first-class spinning process.

More highlighted exhibitors such as M.ORO Cashmere (8.2-A56), Hi-Tech Fiber Group (8.2-A108) and Sateri (8.2-C58) will also be at the fair and present some of the highest quality cashmere products and regenerated fibre technologies.

This year's Yarn Expo Autumn has launched a new online business matching service for all pre-registered visitors. This online platform offers access to the exhibitor search platform as well as allows users to meet with their targeted visitors or buyers virtually.

In fact, as those who can attend the fair can also use this online service to start their sourcing early and schedule meetings with potential suppliers in advance, it will increase buyers' sourcing efficiency and boost the exhibitors' exhibit results.

Source: fashionatingworld.com– Sep 19, 2020

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Global Trade Returns Faster Than Expected

Global trade is rebounding much more quickly this year than it did after the 2008 financial crisis, lifting parts of the world economy and defying predictions the pandemic could send globalization into permanent retreat.

When the new coronavirus hit earlier this year, international trade in goods suffered the biggest year-over-year drop since the Great Depression. Economists warned of rising protectionism, and some companies said they would reassess overseas supply chains that were vulnerable to unexpected shocks.

Trade remains below pre-pandemic levels. Still, it has snapped back robustly—and had recovered about half of this year's historic loss by June, according to calculations by the Kiel Institute for the World Economy, a German think tank.

New export orders were growing in 14 of 38 economies measured by research firm IHS Markit in August, compared with just four in June. Others were trending in the right direction and could start seeing growth soon.

Households are spending on imported goods, sometimes supported by government cash, even as spending on local services like restaurant meals and trips to the cinema has fallen—and all those goods have to come from somewhere.

Source: wsj.com– Sep 20, 2020

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UK-Japan Free Trade Agreement for UK fashion and textiles

The government has recently announced that it has, in principle, secured a Free Trade Agreement (FTA) with Japan. The FTA has to be signed and the final text has yet to be seen but in many ways the UK-Japan deal will be a replica of the EU-Japan deal. The FTA will see tariffs eliminated or reduced and will also see a new, more beneficial, rules of origin regime.

Japan is the UK fashion and textile industry's third-largest export market after the EU and the USA. For many brands, especially those manufacturing in the UK, Japan is the number one export market and the first market to buy their products.

UKFT has a fantastic knowledge of Japan and will be running seminars on how to sell to this hugely important market over the coming months. The seminars will include further information on the new FTA.

Examples of the new tariff arrangements in the FTA are below, full details will be published shortly.

The UK-Japan Agreement makes it easier for UK clothing manufacturers to export to Japan. In particular, the FTA will allow clothing producers to undergo a single process in the UK and then export to Japan under tariff preference, as long as 50% of the inputs are sourced domestically. This is a positive change from the EU-Japan deal which required several processes to take place in order to confer origin.

The FTA also allows for a more streamlined process to register design right protection in Japan and customs provisions that aim to minimise costs and administrative burdens.

Source: kohantextilejournal.com– Sep 19, 2020

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China Still Buying as New Sanctions, More Storms Loom

After assessing limited damage resulting from Hurricane Sally, cotton prices eased slightly lower in Friday trading (Sept. 19), settling the week at 65.66, basis December.

Significant damage occurred only in south Alabama but did sweep across the entire state and into a portion of Georgia. However, the very significant southwest Georgia crop was generally spared. With other storms headed toward the Gulf, the crop could face a more severe test in the next two weeks. Certainly, the Mid-South crop dodged a bullet.

The market continues to get a boost from sales to China and a continuous flow of information regarding fast-moving structural changes occurring in the Chinese textile industry.

The market again challenged 67 cents. Failing now to reach that plateau for the second time in recent weeks, the market has established a double top. As much as I question the wisdom of predicting against a double top formation, I continue to feel the market will reach above to the 67.50 cent level, most likely in November.

Such a rally is predicated on a smaller U.S. crop – as much as 300,000 bales lower – and continued Chinese buying brought on by structural changes in the Chinese textile industry to accommodate the demands of Europe and the U.S.

Specifically, these changes relate to the Chinese Communist Party's (CCP) automatous military province of Xingjian, the centerpiece of its cotton production zone and its increasingly important textile zone. Due to the CCP's continued use of forced/child labor, as discussed for two years, the world is finally demanding these changes. The U.S. further increased its ban on cotton and textiles coming from Xingjian, as has Europe.

Some have failed to grasp the importance of this phenomena, thinking that the U.S. and Europe cannot enforce the textile sanctions. Yet, it is no longer a question of enforcement, but rather how deep the sanctions will cut. It is possible that a change in the U.S. presidency could completely reverse the U.S. policy. However, it is the European consumer, not government, that is demanding the change in those countries, so no political election will alter the European decision. The European consumer has simply declared that products produced using child and/or forced labor will not be allowed in the region.

We have discussed, over the past month, how the action will increase Chinese cotton imports, with the bulk of the increased imports coming from the U.S. and Brazil.

However, India and Australia will also benefit. In the short run, the U.S. will gain a temporary advantage as the Brazilian and Australian crops are essentially already sold out. In fact, Brazil, an exporting country, has found itself importing cotton for its domestic textile industry. Thus, India also stands to gain a short run export boost.

Supporting this was the weekly export sales report for the week ending Sept. 10. Net sales of upland cotton totaled 519,600 bales, with China accounting for 440,900 bales, or 85% of the total sales (at a time when Xingjian cotton yields are record high). Sales were the largest since January 2015 – over 5½ years ago. The bulk of the remaining weekly sales were to Mexico, Pakistan, Vietnam, South Korea and Turkey.

