TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY

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

IBTEX No. 138 of 2020 June 26, 2020

US 75.53| EUR 84.76| GBP 93.82| JPY 0.70

NEWS CLIPPINGS

INTERNATIONAL NEWS

EU face masks production to increase 20-fold by November: EDANA

The production of face masks in EU is set to increase 20-times more by November 2020, compared to pre-crisis times. This means EU-based producers will be able to make the equivalent of 1.5 billion three-layer masks a month, say the recently released figures by EDANA, the leading global association serving the nonwovens and related industries.

At the start of the pandemic in March the main bottleneck in global supply chain for face masks was a shortage of ultra-fine meltblown (MB) filament web, which is the indispensable high-tech filter layer used in all nonwoven masks. Once electro statistically charged, this nonwoven fabric is able to stop very fine particles and droplets carrying bacteria and viruses.

However, thanks to the efforts of EU-based producers there would be enough meltblown capacity in the EU by November to produce the equivalent of 1.5 billion three-layer surgical masks per month. In contrast with the rest of the supply chain, where European players were no longer in a leadership position, the world's most sophisticated technology platforms producing meltblown nonwovens belong to European machinery companies.

Over the last three months, EDANA has been liaising with partner associations including MedTech Europe, ESF, and EURATEX to ensure sufficient supplies of essential public health equipment. EDANA has been recognized by the European Commission as the voice of industry on all issues relevant to the nonwoven-based face masks supply chain.

Last week EDANA convened a new sector group representing face mask converters, nonwoven suppliers, testing laboratories and equipment manufacturers to work together to develop an independent and self-sufficient supply chain for medical face masks and personal protective masks in the EU. The group will work to ensure adherence to applicable European Standards and to encourage responsible product stewardship throughout the life-cycle of face-masks from raw material sourcing to end-of-life solutions.

Source: fashionatingworld.com– Jun 25, 2020

HOME

****

Economic effects of COVID-19 on Japan: World's 3rd largest economy

The data from Japan's ministry of finance shows that Japan's exports fell by 11.70 per cent in the current year till March compared with a 10.10 per cent decrease expected by economists in a Reuters poll.

According to Takeshi Minami, chief economist at Norinchukin Research Institute, the impact of COVID-19 is going to continue through this year which would hinder the economic activity from normalising. Japan's exports to China, its largest trading partner, have declined by 8.70 per cent in the year till March, reflecting a slump in items including textiles and apparels.

Japanese shipments to Asia, contributing to more than half of Japanese exports, declined by 9.40 per cent, and exports to the EU fell by 11.10 per cent due to the global spread of COVID-19. Imports fell 5 per cent in March, versus the median estimate for a 9.80 per cent decline.

Japan's total exports have moved down by 23 per cent in April and imports have fallen by 7 per cent from the same period a year earlier, according to data released by the finance ministry.

Exports to the US plummeted by 38 per cent, while imports rose by 1.60 per cent. Japan's exports to the EU tumbled by 28 per cent in April, while imports from the region declined by 7 per cent.

Exports to China slipped by 4 per cent in April 2020 and imports from China jumped by 12 year-on-year. The overall exports totalled $48 billion, down from nearly $62.56 billion in the same month in 2019. Imports dropped to $57 billion from $61.63 billion, with major fall in exports of vehicles, machinery, chemicals and textiles.

From the perspective of market share, the proportion of China's share in Japanese textile and apparel import market has gradually declined in recent years, with the proportion of quantity falling to 47.20 per cent.

The market shares of Vietnam, Indonesia, Thailand and Bangladesh have gradually increased.

Japan’s Textiles and Apparel Trade

According to the latest data by CCF Group Tracker, the country’s textile and apparel imports in March declined by 2 per cent year-on-year to 216,500 tonnes. Of these, imports from China declined by 4 per cent to 105,300 tonnes. In the first quarter, Japanese textile and apparel imports totalled 605,000 tonnes, down by 7.50 per cent year-on-year. In case of volume, the imports from China totalled 286,000 tonnes, declining by 13.10 per cent year-on-year.

Notable Rise in Demand of Textiles and Apparels of Japan in April 2020

As per the data from CCF group, Japan imported about 243,000 tons of textiles and apparel in April 2020, up by 8.80 per cent y-o-y and 12.30 per cent m-o-m. In case of China, import volume was 140,000 tonnes, up by 21.50 per cent y-o-y and 32.90 per cent m-o-m.

During January to April 2020, Japan's cumulative textile and apparel imports reached 848,000 tonnes, down by 3.40 per cent y-o-y, and that from China was 426,000 tonnes, down by 4.10 per cent y-o-y.

Click here for more details

Source: fibre2fashion.com– Jun 25, 2020

HOME

****

UAE submits 70 chemical, textiles standards to GSO

The UAE Technical Committee for Chemical and Textile Products has submitted 70 Gulf Cooperation Council (GCC) standards' drafts to the Secretariat-General of the GCC Standardisation Organisation (GSO) during its 25th meeting held remotely.

The standards include personal protection equipment and clothes for fire-fighting personnel and workers in the areas of safety, paint industry technology, detergents and environmental standards. It also covers the standard specifications of some plastic products, shoes, leather products and school bags, a WAM release said.

Abdullah Al Maeeni, Director-General of the Emirates Authority for Standardisation and Metrology, ESMA, said the new standards will help improve the level of quality and safety of the products, facilitate commercial exchange between GCC countries and other countries, increase the competitiveness of GCC products in global markets, and protect GCC citizens.

Al Maeeni noted that the plans and programmes to develop GCC standard specifications aimed at fulfilling the aspirations and national strategic plans of the UAE and other GCC countries.

The UAE chaired the meeting, which was attended by members of GSO and held via video conferencing.

ESMA, represented the country at the meeting and Khalaf Khalaf, Director of the Specifications Administration of ESMA, said that the GCC's technical plan is being implemented, especially during the current conditions, adding that they are monitoring the progress of the implementation of the drafts and technical regulations according to the 2019-2020 plan, to continue the work of the committee.

The bi-annual meeting focused on monitoring the current work of the committee, and discussed the implementation of the Globally Harmonised System (GHS) in GCC countries, he added.

The committee approved the final draft of the GHS after considering its members' recommendations, given its importance to the transportation and handling of hazardous chemical materials between GCC countries and other countries, he further added.

The GHS will help track the use of these products in specific locations, through monitoring import documents and documents issued by customs departments and relevant authorities in the GCC, he said in conclusion.

Source: tradearabia.com– Jun 25, 2020

HOME

****

Egypt step into mask manufacturing, approximately 30 million in a month

The Egyptian trade and industry minister Nevine Gamea has announced plans for the government to manufacture about 30 million cloth masks a month to meet local demands. In the next few days the production of masks will begin, with 8 million fabric masks to be produced in the first phase. These will be delivered to the Unified Procurement, Medical Supply and Technology Management Authority (AUPP), which will in turn deliver them to state agencies.

As per the government, this project will offer the domestic industry an opportunity to become a major centre for fabric mask manufacturing, especially in light of the increasing global demand for these types of masks. The raw materials needed for manufacturing of these masks are already available in the country.

The government's MSMEDA has also prepared an inventory of the small textile and garment factories which have been financed since 2015. As part of the value chain in this industry, the Ministry aims to link these plants with large ones, which contributes to maximization of the benefits of those production capacities and to maintain existing labor in these plants.

Source: textilefocus.com– Jun 25, 2020

HOME

****

Sri Lankan apparel sector is showing signs of recovery from the impacts of the pandemic

According to Rehan Lakhani, Chairman of the Sri Lankan Apparel Exporters Association (SLAEA), while the Sri Lankan apparel sector shows signs of recovery from the impacts of the pandemic, with the lockdowns being carefully lifted worldwide, no confirmed orders have yet been passed that would allow factories to operate at full capacity, beginning in August.

This would result in a majority of the manufacturers operating their factories at a loss, even though they would function at reduced capacity. But their fixed costs will remain the same, putting them in a vulnerable position, according to Lakhani. Factories embrace this reality and are trying to survive the period of crisis and are looking to return to normalcy. While it is not possible to secure orders for Sri Lanka through a collective effort from the industry, Lakhani said individual businesses are doing what it takes to pull as many orders as possible.

Source: textilefocus.com– Jun 25, 2020

HOME

****

Gated Globalization or Re-Globalization: What India should aim for?

Covid-19 and resultant disruption of economic activity and trade supply chain will lead to contagion call for boycotting China, taming its economic clouts, maiming its unethical medical and infrastructure diplomacy. Across the globe, some trade expert/economist believes that globalization has been abandoned. With global markets plunging into economic recession, there is a serious but cautious call for either Gated-Globalization or for Re-Globalization.

From North America to Latin America, Europe, Asia, Africa and even in Oceania, nationalist policies are aimed at creating walls with restrictive gates, heralding an era of selective trade policies with selective trade partners. India has also announced the Atam Nirbhar or self-reliant or going indigenous schemes. Economic walls are being created with a definite and clear objective of strengthening and supporting local businesses and promoting self-sufficiency.

For example; India has decided that all procurement up to Rs. 200 will be reserved for domestic industries only. USA has made a clarion call for certain industries being completely indigenous; pharma, aerospace, defence and electronics, being the first and foremost. The EU is seriously exploring the possibility of relocating certain industries to low wages centres in Eastern European countries. Japan has announced a $200 Billion package to fund, shift, structure and sustain the industries from China to either in Japan or elsewhere in the world.

It seems, the world is moving towards Gated Globalization. Gated-Globalization can protect countries from any future economic contagion, natural or man-made but it is advocated that it will be less damaging economically. Quad (Australia, Japan, India and USA) are more vocal about Gated-Globalization and Quad Plus (Israel, Brazil, South Korea and

Vietnam) has joined that bandwagon recently. India has domestically taken several measures aimed at discouraging imports, promoting domestic industries, especially MSMEs and encouraging 'Make in India' and soliciting industries willing to relocate out of China. In a nutshell, Gated Globalization will discourage free global competition and free movement of capital in a more competitive market, but will move to selective markets for selective trade gains. Re-globalization on the other hand calls for making future investment and industrial expansion in countries which are equally competitive or will be competitive or an attractive consumer markets (Vietnam, Thailand and India) in near future i.e. Re-globalization believes in China +1 strategy, thus trading off the uncertainties which the world economy witnessed during Covid-19 pandemic. Re-globalization is based on positive strategy while Gated Globalization is negatively addressed and its resultant fall-out will not only be Geo-economic, but geopolitical and Geo-strategic.

