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INTERNATIONAL NEWS

Global economy to contract by over 4% in 2020: UNCTAD

The global economy will contract this year by over 4 per cent, with an estimated swing of 6.8 percentage points leaving a shortfall in global output by year's end of over $6 trillion (in current US dollars), according to the Trade and Development Report 2020 released recently by the United Nations Conference on Trade and Development (UNCTAD).

If last year's economic forecasts had materialised, the world would now be enjoying a pick-up in global growth, led by the large emerging economies, the report says.

And as domestic activity contracts sharply almost everywhere, so goes the international economy; trade will shrink by around one-fifth this year, foreign direct investment by up to 40 per cent and remittances will drop by over $100 billion, it says.

In the face of a deep global recession amid a still unchecked pandemic, the world needs a global recovery plan that can return even the most vulnerable countries to a stronger position than they were in before COVID-19, it says.

The key to success will be tackling a series of pre-existing conditions that were threatening the health of the global economy even before the pandemic hit. These include hyper-inequality, unsustainable levels of debt, weak investment, wage stagnation in the developed world and insufficient formal sector jobs in the developing world, it says.

Drawing lessons from the global financial crisis, the report argues that recovery and reform, at both the national and international levels, must go hand in hand if building back better is to move beyond sloganeering and become the lodestar of a more resilient future.

It shows that a big public investment push with effective international support and coordination could all but double the global growth rate over the next decade along with improved debt sustainability and a fairer distribution of income, according to an UNCTAD press release.

The biggest absolute falls in output will be in the developed world, with some countries set to register a double-digit decline over the year. But the greatest economic and social damage will be in the developing world, where levels of informality are high, commodities and tourism major sources of foreign exchange, and fiscal space has been squeezed under a mountain of debt, it says.

Between 90 million and 120 million people will be pushed into extreme poverty in the developing world, with close to 300 million facing food insecurity.

Latin America is likely to be particularly hard hit with a drop in output this year of 7.6 per cent, with sharp declines, possibly double digit, in some of the largest economies, notably Argentina and Mexico, but the small Caribbean economies are also facing unprecedented economic devastation.

The contrast with East Asia, where growth will remain in positive territory, albeit much lower than in 2019—China, for example, is expected to grow at 1.3 per cent—is stark.

All eyes are now on 2021. Even if economic activity continues to bounce back and advanced country governments continue with the current mix of fiscal and monetary measures, employment will not fully recover, many countries will remain in debt distress and income gaps will widen, it says.

A 'lost decade' looms, foreclosing on any hope of delivering the 2030 Agenda for Sustainable Development. Model simulations indicate that an early return of austerity would set off a vicious circle of low employment generation, wage stagnation, slower economic growth and higher pressure on government budgets.

In particular, a return to pre-pandemic austerity will reduce annual global growth by 1 percentage point and increase the global unemployment rate by 2 percentage points until 2030. Labour income shares will also decrease, by more than 3 percentage points globally, implying a transfer of income from workers to profit earners of approximately $40 trillion by 2030, the UNCTAD report adds.

Source: fibre2fashion.com– Sep 24, 2020

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China: What is the revenue situation of textile and apparel listed companies in H1 2020?

In H1 2020, China local entity enterprises was being squeezed by COVID pandemic, tense international trade situation and overall economic downturn. So what was the performance of China's textile and apparel industry?

According to China Customs, exports of textiles and apparels amounted to US$187.4 billion in Jan-Aug, 2020, up by 8.1% y-o-y. Among these, textile export value amounted to about US$104.8 billion in Jan-Aug, 2020, up by 33.4% compared with the same period of last year, and apparel export value reached US$82.6 billion, down by 12.9% on the year.

The export value of textile yarn, fabric and finished products increased greatly, mainly due to the substantial increase in overseas demand for protective materials such as masks and gloves. China's textile export value has achieved a significant YoY growth, but the growth rate has declined month-by-month, while the apparel one has shrunk significantly, down by nearly 20%.

Of course, foreign trade data can only reflect one aspect of textiles and apparels export demand. In order to make the situation more intuitive and real, 45 major listed companies in the textile and clothing industry (excluding the main business non-textile and apparel mills) are listed. According to the main business, they can be divided into three categories: textile weaving, home textile/non-woven fabric and apparel.

Textile mills: a few performance benefits from epidemic prevention materials, and that of the most decreases

In H1 2020, 14 listed textile mills saw a year-on-year decrease in revenue, with 11 mills net profit falling. Only Jiangsu Lianfa Textile Co.,Ltd, Huafang Co.,Ltd and Huasheng Co., Ltd. saw increases in the net profit.

From one season data, quarter-on-quarter revenue and net profit of most of the mills improved.

Apparel mills: the performance of categories of apparel mills diversifies, and the overall operation is bleak.

Among the 23 apparel listed companies, 20 companies saw a year-on-year drop in revenue in the first half of 2020, and 19 companies had both revenue and net profit falling.

Only 3 companies achieved revenue growth, of which Peacebird and Anzheng fashion group achieved revenue growth, but their net profit decreased significantly year-on-year, and only Kutesmart achieved double growth.

It is worth noting here that the three companies, Bangjie share, Langsha Group and Hodo, achieved net profit growth in the case of falling revenue.

From one season data, quarter-on-quarter revenue of most companies improved, and the quarter-on-quarter net profit was divided.

Home textile/non-woven fabric mills: the performance of non-woven fabric companies outshines others, and that of home textile mills declines.

Among 8 home textiles/non-woven fabrics listed companies, 6 companies had a year-on-year decrease in revenue in H1 2020. Only Fuanna and Xiamen Yanjan New Material Co., Ltd realized the growth of net profit, and Shanghai Dragon experienced a performance loss.

In conclusion, it can be seen from the above that the vast majority of apparel mills are mainly engaged in home textile and textile weaving. Both business income and net profit of the apparel mills decreased, and the net profit decrement was larger than the revenue. This also means that in the case of sluggish demand and less orders, the apparel mills have to cut price for more sales. The market conditions are tough.

In H1 2020, only 5 companies achieved growth in revenue and 8 in net profit. After analyzing the operating conditions, there were three categories of outstanding companies.

First, driven by the protection materials and feedstock business, sales of melt jet fabric, non-woven fabric and masks increased significantly, which resulted in double increase in revenue and profit, such as Norborg, Yanjan, and Kutesmart.

There are also main businesses still for textile weaving and printing and dyeing business, but those who have opened up mask and melt jet production line saw revenue decline but the profit increase, such as Jiangsu Lianfa Textile Co.,Ltd, Huafang Co.,Ltd and Huasheng Co., Ltd., because of the price increase of epidemic prevention materials.

Second, cost cutting and improve performance through strengthening the internal management of the enterprise, and marketing mode change (new retail format, influencer marketing, mini Program ordering, etc.) through channel reform, and product strength improvement, which stabilizes orders and increased revenue. However, due to the discount and promotion, the net profit was often not very good, such as Peacebird and Anzheng fashion.

Third, enterprises benefiting from the home economy have experienced polarization in the textile and apparel industry due to the suppression of travel demand due to the epidemic.

The performance of outdoor, women's clothing, fashion and other clothing enterprises has generally declined, while the enterprises mainly engaged in indoor clothing, such as Bangjie share (seamless clothing, including underwear, yoga clothes, etc.) and Langsha Group (mainly engaged in underwear and socks) have little impact on their revenue.

At the same time, the performance decline of most textile and apparel mills in the second quarter may narrow and rebound up.

With the stability of the epidemic in H2 2020 and the successful development of the vaccine, demand of the whole industry will slowly recover, and the performance will also increase.

