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IBTEX No. 85 of 2020 April 23, 2020

US 76.43| EUR 82.63 | GBP 94.23| JPY 0.71

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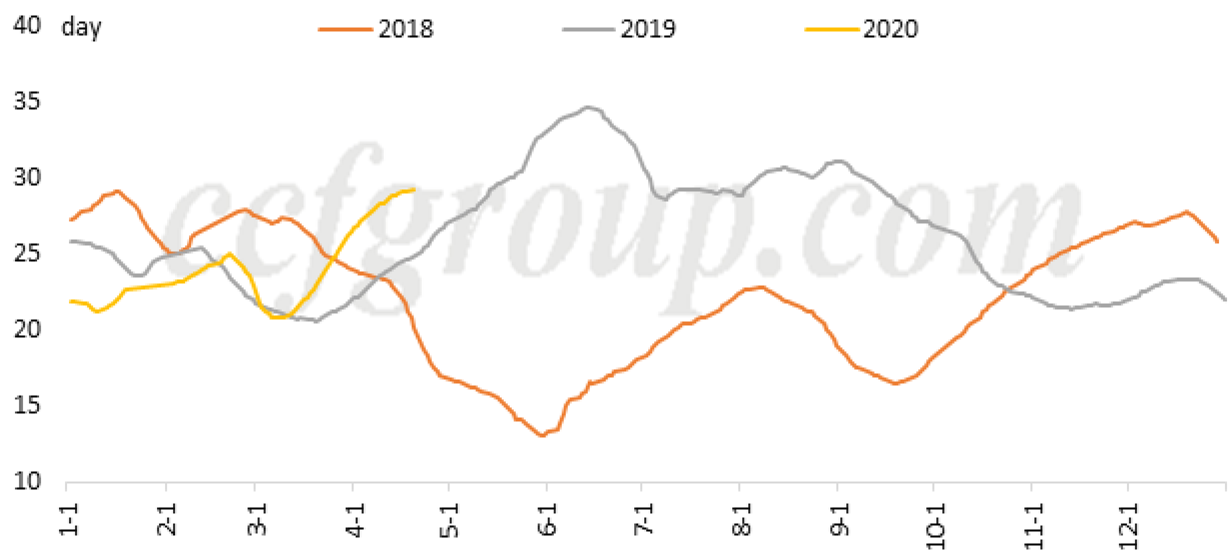
INTERNATIONAL NEWS

China: Will cotton yarn market welcome turning point in May?

In mid-Mar, export orders, especially those from Europe and the US, which had been taken by end-user plants were canceled intensively, leading to sharp fall of cotton yarn market with price dropping and inventory accumulating quickly. But entering Apr, though cotton yarn market sustains previous weakness, some differences are seen.

1. Orders improve in some regions amid overall weakness.

Cotton yarn inventory comparision in 2018-2020



As the traditional peak season of textile industry in the first half year, cotton yarn market showed very slack in this Apr hit by coronavirus pandemic. Even so, the market was not as bearish as expected in Mar. It was heard that downstream plants received a large amount of cotton gauze mask orders from Japan and the production could sustain to end-Apr, which promoted the procurement of cotton yarn like carded 40S. On the other hand, orders from China local market also improved, but mainly carded 32-40S. However, open-end cotton yarn, high-count cotton yarn and combed cotton yarn remained dull and the inventory kept rising. As a whole, cotton yarn market has not deteriorate further in Apr. The overall inventory is still in uptrend, but the increase slows down compared with that in mid- to late Mar.

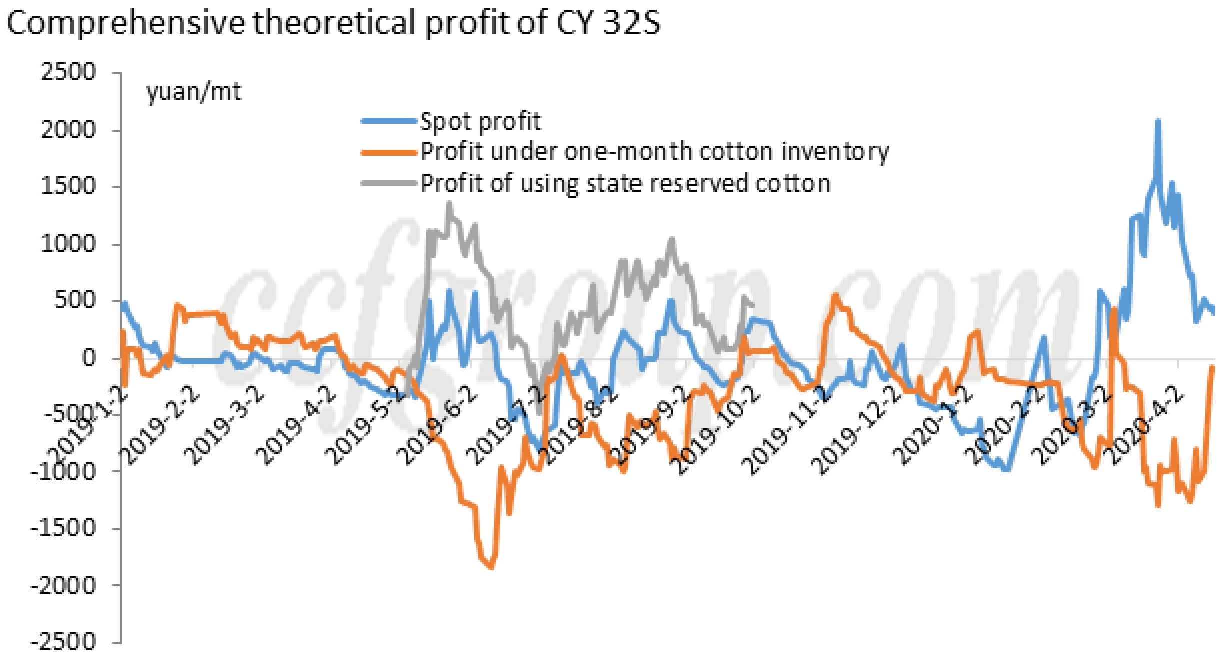
As for operating rate, some cotton yarn mills have reduced production under the rise of inventory, but it is not seen at large. Overall run rate of cotton yarn mills has moved down slightly.

2. Cotton yarn price falls at a slower speed.

Cotton yarn price is still in downtrend, but the decrease slows down obviously in Apr compared with mid- to late Mar. Some products like carded 40S keep stable in Apr, while other products are still sold with discounts and some large mills are also underselling. Conventional cotton yarn declined 1,000-1,500yuan/mt cumulatively in mid- to late Mar yet 0-500yuan/mt in Apr. High-count cotton yarn like compact-spun combed 60S decreased 1,500-2,000yuan/mt in mid- to late Mar yet 0-500yuan/mt in Apr.

The retard of cotton yarn price decline is partly due to the rebound of cotton price, and on the other hand, it also reflects that downstream orders do not deteriorate continually.

3. Actual profit of cotton yarn restores gradually.



Previously, spot profit of cotton yarn mills seemed good, but with high-priced cotton stockpiles, the actual profit was thin and most mills suffered losses under one-month cotton inventory.

Cotton yarn price slowed to decrease in Apr, and the high-priced cotton stockpiles were consumed, thus the actual profit of cotton yarn mills restored gradually. According to CCFGroup, cotton yarn mills can reach breakeven or enjoy slight profit at present.

How will China cotton yarn market develop later?

Firstly, affected by the pandemic outside China, cotton yarn producers such as India, Vietnam and Pakistan are seriously hit. Cotton yarn imports may reduce largely, which is favorable to the sales of Chinese low to medium-count cotton yarn. The stocks of imported cotton yarn stayed high at present.

Secondly, according to foreign media, Europe and the US will lift the lockdown gradually from May. Amid the suspension of production in Southeast Asian countries, orders to China may improve. However, it is just a possibility, and finally it will depend on the control of the pandemic and recovery of economic activity.

According to CCFGroup, downstream orders have not shown signs of improvement. The orders from China local market may reduce in May, and the orders of masks mentioned above will also finish at that time. Many weavers plan to take holidays or reduce production in May.

If the pandemic outside China could not get controlled and the orders could not recover, cotton yarn sales and price will have a larger possibility to move down and cotton yarn mills will cut or suspend production increasingly.

Source: ccfgroup.com - Apr 22, 2020

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UK clothing-footwear market to decline by £14 bn this year

Set to be the worst hit sector by the COVID-19 pandemic, the UK clothing and footwear spend is anticipated to plummet in 2020, falling by 26.1 per cent compared to 2019 figures, according to data analytics company Global Data. In contrast to offline sales, the company expects online sales to fare better, only declining by 7.9 per cent in 2020.

However, this will not be enough to offset the loss in spend from physical stores, Global Data said in a statement.

“As the government has extended the UK lockdown for at least three more weeks, we expect that offline clothing & footwear sales in 2020 will further contract, falling 33.6 per cent on the year, as the demand for fashion is increasingly decimated.

With other European countries, such as Austria and Italy, gradually loosening their restrictions and keeping most non-essential stores closed, we expect fashion stores in the UK to remain shuttered for a number of weeks once the lockdown is eventually lifted, and not begin reopening until June,” Chloe Collins, senior retail analyst at GlobalData, said.

While the company predicts that fashion stores will start to gradually reopen in June, footfall is expected to remain low as consumers will be cautious about visiting crowded areas, and prioritise catching up with family and friends that they have been unable to see during lockdown.

Consumers will also prefer to spend time outside enjoying the summer weather rather than browsing retail stores, and will focus spend on experiences over fashion items.

The company expects several retail casualties within the fashion sector in the coming weeks, with Debenhams, Oasis and Warehouse already entering administration, and Arcadia said to be considering more store closures. “Therefore, more empty spaces are anticipated on the high street, limiting physical fashion spend further,” Collins added.

Source: fibre2fashion.com - Apr 22, 2020

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M&S will pre-pay for all garments and committed fabric

British multinational retailer Marks and Spencer (M&S) has paid for all shipped products, and for the vast majority of orders it will pre-pay for all garments and committed fabric, it said in response to Fibre2Fashion's query about its plans with respect to fulfilling its order obligations and supporting the suppliers during the current hard times.