As a nation, India has to make choices about what can work for India. While Gated Globalization is restrictive and trade distorting as it is the government which will decide with whom to trade with and what kind of investment regime they would like to have with. Gated globalization for any country is not possible as it disallows the market access to the most efficient and effective trade supply chain, providing essential and cost effective inputs, for trade of both capital goods and networked products.

Will India's pharma and auto supply chain be as efficient and effective without access to vast, competitive and reliable supplies as originating from China?

As a vast, economically differentiated and culturally diverse country, our choices and business are bound to split for example, India's MSMEs always demand protection from foreign competition, whereas, the more efficient MNCs advocate the open, non-discriminatory and transparent trade policies. Large enterprises in India hate selective trade policies which hinder their trade expansion to newer regions and resultant profitability. Indian consumer also have varied choices vis a vis globalization and gated-globalization, for example, educated, economically independent and urbanized consumers ask for products which are globally bench marked with highest quality standards and competitively prices irrespective where they are produced while semi-urban and rural prefer Indianized and indigenous products as they believe in thriftiness, simplistic living and culturally resonating Indian products, because of much of the work done by organization such as Swadeshi Bharat, Ladgu Udgyog Bharti and other RSS affiliates.

India should carefully and intelligently weigh options as Atam Nirbhar Bharat is for Self –Reliance or Isolation or Gated Globalization with a select group of countries. Challenge the location of production of China vis a vis any other country will not be an easy task as China enjoys around market share in doubt digit in both exports and imports, which no other country of the world has distinction.

China is a global factory and its share in global trade in some sectors exceeds 50% of world trade. China's role, status and significance in global trade and supply chains have grown ever since it was accepted into the World Trade Organisation in 2001. Multinational as well as global investors want to leverage China as a cost effective producer of goods and tap the global trading opportunities that China offered, both in terms of production and as a source of demand for their products. The Tsunami of Covid-19 is likely to reverse this era of globalization and will reverse it to re-globalization in other countries offering "China Plus One" strategy to overcome future risks associated with trade supply chains..

The 'Trade War' with USA, increasing Geo-strategic hegemony with neighbours, rising wages and failing and crumbling investments in Road & Belt Initiatives had already incentivized some nations as well as multinationals to relocate their supply chains away from China to other parts of Asia. For example, the textile sector has already moved to Vietnam, Bangladesh, Sri Lanka and Thailand. Covid-19 pandemic is pushing more firms to relocate, for example leather producing firms want to relocate to Agra, Kanpur and Ranipet (Tamilnadu) as they find India to be more attractive in terms of supply of raw material and labour costs.

The real challenge will be ensuring shifting of China's Electronic and Electrical heavyweights and ensuring re-globalization of countries like India, Vietnam, Israel, Brazil and Thailand. Re-globalization of key industries to new production centres will ensure a Supply Chain Network that is far less dependent on China and is more diverse. Re-Globalization Strategy will be not without potential challenges, for example; it is far more difficult to shift industries for sectors like automotive sector, pharma and electronics and electrical sector. It will be near impossible for certain, like shipbuilding, plastics, bulk chemicals for use in health and agro industry, metallurgy based industries.

Source: marketexpress.in– Jun 25, 2020

HOME

****

Guess aims to slash about 9% of its global retail network

Guess aims to slash about 9 per cent of its global retail network by closing down 100 stores worldwide. Most of these closures will be in North America and China over the next 18 months, as many of the retailer's leases in these regions are set to expire soon.

During the closure, the company lowered its costs by furloughing all the store staff and half the corporate workforce while at the Los Angeles headquarters laid off 150 employees.

Its management also reduced some wages by as much as 70 per cent and canceled all uncritical capital expenditure. In April, the apparel store stopped rent payments, and is now negotiating with landlords.

Over the next three years about 70 percent of the company's leases are expected to expire globally.

In the US and Canada, one-third of Guess stores will have their leases coming to an end soon and 15 percent of their European stores will be up for renewal in the coming year.

Source: textilefocus.com– Jun 25, 2020

HOME

****

JCPenney to shut 13 stores in July

In order to revamp its business, JCPenney plans to shut 13 more stores in the first week of July. Last month, the retailer had announced its plans to shut 192 stores by February 2021 and then close another 50 stores in 2022. It recently released a list of 154 stores and initiated liquidation sales at 136 locations.

The 13 stores that the retailer plans to close are located in the Mid Valley Mall, Sunnyside, WA; Greenville West Mall, Greenville, MI; Owosso in MI; Omache Shopping CTR, OMAK, WA; Big Rapids, MI; Northtown Village, Alma, MI; Bay City Mall, Bay City, MI; MT Pleasant Shopping CTR, MT Pleasant, MI; Mall at Prince George's, Hyattsville, MD; Meridian Mall, Okemos, MI; South Shore Mall, Bay Shore, NY; Poughkeepsie Galleria, Poughkeepsie, NY and Sun Valley Mall, Concord.

Source: fashionatingworld.com– Jun 25, 2020

HOME

****

Vietnam trade bodies to cooperate with CNV in Netherlands

The Vietnam General Confederation of Labour (VGCL), the Vietnam Chamber of Commerce and Industry (VCCI), the Vietnam Textile and Apparel Association (VITAS), the Vietnam Leather, Footwear and Handbag Association (LEFASO) and the National Federation of Christian Trade Unions in the Netherlands (CNV) recently signed a statement on joint initiative to address COVID-19 impact on workers and businesses of the textile-garment and leather- footwear-handbag industries in Vietnam.

The statement was signed in Hanoi on June 22.

The organisations called for building an agenda and a road map involving social partners wishing to join hands to overcome the crisis and develop sustainable and prosperous industries.

They recommended investing in strategic partnerships and promoting social dialogue that suits the context in Vietnam and international labour standards, according to Vietnamese media reports.

According to VGCL Vice president Ngo Duy Hieu, the pandemic has affected employment in these sectors, with more than a million of the 4.3 million employees turning jobless while the rest have worked at only 50-60 per cent of their capacity, thereby decreasing their incomes.

In 2020, the export turnover of the textile-garment industry is forecast to drop by $8.5 billion while that of the leather-footwear-handbag sector may fall by $5.5 billion. Due to COVID-19, shipments to the European Union alone by both industries are projected to decrease by nearly $5 billion this year.

Source: fibre2fashion.com– Jun 25, 2020

HOME

****

Pakistan’s cotton production in marketing year 2020-21 to touch 1.37 ton

Pakistan’s cotton production during marketing year (Aug/Jul) 2020/21 is forecasted to be 1.37 million tons. This year, the area under cotton cultivation in the country is projected to decline by 12 per cent to 2.2 million hectares (MHA), due to a shift to other remunerable crops like corn, rice, and sugarcane.

Cotton yield is expected to recover from the last year as only core cotton farmers will utilize their experiences to enhance productivity. The yield for marketing year 2020-21 is projected at 623 kg per hectare, 8 percent higher than the current year’s estimate of 575 kg per hectare.

In marketing year 2019/20 production, Pakistan produced 1.4million ton of cotton which was 13 percent lower than the previous year’s production of 1.65 million ton. The key factors that result in lowering of this production included extremely high temperatures during the critical month of September 2019, which hampered the development of fruiting bodies, severe attacks of whitefly and pink boll worms, and lower seed cotton prices.

Source: fashionatingworld.com– Jun 25, 2020

HOME

****

Bangladesh urges UK to create global supply chain sustainability fund

Bangladesh High Commissioner for the United Kingdom Saida Muna Tasneem urged the United Kingdom to set up a global supply chain sustainability fund for post-COVID-19 socio-economic recovery of countries victimized by British retailers. The rising in the number of unethical cancellations and non-payment by UK retailers for manufactured apparels is victimizing its 4.5 million employees in the Bangladesh RMG industry.

Tasneem also urged the UK to ensure equitable and affordable access to vaccines and therapeutics manufactured by the UK and other developed countries for the most vulnerable countries including LDCs. She was addressing a 'High Commissioners' Virtual Conference' organized by the UK FCO (Foreign and Commonwealth Office) Minister of State for South Asia, Commonwealth, the UN and the DFID, Lord Ahmad of Wimbledon this week. Tasneem was one of the eight speakers at the conference participated by more than 48 high commissioners of the Commonwealth, UK's Joint Head of International Engagement of the HMG Coronavirus Taskforce Alastair King Smith and UK FCO High Officials including the Commonwealth Envoy, Philip Parham.

She also briefed the conference on Bangladesh 's groundbreaking and unparalleled initiatives, including a $11.50 billion COVID-19-response social security emergency assistance and opportunity program to secure the livelihoods of the society's most vulnerable group. British FCO Minister Lord Ahmad, who chaired the virtual meeting, assured Tasneem of UK 's continued commitment and support to the post-COVID-19 recovery of socio-economic and sustainable growth in Bangladesh.

Source: textilefocus.com– Jun 25, 2020

HOME

****

Pakistan: Rs 6.2bn released to textile sector

The federal government has relea-sed an amount of Rs6.2 billion to the textile sector as cash subsidies under the PM's Export Enhancement Package.

This takes the total disbursements to the textile and non-textile sector to Rs53.2 billion during the last three quarters.

Commerce Adviser Abdul Razak Dawood said the amount released will help textile exporters deal with their cash problems. "I hope this will resolve the liquidity issues of our exporters and enable them to further their exports through investments," he remarked.

For the non-textile sector, the adviser said the payment under drawback of local taxes and levies (DLTL) is under preparation.

The figures reviewed by Dawn showed that Rs51.2bn was released to the textile and clothing sectors between July-May under the DLTL with the last tranche of Rs6bn despatched on April 6.

Under the package, the government had extended cash subsidy at the rate of four per cent for garments exports, 3pc on home-textile, and 2pc on processed fabric. Half of the cash subsidy is linked with 10pc growth proceeds from the previous year.

This amount paid as DLTL is in addition to the Federal Board of Revenue (FBR) disbursements of sales tax refunds and customs rebates. Under the PM Covid-19 Package, another Rs45bn have already been released to export-oriented sectors.

The last amount released for the non-textile sector was Rs828 million. Currently, the leather, footwear, carpets, sports, surgical instruments, and some machinery manufacturers are benefiting from the cash subsidies.