Source: ccfgroup.com– Sep 24, 2020

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Alibaba's Big Data is helping exporters pivot to China

Data analysis allows Chinese firms to pin down local needs

As export orders started plummeting in March amid the coronavirus' global spread, Chinese toothbrush maker Tommy Tu turned to the domestic market. With the help of Alibaba Group's huge trove of data on what Chinese consumers are searching for, his factory shifted to making products that became local hits, like a battery-operated electric toothbrush for 9.9 yuan ($1.5).

The strategy helped Tu recover most of the lost foreign sales and reduce his Jiangsu-based firm's dependence on exports to 60 per cent of revenue, down from 90 per cent earlier.

Spurred by the economic devastation unleashed by the pandemic, hundreds of thousands of Chinese factories like this — some of which had exported almost everything they made — are re-focusing on the domestic market of 1.4 billion people.

They are turning to e-commerce giants like Alibaba, Pinduoduo Inc. and JD.com Inc. with deep pockets and years of observing consumer behaviour, in what could be a long-term pivot.

"We have to focus more on domestic sales," said Tu, who doesn't anticipate a "return to the old days" of robust overseas demand. "We have to move away from just blindly sticking labels on products to actively researching, designing and building our own brand."

Chinese factories are having trouble in overseas markets not just because of the global economic contraction caused by the pandemic. Political tensions are flaring between China and the US, Australia and Canada, while rising labour and material costs are propelling foreign clients to turn to more affordable exporters such as those in Southeast Asia.

With China's status as the factory to the world — an economic model that powered its growth in the past two decades — coming under pressure, President Xi Jinping is ambitiously seeking to boost domestic consumption in a revamp of the world's second-largest economy.

Global demand

Though China's exports demonstrated strength in feeding global demand recently — rising 9.5 per cent in dollar terms in August from a year earlier — exports will be pressured in the long term as other nations increase output, according to Nomura Holdings Inc.

"Amid the global weakness, domestic demand is where the market is," said Raymond Yeung, chief greater China economist at ANZ Bank. "China has already become more of a domestically driven economy even before Covid-19."

Many exporters had already been seeking to expand domestic sales, and the pandemic accelerated that, said Wang Hai, a vice-president at Alibaba overseeing consumer-to-manufacturer e-commerce. In just three months, Alibaba gathered more than 300,000 Chinese export factories to tap local demand directly.

Alibaba's app, Taobao Deals, is a business-to-consumer platform mainly for Chinese manufacturers that went online in March. By June, it had 40 million monthly active users, according to a company earnings call. Besides analysing demand trends, Alibaba's logistics arm Cainiao handles centralized shipping and customer services for the factories.

Survival pivot

Still, only about 10-20 per cent of Chinese exporters have taken action to extend their domestic reach, according to Bai Ming, deputy director of the Ministry of Commerce's International Market Research Institute, based on a small survey. Challenges include switching standards, marketing unfamiliar brands amid local competition and the longer periods of credit payment allowed in China.

Domestic demand is also not yet big enough to prop up China's $2.5 trillion export sector which employs close to 200 million people. And without the premium commanded by global brand names attached to their goods, Chinese factories will be forced into a race to the bottom on price.

"Most consumers will probably make their choices based on price or how the product functions are demonstrated, if there's no brand identification," said Jason Yu, managing director at Kantar Worldpanel Greater China. "So this won't be a sustainable business model for most of those factories."

Bruce Zhu, manager of a high-end luggage manufacturer in Zhejiang province that focuses on exports, initially tried to crack the domestic market as the outlook for his sector has soured. However, the factory couldn’t withstand slashing its prices to compete with other local makers. “The domestic market is too fierce,” he said.

For companies that can endure the price war, consumer data supplied by Alibaba and others help steer an adjustment to Chinese preferences. Informed by search data, a Zhejiang-based cushion maker pivoted to red, embroidered cushions, and started making a product that can be converted into a blanket.

The revamp helped his firm’s sale hold steady amid a plunge in overseas orders, said Chief Executive Jin Zehua.

Glass bottles

Experts say if China’s exports continue to demonstrate strength as seen in recent months, the inward push could help local makers become more diversified and resilient.

“Turning to the domestic market adds one more option for Chinese exporters,” said Bai, the commerce ministry researcher. “In the future, exporters can sell to the market that’s most favorable, which reduces risks.”

Developing channels

Some Chinese exporters are learning how to develop both inward and outward channels. In February, Alibaba contacted Guangdong Haoshun Odis Technology Co., an exporter of automobile cleansers and lubricants, to design an alcohol disinfectant after analysing tens of millions of searches for such a product.

Alibaba found that most alcohol disinfectants in China were sold in glass bottles, which were too fragile and dispensed too much liquid at a time. Haoshun Odis hence started making disinfectant spray in metal bottles, said director Qu Weihao.

Sales have climbed 66 per cent between January and July, Qu said, both from domestic demand and overseas markets like Japan. “Without big data, this could have been very difficult to achieve,” Qu said.

Source: thehindubusinessline.com– Sep 25, 2020

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China now forces Tibetans into labour camps for military-style training

China continues its human rights abuse. This time it is the Tibetan rural labourers who are being pushed off the land and are being sent into military-style training centres and are forced to work as factory workers. This is almost like the camps being run in the Western Xinjiang Region, which has been branded as coercive labour by the rights groups.

In August, Tibet's regional government website last month had posted a notice which stated in the first seven months of 2020, almost 15 per cent of the region's population — half a million were trained in the labour camps which have been recently built by the Chinese government.

While many end up in low paid work which includes agriculture, textile manufacturing, and construction, around 50,000 have been transferred into jobs within Tibet already. The quotas have been set for the mass transfer of the labourers from the rural areas of Tibet within the country but have also been sent out to other cities in China.

Adrian Zenz, an independent Tibet and Xinjiang researcher has compiled the core findings about the program, which has been published by a Washington DC-based think tank The Jamestown Foundation. This foundation focuses on issues of strategic importance to the US.

Titled `Xinjiang's System of Militarized Vocational Training Comes to Tibet' published on Sept 22, 2020, states that the Tibet Autonomous Region (TAR) labour transfer policy has mandated that farmers and pastoralists have to be subjected to centralized `military-style' vocational training. And, the aim of such training is to reform "backward thinking" and includes training in "work discipline," law, and the Chinese language.

The report which quotes various documents and reports extensively indicates that the key policy documents state that cadres who fail to achieve the mandated quotas are to be subjected to "strict rewards and punishments".

And the goal of the scheme is to achieve loyal workers for the Chinese industry.

Human rights agencies have identified these programs, especially in Tibet and Xinjiang, as having an outsized emphasis on ideological training and the government quotas and the military-style management suggest that the transfers have coercive elements.

The similarity between Xinjiang and Tibet

The author talks about similarities to the system of coercive vocational training and labour transfer established which has been established in Xinjiang. And the fact is that both Tibet and Xinjiang both share securitization mechanism and similar social control.

According to a UN report, it is estimated that more than one million people in Xinjiang, who are mostly ethnic Uyghurs, have been not only been detained in camps but have been subjected to ideological education.

It may be recalled, initially, China had denied the existence of such detention camps, however, has since claimed that the camps are vocational and education centres. And now claim the people in these centres have all `graduated'.

What is happening in Tibet is similar to Xinjiang, and the most import ink between the two is the former Tibet Communist Party Secretary Chen Quanguo. He is the man who had taken over the same post in Xinjiang in 2016 and was the main man behind the development of Xinjiang's camp system.

At one of the vocational centre the training also includes `Political education, legal training and Mandarin language. According to state media reports of Tibet, in July alone the workers who have been transferred out of the state have been sent to construction projects based in Qinghai and Sichuan. And those who have been transferred within Tibet were being trained in other sectors including security, agriculture and textiles.