Many apparel factories primarily in developing countries in Asia have reported cancellation of orders from global brands / retailers, in view of the current COVID-19 pandemic and lockdowns. However, few companies have also assured their garment suppliers of taking shipment of goods that have already been manufactured.

In response to Fibre2Fashion's email to M&S asking how the company intends to support its suppliers during the unprecedented crisis, an M&S spokesperson said, “We’re very proud to have strong long-term relationships with our clothing suppliers and we’re doing all we can for our partners in this unprecedented time."

“We have paid for all shipped products and for the vast majority of orders we will pre-pay for all garments and committed fabric – which is the most expensive cost for a supplier, and across all our partners we will aim to ensure that no fabric goes to waste and is used at a later date. Most of our orders will be paid through the vendor finance facility we have available," the spokesperson added.

“We fully support the efforts of the Ethical Trading Initiative and our partner the International Labour Organization who are facilitating the coordination and distribution of emergency relief funds, supporting safe working where manufacturing continues and co-ordinating an industry-wide response.

Additionally, we’ll continue to support our community projects in the supply chain including those focused on employability, health and digital wages,” the email communication said.

Source: fibre2fashion.com - Apr 22, 2020

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BCI will remain committed to cotton farming communities in Xinjiang despite suspension of licensing

The Better Cotton Initiative (BCI), a global not-for-profit organization, told the Global Times that it will remain committed to cotton farming communities in Northwest China's Xinjiang Uygur Autonomous Region, and that media reports on the organization's work of forced labor and decent work will focus on Xinjiang are "imprecise or inaccurate."

The BCI has set up a multi-stakeholder Task Force on Forced Labor and Decent Work in order to develop recommendations for the Global BCI Program. These efforts were initiated originally in line with the BCI's aspiration to explore the possibility of developing a BCI Program in Uzbekistan, the organization said in an exclusive reply to the Global Times.

Many overseas news outlets, including VOA Chinese, reported that the BCI announced it would "suspend its activities in Xinjiang" over concerns of "forced labor in the region."

In an announcement released on March 11, BCI said that it is "suspending its assurance activities in the Xinjiang region of China," but added that "we will continue to support farmers in the region during this period."

The organization said it has "contracted a recognized global expert to conduct an external review to document the situation in Western China." However, the result of the review had not yet been released before the decision was made to pull the license in Xinjiang. According to its official website, the BCI has regional offices in China.

"Multi-stakeholder support for the BCI Programme in Xinjiang has recently evolved, and we no longer have the necessary consensus to continue licensing farmers. However, we are currently working on reappraising BCI's processes and regaining that consensus as fast as possible," the BCI told the Global Times.

"We remain committed to cotton farming communities in Xinjiang and will continue to engage in activities in the region while assurance activities are suspended."

Engagement during the period of suspension will consist of a BCI local team delivering training and providing support to Implementing Partners as well as direct support to farm managers on the Better Cotton Standard System, according to the BCI.

Considering the continued slandering of China over so-called forced labor issues recently, the latest hyping of BCI's move shows some anti-China forces are targeting the entire industrial chain related to cotton planting, yarn manufacturing and garment-making in Xinjiang, experts said.

Source: globaltimes.cn - Apr 22, 2020

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Impacts of COVID-19 on US Textile & Clothing Industry

US Cotton Supply Chain under Stress

The US cotton prices have been declining from March 2020 as almost every manufacturer has suspended the production lines and retailers have shut shops across the country due to worldwide COVID-19 pandemic.

The weak demand under the threat of COVID-19 has sharply impacted the US cotton prices which decreased to 50 cents/lb after more than a decade. According to the US Department of Agriculture (USDA), the US spot cotton prices averaged 52.58 cents/lb for the week ending March 19 from 56.15 cents/lb in the previous week, which was reported as the lowest weekly average since September 3, 2009. The weekly average of cotton price had reached to 70.28 cents a year earlier in the same period. The cotton prices ranged between 55.31 cents (on March 13) and 49.75 cents (on March 19).

The US stock of previous season that ended last fall is being used in the state now as the cotton plantation of this season hasn't yet begun or is in the early planting stages. Also, the orders for apparel and fibre stand cancelled.

According to Cotton Inc, significant changes have occurred in macroeconomic conditions due to the outbreak of COVID-19. The Organization for Economic Cooperation and Development revised the forecast for global GDP growth in 2020 in early March with growth rate of 2.4 per cent which was below the 2.9 per cent growth rate in 2019. According to recent report from IHS Markit, recession would be there in the 2nd quarter and recovery through the 4th quarter.

USDA's March 31 Prospective Plantings report says that the US cotton acres estimation has declined by 1 per cent to 13.7 million acres in 2020 as compared to 2019. Upland acres came to 13.5 million acres with Pima estimation of 228,000 acres.

The small increase in cotton acres projections have been observed in the six states of the US including Florida, Kansas, Missouri, New Mexico, Oklahoma and Texas in 2020. To support the USDA's context, the growers were surveyed by the National Agricultural Statistics Service (NASS) during the first two weeks of March. The market was probably expecting 12.5 million acres or less.

US Changes Tariff Policy

The US government has removed the tariffs for certain China-made products in the List 3 and List 4A, which was previously charged for the next few months. For products approved in the exclusion, duty breaks will be retrospective with effect September 24, 2018, when the $200 billion in List 3 tariffs first took effect through August 7, 2020. For apparel, women's, girls' and infants' pants, skirts, and dresses made of polyurethane-coated leather, are not inflicted with tariffs in trade-war. Now the exempted accessories include backpacks, duffel bags and tote bags of man-made fibres.

For textiles, cashmere or camel hair yarn, polyester filament tow, woven polyester or cotton/poly blends coated with polyurethane, and circular single knitted fabric, will also see the duty break. According to the USTR (Office of the United States Trade Representative), more products from the textiles and clothing could be excluded further. USTR has opened a docket for members of the public, businesses, and government agencies to submit comments if they want further modifications to the 301 tariffs.

As per the USTR, the products including bags and clothing are among the latest exclusions from the Section 301 with additional 25 per cent tariff on List 3 goods from China.

The major textile and clothing product of this latest exclusions are backpacks, bags, leather skirts and dresses, yarn and fabrics. These exclusions, which must be claimed using new HTSUS subheading 9903.88.43, will be retrospective from September 24, 2018, and remain in place until August 7, 2020.

Soaring Textile and Apparel Shipments to US in January

According to the Department of Commerce's Office of Textiles and Apparel, import of cotton, wool, manmade fibre, silk blend, and non-cotton vegetable fibre textile and apparel products in January 2020, was equivalent to 5.69 billion square metres, up 10.3 per cent from December 2019 but down 9 per cent from January 2019.

The total textile import of the country was 3.38 billion SME, up 4 per cent for the month but down 7.50 per cent from the previous year. Apparel import was 2.31 billion SME, up 20.90 per cent from December but down 11.20 per cent from a year before.

In January 2020, textile imports were 69.3 billion SME, up 0.1 per cent from a year earlier, as textile imports increased 1.7 per cent to 41.8 billion SME and apparel imports fell 2.1 per cent to 27.5 billion SME.

Coronavirus Devours US Garment Business

Garment factories in the country have either shuttered or stalled with the spread of COVID-19 pandemic. US is strongly restricting the shipments of the textiles and clothing raw materials from China with zero orders from stores of brands and retailers.

Approximately more than 98 per cent of the clothing used by Americans is supplied by overseas producers. According to census data, some 67,600 makers of apparel, accessories and finished textile products are working in the garment districts of Los Angeles and New York City. At present, more than 15,000 people in New York City were found positive for COVID-19. Hence all the non-essential businesses in the New York City have been closed and garment manufacturing doesn't count as an essential service. According to industry experts, if the virus continues till July or August as also reiterated by president Trump, then they won't survive so long without income.

New York City's Department of Small Business Services is working to start a zero-interest loan programme and an employee retention grant. Vogue and the Council of Fashion Designers of America announced A Common Thread, a fundraising initiative supporting those in the American fashion community who have been impacted by the COVID-19 pandemic.

Some factories are bustling to make masks and other protective gear which are in high demand. The situation has provided great opportunity to partner with local small businesses in challenging economic times to provide for a fast turn of inventory.

Many textile, apparel, footwear, and fashion companies have quickly repurposed their domestic and overseas factories, their supply chains, and their warehouses to make and deliver crucial masks, gowns, gloves, and other items of personal protective equipment (PPE). Some companies are using their sourcing, customs, and shipping expertise to quickly deliver PPE to hospitals. Some companies have donated warehouse space to local hospitals to manage their suddenly expanding logistical requirements or need for extra space to house patients.

Strive Manufacturing, the first factory in the US to gain both Global Organic Textile Standard and Organic Content Standard certifications, is negotiating with the LA Mayor's office to become an essential manufacturer of medical supplies. American Apparel's Los Angeles Apparel venture can make 300,000 surgical masks and 50,000 gowns per week in its 150,000-square-foot factory in downtown LA. Automakers such as GM and Ford are quickly trying to convert to produce masks and ventilators for the billions of pieces of PPE needed to combat the pandemic.

According to data released by the Bureau of Economic Analysis (BEA), consumer spending on clothing and footwear moved down by 1 per cent to $407.71 billion in February compared to $403.67 billion spent in January. Economists and consumer analysts expected a strong cut in March spending, as apparel and footwear stores closed across the country.

Apparel industry of the country is heavily impacted due to the COVID-19 spread as approximately 40 per cent of the US's apparel products come from China. Total 80 per cent of the US's apparel products were supplied by oversees countries in 2019.

Click here for more details

Source: fibre2fashion.com - Apr 22, 2020

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Korean textile firms criticise Kohl's order cancellations

Representatives from the Korean textile and apparel industry are calling on US department store retailer Kohl's to reconsider its recent decision to unilaterally cancel orders – which it says puts at risk the livelihoods of nearly 200,000 workers around the world.

While "we recognise the devastating impact of Covid-19 pandemic is having on the global textile industry," says Kihak Sung, chairman of the Korea Federation of Textile Industries (KOFOTI), "Kohl's should not to turn its back on the moral and social responsibilities they have to these workers in the supply chain."