Source: dawn.com– Jun 26, 2020

HOME

****

NATIONAL NEWS

It's India, not China, that tariffs would hurt

The latest border stand-off with China has created possibilities of India raising barriers on Chinese imports. The possibility arises at a time when India is devoting considerable energy to articulating 'Atmanirbhar Bharat', the notion of a self-reliant India.

The import pushback inherent in the belief is accentuated by border clashes with China, leading to the surmise of India enhancing tariffs on Chinese imports. Unilateral trade-restrictive actions like tariffs are intended to convey to China, India's determination to not allow import dependence to come in the way of its acting tough on China.

The goods trade deficit with China, which has steadily enlarged from $48.5 billion in 2014-15 to $53.6 billion in 2018-19, has been a serious worry for India. The deficit, which is more than 60% of the size of India's total goods trade of $87 billion with China, is the largest among India's major trade partners. India imports more than it exports, making it an overall net goods importer. It imports the most from China, thereby making the greater perception of reducing dependency on imports, fundamentally an effort to reduce imports from China.

India is looking to reduce import dependency on China, ostensibly for safeguarding national security interests. According to many, deep reliance on China for several critical imports, cramps the country's negotiating space and flexibilities in strategic consultations, such as those going on at the border right now. These concerns are similar to those that inspired the US to unilateral tariff actions under Section 232 of the US Trade Expansion Act of 1962, some years ago.

The steel and aluminum tariff hikes by the US were based on these being strategic items, required extensively by several major domestic industries including defence. The latter industries needed to reduce their import dependence by switching to domestic sources, which were to be encouraged by the tariffs, and respond positively by raising capacity and output. Similar sentiments are prevailing in India with imports that are perceived as security risks.

India's dependence on Chinese imports is not new. It has built up over decades. The dependence and concomitant anxieties have persisted notwithstanding leadership changes in China and India. Today, as India contemplates unilateral trade actions as an option for responding to a hostile China, it is important to reflect on whether more tariffs on Chinese imports will serve a purpose.

India's imports from the rest of the world can be broadly grouped into those that include energy resources, precious metals, and the rest. Except for coal, India doesn't rely on China significantly for import of energy resources, such as crude oil, or for precious and semi-precious metals, like gold and silver. India's imports from China are much more broad-based. They cut across an array of products, with the significant ones being electrical machinery and equipment, transformers, electronic items, semi-conductor devices, telecom equipment, vehicle parts, fertilizers, steel products and antibiotics.

In many of India's overall major imports, such as electrical machinery, mechanical appliances, organic chemicals, iron & steel products, furniture, glass, and textile fabrics, China accounts for around two-third to a quarter of the imports. The character of imports points to their being both capital goods and consumer goods. While the former could be machineries and components, they also include semi-finished intermediates that are processed further into final goods. Major consumer item imports from China include new-generation semi-conductor and electronics like smartphones and televisions, featuring prominently across Indian households of various income classes.

In fixing tariffs and other trade barriers, India's challenge would be to select imports for such action. Several imports from China are fundamental for domestic industries. Higher prices of these imports, at a time when domestic businesses, particularly small enterprises, are struggling to overcome the adverse economic impact of covid-19, would result in more financial hardships. This applies for imports of many chemicals (organic and inorganic), textile fabrics, auto parts, solar panels, components for mobile handsets, printed circuit boards, batteries, and active pharmaceutical ingredients (APIs) required by generic drug formulation producers. These imports, used as raw materials and intermediates in major manufacturing supply chains in India, are heavily sourced from China. On the other hand, tariffs on consumer goods, particularly those consumed by the middle class, such as smartphones and household appliances, would restrict the much-awaited revival of consumer demand in India, in absence of sufficient home-made substitutes of same quality.

Covid-19 has ironically highlighted India's import dependency on China in an almost non-negotiable fashion. China is the largest source of India's imports for critical medical supplies, such as humidifiers, patient monitors, pulse oximeters, hand sanitizers, medical masks, aprons, protective clothing and goggles. Given the urgency of securing sufficient stocks of these, fixing higher tariffs on their imports, would be counterproductive to the objective of building greater preparedness for fighting covid-19.

Domestic economic compulsions would restrict India's ability to impose tariffs across a wide range of imports from China. This becomes more obvious considering the difficulty of locating alternative sources. EU, US, Southeast Asia and Asia-Pacific economies like Japan and Korea are the other locations for sourcing these imports. But all of these are reeling from the economic reverses of covid-19. It will be a long time before their production revives to full capacity enabling India to switch to these countries. Even if these countries are able to turn around faster than expected, their products might still suffer from price disadvantage vis-à-vis China. China's ability to keep prices low continues to make its imports competitive in India vis-à-vis other sources, despite tariffs. For Indian businesses, importing large volumes from non-Chinese sources, is always an expensive prospect.

Finally, India might find it difficult to target Chinese imports, while excluding other countries. China is sure to go against such moves at the WTO, particularly if such actions by India are raised on tenuous security grounds. The only option for India is to go for an across-the-board rise in tariffs for a limited range of items, which are not essential, and tariff actions on which won't make significant differences to India's volume of trade and imports. However, over the last five years, India has been raising tariffs on less essential items to encourage 'Make in India', which means current tariffs are high and difficult to push up further.

The non-negotiable nature of India's import dependency on China makes the prospect of unilateral trade actions quite doubtful in securing its objectives. Such actions, if implemented exhaustively, are likely to end up injuring Indian producers and consumers significantly. Except for token symbolism, tariff actions would serve little purpose.

Source: livemint.com– Jun 25, 2020

HOME

****

Centre looking at one-time loan rejig plan for non-MSME businesses

Govt in talks with RBI to work out a plan, says Finance Minister

The government is actively considering an one-time loan restructuring facility for non-MSME (Medium Small and Micro Enterprises) borrowers who have been badly hit by the pandemic and the resultant disruption.

This was revealed by Finance Minister Nirmala Sitharaman while participating in a webinar on MSMEs organised by Chennai International Centre (CIC). An "intense engagement" is on with the RBI to come up with such a scheme, she said adding, "There is a lot of stress now".

The RBI has already offered such a facility for MSMEs and the scheme has already been extended till December. The demand for an one-time loan restructuring option has gained traction in recent weeks.

Cash-flow hit

Cash flows have been seriously hit as revenues dwindled due to the complete lockdown. Many businesses are worried about meeting their debt obligations once the moratorium is lifted and that their loans could become a non-performing asset. A one-time restructuring will help businesses in these difficult times.

There was also some good news for sole proprietorships. In response to various suggestions from CIC members, the Minister said that the government will consider extending the ₹3 lakh-crore emergency line of credit that is currently offered to MSMEs, to sole proprietorships.

CIC members pointed out that many deserving small businesses which were not partnerships, especially in the road transport sector, were being denied this facility. This, they said, was against the spirit of the scheme.

The Minister denied that private banks were hesitant in disbursing the emergency line of credit to MSMEs. She said public sector banks have disbursed ₹22,197 crore under the scheme while private sector banks have given ₹10,697 crore. She, however, agreed that private sector banks need to pick up the pace of lending on this front.

Rate cut transmission

On interest rates Sitharaman said that the government is talking with banks and RBI on the slow pace of rate-cut transmission. The reasons the banks are offering are not convincing, she said adding "we will come up with a fair solution".

Earlier in her opening remarks, the Finance Minister called for introspection on how businesses are being currently and on Atmanirbhar Bharat. Taking the example of the pharmaceutical industry, she asked why India, once a major player in the bulk drug space, is today dependent on other countries for nearly 70 per cent of its active pharmaceutical ingredient (API) needs. There is a huge captive API market.

"We need to introspect," she said. While the argument of global value chain is sound, what is not valid here is the fact that the dependence is just on one or two countries.

Source: thehindubusinessline.com– Jun 25, 2020

HOME

****

Exports fall this fiscal may be limited to 10%: FIEO

Exporters' body suggests cess on raw material exports to China

Exports may recover in the next few months with a phased lifting of the lockdown and the fall in shipments this fiscal could be limited to 10 per cent compared with the previous year, an estimate by exporters' body the Federation of Indian Export Organisations (FIEO) shows.

"The fall in exports in June this year is likely to be lower at 10-12 per cent compared with a steep decline in the previous two months, as normalcy is returning to markets such as the EU and Japan. In the second half of the year, there would be a further improvement if there is no more lockdown and we may end the fiscal with an overall fall in exports of 10 per cent," said S K Saraf, President, FIEO, in a video press conference.

The recovery in exports is likely to be led by pharmaceuticals, medical and diagnostic equipment, technical textiles, agri and processed foods, plastics, chemicals and electronics, he said.

Case for more incentives

The FIEO has made a case for more incentives under the popular Merchandise Export from India Scheme (MEIS) to help exporters bear the losses they had to suffer in the past few months because of cancellation of orders as the world struggled to cope with the pandemic.

While exports of goods from India fell 60 per cent in April 2020, the following month, the decline was 36 per cent. “We want MEIS rates to be raised for all items other than labour-intensive items, wherein the increase should be 4 per cent,” said Saraf.

On the need to re-strategise India’s trade with China, the FIEO is of the view that restricting imports of Chinese items will not serve any purpose until India has the capacity to produce those items or can import them from other countries at comparable prices.

To discourage export of raw materials to China, the FIEO has suggested to the government that an export cess be imposed on such items.

“About 50-60 per cent of India’s exports to China comprises raw materials. If a cess is imposed on such exports, it will be a source of revenue to our government and the raw material will no longer be cheap,” said Ajay Sahai, Director General, FIEO.

India’s goods exports declined by 4.78 per cent to $314.31 billion in 2019-20.

Source: thehindubusinessline.com– Jun 25, 2020

HOME

****

Export thrust needed to give economy a boost

As India struggles to cope with a fractured economy, a key element of the overall picture is being overlooked — trade. Global trade is projected to fall by 13 to 30 per cent this year, according to the World Trade Organisation. Predictions for India vary, but there has already been a 47 per cent decline in exports during the first two months of this fiscal.

With imports crashing as well, the country may end the first quarter with a rare current account surplus, the first in 12 years. In addition, foreign exchange reserves have reached a record $507 billion. Unfortunately, this is not a reflection of a healthy economy. Instead, it highlights one that has ground to a halt and cut back on imports of the fuel, raw materials and components usually needed to drive industrial growth.