Source: financialexpress.com– Sep 24, 2020

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Xinjiang cotton, WROs, Entity List and how blacklisted companies may skirt US sanctions

The US has enacted several legislations aimed at countering alleged human rights violations in Xinjiang Uygur autonomous region, in China's far west bordering India, Pakistan and Afghanistan.

This year, the Trump administration has ramped up an array of political, financial and economic sanctions against officials, state-owned enterprises, and private companies for ethnic minorities to a gulag of internment camps and for profiting from their "vocational training."

Under the Tariff Act of 1930, the US Customs and Border Protection (CBP) on September 14 issued five Withhold Release Orders on goods produced with widespread state-sponsored forced labour in the region.

Among the orders, applies to all cotton produced and processed by Xinjiang Junggar Cotton and Linen. Another was slapped on apparel made by Yili Zhuowan Garment Manufacturing and Baoding LYSZD Trade and Business.

Other sanctioned products include hair products manufactured at the Lop County Hair Product Industrial Park in the region, and computer parts produced by Hefei Bitland Information Technology.

China is the world's second largest cotton producer, with 85 per cent of the output originating from the autonomous region alone in 2019, according to US Department of Agriculture and Rural Affairs. The US imported US$50 billion worth of textiles from China last year.

The September 14 orders came about two months after the US added 11 Chinese companies to its so-called Entity List for complicity in China's campaign of repression, mass arbitrary detention and the use of forced labour. Beijing has rejected those accusations.

Companies placed on the Entity List include Hefei Bitland and Hong Kong textile manufacturer Esquel group which counts Nike and Ralph Lauren among its global customers. The Huawei group was added in May 2019. Blacklisted companies are not allowed to buy US-made goods without the government approval.

Click here for more details

Source: scmp.com– Sep 24, 2020

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IMF says global economic outlook better than June prediction

The global economic outlook is less bleak than in June, an IMF spokesman said Thursday, signaling that the organization's forecast will be raised when it is released next month.

"The recent incoming data suggests that the outlook may be somewhat less dire than at the time of the (World Economic Outlook) update on June 24 with parts of the global economy beginning to turn the corner," the International Monetary Fund spokesman said.

But the spokesman said "the outlook remains very challenging," with emerging markets other than China facing a "precarious" situation due to the coronavirus.

Source: economictimes.com– Sep 24, 2020

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Uzbekistan 2.0 reforms making good progress

Uzbekistan has been in a rush to put through a comprehensive package of reforms ever since President Shavkat Mirziyoyev took over in December 2016. And nearly four years on, the government is still working at top speed, but now it is starting to have something to show for all that effort.

The largest and most populous country in Central Asia, Uzbekistan should have reclaimed its place as the most important country in the region that it held in the days of Emperor Tamerlane.

But shut off from the world by the previous president, Islam Karimov, it failed to fulfil its potential. That all changed under Mirziyoyev, who has opened the doors to international investors and begun a system-wide overhaul of the economy.

On the eve of 29th anniversary of Uzbekistan's independence, Mirziyoyev announced that his country is at the beginning of the Third Renaissance, when outlining policies for increased investments into education, healthcare and social spheres as priorities for his government.

"Uzbekistan has no choice. It has to open to the world to create jobs, to stop the brain drain, to provide opportunities for the young people," Scott Osheroff, chief investment officer of Asian Frontier Capital (AFC), told bne IntelliNews in an exclusive interview.

Uzbekistan's population is not only by far the largest in the region; it is, unlike most of its peers in the Former Soviet Union (FSU), also very young. Amongst the government's greatest challenges will simply be to find work for this youthful population that is set to overtake Poland in terms of magnitude in the next two decades.

The first big privatisation was completed when 80% of the iconic Hotel Uzbekistan in the heart of Tashkent was sold to Singapore's Bashan Investment Group for $23.2mn in May. The bidders included six companies from the UK, Turkey, the UAE and Singapore. A raft of privatisations are on the board for the coming years as the government plans to slowly reduce its role in the economy.

Manufacturing

With Uzbekistan home to some of the most fertile land in the region, agriculture has always been the mainstay of its economy and cotton pre-eminent amongst the crops grown, to the point where it features in the national emblem.

In Soviet times, cotton was a major export product and in the first years of independence the main source of hard currency earnings.

Cotton production is an obvious place to start to reform the economy but Mirziyoyev took the drastic measure of banning raw cotton exports in order to push companies into investing in added value production of finished and semi-finished products like textiles and fashion. The rugs and multi-coloured khalats the locals wear are the stuff of legend.

"There is a lot of interest in the textile industry. Various big Chinese textile producers are sniffing around in Tashkent and spinning factories seem to be popping up everywhere," says Osheroff. "There is everything you need:

high quality raw cotton, cheap labour, power that costs 3 cents per kWh. If you can nail the logistics then this could be something pretty special."
The country scored its first big victory when it closed a deal in September to manufacture Nike and Adidas sports footwear in Andijan Region. The country's Uzcharmsanoat Federation has signed multiple deals with the brands, its head, Fahriddin Boboyev, told the local press.

Big name fashion brands are always on the hunt for low-cost production facilities and Uzbekistan has a lot to offer, as it is home to both an established textiles industry and, more importantly, copious supplies of the raw material.

The fly in the ointment is that Uzbek textiles are still blacklisted, as under Karimov the republic was accused of using child labour to bring in the harvest. Students were press-ganged in large numbers to pick cotton during the harvest each year. Mirziyoyev has rolled back these practices and in the middle of September Uzbekistan's Agriculture Ministry announced that cotton pickers will receive a pay rise to $0.10-$0.40 for every kilogram of cotton collected manually in 2020, up from the range of $0.02-$0.08 in 2019.

In the meantime, the government has been working actively to be removed from the blacklist and went as far as to hire US PR firm Xenophon Strategies in August to help. The Uzbek government, civil rights groups, the International Finance Corporation (IFC) of the World Bank Group and other industry stakeholders in August reviewed a new responsible sourcing agreement (RSA) framework that could potentially allow brands and retailers to resume sourcing cotton from Uzbekistan.

Click here for more details

Source: intellinews.com– Sep 24, 2020

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Indonesia expects economy to shrink by 1.7-0.6% this year

Indonesia recently revised down its 2020 gross domestic product (GDP) outlook expecting a steeper contraction because of the fallout of the COVID-19 pandemic. It is also trying to raise spending to absorb the negative impact. Its economy is expected to shrink by 1.7-0.6 per cent on an annual basis this year, according to finance minister Sri Mulyani Indrawati.

Addressing a virtual news conference, she said her previous expectation was a 1.1-0.2 per cent contraction in growth.

The forecast took into account a new third-quarter GDP outlook of a contraction of 2.9 per cent to 1 per cent, from the previous range of 2.1 per cent to flat growth, and potential negative growth in October-December, the minister said.

Indonesia's GDP shrank for the first time since 1999 in April-June by 5.32 per cent.

"Although we saw improvement in the third quarter and we could see the economy recovering ... it was still very early, fragile and must be guarded," she was quoted as saying by media reports from the country.

The government had spent 56 per cent of its 2020 budget in January-August, up 10.6 per cent from last year, while state revenue had fallen by 13.1 per cent, with corporate tax payments under pressure, official data showed.

As of August, the fiscal deficit was 3.05 per cent of GDP. The full year deficit outlook may be wider than the previously expected 6.34 per cent and the government would monitor its implications for debt issuance, Luky Alfirman, the finance ministry's head of financing department, said.

