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INTERNATIONAL NEWS

China to promote high-standard opening up and stabilize foreign trade

China will stay committed to opening its door wider to the world, keeping its industrial and supply chains stable, and make opening up a catalyst for reform and development, said Chinese Premier Li Keqiang at the 13th National People's Congress, the country's top legislature on Friday.

In order to help businesses get more orders and keep their employees, China will take measures such as increasing the lines of credit, extend the coverage of export credit insurance, lower compliance costs for imports and exports and promote the domestic sale of products initially bound for export.

The country will accelerate the growth of cross-border e-commerce and other new forms of business, and enhance its international shipping capacity. It will advance a new round of efforts focused on the innovative development of trade in services. It will make an extensive preparation for the third China International Import Expo, work actively to expand imports and foster a larger globally-oriented market with higher standards.

Li said "China will significantly shorten its negative list of foreign investment," adding that the country will also draw up a negative list for cross-border trade in services. Other measures in stepping up utilization of foreign capital include granting greater autonomy in reform and opening up to pilot free trade zones, speeding up the establishment of a free trade port in Hainan, opening new pilot free zones and integrated bonded areas in the central and western regions, and launching further initiatives to open up the service sector.

"We will foster an enabling market environment in which all companies, Chinese and foreign, are treated as equals and engaged in fair competition," said the premier. In promoting liberalization and facilitation of trade and investment, Li said China will firmly safeguard the multilateral trading regime, and actively participate in the reform of the World Trade Organization.

"We will work with the United States to implement phase one China-U.S. economic and trade agreement. China will continue to boost economic and trade cooperation with other countries to deliver mutual benefits," Li added.

He said that China will work on the signing of the Regional Comprehensive Economic Partnership, and advance free trade negotiations with Japan and the Republic of Korea, as well as other countries. The Premier added that China will focus on the quality of the joint pursuit of the Belt and Road Initiative (BRI), and guide the healthy development of outbound investment. "Staying committed to achieving shared growth consultation and collaboration, we will uphold market principles and international rules, give full scope to enterprises as the main actors, and work with our BRI partners for mutually beneficial outcomes," Li said.

Source: cgtn.com- May 22, 2020

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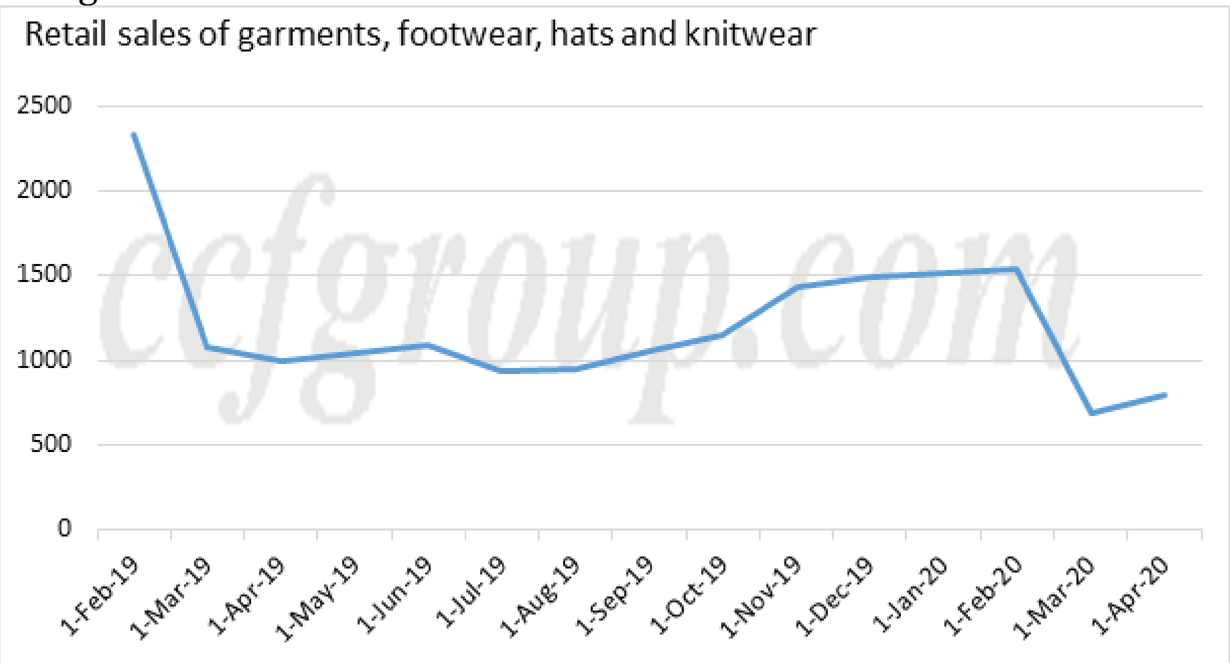
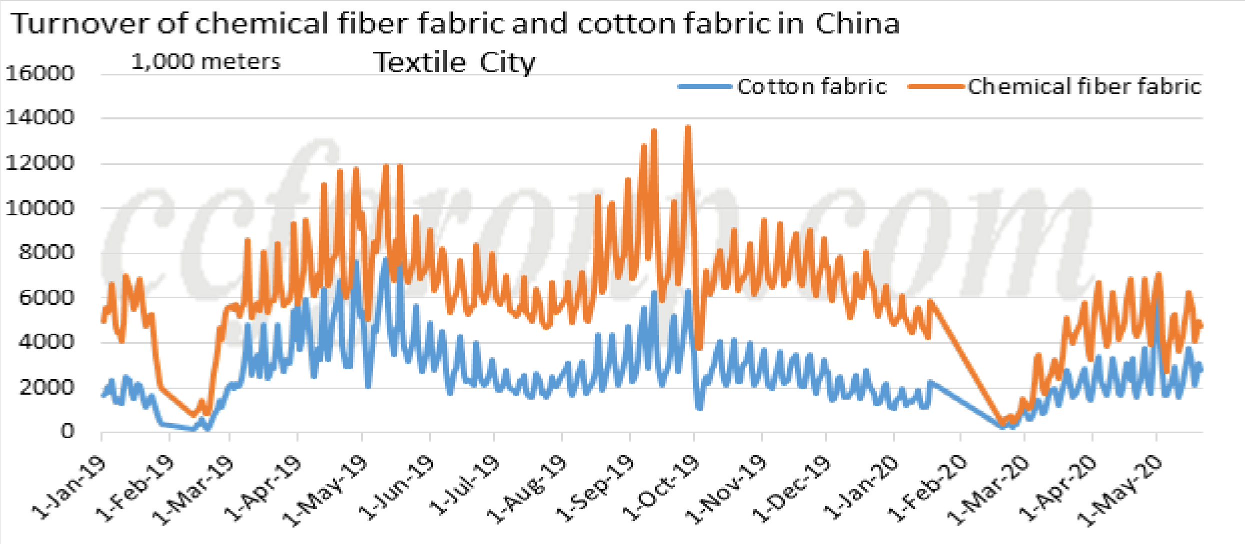
China: Does rayon yarn market warm up?

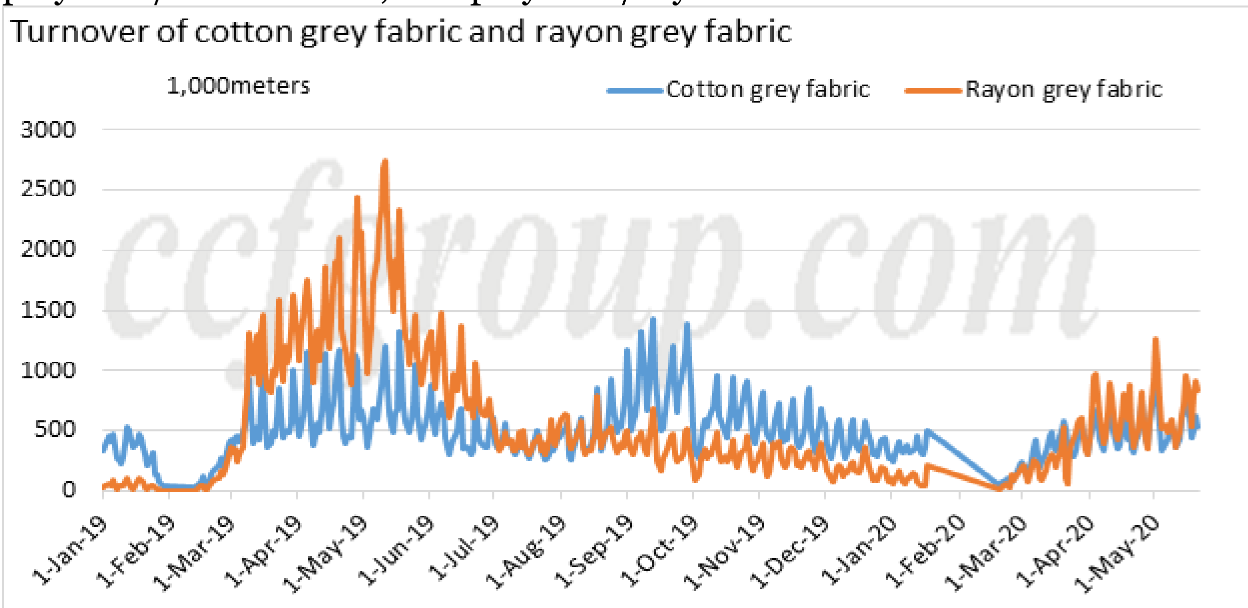
More price enquiries were heard recently, and some products enjoyed better sales. From conventional yarn and fabric to colored yarns and high-count yarns all were sold at low level intensively. Compared with the bearish sentiment in Mar-Apr when trades were thin despite low prices, high inventory has finally begun to decline which kindled the light of hope for the industry. Lockdown in many countries eased in May, and major ports also showed signs of restarting. In addition to delivery of pre-cargos, some traders and dyeing mills began to purchase and produce stocks respectively. It can be seen that what can affect and reflect the market is always the change in end-users demand.



In addition to sales of finished products, the most representative and time-sensitive data in the industry chain is China Textile City. For whether the market may really pick up, reference can be made to the changes in turnover of related fabrics. Turnover of chemical fiber fabrics and cotton fabrics this year is about 67% and 50% of the same period last year, it corresponds to that polyester fabrics performed slightly better than cotton/rayon one.



Cotton grey fabric performed better than rayon grey one. Since work resumption of cotton fabric mills in 2020, especially in Mar, the average turnover was about 70% of the same period last year, while rayon grey one only reached around 33%. It embodies that China local cotton orders are better supported, and also reflects why the various data and trends of rayon grey fabric are the weakest in the performance of 100% cotton fabric, polyester/cotton fabric, and polyester/rayon fabric.



Stimulated by the news of the work resumption outside China, starting from the first domestic trader or downstream mill to stock up (especially the current price is low enough), the market sentiment has improved, which boosted production confidence in yarn and fabric links. Work resumption after May Day holidays was better than anticipation.