Shipments were disappointing at only 187,900 bales. However, shipments to China were very good at 95,800 bales. Shipments to Vietnam and Indonesia and Mexico all exceeded 10,000 bales.

Total sales commitments on Sept. 10 tallied at 7.63 million bales. Of this total, commitments from China equaled 3.1 million bales, or 37% of the total.

The thought is that China will take another million bales. China has a WTO agreement to take a minimum of 894 million metric tons, and they have announced they will take that (as per usual). However, they are famous for announcing "processing quotas" that are in excess of the WTO quota. It is these "processing quotas" that will be used to import cotton for use in manufacturing textile products supplied to Europe and the U.S.

Prices will continue to back and fill between 62.50 and 67.00 cents into the October 9 USDA world supply demand report. Most of the trading will be above 65 cents.

Source: cottongrower.com– Sep 18, 2020

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Sri Lanka's textile & garment exports down 25% in Jan-July

Sri Lanka's earnings from textiles and garments exports decreased by 25.5 per cent year-on-year to $2.413 billion during the first seven months of 2020, according to the statistics released by the Central Bank of Sri Lanka. Exports of textiles dropped by 17.8 per cent to $132.4 million, while garment exports declined 29.1 per cent to $2.138 billion. Exports of other made-up textile articles fetched $142.1 million, registering an increase of 130.1 per cent.

Imports of textiles and textile articles too dipped by 23.2 per cent to $1.262 billion, while clothing and accessories imports fell 20.3 per cent to $124.4 million during January-July 2020.

In July 2020, Sri Lanka's earnings from textiles and garment exports fell by 1.4 per cent to $469.2 million, compared to exports of $475.6 million in the same month of 2019.

"With the considerable increase in earnings from personal protective equipment (PPE) such as face masks and protective suits, which are categorised under other made up articles, earnings from textiles and garments declined only marginally by 1.4 per cent in July 2020, led by lower garments exports to the US and the EU," the central bank said in its report 'External Sector Performance – July 2020'.

Meanwhile, Sri Lanka's expenditure on textiles and textile articles fell in July 2020 by 20.7 per cent year-on-year to $197.1 million, and clothing and accessories imports were down by 38.7 per cent to $13.4 million. "The reduction in import expenditure of textiles and textile articles was led by lower imports of fabrics and yarn," the central bank said.

In 2019, Sri Lanka earned $5.596 billion in textiles and apparel exports, registering a growth of 5.2 per cent year-on-year. Of this, clothing exports alone accounted for $5.205 billion. On the other hand, imports increased by 1.8 per cent to $2.909 billion.

Source: fibre2fashion.com– Sep 19, 2020

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Pakistan's textile sector back at full capacity

Textile industry – the single largest export earning sector of Pakistan – has scaled up productions to pre-Covid-19 level of full-capacity, as a significant improvement in containment of the pandemic in the country led the world buyers to partially divert their orders to domestic manufacturers.

The much-needed growth in textile production is, however, achieved through a big jump in the import of basic raw materials – cotton and man-made yarn – after the recent heavy rainfall and pest attack damaged notable portion of cotton crops in the fields to a multi-year low.

The share of textile in annual export earnings stands at 60%.

"Textile industry has revived to pre-Covid-19 level, as precautionary measures to safeguard people from the virus and industry-specific economic measures by the government have helped at length to resume production to full capacity," All Pakistan Textile Mills Association (Apmta) former vice-chairman Asif Inam said while talking to The Express Tribune.

He elaborated that the full-capacity production is excluding those textile units which closed down during the crisis. They are few in number and are trying to return to work gradually. However, the number of the affected units remained unknown, he said.

Overall, Pakistan's textile industry is operating exceptionally, in a much better position compared to regional competitors as well. There are world buyers who have diverted their orders to Pakistan from China, India and Bangladesh for different reasons including US-China trade war and halt in production in India with worsening of Covid-19 crisis there.

The number of export orders may increase in the time to come with recovery from the pandemic in export countries and regions, including the US and Europe. They are fighting against the second wave of the pandemic, while some of them have again imposed lockdowns to deal with the situation at present.

Secondly, the industry recovered on a fast pace with the government's support in the shape of rationalising energy price to a regional competitive level, the continued supply of raw material and subsidised financing for the expansion of production and setting up new units.

"All these were the long pending demands of the industry to become competitive at the regional and international level. We had put such demands in front of several previous governments time and again, but this government has kept its words and delivered to the industry," Inam added.

"I hope the government will continue to support the industry...to achieve the next milestone of going on expansion," he said. "The government should extend the deadline for setting up new textile units on subsidised interest rates for one year, as it expires in March 2021."

"There are many industrialists considering expansion in production with an increase in export orders."

Cotton production, import

Pakistan has to import five million bales (of 225 kilograms each), which comes equal to estimated local production of eight million bales (of 150 kilograms each) this year, imports are estimated to cost around $1.8 billion.

This is a huge task. "We have just started the imports after coming out of the challenging times under Covid-19. But we are compelled to import cotton after local production remained sluggish for another year," he said.

Pakistan saw a jump of almost 1,000% in import of cotton in dollar-term at $67.43 million in August compared to $6.30 million in the same month of last year, according to the Pakistan Bureau of Statistics (PBS).

The import of cotton surged 255% in the first two months (July-August) of the current fiscal year 2021.