Source: fibre2fashion.com– Sep 25, 2020

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Bangladesh: Spinners treading a tightrope

Their investment plans to boost local capacity, cut imports pushed back by pandemic

KEY POINTS

- Hundreds of crores of taka are in the pipeline for investment
- Spinners interested to produce specialised yarn and fabrics due to increased demand
- Local spinners can meet **90**% demand in knitwear sector and **40**% in woven
- Of total investment in primary textiles at $**10** billion, spinning mills account for **60**%
- Bangladesh has **500** spinning mills **450** of which are active
- Local spinners help reduce lead time significantly

Spinners' plans to pour in hundreds of crores of taka to expand domestic capacity and slash reliance on foreign markets have been pushed back by the coronavirus pandemic, forcing local exporters to continue footing more than $5 billion in annual import bills for yarn and fabrics.

In Bangladesh, local garment exporters have started manufacturing high-end garment items, raising the demand for specialised yarn and fabrics such as the yarn from PET bottles, man-made fibre and durable fabrics used in sports garments and activewear.

This prompted top spinners and weavers to invest in the production of specialised yarn and fabrics. Bangladesh has witnessed heavy investment in the spinning sector, the main pillar of the country's primary textile sector, over the last four decades because of higher export of apparels. The investment in weaving is relatively low.

The combined investment in the primary textile sector has reached more than $10 billion, of which 60 per cent took place in the spinning sector and the rest in the dyeing, finishing, weaving and washing sectors.

Consequently, local spinners can supply 40 per cent of raw materials for the woven sector. Garment exporters import specialised yarn and fabrics from China, India, Pakistan, Vietnam, Malaysia, Turkey and Indonesia.

Although investment had been taking place gradually in the production of the raw materials, the pandemic has put the plans on hold.

"I was supposed to start constructing a big spinning mill in Narsingdi in March spending Tk 450 crore. However, I had to delay the project and I hope that I will be able to start in November," said Abdullah Al Mahmud Mahin, managing director of Mahin Group, one of the leading garment manufacturers.

The planned spinning mill will produce specialised yarn from US cotton. The yarn would be used to make fabrics at the group's weaving factory for its international customers such as Hugo Boss, Abercrombie & Fitch, Tommy Hilfiger, Calvin Klein, PVH, H&M, M&S, Espirit and s.Oliver.

Mahin is going to set up the new spinning mill to produce the raw material on his own as he now has to rely on imported yarn from India, Indonesia, Vietnam, Turkey and Malaysia.

Of the proposed investment amount, 60 per cent will come from foreign sources and the rest from local and own funding, said Mahin, whose weaving mill consumes 50 tonnes of yarn every day.

The planned mill will produce 30 tonnes of yarn daily, which will meet 60 per cent of the demand of the weaving mill. The rest of the requirement would be met through imports.

MA Jabbar, managing director of DBL Group, one of the leading garment groups, said he would start the construction of a spinning mill at the group's economic zone in Habiganj in June or July next year to produce specialised yarn.

"I have a target to invest Tk 400 crore initially in the proposed spinning mill to produce specialised polyester yarn for our factories," Jabbar said. Currently, the entrepreneur imports specialised yarn.

Many investors are coming up with new proposals for setting up spinning mills because the demand for yarn and fabrics has been increasing as the garment export is on the rise, said Monsoor Ahmed, secretary of the Bangladesh Textile Mills Association (BTMA).

Most of the investments are coming in the recycling yarn manufacturing as the demand for man-made fibre is rising globally, he said.

Bangladesh is one of the largest cotton yarn producers in the world. However, the ratio of cotton yarn and man-made fibre production has reached to 80 per cent and 20 per cent in recent years as local entrepreneurs invested money in the manmade fibre production, Ahmed said.

The construction of a Tk 115-crore plant of Debonair Group for the production of yarn from collected PET bottles in Bhaluka has come to a halt because of the pandemic, said Mohammad Ayub Khan, managing director of Debonair Group.

"We will re-start the construction next year in our convenient time," he said.

He said the demand for high-end garment items declined worldwide, a development that has affected the demand for specialised yarn and fabrics.

"Before the pandemic, the demand for the yarn made from plastic bottles was very high. So, we took up the project."

The experts who were employed in the plant came from Germany and China but they left due to the pandemic, he said.

Khan's target was to produce 40 tonnes of yarn per day mainly from the flakes of plastic bottles. The yarn would then be used to make jackets for western consumers.

Mohammad Ali Khokon, president of the BTMA, said some millers have been expanding their capacity but the applications for fresh investment proposals are not seen.

With the reopening of the economies in the western world, the local textile sector is rebounding. But the sustainability of the revival is depending on how the fallouts of the second wave of Covid-19 are managed, he said.

"We are expecting a strong revival of our business by January next year if the second wave does not wreak any havoc."

The number of spinning mills in the country is more than 500. Of them, 450 units are in operation.

Source: thedailystar.net– Sep 25, 2020

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Bangladesh is Growing Their Export Opportunities

Bangladesh is the largest textile and garment manufacturer in the world today. But Bangladesh is struggling to keep pace with fast growing Vietnam, a country with many strategic advantages. Vietnam has a Free Trade Agreement (FTA) with the European Union. Vietnam also has a closer proximity and relationship with China and has many cities with deep water ports.

Vietnam's industry is dominated by foreign investors, which currently is not the case in Bangladesh, so Vietnam is leading in terms of technology, capital, management, and efficiency. As BGMEA vice-president has claimed, "there was no debate on the fact that Vietnam has a better country competitive position than Bangladesh."

But if you combine textiles and garments together, based on the World Trade Organization 2019 report, Bangladesh exported 6.8% of the world's textiles and garments while Vietnam produced only 6.1%. Bangladesh exported garments with a total value of $34 billion and Vietnam exported garments totaling $31 billion.

It is imperative for the people of Bangladesh to get their small businesses funded with an open exporting model and FTAs with the right trading partners to keep ahead of their global competitors.

The United States is by far Bangladesh's largest single export destination. In addition, about 97% of all the products that originate in Bangladesh have very desirable duty-free benefits in the US markets as per World Trade Organization agreements.

In late 2017, US President Donald Trump outlined a vision for a free and open Indo-Pacific in which all countries prosper side-by-side as sovereign nations. However, garment products account for 95% of Bangladesh's total exports to the US market and the US imposes a 15.62% duty for RMG (Ready Made Garments) imports into their country. Currently Bangladesh is the third largest RMG supplier to the United States behind both China and Vietnam.

Since many counties in the world are roughly taxed by the US for RMG at the same rate, and 97% of the goods originating from Bangladesh enjoy duty-free benefits in the US markets, this is unlocking a real opportunity for even smaller Bangladesh companies to use directly global marketplaces like ShopTheGlobe.co that allow Bangladesh companies with export licenses to sell their products directly all over the globe. They can do so in every major language and currency, and smaller US and European retail chains and websites now can have direct access and coordinate directly with Bangladesh local manufactures and local wholesalers.

This allows for the elimination of most middleman and for more of the profits and risks to be kept in their own country.

Without making considerable advancements in almost all areas such as distribution, pattern making, design development, and capital investments, it will become more difficult for Bangladesh to keep up with Vietnam in the garment industry.

Bangladesh garment leaders off the record claimed "they need better infrastructure and opportunities to further increase country competitiveness, which can be achieved through the optimized cost of business and lead time. Those are long term steps, but we need to make progress far faster."

Business leaders also claim that the local garment manufacturers and exporters should think about true product and client distribution diversification. As an example, today Bangladesh is highly concentrated with 74% of their products cotton-made whereas the global fashion trend has been rapidly changing to all man-made fibers.

Bear in mind that even though Bangladesh might fall behind Vietnam in garment manufacturing, and it still has many challenges, the beautiful country still has a brighter future in the near term, better than it had for many years.