Overall turnover moved up slightly, but it should also be noted that the actual end-users order recovery is still uncertain. At present, it is only an increase in enquiries and replenishment amid speculation mood. Whether it can continue is still unknown, and there is still a preliminary inventory to be accumulated. Unthinking optimism and radical operation are not suggested.

In 2020, the situation is special and unprecedented. In addition to the operation of the mills themselves, changes of upstream and downstream, other products and the macro environment are noteworthy.

Source: ccfgroup.com- May 21, 2020

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Global exports of sewing thread of synthetic fibres down

The global trade of sewing thread of synthetic staple fibres have shown a substantial decline in 2019. Total trade declined 5.16 per cent from $1,066.37 million in 2017 to $1,011.39 million in 2019, according to data from TexPro. The total trade of sewing thread of synthetic staple fibres has declined by 9.37 per cent in 2019 over the previous year.

The trade is further anticipated to fall to $943.09 million in 2022 with a rate of 6.75 per cent from 2019, according to Fibre2Fashion's market analysis tool TexPro.

The global export of sewing thread of synthetic staple fibres was $664.93 million in 2017, which slightly grew 0.11 per cent to $665.68 million in 2019. Total exports fell 6.34 per cent in 2019 over the previous year and is expected to increase slightly to $666.82 million in 2022 with a rate of 0.17 per cent from 2019.

The global import value of sewing thread of synthetic staple fibres was $401.44 million in 2017, which decreased 13.88 per cent to $345.71 million in 2019. Total imports declined 14.69 per cent in 2019 over the previous year and is expected to plunge further to $276.28 million in 2022 with a rate of 20.08 per cent from 2019.

China ($421.58 million) and Hong Kong ($53.51 million) were the key exporters of sewing thread of synthetic staple fibres across the globe in 2019, together comprising 71.37 per cent of total export. These were followed by Germany ($19.20 million), South Korea ($18.90 million) and the US ($16.21 million).

From 2016 to 2019, the most notable rate of growth in terms of export value, amongst the main exporting countries, was attained by China (1.97 per cent).

Hong Kong ($47.17 million), Turkey ($45.23 million), Italy ($15.48 million), Indonesia ($14.37 million) and Germany ($13.06 million) were the key importers of sewing thread of synthetic staple fibres across the globe in 2019, together comprising 39.14 per cent of total import. These were followed by Russia ($12.03 million), Morocco ($12.00 million) and Japan ($11.95 million).

Source: fibre2fashion.com- May 21, 2020

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Cambodia approves PPE production by garment factories

Cambodia recently approved a request by the Garment Manufacturers Association in Cambodia (GMAC) for garment units to produce all kinds of face masks, medical equipment and protective clothing for domestic consumption and export. Over 180 apparel units have now suspended operation, and another 60 are thought to be close to suspension, affecting 200,000 workers.

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

The export of garments and footwear is projected to drop by 50-60 per cent in the second quarter of this year due to the impact of the pandemic, spokesperson of the country's ministry of labour and vocational training Heng Sour earlier said.

The first quarter exports nosedived by 80 per cent year on year when the pandemic broke out in the European Union and the United States in February, he was quoted as saying by Cambodian media reports.

Source: fibre2fashion.com- May 21, 2020

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UK online retail sales soar to 10-yr high: IMRG Capgemini

As COVID-19 shut UK stores, online sales growth in April surged by a 10-year high of 23.8 per cent year on year (YoY), according to the latest IMRG Capgemini Online Retail Index, which tracks online sales performance of over 200 retailers. The story was, however, not so positive for the clothing sector, whose monthly sales sunk by 23.8 per cent YoY in April.

Within this, footwear and menswear sales were particularly poor, down by 31.1 per cent and 33.5 per cent respectively.

The spike in overall sales was overwhelmingly driven by multichannel retailers.

After recording higher growth than their online only counterparts for the first time in a year in March, multichannel retailers continue to benefit from consumers' changing shopping habits, with sales up by 35 per cent versus online only retailers' more modest rise of 8.3 per cent, a press release from Capgemini said.

"April's data shows that demand is following a very logical pattern–with stores closed, people who would usually shop in physical locations have no choice but to switch online. Hence, it is the multichannel retailers who are securing the very strong growth at the moment, though whether it will be enough to entirely offset the loss of sales from those stores seems unlikely.

This is only true for some categories though; even with stores closed, online growth for multichannel clothing retailers is still down by 17.5 per cent. The demand just isn't there at the moment," Andy Mulcahy, strategy and insight director, IMRG, said.

"When that demand will return is a big question for clothing retailers. If they reopen stores–and take their staff out of furlough, bringing all the costs back into the business – but their customers don't return quickly, there could be a very difficult period coming indeed," he added.

Source: fibre2fashion.com- May 21, 2020

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Kohl's Corporation reports Q1 FY20 revenue of $2.4 billion

Kohl's Corporation, a leading omnichannel retailer, has reported 40.6 per cent revenue decline to $2.4 billion in the first quarter (Q1) fiscal 2020 that ended on May 2, 2020 compared to the revenue of $4.0 billion in same period prior year. Company reported a net loss of $541 million during the quarter compared to net income of $62 million in Q1 FY19.

"We entered the year in a strong financial position and our business was tracking to our expectations prior to the onset of the crisis," Michelle Gass, Kohl's chief executive officer, said in a press release.

Selling, general and administrative expenses were $1.0 billion (Q1 FY19: $1.2 billion). Operating loss were $718 million compared to operating income of $118 million.

"We have begun the rebuilding process, recently reopening about 50 per cent of our stores across the country. In doing so, we have taken special care to equip our stores with the latest health and safety measures as we welcome back our associates and customers," Gass said.

As we look ahead, we know this experience will have a lasting impact to customer behaviour and the retail landscape, and we are evolving our strategies to ensure our relevance and to capture market share."

Source: fibre2fashion.com- May 21, 2020

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More Than 10 US Retailers Have Filed For Bankruptcy

As the outbreak of the new crown virus in the United States broke out rapidly, the national blockade of the epidemic and the sudden economic halt brought numerous losses to many industries and enterprises.

For players who are better at their own situation, the trouble is temporary. They can still persist, but for players who have already been seriously ill, the situation is very bad. It is regrettable that in recent years, the entity retailing, which has been under the impact of new forces such as Amazon, is exactly the latter.

Now, though the US economy is starting to restart, the policy of social estrangement is expected to continue for several months. This means that retail, catering, entertainment and other industries want to restore the old view is impossible, and eventually many companies have to choose to go bankrupt.

01. Bankruptcy tide hits

According to incomplete statistics of NBC, more than ten large retailers in the United States have fallen into bankruptcy since the outbreak of the epidemic.

Dean&Deluca

The New York based high-end food store filed for bankruptcy in March 31st. It was one of the first major enterprises to fall under the impact of the epidemic. The company was founded in 1977 and was acquired by Pace Food Retail in 2014.

Apex Parks

Apex Parks operates 14 family entertainment and water parks in New Jersey, California and Florida. They filed for bankruptcy in April 8th. The press release released by the company said they would not give up these businesses in the future.

FoodFirst Global Holdings

FoodFirst Global Holdings is the parent company of Bravo Cucina Italiano and Brio Tuscan Grille chain restaurant brand. They filed for bankruptcy in April 11th. FoodFirst acquired these brands in 2018.

True faith

True Religion Apparel, a famous businessman with jeans, filed for bankruptcy in April 13th. Their gradient products were popular in 2000s. Prior to 2017, the company had applied for bankruptcy records.

CMX Cinemas

CMX Cinemas, a chain restaurant cinema company, filed for bankruptcy in April 25th. They were owned by Cinemex Holdings, the parent company. They were still buying Star Cinema Grill before their accident. They just signed the contract six weeks ago.

Rubie 's Costume Company

Rubie s is a company specializing in the production and sale of products such as holiday costumes and wig, and filed for bankruptcy in April 30th. Rubie 's once claimed to be the world's largest Halloween design and manufacturing company.

J.Crew

The company once won the popularity of many stars and consumers on campus fashion, but in May 4th it had to file for bankruptcy. They also own women's clothing and accessories brand Madewell.

Gold 's Gym

Gold s Gym owns and operates more than 700 gyms in the US and overseas, and filed for bankruptcy in May 4th. The company said in a press release that they hoped to complete bankruptcy reorganization by August 1st, if not faster.

Niemann

Niemann (Neiman Marcus), a luxury department store, filed for bankruptcy in May 7th. The well-known retailer in the United States has a history of 100 years, and quite a few of them are similar.

Stage Stores

Stage Stores owns and operates a series of brands such as Bealls, Goody's, Palais Royal, Peebles, Gordman, s, and nearly 800 stores in the US, and filed for bankruptcy in May 10th. Their brands cover a wide range of different products, such as clothing, beauty products and home products.

Jesse Pani

Jesse Pani (JCPenney), headquartered in Plano, Texas, is one of the first department stores in the United States and has a history of more than a century. However, in recent years, because of the rise of online shopping and fast fashion, they are already on the decline. In recent years, Jesse Penny has been troubled financially and finally filed for bankruptcy in May 15th. The company said they would announce the first batch of closed shop lists in the next few weeks.

Pier 1

Pier 1 (Pier 1 Imports), a furniture and home product retailer, has filed for bankruptcy in February. In May 19th, it announced that they were seeking approval from the bankruptcy court and planned to withdraw business as quickly as possible. Because of the impact of the epidemic, they simply can not find buyers who are willing to take over. Pier 1 has more than 900 stores in the United States.

02. It's not easy to say bankruptcy.

However, it needs to be pointed out that the so-called bankruptcy does not mean that an enterprise will disappear completely, and more often it is just a financial restructuring. However, when a large bankruptcy occurs in a certain industry, it is undoubtedly a signal of significant changes in the direction of the development of the industry.

In the current epidemic, the possibility of bankruptcy of retail enterprises has increased significantly, but ironically, it is also more difficult for them to achieve the goal of bankruptcy because of the epidemic.

For example, according to CNN, when J.Crew announced bankruptcy recently, some experts pointed out in the comments that many retailers have not yet filed for bankruptcy because they can not decide which stores should be closed during bankruptcy.

Reshmi Basu, a retail bankruptcy expert at Debtwire, explained: "if the store is still open now, we will see more bankruptcy applications." We know clearly that many companies are now in contact with bankruptcy advisers. However, it is really not a good time to apply. Many companies did not apply because they are now almost impossible to liquidate for sale and obtain funds.

Bankruptcy is not equal to death. Businesses can use this process to cut off unprofitable businesses, reduce debt and other burdens and return to profitability. However, such restructuring requires capital. Under normal circumstances, they can obtain funds through "debtor-in-possession loans" (DIP loans), or DIP loans. The reason why the lender is willing to provide funds is that the bankruptcy law allows them to repay before all other creditors. In the retail industry, the repayment of DIP loan lenders is to close the stock in the store.

"From a historical perspective, those closed stores are very important." Katz Katz, the SSA&Co. executive partner of the consulting firm, explained that the longer the time required for closing stores, the older the corresponding inventory products were, and the lower the value of Matthew. The lender pays much attention to this value.