Pakistan Cotton Ginners Association (PCGA) former chairman Dr Jassu Mal Leemani said the recent heavy rainfall has damaged 200,000-300,000 bales in Sindh and another 300,000-400,000 bales damaged in Punjab due to pest and whitefly attack in Punjab.

Besides, farmers have sown cotton on the lower area this year due to non-availability of quality seeds for the past several years.
The cotton production is on a decline since Pakistan achieved record-high production around 15 million bales in 2015-16, he recalled.

Source: tribune.com.pk– Sep 20, 2020

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Pakistan: Make exporters more responsible

Pakistan now earns more through remittances than from merchandise exports. Even combined foreign exchange earnings of merchandise and services' exports are only a few billion dollars larger than remittances.

In July-June 2019-20, the country's merchandise exports (free-on-board value) were around $22.51 billion, which were lower than inward remittances of $23.11 billion, according to the State Bank of Pakistan's balance of payments report.

This is not a good sign for the economy. It is a poor reflection of the country's ability to tap its resources for producing quality goods for international markets in large volumes. It also indicates that the country is not progressing well in offering to the world the kind of services in demand.

The growth in remittances is always welcome but with certain conditions. If remittances grow due to export of highly skilled workforce able to earn high per-person wages or if they grow due to foreign exchange sent home by expatriate entrepreneurs, that's good.

However, if remittances rise only because a large number of people, mostly unskilled and semi-skilled, go abroad to earn livelihood, it means their home economy is not working well to absorb employable people. That is exactly what is happening in the case of Pakistan.

Even before the outbreak of Covid-19 pandemic, the drive for localisation of jobs in the Gulf Cooperation Council (GCC) region, from where the bulk of Pakistan's remittances come, posed a threat to further dispatch of large numbers of Pakistanis to Saudi Arabia, the UAE, Kuwait, Oman, Qatar and Bahrain.

Now, with the pandemic having affected economies of these countries and other host countries of Pakistani diaspora ie the US, UK, Malaysia and EU nations, there are slim chances of growth in export of manpower from Pakistan.

This is going to slow down the growth in remittances – if not in the coming months but surely in the coming years – unless global economic realities change for the better.

Forget the recent growth in remittances, which is because of the fact that the Pakistanis who lost jobs in the GCC and other parts of the world after Covid-19 triggered recession or slowdown in economies are returning home with their life-long savings.

That also partly reflects the effect of diversion of a few billion dollars in remittances from informal to banking channels as Pakistan launched a successful crackdown on the illegal transfer of foreign exchange back home by the overseas Pakistanis.

Over-reliance

Even if, for argument's sake, the remittances continue to grow year after year, over-reliance on them make us forget the urgent need for boosting exports of goods and services.

Countries that have made dazzling economic progress in recent decades have all relied much more on boosting exports and not on remittances. The reason is that the export-led growth leads to qualitative and sustainable growth of the economy – and reliance on remittances to make up for the shortfall in exports puts real economic issues under the carpet.

When goods exports are allowed to remain stagnant in an economy, as we have seen in Pakistan, industries become complacent and self-serving and do not invest in innovation and modernisation. That is what we witness in Pakistan.

When low growth in services' exports are tolerated, education and skill development become a low priority, depriving the nation's youth of their right to excel in fields of higher learning and training. We also continue to witness this in Pakistan. But these things have to change now.

Pakistan can no longer afford to run a high deficit in goods and services' trade and must aim to turn this deficit into surplus in the medium term. Without that, sustainable and job-creating economic growth is not possible at all.

To make that happen, exports of both goods and services need to be put on a high growth trajectory.

Cash handouts

However, that cannot be done unless policymakers conduct an honest and ruthless study on why Pakistan's exports have remained range bound between $25 billion and $30 billion over the past 10 years despite all the so-called incentive packages of hundreds of billions of rupees doled out to merchandise exporters.

If that study exposes the unscrupulous role played by some policymakers and exporters, responsibility must be fixed after a forensic audit of incentive packages, and those responsible for that must be taken to task.

There are several structural problems with exports but no responsible government should let inefficient exporters hide behind them and live on cash handouts and subsidies, ultimately financed by ordinary citizens.

Pakistan's merchandise exports rely heavily on textile and food. Top exporters in the two sectors enjoy a lot of political clout in the country. That is why they manage to get incentives every time in the name of export enhancement but deliver very little.

The auto sector is also notorious for its manipulative skills to get support from the government of the day. But automakers, too, have done very little to contribute significantly to the growth in exports over the past decade.

Living on cash incentives and subsidies and contributing little to export growth is not just limited to these three sectors but all other export sectors also suffer from this malice.

This should now come to a halt and incentives and subsidies to exporters must be linked to their performance. A pay-for-performance culture needs to be introduced in export-oriented industries.

In services' export, the culture of living on incentives and subsidies is not that common. This sector rather suffers from neglect by the policymakers. The Pakistan Tehreek-e-Insaf (PTI) government should introduce a comprehensive scheme to boost services' exports, particularly in the area of ICT.

Tech starts-ups must get policy attention. Future lies in growth of these tech starts-up that can bring in billions of dollars with enough official support.

Source: tribune.com.pk– Sep 20, 2020

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Pakistan: August textile sector exports witness 15.35 percent decline

The country's textile sector exports witnessed 15.35 percent decline in August 2020 compared to the same month of last fiscal year as it reduced from $1.19 billion to $1.007 billion, says the Pakistan Bureau of Statistic (PBS). The country exports during first two months July-August, 2020 of the ongoing financial year have witnessed a decline of 4.25 percent from $3.744 billion to $3.585 billion as compared with the same period of last year.