The state of the economy is evident from the fact that right from the Reserve Bank of India to the Asian Development Bank and international ratings agencies, all are projecting a contraction in growth during 2020-21. Revival in the next fiscal is more likely to be U-shaped or take a longer time than the V-shaped sharp recovery expected by the RBI in 2021-22. This is partly because the economy was already in the doldrums in the previous fiscal with a dismal 4.2 per cent growth while the government's stimulus package has neither enthused the industry nor provided immediate relief to those at the bottom of the pyramid.

The revival process in the coming months needs to be linked to increasing trade flows. No country has ever become an economic powerhouse without playing a big role in the arena of global trade. China, for instance, has a 12 to 13 per cent share of world trade, only slightly less than the EU and the US. India's share, on the other hand, is much lower at 2.5 per cent, on par with tiny Singapore. Clearly, there are miles to go before it can reach the high table of the economic superpowers.

But some steps can be taken immediately. The focus can be put on exports at this juncture when efforts are being made to revitalise the key contours of the economy. This includes employment and significantly, most export industries are highly labour-intensive. Whether it is textiles and apparel, gems and jewellery, leather or handicrafts, the export sector employs a large number of skilled workers.

Many returned to their rural homes in the wake of the corona lockdown. A resurgence of these units could mean a reversal of fortunes for the migrant workers. The process has already begun, judging by reports of workers being lured back by promises of higher wages and extra facilities.

Another aspect of boosting trade flows is that micro, small and medium enterprises (MSMEs) comprise a big chunk of export-oriented industries. So, support to these units actually means giving a lifeline to a segment of the economy facing extreme distress. What needs to be carried out in the medium and long term is scalability. To compete abroad, these units need to expand to take advantage of economies of scale. Currently, one complaint of exporters is that the present capacities are insufficient to meet demand from the European and American markets.

The result is shift of bulk orders to China simply because their large factories are able to produce the volumes needed for these markets. At the moment, with anti-China feelings pervading large parts of the world, exporters hope this aversion will lead to more orders being placed on Indian suppliers. The big question is, will the existing units be able to meet the requirements or will the orders merely move on to the bigger capacities available in Indonesia or Vietnam.

As for Make in India, it remains a laudable objective in terms of trying to expand the manufacturing sector, but the scheme needs to be dovetailed into global supply chains. Instead of making nationalistic calls for boycotting Chinese goods, one needs to adopt strategic policies to build a wider manufacturing base. Just as China has become the world's supplier of components for a whole host of products, India too needs to become a part of comparable supply chains.

Even here, scalability is a key factor. MSMEs need to be given further incentives to expand capacities rather than remain at existing levels. Labour is now going to become more expensive as the returning migrant labour is at a premium. As a result, easier credit availability is urgently needed to provide support to these units. Sadly, MSME associations have been claiming that despite government announcements, banks have been slow to clear loan applications.

And finally, China's reported decision to reduce tariffs on imports from Bangladesh shows the way in which confidence needs to be built up with trade partners. In contrast, India has been raising protective tariff barriers albeit gradually in some areas. While trying to boost exports, access to the domestic market has to be provided to critical trade partners like South Asian neighbours. It is also a good time to try and renegotiate easier terms with the US along with providing some concessions in terms of providing greater market access. Not only does India have a trade surplus with the US, that country is also one of its biggest export markets. Therefore, reasonable market access concessions should not be ruled out, especially at a time when the two countries are coming closer in terms of strategic ties.

In this context, the entire concept of 'import substitution' becomes a problematic one. Apart from being redolent of the licence-permit raj era, the term has little relevance in the contemporary era where components are sourced from the most efficient producers.

Global supply chains will simply overlook Indian producers unless their output is competitive with the best and the cheapest in the rest of the world. Besides, this is the time for India to make its mark in the export markets by selling products that can be competitively produced here, not copies of goods made better in other countries. The new slogan needs to be 'Export India'. A policy matrix needs to be designed around this concept so that the industry can meet the challenge of the post-Covid global trade scenario.

Source: tribuneindia.com– Jun 26, 2020

HOME

****

Pile-up of Chinese goods at Indian ports: Exporters fear retaliation

Govt discussing if it should clarify that there are no blanket orders for holding up Chinese cargo

Exporters fear that China could retaliate against holding up of their consignments at Indian ports this week by delaying Indian cargo at Hong Kong and Chinese ports. In response to industry apprehensions, the Centre is discussing whether it should issue a formal clarification specifying that no orders have been issued to delay imports from China at Chennai and Mumbai ports through 100 per cent physical checks.

"Some exporters have informed that in response to such action (delay of Chinese goods at Indian ports), Hong Kong and Chinese customs may also hold back export consignments from India....We have not got any information about Indian consignments getting held up but there are apprehensions about it," said FIEO President SK Saraf at a press meet on Thursday.

The issue is being discussed by the Departments of Revenue and Commerce and a clarification may be issued by the former specifying that the physical checks and holding up of consignments at Chennai and Mumbai ports were one-off cases based on suspicion and no blanket orders were issued by the government against Chinese imports, a government official told BusinessLine.

Counter-treats

Exporters had got in touch with the Commerce Ministry after receiving information that China was issuing counter-threats of stopping Indian imports at their ports.

"We were told that the checking of consignments at Chennai port was following information that there were some mis-declarations or some contra-bands were being brought in. There were no written instructions by the government that consignments from China should be stopped. There may be a clarification by the government on the matter," said Saraf.

Several complaints of consignments from China being held up at Chennai and Mumbai ports poured in from importers since Monday night. With rising tension between the two countries over the border dispute in Galwan valley, it is being largely interpreted as a measure to punish the neighbouring country.

The Indian handsets and hardware manufacturers have reportedly reached out to the government stating that the 100 per cent physical examination of Chinese consignments should stop as it was disrupting their supply chain.

Saraf said Fieo did not favour a blanket ban on imports of Chinese goods as it would have implications on domestic industry and consumers in the absence of domestic capacity to produce some of the imported items.

Source: thehindubusinessline.com– Jun 25, 2020

HOME

****

Banning Chinese goods not feasible, should try to reduce dependence: FIEO Chief

The Chief of the Federation of Indian Export Organisations (FIEO) said on Thursday said that boycotting Chinese goods may not be feasible for India as the country is dependent on Chinese imports, as per the Reuters report. FIEO Chief further said: "However, New Delhi should try to reduce its dependence on Chinese products."

The statement comes at a time when India witnesses cross-border skirmishes with China that has taken 20 Indian soldiers'lives. Ever since the border brawl, Indians are voicing against China and calling for the ban on its products.

Recently, Indian ports also filtered imports from China for extra checks. The imports included United States' companies' products -- Apple, Cisco, and Dell -- that have also been held up at the port. US companies' products are generally assembled in China.

Customs officers have held Chinese imports to seek additional clearances from the government. However, there has been no order issued as such from the Government of India, sources told Reuters.

Source: thehindubusinessline.com– Jun 25, 2020

HOME

****

Centre may clarify that no orders issued to target Chinese imports at ports

Exporters fear that China may take counter-measures against Indian imports

The Centre is discussing whether it should issue a formal clarification specifying that there have been no orders issued to delay imports from China at the ports through physical checks, following complaints and informal threats of retaliation from the neighbouring country.

"The issue is being discussed by the Department of Revenue and Depart of Commerce, and a clarificatory note may be issued by the former to clarify that the physical checks and holding up of consignments at Chennai and Mumbai ports were one-off cases based on suspicion, and no blanket orders were issued by the government against Chinese imports," a government official told BusinessLine.

Exporters had got in touch with the Commerce Ministry after receiving information that China was issuing counter-threats of stopping Indian imports at their ports.

"We were told that the checking of consignments at the Chennai port was following information that there were some misdeclarations or some contrabands were being brought in. There were no written instructions by the government that consignments from China should be stopped. There may be a clarification by the government on the matter," said FIEO President SK Saraf at a press meet on Thursday.

Several complaints of consignments from China being held up at Chennai and Mumbai ports had been pouring in from importers since Monday night. With rising tension between the two countries over the border dispute in Galwan Valley, it is being largely interpreted as a measure to punish the neighbouring country.

Indian handsets and hardware manufacturers have reportedly already reached out to the government stating that the 100 per cent physical examination of Chinese consignments should stop as it was disrupting their supply chain.

Source: thehindubusinessline.com– Jun 25, 2020

HOME

****

India's exports likely to dip 10-12 per cent in 2020-21: FIEO

The country's exports are likely to witness a 10-12 per cent year-on-year decline during the ongoing fiscal, if the current trend persists, due to the contraction in global demand on account of the COVID-19 pandemic, FIEO said on Thursday.

Federation of Indian Export Organisations (FIEO) President S K Saraf said although exporters are receiving a lot of enquiries from countries where anti-China sentiments are high, demand in employment intensive sectors like gems and jewellery, apparels, footwear, handicrafts, and carpets is still a challenge.

"Initially, looking into the lockdown challenges and projected decline in global trade, we expected 20 per cent decline in our exports. However, two days back, the WTO (World Trade Organisation) trade estimates for the second quarter puts the contraction only at 13 per cent," Saraf told reporters during a video conference briefing.

"...We do not expect much improvement in demand. Therefore, we expect around 10 per cent-12 per cent decline in India's exports in the current fiscal," he added.

However, in case of a second wave of the pandemic, the contraction in exports may reach 20 per cent, Saraf said. India's exports contracted by a record 60 per cent in April and 36.47 per cent in May.

Saraf also suggested the government to focus on concluding free trade agreements with countries like the European Union, Australia and New Zealand.

"The government should also look at ways to re-start talks on mega trade deal RCEP (Regional Comprehensive Partnership Agreement). It is a good time to involve in RCEP with fully protecting the national interests," Saraf said.

India had decided not to join RCEP as negotiations failed to address several of the country's concerns.

To push exports further, he suggested the export community to focus on countries which are providing demand stimulus like the US and the UK, and explore opportunities in countries having anti-China sentiments like the EU, Japan, South Korea, Australia, New Zealand, and Canada.

"We can definitely benefit from anti-China sentiments. We are getting good inquiries from countries like Japan. While an increase in tariff can be one way to achieve import substitution, the more effective strategy would be to provide an ecosystem which addresses the cost disability of Indian manufacturing leading to such imports," he said.