Sung explains: "We recently became aware of Kohl's unilateral decision to cancel orders already produced and in-production without prior consultation which has caused an unprecedented disruption to the supply chain and put at risk the livelihoods of nearly 200,000 workers at factories throughout the developing countries of Vietnam, Indonesia, Philippines, Guatemala, Nicaragua and Haiti.

"These order cancellations and payment term extensions are putting these factories at risk of having to shut down operations and send workers home indefinitely.

"Moreover, the human suffering and economic damages are also being felt at many fabric mills in Korea supplying fabrics to these overseas factories. It's worth noting that some other US retailers are requesting payment term extensions and even cancel orders in some cases, but not without liability."

The Korea Federation of Textile Industries told just-style the value of the cancelled orders is more than US$100m, and that the number of affected Korean suppliers is about 150 companies – which includes vendors, local fabric mills, accessory mills and sample rooms.

The association also says that unlike most of the major US buyers, Kohl's is the only one that has responded to the Covid-19 pandemic by acting "unilaterally in terms of decision making and notifications without consultation, and in turn, turning a blind eye to the disruption to the supply chain."

The group adds: "Kohl's supplier partners, the majority of which have been doing business with Kohl's for almost 20 years, were informed of cancellations of orders already produced and in-production without liability with no prior consultation. In addition, Kohl's left no room for any negotiation. "Due to the Kohl's decision to cancel without liability, the immediate livelihoods of many workers in underdeveloped countries are being threatened."

Chairman Sung adds: "On behalf of the Korean textile and apparel industry, we strongly urge Kohl's to reconsider the recent decision to cancel orders and not make use of "force majeure clauses" in the contracts with their supply chain vendor partners."

Major brands and retailers like H&M, Zara and Primark have recently made commitments to pay textile workers in developing countries after intense scrutiny from the media.

KOFOTI wants to see Kohl's do the same thing and "resolve this matter amicably with their supply chains including sewing factories, fabric mills and trim suppliers. "Now more than ever, all stakeholders in the supply chain must cooperate more closely and look for creative solutions to survive this crisis together."

While Kohl's did not respond to just-style's request for comment, the retailer has shuttered all of its more than 1,100 retail stores and furloughed – or temporarily laid off – around 85,000 store and distribution centre workers. The Menomonee Falls-based business has also entered into a $1.5bn credit agreement and refinanced about $1bn in debt. However, it is still making sales online.

The retailer is listed on a new online Covid-19 Brand Tracker as one of the leading apparel retailers that has made no commitment to pay in full for orders completed and in production.

There is also widespread industry concern at the increasing use of force majeure clauses in contracts to enable apparel brands and retailers to stop shipments and avoid paying for the goods they ordered.

Source: just-style.com- Apr 21, 2020

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Garment industry coalition calls for urgent action to protect workers

A coalition of 10 international organisations working on better labour conditions for garment workers is calling on garment brands and governments for urgent action amid the COVID-19 pandemic.

The experts on workers' rights in global supply chains agreed on a shared vision on social protection and responsible business conduct during this crisis. In the joint statement, ETI UK, amfori, Better Buying, Fair Labor Association, Fair Wear Foundation, ETI Norway, IDH, the Partnership for Sustainable Textiles, Solidaridad and The IRBC Agreement on Sustainable Garments and Textile express deep concern about the health and livelihoods of millions of garment workers and their families.

COVID-19 has had a devastating global impact on the garment industry. Most factory workers do not earn enough to take care of themselves and their families and lack any kind of safety net to get them through this crisis.

The group calls on governments in garment producing countries to protect the income and health of workers and support employers. "Factories must ensure on-time payment of salaries to workers who remain actively employed", they write. If facilities have to close temporarily, the coalition believes that the top priority for all stakeholders should be supporting workers, either directly or in helping them access finances to bridge this period in which they cannot work.

The coalition also urges governments of garment importing countries and multilateral organisations to act. Next to supporting brands and retailers, these governments and organisations should offer relief funds for the people who make our clothes.

The organisations, seven of which represent close to 2,000 garment brands and retailers, understand that garment companies are facing extremely difficult times. Despite this, they ask them to continue to conduct business responsibly. The statement includes a list of crucial points that garment brands worldwide should uphold. This includes:

- working with factories on safety measures to limit the risk of infection
- payment of completed orders and orders in progress;
- avoiding cancellation of planned orders

- flexibility in case factories need to change delivery dates and/or adapt payment terms
- not terminating business relationships with factories without first discussing other options.

While immediate action is needed, the group also focuses on long-term systemic change of garment supply chains, creating a new normal of fair prices and collaborative relations between retailers, brands and suppliers as well as social protection.

"The situation offers unique momentum to establish social protection for employees, such as unemployment benefits, in a more sustainable way", they write.

The coalition is also working on additional guidance to support companies and stakeholders in the recovery phase.

Source: ethicaltrade.org- Apr 21, 2020

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Pakistan: Cotton jumps to near 1-month high

ICE cotton futures surged as much as 5% to their highest in nearly a month on Wednesday, on expectations that top consumer China is going to purchase the natural fiber among other agricultural commodities from the United States.

The cotton contract for July rose 2.33 cent, or 4.37 %, at 55.64 cents per lb as of 12:06 p.m. EDT (1606 GMT).

Prices hit their highest since March 20 at 56 cents per lb earlier in the session.

“There is talk that China is going to issue new quotas to buy US cotton. Rumors have come mainly from grain merchants who have picked up that there is going to be corn, soybeans, sugar, soybeans oil and cotton bought," said Rogers Varner, president of Varner Brokerage in Cleveland, Mississippi.

“But these quotas stretch out almost 2 years so its something that has a long lifetime, and nobody knows if these quotas are going to be met but the initial reactions to this is positive."

The United States is one of the world's biggest producers of cotton.

Imports of US cotton were at 124,000 tonnes, up 43.5% in first quarter from last year, a customs data showed earlier this month.

The natural fiber have declined about 20% so far this year, as the world economy gets battered by the coronavirus pandemic, which has paralysed demand and locked many countries across the world.

The US House of Representatives will pass Congress' latest coronavirus aid bill on Thursday, House Speaker Nancy Pelosi said, paving the way for nearly $500 billion more in economic relief amid the pandemic.

“The overall trend of cotton market is in a no mans land because right now everyone is very unsure of what the demand is going to be," said Barry Bean, a cotton buyer based in Gideon, Missouri.

“The retail sector is closed, the mills have stopped operating except for PPE equipment, so everything is kind of on hold."

Investors are now awaiting the release of the US Department of Agriculture's weekly export sales data due on Thursday.

Total futures market volume rose by 2,206 to 30,698 lots. Data showed total open interest fell 1,604 to 179,858 contracts in the previous session.

Source: brecorder.com- Apr 23, 2020

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Turkey: Additional Custom Duty was imposed on the Import of Some Textile and Industrial Products

President Decisions in addition to the Import Regime Decision were published in the Official Gazette and entered into force. With the President's Decision No. 21.04.2020 dated 31106, which was published in the Official Gazette No. 20.04.2020 dated 2430; Amendments were made to Additional Decisions on Import Regime Decisions on the application of additional customs tax on industrial products.

According to this, until the 30th of September, additional customs duties will be imposed on the imports of these articles, according to the country group from which they are imported.

Also; Decision No. 2430 from the date of publication (21.04.2020) before you decide if provisions made registration of a transport document regulating the installation of the customs declaration relating to import goods within 30 days to be shipped to Turkey will not be valid.

For the Decision Published in the Official Gazette click here

Source: raillynews.com- Apr 22, 2020

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Phase-II of the China-Pakistan Economic Corridor: Dim prospects

As the China Pakistan Economic Corridor (CPEC)—which is part of China's Belt and Road Initiative (BRI)—enters its second phase, Pakistan's new Special Economic Zones (SEZ) are now at the forefront of the Sino-Pakistani industrial cooperation agenda. However, Beijing's cautious treading reflects its apprehensions regarding the viability of the CPEC's industrial component.

China Relevance for Pakistan's Industrial Ambitions

The first phase of the CPEC's "early harvest projects" was intended to overcome Pakistan's shortcomings in communication infrastructure and energy supply. The second phase is expected to catalyse industrial take-off, and create over 575 000 jobs in Pakistan in the coming years. On 3 January

2020, Pakistan's Prime Minister, Imran Khan inaugurated the CPEC's first SEZ, the Allama Iqbal Industrial City, in Faisalabad. This is one of the nine SEZs set to be created along the Corridor. Under the Pakistan Vision 2025 plan, these SEZs are expected to complete the implementation of industrial clusters across the country, and spearhead Pakistan's overall industrial development.

Chinese companies are the first partners Pakistan seeks to attract for investment in these SEZs. Islamabad hopes for its industries to utilise such investments for technology transfers to eventually increase their productivity and diversify production. With Chinese financial and material help, Pakistan aims to move away from its textile manufacturing-centred industry to a competitive technology-based industry involving engineering, pharmaceuticals ,etc. This would necessitate substantial investment from China in R&D activities, human resource development, and technical training.

China's Apprehensions

In February 2020, China's Consul General to Karachi, Li Bijian, indicated that Chinese companies are apprehensive of getting involved until Islamabad provides better guarantees, such as on regulatory frameworks and political initiative. Learning from its SEZ experiments in African countries where shortcomings in local administrative efficacies often resulted in additional costs for Beijing, China is now expecting a degree of preparation (basic infrastructure, energy supply, security arrangements, etc) in the BRI target countries. However, Pakistan is falling short on most such prerequisites.

Around mid-2019, reports emerged detailing inadequacies in basic infrastructure and other requirements in three CPEC SEZs that were under development. In November 2019, Pakistani companies complained about electricity shortages in SEZs sites. Furthermore, Pakistan's Special Economic Zones Act, 2012, provides neither protection against "rent-seeking" activities nor clear rules regarding foreign labour importation.

General shortcomings in regulatory frameworks are also evident, given how multiple sectors do not meet international health and safety standards. In addition to these, what seems to most irk Beijing is the Pakistani administration's lukewarm political initiative. Islamabad has already decided to decelerate the remaining CPEC infrastructure projects ito reduce the country's debt burden, and does not seem to have a clear stand on the

CPEC's second phase. Additionally, the multiple amendments to the SEZ Act and the u-turns of the Pakistan Board of Investment have given an impression of confusion to China.