Of course, the trouble of these traditional retailers can not all be blamed on the epidemic. For example, data from CoreSight Research show that last year alone, 9275 large retail stores in the United States were closed.

Unlike many other industries and businesses, traditional retailers can hardly expect a rebound after the outbreak. The epidemic has caused serious unemployment, directly affecting the subsequent financial situation of consumers, and isolating epidemic prevention also makes more people learn and get used to online shopping.

Source: sjfzxm.com- May 21, 2020

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Egypt will not export face masks until local market needs are met: Minister

Egypt's locally manufactured masks will not be exported unless the local market's needs are covered first, Minister of Trade and Industry Nevin Gamei said on Wednesday.

She stressed the ministry's desire to provide citizens with high-quality masks made of fabric at appropriate prices, in accordance with the state's plan to coexist with the novel coronavirus scheduled to start mid-June.

Her remarks came during an expanded meeting held by Gamei with representatives of the textile and garment industry sector and the Ministry of Health to discuss the plan to manufacture the fabric masks and utilize existing textile factories.

The meeting saw Gamei agree with textile and garment industry sector representatives to begin the immediate manufacture of the required cloth mask quantities to meet the needs of the education ministries first, ensuring masks will be ready for students by their end-of-year exams.

By the next stage, masks will be provided to everyone in conjunction with the state's plan to gradually re-allow some activities that had been suspended for months.

Gamei said that the ministries of trade and health have adopted requirements and specifications for the masks before production beings, thereby ensuring the highest protection rates, ease of use for more than once, and appropriate costs.

Representatives from the spinning, textiles and ready-made clothes sector stressed their readiness to meet government needs, in accordance with the requirements of the ministries of health and industry.

According to the representatives the raw materials for manufacturing are available and the workforce is ready at factories, thus ensuring increased production rates.

Egypt's Ministry of Health announced on Thursday that it will implement its "coexistence plan" to deal with the coronavirus pandemic in three stages.

The first stage, the ministry said, will be implemented immediately, while the second phase will be implemented 28 days after the start of the first phase.

The third stage, which will begin 28 days after the start of the second stage, will include measures to mitigate the pandemic and will end with the World Health Organization's announcement that the global risk of the pandemic has decreased to a low level.

The second stage includes a series of general procedures like checking all people prior to entering public facilities such as metro and train stations, obliging everyone to wear masks when leaving their homes, obliging business owners and malls to place sanitizers at their doors, and ordering all commercial establishments to reduce the number of customers on their premises at any given time.

Cinemas, theaters, cafes, and entertainment venues will remain closed during this stage. The third stage includes a commitment to maintaining good ventilation and prevent any kind of crowding.

Source: egyptindependent.com - May 20, 2020

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Recession-hit Japan's exports, imports fall due to pandemic

Recession-hit Japan's exports plunged nearly 22% in April, marking their worst drop in more than a decade, as the coronavirus pandemic slammed global demand for autos, machinery and chemicals.

Imports fell 7% from a year earlier, according to Finance Ministry data released Thursday.

The drop in exports was the worst since October 2009 — amid the fallout from the global financial crisis — as export-dependent Japan struggles to juggle the health risks of COVID-19 with the dire need to keep the economy going.

Exports to regions most badly affected by the pandemic took the biggest hits.

Shipments to the U.S. plunged 38%, while imports rose 1.6%, causing the politically contentious trade surplus to decline by 75% from a year earlier, to 181 billion yen ($1.7 billion). Japan's exports to the European Union tumbled 28% in April, while imports from the region declined 7%.

Trade with China, which was the early epicenter of the virus outbreak and is now reviving its economy, was less affected. Exports slipped 4% and imports from China jumped 12% year-on-year.

Overall, exports totaled 5.2 trillion yen ($48 billion), down from nearly 6.7 trillion yen in the same month in 2019. Imports dropped to 6.1 trillion yen ($57 billion) from 6.6 trillion yen.

By sector, exports of vehicles, machinery, chemicals and textiles fell most sharply. Automakers, like Toyota Motor Corp. and Honda Motor Co., which form a pillar of the economy, have reported nose-diving profits as sales shrink around the world and plants in some parts of the world stop production.

Japan's exports may start recovering after hitting bottom in the April-June quarter, though much depends on whether the pandemic can be curbed, he said.

Japan is in a technical recession after a contraction that began in the last quarter of last year deepened in January-March. Analysts say worse may lie ahead.

Like many other nations, Japan has asked people to work from home and do social distancing to curb the virus' spread. Restrictions were eased this month in regions with few or no new infections, though they remain in place for Tokyo and some areas.

Tourism and travel have dwindled. Restaurants are closed or allowing only takeouts, and those that have stayed open are seeing fewer customers.

Even before, the world's third-largest economy barely eked out growth over some periods. The recent trade conflict between China and the U.S. has also hurt Japan.

Source: upnorthlive.com - May 21, 2020

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Belarusian textile manufacturers to look for new partners, to increase exports to EU

Textile manufacturers are planning to look for new partners and step up exports to the European Union, Tatyana Lugina, the head of the Belarusian light industry concern Bellegprom, said as she addressed the videoconference meeting of the board of the concern, BelTA has learned from the press service of Bellegprom.

“The situation is not easy in the industry due to the objective reasons - closed borders, falling purchasing power and other reasons. Yet, the targets set by the country's leadership for 2020 must be met. It is especially important to explore the foreign markets, to increase exports at the first opportunity and fill up the niches that were previously occupied. The Asian presence in the EU markets is declining, so we need to actively look for new partners, and secure our foothold,” she said.

Vitaly Dedinets, the first deputy head of Bellegprom, reported on the performance in the first months of the year. According to him, despite the epidemiological situation, some manufacturers ramped p the industrial production index in January-April year-on-year: Orsha Linen Mill by 3.1%, Kamvol by 9.2%, Slonim SKPF by 0.1%, Mogotex by 7.9%, Vitebsk Factory of Silk Fabrics by 138.9%, Lenta by 1.2% and MedLen by 52.3%.

The average monthly wage totaled Br891.1 in January-March 2020, including Br881.4 in March. In Q1 2020, the nominal wage in the industry went up 16.5% year-on-year, including 22.8% in March.

In January-March, textile factories used Br2.277 million of capital investment, which accounted for 30.4% of the total. Orsha Linen Mill used a total of Br1.737 million of capital investment.

In accordance with Decree No.505, Kamvol is implementing an investment project to launch the production of felt fabrics.

The sector is fulfilling the instruction of the Head of State to work out economically sound proposals on further development of Orsha Linen Mill, including deep processing of short flax fiber to manufacture sanitary and medical products and increase the fiber processing level by 30-40%. In this regard, the enterprise plans the third stage of modernization (2019-2023).

"Plans are in place to increase competitiveness of the products of Factory No.1 in 2019-2020. This includes additional purification equipment and the short flax fiber cottonizing line, and also equipment for its bleaching. This will enable the factory to get a new product, bleached cottonized flax fiber, which will be used to produce medical and sanitary products," the press service said.

Finally, the participants of the meeting discussed the main problems as well as opportunities for intrasectoral cooperation to improve performance of enterprises in the current economic situation.

"The current stressful state of affairs is also a challenge, a motivation to reevaluate our approaches and work more actively with our own and other online platforms, and search for new partners in Belarus and abroad as countries reopen their borders," Tatiana Lugina noted in the closing speech.

Tatyana Lugina stressed the importance of work with employees, including young professionals, experienced workers of marketing divisions, and staff in general. "In view of the difficult situation in the labor market, we have the opportunity to find good managers and specialists. I would like to remind you to keep people employed and provide all social guarantees. We should support our employees," she said.

Source: eng.belta.by- May 21, 2020

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419 RMG factories in Bangladesh remain closed due to lack of orders

Some 419 readymade garment factories in the country have remained closed for the last two months as the global buyers halted placing work orders due to the coronavirus outbreak.

Garment sector leaders said that the production in 348 member factories of the Bangladesh Garment Manufacturers and Exporters Association and 71 factories registered with the Bangladesh Knitwear Manufacturers and Exporters Association had remained suspended since the last week of March.

Of the 419 factories, nearly one hundred units went for permanent closure and the rest are waiting for work orders to resume production, the leaders of BGMEA and BKMEA said.

According to the BGMEA officials, of the 348 member factories of the trade body, 268 factories were closed temporarily due to lack of work orders, and the rest 80 were closed permanently.

Of the 348 factories, 91 are located in Gazipur, 79 at Ashulia in Dhaka, 70 in Narayanganj, 67 in Chattogram and 40 units are located in the Dhaka city.

BKMEA leaders said that 71 of their member factories had remained closed for the last two months due to lack of work orders and a few of them went for permanent closure.

The country's apparel sectors' trade bodies on March 25 announced production closure in the RMG factories in line with the general holidays announced by the government to contain the coronavirus outbreak in the country.

The factory owners started reopening the factories from April 26 with the consent from the government amid the surge of infection of coronavirus.

According to BGMEA data, a total of 1,150 member factories of the trade body reported that the global buyers cancelled orders worth $3.18 billion due to the coronavirus pandemic.

'As far as we are informed, 268 factories out of 348 closed have gone for temporary suspension, and the rest are closed permanently. We don't have the exact data of employment by these factories, but an estimate of 400-500 thousands workers would not be an exaggeration,' BGMEA president Rubana Huq told New Age on Wednesday.

She said that the closure of factories was not a new phenomenon, the trail started after the tragic factory building collapse in 2013 as more than thousand factories had been closed since then due to workplace safety issues.

'In recent years another wave of closure has hit the industry, and this is mostly caused by financial difficulties and economic struggles mostly because the cost of production is soaring and we have an unfavourable currency exchange rate,' Rubana said.

While the industry was already passing through a critical stage, a number of factories were closed during April-December 2019, the COVID pandemic just made it extremely difficult not only for the distressed factories but also for large and compliant factories, the BGMEA president said.

Rubana said that such scaling down of industry capacity would certainly reflect on the country's exports and employment, and the sector would have to go a long way to fight with this unprecedented pandemic and resulting economic downturn.

BKMEA senior vice-president Mohammad Hatem said that some 71 member factories of their trade body remained closed for the last two months due to lack of export orders.

A few units were shut permanently, he added.

Source: newagebd.net - May 22, 2020

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Pakistan's textile exports plummet 65% in April

Textile enterprises have demanded that the government reopen all the textile industries along with the restoration of the zero-rated sales tax status as textile exports have been severely affected. In April 2020, textile exports declined 65% to $404 million against exports of $1,138.35 million in the same month of the previous year.

"This should set off alarm bells for the official quarters concerned," remarked All Pakistan Textile Mills Association (Aptma) Punjab Zone Chairman Adil Bashir.

In the wake of a heavy fall in exports as well as domestic sales of textile products, Bashir demanded the restoration of the zero-rated status for the five major export-oriented sectors in order to give a boost to the textile industry in its endeavours to increase local production and exports, and save millions of jobs.