On India's import dependence on China, Saraf said it can be reduced with short to long-term plans.

"India has been able to reduce its import dependence in the mobile sector, and the same can be replicated in other sectors of electronics, telecommunication and formulation of specialty in chemicals etc. We need to encourage Indian investments as well as FDI through fiscal incentive in such sectors," he added.

FIEO has suggested the government to increase incentive rates under the Merchandise Exports from India Scheme (MEIS) till the time Remission of Duties or Taxes on Export Product (RoTDEP) scheme kicks in.

FIEO Director General Ajay Sahai said the export body has asked the commerce ministry to fix RoTDEP rates at four-digit HSN code, wherein only 1,100 items are there as against eight-digit code, under which 14,000 items are there.

In trade parlance, every product is categorised under an HSN code (Harmonised System of Nomenclature). It helps in systematic classification of goods across the globe.

When asked whether India can ban imports from China under the global trade rules, he said the government can do so to protect national interest.

India's exports in 2019-20 dipped 4.78 per cent to USD 314.31 billion.

Source: economictimes.com– Jun 25, 2020

HOME

****

How costlier diesel has hit truck operations, freight demand

Steady rise in diesel prices 18 straight hikes in as many days through June 24 has pulled down truck plying rate to around 50% from 58% on June 8. The increase in freight rates resulting from the high costs that dented demand as well as the lack of availability of enough drivers have compounded the problem.

In absolute terms, from 8.7 lakh (58%) of the registered national-permit trucks plied on Indian roads on June 8, the number has come down to around 7.5 lakh on Tuesday, All India Transporters Welfare Association (AITWA) joint secretary Abhishek Gupta told FE. Truck plying, an early indicator of inter-state commerce picking up, had steadily improved recently from a low of 4.5 lakh (30%) on May 8.

Getting plying rate return to over 10 lakh vehicles or 70% of the national permit-registered that prevailed before the outbreak of Covid-19 pandemic, now hinges on driver availability and willingness of businesses to pay higher freight rate after about 15% increase in diesel prices since June 7.

“Back-to-back increase in diesel price is resulting in mounting losses for transporters, who can’t pass on daily price increases to customers,” Gupta said.

Oil retailers have revised diesel prices on daily basis since June 7. The diesel prices in Delhi have gone up from Rs 69.39/litre on June 6 to Rs 79.88 on Wednesday, up by 15.1%. The transport fuel’s price went up by 14.7% to Rs 78.22/litre in Mumbai during the period.

Usually, freight revision by transporters are done only after 5% or 10% increase in diesel prices. Many transporters have raised freight rates between 15-30% recently.

“But, in today’s market, no customer is willing to pay more and only expecting reduction in cost,” Gupta said, referring to difficulties to transmit higher input cost. As a result, transporters are not being able to give risk-incentives to drivers by way of enhanced pay for taking risks at the of Covid-19 pandemic. Many miffed drivers have preferred to go back to their villages due to no increase in pay or lower than expected increase, Gupta added.

After lockdown was imposed to check Covid-19, plying rate of trucks fell drastically. The rate was 8% on April 12, before improving to 24% on April 24, 30% on May 8 and 58% on June 8.

Source: financialexpress.com– Jun 25, 2020

HOME

****

Punjab has cotton on 5L hectares this season, highest in a decade

Amid shortage of migrant farmworkers due to coronavirus outbreak, Punjab this year has set a record by bringing 5.01 lakh hectares under cotton cultivation, which is the highest since 2011-12 kharif or summer-sown crop season. The Punjab agriculture and farmers welfare department had set a target of sowing cotton on 5 lakh hectares under its crop diversification programme.

State agriculture director Sutantar Kumar Airi on Thursday attributed the addition of 25% area to the well-coordinated crop management plan that led to record cotton sowing. “After the outbreak of Covid-19, the state authorities had serious apprehensions to meet the target of enhancing cotton sowing in south Malwa region from 3.9 lakh hectares in 2019 to 5 lakh hectares this year. But joint efforts yielded encouraging results,” he said.

In 2012-13, cotton acreage was recorded at 4.81 lakh hectares in Punjab. Cotton is sown in eight districts of south Malwa with concentration in four districts only. This year, Bathinda leads with 1.72 lakh hectares under cotton cultivation, followed by Fazilka (1.22 lakh), Muktsar (1.01 lakh) and Mansa (93,775).

Sangrur, Faridkot, Moga and Barnala districts together recorded sowing on over 12,000 hectares. Sources said the state crossed 5-lakh-hectare mark only once in 2011-12 when 5.16 lakh hectares were under cotton crop.

In 2015, cotton belt suffered widespread damage to the crop after whitefly attack and in the next three years, the area under cotton shrunk drastically. In 2018-19, cotton was sown on 2.83 lakh hectares, lowest in the decade as the agronomy of the cotton belt was hit due to the pest attacks in 2015.

However, 2019-20 saw a bumper season when cotton production touched the record 43 lakh quintals. Also, farmers got good returns as Cotton Corporation of India (CCI) purchased a sizeable chunk at MSP (minimum support price) and it motivated farmers to bring more area under cotton.

Source: hindustantimes.com– Jun 25, 2020

HOME

****

MSMEs can play a major role in making local products popular

With the Vocal for Local theme capturing the imagination of the nation, the spotlight has also turned to Micro Small and Medium Enterprises (MSMEs) which can play a significant role in tapping the potential of local products.

Industry insiders said that in the coming days, their focus will be on manufacturing substitutes for those items that are predominantly imported. Eventually, they want to tap the export markets for these products.

Reduce import dependence

"Products made of carbon are imported from China in huge numbers. Our aim is to start manufacturing these products here. This Vocal for Local initiative is a boon for the MSME segment as not only will it reduce our dependence on other countries for imports but will also boost entrepreneurship in the country," said Virendra Nagpal, Delhi President, Laghu Udyog Bharati (LUB), a pan India organisation representing micro and small industries.

"The reason that China always comes to our mind when we talk about imports is that the country is a manufacturing hub. Some of the products that we import from other countries are also manufactured in China," said Nagpal.

In a bid to give a fillip to the local production base, the Khadi and Village Industries Commission (KVIC) has begun supplying products to the Central Armed Police Forces (CAPF) canteens in the country.

"The annual turnover of CAPF canteens is approximately ₹2,000 crore and the KVIC is expecting to get a major share of it. By supplying local/village industry products to these canteens, KVIC will add at least 30 lakh new members to its consumer base," said VK Saxena, Chairman, KVIC.

Further, KVIC is focusing on strengthening the bamboo industry and units making handicraft items, agarbatti and handmade paper.

"The Ministry of Finance, based on our request, has increased the import duty on bamboo agarbatti sticks from 10 per cent to 25 per cent. India is importing bamboo agarbatti sticks worth ₹400 crore a year. This decision alone will help in creating at least two lakh new jobs in 8-12 months' time as agarbatti making is part of the village industry. Besides this, thousands of bamboo growers will also benefit from this decision," added Saxena. KVIC also plans to open Khadi outlets outside the country to promote products made using the indigenous handspun fabric. Boosting the production of honey that enjoys a good market in many countries such as the US, the UK, France and the UAE is also on its radar.

Tech drawback

However, the MSME sector faces challenges like delay in approvals and lack of access to technology, which have discouraged many new players from entering the sector.

Taking the technology drawback into consideration, the Federation of Indian Micro and Small and Medium Enterprises (FISME) is doing a study on identification of products based on three categories: Low-tech, medium-tech products and high-tech.

"Initially, we can encourage MSMEs to manufacture low-tech products as these items require less usage of technology and can be easily made in India; later, focus can be shifted to medium-tech and high- tech products. Also, to make these MSMEs flourish, there should be a higher duty protection and standardisation," said Anil Bhardwaj, Secretary-General, FISME.

Source: thehindubusinessline.com– Jun 25, 2020

HOME

****

DGFT to launch new digital platform for import-export code related services on July 13

The Directorate General of Foreign Trade (DGFT) will launch a new digital platform on July 13 the first phase of which will cater to the services related to the issuance of Import Export Code (IEC), modification, amendment processes along with a Chatbot (a virtual assistant).

The IEC is mandatory for companies and businesses to start a business that deals with import and export.

The platform is aimed to help traders electronically file their application related to IEC, various exports schemes such as advance authorisation and Export Promotion Capital Goods (EPCG), monitoring the status of the application and raising queries among other services related to the Foreign Trade policy.

"Other online modules relating to Advance Authorisation, EPCG, and Exports Obligation Discharge which are part of next phase will be rolled out subsequently after the first phase stabilizes," DGFT said in a trade notice.

The users will be able to monitor the status of their applications and the pending obligations thereof. These numerous features should significantly benefit the trade community.

Source: economictimes.com– Jun 25, 2020

HOME

****

Covid-19: Why Gujarat PPE makers are cutting down output by 50%

The Gujarat-based manufacturers of Covid-19 personal protective equipment (PPE) kits are forced to downsize production by almost 50% due to oversupply.

The pandemic outbreak has prompted a plethora of garment manufacturers to start making PPE kits in the state, to the extent of causing an oversupply in the domestic market, said Vijay Purohit, president of Gujarat Garment Manufacturers Association (GGMA).

As the Government of India has imposed a ban on export of PPE kits, manufacturers are not able to dispense with excess stocks, said Purohit, adding there was a huge demand of PPE kits in African and Middle Eastern nations. "If the government would allow to export PPE kits, not only the Gujarat-based manufacturers but those from across the country will be benefitted," he added.

Besides Gujarat, PPE kits are produced in at least 10 other states where the garment industry has flourished. During the lockdown, many garment makers have invested in the PPE kit-making machinery. They are now hit by a double whammy — nil demand of readymade garments and piling up of stocks of unsold PPE kits in warehouses.

In Gujarat alone, there are more than 200 PPE kit manufacturers, said Arpan Shah, treasurer of GGMA, adding that recently reusable PPE kits have been launched in the market. As result, 'use and throw' kits are facing severe business setbacks.

Shah further said there was a ready market of PPE kits and masks in over 40 countries across the globe, and if the government allowed export of the kits, excess stock would be disposed of in a very short period.

With decreasing demand, prices of PPE kits have also started falling. During March-April, kits were not available below Rs 1000, but now it has nosedived to Rs 400 to Rs 600.