Meanwhile, in November 2019, a Pakistani military-led CPEC Authority was created via a government ordinance, presumably to project Pakistan's capability to manage the situation. However this could also have counter effects, given how the creation of such an authority contravenes the Pakistani Senate's advice, and has the potential to fuel the debate around CPEC opacity.

The Conundrum

Overall, China seems unconvinced about local capacities, and highly concerned about their implications for the image it seeks to project vis-à-vis BRI. CPEC's second phase is crucial for BRI's continuation as it reflects the potential the project has to offer once infrastructure delivery is complete. At the second Belt and Road Forum in 2019, China's President, Xi Jinping, announced that going forward, "people-centred development" was a priority. Given how CPEC is being marketed as a flagship BRI project, China now has to prove that its presence results in real job opportunities in Pakistan.

However, on the issue of relocating production to Pakistan, there seems to be a mismatch between China's image-related communication objectives and economic rationale. Training the large pool of unskilled workers in Pakistan would require substantial Chinese spending. However, an economic slowdown is currently ongoing in China, and there is also growing discontent within China, with increasing demands for investment in their own public services and infrastructure instead of in BRI partner countries.

Finally, the incompatibility of Chinese and Pakistani expectations for these SEZs continues to be a key stumbling block. Over the past few years, Chinese investments in SEZs across the world were targeting manufacturing industries to sell lower quality products in the near neighborhood of countries in which they invested.

However, Pakistan intends to benefit from technology transfers itself. Furthermore, Pakistan's complex relations with its neighbours complicate China's objective of making Pakistani SEZs a platform for selling Chinese products in the region.

Looking Ahead

It appears that CPEC will not be the much touted 'game changer' for Pakistan's economy as China is already scaling down its involvement along the BRI. Pakistan's economic objectives also do not correspond to Chinese ambitions. Therefore, chances are that going forward, China-Pakistan industrial cooperation might be limited to isolated cooperation projects.

Source: thedispatch.in - Apr 22, 2020

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'Made in China': a label redesigned in Shenzhen

Intertextile Shenzhen Apparel Fabrics has announced that Shenzhen offers the ideal base for brands, due to its strong economy and access to local garment manufacturers. And at Intertextile Shenzhen Apparel Fabrics, exhibitors with high-end fabrics and accessories can expect to enjoy a proximity to fashion's next big force, from July 15-17, 2020.

"The beginning of this year has seen unprecedented challenges to the modern fashion industry," Wendy Wen, senior general manager of Messe Frankfurt (HK) Ltd, said in a press release. "However, with faith in the industry's ability to thrive and regenerate in the near future, Intertextile will always remain a platform to tap into the most exciting fashion supply chains.

Shenzhen is a city to watch out for as we see young, promising fashion designers from the local area emerging onto the global scene. This is one of the reasons why we made the decision to rebrand the fair this year and move to a larger, brand-new fairground, and we are looking forward to assisting more international apparel fabrics and accessories suppliers to reach this potential through Intertextile Shenzhen."

Chinese designers have been gathering momentum at international fashion weeks. Meanwhile, Chinese millennial and Gen Z consumers – an affluent, influential consumer market traditionally targeted by Western brands – are proud to wear labels from home and experiment with cultural identity. With training from leading institutions and brands around the world, these designers now fuel their own sales with an in-depth understanding of their home market. This includes the advantages of powerful domestic e-commerce platforms and familiarity with Chinese social media influencers.

With these advantages, collaborations between Chinese designers and big-name Western brands, such as H&M, Fila and Nike, in the form of capsule collections targeted at domestic consumers has been possible.

By providing a platform for international and Chinese industry players to communicate, Intertextile enjoys a unique proximity to these collaborative opportunities – Fila and Nike attended the 2019 edition of Intertextile Shenzhen, while H&M attended the 2019 Autumn Edition of Intertextile Shanghai.

Domestic brands sourcing at the fair in past editions included Marisfrolg, Ellassay and Kaltendin, all of which are present at the nearby Dalang Fashion Town. This is an ongoing development in Shenzhen, subsidised by the government, which aims to form a platform for garment research and development, design, brand marketing, logistics and education.

As announced earlier this month, due to the worldwide spread of the coronavirus, Intertextile Shanghai Apparel Fabrics – Spring Edition and Yarn Expo Spring will merge with Intertextile Shenzhen Apparel Fabrics and Yarn Expo Shenzhen for 2020. Exhibitors from these Shanghai fairs will be able to present their spring / summer 2021, as well as a preview of autumn / winter 2021-22, collections at the corresponding Shenzhen editions instead.

Intertextile Shenzhen Apparel Fabrics will be held from July 15-17 July 2020. This fair is organised by Messe Frankfurt Ltd; the Sub-Council of Textile Industry (CCPIT) and the China Textile Information Centre.

Source: fibre2fashion.com - Apr 21, 2020

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Bangladesh: Should the RMG industry re-open in May?

Challenges and consequences if such a decision were made

The position of the garment industry is changing rapidly as the damages caused by Covid-19 mount. It is difficult to perceive what is going to happen, both within Bangladesh and in the world at large.

But action is needed for the garment industry. It is impossible to exaggerate the importance of successful implementation of opening the industry and the government's Tk5,000 crore program. Failure to do so would set the economy back a decade and slow future economic growth.

There are two problems facing owners and the government.

Should the industry re-open in early May or is this too risky? Prime Minister Sheikh Hasina is reportedly determined to achieve this. In this article, the consequences of this decision are examined.

How to implement the government's Tk5,000 crore program to pay the salaries of the workers? This knotty problem is covered in a second article.

Re-opening the industry

In March, the buyers began to cancel or delay shipments of garments that had been ordered. Some of these orders had been completed and were almost ready for shipment, and other orders were being sewn. Still others were ready for cutting the fabric or the fabric was in the port ready to be moved to the factories for cutting and sewing.

The government, BGMEA, and BKMEA placed great pressure on the buyers to live up to their contracts. Considerable success was achieved in persuading the buyers to follow the contracts. With the factories closed for most of April, it has now become difficult to fulfill all of these contracts.

There has been a lack of decisiveness by both the government and the trade organizations, uncertain what to do and all seemingly unwilling to accept responsibility.

The government's gazetted instruction allowed factories to open but placed 100% responsibility on the factory owners if there were any cases among work

Month	$ (in billions)
DATA FOR RECENT EXPORTS OF THE RMG SECTOR ARE AS FOLLOWS, GIVEN IN BILLIONS OF US DOLLARS	
September 2019	2.34
October 2019	2.52
November 2019	2.51
December 2019	2.94
January 2020	3.04
February 2020	2.78
March 2020	2.25
April 2020	0.194 (half month)
April 2020	0.55 (full month)
May-June 2020	0.8 with opening
May-June 2020	0.10 per month without opening
July-September 2020	0.90 per month with May opening
July-September 2020	0.40 per month without May opening
October-December 2020	1.50 per month with May opening
October-December 2020	1.20 per month without May opening

SOURCE: BANGLADESH BANK, MAJOR ECONOMIC INDICATORS, VARIOUS ISSUES FOR SEPTEMBER 2019-FEBRUARY 2020; MARCH 2020 EPB. APRIL ESTIMATE FROM BGMEA FOR HALF MONTH; OTHERS ARE AUTHOR'S ESTIMATES.

Neither the two trade organizations (BGMEA and BKMEA) nor the government were willing to work out a real policy. Now we must hope that a meaningful policy will be established, enabling the May opening, with contained risks to workers.

The key action is for the government and the trade organizations to define the conditions under which factories will be permitted to reopen. This requires the development of detailed protocols, setting out specific steps and actions for factories to follow.

Such protocols should be announced and gazetted as government policy. There should be no doubt that this is what factories must legally do if they are to remain open. Explicit provisions should be made for review and adjustments based on experience. The DIFE (Department of Inspection of Factories and Establishments) should establish jointly with the trade associations an inspection system and an informal tribunal that will make decisions to correct deficiencies.

Administrative action would require corrective action, and in cases where there were serious violations, recommendations of closure of the factory. But the purpose here is not to punish but to make the opening work while protecting the workers. There is no room here for corruption, DIFE inspectors must enforce the rules.

The challenge

Exports from the RMG sector are falling and a reduced level is certain for the rest of calendar year 2020. Below are my revised forecasts through December 2020 with and without the May opening.

With the May opening, the 2020 exports are estimated at $17.5 billion compared to $33.1 billion in 2019. Without the May opening, 2020 exports are estimated at $13.7 billion. The May opening will increase exports by about $3.8 billion during 2020 according to my estimates.

In making the estimates, I have focused on the demands likely to come from Europe and the US. There is a 50% decline in clothing purchases in the US and stores are burdened with a large amount of clothing that show no chance of selling.

European orders with the openings taking place will be cautious and increase only with a clearer picture of how rapidly economic recovery will take place. Demands will slowly increase but will not come anywhere near past levels in 2020. One can expect improvements in 2021 and 2022.

If the industrialized countries improve per the IMF forecasts, we can expect clothing demand to return to levels of late 2019 in late 2022. However, the IMF forecasts are very optimistic, assuming that the virus will not come back with a second wave; there are few epidemiologists who have confidence in that future.

But the real benefit for the industry of a May opening is that buyers will know Bangladesh is still in business and able to continue as a major competitive source for world class garments. Without the opening, buyers may doubt the ability of Bangladesh to come back to the market in 2020.

The safety of the workers is the paramount concern. If things go badly and there are large numbers of workers infected, then the factories must be closed. Companies and the government must face that possibility and deal with the reality of opening -- taking the nation and the world into its confidence.

The protocols that BGMEA is working on seem to me comprehensive, based on both local experience and the protocols in other Asian countries which are currently operating or about to open. Betters Works (a program of the ILO) will be brought into this process, contributing to confidence that a sound balance will be achieved.

The conclusion I draw is that the May opening must go ahead as the government and the trade associations want. But there must be strong protocols established for companies that want to open, and these must be strictly followed. If worker infections are high, then the factories must be closed. It is a challenge for the workers, the garment companies, and the DIFE.

Source: dhakatribune.com- Apr 22, 2020

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Bangladeshi garment workers face ruin as global brands ditch clothing contracts amid coronavirus pandemic

When Fatema Akther arrived for work at the Alif Casual Wear garment factory in Dhaka in late March, she had no idea it would be her last day. "My line chief came and told me that I didn't have to work anymore," said Akther, 25, who had been employed there for five years. She said the company, which could not be reached for comment, decided to close the factory, leaving her without a source of income past March.