He urged the government to take serious measures to overcome the liquidity issues of the textile industry.

Sales of all major textile categories plummeted in April, with garments being the most affected. Cumulatively, textile exports dropped 3% year-on-year in the first 10 months of the current fiscal year to $10.82 billion, said JS Research analyst Ahmed Lakhani.

Some improvement is expected in May as shipping delays have been reduced. Moreover, buying countries were also gradually easing the lockdown, which should support demand recovery, he added. In the prevailing situation, it is pertinent to see what special incentives can be offered to the export-oriented sectors. On the other hand, “the risk remains that despite the incentives, a potentially severe second and third wave of Covid-19 can neutralise any impact from the government incentives,” commented the analyst.

The Aptma chairman said the trend of exports in April 2020 was very frightening as Pakistan’s annual shipments to EU countries and the US, exceeding $10 billion, were fraught with risks due to delay and cancellation of export orders after the coronavirus lockdown and liquidation or closure of many retail chains. Pakistan Cloth Merchants Association Secretary-General Arif Ismail urged the Sindh government to allow all textile and allied industries to resume operations and comply with the prescribed SOPs.

The Aptma chairman stressed that the textile industry was the backbone of the country with more than 60% of total exports and the largest employer with widespread employment for professionals, skilled and unskilled workers.

He said the zero-rated regime was introduced in 2005-06 with declared objectives of eliminating cash liquidity issues, wiping out refunds of billions of rupees stuck for long, avoiding unproductive waste of man-hours in chasing tax refunds and eliminating the additional cost borne on the filing and follow-up of refund claims.

Bashir stated that 17% of sales tax was imposed on the textile industry with effect from July 2019 with lofty claims of the Federal Board of Revenue (FBR) of processing refund claims within 72 hours through the newly developed FASTER software system.

FASTER still lacks basic provisions like Section 8B, eight-digit HS code, etc, which hampers the system.

He raised eyebrows over the working of FASTER system and stated that due to inherent weaknesses in the system a large number of taxpayers had not been able to even file Annex-H.

Source: tribune.com.pk - May 22, 2020

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Bangladesh: Still no pay, work or full bonuses

Amid the coronavirus outbreak, around 25,000 workers of nearly 40 readymade garment factories demonstrated in Ashulia, Savar, Gazipur, Narayanganj and Chattogram yesterday, demanding 100 percent Eid bonus, reopening of the RMG units and partial salaries for the month of May.

Many of the workers had been demonstrating over the past few days for the full payment of the festival bonus, said a senior official of Industrial Police Headquarters in Dhaka, seeking anonymity. As of yesterday, some 93.7 percent, or 1,797 members of factories of Bangladesh Garment Manufacturers and Exporters Association, have paid salaries for April. The rest were trying to do so, said BGMEA sources.

During a meeting on May 16, the government asked factory owners to pay 100 percent bonus to the workers. It directed the owners to pay half the bonus before Eid and the other half after the festival. The agitating workers, however, rejected the directive and took to the streets demanding full payment of the bonus.

Many of them want payment for 15 days of this month, saying they were facing immense financial strife in the face of the lockdown imposed to contain the spread of the novel coronavirus. Apart from the demonstration, a group of workers suspended from a readymade garment factory formed a human chain in Baipail area of Ashulia yesterday, demanding that they get back their jobs and a case against their fellow agitators be withdrawn.

On May 19, some 245 workers of Medlar Apparels Ltd in Ashulia were suspended for their alleged involvement in vandalising factory property on May 14. Workers said on May 14 that around 4,000 workers of the factory had demonstrated in front of the factory, demanding salaries, Eid bonus and annual leave allowances.

Some agitators allegedly vandalised factory properties when police fired tear gas canisters to disperse them, according to the law enforcers and factory authorities. The workers, however, rejected the allegation. "Although we did nothing like this, the factory authorities filed a case naming 34 workers as accused. Some 200 to 300 others were also made accused but they were unnamed," said one of the suspended workers, wishing not to be named.

Soumitra Kumar, president of Garments Workers Front (Savar, Ashulia and Dhamrai), who was present at the human chain, told The Daily Star that the factory authorities suspended the workers illegally without issuing any show-cause notice.

The factory authorities only hanged a notice on the factor gate with the photographs of the suspended workers, which has no legality, he said. They have to withdraw the case against the workers, he added. Talking to The Daily Star, Javed Masud, officer-in-charge of Ashulia Police Station, said on May 17 Ismail Hossen, assistant security officer of Medlar Apparels Ltd, filed the case.

The Daily Star could not reach Ismail on the phone as he did not receive calls. Arifur Rahman Sinha, managing director of Medlar Apparels Ltd, also could not be reached for comment.

Source: thedailystar.net- May 22, 2020

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NATIONAL NEWS

Aatmanirbhar Bharat! Twelve sectors in which India can become self-reliant, global supplier

The government has identified 12 sectors, including auto components, textiles, industrial machinery and furniture, where focus would be given with a view to make India a self-reliant country and a global supplier, Commerce and Industry Minister Piyush Goyal said on Thursday. He said a self-reliant India will ensure production of quality products on a large scale, fulfil India's requirements and boost export of surplus production.

"There are a number of sectors that have been identified in which India's competitive and comparative advantage over the other countries is seen. We have identified 12 sectors in which not only will India be 'Aatmanirbhar' (self-reliant) but can also lead the global supply chain," he said in a conversation with BJP leader Sambit Patra on steps being taken by the ministry to combat the COVID-19 crisis.

In these 12 sectors — food processing; organic farming; iron; aluminium and copper; agro chemicals; electronics; industrial machinery; furniture; leather and shoes; auto parts; textiles; and coveralls, masks, sanitisers and ventilators — India can become a global supplier, the minister said. "We will study these sectors in a focused way so that it can be manufactured in India in a competitive way.... Self-reliant India does not mean that we are getting isolated from the world," he said adding that it will lead to increase in India's share in global trade.

Talking specifically about the sectors, Goyal said organic farming holds huge demand and if farmers adopt this and increase production of crops like maize and corn, it can help in food security as well as making ethanol, which can be used to blend with oil, to cut India's oil import bill. On iron ore, he said the industry can look at significantly increasing steel production from 100 million tonnes to 300 million tonnes.

India used to import electronic goods significantly but now, this industry here is progressing and making mobile and its parts, he said adding that "why can't India make products like set-top boxes, solar power systems and telecom network products. We have studied this sector". He also said huge potential is there in agro chemcials, pharma and APIs (active pharma ingredients).

Import of industrial machinery has flooded domestic markets, "Now, we want that India's capital goods industry should stand again and we should import only those machines whose technology we do not have. We are not stopping imports…we want to be self-reliant," the minister said.

Similarly, he said furniture is a Rs 20-lakh crore global market and out of this, the Indian industry can look at tapping Rs 3-4 lakh crore market as it can help generate employment for about 20-25 lakh people. "Our team is also working on the leather and shoes sector. Do we have to depend on imports for that?" he said adding that textiles and auto components also holds huge potential for industry.

Further, he said that due to the coronavirus-induced lockdown, industry has been impacted as work was not happening in factories. "We have studied these sectors, discussed with industry…which can make India self-reliant and a global power… In these sectors, we have competitive and comparative advantage… India can become a global production centre," he added.

Source: financialexpress.com– May 21, 2020

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Tapping opportunities amidst a crisis

MSMEs have to overcome the Covid-related crisis quickly to grab new business that China-allergic buyers are offering. Can they?
Select Micro Small and Medium Enterprises (MSMEs) in India have come to understand the true purport of Albert Einstein's statement — "In the middle of difficulty lies opportunity".

Even as they struggle to restart their operations after a debilitating two-month long lockdown, opportunities that could catapult them to a much faster pace of growth are fast opening up. But the catch is that this window of opportunity is short and only those who are nimble will be able grab it. Present circumstances and limited government support will mean only a few will succeed.

The talk of a possible realignment of manufacturing capacity from China to elsewhere in the world started soon after the trade war that broke out between US and China. American companies realised that a fundamental change was beginning to happen in the US-China relationship.

The two countries were no longer ‘co-operating rivals’ with a win-win economic relationship but ‘competing rivals’. Covid-19 and the anger that ensued against China for its alleged mishandling of the pandemic added fuel to the fire. Not just companies from the US but those from Europe, Australia and elsewhere are actively looking to source products outside of China. Indian companies have started RFQs (request for quotations).

So far the enquiries for supply have been restricted to sectors such as auto components, textiles and leather where India can to an extent, if not entirely, match China’s cost.

These sectors typically have three attributes — strong domestic market, well established local supply chain and significant export presence. While bigger companies have the wherewithal to respond to the RFQs, MSMEs may not be able to do so quickly enough.

Speed is critical to grab this once-in-a-life-time opportunity as there is strong competition from companies in countries such as Vietnam, Thailand, Bangladesh and Sri Lanka.

That apart, China, which has set up huge capacities to manufacture for the world, is not about to let go of these orders easily. If they drop prices substantially, business sense could well smother the emotional anger that is presently driving the anti-China sourcing decision.

Income shrinks

But the eight-week lockdown has destroyed MSMEs’ cash flow. They have had virtually no income but had to pay salaries and other costs. Even if they manage to respond to the RFQs, they need to follow it up by investing in necessary tooling for designing the new product and get it validated by the buyer for specification and quality. This needs to be completed in about eight weeks. Once approved, machinery needs to be put in place quickly to start manufacturing in three to six months. All this needs urgent and significant cash infusion.

The stimulus that the government has offered will help but not immediately. The automatic collateral-free loan will take weeks for the orders to percolate to the branch level and for the loan to be released.

Other measures such as Fund of Funds (will work for high growth MSMEs such as these but will take months to fructify), Subordinate Debt (will be of use only for stressed MSME accounts) and payment of provident fund contribution (very few MSMEs will qualify as most of them have more than 10 per cent of workers earning above ₹15,000 per month) aren't helpful either.

Apart from cash, MSMEs also face challenges in restarting their operations and that of their supply chain as significant restrictions remain.

Labour is, particularly, proving to be a thorn in their flesh. Having mishandled the migrant labour issue, uncertainty is high as to whether they will return and, if so, when. Most MSME entrepreneurs worry that they may have to train new workers. This is both costly and time consuming.

Even those who employ local labour are finding it difficult to get them back to work as they have left for their home-towns and inter-district travel is still restricted in most States. You need your best staff at hand to design a sample if you are serious about tapping new export opportunities.

There is also confusion over costs. The lockdown has vitiated the cost structure — be it labour, logistics and even supplies. It is not clear when they will stabilise and whether it will drop to pre-Covid levels. MSMEs will have to take a calculated risk while quoting a rate. Unlike their big brothers, they do not have the capacity to sustain an unremunerative quote.

Govt must chip in

The government, too, needs to play its part as a facilitator. It took Coimbatore District Small Industries Association (Codissia) eight years to set up two industrial parks spanning 360 acres. Such delays won't help. It should also ease regulatory bottlenecks and bureaucratic hurdles. Agile decision-making is critical.