Initially, the demand for PPE kits used to come from the medical segment only, but after the 'un-lockdown', demand has increased from other segments like barbers, beauty parlours and even from the travel industry. However, the number of manufacturers has also increased, which ultimately created an oversupply.

Source: financialexpress.com– Jun 25, 2020

HOME

****

Explained: Shipments from China are stuck at Indian ports – here's why

The conflict on the Line of Actual Control (LAC) has started to cause concern for American firms with manufacturing operations in India, as they are experiencing difficulties in accessing crucial components from their facilities in China.

A group representing some of these firms has written to the Secretary in charge of the Department for Promotion of Industry and Internal Trade (DPIIT), Dr Guruprasad Mohapatra, expressing these concerns.
What is the issue here?

Import consignments from China are learnt to be facing hurdles at some ports, including Chennai and Mumbai. It is learnt that over the last fortnight, Customs authorities have indicated to importers that there will be delays in clearing Chinese shipments, but have not cited any reasons.

There has not been any written or verbal instructions from the Customs or Central Board of Indirect Taxes and Customs (CBIC) authorities either, importers say.

While some Chennai Customs zone officials said that checks were being carried out on the basis of specific intelligence-based inputs, importers and industry are seeing it as a nudge to change their import pattern, especially of non-essential goods, amid calls for reducing the consumption of Chinese goods in the wake of the border tensions.

Why are American firms worried?

The US-India Strategic Partnership Forum (USISPF), a group representing some American firms involved in manufacturing activities in India, said they were "increasingly concerned" that component parts and other inputs "necessary" to their manufacturing operations here, were being detained at the ports.

The forum has sought the restoration of port operations or, "at a minimum", that the government publish any change in port policy "to provide the business community with the visibility they need to function."

Consignments of around 50 US firms with manufacturing operations in India across sectors such as telecommunications, automobiles, medical equipment, and fast moving consumer goods (FMGC) are learnt to be among those affected.

For instance, some major American telecom and auto makers have direct or contract manufacturing operations in Chennai, and some of them import components from facilities in China.

And with "no formal orders" issued by the government nor any "specific" reason provided to the firms as to why their consignments are not being cleared, the group has flagged the lack of transparency that they feel "threatens" the business continuity.

An "unanticipated" embargo on imports of goods from neighbouring countries will have repercussions on supply chains and manufacturing in

India, and will send a "chilling" signal to foreign investors, who look for predictability and transparency, the USISPF has argued.

What is the volume of trade with China?

Possible curbs on imports from China in the form of tariff or non-tariff barriers are being discussed within the government, which is said to be considering a list of imported items for the various restrictive measures. Between April 2019 and February 2020, China accounted for around 14 per cent of India's total imports; the main items being components for smartphones and automobiles, telecom equipment, plastic and metallic goods, active pharmaceutical ingredients (APIs), and other chemicals.

Source: indianexpress.com– Jun 25, 2020

HOME

****

COVID-19 impact intense on MSMEs: Survey

Many micro, small and medium enterprises have temporarily shut their businesses due to the impact of COVID-19 crisis, shows a survey conducted by Endurance International Group.

The survey drew responses from close to 500 Indian micro, small and medium enterprises (MSMEs) in the first two weeks of June. One third of the respondents confirmed that they are temporarily shutting their business until normalcy resumes.

"This pause in business is more prominent among MSMEs in metro cities and those in the retail and manufacturing verticals. Majority of MSMEs (nearly 60 per cent of those surveyed) believe that it will take up to 6 months for business to return to normal," said the survey.

MSMEs are seeking support from the government to tide over this crisis. More than 50 per cent of MSMEs expect the government to offer tax discounts or exemptions, followed by 36 per cent of MSMEs asking for loans at zero interest or cheaper rates, a statement by the Group said.

Besides, 30 per cent of MSMEs started a business website or enabled e-commerce functionality since the lockdown started owing to the COVID-19 pandemic.

MSMEs in the educational services segment recorded the highest jump in the importance of using digital mediums.

With lockdown measures in place, the MSMEs who were able to offer e-commerce functionality witnessed revenue contribution from e-commerce increasing to approximately 50 per cent of their total revenues.

For MSMEs in retail and educational services, increase in revenue contribution from e-commerce was 53 per cent and 65 per cent respectively, the survey found.

More than 50 per cent of the MSMEs surveyed embraced video conferencing tools and WhatsApp to keep business running during these turbulent times.

“COVID-19 has forced everyone to rethink daily life. In response to the lockdown, MSMEs who could embrace digital presence were able to keep some semblance of normalcy and continue to serve or engage with their customers,” said Manish Dalal, SVP & GM, Endurance Group – APAC.

According to the survey, lack of technical expertise and the perceived costs of developing a web presence continue to be the key challenges to creating web presence. Due to these challenges, very often MSMEs take assistance from web professionals to create digital presence.

Endurance International Group Holdings, Inc helps millions of small businesses worldwide with products and technology to enhance their online web presence, e-mail marketing, business solutions, and more.

The Endurance International Group (EIG) family of brands includes Constant Contact, Bluehost, HostGator, and Domain.com, among others.

Headquartered in Burlington, Massachusetts, EIG employs over 3,800 people across the US, Brazil, India and the Netherlands.

Source: financialexpress.com– Jun 25, 2020

HOME

****

Boycott China impact? Importers on the edge as supplies come under scanner

Importers remained on the edge on Wednesday, amid fears and confusion over an alleged crackdown by authorities on consignments from China, even as senior Central government officials insisted no such order had been issued to target despatches from India's biggest foreign supplier.

Amid calls by private individuals and associations to boycott Chinese goods in the wake of Beijing's misadventure in the Galwan valley, speculation of a crackdown has intensified since Tuesday when certain consignments from China were allegedly "held up" at the Chennai port.

A top official of a state-run company that has container freight stations at Chennai, Mumbai and Kolkata ports, said: "The Container Freight Association of Chennai has issued guidelines for not handling goods originating from China. Containers are generally checked by Custom officers on a random basis. But when every container is being checked, then it is a time-consuming process. Due to this there will be heavy congestion at ports which handle large volumes of goods imported from China."

However, when contacted, officials with the departments of commerce and revenue clarified no official order had been issued to any port by the Customs or by the central board of indirect taxes and customs (CBIC) to restrict any container from China. "If in certain cases, some containers are held up, then it may be based on specific intelligence inputs about suspected materials, etc, and on risk assessment, which is a routine exercise," one of them said.

Separately, the Indian Railways announced on Wednesday that it will not float global tenders for PPE kits for purchases up to Rs 200 crore. The move is expected to hit China the most as India had imported 1.7 lakh PPE kits in April 2020 from the neighbouring country and found over half of the consignments failed to meet the quality and safety norms laid down by the defence research and development organisation (DRDO).

A section of importers feel Indian authorities are using contingent administrative action to scuttle Chinese imports, without any explicit official sanction. The step, they feel, is being resorted to because tariff walls could attract WTO strictures and non-tariff barriers are alleged to be draconian and arbitrary.

Some of the importers that FE spoke to said that they had not experienced unusual delay in Customs clearance of their Chinese imports. One of them said his consignments arrived twice a week, so any change in the Customs' stance would have been apparent to him.

The head of a trade body said he was awaiting clarity from the Customs authority at the local level. "Hopefully, by Thursday, all confusions will be cleared," he said.

However, another government official said there were unofficial ways of discouraging certain type of imports — either based on the product category or the country of origin or both. The Customs department could easily decide to manually check such consignments, which would extend the clearance time or it could pull out some of the officials from the duty to check the goods, thus, lengthening the clearance time.

In fact, some Indian exporters have in the past complained that such delaying practices are often employed by China itself to discourage imports of Indian goods, especially when political ties sour, said another official source.

Some industry executives have highlighted that India's dependence on China for the supply of both raw materials and finished goods remains too high to be ended easily and abruptly. China makes up for about 45% of India's electronics imports, one-third of its machinery and almost two-fifths of organic chemical purchases. As much as 90% of certain mobile phone components, 65-70% of active pharmaceutical ingredients (for making finished drugs) and over a fourth of its automotive parts and fertilisers are imported from China.

China, as such, remains the largest import destination for India and Beijing's goods trade surplus with New Delhi was as much as $47 billion in the first 11 months of FY20. Between April 2019 and February this year, India's imports from China stood at a massive $62.4 billion, while its exports to the neighbour touched only $15.5 billion. In FY19, India's trade deficit with China was in excess of $53 billion.

However, New Delhi recently indicated its resolve to curb the inflows of substandard products and prevent unscrupulous elements from illegally taking advantage of the country's free trade agreement (FTA) with any partner. While its move won't be country-specific, China has been the biggest supplier of substandard products.

Also, Customs officials have long suspected that China may be diverting its supplies to India via Asean nations, abusing rules of origin. Given the latest border skirmish, the diversion may surge, they fear. So inflows from certain Asean members, especially Singapore and Vietnam, may see a closer scrutiny now.

Source: financialexpress.com– Jun 25, 2020

HOME

****

Customs crackdown! Checks on Chinese imports throw domestic industry into tizzy

The sudden move of the customs authorities to carry out 100% checks of import consignments coming from China at the ports has thrown the domestic industry into a tizzy at a time when it's still far from full recovery from the impact of lockdown. Though such a move by the authorities – understandably without any written instructions from the higher-ups in the government – would adversely affect several industrial sectors, but the immediate pinch is being felt by the electronics player.

What has spooked the industry is that such checks are being carried out on the consignments of even the AEOs (authorised economic operators) – green channel importers – who under normal circumstances get clearance automatically without any examination based on their size and past track record.

Though the government denied having given any such instructions to the customs authorities at the ports, a statement by the Chennai Customs Brokers Association, said, "There is an internal instruction from customs to all custodians of cargo including port terminal, airport, all customs freight stations to hold all consignments which have originated from China. It prevails at all the locations across India."

The electronics sector – manufacturers of smartphones, tablets and laptops – source a bulk of components from China and generally work on very thin stocks, barely of a few days and hence any delays in clearing consignments throws their entire production schedule out of gear.

The vendors of automobile manufacturers also source components from China but their inventory levels are of few weeks therefore they do not face any immediate crunch, but if the delays run into a longer period of time, they too would feel the pinch.

Other engineering sectors like steel etc, source mainly machinery parts from China, where the frequency is maybe twice a year, so they are better placed.