Source: communalnews.com– Sep 24, 2020

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Pakistan needs swift action to boost textile exports

What was slated to be a year of opportunity for Pakistan's cotton importers (read spinners) may fast turn into a missed window. Although textile exporters insist that it will be long before major buyer destinations reopen and demand resurges, international cotton prices are already back to pre-lockdown levels of December 2019.

That means Pakistan's textile sector needs to make some quick decisions. A double-digit month-on-month slowdown in textile exports – both in volume and value terms - between July and August lends credence to the theory that the volatility in export destinations markets shall continue as the northern hemisphere braces for a second wave of COVID cases followed by another round of lockdowns.

Yet, damage to domestic crop last season - amid conflicting reporting by governmental departments leading to several downward revisions of output from 12.5 million bales to eventual 7.5 million bales - has hurt confidence of value adding industry in reliability of local cotton estimates. While Pakistan was saved in nick of time from highest ever cotton import bill due to COVID-19, 2020-21 may prove to be drastically different.

Source: fashionatingworld.com– Sep 24, 2020

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NATIONAL NEWS

Govt will extend only policy support, act as a facilitator: Roop Rashi, Textile Commissioner

'India should grab the space left by China'

While stating that the problems faced by the textile industry due to Covid-19 would be shorter, Textile Commissioner Roop Rashi said, "the structural issues on the raw material front would be addressed soon. But, it is for the industry to utilise the opportunities, diversify, innovate, scale-up and build global brands."

Speaking at the 14th CEO Conference of the Southern India Mills Association (SIMA) – SIMA TEXPIN 2020, (held virtually), Rashi, while affirming that the government would extend support to the industry, categorically stated "as a facilitator".

Reiterating that the government would extend only policy support, the Textile Commissioner observed that the domestic market is strong and that the industry should gear itself on the value addition front.

Bangladesh and Vietnam are emerging stronger despite India having large production base, the Commissioner observed, before adding "India should grab the space left by China'.

Highlighting some of the issues confronting the textile industry, Ashwin Chandran, Chairman, SIMA, appealed for release of a major portion of the TUF subsidy against bank guarantee. "Over ₹10,000 crore of TUF subsidy under various schemes are blocked due to procedural issues," he said, requesting for simplification of guidelines and protocols and making the scheme industry-friendly.

Covid challenges

While hailing the relief measures announced by the government to mitigate Covid-19 challenges, "the debt restructuring facilities for non-MSMEs are available only when the accounts are standard as on March 1, 2020. As the textile and clothing has been facing long drawn recession, the government should take a relook and extension of the moratorium.

The association has impressed upon the need for a special package to boost cotton consumption by including all the cotton textile products under IES, MEIS and RoSCTL/ RoDTEP, besides announcing special incentive of 4 per cent for cotton yarn, 5 per cent for fabric and 6 per cent for garments and made-ups to boost exports and increase cotton consumption.

Earlier, Chinmaya Goyal, Senior Manager, Ernst & Young LLP, Gurgaon made a presentation on "Competitiveness of the Indian Textile Industry in the Global Market.

Source: thehindubusinessline.com– Sep 24, 2020

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Export data show faint signs of a revival

India's exports rose 8.3% to $18 billion, while imports declined 24.88% to $26.8 billion in the first three months of September

India's outbound shipments are showing signs of a turnaround in September for the first time in seven months with merchandise exports expanding by 8.3% in the first three weeks of this month. However, an imminent second wave of covid-19 in many European economies, including the UK, may threaten a nascent recovery in external demand for Asia's third-largest economy.

Exports rose 8.3% to $18 billion, while imports declined 24.88% to $26.8 billion, leaving a trade deficit of $8.8 billion during the same period, according to provisional official trade data from 1 to 21 September reviewed by Mint.

Non-oil exports rose 3.5%, while non-oil imports dipped 18.7% during the same period in September.

India's merchandise trade has been weakening even before the pandemic hit the economy and external demand. In 13 of the last 15 months starting June 2019, India's exports have been in negative territory. However, since March of this year, both exports and imports started declining in high double digits, even temporarily leading to a trade surplus in June for the first time in 18 years.

The major countries that are driving India's exports in September are the US, the UK and Japan, while the country's shipments to the UAE, Netherlands and Singapore have declined sharply.

Similarly, the sharp contraction in imports has been driven mostly by lower shipments from Iraq, Saudi Arabia and China. Since the lockdown, exports of drugs and pharmaceuticals have grown at 13% in the April-August period while sectors such as electronic and engineering goods showed signs of recovery in August.

Madan Sabnavis, chief economist at Care Ratings, said it may be too early to conclude that this could continue as there has been an increase in the incidence of virus infections in some of the European markets, which can lead to mini-lockdowns affecting normal economic activity.

"Exports turning positive is definitely a good sign for our industry, especially for small and medium enterprises. However, we need to see if this can be sustained for at least three months before we can feel satisfied," he said.

Data compiled by the World Trade Organization (WTO) showed global merchandise trade declined by 21% in the June quarter. "In comparison, the decline in merchandise trade values during the financial crisis was deeper with a 33% drop recorded in the second quarter of 2009," it said. In April, WTO had projected global merchandise trade to drop by 13% to 32% in 2020 because of the pandemic.

India's economy contracted 23.9% in the June quarter, hit by the double whammy of a demand contraction and supply shock because of a countrywide lockdown considered to be the strictest in the world.

Source: livemint.com– Sep 25, 2020

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Govt forms five task forces to make Indian MSMEs future-ready: Secy

The government has constituted five task forces to make India's micro, small and medium enterprises future-ready and formulate a concrete strategy towards making the country a leading exporter, a top government official said on Thursday.

MSME Secretary A K Sharma expressed confidence that it would be on the path of implementing the futuristic initiatives by the start of next year.

"We have formed five ministerial task forces which will be headed by our key officers. These five task forces would work for a month in five key areas where we feel that the industry of the country and particularly the MSME sector should head towards," Sharma said at a virtual session organised by FICCI.

He added that one of the five areas identified is Industry 4.0, including elements like artificial intelligence, 3D and virtual reality, and this task force has been formed with the objective of making India a global leader in Industry 4.0.

"With this mission and objective, the task force would work for a month, get the best practices of the world, get the inputs of experts and come back to the ministry with concrete strategy and action points within a month," the secretary said.

Sharing details on the other task forces, he said the second area is export promotion and import reduction, including how to focus in the key manufacturing areas, how to improve our quality standards, designs and technology, packaging.

The final objective is to see that India becomes a global manufacturing hub and a leading exporter in the world.

The third is how to re-engineer vertically and horizontally our existing cluster schemes so that they are able to assist the grass-root and the micro-level enterprises as well as the high-end enterprises, Sharma said.

The Secretary said the fourth task force will focus on how to integrate our technology centres.

The fifth task force will explore interventions to align various modernisation schemes like ZED (zero defect and zero effect) and LEAN (for manufacturing competitiveness), as well as other schemes related to design, intellectual property rights and marketing scheme.

By the beginning of next year, we would be on the path of implementing these futuristic initiatives, the secretary said.

Source: financialexpress.com– Sep 24, 2020

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ECLGS for MSMEs: Over 40% of Rs 3 lakh cr scheme disbursed to this many individuals, small businesses

The Modi government has disbursed Rs 1,25,425 crore — 41.8 per cent of the Rs 3 lakh crore under the Emergency Credit Line Guarantee Scheme (ECLGS) as on September 21, 2020, to 25,74,181 MSME and individual accounts, according to the latest government data.

The government had announced the scheme on May 13, 2020, as part of the Atmanirbhar Bharat package to provide emergency credit to businesses from banks and NBFCs up to 20 per cent of entire outstanding credit as on February 20, 2020.

However, in August, the scheme was expanded to offer individual loans to professionals like doctors, lawyers etc. The scheme can be availed till October 31, 2020.