In March, the government banned export of all masks (including cloth masks which are fast becoming a fashion statement). In the last six weeks, players in Vietnam and Sri Lanka have bagged orders for 65 crore masks. India has reversed its decision now but the opportunity has been lost.

There is a need for policy support too. Take the case of the textile sector. India's policy, traditionally, favoured cotton. But the trend across the world has shifted to man-made fibres (MMF) where India is a minor player. An inverted GST tariff structure is in place for MMF; raw material suffering higher tax than the end-product ensures this.

A bulk of China's $240 billion worth of exports of MMF textiles is up for grabs. Also, some trade agreements will help. India by signing an FTA or a preferential trade agreement with the UK, for instance, will open up a $3 billion market at nil import duty (now 15 per cent).

It is said that every additional $1 billion in export will create 1.5 lakh jobs, apart from boosting the revenue of thousands of MSME textile units. If true, it is certainly worth the effort.

More immediately, the government should identify MSMEs that have the chance to grab a share of China's manufacturing pie and infuse cash into them so that they do not lose the opportunity.

Source: thehindubusinessline.com– May 21, 2020

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States GST collections may dip 30 per cent this fiscal: ICRA

The States Goods and Services Tax (SGST) collections are expected to contract by 30 per cent to ₹3.5 lakh crore in FY21 from ₹5 lakh crore in FY20, reflecting lower consumption of non-essential items in the aftermath of the Covid-19 pandemic, according to credit rating agency ICRA.

With the protected revenues of the States estimated at ₹7.7 lakh crore for FY21 (₹6.7 lakh crore in FY20), the agency anticipates a multi-fold spike in the State governments' GST compensation requirement to ₹4.1 lakh crore in the current fiscal, from ₹1.7 lakh crore in FY20.

Of the State governments' GST compensation, ₹1.2 lakh crore was released by the Centre to the States during FY20, leaving an unpaid balance of ₹50,500 core as of end-March, the agency said in a report.

Jayanta Roy, Group Head - Corporate Sector Rating, ICRA, observed that with the Covid-19 pandemic and associated lockdown expected to shrink non-essential consumption, the finances of the State governments would undergo a dual shock.

“Firstly, the SGST collections would contract by 30 per cent in FY21, entailing a spike in the compensation requirement to ₹4.1 lakh crore based on ICRA’s assessment. Simultaneously, the cess collections that are meant to be funnelled towards the GST compensation would dry up in the current environment,” said Roy.

Accordingly, the risk associated with the magnitude and timing of the release of the GST compensation to the State governments has escalated sharply and would exacerbate the fiscal and liquidity stress that the States are experiencing due to the Covid-19 crisis, he added

Under the GST (Compensation to States) Act, 2017, the level of protected revenues of the State governments is calculated based on a 14 per cent annual growth rate on the base year (FY16) revenues subsumed into the GST.

The gap between the State governments’ actual SGST collections and the protected revenues is required to be released by the Centre to the States in the form of GST compensation for the first five years after the transition to the GST regime. The source of funding the GST compensation is a cess levied on consumption of some specific items, including automobiles, coal etc.

The Centre recently enhanced the permitted net borrowing of the State governments in FY21 to 5 per cent of Gross State Domestic Product (GSDP) from 3 per cent of GSDP, to address the expected shortfall in their revenues related to the pandemic. Out of this, additional borrowing of 1.5 per cent of GSDP is conditional on the States executing reforms in FY21 in four areas outlined by the Centre, the accomplishment which is contingent on various factors.

ICRA has estimated the permitted enhanced unconditional borrowing of 0.5 per cent of GSDP for the State governments for FY21 at ₹1 lakh crore, which pales in comparison to the gap (of ₹3.9 lakh crore) between the estimated GST compensation requirement and the funding for the same through cess collections.

The agency estimates the total unconditional net borrowing that is now permitted to the state governments by the Centre at ₹7.4 lakh crore for FY21. Adding the estimated redemption of ₹1.4 lakh of State Development Loans (SDL) in FY21, the agency pegs the permitted gross market borrowings of the States at ₹8.8 lakh crore, nearly 38 per cent higher than the gross SDL issuance of ₹6.3 lakh crore in FY20.

Source: thehindubusinessline.com– May 21, 2020

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MSMEs to get loans at 9.25% under Centre's Rs 3-trillion package

The Union Cabinet on Wednesday approved additional funding of up to Rs 3 trillion at a concessional rate of 9.25 per cent through the Emergency Credit Line Guarantee Scheme (ECLGS) for the MSME sector hit hard by the coronavirus crisis.

The ECLGS was the second-biggest component of Rs 21 trillion comprehensive package announced by Finance Minister Nirmala Sitharaman last week.

Under the scheme, 100 per cent guarantee coverage will be provided by National Credit Guarantee Trustee Company (NCGTC)for additional funding of up to Rs 3 trillion to eligible MSMEs and interested mudra borrowers, in the form of a guaranteed emergency credit line (GECL) facility, an official statement said.

For this purpose, a corpus of Rs 41,600 crore shall be provided by the Government of India spread over the current and the next three financial years, it said.

The Cabinet, headed by Prime Minister Narendra Modi, also approved that the scheme would be applicable to all loans sanctioned under GECL Facility during the period from the date of announcement of the scheme to October 31 or till an amount of Rs 3 trillion crore is sanctioned under the GECL, whichever is earlier.

The ECLGS has been formulated as a specific response to the unprecedented situation caused by Covid-19 and the consequent lockdown, which has severely impacted manufacturing and other activities in the MSME sector, the release said.

The scheme aims at mitigating the economic distress being faced by about 4.5 million MSMEs by providing them additional funding of up to Rs 3 trillion in the form of a fully guaranteed emergency credit line.

OTHER DECISIONS

FREE GRAINS TO 80 MN MIGRANTS

Cabinet gave ex-post facto approval for distribution of 5 kg foodgrain from the central pool for free to 80 million migrant workers for two months. Scheme extended till March 2023

₹20,050-CR SCHEME FOR FISHERIES

A scheme was approved to bring about a blue revolution through sustainable and responsible development of the fisheries sector with a total estimated investment of ₹20,050 cr in the next 5 years

PMVVY RETURNS CUT TO 7.4%

The annual rate of return for Pradhan Mantri Vaya Vandana Yojana, a social security scheme for senior citizens, was fixed at 7.4%, down from 8%

₹10K CR FOR FOOD PROCESSING UNITS

A new central scheme with an outlay of ₹10,000 crore for providing credit-linked subsidy to 200,000 micro food processing units approved

The main objective of the scheme is to provide an incentive to member lending institutions (MLIs) like banks, financial institutions (FIs) and non-banking financial companies (NBFCs) to increase access to, and enable availability of additional funding facility to MSME borrowers, in view of the economic distress caused by the Covid-19 crisis, by providing them 100 per cent guarantee for any losses suffered by them due to non-repayment of the GECL funding by borrowers.

With regard to eligibility, it said, all MSME borrower accounts with outstanding credit of up to Rs 25 crore as on February 29 which were less than or equal to 60 days past due as on that date, i.e., regular, SMA 0 and SMA 1 accounts, and with an annual turnover of up to Rs 100 crore would be eligible for GECL funding under the scheme.

The amount of GECL funding to eligible MSME borrowers either in the form of additional working capital term loans (in case of banks and FIs), or additional term loans (in case of NBFCs) would be up to 20 per cent of their entire outstanding credit up to Rs 25 crore as on February 29, 2020.

The entire funding provided under GECL shall be provided with a 100 per cent credit guarantee by NCGTC to MLIs under ECLGS, it said, adding, tenor of loan under Scheme will be four years with moratorium period of one year on the principal amount.

No guarantee fee shall be charged by NCGTC from the member lending institutions (MLIs) under the scheme and interest rates under the scheme will be capped at 9.25 per cent for banks and FIs, and at 14 per cent for NBFCs. In view of the critical role of the MSME sector in the economy and in providing employment, the proposed scheme is expected to provide much needed relief to the sector by incentivising MLIs to provide additional credit of up to Rs 3 trillion to the sector at low cost, thereby enabling MSMEs to meet their operational liabilities and restart their businesses, it said.

By supporting MSMEs to continue functioning during the current unprecedented situation, the scheme is also expected to have a positive impact on the economy and support its revival, it added.

Source: business-standard.com– May 22, 2020

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Covid crisis: MSMEs pin hopes on release of payments by govt

More than availing of the benefit of new credit lines and loan-related schemes announced by the government, nearly 63.3 million micro, small and medium enterprises (MSMEs) are hoping to get delayed payments from the government in the next 45 days. A survey of 450 MSME members of the Confederation of Indian Industry has revealed that payments of Rs 1,819 crore are delayed.

In dire need of cash in hand, the MSME sector was hoping that the government will take care of some its fixed expenses like salaries and wages or payments towards electricity bills. Industry players point out that MSMEs have limited cash at the end of a financial year with locked-in inventories, which seriously affects their ability to pay salaries of employees.

Anil Bhardwaj, secretary general, Federation of Indian Micro, Small and Medium Enterprises, said: "Currently the problem is of cash. There is no income and expenditure is urgent. Most of them are facing cash crunch and that is why they were expecting the government to pick up some of their fixed expenses. But, that has not come their way." Companies now will have to resort to borrowing and gradually start operations, However, those who will not be able to garner funds will be forced to wind up in the next few months.

Mukesh Mohan Gupta, president, Chamber of Indian MSMEs, described the announcement of clearing of delayed payments as bigger than any of the loan announcements. “It is because payments are stuck… if this payment is released on time, that is a direct payment to the MSMEs.”

Industry bodies say new credit lines and loan schemes announced in the economic package will be helpful only to a small section of MSMEs, the reason being the caveats in the scheme – it is only applicable to those having outstanding loans. What the scheme says is that if an MSME has an outstanding loan on a given date, then it would get 20% additional amount without collateral.

According to Bhardwaj, this scheme targets a very small percentage of MSMEs that might be having outstanding loans. Also, it is not yet clear whether outstanding loans that the banks are looking at are only terms loans or working capital loans as well.

Industry bodies also highlight that under the present policies of banks, they will find it hard to lend to the MSME sector. Besides, as the demand has vanished, there are no taker of new loans. “If I am a garments or toy manufacturer or a plastic manufacturing company or a furniture maker, and there is no buyer for my produces, why would I start production? So, what is the need for a loan?”

Shreekant Somany, chairman, CII National MSME Council, said: “There is lack of clarification from appropriate ministry or departments regarding the status of manufacturing units.

In the absence of such clarifications, many units of essential items have run out of raw materials, packaging materials and many other such items leading to disruption in supplies and closures.”

Because of the sudden lockdown, the truck movement got stalled, resulting into materials with a limited shelf life to expire. “No direction was given for the loss of material due to expiry of shelf life of consignments during this period which were stuck in transit, with respect to be covered under insurance policies,” said Somany.