Industry sources said that the latest move of the customs authorities spurs from the border tensions between India and China.

Urging finance minister Nirmala Sitharaman and revenue secretary Ajay Bhushan Pandey to look into the matter, Pankaj Mohindroo, chairman, ICEA (India Cellular and Electronics Association), wrote, "The industry is already in very deep distress having lost production of over Rs 40,000 crore and has only recovered to less than 40% of normalcy.

We have just begun to limp back to normal after a massive set of losses for three months – and now this. India is at a very crucial moment with the launch of PLI and two other schemes which require a high level of motivation in the headquarters of global and local companies. They need to move large amount of plant and machinery, components, sub-assemblies, and in some cases, finished products, to India. Regardless of the reasons, such a move, especially without any prior notice, can be counterproductive."

Mohindroo told FE, "The disruption began with the Chennai airport on Monday night and has spread to several ports and airports across the country. As you are aware that the industry is just about limping back to normalcy after nearly three months, both with regard to production and sales, but equally important, exports from India. With the import disruption at customs across the country which was both unannounced and opaque, there will be further delays for companies, both Indian and foreign, to generate revenues and return to business as usual. This will also impact taxes – both basic customs duty and GST."

"It is very difficult to comment on this issue at this point. But considering industry is emerging out of a lockdown and piecing itself together, a knee jerk reaction is best avoided. We must take well thought out measures which do not lead to any major disruption in the value chain," Vinnie Mehta, director general, Automotive Component Manufacturers of India (Acma), said.

According to Mait, CEO, George Paul, "We understand that a step is being taken to do a thorough inspection of containers to safeguard India's interests. If such a measure is being taken, as industry we suggest that importers with AEO status, also called green channel importers, be excluded from the same as they are entities validated by the government. We wish to emphasise that as citizens of India we will stand by decisions that the government may deem fit to take".

Source: financialexpress.com– Jun 25, 2020

HOME

****

Stopping imports from China: 370 items may face scrutiny, get difficult to import

India plans to impose stringent quality control measures and higher tariffs on imports from China, people with the knowledge of the matter said, as a military standoff between the neighbors threaten economic ties.

The state-run Bureau of Indian Standards is finalizing tougher norms for at least 370 products to ensure items that can be locally produced aren't imported, the people said, asking not to be identified citing rules. The products include chemicals, steel, electronics, heavy machinery, furniture, paper, industrial machinery, rubber articles, glass, metal articles, pharma, fertilizer and plastic toys.

Discussions are also on to raise import duty on products including furniture, compressors for air conditioners and auto components, they said. The proposal is being evaluated by the Finance Ministry amid the government's push for local manufacturing.

The Trade Ministry is separately evaluating non-tariff measures to check Chinese imports to avoid falling foul of World Trade Organization rules. Such measures would include more inspections, product testing and enhnanced quality certification requirement, the people said.

A spokesperson for the Trade Ministry refused to comment, while a Finance Ministry spokesman didn't respond to a call made on his mobile during office hours.

China is India's biggest source of imports, with purchases including electronic goods, industrial machinery and organic chemicals running into almost $70 billion last year. Beijing enjoys a trade surplus of about $50 billion with New Delhi.

The need for import substitution started after disruptions to raw material supplies from China in the wake of the coronavirus pandemic. A deadly clash between soldiers from both countries along a contested Himalayan border this month added to calls for that process to be expedited.

Source: financialexpress.com– Jun 25, 2020

HOME

****

Exporters raising concern over consignment hold-up by Hong Kong, Chinese customs: FIEO

Some exporters have raised concerns over consignments being held back by Hong Kong and Chinese customs in response to a similar action being taken by Indian authorities at Chennai port, FIEO said on Thursday.

The matter assumes significance in the wake of border tensions between India and China at Galwan Valley in eastern Ladakh.

"We have been given to understand that customs is physically examining all imports from China which is delaying clearance, adding to the cost of imports," Federation of Indian Export Organisations (FIEO) President S K Saraf said in a letter to Commerce Secretary Anup Wadhawan.

He said that some exporters have informed that, in response to such action, Hong Kong and Chinese customs are also holding back export consignments from India.

Saraf urged the Commerce Ministry to take up the matter with Central Board of Indirect Taxes and Customs (CBIC) to see whether any official communication has been sent to Indian customs regarding scrutiny of Chinese consignments here.

"Kindly take it up with CBIC and, if no such instructions have been given, a denial may be issued by CBIC so that the matter may be communicated to our importers in China and Hong Kong to suitably take up with their customs explaining our stand," he added.

Later, briefing reporters on the issue, Saraf said: “We have found that at Chennai and Mumbai ports, Indian customs are opening and checking all containers of China, although there is no written instruction or circular from CBIC regarding that”.

He added as the federation has taken up the matter with government, expects that the issue will be resolved soon.

Saraf also said that FIEO is against putting a blanket ban on imports of Chinese goods as it would have implications on domestic industry and consumers both.

“We have suggested taking a calibrated and calculated approach towards China. We should look at calibrating exports of raw materials to China. We could consider imposing cess on raw material exports to China,” he told reporters.

Saraf said that India can look at manufacturing goods imported from China.

“We need to study how much and which raw materials India is exporting to China. Goods like cotton, spices, plastics, and basic chemicals are going. About 50-60 per cent of our exports to China are raw materials. It is a challenge for India and such goods need to be looked upon,” he added.
To cut import dependence on China, India needs to build an ecosystem to promote domestic manufacturing like it has done for mobiles.

He added there is a possibility that if India puts restrictions, China will retaliate. China accounts for about 14 per cent of India’s imports and is a major supplier for sectors like mobiles, telecom, power, plastic toys and critical pharma ingredients.

During April 2019-February 2020, India imported goods worth $62.4 billion, while exports to the neighbouring country stood at $15.5 billion in the same period.

India has time and again raised concerns over widening trade deficit with China which stood at about $47 billion during April-February 2019-20.

Source: financialexpress.com– Jun 25, 2020

HOME

****

Improvement in cargo flow will drive growth of used-truck market

Pricey BS-VI models also seen spurring demand for pre-owned BS III/IV vehicles

The growth in used-truck sales will hinge on strong improvements in cargo availability in the coming months even as the market is projected to be flooded with used trucks coming up for sale.

While the used-car market continues to see an increase in enquiries due to a shift in buyer preferences driven by the Covid-19 pandemic, the dynamics of the used-truck market are completely different. The pre-owned or used truck market was expected to see some spurt in sales due to the high price of BS-VI trucks and prevailing sluggish economic activity.

"Once all the CV players ramp up their BS-VI production, there will definitely be price pressures and given the considerable BS-VI mark-up, a surge in demand for well-maintained BS III/IV used trucks will be there," says Satyakam Arya, Managing Director & CEO, Daimler India Commercial vehicles. There will be more used trucks of younger age in the market for sale as a large number of fleet owners and transporters face challenges in managing their vehicles due to shortage of working capital and inability to retain drivers.

"There could be a huge number of used trucks post-August, when the moratorium to pay EMIs is over. Thus, used BS-IV trucks shall be in demand as second-hand vehicle finance is rather easy and EMIs are low due to lower price of 2-3-year-old trucks," says SP Singh, Senior Fellow and Coordinator, IFTRT (Indian Foundation of Transport Research and Training).

Industry representatives point out that despite the deep slowdown, there shall be a need to replace 8-10-year-old trucks to meet the demand for long truck routes. Also, they expect a resumption of activity in many segments, while rural areas have already shown some positive signals.

"The cargo flow and consumption demand are improving and demand to buy a used truck is improving in the post-lockdown period, especially in the rural markets," says Umesh Revankar, Managing Director of Shriram Transport Finance, a leading player in the pre-owned truck market.

Under utilisation

But industry analysts feel that it is little too early for the used-truck market to see some action. The logistics industry has a high degree of fleet under-utilisation and with industrial production likely to remain subdued, cargo freight requirements are expected to remain flat as well.

Presently, commercial vehicles catering to essentials are faring better than those catering to industries as construction activity is yet to gather pace, while the manufacturing output is still down.

“We are expected to reach pre-Covid-19 levels of freight movement by the end of this year but that will not translate into additional fleet requirement. Therefore, it is highly unlikely that the used-truck market will do much different than the new-truck market,” says Paritosh Gupta, Analyst, Medium and Heavy Commercial Vehicle Forecasting, IHS Markit.

Meanwhile, diesel price increase in the past couple of weeks appears to have aggravated the challenges for fleet operators as fuel accounts for close to two-thirds of the running cost of a truck.

Source: thehindubusinessline.com– Jun 25, 2020

HOME

****

We cannot operate economic policy if we do not have a strategic and medium-term framework: Rathin Roy

Says decision needs to be taken on funding mechanism of public institutions such as NIPFP

“We need to design and think through the future in a strategic and medium-term framework. We need to work better with the data we have and, most importantly, we need to have wider public participation on the kind of economic policy we need. We need to, therefore, move from an administrative approach to an executive approach,” says Rathin Roy, Director, National Institute of Public Finance and Policy (NIPFP).

Roy, who has now put in his papers, has always been vocal about his views on ways to recover from economic shocks. Chatting with BusinessLine, as he prepares for his next move (which he didn’t disclose) come September, he said: "I have been, for years, advocating that we modernise our public systems; while I have been listened to with great courtesy, this has not happened. I believe this is very important for India."

His experience as part of the Prime Minister's Economic Advisory Council is that the political class is more receptive to suggestions than the bureaucracy, he said. Excerpts:

What triggered this decision to move out of NIPFP?

Well, my decision to move out was taken last year. I had been contemplating it for some time. It had nothing to do with Urjit Patel joining NIPFP (the former RBI Governor has been appointed NIPFP Chairman). I would have loved to work with him.

I felt I needed to work and talk about the situation the world and India find themselves in today without being constrained. I have felt for some time that the problem we face with the economic crisis and the Covid-19 crisis is just not to do with the government, but to do with society at large.

A low fraternity society results in deficiencies in outcomes. A divided society begets a polarising polity. These severely detract from the effectiveness of economic policy and the functioning of rules and institutions.

What do you think is the biggest long-term challenge?

I have been, for years, advocating modernising our system. While I have been listened to with great courtesy, I believe this is very important for India. I believe we cannot operate an economic policy if we do not have a strategic and medium-term framework.