According to the PBS, the exports in August, 2020 witnessed a decline of 20.84 percent from $2.001 billion in July 2020 to $1.584 billion in August. The PBS data said that the country's exports in August 2020 against same month of the year 2019 witnessed a reduction of 14.75 percent as it went down from $1.858 billion in August 2019 to $1.584 billion in August 2020.

According to the PBS, petroleum group witnessed around 24.27 percent decline in imports during August 2020 compared to August 2019 as it remained $770.586 million compared to $1.017 billion, during the same period of last year. Petroleum products witnessed 24.78 percent decline, LNG 51.01 percent and others 11 percent decline, however, petroleum crude witnessed 9.49 percent increase, and LPG 13 percent.

Textile group witnessed 15.35 percent decline in exports as it remained $1.007 billion in August 2020 compared to $1.19 billion during the same month of last year. Knitwear exports witnessed 5.21 percent decline in August 2020 compared to July, readymade garments 8.48 percent, bed wear 6.95 percent, cotton cloth 12.91 percent, rice others 13.61 percent, towels 4.64 percent, cotton yarn 48.40 percent, madeup articles (excl towels and bedwear) 0.09 percent, and surgical goods and medical instruments 8.11 percent.

According to the PBS, following were the main commodities of exports during August, 2020: Knitwear worth Rs41.7 billion, readymade garments Rs34.04 billion, bedwear Rs30.35 billion, cotton cloth Rs24.37 billion, rice others Rs10.99 billion, towels Rs9.27 billion, cotton yarn Rs9.16 billion, made-up articles excluding towels and bed-wear Rs8.2 billion, Basmati rice Rs5.64 billion, and surgical goods/medical instruments Rs5.52 billion.

According to the PBS, the country's imports during July-August 2020-2021 as compared with 2019-2020 declined by 5.85 percent from $7.433 billion to $6.998 billion. Petroleum products imports witnessed 20.19 percent decline in August 2020 compared to July 2020, natural gas, liquefied 48.03 percent, and electrical machinery and apparatus 60.48 percent, while petroleum crude witnessed increase of 16.16 percent, mobile phones 97.16 percent, plastic materials 2.34 percent, palm oil 3.47 percent, iron and steel scrap 23.51 percent, power generating machinery 22.26 percent, and medicinal products 0.44 percent.

While imports in August, 2020 against July registered a decline 9.53 percent from $3.67 billion to $3.3 billion, and the imports in August 2020-2021 against August 2019-2020 registered a decline of 10.65 from $3.7 billion to $3.3 billion.

Following were the major commodities of imports during August, 2020: Petroleum products Rs60.8 billion, petroleum crude Rs40.3 billion, mobile phones Rs26.56 billion, plastic materials Rs25.94 billion, palm oil Rs24.62 billion, liquefied natural gas Rs24.3 billion, iron and steel scrap Rs24 billion, power generating machinery Rs18.98 billion, electrical machinery/apparatus Rs15 billion, and medicinal products Rs13.75 billion.

Based on the provisional figures of imports and exports the balance of trade in August, 2020 was(-) 291,813 million in terms of rupees and (-) 1,740 million in US dollars. The balance of trade figures cumulative from July-August, 2020 were (-) 570,821 million in terms of rupees and (-) 3,413 million in US dollars.

Source: brecorder.com– Sep 20, 2020

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Bangladesh: Only hundreds out of thousands clothing units compliant

Only 1,632 out of 8,500 textile and clothing units have so far registered with the Department of Textile (DoT), a legal requirement to run business in Bangladesh.

Sources said the government in October 2018 made it mandatory for all textile and clothing industries, including subsectors, to be listed with the DoT.

According to the textile law, all textile subsectors like primary textiles, ready-made garment (RMG), allied textiles, packaging and accessories manufacturers and buying houses, must get registered.

The DoT has been empowered as the 'sponsoring authority' to provide services to the textile and clothing industry.

Until last August, officials said, 1,632 industries that included 743 RMG units, 397 buying houses and 492 textile and other industries have so far registered with the department concerned.

Data available with the DoT shows an estimated 8,500 textile industries are operating across the country.

Of them, some 425 are spinning mills, 796 weaving, knitting and other fabric manufacturing units, and 449 specialised textiles and power looms.

About 5,327 export-oriented RMG factories (knit and woven), 955 garment accessory units, 240 dying, printing and finishing units and 104 terry-towel industries are operating here, according to the data.

Industry people, however, alleged that DoT registration is nothing but a hindrance with a blizzard of documents and it has nothing to do with business activities.

They argued that their business is very much connected with commerce, finance and industries ministries and state-run Export Promotion Bureau, Tariff Commission and other organisations under those ministries.

"We've hardly any relations with textiles and jute ministry and DoT. Even during the pandemic, they didn't provide any service or want to know the problems of the industry."

Talking to the FE, some terry-towel and textile millers said they opposed the mandatory DoT registration many times before enacting the law.

They suspected that bribery and other types of corruption might be involved in completing the registration process with the government organisation.

When asked, DoT director general Dilip Kumar Saha said industries are coming and they are giving registration.

More industries will get registered with the DoT as the central bank has asked all banks to ensure registration at the time of opening letters of credit, he mentioned.

On September 03, the Bangladesh Bank in a circular said some buying houses, and textile and clothing mills have been doing business violating a provision of the textile law.

Such malpractice has been tarnishing the country's image abroad, it noted.

The regulator advised banks to ensure that the legal requirement of having DoT certification is fulfilled before rendering banking services.