Source: financialexpress.com– May 22, 2020

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Rs 50 crore investment criterion should define MSMEs for export sector: AEPC

The Apparel Export Promotion Council (AEPC) on Thursday urged the government to keep only the investment criterion of Rs 50 crore irrespective of the manufacturing unit's turnover to define micro, small and medium enterprises (MSME) in the export sector.

In a letter to MSME Minister Nitin Gadkari, AEPC Chairman A Sakthivel said that as the exporters' turnover depends upon the foreign exchange rates and since rupee value has continuously weakened for the past 10 years, it would be appropriate to keep just the investment criterion and remove the turnover parameter.

Unveiling the contours of the Rs 20-lakh crore stimulus package, Finance Minister Nirmala Sitharaman last week announced a change in the definition of micro, small and medium enterprises (MSMEs). As per the revised definition, any firm with investment of up to Rs 1 crore and turnover under Rs 5 crore is classified as "micro". A company with investment up to Rs 10 crore and turnover up to Rs 50 crore will be classified as "small" and a firm with investment up to Rs 20 crore and turnover under Rs 100 crore will be classified as "medium".

"The apparel exporting industry would recommend keeping only the investment criterion of Rs 50 crore irrespective of the turnover, as was the provision earlier," Sakthivel said. However, he added that in case the criteria of turnover is needed, its limit should be raised to Rs 300 crore. Highlighting the importance of the industry in terms of its contribution to gross domestic product (GDP), exports, investment and employment, Sakthivel said the sector, largely consisting of MSMEs, is providing jobs to 12.9 million workers directly, in which about 70 per cent of the workforce are women.

"The thrust on the benefits to the MSME sector would definitely go a long way in helping the industry mitigate the present huge crisis and I am positive that these measures will help in mitigating the suffering of the apparel exporting industry and the millions of our workers," he added.

Source: financialexpress.com– May 21, 2020

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GST Analytics wing to identify risky suppliers to exporters

The CBIC has asked GST risk management wing to conduct supply chain analysis to identify risky major suppliers to exporters and share it with jurisdictional field officers. The Central Board of Indirect Taxes (CBIC) had received representations from exporters saying in some cases the Integrated GST (IGST) refunds are getting delayed by over 6 months.

Last year, the CBIC had detected several cases of firms availing credit fraudulently through refund of Integrated Goods and Services Tax on exports of goods.

To mitigate the risk, the CBIC has taken measures to apply stringent risk parameters based checks, and the consignment of such exporters in risky category are subject to 100 per cent Customs examinations and their refunds were kept in abeyance.

The CBIC, which had in January issued a standard operating procedure (SoP) to be followed by such exporters, has now asked GST and Customs Zonal principal chief commissioners to forward all pending verification report to Directorate General of Analytics and Risk Management (DGARM) by June 5.

“The zonal Peincipal Chief Commissioners/chief commissioners of CGST and CX zones are advised to put a process in place to ensure that in future all such verifications are completed and reports sent to DGARM within maximum 3 weeks of receipt of request of verification from DGARM,” the CBIC said.

While partially modifying the SoP issued in January, the CBIC said in order to cut down the time taken in grant of NOC (no objection certificate), the DGARM will “conduct supply chain analysis without waiting for verification report from field and share risky first and second level major suppliers with the jurisdictional CGST (Central GST) formations at the same time when the risky exporter details are shared with the CGST formations”.

The verification report in respect of identified suppliers will be sent by GST and customs Commissionerates directly to DGARM, which will take decision on grant of NOC or otherwise based on such verification reports in respect of exporters and its suppliers.

“DGARM would grant final NOC to the exporter once the verification of the identified first and second stage risky supplier is found in order,” CBIC said.

In case of availment of in admissible credit by the suppliers, the GST officers will ensure due process of recovery. If the taxpayer is under the administrative control of states/UTs, the issue of recovery would be flagged to them, the CBIC said.

AMRG & Associates Senior Partner Rajat Mohan said exporters have a vested right of tax refunds unless they are proven guilty.

“With an internal memo from GST policy wing looping in the senior-most tax officers in a state is expected to ease the plight of exporters,” he said.

Source: financialexpress.com – May 21, 2020

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Exporters gradually getting order enquiries from US, Europe

With exporters starting operating their manufacturing units with limited workforce, they are gradually getting enquiries from various countries such as the US, France, and Spain for products such as apparel, leather and engineering, amid lockdown on account of the COVID-19 pandemic. Federation of Indian Export Organisations (FIEO) President Shard Kumar Saraf said the order situation is getting better but it will still take at least six more months for the sector to get back on track.

"Factories have started but we are facing the problems of workers. We are getting enquiries from the US and European economies," he said. FIEO Director General Ajay Sahai said the situation is better as buyers from the US and Europe have started talking to domestic companies.

"We are expecting that the exports will be in negative zone for some more months. In May, it could contract by about 30-40 per cent. We are expecting that from October, we can register some positive growth in exports," Sahai said. Sharing similar views, Ludhiana-based exporter S C Ralhan said engineering exporters are getting enquiries from countries like France, UK, Spain and the US.

Apparel Export Promotion Council of India (AEPC) Chairman A Sakthivel said "Europe is getting better than the US in terms of enquiries for the sector. We are getting more orders from online stores as compared to brick-and-mortar shops". He said the coronavirus outbreak has impacted the sector significantly and in such a crisis, the government support is needed on an urgent basis to put the growth trajectory on track.

"One thing is encouraging that buyers are asking for samples from India. We expect that the anti-China feeling in the global markets can be converted into opportunity for India. Our factories have also started with 25 per cent capacity," Sakthivel said. Siddh Nath Singh, chairman of the Carpet Export Promotion Council of India (CEPC), said the sector is not getting healthy orders.

"Factories have started but adequate labour force is not there. Weavers have migrated to their villages," he said adding the US accounts for over 50 per cent of carpet exports and Europe contributes about 30 per cent.

The country's exports contracted by a record 34.5 per cent in March and 60 per cent in April.

Source: retail.economictimes.com – May 21, 2020

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India-Afghanistan trade via Wagah border likely to be resumed after Eid

The trade between India and Afghanistan through Attari-Wagah border, 28 km from Amritsar, is expected to be resumed after Eid-ul-Fitr holidays (from May 25 to 27) in Pakistan.

“We have already got a letter from the Centre, instructing us to be prepared as the trade between the two countries will be started soon,” said a senior customs official, who didn’t wish to be named.

The central government had suspended cross-border trade through the Attari integrated check-post (ICP), which facilitates India’s trade with Pakistan and Afghanistan, on March 13 as a precautionary measure amid the coronavirus pandemic.

“We are expecting that the trade with Afghanistan will be resumed from May 28. We recently got information that two trucks of dried fruits, imported from Afghanistan, will come today at Wagah side in Pakistan. These trucks’ entry into India will be allowed only after we get official information from the Centre about the opening of the trade,” said a senior official of Land Port Authority of India (LPAI).

Amritsar customs commissioner Dipak Kumar Gupta said, “Our team at the ICP is prepared. The trade can resume after Eid as there are holidays in Pakistan till May 27, and nobody is working at Wagah side. Till now, we have no official information when exactly the border is opening.”

On May 17, the Pakistan government had opened its borders with Afghanistan at Torkham and Chaman posts, six days per week. The importers in Amritsar are also hopeful of resumption of trade with Afghanistan soon. “We are hopeful that the trade with Afghanistan will be resumed from May 28. Some Indian importers have already placed their orders with various firms in Afghanistan for dry fruit, herbs, jeera and mulethi,” said Federation of Karyana and Dry Fruit Association president Anil Mehra.

He said since the halt in trade with Afghanistan through the ICP, the importers and exporters in India and Afghanistan have been suffering a huge loss. According to Mehra, India and Afghanistan had been doing more than Rs 1,000 crore trade every year through the ICP.

“Pakistan’s Prime Minister Imran Khan should also think about the opening of trade with India through the ICP. It will boost the economy of both the countries,” said Mehra. In the wake of the Pulwama attack in February 2019, the Indian government had revoked the Most Favoured Nation (MFN) status given to Pakistan and raised customs duty on every item being imported from Pakistan to 200%.

Following this, import from Pakistan dipped drastically as Indian traders stopped buying goods, except low-priced commodities like rock salt.

Also, Pakistani had shut trade with India after India abrogated Article 370 that granted special status to the erstwhile state of Jammu and Kashmir.

Source: hindustantimes.com – May 22, 2020

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Farmers in Punjab and Haryana opt for more cotton acreage over labour-intensive rice

They anticipate labour shortages without migrant workers; State governments are also advising them to opt out of water-guzzling rice

Farmers in Punjab and Haryana have sown more cotton this kharif season as against the corresponding period last year on account of a possible labour shortage in future. Both governments have discouraged farmers from growing rice, officials told The Hindu.

Director, Punjab Agriculture Department, Sutantar Airi, said, “Cotton has already been sown in nearly 3.6 lakh hectare, which is around 10,000 hectare more than the corresponding period of last year.”

In neighbouring Haryana, farmers had sown cotton in 5.11 lakh hectares till May 19. Last year, the area under cotton cultivation up to the same period was 4.2 lakh hectares, according to government data.

‘Luxury of choice’

“Cotton is a less labour intensive crop than paddy (rice). Farmers are currently sowing cotton as they are apprehensive about the return of the migrant labour by June-July, when the sowing of rice commences.

Labourers from Bihar and Uttar Pradesh have expertise in planting paddy but with many of them having returned to their native places, farmers here, who have the luxury of choice between crops, are going for cotton,” said Rakesh Rathi, former president of India Cotton Association Limited (ICAL).

In Punjab and Haryana, Bt cotton is sown in over 95% of the total area under cotton cultivation, the remaining 5% of cultivable area usually has indigenous (desi) cotton varieties. Cotton is usually planted from mid-April to till late-May in most parts of Punjab and Haryana.

“Farmers are preferring to sow cotton wherever its feasible. Paddy is a labour intensive crop in comparison to cotton and hence farmers don’t want to take a chance. I am sure the area under cotton cultivation will increase this season,” said Gun Parkash, Bharatiya Kisan Union’s Haryana unit president.

'Crop diversification'

Jagraj Dhandi, Joint Director, Haryana Agriculture Department, said, "The area under cotton has increased as the government is discouraging sowing of water-guzzling rice and going for crop-diversification this year. Also, labour shortage is another reason that farmers are planting more cotton as many would want to mitigate risks to the minimum."

The State Agriculture Department's Mr. Airi said that the government was providing thrust to crop-diversification, and hence the area under paddy will fall, and the area under other crops will rise.

Source: thehindu.com – May 21, 2020

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Maha govt to expedite cotton procurement process: Deshmukh

A decision has been taken to increase the speed of cotton procurement at centres across Maharashtra, state Home Minister Anil Deshmukh said on Thursday.

According to an official statement, Deshmukh said that cotton from 100 vehicles will be purchased daily and not from 20 to 25 vehicles as earlier.

The minister made the comment after a review meeting of the agriculture department. The meeting was chaired by Chief Minister Uddhav Thackeray and also attended by his deputy Ajit Pawar.