Out of the total disbursement, 97.9 per cent — Rs 1,22,808 crore has been credited into 25,24,788 MSME accounts or 98 per cent of 25.74 lakh accounts, as per the data tweeted by the Finance Minister Nirmala Sitharaman's office on Thursday. On the other hand, disbursement into remaining 1.91 per cent or 49,393 individual accounts stood at only 2 per cent — Rs 2,617.08 crore.

"The ambit of the Scheme was expanded to include MSMEs with a turnover of up to Rs 250 crore & individuals for business purposes," Sitharaman's office said in a tweet. The earlier turnover limit was Rs 100 crore. The MSME and individual loan accounts sanctioned as of September 21, 2020, were 41,40,385 and 2,82,290 respectively while the amount sanctioned for the two account types was Rs 1,67,503.21 crore and Rs 9,849.74 crore respectively.

The total 25,74,1818 accounts disbursed as on September 21, 2020, are 57.2 per cent of the 45 lakh units that "can resume business activity and safeguard jobs," the government had said while announcing the schemes.

Importantly, while the share of 12 public sector banks (PSB) remained higher than 24 private sector banks in terms of MSME accounts and amount disbursed, the share of private banks, in contrast, was higher than public banks when it came to individual accounts and the amount credited.

PSBs credited Rs 65,051.89 crore into 21,68,217 MSME accounts while private banks had a share of Rs 57,756.32 crore disbursed into 3,56,571 MSME accounts. On the other hand, PSBs had disbursed 20,678 individual accounts involving Rs 499.82 crore while private banks were able to credit 28,715 individual accounts with Rs 2,117.27 crore as on September 21, 2020.

Source: financialexpress.com– Sep 24, 2020

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Indian containerised trade contracted by almost 30% in April-June: Maersk

India's exports are gaining momentum and showing signs of a V-shaped recovery, while imports remain subdued with an expectation of L-shaped recovery, Maersk, the world's number one container line, said on Thursday.

The shipping giant said that during Q22020 (April to June), the Indian containerised trade contracted by almost 30% as compared to the same period last year. Exports out of India were down by over 24% while imports suffered a greater shock with a fall of almost 34%.

Maersk said that the containerised trade has started showing signs of recovery from one of the biggest slumps in the modern times as the economies around the world started opening in a staggered manner.

According to the report, which is a combination of market intelligence and Maersk data, despite the overall drop in exports from India, commodities such as plastic & rubber have been in great demand and their exports, especially to China have seen a tremendous growth, up by 70%, during Q2 of 2020.

The plastic industry has a huge potential with the growth of end-user industries such as packaging,textile fibre and electronics. At the same time, tyre industry is one of the rare sectors which has not seen as much contraction as the others, giving a boost to the rubber exports, sources said.

Vegetable exports have also seen a rise, especially to markets in the West Asia. Vegetable exports to the UAE have more than doubled in the said period as compared to 2019. The agricultural sector is expected to grow by 3% in 2020-21 while exports are expected to grow between 4% and 6% with minimal impact of Covid-19 pandemic.

The report adds that garments & apparels exports faced a great demand-shock from the western markets during a good part of the first half of the year.

On the import side, the container data shows that imports into India witnessed a great decline across all commodities, except for chemicals which form a very small portion of overall imports. Paper, appliances, kitchenware and metal imports have slid to almost half volumes in the second quarter as compared to 2019.

Hike in import duty, import dependence on China and production stoppage across the country have hit imports in the short term. While there is an expectation of the import market to recover in 2021, it will surely be a longdrawn-out process that is further slowed down by government’s Atmanirbhar campaign, the report said.

Steve Felder, managing director, Maersk South Asia, said that it is also extremely important to reduce the cost of logistics in India which stands at 14% as compared to 9-10% in more developed countries.

“Besides digital transformation, what the logistics sector really needs is agility and reduction of inefficiencies. Supply chains are complex by nature; however, we need to simplify them by focusing on customer needs and building solutions with a straight goal of reducing complexities,” he added.

Source: financialexpress.com– Sep 25, 2020

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Indo-US trade deal unlikely in next 4 yrs: Ex-White House economic adviser

Despite India being an important partner for the US geopolitically, a bilateral free trade agreement (FTA) is unlikely in the next four years regardless of who wins the upcoming presidential elections, a former White House economic adviser said on Thursday.

Both US President Donald Trump and his opponent Joe Biden look at India amenably but have their own compulsions not to proceed with such a far-reaching deal, said Todd Buchholz, who served as the director of economic policy at the White House under president George H W Bush.

Earlier this month, Union Commerce Minister Piyush Goyal had said that India has given a "very good and balanced offer" to the US for such a pact.

"I find it difficult to imagine that in four years' time, there could be a FTA between the US and India," Buchholz said at an interaction organised by Axis Bank here.

He said while Trump travelled to India in February and shares a great relationship with Prime Minister Narendra Modi, he would be wary of going ahead with the deal as it could irk the American farmers and also because of the wage differentials.

His opponent Biden will be under pressure from the left-leaning supporters in the Democrat camp who will demand a lot from India, including higher wages, better working conditions and shorter hours of work which any emerging nation cannot afford, Buchholz argued.

Biden, who has a lead in opinion polls over Trump, is a multilateralist at heart and also part of the "Washington Consensus", but the pressure groups may prevent such a pact, he said.

Regarding the election outcomes, Buchholz, who has served under a Republican president, said he does not believe the opinion polls and Trump can swing the verdict to his favour late as well, given that the Presidential debates are yet to be held.

He also warned that if Biden wins the popular vote but loses due to the electoral college, there can be violent agitations on the streets by the Democrat supporters.

Source: business-standard.com– Sep 24, 2020

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Flipkart partners with Max Fashion ahead of festive season

E-commerce firm Flipkart has partnered with apparel brand Max Fashion, part of Landmark Group, to expand its offering particularly in smaller cities and towns ahead of the festive season sale and its upcoming Big Billion Days event.

The Max Fashion store on Flipkart will have more than 13,000 new styles and a majority of them will be under ₹1,000 price point.

Nishit Garg, vice president, Flipkart Fashion said with 40-50 million new consumers expected to shop online during the festive season, many of them from Tier 2 and beyond, the partnership with Max is a strategic alignment.

“Affordability and access play a key role in online shopping, and Max being the largest fashion brand in the country, we see an exponential opportunity there. When we look at Tier 2 cities and beyond, consumers in smaller markets are aspirational yet value conscious. We will continue to bridge the gap between customers in metros and Tier 2+ regions, where customers are seeking the best of current fashion trends, but have limited access from a selection, range and affordability perspective," Garg said.

Max has around 375 stores across 130 stores and is continuously opening more stores. Shital Mehta, CEO, Max Fashion India and managing director, Lifestyle International Pvt. Ltd. said even though they are expecting customers to indulge during the festive season after a prolonged lull in shopping during the lockdown, the company is taking a balanced approach in terms of its collection with a focus on work-from-home essentials and kids.

“Max Fashion is the single largest fashion brand in India operating across both omni-channel as well as online space. To reach as many customers as possible, we have been rapidly growing, both our retail stores footprint as well as our online presence. This partnership with Flipkart is the next step in this direction –this enables us to expand our presence and reach the next 200 million customers who live in tier-2 and tier-3 cities," Mehta added.

E-commerce companies are gearing up for bumper festive season sales this year, over the next two months, with consumers expected to continue shopping online due to the pandemic.

In recent months, as Indian consumers shifted to online buying not just in metros but in smaller cities and beyond, e-tailers have sharply expanded customer base, onboarded thousands of new sellers, set up dark stores and warehousing spaces, stepped up hiring in the run-up to the festive season.