The coronavirus pandemic has led factories to furlough or lay off more than half of the country's nearly 4.1 million garment workers, according to estimates from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Like Akther, most of them are women, and the roughly $110 they earn every month is often their families' only source of money.

"My family runs on my single income," said Akther, who said she provides for her husband and child. "I don't know how my family will survive."

Global lockdowns and unprecedented job losses have caused demand for just about anything that isn't food to evaporate, including clothing. That's led the international apparel brands and retailers who rely on the cheap labor that Bangladesh provides to cancel or suspend an estimated $3.17 billion worth of orders in the country, according to BGMEA.

The loss of business has exposed a rift between those major brands and the factory owners they contract with. Members of Bangladesh's business community say they've been left to pick up the tab, which has put their factories and workers in dire straits.

"It's abysmal, it's unreal," said Rubana Huq, President of the BGMEA, adding that there is little legal recourse in the country for factories to demand that international retailers fulfill the terms of their contracts. "I don't want any grant, I don't want any kind of charity, I just want the bare minimum justice for our workers."

The fallout is also devastating news for the South Asian country's economy, which is disproportionately reliant on the apparel industry to keep its economy humming. Garments make up roughly 80% of Bangladesh's exports, Trading Economics says, and generated more than $30 billion last year, according to the country's Export Promotion Bureau — making it the second biggest exporter of such goods in the world after China. In total, the industry contributes 16% of Bangladesh's GDP.

Millions of jobs at risk

The millions of factory workers aren't the only ones at risk, either. Around 15 million jobs in the country are reliant on the industry, directly or indirectly, according to the Bangladesh Commerce Ministry. That includes food sellers, truck drivers and port workers.

"It's a very dangerous situation which may impact a lot of people," said Bangladesh Commerce Minister Tipu Munshi.

Sweeping government lockdowns have also separated some workers from their families, since many travel from smaller villages to Dhaka to find work. The capital and largest city in Bangladesh, which was locked down late last month, is where most of the country's garment factories are based.

"The biggest problem right now is food, we don't know how we will eat," said Rezaul Islam, 26, who said he was laid off in late March from a Dhaka-based factory and is now stuck in the city. The nationwide lockdown, which has been extended until Saturday, forbids people from going out except to pick up groceries, medicine or other necessities.

"We have families in our village who are dependent on us," Islam said. "Whatever we earn here we send it back home. Now my family (will) have to live without eating."

Click here for more details

Source: edition.cnn.com - Apr 22, 2020

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For Bangladesh's garment workers, it doesn't pay to dress up the world anymore

Rozina Begum is worried that she and her husband and two children will starve. On March 25, a manager of Ultimate Fashions Ltd. in the Ashulia garment district on the outskirts of Bangladesh's capital Dhaka, summoned her and some 300 other workers at the plant and told them to finish what they were working on and go home.

"I asked the manager, 'why are you doing this to us?' We were told there would be no production from tomorrow. The man didn't say anything else," Rozina said by phone, confined to her tiny home. "I can't go out looking for a new job. I just have to wait for the shutdown to end." Even then, she doesn't know if she will get her job back.

Rozina is one of millions of people who are on the lowest rung of a global supply chain that has been shattered by the coronavirus. In an industry that connects some of the wealthiest and poorest people in the world, from the luxury brand stores in New York and Paris down through the wholesalers, shippers, cotton growers, textile makers and garment manufacturers, they are among those most affected by the pandemic-induced global slump.

The fallout has been especially damaging in countries with some of the world's poorest workers, from Pakistan to Cambodia, Indonesia and Vietnam. Many had benefited from the migration of low-cost jobs from China as wages in the world's second-biggest economy rose and factories moved to higher-value production. Now, some in the industry fear that part of that work may move back to China, where factories are already restarting and shops are beginning to reopen.

"There's no good story for us," Rubana Huq, president of Bangladesh Garment Manufacturers and Exporters Association, said in an interview. "China will end up being both the supplier and the consumer. Brands are now turning to their shops that are reopening in China."

Huq said she's concerned retailers in Europe and America, the two key markets for Bangladesh, will switch to suppliers in China and sell to Chinese customers as that country restarts business. U.S. retail sales fell by a record 8.7% in March from the previous month, led by a 50.5% plunge at clothing stores and a 26.8% decline at furniture and home furnishing stores. And forecasts suggest that figures for April will be worse.

Even in China, the world's top textile exporter, the situation isn't much better yet. While more textile mills are resuming operations, the number of overseas orders being canceled is still increasing, according to a survey by China National Textile and Apparel Council. A survey of 166 textile mills in the first week of April showed that 70% of reported overseas orders are at less than half of their normal level.

In Vietnam, where an estimated 78% of the country's textile and garment workers have had their jobs suspended or hours cut due to the pandemic, some firms have switched to making fabric face masks for export. Even so, industry group Vinatex says that the nation's textile sector could lose $465 million if the crisis continues into May.

The crisis boiled over in Pakistan's commercial hub of Karachi in April, when dozens of workers protested in front of a factory gate for a denim maker. Tariq Khaskheli, a political activist who led the protest, said police baton-charged the protesters.

"Our only demand is that the workers get their jobs back," he said. "How would they feed their children? The government has issued clear instructions that no workers should be laid off during the lockdown but they fired hundreds."

Among those dismissed was 21-year-old student Waleed Ahmed Farooqui, who relied on the earnings to pay his university fees and support his family of seven because his father, a driver, no longer has enough work. "What else can we do? If this lockdown continues and I can't get another job, I will have to go out and beg on the streets," he said.

Nowhere in Asia is more reliant on the garment trade than Bangladesh, where the industry has driven economic growth in the past decade. More than 80% of the country's export earnings coming from ready-made garments and the majority of workers in the factories are women, according to the Bangladesh Garment Manufacturers and Exporters Association, which represents companies that employ 4 million workers.

The country has more than 7,000 garment factories as well as hundreds of spinning, weaving and dyeing mills, the U.S. Department of Agriculture said in a report last year.

More than 1,100 of those factories reported canceled orders worth $3.17 billion in export sales as of April 20, affecting 2.27 million workers, said

Huq. Almost all the “brands” and retailers had declared force majeure, canceling orders outright even with fabric on the cutting table, she said. The cancellations sent shockwaves through the banking industry, and now textile companies can’t get credit.

“We are literally pleading with all brands to come up with some plan for a relief,” that would involve paying for in-progress projects and other orders, Huq said, who made a plea in a video posted on the website of the International Cotton Advisory Committee in Washington.

On April 8, the STAR network, an umbrella group representing garment makers from Bangladesh, Cambodia, Myanmar, Pakistan and Vietnam, published a joint statement calling on global brands, retailers and traders to honor the terms of their contracts and not to renegotiate payments or cancel orders, but to support the millions of workers and their families who supply the market.

“It is time for global businesses to uphold and honor their commitment to labor rights, social responsibility and sustainable supply chains,” the group said.

Rozina, the jobless worker in Dhaka, said she was paid 8,000 taka ($94) in salary for her work in March but was deprived of 17 hours overtime pay. Her husband, a rickshaw driver who was sitting next to her during the phone interview, said he waits for hours in the street for passengers that never come. With the capital under lockdown since March 26, the roads are almost empty. Rozina said the little she had saved is fast depleting and they are running out of food. The family cannot even return to their village because of the lockdown.

Rajesh Sethi, managing director of Ultimate Fashions, said, “It’s not only us who are facing” this crisis. Everybody is going through the same thing.” He declined to speak on job losses and worker payments. His company has had $2.37 million worth of orders suspended or canceled since the disease outbreak, according to the garment exporters’ association.

Central banks such as the U.S. Federal Reserve are taking unprecedented steps to halt worsening economic conditions and contracting credit, but that’s more difficult in emerging markets, where authorities have fewer options and often have to rely on foreign aid in a crisis.

The pain includes the garment industry's suppliers, the cotton growers, ginners, spinners and weavers that supply the raw materials for T-shirts, jeans and dresses.

"There is no trade happening in the local cotton market. Most of the textile mills and ginning factories are closed," said Naseem Usman, chairman of the Karachi Cotton Brokers Forum. "The interest on their bank loans is ballooning while they can't operate. Who will buy cotton when the textile millers themselves are shut?"

Cotton prices tumbled 23% this year in New York, touching the lowest level since 2009 earlier this month. Growing stockpiles mean the pain for growers from India to China and the U.S. could extend well beyond the recovery from the virus. The U.S. Department of Agriculture estimates global inventories will rise to 91.2 million bales, the most since 2014 and the equivalent of 82% of annual demand.

"Global manufacturing capacity may require several years to rebuild," said Jon Devine, an economist with Cary, North Carolina-based researcher Cotton Inc.

In South Korea, Seoul-based textile manufacturer Shinsung J&T Co., which has a factory in China, is facing "complete disaster," said Olive Lee, financial manager at Shinsung, which supplies companies including U.S. brands. "Buyers in the U.S. are either holding or canceling orders and we are not getting paid for the orders that have been completed. The big fear is that we don't know when this will end."

Lee said Korean government measures to support small and medium businesses are too little and loans being offered by banks don't help, asking instead for tax cuts or support for salary payments. "Cutting our employees' income is the last resort but this is something that we may have to do," she said.

For many who toiled in the factories that turn the fabric into clothes, there's no help at all.

Source: theprint.in- Apr 21, 2020

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Pakistan: Textile exporters call for restoration of zero-rating facility

The country's textile millers have urged the government to restore the "zero-rating regime" for the export-oriented sector.

In a letter sent on Tuesday to Adviser to Prime Minister on Commerce Abdul Razzak Dawood, All Pakistan Textile Mills Association (APTMA) Chairman Dr Amanullah Kassim brought the government's attention to various discussions it had held with the industry prior to the withdrawal of SRO 1125 (zero-rating) in July 2019.

"While giving a justification for withdrawal of SRO 1125 at the time, the Federal Board of Revenue (FBR) had reasoned that 'domestic sales constituted 50pc of textile industry output and somehow the industry was evading approximately $12 billion worth sales tax on domestic sales'," the letter noted.