Deshmukh said cotton procurement was stopped in view of the lockdown. It was resumed on the condition of adhering to norms regarding social distancing.

The speed of procurement, however, was slow with cotton from only 20 to 25 vehicles was being purchased (per day).

"Cotton growers still have a lot of cotton with them. The need for purchasing the cotton before the monsoon sets in was discussed in the meeting.

"Some ministers said cotton from only 20 to 25 vehicles was being purchased daily. Now cotton from 100 vehicles will be procured everyday at every centre," the statement quoted Deshmukh as saying.

The chief minister and deputy chief minister have warned of strict action against graders who fail to ensure the purchase of cotton on this scale, Deshmukh said.

Thackeray and Pawar also ordered registration of offences against those selling uncertified cotton seeds in the state, the home minister added.

Source: outlookindia.com – May 21, 2020

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Devise a 'GST loan' for MSMEs

Such a facility will ease the immediate GST burden and help MSMEs conserve cash

It was only to be expected that a government that has always given importance to optics and catchy phrases would do the same, when the Prime Minister announced the 'Atmanirbhar Bharat' scheme. It did not take long for the optics to come out - ₹20 lakh crore was sanctioned exactly 20 minutes into the Prime Minister's speech at 20:20 pm in the year 2020.

Going by the developments in the days after the PM's announcement, it appears that the Finance Minister and her team did everything they can to ensure that — at least mathematically — the sum total of their relief measures adds up to ₹20 lakh crore in some way or the other.

The first reaction of everyone would have been to question how this humungous amount is going to be sourced, but it appears needless, since most of the money is not coming from the government anyway.

MSME relief

In choosing the first sector for its bonanza, the government did no wrong in going with the MSME sector. MSMEs make up for about 45 per cent of the country's total manufacturing output, 40 per cent of exports, almost 30 per cent of the national GDP and operate across the value chain. The FM announced a slew of measures to rescue the sector, including collateral-free loans up to ₹3 lakh crore backed by government guarantee, repayment of MSME dues within the next 45 days, and a change in definition of these businesses.

As per the revised definition, both manufacturing and services firms with investment up to ₹1 crore and turnover of ₹5 crore will be classified as small, investment of up to ₹10 crore and turnover of up to ₹50 crore will be micro, while firms with an investment of up to ₹20 crore and turnover of ₹100 crore will be classified as medium enterprises.

The loans given will be for four years and do not have to be repaid in the first 12 months. There will be a principal repayment moratorium for 12 months with the interest rate will be capped, and there will be no guarantee fee. All MSMEs with a turnover of up to ₹100 crore and with outstanding credit of up to ₹25 crore will be eligible to borrow up to 20 per cent of their total outstanding credit as on February 29, 2020. These loans will have a four-year tenure and the scheme will be open until October 31.

One of the issues in the way this has been packaged is that it amounts to the government borrowing from the banks on behalf of the MSME entrepreneur and later repaying the banks. Since there is a sovereign guarantee on the loan, the MSME entrepreneur cannot be faulted if he treats the loan as a grant. Some of these loans run the risk of becoming non-performing assets when due.

GST loan

The GST has impacted MSMEs significantly. A better way to structure at least a part of this loan would be to provide MSMEs a “GST loan”. GST dues to the government will be credited to a GST loan account in the books of the MSME. Paying the GST loan would depend on how long the impact of Covid-19 is expected to last. Based on current trends, we can expect the impact to last two years (pessimistic), one year (neutral) and 6-7 months (optimistic).

At the end of say, two years, the accrued GST dues can be repaid over a period of say, another 2- 3 years. Providing a GST loan at this point in time would enable MSME’s to conserve cash for the next few years — a mantra that always works during times of crisis.

It can even come with a catchphrase: “Get Some Time, to pay GST”.

Source: thehindubusinessline.com – May 21, 2020

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Now, Textiles Committee Mumbai to also test, certify PPEs

The Textiles Committee, Mumbai has been approved to test and certify personal protection equipment (PPE) body coveralls used by the healthcare workers and other Covid-19 warriors, an official said here on Thursday.

This will make it the 9th laboratory to test and certify PPEs, as per an announcement by the Ministry of Textiles. Textiles Committee Secretary and Additional Textile Commissioner Ajit Chavan said the authorities faced the humongous challenges of non-availability of domestic manufacturers of repute and delays in importing the machines from China.

Besides, there was the problem of ever-increasing prices by "opportunist companies" in China due to the demand for such testing equipment the world over, he added.

Accordingly, the Textile Committee decided to do it indigenously by conceptualising and designing the machine including the vital Synthetic Blood Penetration Testing equipment required to determine the resistance of protective clothing materials to penetration by blood and body fluids, within 45 days.

The National Accreditation Board for Testing & Calibration Laboratories audited the lab facility and approved it under three test standards.

"With this equipment and with a concrete plan to add some more as per need, we shall address not only the quantitative but also the qualitative requirements involved in the testing of Body Coveralls worn by the frontline health workers and other Covid-19 warriors," said Chavan.

Under Textiles Minister Smriti Z. Irani, the ministry has been taking steps to ensure that both quality and quantity of PPE coveralls go up to the desired levels within barely two months, thereby catapulting India as the world''s second largest manufacturer of body coveralls after China.

The eight other NABL accredited labs are: South India Textiles Research Association (SITRA), Coimbatore, DRDO-INMAS, New Delhi, Heavy Vehicle Factory, Chennai, Small Arms Factory, and Ordnance Factory, both Kanpur, Ordnance Factory, Muradnagar, Ordnance Factory, Ambernath, Maharashtra and Metal & Steel Factory, Ishapore, West Bengal.

Source: outlookindia.com – May 21, 2020

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Siyaram's organises Textile Mahakumbh to discuss future of retail biz

Mumbai : Siyaram's on Wednesday said it will organise Textile Mahakumbh to bring together over 25,000 retailers across the country on a single platform to discuss the current challenges, and how to prepare to meet the post COVID-19 demand.

The event, slated for May 23, aims to bring together retailers from the textile industry to discuss the best practices to do the business and will focus on shaping the future of retail business in the country, Siyaram Silk Mills President and Executive Director Gaurav Poddar said while addressing media through webinar.

"We are expecting things to come back to normal by October and going forward this platform will help retailers to conduct their business seamlessly. Considering the current scenario and the immense challenges faced by the textile industry due to the outbreak of Covid-19 pandemic, the whole chain from manufacturers to the retailers across India have suffered huge losses with activities coming to a standstill," Poddar added.

Textile Mahakumbh will create a platform where experienced retailers will share their knowledge to increase sales, profits, manage inventory and also help them make optimal use of digitalisation.

Siyaram's produces over 80 million meters of fabrics annually with diverse range of fabrics, with brands like Siyaram's, J Hampstead, Cadini, Oxemberg and Mozzo, among others.

Source: retail.economictimes.com – May 21, 2020

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‘India certainly has a big window of opportunity, provided ease of doing business is dramatically improved firmly’

I think that all geographies have the potential to generate new business opportunities – it is not a zero-sum game

Scientist, innovator, thought leader of the manufacturing sector, national research professor, board member of a Fortune 500 company and recipient of Padma Vibhushan, the second-highest civilian honour, Raghunath A Mashelkar wears many hats with ease.

In an exclusive interview with BusinessLine carried out over email and telephonic interaction, Mashelkar said that the post Covid-19 world would be a different world but China will continue to remain a manufacturing hub.

It is a reality, which cannot be wished away. It will be a China+1 world where global companies will spread their risks and set up their manufacturing in other geographies. In such a scenario, the Indian government and companies need to hit the gold vein and make the most of the forthcoming opportunities. Excerpts of an interview:

What kind of innovative technologies are required for speeding up the manufacturing process so that our companies add manpower, increase revenues and enhance exports in the post-Covid-19 world?

Digital transformation of manufacturing operations is not an option but is an absolute necessity in the post-Covid-19 world. It will not only create a more flexible, agile, and responsive manufacturing environment but will also enable manufacturers to better respond to uncertainty, volatility, and risk.

In the short term, technologies that aid social distancing will be deployed at manufacturing plants. However, in a post-Covid-19 world in which workers have to keep their distance from each other, the trend towards automation will only accelerate; therefore the addition of manpower may reduce in the long term.

Some of the innovative technologies that need to be deployed are data analytics-led demand prediction and production planning, remote assisted assembly operations through Augmented Reality, Virtual Reality and AI-based face tracking solutions to manage access control instead of biometrics.

IoT solutions can be of great help in energy management, and monitoring machines' and workers' health. Further, AI, IoT and data analytics will help in integrating customers, employees and vendors through digital platforms.

You are part of the Maharashtra Government's task force for rejuvenating the state economy. What areas of Maharashtra's economic activity need immediate attention?

The Pune International Centre Expert Group under the visionary leadership of Economist Vijay Kelkar has acted as a think-tank for the Chief Minister of Maharashtra. It has given recommendations during the current crisis on a variety of economic building blocks. It ranges from the urgent issue of supporting and saving and then boosting the growth of MSMEs, to aggressively attracting foreign direct investments by wooing global majors, who will bring ancillaries and supply chains with them, to promoting investment flows and economic growth in specific sectors such as real estate. Some of these recommendations are urgent 'here and now' type, and some can be implemented in the medium term and some in the long term. I am delighted to say that the Chief Minister has set up a special task force to implement the recommendations so that ideas can lead to real impact without losing time.

In the post-Covid-19 world, which geographies globally will generate new business opportunities?

The latest IMF growth projections on the world economy have predicted that China, India and ASEAN countries will see strong growth and business opportunities. However, I think that all geographies have the potential to generate new business opportunities – it is not a zero-sum game. As organisations respond, they will try to have a more diversified supply chain in the post-Covid-19 era, an opportunity for all economies. Growth may move closer or to countries that are neighbours. For inventory management, 'Just in time' will give way to 'Just in Case'. Resilience will become more important than efficiency. The world will need new products and services. Businesses can avail this as a new opportunity. Health, sanitisation, distancing, protection, transportation, deliveries, surveillance, food security, and construction are some of the areas that will bring in new opportunities for the goods and services sector.

With the Chinese Government and their companies being viewed with great suspicion by the global business community, what can the Indian government do to attract global investments?

The new business model will not be ‘no China’ but it will be ‘less China’.

In fact, it will be ‘China +1’.

Reportedly, Google is investing in Vietnam to produce its Pixel smartphone. Microsoft will produce its Surface tablet there. That means ensuring that alternative supply options are built too, not altogether abandoning China.

In that context, India certainly has a big window of opportunity, provided ease of doing business is dramatically improved by firmly and speedily dealing with the well-known challenges, which are linked to land availability, labour law and high cost of inputs. I strongly feel that the tech sector has a good future for attracting global investments into India.

Look at what has happened – Jio Platform received FDI of over ₹67,000 crore from major payers like Facebook, Silver Lake, Vista Equity and General Atlantic in just four weeks, and that too when the Covid-19 pandemic was on the rampage and investments were at standstill in the rest of the world.