The DoT in a letter on July 27 requested the National Board of Revenue for the same.

Source: thefinancialexpress.com.bd– Sep 19, 2020

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NATIONAL NEWS

Country-of-origin: onus is on importers

From Monday, proof of value addition must; norms to bar Chinese goods gaining from ASEAN FTA.

Importers will have to do their due diligence from Monday to ensure that imported goods meet the prescribed 'rules of origin' provisions for availing concessional rate of customs duty under free trade agreements (FTAs), the Finance Ministry said.

The Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (CAROTAR, 2020), notified on August 21, shall come into force from September 21, the Ministry said in a statement on Friday.

This follows completion of the 30-day period that was given to importers and other stakeholders to familiarise themselves with new provisions. "An importer is now required to do due diligence before importing the goods to ensure that they meet the prescribed originating criteria.

A list of minimum information, which the importer is required to possess, has also been provided in the rules along with general guidance.

"Also, an importer would now have to enter certain origin related information in the Bill of Entry, as available in the Certificate of Origin," the Ministry added.

Ministry sources said the ASEAN (Association of Southeast Asian Nations) FTA allows imports of most items at nil or concessional basic customs duty from the 10-nation bloc. Major imports to India come from five ASEAN countries — Indonesia, Malaysia, Thailand, Singapore and Vietnam.

The benefit of concessional customs duty rate applies only if an ASEAN member country is the country of origin of goods.

This means that goods originating from China and routed through these countries will not be eligible for customs duty concessions under the ASEAN FTA.

The new rules will support the importer to correctly ascertain the country of origin, properly claim the concessional duty and assist customs authorities in smooth clearance of legitimate imports under FTAs, the Ministry said.

'Protect local industry'

In her Budget speech, Finance Minister Nirmala Sitharaman had mentioned the need to protect domestic industry from misuse of free trade agreements. CAROTAR 2020 supplements the existing operational certification procedures prescribed under different trade agreements.

India has inked FTAs with several countries, including Japan, South Korea and ASEAN members.

Under such agreements, two trading partners significantly reduce or eliminate import/customs duties on the maximum number of goods traded between them.

Source: thehindu.com– Sep 19, 2020

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GDP may fall more than 4% in FY21: Survey

India's GDP will fall more than 4 per cent in FY 2020-21 feel over 35 per cent of respondents in a Business Confidence Index (BCI) survey by the Confederation of Indian Industry (CII).

But 8 per cent feel that GDP growth could be positive in FY21.

More inflation in offing

In the '112th Business Outlook Survey', nearly half of the respondents (46 per cent) feel that inflation may inch up further in the current financial year, while about 28 per cent feel that it may remain unchanged from the current levels.

Conducted during August-September 2020, the survey covered more than 150 firms of varying sizes. Major proportion of the respondents (37 per cent) belonged to large-scale firms, while around 26 per cent belonged to small-scale enterprises and around 19 per cent to micro and 18 per cent to medium scale firms.

“Around 37 per cent feel that RBI will keep policy rates unchanged in the remaining part of FY21. The continued strain on economic activity due to the pandemic is dissuading the RBI from raising rates despite inflation overshooting RBI’s target range for the fifth consecutive month,” said the survey.

The survey is based on sample survey of firms covering all industry sectors, including MSMEs from different regions. It also enumerated responses across industry groups both in public and private sectors engaged in manufacturing and services sector.

Getting back to normal

According to the survey, nearly 30 per cent of the respondents said that business activity may return to the pre-pandemic levels by Q1 FY22, while 23 per cent feel that it will return only after H2 of FY22.

About 70 per cent of the respondents who took part in the survey represented the manufacturing sector, while 24 per cent were from services sector and 3.2 per cent, 1.9 per cent and 1.3 per cent, respectively, belonged to the agriculture, mining and utilities sector.

“More than 40 per cent of the respondents have indicated that a majority of their workforce (more than 75 per cent of the workers) has already returned to the workplace, while another 22 per cent of the respondents anticipate their return by the next quarter,” said the survey.

Source: thehindubusinessline.com– Sep 20, 2020

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Cotton price recovers as demand from yarn makers improves

After plummeting substantially in the lockdown, cotton prices have recovered following a revival in demand from the export market. Improvement in cotton yarn has further supported the prices in the local market, said market players.

"The price of benchmark Shanker-6 cotton variety has now recovered to Rs 36,800-Rs 37,000 per candy (356 kg). The prices had, however, tanked to Rs 31,000-32,000 per candy in April-June following a slump in the demand during the lockdown," said Arun Dalal, a city-based cotton broker. Before the Covid-19 outbreak, the cotton prices were hovering around Rs 38,000-40,000 per candy.

According to market players, demand from exporters and cotton yarn makers as well as resumption of domestic mills have supported the cotton price locally. With the current cotton season nearing its end, the limited stock of quality cotton has further provided a cushion to the prices.

"The export demand at present is good. The demand for cotton exports has recovered since June and July," added Nirav Patel, a cotton exporter.

The exports have also increased to 50 lakh bales (one bale weighs around 170kg) this year as against the previous estimates of 40-42 lakh bales, said market players.

Improvement in cotton yarn exports have also contributed to the increase in cotton prices. The All Gujarat Spinners' Association (AGSA) suggest that yarn exports rose 10% in past two months, pushing up the capacity utilisation of spinning mills across the state to 70% now.

"The price of cotton yarn (30-count variety) has also surged to Rs 186-187 per kg with the improvement in export demand. The price had declined to Rs 160-162 a kg during the lockdown," Patel added.