Festive season sales are expected to almost double in the next two months alone and touch $7 billion in gross merchandise value (GMV), compared to $3.8 billion in GMV sales in the same period last year, according to estimates from Internet research firm RedSeer.

This year's e-commerce festive sales will see more than half of the purchases coming from Tier-2 towns and cities with participation from 45 to 50 million users. This is a 70% year-on-year growth in seasonal online shoppers when compared to the same period last year, according to RedSeer's annual 'Online Festive Sales 2020 Forecast' report last week.

Source: livemint.com – Sep 23, 2020

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Coronavirus crisis is shattering India's big and bright dreams

India — The hit that India's dreams have taken from the coronavirus pandemic can be found in the hushed streets of Surat's industrial zone.

You can see it in textile mills that took generations to build but are now sputtering, eking out about one-tenth of the fabric they used to make.
You can see it in the lean faces of the families who used to sew the finishing touches on saris but, with so little business, are now cutting back on vegetables and milk.

You can see it in the empty barbershops and mobile phone stores, which shoppers have deserted as their meager savings dwindle to nothing.

Ashish Gujarati, the head of a textile association in this commercial hub on India's west coast, stood in front of a deserted factory with a shellshocked look on his face and pointed up the road.

"You see that smokestack?" he asked. "There used to be smoke coming out of it."

Not so long ago, India's future looked entirely different. It boasted a sizzling economy that was lifting millions out of poverty, building modern megacities and amassing serious geopolitical firepower. It aimed to give its people a middle-class lifestyle, update its woefully vintage military and become a regional political and economic superpower that could someday rival China, Asia's biggest success story.

But the economic devastation in Surat and across the country is imperiling many of India's aspirations. The Indian economy has shrunk faster than any other major nation. As many as 200 million people could slip back into poverty, according to some estimates. Many of its normally vibrant streets are empty, with people too frightened of the outbreak to venture far.

Much of this damage was caused by the coronavirus lockdown imposed by India's prime minister, Narendra Modi, which experts now say was at turns both too tight and too porous, both hurting the economy and spreading the virus. India now has the fastest growing coronavirus crisis, with more than 80,000 new infections reported each day.

A sense of malaise is creeping over the nation. Its economic growth was slowing even before the pandemic. Social divisions are widening. Anti-Muslim feelings are on the rise, partly because of a malicious social media campaign that falsely blamed Muslims for spreading the virus. China is increasingly muscling into Indian territory.

Scholars use many of the same words when contemplating India today: Lost. Listless. Wounded. Rudderless. Unjust.

"The engine has been smashed," said Arundhati Roy, one of India's preeminent writers. "The ability to survive has been smashed. And the pieces are all up in the air. You don't know where they are going to fall or how they are going to fall."

In a recent episode of his weekly radio show, Modi acknowledged that India was “fighting on many fronts.” He urged Indians to maintain social distancing, wear masks and keep “hale and hearty.” India still has strengths. It has a huge, young workforce and oodles of tech geniuses. It represents a possible alternative to China at a time when the United States and much of the rest of the world is realigning itself away from Beijing.

But its stature in the world is slipping. Last quarter the Indian economy shrank by 24%, while China’s is growing again. Economists say India risks losing its place as the world’s fifth largest economy, behind the U.S., China, Japan and Germany.

“This is probably the worst situation India has been in since independence,” said Jayati Ghosh, a development economist at Jawaharlal Nehru University in New Delhi. “People have no money. Investors aren’t going to invest if there is no market. And the costs have gone up for most production.”

Many neighborhoods in the capital of New Delhi where low-paid workers used to live are deserted, shell-like, a hot wind blowing through empty, tin-walled shacks. A few years ago, when the economy was expanding at a 9% clip, it was difficult to find a place to rent.

Quarter by quarter, India’s economic growth rate has been dropping, from 8% in 2016 to 4% right before the pandemic. Four percent would be respectable for a developed country like the U.S. But in India, that level is no match for the millions of young people streaming into the workforce each year, hungry for their first job.

Many of the complaints that investors make about India — the cumbersome land policies, the restrictive labor laws, the red tape — predate Modi. But his confidence and absolutism, the same qualities that appealed to many voters, may have added to the problems.

Four years ago he suddenly wiped out nearly 90% of India’s paper currency to tamp down corruption and encourage digital payments. While economists cheered both goals, they say the way Modi sprang this move on India did long-lasting damage to the economy.

That impulsiveness emerged again when the coronavirus struck. On March 24, at 8 p.m., after ordering all Indians to stay indoors, Modi shut down the economy — offices, factories, roads, trains, borders between states, just about everything — with four hours' notice.

Tens of millions of Indians lost their jobs instantly. Many worked in factories or on construction sites or in urban homes, but they were migrants from rural India.

Fearing they would starve to death in city slums, millions poured out of the urban centers and walked, rode bicycles or hitched desperate rides back to their villages, an epic reverse migration from city to countryside that India had never seen. That dragged coronavirus into every corner of this country of 1.3 billion people.

Now, looking back on it, many economists trace the root of India's interlocking crises — spiraling infections and a devastated economy — to this moment.

"India's embarrassing slowdown in the second quarter of 2020 is almost entirely because of the nature of the lockdown," said Kaushik Basu, a former chief economist at the World Bank and now a professor at Cornell. "This may have been worth it if it arrested the pandemic. It did not."

He called the approach "lockdown-and-scatter" and said Modi's policies had been a "failure."

Some workers have trickled back to the cities. But the construction and manufacturing industries have contracted sharply because many migrant laborers remain so traumatized, they don't want to ever go back.

"We went hungry for days," said Mohammad Chand, who once worked in a garment factory near Delhi but fled to his ancestral village, hundreds of miles away. "I had to shunt from place to place after being thrown out by the landlord. Even relatives started showing us the door."

"I don't want to be in that situation again," he said.

In Surat's textile market, Jagdish Goyal sat scowling in his deserted shop with piles of women's suits in teals and oranges, priced for the working poor, now stacked to the ceiling. "Nobody's buying," he said. "Why? Because there are no social functions. No weddings to dress up for. No places to go. No big birthday parties. People are scared to go out."

Fear of catching the virus seems to be a decisive factor in India's economic crisis, extending beyond the lockdown. Going out to shop means risking illness in a time when sick people are sometimes turned away from hospitals.

According to a recent Google Mobility Report, which tracks cellphone data, trips to retail and recreation areas have dropped by 39% compared with before the pandemic. In Brazil and the U.S., the only countries with more coronavirus infections, the drops were less than half as severe.

Modi's government has provided some emergency relief, around $260 billion, but economists said too little flowed to the poor. Tax revenues have plummeted, some states are unable to pay health care workers and government debt is approaching its highest level in 40 years.

Still, Modi's popularity keeps rising. A recent poll published in India Today, a leading newsmagazine, showed his approval rating at 78%, the highest in five years.

Part of this can be explained by the competition's collapse. The biggest opposition party, the Indian National Congress, has been hit by defections, back-stabbing and a never-ending existential crisis on who should lead it. And Modi's embrace of Hindu nationalism plays well within the Hindu majority, about four-fifths of the population."His protection of Hindu values is a big reason why I support him," said Goyal, the seller of ladies' suits. "If our self-respect isn't alive, what good is the economy?"

A few parts of the economy are doing OK. Agriculture has been lifted by strong monsoon rains. In some cities, like New Delhi, many businesses are open again, though they might have new signs on the doors that say: "No more than 3 People Inside" or "Flat 40 Percent Off!"

But the virus and the economy are intertwined, and India's virus graph is a steady staircase, going up. India is also No. 3 in virus deaths, though its per capita death rate is much lower.

Anxiety hangs in the humid air of Surat's textile zone. "No one comes for a shave anymore," lamented Akshay Sen, a young barber with a few coins in his pocket. His words echoed off the shuttered shops. Behind him stood a bunch of men milling around a tea stand but not buying any tea.