Dr Kassim maintained that this claim of FBR has proven to be erroneous and has as such now been admitted by the revenue board.

"FBR now states that domestic sales of the textile sector only account for 20pc of the overall value of textile production in Pakistan," he added.

The textile miller said due to the misplaced withdrawal of zero-rating, the entire textile industry has suffered a severe setback, with approximately Rs20 billion per month (sales tax input) being shifted from the industry to FBR.

"This amount could have been spent on new projects, upgradation and expansion of the industrial base, which in turn could have resulted in increased exports from the country."

He claimed that the economic cost of the withdrawal of zero-rating regime has been colossal.

"This money is more than the profitability of industrial units, while borrowings from banks increase the cost of doing business by about 6pc. This negates all the governments' laudable efforts to reduce the cost of doing business," the APTMA chairman said.

He recalled that at the time of withdrawal of SRO 1125, the government had assured the industry that it would review the situation in 6-8 months' time. More than nine months have now passed, and it is evident that the sales tax system is not contributing significantly to the FBR kitty, he added.

"On the other hand, the government, FBR and the entire industry is constantly holding meetings and wasting precious time and money on resolving the issue of refunds," Dr Kassim said.

He furthered informed that the situation post-Covid19 has changed drastically for the industry, as export orders have been cancelled, payments due against LCs delayed, while fresh orders not forthcoming.

"This is because of a complete collapse of markets and demand for textiles in Europe and the USA. Circumstances are not expected to return to normalcy even after a year," he maintained. He feared that it is not possible to expect the textile value chain to keep paying sales tax in the absence of cash flow, with little chance of being paid for the goods or sales tax by FBR.

"Under these circumstances, we request that the withdrawal of zero-rating may kindly be withdrawn forthwith".

Dr Kassim said if the government still wishes to collect sales tax on domestic sales from a market that is already in dire straits, then it should collect the sales tax at the Points of Sale.

"In the foreseeable future, the continuation of sales tax regime applicable to an industry with 80pc exports is counterproductive and will make the recovery of exports to any significant level post-COVID almost impossible," he stated. "We request that the Ministry of Commerce may table our submissions to the appropriate forum for immediate restoration of the zero-rating regime."

Source: profit.pakistantoday.com.pk- Apr 21, 2020

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NATIONAL NEWS

Union Cabinet clears Rs 15,000 crore Covid-19 emergency response package

The 'India Covid-19 Emergency Response and Health System Preparedness Package' will be utilized in three phases

The Cabinet on Wednesday approved ₹15,000 crore for 'India Covid-19 Emergency Response and Health System Preparedness Package' to mount an urgent response for containing the spread of the virus in India, through development of dedicated treatment facilities and setting up laboratories among others.

The fund will be utilized in three phases.

A total of ₹7,774 crore has been provisioned for Covid-19 emergency response, and the rest for medium-term support, ranging from one to four years, to be provided under mission-mode approach.

Emergency response to limit infection

"The key objectives of the package include mounting emergency response to slow and limit coronavirus infection in India through development of diagnostics and Covid-19-dedicated treatment facilities, centralised procurement of essential medical equipment and drugs, strengthen and build resilient national and state health systems, setting up of laboratories and bolstering surveillance activities and pandemic research," an official statement stated.

These interventions and initiatives would be implemented under the Health Ministry.

In the first phase, the Health Ministry with the support of all the other ministries, has already undertaken several activities.

An additional ₹3,000 crore under the package has been released to States and Union Territories, for strengthening existing health facilities as Covid-19 dedicated hospitals, dedicated Covid-19 health centres and dedicated care centres for the disease.

Detailed guidelines, protocols and advisory for quarantine, isolation, testing, treatment, disease containment, decontamination, social distancing and surveillance have been issued. Hotspots have been identified and appropriate containment strategies are being implemented, the statement said.

Expanding facilities

“Diagnostic laboratories network has been expanded and our testing capacity is increasing every day. In fact, leveraging on the existing multi-disease testing platforms under National TB Elimination Programme, orders for procurement of 13 lakh diagnostic kits have been placed to augment Covid-19 testing,” it said.

“All health workers, including community health volunteers (ASHAs) have been covered under the ‘Pradhan Mantri Garib Kalyan Package: Insurance Scheme for Health Workers lighting Covid-19’ Personal Protective Equipment (PPE), N-95 masks and ventilators, testing kits and drugs for treatment are being procured centrally,” it stated.

A major share of the fund will be used for mounting robust emergency response, strengthening national and state health systems followed by strengthening pandemic research and multi-sector national institutions and platforms for one-health, community engagement and risk communications and implementation, management, capacity building, monitoring and evaluation component, the statement said.

Source: thehindubusinessline.com- Apr 22, 2020

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Garment exporters' body expresses inability to pay workers' pay for April, May

The Garments Exporters and Manufacturers Association (GEMA) on Wednesday said it is not in a position to pay wages for April and May to workers engaged in the apparel sector following a disruption caused by coronavirus-forced lockdown in the country.

The body has appealed to Prime MinisterÂ Narendra Modi and state chief ministers to facilitate payement of wages to workers for these two months.

GEMA president Vijay Jindal also sought intervention of Textile Minister Smriti Irani and Finance Minister Nirmala Sitharaman in the matter.

"We humbly wish to inform that we are not in a position to pay wages for the months of April and May despite our best intention," he said. Jindal said the garment industry is labour intensive and almostÂ 30- 35 per cent of revenue forms the salary part.

"Most of the export orders have either been cancelled or put on hold, the consignments already shipped is also stuck. Even the apparel manufactured against orders are lying in factories because of the ban on movement/transport. The situation has become grave as they have yet not got any receipt of payment from the buyers," Jindal said.

According to him, the recent advisory of the government that wages must be paid by employers even during the lockdown period will push the apparel industry deeper into the crisis.

The garment exporters somehow managed to pay full wages in March, but cannot afford to pay the wages for the month of April, Jindal said, suggesting thatÂ the government should pay wages from the funds available in the Atal Bimit Vyakti Kalyan Yojana (ABVKY) Scheme, which has, "as understood, huge reserves.

ESI and labour funds can also be used toÂ pay the wages for Employees covered under these schemes, he said.

Source: economictimes.com- Apr 22, 2020

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DPIIT consulting with States to further ease curbs on retail, manufacturing

The Department for Promotion of Investments and Internal Trade (DPIIT) is holding consultations with State governments to discuss the extent to which retail trade and manufacturing can be eased further in the extended lockdown period.

"While the government has reversed the decision to allow e-commerce companies to trade in non-essentials, an attempt is on to identify, with the help of States, additional items that can be allowed to be retailed both by brick-and-mortar shops and through online platforms," a government official told BusinessLine.

Suggestions on easing some of the constraints faced in manufacturing activities, such as movement of workers, fixing of responsibility in case of infections and availability of movement passes and e-passes are also under discussion.

The official added that the DPIIT, which was holding regular meetings with State officials to assess the ground situation, was giving its feedback to the Ministry of Home Affairs. "The MHA will take all the decisions on easing of the lockdown based on inputs and the health situation," the official said.

The lockdown, which was extended till May 3, has been eased for manufacturing activities in rural areas and other specific zones from April 20 while certain essential services such as plumbing and electrical works have also been permitted subject to State permits.

On Tuesday, the MHA gave an order allowing shops to sell text books for students, fans and agricultural inputs. "More items may follow depending on the kind of demands put forward by the States and the problems highlighted by them," the official said.

Retailers and e-tailers may be sparring over level-playing field but both the sectors seem to be in agreement that essential product list under the extended lockdown needs to be expanded with the evolving consumer needs.

"The sector and the government need to closely partner with each other to initiate non-essential home delivery, non-essential retail in green or nonaffected zones and shopping at malls which are equipped to maintain the highest safety standards," said Kumar Rajagopalan, CEO, Retailers Association of India.

Not opening up non-essentials, which constitute half the total retailed items, can have serious implications on 20-25 million employees and 125 million people working in non-essential retail, he said.

In March, industry bodies had sent a list of essential items to the Ministry of Consumer Affairs which recommended that work from home enablers such as mobile phones, laptops, power banks, cable, mouse and repair services, infant products, small kitchen appliances, essential lighting items, innerwear, etc, be included in the list. Meanwhile, the durable industry also believes that besides fans, air conditioning products should be allowed to be sold.

"The impact on non-essential retail will be longer and financial support for the next 6-9 months will be needed for the sector to emerge from this crisis without permanent scars," Rajagopalan added.

Source: thehindubusinessline.com- Apr 22, 2020

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Industry alarmed by MHA directives, action against management if workers test positive for Covid-19

India Inc views the government directives on resumption of industrial activity that hold company directors and management accountable for any employee testing positive for Covid-19 and ask for penal action, as both unnecessarily harsh and impractical. Industry also reckons these rules may disincetivise resumption.

These rules allow district authorities to take action, under the Disaster Management Act, against companies for not just non-compliance with safety measures but also for any incidence of Covid-19 at workplaces.

"It's not very practical. One can definitely expect infections to occur when we restart operations. We need protocols on how to handle it...not punishment for managers/owners. No factory can open under these circumstances," said Venu Srinivasan, chairman of TVS Motor.

“Further, some states want labour to be kept inside the premises. None of us have quarters nor bath facilities (for workers in the factory premises).”

“Businesses are crumbling. We need to remove or relax regulations,” said Ajit Gulabchand, chairman, Hindustan Construction Company.

Mutual Trust Crucial: Industrialist

“Open it up and let go. Reduce regulations to help businesses to get the economy back on its feet,” he said.

Another veteran industrialist, who did not want to be named, said that the Centre’s move is definitely “a spoiler” and is “harsh”. He said his experiences as an industrialist for over 50 years shows that most government ordinances and notifications usually come with “fines and penalties.” Therefore, he said, the latest guidelines weren’t surprising, but they give no encouragement to businessmen either to take an initiative to resume normal business activities.

Kiran Mazumdar-Shaw, chairperson of Biocon, said, “I think we need to let scientific rationale prevail. The fear psychosis is too overreaching. We need to calibrate economic revival.”

CII, which has put together and recommended a set of safety protocols for different sectors, suggests self-certification by companies.

Another industrialist said off record that companies and governments have to believe each other, and that excessive regulation or penal action won’t help.