Cotton cultivation in Gujarat this year has declined to about 23 lakh hectares as compared to nearly 27 lakh hectares last year, mainly on account of several farmers opting for other cash crops such as groundnut for better returns.

Source: timesofindia.com– Sep 21, 2020

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Now, importers must satisfy minimum 35% value addition in origin country to get FTA benefits

Move to curb misuse of FTAs; new rules to come into effect from Sept 21

Importers must satisfy the custom authorities that goods have undergone 35 per cent value addition in the origin country to claim duty exemption under Free Trade Agreements (FTA), Finance Ministry has clarified.

For example, if a mobile is imported from Indonesia to India, then it would qualify of being Indonesian origin only if such mobile is made significantly in Indonesia and 35 per cent of its FoB value is contributed by Indonesia.

This along with other provisions under Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 would put the imports of items such as mobile, white goods, set-top box, Agarbatti, camera and other electronic products under further scrutiny.

These new rules will come into effect from September 21. Subsequent to Finance Minister Nirmala Sitharaman's 2020-21 Budget proposal for ways to curb misuse of FTAs these Rules have been formulated. As on date India has over 40 FTAs with various countries or trade blocs such as European Union or ASEAN.

According to sources in the Finance Ministry, it will be the importers' responsibility to ensure that the goods being brought by them should have been only manufactured or produced overseas and also minimum 35 per cent value addition has been done in that country.

The importer must possess all such proof and should produce if asked by the Customs authorities.

Misuse of FTAs

Investigation into FTA imports in the last few years has revealed that the rules of origin, under respective FTAs, were not being followed in the true spirit. This practice has been rampant in electronic items particularly.

The FTA partner countries have been exporting these goods without having the necessary technological capacity to achieve required value addition. Moreover, rules of origin were flouted even in products like aggarbatti, arecanut, black pepper, etc.

The Certificates of Origin were freely issued by the agencies in the country of exports without any accountability and if verification was initiated, these agencies either do not respond or respond casually.

The Asean FTA allows imports of most of the items at nil or concessional basic customs duty rate from the 10 Asean member countries.

Major imports to India come from five ASEAN countries — Indonesia, Malaysia, Thailand, Singapore and Vietnam. The benefit of concessional customs duty rate applies only if an Asean member country is the country of origin for the goods.

This means that goods originating from China and routed through these countries will not be eligible for customs duty concessions under Asean FTA.

“The country of origin is determined by application of certain set of conditions as prescribed in the FTA agreement itself. In respect of goods, other than natural products native to these countries, the required condition is that minimum value addition of the export value of goods must have been contributed by the ASEAN member country,” another source said while clarifying that in addition, the goods should undergo some appreciable transformation (as prescribed for product separately in the FTA by way of product specific criterion).

Source: thehindubusinessline.com– Sep 18, 2020

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UP CM Review Meeting: Textile park planned for Bareilly

Chief Minister Yogi Adityanath on Sunday announced that a textile park will be set up in Bareilly district. "The textile industry is most employment-oriented sector after agriculture and work on the textile park will begin soon," the Chief Minister said during a review meeting in Lucknow.

The Chief Minister reviewed the development projects of Bareilly Division comprising Bareilly, Pilibhit, Badaun and Shahjahanpur districts. Adityanath also said that the Smart City project for Bareilly should be executed in an "expeditious manner" and that it should set an example.

He also asked officials to expedite road projects and asked them to pay special attention to Pilibhit as it is a district bordering Nepal. He laid stress on expediting projects under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT). Adityanath said that the mission is a top priority for the government, and told officials that "no laxity will be tolerated".

In a statement, the state government said that there are 14 on-going projects in the division worth over Rs 50 crore.

Adityanath said that construction under PM Awas Yojana, CM Awas Yojana and under Swachhta Mission should be geo-tagged.

The CM instructed officials to make efforts to collect more revenue as it is crucial for carrying out development works. "The DMs should review department-wise GST collection every fortnight," he instructed.

Source: indianexpress.com– Sep 21, 2020

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Borrowing options for GST dues: Decide by Oct 5 or wait till June 2022, Centre to States

The Centre on Sunday all but gave an ultimatum to States and Union Territories (UTs) that those that do not submit their borrowing option to meet the GST compensation shortfall by October 5 will have to wait till June 2022 to get their dues. And, even too that would be conditional.

As on date, 19 States and two UTs have given their borrowing preference.

Jharkhand, Kerala, Maharashtra, Delhi, Punjab, Rajasthan, Tamil Nadu, Telangana and West Bengal are yet to do so. The equation could give the Centre some comfort if there is a vote at the next GST Council meeting on the borrowing options.

"If the other States do not submit their options before the GST Council meet on October 5, they will have to wait till June 2022 to get their dues subject to the GST Council extending the cess collection period beyond 2022," said a source in the Finance Ministry.

To address a shortfall in GST compensation this fiscal, the GST Council, at its meet on August 27, gave 28 States and two UTs with Assemblies (Delhi and Puducherry) two borrowing options.

Option 1 prescribes borrowing ₹97,000 crore (the shortfall on account of GST implementation issues) through a special window. The principal and interest for such borrowing would be repaid through realisation of the compensation cess in due course. Option 2 involves borrowing ₹2.35-lakh-crore from the open market. Here, the principal will be repaid through realisation of the compensation cess, but the States and UTs will have to bear the interest cost.