Behind all that, like a warning sign on the horizon, stood yet another tall brick smokestack, smokeless.

Source: auto.economictimes.indiatimes.com– Sep 24, 2020

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SIMA seeks special package to boost cotton consumption

The 14th CEO conference of Southern India Mills' Association – SIMA TEXPIN 2020 was held virtually on theme 'Competitiveness of Indian Textile Industry in Global Market'. Roop Rashi, IA&AS, textile commissioner, was chief guest of the event. Through the conference, SIMA made an appeal of various challenges & opportunities of Indian T&C industry to the ministry.

Agneshwar Sen, head, trade policy, associate partner, Ernst & Young LLP, Gurgaon and Chinmaya Goyal, senior manager, Ernst & Young LLP, Gurgaon addressed on the conference's theme 'Competitiveness of the Indian Textile Industry in the Global Market'. The welcome note was presented by SIMA chairman – Ashwin Chandran.

Chandran appreciated and thanked the textiles ministry for aggressively addressing various issues confronting the Textiles & Clothing (T&C) industry during Covid-19 pandemic period and also for taking various proactive measures to make the industry globally competitive. Several historical reforms like bringing entire cotton textile value chain under 5 per cent GST, removing anti-dumping duty on PTA and rejecting the proposed ADD on PSF and MEG, facilitating coastal movement of textile goods, providing transshipment facilities for raw cotton in all the major ports especially Tuticorin and Kochi, reduction of hank yarn obligation from 40 per cent to 30 per cent, etc, were appreciated.

SIMA suggested that a major portion of the TUF subsidy could be released against bank guarantee and the balance could be released after the completion of JIT. Since JIT inspection has been stalled due to COVID-19 pandemic, the industry is not able to get the funds. As the volume of work for JIT is getting accumulated with the limited manpower, it would take years to complete the JIT and release the subsidies. Therefore, the Association requested the ministry to commence the JIT immediately with necessary precautions and also simplify the guidelines and protocols so that the scheme becomes industry-friendly.

Another point raised by the Association was that, though the government has announced several relief measures to mitigate COVID-19 challenges, the debt restructuring facilities for non-MSMEs are available only when the accounts are standard as on March 1, 2020. As the T&C industry had been facing long drawn recession, the ministry had recommended two years moratorium period in November 2019. Considering the severe financial stress being faced by the industry, SIMA requested to extend the moratorium further.

"At the cotton stakeholders meeting and subsequent internal meeting organised by the textile commissioner earlier on September 21, 2020, the closing stock for the cotton season 2019-20 was estimated as 105 lakh bales. For the cotton season 2020-21, the acreage is likely to further increase and therefore, it might reach a record crop of 400 lakh bales in the coming season.

However, under the current COVID-9 lockdown and pandemic situation, we might be in a position to reach the normal few more. The export demand would also be lesser as the world cotton stock position would also increase steeply. CCI would incur huge losses and we might carry a huge stock for a longer duration. Cotton being a bio-degradable material, the quality parameters like strength and grade would deteriorate over a period, said Chandran.

"Therefore, there is an urgent need to announce a special package for boosting cotton consumption by including all the cotton textile products under IES, MEIS and RoSCTL/RoDTEP and also announce a special incentive of 4 per cent for cotton yarn, 5 per cent for fabric and 6 per cent for garments and made-ups to boost exports and increase cotton consumption.

In this regard, we have already made a representation to the HMOT and therefore based on the recent estimate and also the request made by the industry at the cotton stakeholders' meet, we request your goodself to kindly make a recommendation to the government in this regard."

The textile commissioner in her speech highlighted few facts at the conference.

“Textiles is the largest employment provider after agriculture and the government would extend its support to the industry,” said Rashi. “Even smaller countries like Bangladesh and Vietnam overtakes India in T&C exports, despite India having large production capacity. As far as the government is concerned, it would act as a facilitator and would support the industry.

“Textile markets are strong domestically. The industry should focus on the challenges faced in value addition. The government would only extend policy support to the industry. There are a lot of suggestions coming from the industry and the government will consider the same.

“With regard to the TUF Scheme, the ‘Horizons Beyond Spinning’, a conference conducted by SIMA during 1997 was the forerunner for bringing TUF Scheme. There are certain procedural angles in the implementation of TUFS Scheme and needs to be made industry-friendly.”

Rashi suggested that the Indian textile industry should grab the space left by China and admitted that the problem what the industry faces today due to COVID-19 will be over soon.

“Government has taken lot of initiatives to support the industry and the government has even changed the definition of MSME and extended support to MSME units, added Rashi.

“The structural issues on raw material will be addressed very soon. But, it is for the industry to utilise the opportunities, diversify, innovate, scale-up and build global brands.”
The textile commissioner suggested that despite all the odds due to COVID-19 and other challenges, the industry should keep working and should know how to manage the operation with the crisis.

“With our resources, the government would be a party to assist the industry. It is hoped that combed efforts will yield the results,” concluded Rashi.

The 61st Annual General Meeting of SIMA followed the virtual conference and was held at SIMA Conference Hall, Coimbatore. Immediately after the 61st AGM, the new members of committee at its first meeting unanimously re-elected Ashwin Chandran, chairman & managing director, Precot

Meridien Limited, Coimbatore as the chairman of SIMA for the year 2020-21.

SIMA established in the year 1933 by R K Shanmugam Chetty, the first finance minister of independent India, has been representing the entire textiles and clothing value chain right from its inception. The Association has been closely partnering not only with state governments in South India, but more so with the central government especially the ministry of textiles in all the policy making bodies and playing a pivotal role for the development of the textiles & clothing in the country. It is also closely associated with the office of the textile commissioner for decades.

Source: fibre2fashion.com– Sep 24, 2020

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249 global buyers participate in Vastra expo

State industries minister Parsadi Lal Meena inaugurated the five-day virtual International Textile and Apparel Fair, 'Vastra 2020', organised by RIICO and FIICI-Rajasthan.

Over 249 buyers from 62 countries from Africa, Europe, America and other regions have registered for the expo while over 276 Indian buying houses and agents have registered. Over 80 exhibitors are participating from garments, home furnishings, home textiles and fabric sectors.

"In the present situation when travel and social interaction is limited, the virtual edition of Vastra will provide an apt platform to the textile and apparel industry to connect with the buyers across the globe to grow their business progressively," Meena said.

Principal secretary to the chief minister and chairman, RIICO, Kuldeep Ranka, who was also part of the inauguration, said, "Today, when we are facing a global pandemic, the economy has been gravely impacted, particularly the exports.

In tandem with efforts made by the central and state governments for growth, RIICO has also announced relief packages for entrepreneurs as well as many financial and non-financial incentives."

Delivering the opening address, chairman, FICCI Rajasthan State Council, Ashok Kajaria said that presently when business sentiments are down all across the globe and physical events have been put on hold, virtual expos have opened up new avenues for generating new business. 'Vastra 2020: Virtual Edition' will help in re-energizing and rebooting the textiles and apparel business all across the globe. The main aim of the mega-event is to bring back the synergies and synchronise all the stakeholders on one platform for business generation.

After the Covid-pandemic, orders of many exporters have been cancelled or postponed. Even as the lockdown opened, the buyers have been asking steep discounts of up to 40%.

"People wanted to sell the stock at whatever price they were offered. They wanted liquidity to start a fresh cycle of demand and production. Coming to the expo, this is a very productive exercise because we are getting reconnected to our buyers again. This will surely help a lot of businesses in the state," said a member of Garment Exporters Association of Rajasthan (GEAR), which is supporting the event.

Source: thehindubusinessline.com– Sep 24, 2020

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