Also speaking off record, a prominent businessman said any crisis requires fewer rules. He said Germany removed 2,600 laws when it started reconstruction after the Second World War. “Time is now to do something similar,” he said.

Source: economictimes.com- Apr 22, 2020

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1,000 foreign firms mull production in India, 300 actively pursue plan as 'Exit China' mantra grows

Amid chances of China possibly losing its tag of preferred manufacturing hub following coronavirus, around 1,000 foreign companies are engaged in discussions at various levels with the Indian authorities. At least 300 of these companies are actively pursuing production plans in sectors such as mobiles, electronics, medical devices, textiles and synthetic fabric, according to top government sources.

These companies see India as an alternate manufacturing hub and have taken up their proposals across various levels of the government, including central government departments, Indian missions abroad and state industry departments. "About 1,000-odd companies are currently engaged in discussion at various levels such as investment promotion cell, central government departments and state governments. Out of these companies, we are targeting 300-odd companies," the official said.

"We are hopeful that once coronavirus is in control, a lot of things will fructify into actual relocation. And India will emerge as an alternate manufacturing destination. Many countries like Japan, US and South Korea are over-dependent on China and that is now very apparent," he added.

In a major push to domestic manufacturing, the Centre had in September last year slashed corporate tax to 25.17 per cent. For new manufacturers, the applicable tax was brought down to 17 per cent making it the lowest in South East Asia. Together with reduced tax rate and the roll-out of goods and services tax (GST), India hopes to attract sizeable foreign investment in the manufacturing sector.

It has now directed its focus on reducing the cost of production. With China in the firing line over its way of handling the deadly virus outbreak, major countries are expected to nudge their corporations to relocate production units out of China or set up new units at alternative locations.

In what appears to be early signs of possible changes in geopolitics, US President Donald Trump has questioned China over its response to the outbreak of the deadly virus. China had strongly protested Trump's "China virus" remark but the American President has been lashing out at the country unabated.

On Saturday, the US President said during a White House briefing that the virus "could have been stopped in China before it started and it wasn't, and the whole world is suffering because of it."

Meanwhile, Japan has announced $2 billion financial aid for its companies to shift production out of China. Many more countries could follow Japan, which is expected to benefit India. "Now the world is rethinking its strategy of putting all eggs in one basket. A lot of interest is being shown by companies towards India," says Guruprasad Mohapatra, Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT).

"India is generally considered an attractive destination because of its market size and also India being a possible hub for exports in the region. That's the reason FDI has been recording very impressive growth in the last 5-6 years," he added.

While government is making all-out attempt to hard-sell India as a manufacturing hub it may find it an uphill task given that the production cost difference between India and South East Asian countries is about 10-12 per cent.

The government, however, sees large market size of India as a big plus for manufacturers. "If you manufacture mobiles in Vietnam, what do you do with them? You have to essentially export. You can't sell there as there is no local market," an official involved with the government's Make-in-India initiative said.

He explained giving an example of mobile phones. "There is a huge market in India for mobile phones that cost less than $100. For mobiles costing $200 or more there is huge potential of export. So, from the 10-12 per cent (percentage cost difference between India and South East Asia), almost 6-7 per cent is negated or adjusted by India's market itself. For the remaining 5-6%, a combination of state incentives and central incentives are there," he added.

Source: businesstoday.in- Apr 21, 2020

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COVID 19: Traditional textile, apparel retailers to suffer most as demand slows

Private consumption accounts for about 58 per cent of India's GDP, which is likely to grow to around $3,000 billion by the end of FY20. Of this, about 48 per cent is spent on merchandise shopping while the remaining $875 billion is spent on a range of services. Traditional mom & pop stores form the largest share of sales. India currently has 17 million independent retailers which are likely to grow to 20 million by 2025.

Food and grocery to remain unaffected

Among these, food and grocery retailers will hold the largest share. These retailers currently account for about $550 billion of the $825 billion consumer spending on merchandise. Even in future, this spending is likely to be least affected, either in terms of volume consumed across different sub-segments, or on retail channels selling food and grocery.

Unsold inventories to eat into textile and apparel retailers' profits

The next big category, in consumer expenditure is textile and apparel which accounts for about $65 billion of spending on merchandise. This category is likely to suffer the most from the pandemic as manufacturers are likely to be saddled with unsold inventory. Consumers are unlikely to spend on clothing and accessories even after the nationwide lockdown ends on May 4, 2020.

Easy going for consumer electronics and home furnishings

The consumer electronics and durables segment — worth about $50 billion, will be least impacted. It is also likely to be the first sector to bounce back during the upcoming festival season between September-October 2020. Sellers of home furnishings and other lifestyle products will also have a relatively easy FY21 as consumption by volume will not decline drastically during the entire April 2020-March 2021 period.

Finances of all big retailers are likely to be stressed in FY21 and FY22. However, traditional and independent retailers are likely to be least affected as they own their stores, have few employees and can quickly recalibrate their inventories to align with consumer demand or preference.

Brick & mortar stores face fixed costs, zero sales

Most affected by the pandemic will be organized brick-and-mortar retailers as they had to either shut down or hardly got footfalls due to restrictions on the movement of people. These retailers have high fixed costs by way of rentals and common area maintenance charges. They also have to pay salaries at retail front end, head-office staff, and utilities.

In the next six-eight quarters, monthly sales of most organized retailers will be reduced though they will still have to incur the same (or nearly the same) monthly fixed costs. They may also have to face margin erosion when they are compelled to liquidate some of their inventory through aggressive discounts.

The situation is likely to be similar for e-commerce players too. As consumer sentiment is likely to be depressed for months to come, their monthly gross margin intake will be severely affected though their fixed costs are likely to remain nearly the same.

FDI to boost future retail growth

Therefore, the government should allow 100 per cent foreign direct investment in all retail formats and all channels. Its policies should not hinder the growth of the sector even as it works to raise capital and merge/sell businesses within India or anywhere else.

Source: fashionatingworld.com- Apr 22, 2020

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COVID-19: Nearly 80% MSEs hit as economic activities come to standstill, says survey

Nearly 80 per cent of micro and small business (MSEs) in the country have been impacted negatively as the economic activities have come to a standstill due to the disruptions caused by the COVID-19 pandemic, according to a survey. The survey showed that only 24 per cent of MSEs are operational now, of which 18 per cent are operating at less than 50 per cent capacity.

The findings are based on a survey of 420 players in 12 cities by market research and consulting firm, Kantar. These respondents were from sectors such as manufacturing, banking, financial services and insurance (BFSI), IT/ IT-enabled services (ITES) / telecom, travel, transport, logistics, retail and outlets, education and related areas, and other professional services sectors.

"79 per cent of the MSEs are negatively impacted by the COVID-19 crisis," the survey showed. The sectors that are hit majorly by the COVID-19 crisis include travel, transport, and logistics industry. Seven of the 10 MSE players have seen a substantial decline in customer footfalls or enquiries during the past few weeks, it said.

According to Kantar's executive vice president (insights division) Biswapriya Bhattacharya, MSEs were already facing turbulent times since the past one year, and the present crisis has affected them very severely. "Only 80 per cent of MSEs have less than three months of working capital," he said.

The survey showed that five out of 10 businesses would run out of their working capital within two months and they will depend on loans from peers or friends or family to survive. Seven of ten manufacturing businesses are unlikely to procure raw materials for the next one month.

The survey showed that restricted movements, low demand from customers, financial and workforce woes are leading to high level of customer-oriented challenges for these MSEs. Small businesses having 11 to 100 employees are majorly looking for opportunities to drive their business in this crisis situation through tech adoption, sales/marketing strategies, it said.

Source: financialexpress.com- Apr 22, 2020

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RBI extends deployment time limit to 45 days from 30 under TLTRO 2.0

The Reserve Bank of India will now get 45 days to deploy money drawn under Targeted Long term Repo Operations 2.0 (TLTRO 2.0) as against the previous limit of 30 days.

The extension has been granted based on the feedback received from banks and taking into account the disruptions caused by Covid-19, RBI said in a statement.

Funds that are not deployed within this extended time frame will be charged interest at the prevailing policy repo rate plus 200 bps for the number of days they remain un-deployed. The incremental interest liability will have to be paid along with regular interest at the time of maturity.

On April 17, 2020, the RBI said it will conduct auctions under TLTRO 2.0 for finance companies and microfinance institutions impacted by Covid-19 disruptions at the policy repo rate for tenors up to three years. The total amount that could be drawn, under this window would be up to Rs 50,000 crore to begin with. RBI governor Shaktikanta Das indicated that the amount could be revised based on emerging scenarios.

The funds availed by banks under TLTRO 2.0 should be invested in investment-grade bonds, commercial paper, and non-convertible debentures of NBFCs. At least 50 per cent of the total amount availed should go to small and mid-sized NBFCs and MFIs, RBI had said.

About 10 per cent of the money in availed under TLTRO 2.0 should be invested in securities and instruments issued by Micro Finance Institutions (MFIs). Another 15 per cent in securities/instruments issued by NBFCs with asset size of Rs 500 crore and below and 25 per cent in securities/instruments issued by NBFCs with assets size between Rs 500 crore and Rs 5,000 crore.

Source: business-standard.com- Apr 22, 2020

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Apparel industry the most adversely impacted sector: Sanjay Bahl, Group CFO, Raymond

Raymond is also deploying all tools to effectively manage the liquidity with an increased focus on payment realization from the market.

In an interaction with Indiaretailing Bureau, Sanjay Bahl, Group CFO, Raymond talked about the industry efforts that are going in minimising the loss due to Covid-19, the pandemic's impact on consumer behaviour and a lot more.

How has Covid-19 impacted the apparel industry?

Apparel industry in India is amongst the most adversely impacted sectors. Taking into account the current shutdown, the revenues of apparel industry are stalled as it falls under the non-essential category. Thus, maintaining adequate cash flows during lockdown is a big challenge. Additionally, managing current inventory levels is a challenge as both domestic and international demand have eroded, and international buyers are postponing their orders.

What kind of support is the sector seeking from the government – both state and central?