According to sources, 19 States and two UTs have chosen Option 1 while Option 2 has no takers. Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Puducherry, Sikkim, Tripura, Uttarakhand and Uttar Pradesh have, so far, preferred to go for Option 1. Earlier, Manipur went for Option 2 but changed its mind. "We expect some of the remaining States/UTs also to give their borrowing options in a day or two," another source said.

Quorum status

In case there is no consensus on the borrowing option and any State/UT presses for a vote, the decision may swing in the Centre's favour. Of the total votes, States and UTs together have 66.6 per cent weightage, while the Centre has 33.3 per cent. For any decision to be cleared, at least 75 per cent of the weighted votes is required.

Each State and UT has a voting weightage of 2.22 per cent. If 19 States and two UTs support borrowing, it would add up to 46.62 per cent. Combined with the Centre's weightage, it will rise to 79.92, comfortably beyond the required threshold.

Source: thehindubusinessline.com – Sep 19, 2020

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Small textile cluster starts in Bihar; workers happy to work in their hometown

Though at a small level, but migrant workers have starting becoming self-reliant by having their own manufacturing. One such initiative just started in Teghra of Begusarai (Bihar) where migrant workers, who came back to their hometown, have started manufacturing of products like masks, bags, etc., under textile cluster.

Similar cluster for bag manufacturing has started in the Ramzanpur region of the same district.

These initiatives have started across Bihar with a State Government-supported scheme called District Industrial Innovation Scheme.

Currently in Begusarai, 15 such migrant workers have started manufacturing of masks. Later more opportunities will be explored with the support of district administration.

Local officials believe that such initiatives will increase the employment opportunities for migrant workers in their hometown and also create industrial development in the state.

Workers are happy to get the work in their hometown and become entrepreneur. It is cost effective as well as comfortable for them to work in their state and live with family.

Source: in.apparelresources.com– Sep 19, 2020

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Fashion masks shield textile business from viral uncertainty

At a time when the coronavirus pandemic has taken the sheen off the famous six-yard wonder called the Surti Sari, textile entrepreneurs in Surat — the country's largest polyester fabric hub — are weaving another success story.

In just four months, Surat has emerged as the centre of innovative 'fashion masks' made with anti-bacterial and anti-viral finish. About 48% of the fashion masks are exported to the US, Europe, and Australia.

Unlike regular masks, these eco-friendly reusable fashion masks are made with digitally printed cotton, linen, and polyester fabrics. They have three to four layers of protection with Bacterial Filtration Efficiency of 95%.

Industry sources said that about 40 textile companies in and around Surat have been manufacturing fashion masks. These masks have turned the fortunes of textile entrepreneurs since the central government banned the export of N95 masks in February amid the Covid-19 pandemic.

The masks come with attractive designs and many are bespoke to match the colours and designs of outfits and fabrics.

The monthly production of fashion masks in Surat is pegged at 25 lakh pieces worth Rs 17 crore, of which about 12 lakh pieces worth Rs 7 crore are exported to the US, the UK, and Australia.

Girdhar Gopal Mundra, the chairman of Global Fabric Resource and Research Centre, a Surat-based organization, told TOI: "Surat has emerged as the hub of fashion masks with a huge export potential." Mundra went on to say: "The fabric used in fashion masks is given anti-viral, anti-bacterial, anti-pollution, and anti-dust treatment to protect the wearer."

According to Mundra, there is no ban on the export of fashion masks. In fact, the entrepreneurs of Surat are competing with Chinese manufacturers in the fashion masks segment in the US. The biggest advantage for Surat is the easy availability of raw material and skilled workers.

Paresh Parekh, the director of Angarika Digi Tex at Sachin, told TOI: “We are manufacturing 25,000 digitally printed fashion masks per day with anti-viral and anti-bacterial finish. About 60% of the masks are exported to the US and the UK. The rest are sold in the domestic market.”

Parekh’s company has partnered with HealthGuard AMIC, Australia, to manufacture fashion masks.

“We started with 10,000 masks per month and now we manufacture 2 lakh masks per month. About 70% of our masks are exported to the US, the UK, and the UAE. There is stiff competition from Chinese manufacturers as their masks are 10-12% cheaper than ours,” said Sudarshan Mundra, director, Madhusudan Textile Group.

Stating that fashion masks have gained popularity in India and abroad, Sanjay Saraogi, managing director, Laxmipati Group, added, “We switched from manufacturing N95 to fashion masks to cater to the growing demand. We are manufacturing about 5,000 masks per day and most of them are exported to countries such as the US.”

Source: timesofindia.com– Sep 20, 2020

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Indian retail sector to witness transformation: report

Data-led opportunities and artificial intelligence (AI) are likely to drive the Indian retail industry, according to a joint report by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Primus Partners.

Changing consumer preferences are driving store digitisation and increased integration of micro, small and medium enterprises (MSMEs) across the value chain will further accelerate the growth of data-driven retail, it said.

"The role of offline stores is likely to change, focusing on experience and collection. Consumers, to avoid crowds, would prefer to 'buy and pay online, maybe pick-up in-store', as a way of stepping out of their homes," said the report.

The unorganised segment has dominated the Indian retail sector and in 2019, the segment commanded as much as 85 per cent of the market, show-casing the significant potential for digitalisation.

Moreover, in the coming times, the products and services that make people more independent will witness an increase in demand, a news agency reported citing the document.

The report, based on inputs from industry experts, health professionals and drug regulators, noted several unfolding consumption patterns which mostly point towards safety concerns, ease of living at home and workplaces even as the economy has mostly been opened. The rising fear of infection would drive consumer behaviour across segments, especially the purchase of food commodities.