Why this surge in investments? Because Jio Platforms is a next-generation technology platform powered by leading technologies spanning cloud and edge computing, big data analytics, artificial intelligence, Internet of Things, augmented and mixed reality and blockchain.

Just as in digital technology, we also have a huge opportunity in new biotechnology and advanced materials technologies.

You have strongly emphasised in your book ‘Reinventing India’ the critical importance of the trio of ‘Talent, Technology and Trust’. How relevant is it in the post-Covid-19 India?

The three Ts are far more relevant now than ever before. Let me explain.

The Prime Minister just announced the ambitious launch of ‘Atmanirbhar’ Bharat, meaning a self-reliant India programme. This is both timely and laudable. However, for this aim to succeed, we require 'Atmavishwas', meaning trust and self-belief.

India's greatest comparative advantage is a talent pool, but still talent, technology and trust must go together. Let me illustrate the point.

India desperately needed (and will need) large-scale testing during this pandemic, and even after this phase. For the Covid-19 testing kits, we were dependent on China. One million kits were imported and States governments started using the kits. But ICMR stopped the tests since the kits were faulty. On April 27, India cancelled an order that was already placed for half a million Chinese testing kits. My question is, can the Indian biotechnologist design, develop and deploy these kits in the country? The answer to this is a definite yes.

For instance, rising to the challenge, the Institute of Genomics & Integrative Biology (IGIB) a premier Institute of the Council of Scientific and Industrial Research (CSIR) has created an innovative test, which uses cutting-edge CRISPR technology for detection of the genomic sequence of the novel coronavirus.

It specifically recognises Covid-19 sequence in a sample with greater specificity than the state-of-the-art techniques. An innovative combination of CRISPR biology and paper-strip chemistry has to lead to the visible signal readout on a paper strip. Its main advantage is its affordability (₹500 only) and relative ease of use and non-dependency on expensive Q-PCR machines.

CSIR, IGIB and Tata Sons will bring it to the market within a month. The jury is out on whether we will have the 'Atmavishwas', the self-belief, for wide-scale use and promote this globally-competitive technology, not only in India but also export it abroad.

In early April, India announced that it will import second-hand ventilators from abroad and now comes the US announcement of the donation of ventilators to India.

Can't India build them on their own? Yes, we can. Let me explain.

In April, Marico Innovation Foundation had set up a grand challenge 'Innovate2beatCOVID' with a cash prize of ₹2.5 crore, with me as the

Chairman of the jury. The prize is going to some remarkable innovations in both PPEs and ventilators, both of which today are imported.

The innovations being awarded are designed to suit Indian conditions and some of them even have features which are ahead of the state-of-the-art technology.

Again some of the innovations can help create 'Atmanirbhar Bharat' in the space of PPEs and ventilators. But what is required is an aggressive and bold public procurement policy to support such innovations. I have described it in 'The Path Ahead: Transformative Ideas for India', a book edited by the CEO of NITI Aayog, Amitabh Kant.

However, the implementation of all these transformative ideas will require 'Atmavishwas', the trust, the self-belief, the never-say-die spirit of 'yes, we can'.

Source: thehindubusinessline.com– May 21, 2020

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Garment units in Gurugram hit by curbs on movement of workers from Delhi

They are grappling with an acute shortage of workers despite the government allowing industries to open

Though the Haryana government has allowed industries to resume operations after April 20 to encourage economic activity in the State, garment units in the millennium city are grappling with a shortage of workforce due to restrictions on cross-border movement between Delhi and Gurugram for the past three weeks.

The restrictions have also led to frequent clashes between the workers and the Gurugram Police, who prevent them from entering the district for work. Around 1,000 workers in Delhi's Salahpur Majra village clashed with the police in Palam Vihar on Wednesday during an attempt to enter Haryana for work.

Komal, 22, a resident of Delhi's Kapashera, said the Haryana Police had not been allowing workers to enter Gurugram since May 1. She said she worked with Gaurav International and had a movement pass provided by the company to commute to work. The company officials came to facilitate their entry to Haryana for a couple of days, but the police did not allow them after the officials stopped coming, she added.

Sanjeet, a native of Bihar, said the workers would try to enter Gurugram in the early hours to reach their workplaces. “We have been without a job for almost two months now. We are not left with any savings. It is difficult to survive if we are not allowed to go to work,” the Kapashera resident said. He said many of his colleagues had left for their hometowns, and he too would have to leave if the situation persisted.

Mr. Sanjeet said residents of Dundahera village in Gurugram also beat up the migrants from Delhi and did not allow them to go to work.

Working at 20% capacity

Garments Exporters and Manufacturers Association general secretary Animesh Saxena said there were around 400 garment export units in Gurugram operating in Udyog Vihar Phase-I-V and most of them were working at 20% capacity due to shortage of workers. He said the association members called upon the Police Commissioner, but he too expressed his inability to help, citing the high rate of infection in Delhi.

Mr. Saxena added that the district administration had offered to arrange for the lodging of the workers in a government school in Dundahera, but that was not viable for different reasons. “The government must address the genuine concerns of the industry.

Even the owners of the garment units were initially not allowed to come to Delhi on a daily basis. The industry cannot run with the cross-border movement restrictions continuing,” he said. He added the migrants would be forced to return to their hometowns in this situation, causing an acute shortage of workforce for months.

Amardeep Dagar, general manager of Richa and Co., a garment export unit, said the management had also offered to ferry the workers in buses from Delhi, but the administration did not relent. He said the Apparel Export Promotion Council, Regional Chairman, North, Virender Uppal wrote to Chief Minister Manohar Lal in this regard on May 15, but there had been no response.

Source: thehindu.com– May 21, 2020

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Two UP ministers pitch for attracting investments moving out of China

Two senior Uttar Pradesh ministers have said the Yogi government is working on attracting investments moving out of China to state of Uttar Pradesh in the post-Covid world.

"Many investors are looking at moving their manufacturing base from China to Uttar Pradesh," UP's Minister for Micro, Small and Medium Enterprise and Investment Promotion, Sidharth Nath Singh told ET on Wednesday.

"Many such manufacturers from China and Brazil are in discussion with the UP government in this regard," he told ET. UP's Industries Minister Satish Mahana also said on Wednesday that the state government was working to attract investments out of China and another opportunity lies in starting domestic production of goods that India imports from China.

"To attract investments out of China, we first need to start producing things that we import from them," Mahana said at a virtual conference organised by Confederation of Indian Industry on 'Business Complexity in current scenario'.

The German-based footwear brand, Von Wellx, owned by Casa Everz Gmbh, on Tuesday announced the shifting of its entire shoe production business in China, with a capacity of over three million pairs annually, to India with an initial investment of Rs 110 crore and said a new manufacturing unit of a similar capacity will be set up in Agra.

"Due to stable and decisive leadership at the Centre and the state, UP is becoming an attractive destination for investment," Singh told ET, referring to the move by Von Wellx.

"Many policy reforms have been undertaken by the Yogi government like labour reforms, logistics and warehousing reform and a few structural reforms in food processing, medical equipment, industrial parks, leather, textile, electronics and pharmaceutical are being undertaken," Singh added.

Mahana said industrial growth directly impacts growth of the workforce associated with it and said that is what UP is striving for. “We are looking at a new normal in the wake of the Covid pandemic. In such a situation, our priority is handholding the current industries in the state to sustain themselves under current challenges."

He said 50 percent of new investments through the Investors Summit had already gone into commercial production pre-lockdown.

Last week, Chief Minister Yogi Adityanath had formed a committee under Singh and Mahana to attract investments to UP from abroad in wake of the post-Covid situation.

The Ministers were given the brief to open a dialogue with companies which were looking to exit China and set up base elsewhere. The government has also decided to set up a helpdesk under senior IAS officer Navneet Sehgal to help companies from the European Union in this regard.

Source: economictimes.com – May 21, 2020

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Textile industry hopes for recovery in festival season

The textile industry has pinned its hopes for a recovery in the third quarter of the present fiscal, which coincides with the festival season. In the last two months, due to the lockdown, the industry has lost out on massive amounts of the business it usually gets during marriage season in summer.

Gaurav Poddar, president and executive director of Siyaram Silk Mills Limited, told the media on Wednesday said during this period, the industry normally reports as much as 35 per cent of its annual sales.

As the country slowly starts to open up in phases during the lockdown, multi-brand retail shops have also started opening up for business. Some stores have seen good footfall in parts of the country, said Poddar.

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Source: indianexpress.com – May 20, 2020

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Sagarmala is passe; Government begins work on new maritime vision

Changing ground realities force a new blue-print of the plan

The Shipping Ministry has started the work related to drafting a new blueprint for India's maritime sector for the next decade. This comes after the coronavirus pandemic decimated the previously laid down assumptions and projections on trade that formed the basis for Sagarmala, the flagship maritime programme of the Narendra Modi-led government.

A top government official said that the Government is likely to hire the Boston Consulting Group (BCG) as a strategic consultant to help draft the 'Maritime Vision 2030' by co-ordinating with some 14 working groups set up by the Ministry on thrust areas identified by it.

"The Shipping Minister Mansukh Mandaviya wants a real vision for the maritime sector," he said when asked about the need for a fresh blueprint when an elaborate plan for the Sagarmala program was prepared in 2016 to promote port-led development in the country.

Most of the thrust areas identified by the Ministry for the new vision have been extensively covered in the Sagarmala perspective plan.

"Vision reports are prepared every three years. It happens in every sector because external factors play a very key role. The vision need not be the same for ever. If somebody has assessed so much cargo traffic will be there by 2030, after this Covid-19 and so many changes which have taken place in the world, how can the vision still be realistic. It can't be realistic. Realities have changed drastically since Sagarmala was finalised," he said adding that Sagarmala could act as a base document for "preparing a realistic and achievable plan for 2030 with a proper roadmap".

Some 605 projects costing over Rs 8.78 trillion were identified for implementation under the Sagarmala programme in phases.

The Sagarmala programme was written by United States (US)-based consultant McKinsey & Company. The program seeks to reduce logistics cost for export-import (EXIM) and domestic trade with minimal infrastructure investment.

This would be achieved by reducing the cost of transporting domestic cargo by optimising modal mix, lowering logistics cost of bulk commodities by locating future industrial capacities near the coast, improving export competitiveness by developing port proximate discrete manufacturing clusters and optimising time/cost of EXIM container movement.

It encompassed port modernization and new port development, port connectivity, enhancement port-linked industrialisation, coastal community development, promotion of coastal shipping and inland waterways, job creation and bridging skill gap in ports and maritime sector The Government also set up the Sagarmala Development Company Limited (SDCL) in 2016 to provide equity support for the project Special Purpose Vehicles (SPVs) set up by the Ports / State / Central Ministries.

BCG had earlier done a 'Benchmarking and capacity maturity assessment report' for the ministry basis which the capacity of the 12 Central Government-owned ports was re-rated and enhanced to 1,359 million tons in 2017.

Source: thehindubusinessline.com – May 21, 2020

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