We need to work better with the data we have, and most importantly, we need to have wider public participation on the kind of policy we need. We need to, therefore, move from an administrative approach to an executive approach — I have spoken about this but have failed to get traction.
I think it is about time that some leader sees this as a very important constraint on the effectiveness of economic policies in India, and attention is paid to developing a medium-term and strategic policy approach.

What were the challenges at NIPFP?

A decision needs to be taken on whether public institutions like NIPFP should continue to receive public funds to undertake policy-relevant research, or purely exist as service providers and training centres. Both cannot be simultaneously achieved, and many public institutions in India have diminished because of the inability to see this contradiction.

Since the private sector is not going to fund research on public finance, it becomes an existential question for NIPFP — whether it can continue in the same way. We need to see how the funding base can be broadened, consistent with our public interest mandate.

How do you see Aatmanirbhar Bharat package? Is it a stimulus?

First and foremost, I have never advocated any government providing a stimulus. What the government can do is be supportive of economic activity — support where it is needed. What the government has done, I think, is to provide some income support to vulnerable groups, which is a good thing.

But the bulk of the response has been to facilitate monetary and credit support, This implies, essentially, asking the private sector to take the initiative and, in turn, incentivise them with more reforms. Whether it will work or not, we will have to see.

The private sector will have to play a vital role in restoring the economy. What we are lacking is a three-four-year roadmap that tells us the things we will do to recover from the shock and how it will align with the process of recovery after Covid. In a medium-term fiscal framework nested in such a roadmap, the issue of financing is very tractable.

What we are missing today are two things on the fiscal side — a medium-term fiscal policy and a medium-term economic strategy. In the absence of these, we are just looking at how to survive for the next three-four months because we don't have the executive machinery to talk about debt and deficit in the medium term. To talk about these in the short term doesn't help.

Data for economic projections remain a challenge. Do you agree?
I think we have to understand that good data put into public domain, accompanied by good analysis, is an essential input into effective policy making. If the immediate administrative imperatives of government, or the preferences of a powerful individual, drive policy actions, then the results are bound to be sub-optimal.

Thus, for example, if the data show that tax collections are falling, and analysis shows this is a structural trend, I think it is inappropriately defensive to carry on as if this were a temporary phenomenon.

The question which you have to ask is: why is it low; but that would require examination of data which is not in the public domain. That would also require a culture of prompt and consistent sharing of data, which is not the case at this time.

Source: thehindubusinessline.com– Jun 25, 2020

HOME

****

Unlock-2: Small businesses pin hopes on tax sops, free movement of people to boost sales

Hit by thin foot-falls, restaurants seek GST relief for home-deliveries, takeaways

Small businesses, shop owners, traders, restaurants and hotel owners have eagerly pinned their hopes on the government's support in the next round of opening up of the economy under 'Unlock-2' after over two months of lockdown. Earlier this month, the Prime Minister Narendra Modi had clarified that there will be no further nation-wide lockdowns and that the country will move ahead for "further unlocking" of the economic activities. But even under 'Unlock-1' many businesses were left out from the benefits because of restrictions and lack of government support.

The experience of Unlock-1 (since June 1), for Gujarat-based businesses has been a mixed one. While many saw the economic activities, business engagements and transactions gradually returning on track, a significant number of businesses struggled to survive and stay afloat amid stressed finances, operational restrictions and witnessed a sharp decline in customers.

Unlock 1 redundant for many

Speaking to Businessline, Rohit Khanna, co-founder of Food Entrepreneurs' Alliance - a Gujarat-based association of over 1,000 restaurants brands, voiced his dissatisfaction. The "night curfew" (between 9 p.m and 5a.m) killed the peak business hours for the sector. Most of the city's hustle-bustle would come to end by 7 p.m as people would ensure returning to their destinations before 9 p.m. So there was no business in evenings, while day time generated only thin business for them. This made unlock-1 redundant for restaurants.

"The stress levels have increased among the restaurant players. We fear nearly half of the restaurants may eventually shut down permanently because of the operational and financial issues. Unlock-2 should provide extended hours for restaurants at least till 11 p.m," said Khanna, adding, "The dine-in business has taken a hit due to norms of social distancing and reduced seating capacities. So the home-deliveries and take-away businesses should be incentivised with GST concessions."

Echoing similar sentiments, traders representatives mentioned that the consumers' spending priorities have changed and their shopping pattern has changed, too. Trade bodies are making representations to the governments at local level and Central level to implement more open policies during Unlock-2 and allow free movement for people.

Spending on essentials

"The economic crisis has pushed consumers to spend more on essentials than on discretionary items. And this has killed the spirit of small businesses of non-essential items. Retailers are just desperate to sell off his stocks, and not making new orders from wholesalers. We want Unlock-2 to remove all restrictions and let people freely move around by taking safety precautions for themselves. Night curfew had hampered not just restaurant businesses, but also overall small businesses," said Jayendra Tanna, National President, Federation of All India Vyapar Mandal - a national body representing trade organisations across the India.

On Thursday, the Gujarat Deputy Chief Minister Nitin Patel clarified that the State government is not working on any special concessions or relaxations for Unlock-2. "Prime Minister Narendra Modi has given indications that there will be more and more relaxations going forward. In this regard, the State government will follow the directions give from the Centre. We have not worked out anything separately for unlock-2," Patel said.

Source: thehindubusinessline.com– Jun 25, 2020

HOME

****

KG Denim launches antiviral fabric 'BioRefresh'

While antiviral/ antimicrobial technology is not new, such tech-fabrics have been gaining prominence in recent weeks with texpreneurs investing considerable time in putting together a range of sustainable fabrics with antimicrobial properties.

Coimbatore-headquartered denim fabric manufacturing major KG Denim has introduced a rechargeable chlorinated- finish smart technology product called 'BioRefresh'.

B Sriramulu, Managing Director, KG Denim, said: "It was developed in-house; our technology enables the fabric to repeatedly absorb chlorine from commonly available detergents like Rin Ala to disinfect the fabric and remains effective up to 80 washes. The products antimicrobial and antiviral power is renewed with every bleach wash, during normal laundry processes."

The chlorine on the surface of the fabric has been found "not harmful" and "will pass skin sensitivity tests". Tests have shown that the effect on the fabric lasts up to two weeks.

Surface contamination is a major cause for transmission of infectious diseases. Textiles are a good media for the growth of bacteria, fungi and viruses, albeit under humidity and warmth. It is not only important to kill these microbes, but destroy them at a faster rate to avoid the transmission.

BioRefresh products are recommended for use in hospitals, schools, canteen and food packaging industry. The company is in the process of patenting both the technology and trademark.

Sriramulu added that an environmentally sustainable neem-based product is also in the offing. This would be mainly for production of mask.

Source: thehindubusinessline.com– Jun 24, 2020

HOME

****

Welspun India unveils anti-viral home textiles

Welspun India Ltd. has announced the introduction of a range of anti-viral home textile products for the Indian market in collaboration with HealthGuard Corporation of Australia.

In an extension of its recent foray into the health and hygiene category, the new anti-viral range includes terry towels, bed linens, rugs and carpet along with re-usable cloth mask.

These will be marketed under brands —SPACES and Welspun Health.

"Research has indicated that virus and bacteria can remain active on textile surfaces for a couple of days as per WHO, thus the need for anti-viral home textiles," the company said in a statement.

The new range has been developed using the HealthGuard AMIC technology.

Dipali Goenka, CEO and joint MD, Welspun India Ltd., said, "In response to the challenges posed by the COVID-19 pandemic, Welspun India has consistently innovated to address evolving consumer requirements. Having recently ventured into the health and hygiene category with Welspun Health, we are now launching a range of high quality anti-viral home textiles."

Dr. Christopher Harvey, chairman, HealthGuard Corporation, Australia said, "Our motto is that every human of the world should be able to afford a hygienic fabric for a healthier lifestyle.

While doing our novel work to cater to the global demand, we developed a suitable particle, which destroys the envelope virus cell wall. Enveloped Virus are fatal to human life."

Source: thehindu.com– Jun 25, 2020

HOME

****

Gartex Texprocess announces new dates for Delhi & Mumbai

With an objective to support the swift revival of the garment and textile industry, Gartex Texprocess India—the garment and textile manufacturing supply chain exhibition—has announced new dates for its Delhi and Mumbai editions. The Delhi edition will take place from December 17-19, 2020, while the Mumbai edition has been scheduled in March 2021.

Originally scheduled in August 2020, the New Delhi edition of Gartex Texprocess India has now been pushed ahead to December 17-19, 2020 at India Expo Mart (IEML) in Greater Noida, Delhi-NCR, whereas the Mumbai edition will take place from March 19-21, 2021 at Bombay Exhibition Center, Mumbai, organisers MEX Exhibitions Pvt Ltd and Messe Frankfurt Trade Fairs India said in a press release.

"The organisers believe that the new dates will ensure optimal revival of trade and provide additional time to exhibitors to plan their exhibits and product launches more effectively in the current environment. The decision which was taken on the basis of feedback from exhibitors, partners and industry associations, also aims to ensure that the event serves its objectives of business, knowledge and tech-exchange in a more meaningful way when the entire textile fraternity can come together," the release said.

Exhibitions are a crucial tool to revive businesses and boost economy. Networking in a safe and controlled environment is an effective way for industries to get back on track, especially for the garment and textile industry that sees Gartex Texprocess as an indispensable channel for marketing, showcasing innovations and forging valuable partnerships in the long run.

Gartex Texprocess India is a trusted industry platform offering immersive experience to both exhibitors and visitors and has transformed the way stakeholders operate in garment and textile machinery industry. The key business event comes packed with the experience and expertise of two major exhibition organisers and draws thousands of quality visitors in every edition.

The three-day fair provides a holistic experience to participants not just by way of an extensive display of exhibits, but also through a series of seminars and workshops aimed at facilitating dialogue that highlight on-going trends, opportunities and challenges for the business of textiles. Prominent highlights of the show include Denim Show, Embroidery Zone, Garmenting & Apparel Machinery Zone, Digitex Show, India Laundry Show and Fabrics & Trims Show.

Between now and its opening in December 2020, the organisers aim to continue to keep the industry connected through its webinar series to draw focus on sustainable measures and support the sector during its recovery phase.

Source: fibre2fashion.com– Jun 25, 2020

HOME

****