With the reverse migration of workers to their villages from cities, a good monsoon, an increased government expenditure of 40,000 crore through the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) and public projects are likely to ensure 'increased demand from rural India and an area for FMCG companies to focus on', the report added.

Source: fibre2fashion.com– Sep 19, 2020

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21 states opt for Rs 97,000-crore RBI window to meet GST shortfall

The Centre has received support from 21 states and Union Territories (UTs) for its offer of the Rs 97,000-crore Reserve Bank of India (RBI) window giving them compensation under the goods and services tax (GST) regime. This will help clear this proposal at the GST Council in case of vote.

The 21 states and UTs are Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Madhya Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Puducherry, Sikkim, Tripura, Uttarakhand, and Uttar Pradesh (UP), said finance ministry sources.

The sources acknowledge that the GST Council needs only 20 states to pass any resolution in case voting is required, according to the GST Act.

This may leave those not opting for any of the two options offered by the Centre before the GST Council meet scheduled for October 5 in the lurch. Sources said it is clear from the present situation that these states will have to wait till June 2022 to get their compensation, subject to the council extending the cess collection period beyond June 30, 2022.

On the other hand, there has so far been no taker for the Centre's offer of borrowing by states to the tune of Rs 2.35 trillion, said sources in the Union finance ministry.

Manipur, the only state which had earlier opted for the option of borrowing by states, later preferred to change it to the RBI window.

However, Jharkhand, Kerala, Maharashtra, Delhi, Punjab, Rajasthan, Tamil Nadu, Telangana, and West Bengal are yet to respond to any of the proposals.

Most of these states opposed the two offers given by the Centre.

The Centre has 33.33 per cent of total votes in the GST Council. Each state has 2.22 per cent vote, irrespective of size. This means that big states like UP and smaller ones like Goa enjoy the same percentage of voting power. Seventy-five per cent of votes are required to pass any resolution.

So far, all decisions in the council have been taken on consensus, except for GST rates on lotteries.

The finance ministry estimated there would be a compensation requirement of Rs 3 trillion for states and the compensation cess would be around Rs 65,000 crore for the current fiscal year, leaving a gap of Rs 2.35 trillion. Of this, Rs 97,000 crore is on account of the GST structure, the rest due to the lockdown to arrest the spread of Covid-19.

It offered two solutions to states. The first is that states take a Rs 97,000-crore window, to be worked out with the RBI, or borrow Rs 2.35 trillion from the markets to be facilitated by the central bank. The amounts will be paid by the compensation cess which will be extended beyond June 30, 2022.

However, states will have to bear the interest burden if they decide to borrow the entire Rs 2.35-trillion shortfall.

In case of the second option, the proposed extension of cess will be used for paying only the principal, not the interest.

Source: business-standard.com– Sep 21, 2020

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Ludhiana: Business weather turns good, but garment units knit brows

The city garment industry has started receiving orders for winter clothes, but it does not have enough labour to execute these in time. Businessmen said in addition to the labour crisis, there was also a shortage of raw material and finances.

Vinod Thapar, chairman of Knitwear Club, said, “For almost six months we got no local orders due to the lockdown and the old stocks could not be sold by shopkeepers and showroom owners. But now since the weather has started changing in some of the states, the demand for winter garments has started picking up. Ludhiana garment factories have started getting orders, which is a good sign for revival of our industry.

But we do not have enough workers to process them in time. Majority of our workers have not returned from their villages in UP, Bihar and West Bengal. They had left Ludhiana during the lockdown. Some of them are not willing to come back, while those desirous of returning say there aren’t enough trains running from their states to Punjab.”

Atul Saggar, general secretary of Apparel Manufacturers’ Association, Ludhiana, said, “Small orders for winter garments have started pouring in. Afraid of another lockdown in India due to the rising Covid-19 cases, the shopkeepers and traders are placing orders cautiously and for quantities they think they can easily sell in one month. But even with small value orders, the industry is facing problems due to lack of workforce and raw materials.”

Sanchit Sharma, a garment manufacturer from Khudd Mohalla, said, "Months after remaining silent, our clients in the North-East have finally started sending us orders. We are happy that the situation is changing, but we are worried how we will execute the orders with shortage of labour, raw material and finances."

Source: timesofindia.com– Sep 19, 2020

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Huge potential to increase exports of manmade fibre garments: AEPC

There is a huge potential in the country to increase exports of man-made fibre garments and the industry needs to work with the government to push these shipments, the Apparel Export Promotion Council said on Friday.

Apparel Export Promotion Council (AEPC) Chairman A Sakthivel said that "when we started exploring how to increase exports, we found that the export of man-made fibre garments is only 10 per cent of our total exports". It is hardly USD 1.6 billion whereas the world trade is about USD 200 billion, he added.

"We have a lot of fibre and yarn but we are not able to make the best fabric out of India. So, to increase our share in the global MMF (manmade fibre) garments business we have initiated a dialogue with Synthetic and Rayon Textiles Export Promotion Council (SRTEPC)," he said in a statement. He added that AEPC will host a series of webinars on how to increase the export of MMF garments.

Ronak Rughani, Chairman, SRTEPC, said that while cotton was the primary fibre for universal usage, MMF has surpassed cotton as the dominant fibre since the mid-1990s and has continued to grow faster thereafter as compared to all other fibres.

"The domestic fibre consumption ratio in India at present is 40:60 between manmade fibres and natural fibres, which is almost opposite to the global fibre consumption trends," Rughani said.

Source: outlookindia.com– Sep 19, 2020

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