The industry expects that along with the respite given through moratorium on term loans, relief should also be provided through moratorium on trade finance dues that is critical to the textile and apparel sector. Additionally, the industry is also looking at measures that can be instituted for immediate relief such as GST refund, reduced GST and wage support for the labour intensive Textiles and Apparel manufacturing. The industry also advocates the levy of anti-dumping duty on Chinese textile imports that can partially fund the SOPS for the sector.

Throw some light on the rent arrangement with mall owners during lockdown. How far has it proved fruitful?

We are in active discussion with mall owners and high-street shop owners to find out an amicable solution and all the stakeholders are working together to reach a situation which is a win-win for both the parties.

Do you think consumer behavior will change post lockdown? If yes, how are bracing for change?

It will take some before consumer confidence bounces back to pre-pandemic levels. Given the fact that apparel as a category is driven by discretionary consumer spends, the month of May might witness consumer promos as brands will try to make up for lost sales.

Can we expect heavy discounts once the lockdown is over? Or the sale period coming in early this year?

We do expect an early onset of End of Season Sales akin to what happened during GST implementation in the country.

Do you think even post lockdown consumers will prefer to buy online?

As a result of the lockdown, we expect to see a higher transition to the online channel in the short term. While it might take some time for physical stores to be out of the lock down impact and while consumer sentiment bounces back to pre-pandemic levels, it is hence pertinent for retailers to leverage online channels for effective inventory management.

How has Coronavirus impacted the production of Autumn-Winter season?

Though the preliminary booking for Autumn-Winter season has already happened, the lockdown would certainly have an impact on the production timelines of the collection. Given the duration of the lockdown and the restoration respectively, Autumn-Winter collection will be reassessed, and we are hopeful that the consumer confidence return to healthy levels owing to festivals as well as wedding season.

Can we expect having an impact on the seasonal cycle of retail?

The usual seasonal cycle is disrupted this year. However, this will be an opportunity to break away from the season mentality that is a very western concept and not very viable in the Indian context. Taking into account the immense volatility that requires prior commitments 8 to 9 months in advance. May be Indian brands could evaluate the viability about creating products much closer to the season then following the regular sales cycle.

What is the way forward for the apparel industry?

Once we tide over the current crisis, Textile & Apparel in India is poised pegged to benefit in the long-term. A big positive that we expect is strengthening of India's position as a preferred supplier of textile and Apparel as global supply chains will look to develop alternatives to china and Imports from china & Italy will be impacted post the lockdown period is over.

Source: indiaretailing.com- Apr 23, 2020

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Labour Secy: Diverting ESIC money, using it to pay wages not advisable

The government will undertake labour reforms in a big way in the coming months and there will be no hurdles for them, Labour Secretary Heeralal Samariya said Wednesday.

He also ruled out appropriating funds of the Employees' State Insurance Corporation (ESIC) for payment of wages to workers or to employers to meet their salary bill amid the lockdown to counter the pandemic.

On the concerns raised by some industry representatives about punitive action against them if their workers get COVID-19, Samariya said no criminality should be associated with this and assured them of taking up the matter at the highest level.

"ESIC (fund) is money of the insured persons and employers who are contributing (to this social security scheme). It already has a provision that if an employee is unemployed, then 25 per cent of wages can be paid ... but diverting money (of the ESIC) to somebody else or paying the wages is not at all advisable because we want to reduce the contribution further so that it (ESI scheme) can run in better way in future," he said during a webinar organised by industry chamber Ficci.

At present, an employer contributes 3.25 per cent and employee contributes 0.75 per cent of gross salary towards ESI.

About labour reforms, he said the Parliamentary Standing Committee on Labour has given its report on the Code on Industrial Relations and it would soon submit a report on the Code on Social Security. The Centre has also collected data of migrant workers from states as well as districts. "We are working towards measures to give them employment as well as relief," Samariya said.

He added that he will take up the stimulus for the private sector to meet wages, adding that dedicated transport for workers is a must and the economy needs to move as it is difficult to survive with zero income.

Source: indianexpress.com- Apr 23, 2020

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Loyal gears up to fight COVID-19 battle

Company started working on masks, protective gear two months ago

Even as the country is battling the COVID-19 pandemic, Loyal Textile Mills had started working on masks and personal protective gear almost two months ago following a meeting that the representatives of the Union government had with textile industries.

It was decided to focus on affordable and reusable, high-standard products. Made in the garment factories of the company at six locations in Tamil Nadu— Sattur, Kovilpatti, Arasanur, Cuddalore, Mayavaram, and Madurai — and supplied under its brand Supera Shield (SS), the masks come in four variants.

The PPE kit includes a wrap-around gown, a coverall, head and shoe covers, face shield, gloves and a biodegradable disposable bag.

Devadas Dhamodaraswamy, chief technology officer of the firm, told The Hindu that the company started with a single-layer knitted mask which undergoes silver nano ion anti-bacterial treatment.

Variety of masks

The company now produces SS 72, SS 96 and SS 99 types of masks.

Supera Shield 72 is a three-layer woven fabric mask made of combed, BCI-certified organic cotton. The inner layer has anti-bacterial-treated fabric, outer layer gets water-repellant treatment and the middle layer is treated with silicon.

For SS 96, the middle layer is replaced with non-woven, five-ply melt-blown composite for higher bacterial filtration efficiency.

The SS 99 mask has a middle layer that is PU barrier. It provides 99% efficiency. These are all surgical mask types, he said.

“We plan to focus on the SS 96 and SS 99 masks and later, look at export opportunities, too,” he said.

Since chairperson Valli Ramaswamy and director Vishala Ramaswamy want to come out with reusable N95-equivalent masks, the company is developing such products too.

Loyal sources the basic fabric from Nashik and the PU from Taiwan and these are outsourced for lamination.

It has a capacity to produce 75,000 masks and 1,000 PPEs a day and is in the process of ramping up capacity to produce two lakh masks and 5,000 PPEs a day.

Responsible pricing

“The price of SS 99 is ₹30 a piece, excluding the transportation and GST costs. Our chairperson wanted socially-responsible pricing,” he added.

In the case of PPEs, Loyal has worked with its in-house and IIT Delhi researchers, doctors at AIIMS and the World University of Design, New Delhi.

“We have supplied seven lakh pieces of masks in the last one month and nearly 4,000 pieces of PPEs in the last one week,” A. Velliangiri chief executive officer of the company added.

Source: thehindu.com- Apr 22, 2020

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Government to rope in IITs as mask becomes a must

India will soon come out with standards to produce cotton masks as wearing them becomes mandatory. The government has begun work on how such masks would need to be given antimicrobial treatment and tested before they are supplied to the public.

The textiles ministry is in talks with the Indian Institutes of Technology (IITs) to develop a standardised and affordable product with quality control, officials said.

“Cotton masks need to get anti-infection, anti-microbial treatment done and then tested so that they are safe to use. We will find a standard product,” said an official in the know of the development. “We are in discussions with IIT professors to develop a technology where we can supply masks to public,” the official added.

Last month, the office of the government’s principal scientific advisor issued a detailed manual to prepare homemade facecovers using easily available items like old vests, t-shirts and handkerchiefs, stressing they are "70% effective" and in combination with frequent handcleaning with soap and water or frequent hand rubbing with alcohol-based sanitiser, to help curb the spread of Covid-19.

It states that homemade reusable masks only reduce the chances of inhaling droplets still in the air from an infected person. The manual provides a simple outline of best practices to make, use and reuse masks to enable NGOs and individuals self-create such masks and accelerate widespread adoption of masks across India.

As per the manual, before making the masks, the fabric should be washed well and boiled for five minutes. Adding salt to this water is recommended. “At present, there are no technical specifications but some companies are making masks with bleached, plain cotton fabrics,” said a cotton textile industry representative.

Allaying concerns on availability and affordability of cotton masks, the official said: “India is a huge cotton producer. So, affordability is not a problem”. Adouble layer of 100% cotton cloth is about 70% as effective as a surgical mask at capturing small particles (up to five times smaller than coronavirus). This material is breathable and it is easy to find around the house and can be easily reused.

Source: economictimes.com- Apr 22, 2020

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Tiruppur units eye $2-billion opportunity from PPE business

South India's cotton knitwear capital, Tiruppur, is struggling to step up production as demand for personal protection equipment such as masks and bodysuits has thrown up a $2 billion worth business opportunity this fiscal year.

About 200 units in this in Tamil Nadu town currently make personal protective equipment (PPE), mostly to serve needs within India. Industry body Tiruppur Exporters Association has been pushing them to improvise on products to meet global standards.

"As of now, we are only supplying within India but once we get the technology and the export market opens up, there is a vast potential to scale up," exporters association general secretary TR Vijaya Kumar told ET. He estimates this to be a Rs 10,000-15,000 crore revenue opportunity this year alone.

Meanwhile, the magnitude of the coronavirus outbreak in the US and Europe and its impact on the economies have left the exporters here worried, as those are their biggest markets. "We are yet to receive payment for many of our previous shipments," Kumar said.

The garment cluster manufactures textiles worth Rs 60,000 crore a year for exports and domestic markets.

The knitwear industry here has provided jobs to about 8 lakh people, half of whom are migrants. Local executives said they were managing their units with just about three lakh people now, as the rest have gone home when the lockdown was clamped.

"We started manufacturing PPE in December, but ever since the Covid-19 outbreak in India, we shifted our entire focus on stepping up production of

PPEs," Honeywell Creation founder S Ravichandran said. "As of now we manufacture masks and bodysuits, but in about 15-20 days we will be looking at manufacturing PPE kits that will include goggles, gloves and so on."

His unit can manufacture 2 lakh masks a day and once it receives the go-ahead for the kits, it has the capacity to produce around 10,000 kits per day, he added.

There are innovations underway to see how the masks can be made more user-friendly. Frequent usage of disposable masks is not viable as contamination is worrying. That the face masks that are mostly used contain polypropylene procured from China has added to concerns.

In order to address this, an incubation centre for textiles and apparels in Tiruppur is trying to develop a reusable, biodegradable, antibacterial facemask. “It will be a cotton, three-layered mask,” said S Periasamy, the chief executive of the centre that is supported by the Atal Innovation Mission.

"Unlike the existing three-layer mask, the reusable mask will be developed with the outermost layer being water repellent and anti-viral, the middle layer filtering the virus and the innermost layer will be finished in a way that provides comfort to the mask wearer," he said.

Source: economictimes.com- Apr 21, 2020

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